



GASTON COUNTY BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



W. Jeffrey Booker, Ed.D., Superintendent
*943 Osceola Street — P.O. Box 1397
Gastonia, North Carolina 28053*

www.gaston.k12.nc.us



GASTON COUNTY BOARD OF EDUCATION



W. JEFFREY BOOKER, Ed.D.
Superintendent

The vision of Gaston County Schools is to inspire success and a lifetime of learning.

Mission Statement

Through outstanding employees and community partners, Gaston County Schools provides innovative educational opportunities for all students in a safe and nurturing learning environment.

Board of Education



BRENT MOORE
Chairman
Crowders Mountain Township



KEVIN COLLIER
Vice Chairman
Riverbend Township



DOT CHERRY
At-Large Member



JUSTIN DAVIS
South Point Township



LEE DEDMON
Gastonia Township



DOT GUTHRIE
Gastonia Township



STEVE HALL
Dallas Township



JEFF RAMSEY
At-Large Member



TERRY USERY
Cherryville Township

Priorities and Goals

- ◆ **College and Career Ready**
Every student will graduate prepared for college, the workforce, and other life-enhancing opportunities.
- ◆ **Healthy, Safe and Responsible Schools**
Every student has the opportunity to learn in a safe school environment.
- ◆ **Innovation**
Every employee uses innovative practices to serve all students, parents and other stakeholders.
- ◆ **Qualified Workforce**
Every employee is qualified and committed to the education of all children.

Learn more about our strategic plan:

www.gaston.k12.nc.us/strategic-plan

Gaston County Schools
943 Osceola Street
P.O. Box 1397
Gastonia, North Carolina 28053

Phone: 704-866-6100
Fax: 704-866-6175

GCS 21 Education Station
www.gaston.k12.nc.us

Gaston County Schools — Celebrating 50 Years!



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INTRODUCTORY SECTION

BIG 50 ANNIVERSARY CELEBRATION



The 2018-19 school year marked 50 years since the merger/consolidation of the county schools with the Gastonia City and the Cherryville City Schools. The unification formed "Gaston County Schools" as we know it today. Events were planned throughout the year to celebrate.

The "**Big 50 Anniversary**" year kicked off with our Back-To-School Convocation on August 22, 2018. The 2018 Convocation highlighted accomplishments and looking back over the last 50 years, as well as looking forward to the future. The "Not So Over the Hill Band," consisting of employees of Gaston County Schools greeted everyone as they entered the Stuart W. Cramer High School auditorium.

We also celebrated with **Highland School of Technology**, named a National Blue Ribbon School, **Bobbie Cavnar**, English teacher at South Point High School and NEA Foundation National Teacher of the Year and **Meghan LeFevers**, Milken Family Foundation Educator Award winner and Principal of Tryon Elementary School.



During our Convocation, special greetings and congratulations were given by Sylvia Hatchell, *UNC Women's Basketball Coach* and a graduate of Hunter Huss High School, Jeanne Robertson, *Professional Speaker and Humorist*, Jimmy Wayne, *Country Music Singer* and a graduate of Bessemer City High School as well Mr. Reeves McGlohon, *former Superintendent*. Superintendent W. Jeffrey Booker highlighted successes of the past 50 years and left us with a challenge to continue the positive momentum into the new school year.

To conclude the convocation, the "Big 50 Ensemble" performed a great rendition of the song, "Rise Up" as some of our students walked to the stage carrying banners that read: *Be My Role Model, Encourage Me to Dream, Ensure My Success, Challenge Me, Make Me a Champion, Inspire Me, Teach Me Something New and Believe In Me!* Our employees left with a renewed sense of excitement to embrace the vision of Gaston County Schools: "*to inspire success and a lifetime of learning!*"



REMEMBERING

Gaston County Schools is mourning the loss of retired Superintendent, Dr. Edward D. Sadler, Jr. Dr. Sadler passed away unexpectedly on Thursday, August 16, 2018.

Without question, Dr. Sadler is best known in the greater Gaston community for his long tenure of dedicated service to public education. Often times, whenever Gaston County Schools is mentioned, people think of Dr. Sadler.

An accomplished and visionary leader, Dr. Sadler retired in March 2006, bringing to an end, a stellar 38 year career with Gaston County Schools. He served as Superintendent for 11 years from 1995 until 2006. After his retirement, Dr. Sadler continued to be an advocate for Gaston County Schools and public education and also a leader in the community.

Ed Sadler spent his complete educational career with Gaston County Schools. He began in 1968 as a teacher at Highland Junior High School in Gastonia. He also taught at Belmont Junior High School (1971-1972) and Southwest Junior High School (1972-1974). The classroom at Highland where he first taught is named for him.

Dr. Sadler was named Assistant Principal of Grier Junior High School in 1974 and became principal in 1979. He served as Principal of South Point High School for one year before going to Ashbrook High School in 1985. Dr. Sadler later served as Assistant Superintendent of Curriculum and Instruction (1991-1995) and in March 1995, he was named Superintendent of Gaston County Schools.

We were extremely shocked and saddened by the sudden passing of Dr. Ed Sadler," stated Dr. W. Jeffrey Booker, our current Superintendent. "There is so much to be said about Dr. Sadler. He was a good man.

He was a passionate and visionary leader. He was dedicated to serving our schools and was well-respected in our community. But, perhaps most important, he cared deeply for children and did everything he could to ensure that they had a bright and successful future."



"His passing is a tremendous loss for our schools and our community. He will be remembered for his honesty, integrity and loyalty to our schools," added Dr. Booker. "He instilled in everyone associated with Gaston County Schools that all children can learn—they may not learn at the same rate or same time, but all children can learn. This may be the most important lesson Dr. Sadler taught us."

Dr. Sadler's contributions to education in the Gaston community and at the State and national levels are immeasurable. In 2004, Governor Mike Easley appointed him to the North Carolina State Board of Education. The appointment came one year after he served as the North Carolina Superintendent of the Year—the most coveted award given to a Superintendent.

He was chosen as one of 17 Superintendents in the United States to receive the American Association of School Administrators 2005 National President's Technology Award for exceptional leadership in educational technology. He also was elected by the Superintendents in North Carolina to a three-year term on the National Governance Board of the American Association of Schools Administrators (2005-2008).



DR. EDWARD D. SADLER, JR.

Above all, Dr. Sadler's greatest contribution is what he did to improve education for the children of Gaston County. He spent his entire career working to ensure that all children had the same educational opportunities. He had a special place in his heart for children, and he believed wholeheartedly that when given the opportunity and resources, all children can succeed, regardless of their disadvantages.



During Sadler's tenure as Superintendent of Gaston County Schools, higher standards and expectations led to record-high student achievement at all grade levels and the number of students proficient in reading and math improved significantly.

He orchestrated the development of a five-year strategic plan that provided the basis for all school system initiatives. A model business education partnership program and a student mentoring program were developed that landed numerous resources for schools. Additionally, a proactive safe schools program was established that decreased the

system's incidents of school violence and crime.

Because of his exemplary leadership, parent involvement increased, teacher retention improved, and a model citizenship education program was implemented. Pre-kindergarten programs were established in the elementary schools, and a State-recognized English as a Second Language program was developed for non-English speaking students and parents. Additionally, Channel 21, the district's educational cable TV station, began airing school news and a Teacher Induction Program for Success (TIPS) was established to support new teachers.



Dr. Sadler also worked hand-in-hand with business and community partners and other key leaders to establish a technology high school for Gaston County—Highland School of Technology, which was named a national model school just several years after it opened in 2000.

In 2004, the Gaston County Board of Education approved a resolution to name the newest elementary school in his honor. The grand opening for Edward D. Sadler, Jr. Elementary School was held in August of that year. The school, located at 3950 West Franklin Blvd., Gastonia was a replacement for the old Arlington Elementary School.

Dr. Sadler earned a Doctorate of Education and Educational Specialist Degrees from UNC-Chapel Hill. He obtained a Master's in Education from UNC-Charlotte and a Bachelor's Degree from North Carolina Central University.

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019

TO THE CITIZENS OF GASTON COUNTY, NORTH CAROLINA:

We are proud to present our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This report has been prepared by the Finance Department of Gaston



County Schools in accordance with the requirements promulgated by the Governmental Accounting Standards Board. We publish this report for all citizens to facilitate a full understanding of the financial operations of Gaston County Schools. We believe the data is accurate in all material respects and is presented in a manner designed to obtain a clear understanding of the financial position and operations of Gaston County Schools. Additional discussion and analysis of the financial performance of the

Gaston County Board of Education are included in the Management's Discussion and Analysis report (MD&A).

ORDER OF PRESENTATION

This report is presented in three main sections: (1) Introductory Section, (2) Financial Section and (3) Statistical Section. The Introductory Section contains a general discussion of the report and its content, the School System's accounting control environment, as well as, conditions and initiatives in Gaston County and its schools. The Financial Section contains the audited Basic Financial Statements and their accompanying Individual Fund Statements. Various unaudited demographic and statistical information is presented in the Statistical Section.



MANAGEMENT'S DISCUSSION AND ANALYSIS

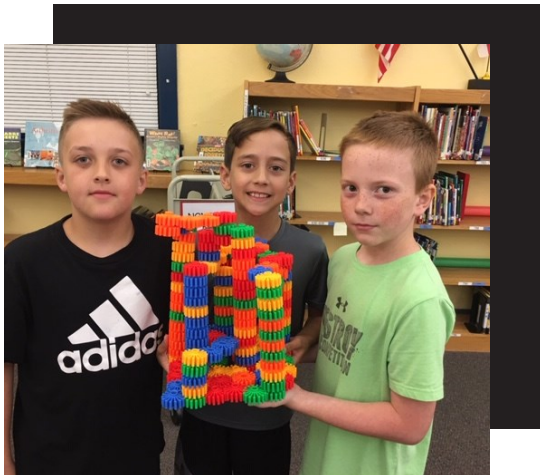


Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This Letter of Transmittal is designed to complement the MD&A and should be read in connection with it. The MD&A can be found immediately following the report of the independent auditors.

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

REPORTING ENTITY

The Gaston County Board of Education (Board) is responsible for public school education in Gaston County. The nine-member Board of Education is elected by the citizens of Gaston County and is accountable to the citizens for the education and fiscal operations of the system's 55 schools. As defined by the Governmental Accounting Standards Board, the Gaston County Board of Education is recognized as a separate governmental reporting entity. These statements cover all financial resources of Gaston County Schools — federal, State, local — as well as funds received at each school for fund-raising, athletics and other fees.



The major purpose of the Board is to provide public education for those who reside within the boundaries of Gaston County. To accomplish this purpose, the Board provides nine traditional high schools, eleven middle schools and thirty elementary schools. The Board also offers special programs: Gaston Early College High School (students receive collegiate credentials and a high school diploma), Highland School of Technology (a technical curricula magnet school), Warlick Academy (an alternative school for middle and high school students), Webb Street School (a school serving students with disabilities) and Gaston County Academy Virtual School (an online virtual school). The Board served 31,116 students as measured on the August 2018 fall enrollment count.

ECONOMIC CONDITION AND OUTLOOK

Gaston County is located in the south central Piedmont region of North Carolina and is the State's tenth most populated county and Gaston County Schools is among the State's ten largest school districts. With a population of over 210,000, Gaston County contains 15 municipalities within its 365 square mile area. Gastonia, the county seat, is the thirteenth largest city in North Carolina. Located a few miles west of Charlotte, the county is close enough to utilize many resources of its larger neighbor, such as an international airport, professional sports teams and an active arts culture, yet far enough away to retain a smaller town character. Gaston County has quality healthcare,



LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

millions of square feet of shopping, numerous parks and recreation centers, the Schiele Museum, Daniel Stowe Botanical Garden and many other amenities. We are also the home of Christmas Town USA, where McAdenville's homes and businesses put on an impressive light show every December, attracting visitors from all over the world.

Once a hub for the textile industry, Gaston County has transformed into an attractive location for modern manufacturers due to its centralized location along the Interstate 85 corridor, between Atlanta, Georgia and Raleigh, North Carolina, which provides an excellent opportunity for firms seeking to optimize their manufacturing operations. National Gypsum, Dole Foods, American and Efird, Mann+Hummel (formerly WIX Filtration), Curtiss Wright, Pharr Yarns, FMC Corporation, Parker Hannifin, Bridgestone/Firestone, Buckeye Technologies and Hunter Douglas are just some of the major corporations that have established roots in Gaston County. These businesses have a major investment in Gaston County, and their employees and leaders represent many countries around the world, bringing diversity and a global heritage to the region.



As the third-largest county in the Charlotte region, Gaston County has a great deal to offer businesses and residents. Most of the county is within a 30-minute drive of the Charlotte Douglas International Airport, which provides a portal for business and leisure to the world. Interstate 85 and U.S. Highway 321 provide our residents with the ability to travel quickly and efficiently throughout the region. Gaston's long heritage as a hard-working, manufacturing center has been enhanced in recent years with a steady growth in high-tech manufacturing, service-related firms and the rapid expansion of retail stores and shopping centers.

Residents of the county's many communities enjoy a proximity to nationally-ranked public schools, institutions of higher education, abundant training resources and a future workforce of capable, local graduates. The county is fortunate to have Gaston College, a local public two-year institution, and Belmont Abbey, a private, four-year Catholic university, as partners in the training and education of the residents and workers in the area. With the continued help of our local businesses, residents, and educational professionals, the economic outlook for Gaston County is strong.



LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

LONG-TERM FINANCIAL PLANNING

The Board's long-term financial plans are guided by its Strategic Plan. This plan provides a focus for student success, student safety and the continuing plan to provide current technology for students. The Strategic Plan was updated during fiscal year 2018-19. The plan will guide the Board not only for student outcomes but also for the funding necessary to achieve these goals.

Another focus of long-term financial planning for Gaston County Schools has been on capital funding. Gaston County Schools has identified over \$650 million in capital needs throughout the district. The Board of Education has been working with the Board of County Commissioners to address some of these funding needs for building maintenance and refurbishment.

In May 2018, the citizens of Gaston County voted in favor of a \$250 million school bond referendum. The bonds will pay for new school construction, renovations and additions, and critical school facility repairs. The bonds won overwhelmingly with more than 69% of the vote. Voters also approved a quarter of one-cent sales tax increase to pay for the bonds.



The funding Gaston County Schools receives from the State comprises approximately 70% of operating funds. Fiscal year 2018-19 was the second year of the State's biennial budget. There were no significant increases or decreases to the State's public school funding.

CURRENT YEAR ACCOMPLISHMENTS

Gaston County Schools is among the ten largest public school districts in the State and we are fully accredited as a quality school system by AdvancED and the Southern Association of Colleges and Schools. All schools have a comprehensive instructional program with opportunities for every student at every ability level. The district offers Advanced Placement (AP) and honors courses, Career and Technical Education programs,

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

the Career and College Promise partnership with Gaston College, services for exceptional children, and many other academic and student support programs.



Gaston County Schools has plenty of reasons to celebrate this year. The 2,245 Seniors in the graduating Class of 2019 were awarded more than \$45 million in academic, athletic, fine arts and merit scholarships to some of the most prestigious colleges and universities in the nation. Four of our high schools continue to have a graduation rate that exceeds 90% and six high schools saw an increase in the graduation

rate when compared to 2018. The district's overall graduation rate for the Class of 2019 is 84.8%. The State changed the way it calculates the graduation rate, which resulted in our overall rate being slightly lower than last year. When the State first calculated the graduation rate in 2006, Gaston County was at 68.1%.

We are proud of the continued progress we have made over the past years with providing up-to-date technology in our schools. All schools now have wireless internet access. There are more than 53,550 computing devices (desktop and laptop computers, Chromebooks and tablets) in use in Gaston County Schools. We have more than 2,300 SMART Boards, SMART panels and LCD displays in our classrooms.

With the addition of Chromebook computers and other technology, the district is getting closer to a one-to-one student-to-computer ratio. Now, the ratio is 1.2:1.

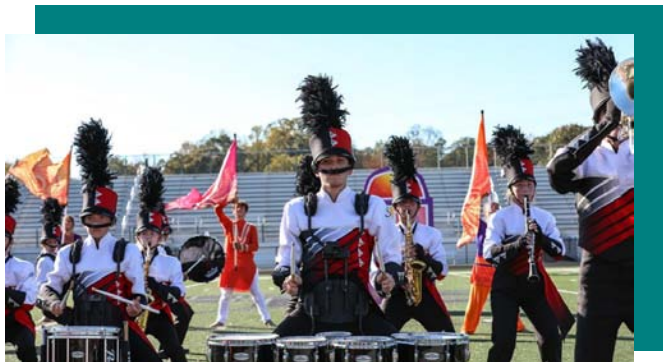


Of the ten largest school districts in the State, Gaston County's school safety rate is the lowest. Gaston's school crime rate has also been significantly lower than the State rate for the past nine years. We continue our emphasis on school safety through several initiatives, including school resource officers assigned to all schools, a buzz-in entrance system and visitor check-in system at each school, updated camera and surveillance equipment, comprehensive school safety plans and our on-going partnership with local law enforcement. Thanks to additional funds from the County, all schools now have a full-time school resource officer. Previously, resource of-

ficers were full-time in middle schools and high schools and part-time in elementary schools. Our on-going, strong partnership with local law enforcement is a key factor in our effort to ensure school safety.

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

"Big 50 Anniversary" was the theme for 2018-19. This was a year long celebration commemorating the consolidation of the county schools with the Gastonia and Cherryville city schools, which merged in 1968. Celebrations were held throughout the year, some of which are highlighted in this presentation.



Without question, there are many reasons to be proud of Gaston County Schools. Our students continue to excel in every arena: in the classroom, on the athletic field, in the performing arts, and through extracurricular activities. Our employees are highly qualified professionals who care deeply about the success of children, and the tremendous support from our parents, volunteers, and community partners makes our schools even better.



FUTURE INITIATIVES

This year, like every year, the emphasis is on academics. Much time and energy have been put into enhancing our curriculum programs. Through Career and Technical Education, students are learning how to be prepared for life after graduation, whether it's going to college or into the workforce. Programs such as Students@Work and Educators in the Workplace with the Gaston Regional Chamber and Career and College Promise with Gaston College are helping students to make connections between school and "the real world."

To further enhance academics, the district is continuing its efforts to provide up-to-date technology for our students and teachers to use in our classrooms.

Once again, we are seeking caring adults to serve as mentors. Mentors spend time up to one hour per week at the school with a student, talking and offering encouragement, helping with homework, offering advice about college and career plans, and providing positive support.



Plans are in the works for school choice options beginning in the 2019-20 school year at each level: elementary, middle and high school. Some of the possibilities being explored are a leadership academy at the elementary school level and career academies, leadership academy, Trade & Industrial Engineering Academy, STEAM, SEM (Schoolwide Enrichment Model) and Gifted and Talented Academy at the middle and high

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

school levels in addition to a Collegiate Prep Academy and Academy of Health Sciences at the high school level. This will give students new and innovative opportunities for learning.

A groundbreaking ceremony was held in March 2019 for the new Belmont Middle School. Significant progress has been made on the construction of the new school and it is expected to be ready for the 2021-2022 academic year. The project is funded by \$250 million school bonds that voters approved in May 2018. In addition to the new Belmont Middle School, school bond funds are being used for renovation and repair projects at numerous schools. These improvements include gymnasium floors, media center renovations, fencing, roofing, parking lot and driveway paving, painting and life safety updates (cameras, intercoms and doors/entry access).



We encourage our students, parents, employees and the community to stay connected with Gaston County Schools by visiting the district website (www.gaston.k12.nc.us), each school website, "liking" us on Facebook, following us on Twitter, watching us on Spectrum Cable Channel 21 and YouTube and downloading our free mobile app.

Our Gaston County Schools family anticipates another productive school year. Working together, we will have many more reasons to celebrate Gaston County Schools!

BUDGETARY AND INTERNAL CONTROL STRUCTURES

As required by North Carolina's School Budget and Fiscal Control Act, Gaston County Schools adopts balanced annual budgets for the governmental and propriety funds. The law specifies that the budgets be prepared on the modified accrual basis of accounting. The same method is used to record all financial transactions.



Expenditures may not legally exceed budgeted amounts. All purchase orders are pre-audited to ensure that budgeted funds are available before any expenditures are authorized.

Gaston County Schools maintains a system of internal accounting controls to provide the citizens of Gaston County and the School's management with reasonable assurance that assets are being safeguarded and that all transactions are properly authorized and recorded. Every effort has been made to establish an effective

system of checks and balances and to maintain a proper segregation of duties in order to protect the public interest.

The internal control structure is designed to provide reasonable, but not absolute, assur-

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (continued)

ance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT

North Carolina's Public School Budget and Fiscal Control Act mandates that the financial statements be audited at the end of each fiscal year. Our selection of an independent auditor has been approved by the State's Local Government Commission as qualified to audit local government accounts.

The Basic Financial Statements and Individual Fund Statements and Schedules have been audited by Anderson Smith & Wike PLLC, Certified Public Accountants. These statements, as well as the auditor's unmodified opinion on these statements, appear in the Financial Section of this report.

These financial statements have also been audited by the independent auditor under requirements of the Single Audit Act, for which separate compliance reports are issued.



FINANCIAL REPORTING AWARDS

Since 1993 and 1997, respectively, our Comprehensive Annual Financial Report earned the Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* and the Association of School Business Officials International (ASBO) *Certificate of Excellence in Financial Reporting* awards.



In order to receive these prestigious awards, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. We believe our current report continues to conform to the GFOA and ASBO requirements, and we will submit it for determination of its eligibility for renewed awards.

LETTER OF TRANSMITTAL FOR THE YEAR ENDED JUNE 30, 2019 (concluded)

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report in a timely manner could not have been accomplished without the efforts and dedication of our Finance Department, the Communications Department and our independent audit firm, Anderson, Smith and Wike, PLLC. We would like to express our appreciation to all the staff members who contributed in the development of this report. Also, our appreciation is expressed to the Gaston County Finance Department, to the Gaston County Economic Development Commission, the Gaston County Inspection Department and to the State of North Carolina Banking Commission for providing certain statistical data.



Respectfully submitted,

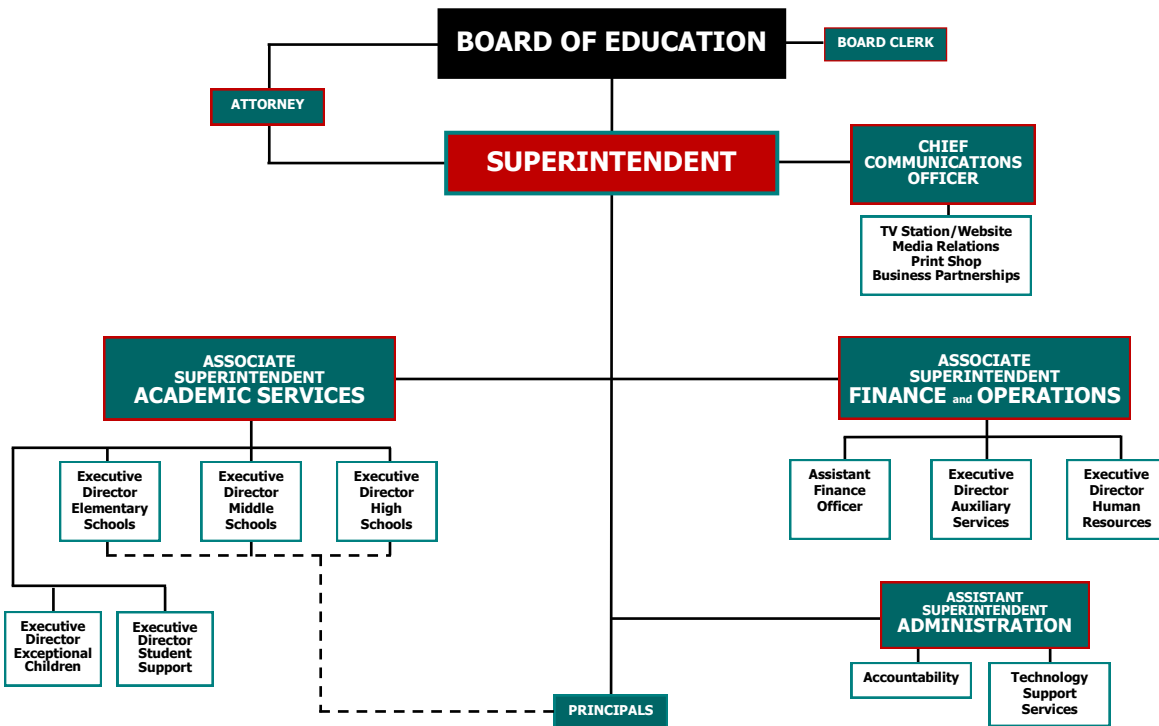
W. Jeffrey Booker, Ed.D.
Superintendent

Gary E. Hoskins
Associate Superintendent - Finance and Operations / Chief Financial Officer

October 21, 2019



ORGANIZATIONAL CHART



Gaston County Schools' Mentors

Mentoring is a supportive relationship between a school-aged child and a caring adult volunteer. Through regularly scheduled visits to the school, our mentors provide support, guidance and serve as a role model and wise friend to the student. Through mentoring, students gain valuable life skills, self confidence and appreciation of goal setting and achievement. **Thank you, Mentors!!**





CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Gaston County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Gaston County Board of Education
North Carolina**

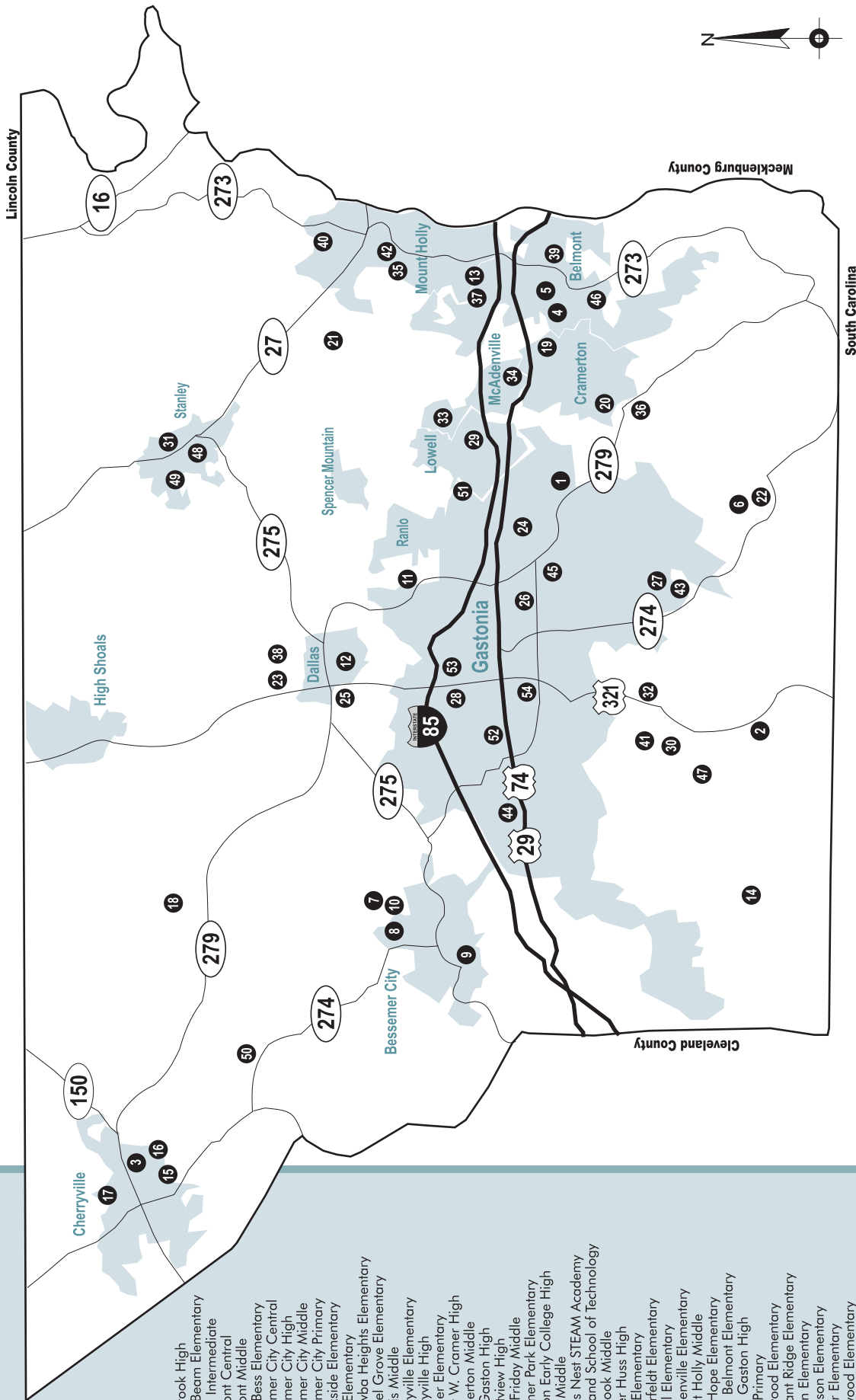
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

GASTON COUNTY SCHOOLS



Key

- 1 Ashbrook High
- 2 H.H. Beam Elementary
- 3 Beam Intermediate
- 4 Belmont Central
- 5 Belmont Middle
- 6 W.A. Bess Elementary
- 7 Bessemer City Central
- 8 Bessemer City High
- 9 Bessemer City Middle
- 10 Bessemer City Primary
- 11 Brookside Elementary
- 12 Carr Elementary
- 13 Catawba Heights Elementary
- 14 Chapel Grove Elementary
- 15 Chavis Middle
- 16 Cherryville Elementary
- 17 Cherryville High
- 18 Costner Elementary
- 19 Stuart W. Cramer High
- 20 Cramerton Middle
- 21 East Gaston High
- 22 Forestview High
- 23 W.C. Friday Middle
- 24 Gardner Park Elementary
- 25 Gaston Early College High
- 26 Grier Middle
- 27 Hawks Nest STEAM Academy
- 28 Highland School of Technology
- 29 Holbrook Middle
- 30 Hunter Huss High
- 31 Kiser Elementary
- 32 Lingerfeldt Elementary
- 33 Lowell Elementary
- 34 McAdenville Elementary
- 35 Mount Holly Middle
- 36 New Hope Elementary
- 37 North Belmont Elementary
- 38 North Gaston High
- 39 Page Primary
- 40 Pinewood Elementary
- 41 Pleasant Ridge Elementary
- 42 Rankin Elementary
- 43 Robinson Elementary
- 44 Sadler Elementary
- 45 Sherwood Elementary
- 46 South Point High
- 47 Southwest Middle
- 48 Springfield Elementary
- 49 Stanley Middle
- 50 Tryon Elementary
- 51 Warrick
- 52 Webb Street
- 53 Woodhill Elementary
- 54 York-Chester Middle

GASTON COUNTY SCHOOLS

P.O. Box 1397 Phone: (704) 866-6100
 Gastonia, NC 28053 Fax: (704) 866-6175
 GCS 21 Education Station www.gaston.k12.nc.us



FINANCIAL SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF EDUCATION
GASTON COUNTY SCHOOLS
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 the Gaston County Board of Education, North Carolina, as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Gaston County Board of Education's basic financial statements 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 the 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 the auditing standards generally accepted in the United States of America and the standards applicable to the 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 of 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Gaston County Board of Education, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof

and the respective budgetary comparison for the General, the State Public School, and the Other Specific Revenue funds 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 Management’s Discussion and Analysis on pages 4 through 11 and the Schedule of Board Contributions and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities on pages 54 through 58, respectively 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 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Gaston County Board of Education, North Carolina. The introductory information, individual non-major fund financial statements and schedules, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual non-major fund statements and schedules, budgetary schedules and other schedules 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 individual non-major fund financial statements and schedules, budgetary schedules, and other schedules, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of 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 October 21, 2019 on our consideration of Gaston County Board of Education’s internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gaston County Board of Education’s internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 21, 2019
Gastonia, North Carolina

BIG 50 ANNIVERSARY CELEBRATION



The “Big 50 Parade” was celebrated through downtown Gastonia on September 22, 2018. Marching bands from each high school, cheerleaders, dance teams, school mascots, JROTC units, special guests in convertibles and on professional floats and a few surprises were among the lineup. Nearly 90 entries proceeded along Main Avenue to mark Gaston County Schools’ golden milestone.

Seniors representing the Class of 2019 and kindergartners representing the Class of 2031 served as the grand marshals and Ashbrook High School French teacher Mamie Chisholm was the honorary grand marshal. Mrs. Chisholm began her career with Gaston County Schools in August 1968 and is considered to be an “original employee” of the unified school district.



All 55 schools were represented in the parade. Eight local businesses/organizations served as “presenting sponsors” for the parade: American & Efid, Beam Construction Company, CaroMont Health, City of Gastonia, Gaston County Education Foundation, GSM Services, Scribbles Software (AIS—Advanced Imaging Systems) and Wells Fargo.

Band and float sponsors included Beam Construction Company, Duke Energy—Allen Steam Station, Gaston Outside/Gaston County Travel and Tourism, Lanxess, Mann+Hummel, Pharr Yarns, Tindol Ford Subaru ROUSH, Will’s Food Store and Zaxby’s. We appreciate our business partnerships in the community!

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

This section of the Gaston County Board of Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2019. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The number of school choice/magnet school programs is increasing from six to nineteen with the introduction of new Academy programs in six areas: Career, Collegiate Prep, Health Sciences, Leadership, Public Service and Technology and Industrial Engineering. The additional choice programs are offered at several elementary, middle and high schools throughout the county.
- A groundbreaking ceremony was held in March 2019 for a new Belmont Middle School. Significant progress has been made on the construction of the new school and it is expected to be ready for the 2021-2022 academic year. The project is funded by \$250 million school bonds that voters approved in May 2018. In addition to the new Belmont Middle School, school bond funds are being used for renovation and repair projects at numerous schools. These improvements include gymnasium floors, media center renovations, fencing, roofing, parking lot and driveway paving, painting and life safety updates (cameras, intercoms and doors/entry access).
- District enrollment decreased slightly for the current year at 31,116 students, as compared to enrollment of 31,581 students the previous year.
- Cash position remains strong at \$19.7 million at June 30, 2019, compared to \$21.5 million at June 30, 2018.
- The operational expenditures per pupil decreased slightly to \$9,339 this year compared to \$9,362 for the previous year.



Overview of the Financial Statements

The audited financial statements of the Gaston County Board of Education consist of five components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents budgetary statements for governmental and enterprise funds.*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The Government-wide Statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, deferred inflows of resources and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

The second set of statements included in the Basic Financial Statements is the *Fund Financial Statements*, which are presented for the Board's governmental, proprietary and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.



The Fund Financial Statements focus on the Board's most significant funds. Because a different basis of accounting is used in the Government-wide Statements, a reconciliation from the governmental Fund Financial Statements to the Government-wide Statements is required. The Government-wide Statements provide information about the Board as an economic unit while the Fund Financial Statements provide information on each of the financial resources of the Board's major funds.

Government-wide Statements

The Government-wide Statements are shown as Exhibits 1 and 2 of this report.



The Government-wide Statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, deferred inflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide Statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets plus deferred outflows and the total of liabilities and deferred inflows – is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

The unit's activities are divided into two categories in the Government-wide Statements:

- Governmental activities: Most of the Board's basic services are included here, such as regular and special education, transportation and administration. County funding and State and federal aid finance most of these activities.
- Business-type activities: The Board charges fees to help it cover the costs of school food services.

Fund Financial Statements

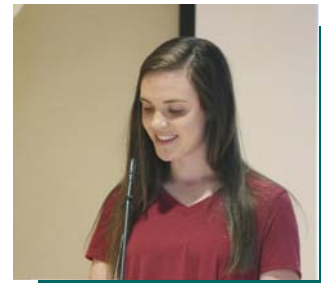
The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

The Fund Financial Statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds – not the unit as a whole. Funds are accounting devices the Board uses

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund and Other Specific Revenue Fund.



Gaston County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the Government-wide Statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between the Government-wide and the Fund Statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Capital Outlay Fund, the Federal Grants Fund and the Other Specific Revenue Fund.

Proprietary fund: Services for which the Board charges a fee are generally reported in the proprietary fund. The Proprietary Fund Statements are shown as Exhibits 7, 8 and 9 of this report. The Proprietary Fund Statements are reported on the same basis of accounting as the Government-wide Statements - full accrual. Gaston County Board of Education has one proprietary fund - an enterprise fund - the School Food Service Fund.

Financial Analysis of the Schools as a Whole

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$232.8 million as of June 30, 2019.

Following is a summary of the Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2019 AND 2018						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Current assets	\$ 30,398,272	\$ 28,848,523	\$ 4,765,689	\$ 4,889,650	\$ 35,163,961	\$ 33,738,173
Capital assets	218,640,511	215,107,330	1,777,855	1,869,421	220,418,366	216,976,751
Total assets	249,038,783	243,955,853	6,543,544	6,759,071	255,582,327	250,714,924
Deferred outflows of resources	87,065,871	73,018,944	1,968,461	1,691,444	89,034,332	74,710,388
Current liabilities	17,864,752	15,445,590	72,316	34,859	17,937,068	15,480,449
Long-term liabilities	404,817,680	422,838,471	9,197,335	9,850,286	414,015,015	432,688,757
Total liabilities	422,682,432	438,284,061	9,269,651	9,885,145	431,952,083	448,169,206
Deferred inflows of resources	142,173,979	114,255,726	3,317,645	2,746,933	145,491,624	117,002,659
Net investment in capital assets	216,211,595	212,465,825	1,777,855	1,869,421	217,989,450	214,335,246
Restricted net position	9,022,441	9,307,633	28,929	25,120	9,051,370	9,332,753
Unrestricted net position	(453,985,793)	(457,338,448)	(5,882,075)	(6,076,104)	(459,867,868)	(463,414,552)
Total net position	\$ (228,751,757)	\$ (235,564,990)	\$ (4,075,291)	\$ (4,181,563)	\$ (232,827,048)	\$ (239,746,553)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>Governmental</u>		<u>Business-type</u>		<u>Total Primary</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Revenues						
Program revenues:						
Charges for services	\$ 780,490	\$ 509,971	\$ 3,432,214	\$ 3,640,725	\$ 4,212,704	\$ 4,150,696
Operating grants and contributions	219,029,025	209,647,960	13,740,769	14,753,544	232,769,794	224,401,504
General revenues:						
County appropriations	62,080,188	68,118,170	-	-	62,080,188	68,118,170
State appropriations	1,362,340	1,320,638	-	-	1,362,340	1,320,638
Other revenues	15,449,464	13,029,107	895	8,429	15,450,359	13,037,536
Total revenues	298,701,507	292,625,846	17,173,878	18,402,698	315,875,385	311,028,544
Expenses						
Governmental activities:						
Instructional services	240,010,632	244,365,036	-	-	240,010,632	244,365,036
System-wide support services	46,682,749	47,636,755	-	-	46,682,749	47,636,755
Ancillary services	109,980	82,844	-	-	109,980	82,844
Non-programmed charges	3,789,135	3,567,059	-	-	3,789,135	3,567,059
Unallocated depreciation	1,241,618	1,434,754	-	-	1,241,618	1,434,754
Business-type activities:						
Food service	-	-	17,166,091	18,208,948	17,166,091	18,208,948
Total expenses	291,834,114	297,086,448	17,166,091	18,208,948	309,000,205	315,295,396
Decrease in net position before transfers						
	6,867,393	(4,460,602)	52,112	193,750	6,919,505	(4,266,852)
Transfers in (out)						
	(54,160)	(50,977)	54,160	50,977	-	-
Increase (Decrease) in net position						
	6,813,233	(4,511,579)	106,272	244,727	6,919,505	(4,266,852)
Net position, beginning, previously reported	(235,564,990)	159,720,888	(4,181,563)	4,472,022	(239,746,553)	164,192,910
Restatement	-	(390,774,299)	-	(8,898,312)	-	(399,672,611)
Net position, beginning	(235,564,990)	(231,053,411)	(4,181,563)	(4,426,290)	(239,746,553)	(235,479,701)
Net position, ending	\$(228,751,757)	\$(235,564,990)	\$(4,075,291)	\$(4,181,563)	\$(232,827,048)	\$(239,746,553)

Total governmental activities generated revenues of \$298.7 million while expenses in this category totaled \$291.8 million for the year ended June 30, 2019. Comparatively, revenues were \$292.6 million and expenses totaled \$297.1 million for the year ended June 30, 2018. After transfers to the business-type activities, the increase in net position stands at \$6.8 million in 2019, compared to a decrease of \$4.5 million in 2018. Instructional services expenses comprised 82.2% of total governmental-type expenses while system-wide support services made up 16.0% of those expenses for 2019.

County funding, for operating and capital, comprised 20.8% of total governmental revenue for 2019. In 2018, County funding was 23.3%. Much of the remaining 79.2% of total governmental revenue for 2019 consists of restricted State and federal money. For the 2018-2019 fiscal year, business-type activities generated revenue of \$17.2 million and had expenses of \$17.2 million. After transfers in from the governmental activities, net position in the business-type activities increased by \$106,272.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Gaston County Board of Education's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

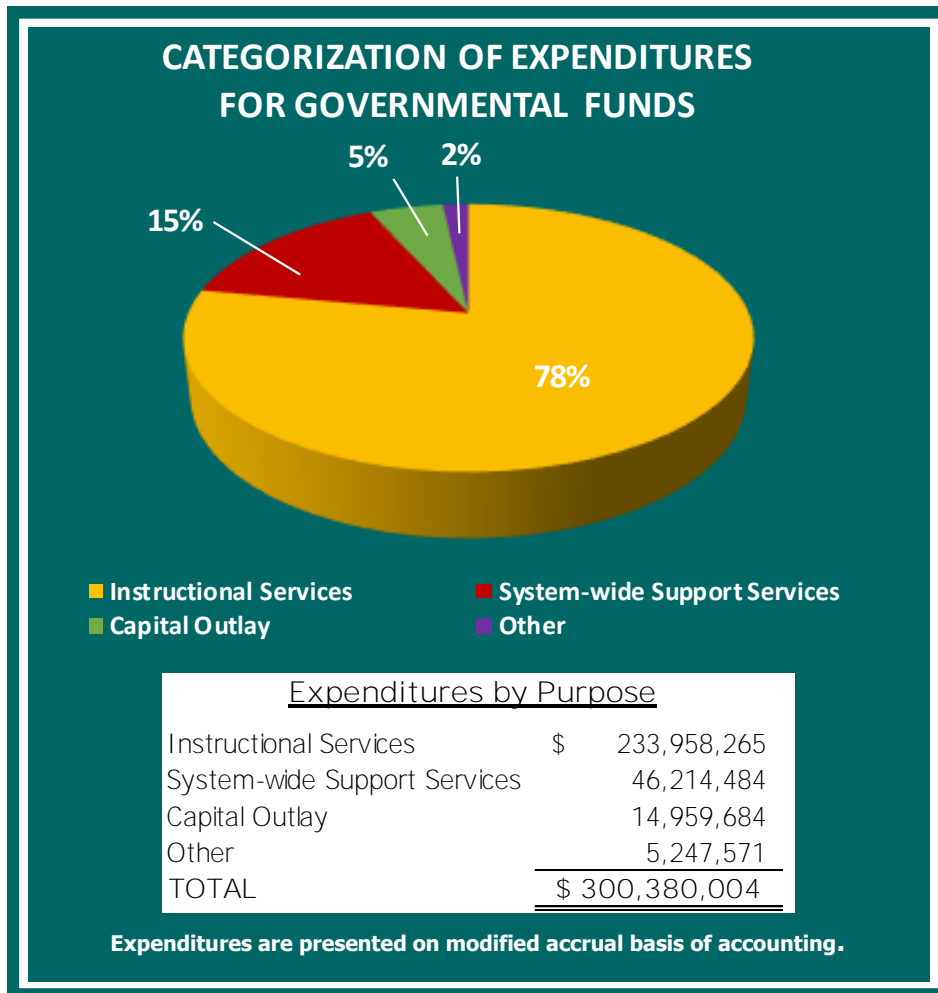
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

The Board's governmental funds reported a combined fund balance of \$12.2 million, a \$596,482 decrease from last year. Expenditures increased and included over \$16 million in capital outlay.

Total Governmental Funds revenue increased \$6.1 million from \$292.6 million in the prior year to \$298.7 million in the current year. The increase in revenue is mainly attributable to an increase in operating grants and capital contributions. The revenue in the State Public School Fund increased by \$9.2 million from \$182.4 million in 2018 to \$191.6 million in 2019. Most of this increase represents the increased cost of employee compensation and benefits covered by the State Public School Fund.



The revenue also increased slightly in the Federal Grants Fund from \$21.8 million in 2018 to \$22.0 million in 2019.



Proprietary Fund: The School Food Service Fund reflected a \$106,272 increase in net position. Food sales decreased by \$208,511, to \$3.4 million in 2019, due in part to mandated changes to the food services menu. Operating expenses decreased by \$1,042,857, or 5.73%. The amount of operating expenses from 2018 to 2019 basically remained the same. There was a \$248,000 decrease in federal reimbursements and commodities.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Financial Operations

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to reduce or increase appropriations in light of the changed revenue estimates. Also, budget amendments were made because at the time of the original resolution some funding sources amounts were not known.

The budget variances for the General Fund are within normally expected variance amounts.



Capital Assets

Capital assets increased by \$3.4 million, or 1.59% from the previous year to \$220.4 million at June 30, 2019. This was largely due to new construction and renovations. The following is a summary of the capital assets, net of depreciation at year-end.

SUMMARY OF CAPITAL ASSETS AS OF JUNE 30, 2019 AND 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Land	\$ 14,725,792	\$ 14,725,792	\$ -	\$ -	\$ 14,725,792	\$ 14,725,792
Construction in progress	9,065,264	-	-	-	9,065,264	-
Buildings	175,051,174	182,687,686	-	-	175,051,174	182,687,686
Equipment and furniture	8,657,142	6,730,144	1,777,855	1,869,421	10,434,997	8,599,565
Vehicles	6,932,759	6,546,245	-	-	6,932,759	6,546,245
Land improvements	4,208,380	4,417,463	-	-	4,208,380	4,417,463
Total	\$ 218,640,511	\$ 215,107,330	\$ 1,777,855	\$ 1,869,421	\$ 220,418,366	\$ 216,976,751

Additional information related to the Board's capital assets is included in Note 2, A, "Capital Assets" in the Notes to the Basic Financial Statements.



Debt Outstanding

During the year, the Board's Governmental Activities outstanding debt increased by \$224,085 to \$7.1 million. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Additional information related to the Board's outstanding debt is included in Note 2, B, "Long-Term Obligations" in the Notes to the Basic Financial Statements.

Economic Factors

County funding is a significant source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The following factors affect the economic outlook of Gaston County:

- For the fiscal year 2018-2019, the County provided approximately \$51 million for local current operating and capital expenditures.
- Gaston County has over 4,100 businesses and government entities, with the largest employment numbers in the following sectors: Services, Retail Trade, Construction, Manufacturing, Finance, Insurance and Real Estate.
- Gaston County Key Economic Indicators for the calendar year ending 2018:
 - √ Taxable retail sales were over \$2.4 billion.



The following are key economic indicators for Gaston County and the State of North Carolina:

Indicator	Gaston County	North Carolina
Homeownership rate (2013-2017)	65.4%	64.8%
Median value of owner-occupied housing units (2013-2017)	\$ 130,700	\$ 157,100
Persons below poverty level (2013-2017)	15.1%	14.7%
Employed (June 2019)	109,329	4,787,584
Unemployment Rate (June 2019)	4.4%	4.2%
Per Capita Personal Income (2013-2017)	\$ 24,937	\$ 26,779
Median Household Income (2013-2017)	\$ 46,626	\$ 48,256

Data source: North Carolina Office of State Budget and Management, North Carolina Employment Security Commission, U.S. Bureau of Economic Analysis, the U.S. Census Bureau and North Carolina Department of Commerce, Labor and Economic Analysis Division



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019 (concluded)

Requests for Information



This report is intended to provide a summary of the financial condition of Gaston County Board of Education. Questions or requests for additional information should be addressed to:

Gary F. Hoskins

Associate Superintendent—Finance and Operations/Chief Financial Officer
Gaston County Board of Education
1351 Bradford Heights Road
Gastonia, North Carolina 28054



MORE REASONS TO CELEBRATE . . .



Gaston County Schools—Celebrating 50 Years!



BASIC FINANCIAL STATEMENTS

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,599,077	\$ 5,108,580	\$ 19,707,657
Due from other governments	14,383,426	269,990	14,653,416
Receivables (net)	36,457	2,416	38,873
Net OPEB asset	297,719	6,731	304,450
Internal balances	1,081,593	(1,081,593)	-
Inventory and prepaid expenses	-	459,565	459,565
Capital assets (Note 1)			
Land and construction in progress	14,725,792	-	14,725,792
Other capital assets, net of depreciation	203,914,719	1,777,855	205,692,574
Total capital assets	218,640,511	1,777,855	220,418,366
Total assets	249,038,783	6,543,544	255,582,327
DEFERRED OUTFLOWS OF RESOURCES	87,065,871	1,968,461	89,034,332
LIABILITIES			
Accounts payable and accrued expenses	5,549,854	72,316	5,622,170
Accrued salaries, wages, and payroll withholdings	9,694,603	-	9,694,603
Unearned revenue	2,516,956	-	2,516,956
Due to other governments	103,339	-	103,339
Long-term liabilities			
Net pension liability	109,519,924	2,476,121	111,996,045
Net OPEB liability	276,500,456	6,251,360	282,751,816
Due within one year	10,060,079	246,000	10,306,079
Due in more than one year	8,737,221	223,854	8,961,075
Total liabilities	422,682,432	9,269,651	431,952,083
DEFERRED INFLOWS OF RESOURCES	142,173,979	3,317,645	145,491,624
NET POSITION			
Net investment in capital assets	216,211,595	1,777,855	217,989,450
Restricted			
Stabilization by state statute	368,862	-	368,862
Individual school activities	2,230,390	-	2,230,390
Other Specific Revenue	5,079,689	-	5,079,689
Capital Outlay	63,945	-	63,945
DIPNC OPEB plan	1,279,555	28,929	1,308,484
Unrestricted	(453,985,793)	(5,882,075)	(459,867,868)
Total net position	\$ (228,751,757)	\$ (4,075,291)	\$ (232,827,048)

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
Instructional services				
Regular instructional	\$ 140,585,229	\$ -	\$ 119,100,681	\$ -
Special populations	33,911,417	-	29,217,986	-
Alternative programs	19,738,350	-	14,154,497	-
School leadership	17,224,243	-	11,128,552	-
Co-curricular	9,123,762	-	7,584,887	-
School-based support	19,427,631	-	15,893,067	-
System-wide support services				
Support and development	2,264,687	-	1,730,122	-
Special population support and development	1,099,350	-	928,756	-
Alternative programs and services support and development	645,284	-	284,683	-
Technology support	3,221,314	-	217,603	-
Operational support	30,210,420	780,490	15,274,456	-
Financial and human resource	5,724,753	-	1,754,762	-
Accountability	527,270	-	-	-
System-wide pupil support	597,303	-	46,850	-
Policy, leadership and communications	2,392,368	-	1,079,610	-
Ancillary services	109,980	-	109,980	-
Non-programmed charges	3,789,135	-	522,533	-
Unallocated depreciation expense*	1,241,618	-	-	-
Total governmental activities	<u>291,834,114</u>	<u>780,490</u>	<u>219,029,025</u>	<u>-</u>
Business-type activities				
School food service	17,166,091	3,432,214	13,740,769	44,325
Total primary government	<u>\$ 309,000,205</u>	<u>\$ 4,212,704</u>	<u>\$ 232,769,794</u>	<u>\$ 44,325</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit 2
(continued)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government			
Governmental Activities			
Instructional services			
Regular instructional	\$ (21,484,548)	\$ -	\$ (21,484,548)
Special populations	(4,693,431)	-	(4,693,431)
Alternative programs	(5,583,853)	-	(5,583,853)
School leadership	(6,095,691)	-	(6,095,691)
Co-curricular	(1,538,875)	-	(1,538,875)
School-based support	(3,534,564)	-	(3,534,564)
System-wide support services			
Support and development	(534,565)	-	(534,565)
Special population support and development	(170,594)	-	(170,594)
Alternative programs and services support and development	(360,601)	-	(360,601)
Technology support	(3,003,711)	-	(3,003,711)
Operational support	(14,155,474)	-	(14,155,474)
Financial and human resource	(3,969,991)	-	(3,969,991)
Accountability	(527,270)	-	(527,270)
System-wide pupil support	(550,453)	-	(550,453)
Policy, leadership and communications	(1,312,758)	-	(1,312,758)
Ancillary services	-	-	-
Non-programmed charges	(3,266,602)	-	(3,266,602)
Unallocated depreciation expense	(1,241,618)	-	(1,241,618)
Total governmental activities	<u>(72,024,599)</u>	<u>-</u>	<u>(72,024,599)</u>
Business-type activities			
School food service	-	51,217	51,217
Total primary government	<u>(72,024,599)</u>	<u>51,217</u>	<u>(71,973,382)</u>
General revenues			
Unrestricted county appropriations - operating	48,351,704	-	48,351,704
Unrestricted county appropriations - capital	13,728,484	-	13,728,484
Unrestricted State appropriations - operating	-	-	-
Unrestricted State appropriation - capital	1,362,340	-	1,362,340
Investment earnings, unrestricted	273,063	-	273,063
Miscellaneous, unrestricted	15,176,401	895	15,177,296
Transfers	(54,160)	54,160	-
Total general revenues and transfers	<u>78,837,832</u>	<u>55,055</u>	<u>78,892,887</u>
Change in net position	6,813,233	106,272	6,919,505
Net position, beginning	(235,564,990)	(4,181,563)	(239,746,553)
Restatement	-	-	-
Net position, beginning as restated	<u>(235,564,990)</u>	<u>(4,181,563)</u>	<u>(239,746,553)</u>
Net position, ending	<u>\$ (228,751,757)</u>	<u>\$ (4,075,291)</u>	<u>\$ (232,827,048)</u>

GASTON COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Other Specific Revenue		
ASSETS						
Cash and cash equivalents	\$ 6,974,529	\$ -	\$ 5,290	\$ 5,388,868	\$ 2,230,390	\$ 14,599,077
Due from other funds	-	18,897	23,410	1,130,970	46,929	1,220,206
Due from other governments	368,862	7,821,222	4,260,397	1,356,160	576,785	14,383,426
Accounts receivable	-	-	-	36,457	-	36,457
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 7,343,391</u>	<u>\$ 7,840,119</u>	<u>\$ 4,289,097</u>	<u>\$ 7,912,455</u>	<u>\$ 2,854,104</u>	<u>\$ 30,239,166</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 757,230	\$ -	\$ 4,225,152	\$ 567,472	\$ -	\$ 5,549,854
Due to other funds	138,613	-	-	-	-	138,613
Due to other governments	103,339	-	-	-	-	103,339
Unearned revenue	472,418	-	-	2,044,538	-	2,516,956
Accrued salaries and wages payable	1,075,840	7,821,222	-	220,756	576,785	9,694,603
Total liabilities	<u>2,547,440</u>	<u>7,821,222</u>	<u>4,225,152</u>	<u>2,832,766</u>	<u>576,785</u>	<u>18,003,365</u>
Deferred inflows of resources	-	18,897	-	-	46,929	65,826
Fund balances						
Nonspendable:						
Prepays	-	-	-	-	-	-
Restricted:						
Stabilization by state statute	368,862	-	-	-	-	368,862
Individual Schools	-	-	-	-	2,230,390	2,230,390
Other Specific Revenue Fund	-	-	-	5,079,689	-	5,079,689
Capital Outlay	-	-	63,945	-	-	63,945
Assigned:						
Subsequent years insurance	150,000	-	-	-	-	150,000
Subsequent years expenditures	-	-	-	-	-	-
Unassigned:	<u>4,277,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,277,089</u>
Total fund balances	<u>4,795,951</u>	<u>-</u>	<u>63,945</u>	<u>5,079,689</u>	<u>2,230,390</u>	<u>12,169,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,343,391</u>	<u>\$ 7,840,119</u>	<u>\$ 4,289,097</u>	<u>\$ 7,912,455</u>	<u>\$ 2,854,104</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Net OPEB asset	297,719
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	218,640,511
Deferred outflows related to pensions	60,749,772
Deferred outflows related to OPEB	26,316,099
Some liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 2).	(18,797,300)
Net pension liability	(109,519,924)
Net OPEB liability	(276,500,456)
Deferred inflows of resources related to pensions	(1,243,093)
Deferred inflows of resources related to OPEB	(140,865,060)
Net position of governmental activities	<u>\$ (228,751,757)</u>

Gaston County Board of Education
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

	Major Funds				Non-major Governmental Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Other Specific Revenue		
REVENUES						
State of North Carolina	\$ -	\$ 191,553,585	\$ 1,362,340	\$ 5,496,648	\$ -	\$ 198,412,573
Gaston County	48,351,704	-	13,728,484	375,545	-	62,455,733
U.S. Government	-	-	-	299,912	20,181,439	20,481,351
School receipts - athletics, vending, fund raisers, misc.	-	-	-	-	7,283,918	7,283,918
Other	986,617	-	-	9,081,317	-	10,067,934
Total revenues	<u>49,338,321</u>	<u>191,553,585</u>	<u>15,090,824</u>	<u>15,253,422</u>	<u>27,465,357</u>	<u>298,701,509</u>
EXPENDITURES						
Current						
Instructional services						
Regular instructional	13,108,502	118,611,844	-	1,054,422	488,837	133,263,605
Special populations	1,552,345	22,727,998	-	3,620,855	6,489,988	34,391,186
Alternative programs	234,482	4,640,681	-	5,567,974	9,513,816	19,956,953
School leadership	6,372,234	11,128,277	-	500	275	17,501,286
Co-curricular	1,605,817	182,632	-	-	7,359,946	9,148,395
School-based support	2,987,984	14,814,970	-	815,789	1,078,097	19,696,840
System-wide support services						
Support and development	365,960	952,687	-	204,150	777,435	2,300,232
Special population support and development	168,891	213,496	-	19,198	715,260	1,116,845
Alternative programs and services support and development	134,680	87,990	-	236,178	196,693	655,541
Technology support	3,043,194	217,603	-	-	-	3,260,797
Operational support	12,939,874	15,272,784	-	1,336,748	1,672	29,551,078
Financial and human resource	1,657,136	1,580,606	-	2,355,866	174,156	5,767,764
Accountability	426,059	110,014	-	-	10,035	546,108
System-wide pupil support	531,204	46,850	-	49,144	-	627,198
Policy, leadership and communications	1,282,547	910,993	-	26,764	168,617	2,388,921
Ancillary services	16,085	-	-	49,534	44,025	109,644
Non-programmed charges	3,215,620	-	-	50,982	522,533	3,789,135
Debt service						
Principal payment	-	-	1,348,792	-	-	1,348,792
Capital outlay						
Real property and buildings	-	-	10,506,316	-	-	10,506,316
Furniture and equipment	-	-	3,168,616	-	-	3,168,616
Buses and motor vehicles	-	-	1,284,752	-	-	1,284,752
Total expenditures	<u>49,642,614</u>	<u>191,499,425</u>	<u>16,308,476</u>	<u>15,388,104</u>	<u>27,541,385</u>	<u>300,380,004</u>
Excess (deficiency) of revenues over expenditures	(304,293)	54,160	(1,217,652)	(134,682)	(76,028)	(1,678,495)
Other financing sources (uses)						
Capital lease obligations issued	-	-	1,136,173	-	-	1,136,173
Net transfers to other funds	-	(54,160)	-	-	-	(54,160)
Net change in fund balance	(304,293)	-	(81,479)	(134,682)	(76,028)	(596,482)
Fund balances, beginning	<u>5,100,244</u>	<u>-</u>	<u>145,424</u>	<u>5,214,371</u>	<u>2,306,418</u>	<u>12,766,457</u>
Fund balances, ending	<u>\$ 4,795,951</u>	<u>\$ -</u>	<u>\$ 63,945</u>	<u>\$ 5,079,689</u>	<u>\$ 2,230,390</u>	<u>\$ 12,169,975</u>

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (596,482)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,533,182
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributions to the pension plan in current fiscal year are not included on the Statement of Activities.	19,574,873
Contributions to the OPEB plan in current fiscal year are not included on the Statement of Activities.	10,209,515
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on the net position. Also, governmental funds report the effect of premiums, discounts and similiar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	212,619
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension Expense	(25,675,013)
OPEB Expense	282,746
Compensated absences	<u>(728,207)</u>
Total changes in net position of governmental activities	<u>\$ 6,813,233</u>

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2019

Exhibit 6

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Gaston County	48,351,704	48,351,704	48,351,704	-
U.S. Government	-	-	-	-
Other	750,000	2,477,605	986,617	(1,490,988)
Total revenues	49,101,704	50,829,309	49,338,321	(1,490,988)
Expenditures				
Current				
Instructional services				
Regular	13,283,163	14,098,507	13,108,502	990,005
Special populations	1,430,996	1,552,345	1,552,345	-
Alternative programs	279,830	234,482	234,482	-
School leadership	6,421,644	6,372,234	6,372,234	-
Co-curricular	1,695,227	1,605,817	1,605,817	-
School-based support	1,553,134	2,987,984	2,987,984	-
System-wide support services				
Support and development	536,950	365,960	365,960	-
Special population support and development	172,417	168,891	168,891	-
Alternative programs and services support and development	139,811	134,680	134,680	-
Technology support	3,014,301	3,051,338	3,043,194	8,144
Operational support	13,061,339	13,128,418	12,939,874	188,544
Financial and human resource	1,789,495	1,657,138	1,657,136	2
Accountability	481,469	426,059	426,059	-
System-wide pupil support	605,197	531,204	531,204	-
Policy, leadership and communications	1,501,731	1,282,547	1,282,547	-
Ancillary services	-	16,085	16,085	-
Non-programmed charges	3,135,000	3,215,620	3,215,620	-
Unbudgeted funds	-	-	-	-
Debt service				
Principal payment	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	49,101,704	50,829,309	49,642,614	1,186,695
Revenues over (under) expenditures	-	-	(304,293)	(304,293)
Other financing uses				
Transfers to other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	-	(304,293)	(304,293)
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	(304,293)	\$ (304,293)
Fund balances, beginning			5,100,244	
Fund balances, ending			\$ 4,795,951	

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2019

Exhibit 6
 (continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State of North Carolina	\$ 180,604,772	\$ 192,847,830	\$ 191,553,585	\$ (1,294,245)
Gaston County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	180,604,772	192,847,830	191,553,585	(1,294,245)
Expenditures				
Current				
Instructional services				
Regular	111,402,803	119,105,747	118,611,844	493,903
Special populations	20,857,903	22,733,374	22,727,998	5,376
Alternative programs	7,171,251	5,203,260	4,640,681	562,579
School leadership	10,094,944	11,128,277	11,128,277	-
Co-curricular	-	182,632	182,632	-
School-based support	12,935,924	15,047,356	14,814,970	232,386
System-wide support services				
Support and development	639,742	952,687	952,687	-
Special population support and development	305,156	213,496	213,496	-
Alternative programs and services support and development	77,520	87,990	87,990	-
Technology support	95,463	217,603	217,603	-
Operational support	12,908,713	15,272,784	15,272,784	-
Financial and human resource Accountability	2,973,839	1,580,607	1,580,606	1
System-wide pupil support	152,558	110,014	110,014	-
Policy, leadership and communications	-	46,850	46,850	-
Ancillary services	935,657	910,993	910,993	-
Non-programmed charges	-	-	-	-
Unbudgeted funds	-	-	-	-
Debt service				
Principal payment	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	180,551,473	192,793,670	191,499,425	1,294,245
Revenues over (under) expenditures	53,299	54,160	54,160	-
Other financing uses				
Transfers to other funds	(53,299)	(54,160)	(54,160)	-
Revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning			-	
Fund balances, ending			\$ -	

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2019

Exhibit 6
 (continued)

	Other Specific Revenue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
State of North Carolina	\$ 5,138,670	\$ 5,320,804	\$ 5,496,648	\$ 175,844
Gaston County	-	386,233	375,545	(10,688)
U.S. Government	-	345,990	299,912	(46,078)
Other	-	9,169,218	9,081,317	(87,901)
Total revenues	<u>5,138,670</u>	<u>15,222,245</u>	<u>15,253,422</u>	<u>31,177</u>
Expenditures				
Current				
Instructional services				
Regular	-	1,054,422	1,054,422	-
Special populations	-	3,620,855	3,620,855	-
Alternative programs	4,964,798	5,853,008	5,567,974	285,034
School leadership	-	500	500	-
Co-curricular	-	-	-	-
School-based support	-	815,789	815,789	-
System-wide support services				
Support and development	-	204,150	204,150	-
Special population support and development	-	19,199	19,198	1
Alternative programs and services support and development	158,872	236,292	236,178	114
Technology support	-	-	-	-
Operational support	-	1,352,100	1,336,748	15,352
Financial and human resource	15,000	2,580,729	2,355,866	224,863
Accountability	-	-	-	-
System-wide pupil support	-	49,144	49,144	-
Policy, leadership and communications	-	26,764	26,764	-
Ancillary services	-	49,535	49,534	1
Non-programmed charges	-	50,982	50,982	-
Unbudgeted funds	-	-	-	-
Debt service				
Principal payment	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>5,138,670</u>	<u>15,913,469</u>	<u>15,388,104</u>	<u>525,365</u>
Revenues over (under) expenditures	-	(691,224)	(134,682)	556,542
Other financing uses				
Transfers to other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	(691,224)	(134,682)	556,542
Fund balance appropriated	-	691,224	-	(691,224)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(134,682)</u>	<u>\$ (134,682)</u>
Fund balances, beginning			5,214,371	
Fund balances, ending			<u>\$ 5,079,689</u>	

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit 7

	Enterprise Fund
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 5,108,580
Receivables (net)	272,406
Net OPEB asset	6,731
Inventories	459,565
Total current assets	<u>5,847,282</u>
Noncurrent assets	
Capital assets, net	1,777,855
Total assets	<u>7,625,137</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>1,968,461</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	72,316
Due to other funds	1,081,593
Current portion of long-term obligations	246,000
Total current liabilities	<u>1,399,909</u>
Noncurrent liabilities	
Long-term obligations	223,854
Net pension liability	2,476,121
Net OPEB liability	6,251,360
Total noncurrent liabilities	<u>8,951,335</u>
Total liabilities	<u>10,351,244</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>3,317,645</u>
NET POSITION	
Investment in capital assets	1,777,855
DIPNC OPEB plan	28,929
Unrestricted	(5,882,075)
Total net position	<u>\$ (4,075,291)</u>

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Fund Major Fund School Food Service
<hr/>	
OPERATING REVENUES	
Food sales	\$ 3,432,214
Total operating revenues	<u>3,432,214</u>
OPERATING EXPENSES	
Purchase of food	6,841,081
Salaries and benefits	8,163,977
Indirect costs	935,711
Materials and supplies	899,302
Depreciation	326,020
Other	-
Total operating expenses	<u>17,166,091</u>
Operating loss	<u>(13,733,877)</u>
NONOPERATING REVENUES	
Federal reimbursements	12,385,553
Federal commodities	1,119,505
Indirect cost not paid	235,711
Other	895
Total nonoperating revenue	<u>13,741,664</u>
Income before transfers	7,787
Transfers from other funds	54,160
Capital contributions	44,325
Change in net position	106,272
Total net position, beginning	<u>(4,181,563)</u>
Total net position, ending	<u><u>\$ (4,075,291)</u></u>

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit 9

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,544,755
Cash paid for goods and services	(7,261,105)
Cash paid to employees for services	(8,516,495)
Net cash used by operating activities	<u>(12,232,845)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	13,505,058
Other	895
Cash from noncapital financing activities	<u>13,505,953</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(190,129)</u>
Net cash used in capital and related financing activities	<u>(190,129)</u>
Net increase in cash and cash equivalents	1,082,979
Balance, beginning	4,025,601
Balance, ending	<u>\$ 5,108,580</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	<u>\$ (13,733,877)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	326,020
Salaries paid by special revenue fund	54,160
Indirect costs not paid	235,711
Changes in assets and liabilities:	
Decrease in accounts receivable	112,541
Decrease in OPEB asset	6,738
Decrease in inventory	168,807
Increase in due to other funds	918,854
Increase in accounts payable and accrued expenses	37,457
Increase in deferred outflows of resources	(277,017)
Increase in net pension liability	505,625
Decrease in net OPEB liability	(1,149,476)
Increase in deferred inflows of resources	570,712
Decrease in long-term liabilities	<u>(9,100)</u>
Total adjustments	<u>1,501,032</u>
Net cash used by operating activities	<u>\$ (12,232,845)</u>

The notes to the basic financial statements are an integral part of this statement.

GASTON COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit 9
(continued)

Noncash investing, capital, and financing activities:

The State Public School Fund and Federal Fund paid salaries and benefits of \$54,160 to administrative personnel of the School Food Service Fund during the fiscal year. The payments are reflected as a transfer in and an operating expense on Exhibit 8.

Indirect costs of \$235,711 that would be due to the General Fund were not paid. These unpaid costs are reflected as a non-operating revenue and an operating expense on Exhibit 8.

The School Food Service Fund received donated commodities with a value of \$1,119,505 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of the donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 8.

BIG 50 ANNIVERSARY CELEBRATION



The 50th Anniversary celebration continues as we celebrate with our community. In October, 50 of the best pictures from the "Big 50 Parade" were printed and hung on the Gaston County Public Library's display wall for our community to see.

Carr Elementary School in Dallas had a family reunion-style event that was an opportunity for students, parents, teachers, former students, former employees and others to come together for a time of fellowship and reminiscing. Carr Elementary has served the Dallas community since 1957 by "preparing our students for success tomorrow." There were lots of "when I went to school here ..." stories that were shared.

Over the past 50 years, our high school and junior high/middle school sports teams have won numerous championships and given us plenty of reasons to cheer. An exhibit was held at the Gaston County Museum displaying some of these highlights. The exhibit offered a glimpse at the history of the school district through pictures, old newsletters and other publications.



"Throwback Thursdays" and "Flashback Fridays" are features on Gaston County Schools Facebook page. We've been digging through our archives, going through pictures and looking through old newsletters and yearbooks. Each Thursday and Friday, there are features on our Facebook page to celebrate the 50th Anniversary of Gaston County Schools. Channel 21 has also featured special programming, highlighting our 50th Anniversary celebration, including the "Big 50 Parade."

We are grateful to our school mentors and business/community partners. A reception was held in May to recognize these individuals and business/community partners who make investments with Gaston County Schools "to inspire success and a lifetime of learning."

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Gaston County Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Gaston County Board of Education (Board) is a Local Education Agency (LEA) empowered by State law (Chapter 115C of the North Carolina General Statutes) with the responsibility to oversee and control all activities related to public school education in Gaston County, North Carolina. The members of the Board are elected by the public and have decision making authority. Although the County levies all taxes, the Board determines how the school system will spend the funds generated for schools. The County cannot modify the school system's budget, nor is the County entitled to share in any surpluses or required to finance any deficits of the school system. For these reasons, the Board as a whole is not fiscally dependent on or financially accountable to the County and therefore is recognized as a primary government. The Board also receives local, State and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. 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 Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed 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 Board and for each function of the Board'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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, indirect costs, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities, real property, furniture and equipment (other than those financed by the proprietary fund). It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Gaston County appropriations, restricted sales tax monies, proceeds of Gaston County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

Other Specific Revenue Fund. The Other Specific Revenue Fund is used to account for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to the school administration units and funds received for pre-kindergarten programs.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

The Board reports the following non-major governmental funds:

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for instructional needs, club programs, activity buses and athletic teams.

Federal Grants Fund. The Federal Grants Fund is used to account for grant monies received directly

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

from the federal government.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State and County grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for 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. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Superintendent is authorized by the Board of Education to transfer monies within a function without limitation. The Superintendent may also transfer between functions with a report on such transfers being required at the next meeting of the Board of Education. Transfers or amendments not authorized by the Superintendent require Board approval. Amendments which alter or transfer the

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

County current expense appropriation to or from the Capital Outlay Fund require the approval of the County Commissioners. During the year, several amendments to the original budget were necessary. The budget ordinances 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 budget ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows and Fund Equity

Deposits and Investments

All deposits of the Board are made in Board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board 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; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value as determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

Cash and Cash Equivalents

The Board 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.

Inventories

The inventories of the Board are valued at average cost, which approximates the first-in, first-out

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

(FIFO) method, or market. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Prepaid Items

Items that benefit future periods are recorded as prepaid and included in assets. The balance will be included as an expenditure in the period that the item benefits.

Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated acquisition value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1993 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of three or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30-50
Land Improvement	10-20
Equipment and furniture	5-10
Vehicles	6-10
Computer equipment	3-5

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial 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 Board has several items that meet this criterion—a pension and OPEB (Other Postemployment Benefits) related deferral and contributions made to the plans subsequent to the measurement date.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion—sales tax refunds receivable in the State Public School Fund and Federal Grants Fund and pension and OPEB related deferrals.

Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2016 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

The sick leave policy of the Board 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 Board has no obligation for 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 the government-wide and proprietary fund financial statements is classified as net investment in capital assets, net of related debt; restricted and unrestricted. Restricted net positions represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

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—portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for Individual Schools—revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Restricted for Other Specific Revenue Fund—The Other Specific Revenue Fund is used to account for the proceeds of specific revenue sources, other than debt service or capital projects, that are restricted by Federal and other providers to be spent for specific purposes. The major source of revenue is a grant from the State of North Carolina for a pre-school program. This grant accounts for over half of the Other Specific Revenue Fund. Numerous other grants are accounted for in the Other Specific Revenue Fund, many of which are less than \$100,000.

Committed Fund Balance—portion of fund balance that can only be used for specific purpose as set forth in a resolution approved by majority vote by a quorum of the Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action. Committed Fund Balance in the Capital Outlay Fund represents construction contracts approved by Board of Education votes.

Assigned Fund Balance—This classification includes the portion of fund balance that the Board intends to use for specific purposes.

Subsequent year's insurance—portion of fund balance that is assigned to insurance cost that is not already classified in restricted or committed. The governing body approved the assignment.

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 Board of Education approves the appropriation.

Unassigned Fund Balance—This classification includes the portion of fund balance that has not been restricted, committed or assigned to specific purposes of other funds and is only recorded in the general fund.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Board of Education funds and Board of Education 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 Board.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Reconciliation of Government-wide and Fund Financial Statements

- A. Explanation of certain differences between the Governmental Fund Balance Sheet (Exhibit 3), and the Government-wide Statement of Net Position (Exhibit 1).

The Governmental Fund Balance Sheet includes a reconciliation between total fund balances and net position of governmental activities as reported in the Statement of Net Position. The net adjustment of (\$240,921,732) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	\$ 459,051,365
Less accumulated depreciation	(240,410,854)
Net capital assets	218,640,511
Net OPEB Asset	297,719
Pension related deferred outflows of resources	60,749,772
OPEB related deferred outflows of resources	26,316,099
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Leases and installment financing	(2,428,886)
Compensated absences	(16,368,414)
Net pension liability	(109,519,924)
Net OPEB liability	(276,500,456)
Deferred inflows of resources related to pensions	(1,243,093)
Deferred inflows of resources related to OPEB	<u>(140,865,060)</u>
Total adjustment	<u>\$ (240,921,732)</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 5) includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

activities. There are several elements of that total adjustment of \$ (7,409,715) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 13,518,632
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(9,985,450)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the Statement of Activities-it affects only the government-wide statement of net position	(1,136,173)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net positions in the government-wide statements	1,348,792
Contributions to the pension plan in current fiscal year are not included on the Statement of Activities	19,574,873
Contributions to the OPEB plans in current fiscal year are not included on the Statement of Activities	10,209,515
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension Expense	(25,675,013)
OPEB Expense	282,746
Compensated absences	<u>(728,207)</u>
Total adjustment	<u>\$ (7,409,715)</u>

NOTE 2: DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit'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 Board, these deposits are considered to be held by the agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering unin-

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

sured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the Board had deposits with banks and savings and loans with a carrying amount of \$ 4,407,476 and with the State Treasurer of \$ 0. The bank balances with the financial institutions and the State Treasurer were \$ 8,881,921 and \$ 7,232,857; respectively. Of these balances, \$ 2,480,390 was covered by federal depository insurance and \$ 13,634,388 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2019, the Board had invested \$ 15,295,650 with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2019. The Board has no policy for managing interest rate risk or credit risk. The Board also had \$4,531 invested with the NC Capital Management Trust Government Portfolio which carried a credit rating of AAAM by Standard and Poor's.

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The STIF had a weighted average maturity of 1.3 years as of June 30, 2019.

Credit Risk. The Board's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2019. The STIF is unrated and is authorized under NC General Statute 147-69.1. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer. More than 5 percent of the Board's investments are invested with the State Treasurer in the STIF. This investment is 99.9% of the Board's total investments.

Accounts Receivable

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

	Due from Other Governments	Other	Due from Other Funds (Internal Balances)	Total	Purpose of Internal Balances
Governmental activities:					
General Fund	\$ 368,862	\$ -	\$ (138,613)	\$ 230,249	Sales tax refund allocation
State Public School Fund	7,821,222	-	18,897	7,840,119	Sales tax refund allocation
Capital Outlay Fund	4,260,397	-	23,410	4,283,807	Sales tax refund allocation
Federal Grants Fund	576,785	-	46,929	623,714	Sales tax refund allocation
Other Specific Revenue Fund	1,356,160	36,457	1,130,970	2,523,587	Worker's Compensation, Indirect Cost
Total governmental activities	<u>\$ 14,383,426</u>	<u>\$ 36,457</u>	<u>\$ 1,081,593</u>	<u>\$ 15,501,476</u>	
Business-type activities:					
School Food Service Fund	\$ 269,990	\$ 2,416	\$ (1,081,593)	\$ (809,187)	Worker's Compensation, Indirect Cost

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$ 368,862	Sales tax refund, Fines & forfeitures	
State Public School Fund	7,821,222	Installment salaries	
Capital Outlay Fund	4,260,397	Capital reimbursements from County	
Federal Grants Fund	576,785	Installment salaries	
Other Specific Revenue Fund	1,356,160	Commissioner's Sch of Exc, Medicaid Reimbursements	
Total	<u>\$ 14,383,426</u>		
Business-type activities:			
School Food Service Fund	<u>\$ 269,990</u>	USDA reimbursement, summer feeding, and catered lunches	

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,725,792	\$ -	\$ -	\$ 14,725,792
Construction in progress	-	9,065,264	-	9,065,264
<i>Total capital assets not being depreciated</i>	<u>14,725,792</u>	<u>9,065,264</u>	<u>-</u>	<u>23,791,056</u>
Capital assets being depreciated:				
Buildings	375,140,100	-	-	375,140,100
Equipment and furniture	20,896,916	3,168,616	-	24,065,532
Vehicles	26,771,719	1,284,752	-	28,056,471
Land improvements	7,998,207	-	-	7,998,207
<i>Total capital assets being depreciated</i>	<u>430,806,942</u>	<u>4,453,368</u>	<u>-</u>	<u>435,260,310</u>
Less accumulated depreciation for:				
Buildings	192,452,414	7,636,511	-	200,088,925
Equipment and furniture	14,166,772	1,241,618	-	15,408,390
Vehicles	20,225,474	898,238	-	21,123,712
Land improvements	3,580,744	209,083	-	3,789,827
<i>Total accumulated depreciation</i>	<u>230,425,404</u>	<u>\$ 9,985,450</u>	<u>\$ -</u>	<u>240,410,854</u>
<i>Total capital assets being depreciated, net</i>	<u>200,381,538</u>			<u>194,849,456</u>
Governmental activity capital assets, net	<u>\$ 215,107,330</u>			<u>\$ 218,640,511</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 9,757,499	<u>\$ 239,991</u>	<u>\$ (38,273)</u>	\$ 9,959,217
Less accumulated depreciation for:				
Furniture and office equipment	<u>7,888,078</u>	<u>\$ 326,020</u>	<u>\$ (32,736)</u>	<u>8,181,362</u>
School Food Service Fund capital assets, net	<u>\$ 1,869,421</u>			<u>\$ 1,777,855</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,241,618
Regular instructional services	7,845,594
Operational support services	898,238
Total	<u>\$ 9,985,450</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

B. Liabilities

Pension Plan and Other Postemployment Obligations

Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (State agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS 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 Teachers' and State Employees' Retirement System 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 TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% 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. General employee 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. General employee 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. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age 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.

TSERS plan members who are Law Enforcement Officers (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 their 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of the compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2019, was 12.29% of covered payroll, 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 Board were \$20,017,439 for the year ended June 30, 2019.

Refunds of Contributions. Board employees who have terminated service as a contributing member of TSERS, 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 TSERS.

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

At June 30, 2019, the Board reported a liability of \$111,996,045 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 asset 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 Board's proportion of the net pension liability was based on a projection of the Board'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 TSERS employers, actuarially determined. At June 30, 2018, and at June 30, 2017, the Board's proportion was 1.10% and 1.10%, respectively.

For the year ended June 30, 2019, the Board recognized pension expense of \$26,009,033. At June 30, 2019, the Board reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,173,546	\$ 1,123,955
Changes of assumptions	22,474,726	-
Net difference between projected and actual earnings on pension plan investments	10,673,242	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	784,302	147,243
Board contributions subsequent to the measurement date	20,017,439	-
TOTAL	<u>\$ 62,123,255</u>	<u>\$ 1,271,198</u>

We reported \$20,017,439 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of re-

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

sources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ 24,003,749
2021	\$ 15,010,736
2022	\$ 2,016,125
2023	\$ (195,991)
Thereafter	-

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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 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 asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 213,595,438	\$ 111,996,045	\$ 26,744,092

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.

Other Postemployment Benefits

Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earn-

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

ings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees’ health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$10,212,314.

At June 30, 2019, the Board reported a liability of \$282,751,816 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board’s proportion of the net OPEB liability was based on a projection of the Board’s present value of future salary, actuarially determined. At June 30, 2018 and 2017, the Board’s proportion was .997% and .997%, respectively.

\$10,212,314 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (29,414,356)
2021	\$ (29,414,356)
2022	\$ (29,414,356)
2023	\$ (29,384,121)
2024	\$ (10,727,942)
Thereafter	-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.75% 3.50 - 8.10%, include 3.5% inflation and productivity factor
Salary increases investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00 - 6.50%
Healthcare cost trend rate - prescription drug	5.00 - 7.25%
Healthcare cost trend rate - Medicare advantage	4.00 - 5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from em-

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

ployers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability	\$ 334,074,126	\$ 282,751,816	\$ 241,611,482

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 6.25%, Medicare Advantage - 3.00 - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 7.25%, Medicare Advantage - 4.00 - 5.00%, Administrative - 3.00%)	1% Increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 8.25%, Medicare Advantage - 5.00 - 6.00%, Administrative - 4.00%)
Net OPEB Liability	\$ 233,262,889	\$ 282,751,816	\$ 347,721,087

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Disability Benefits

Plan description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Direc-

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

tor of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$228,026 for the year ended June 30, 2019.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

At June 30, 2019, the Board reported an asset of \$304,450 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and 2017, the Board's proportion was .958% and .958%, respectively.

\$228,026 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2020	\$189,987
2021	\$189,987
2022	\$141,227
2023	\$107,761
2024	\$ 73,584
Thereafter	\$ 73,554

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.5% - 8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB Asset	\$ 233,278	\$ 304,450	\$ 372,724

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

	RHBFB	DIPNC	TOTAL
OPEB Expense	\$ (297,298)	\$ 7,302	\$ (289,996)
OPEB Liability (Asset)	282,751,816	(304,450)	282,447,366
Proportionate share of the net OPEB liability (asset)	.997%	.958%	
Deferred Outflows of Resources			
Differences between expected and actual experience	-	531,083	531,083
Changes of assumptions	-	57,490	57,490
Net difference between projected and actual earnings on plan investments	30,408	237,107	267,515
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,614,648	-	15,614,648
Board contributions subsequent to the measurement date	10,212,314	228,026	10,440,340
Deferred Inflows of Resources			
Differences between expected and actual experience	19,335,816	-	19,335,816
Changes of assumptions	122,494,615	-	122,494,615
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,169,755	49,672	2,219,427

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Accounts Payable and Accrued Expenses

Accounts payable at June 30, 2019, are as follows:

	Vendors	Salaries and Benefits	Due to other Governments	Total
Governmental Activities:				
General Fund	\$ 757,230	\$ 1,075,840	\$ 103,339	\$ 1,936,409
State Public School Fund	-	7,821,222	-	7,821,222
Capital Outlay Fund	4,225,152	-	-	4,225,152
Federal Grants Fund	-	576,785	-	576,785
Other Specific Revenue Fund	567,472	220,756	-	788,228
Total governmental activities	<u>\$ 5,549,854</u>	<u>\$ 9,694,603</u>	<u>\$ 103,339</u>	<u>\$ 15,347,796</u>
Business-type Activities:				
School Food Service Fund	<u>\$ 72,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,316</u>

Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 16,398,950	\$ 2,366,670
Change in assumption	22,532,216	122,494,615
Difference between projected and actual earnings on plan investments	10,940,757	-
Difference between expected and actual experience	8,704,629	20,459,771
Sales tax refunds (State Public School Fund and Federal Grants Fund)	-	65,826
Prepaid lunches	-	104,742
Board contributions subsequent to the measurement date	30,457,780	-
Total	<u>\$ 89,034,332</u>	<u>\$ 145,491,624</u>

Unearned Revenues

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

	Unavailable Revenue
Grants not yet earned (General & Other Specific Revenue Fund)	\$ 2,516,956
Total	<u>\$ 2,516,956</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

- The general liability coverage provides limits of \$1 million per occurrence subject to a \$2 million aggregate. Third party medical payments at \$15,000. Third party fire damage at \$300,000. Employee benefits are covered at \$1 million per occurrence, \$3 million aggregate. Health Occupational Education coverage is at \$1 million per occurrence and \$1 million aggregate and Job Shadowing and Job Internship coverage is \$10,000 accidental death benefit, \$10,000 accidental dismemberment and \$10,000 accidental medical expense. Abuse or Molestation coverage provides a \$1 million per occurrence subject to a \$2 million aggregate. Law Enforcement coverage provides \$1 million per wrongful act subject to a \$1 million aggregate.
- The automobile policy has a \$1 million combined single limit for bodily injury and property damage for all owned vehicles. There is not an aggregate limit for automobile liability. Coverage for under insured and uninsured motorist is \$1 million. Scheduled autos are covered for physical damage up to actual cash value (cost to repair or replace less depreciation). Hired autos are also covered for physical damage at the actual cash value. Coverage for garage keepers' comprehensive and collision is \$60,000 each.
- School Leaders Errors and Omissions liability coverage with a \$1 million per occurrence subject to a \$2 million aggregate, which carries a \$5,000 deductible.
- Umbrella coverage in the amount of \$5 million per occurrence subject to a \$5 million aggregate applies as excess over the general liability, automobile liability and employer's liability, employee benefits liability, school leaders errors and omissions, abuse or molestation, law enforcement professional liability, and health occupational education liability; subject to a self-insured retention of \$10,000.
- The property policy provides blanket real and personal property coverage with a total limit of \$500 million, which carries a \$10,000 deductible per incident.
- Flood coverage is provided at a limit of \$15 million, with a \$50,000 deductible in all zones except for zone A which carries a \$1 million deductible. There are no school buildings in zone A.
- Earthquake coverage is provided at a limit of \$15 million, with a \$50,000 deductible.
- Boiler and machinery coverage is provided at specific locations with a total blanket limit of \$100 million subject to a \$5,000 deductible.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

- Inland marine coverage is provided for certain property at scheduled limits, which carries a \$500 deductible per incident.
- Crime coverage is also provided with a \$500,000 limit for public employees' dishonesty, \$500,000 for forgery or alteration subject to a \$2,500 deductible and, \$100,000 inside and outside premises for theft of money and securities subject to a \$2,500 deductible.
- Performance bond is provided for the Finance Officer with \$100,000 coverage.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits with an unlimited lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

Contingent Liabilities

At June 30, 2019, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

Long-Term Obligations

a. Capital Leases

As authorized in State law [G.S. 115C-528(a)], the Board entered into various lease agreements for certain vehicles and equipment. The leasing arrangements were made for various years, and at the conclusion of each term, ownership is transferred to the Board. The direct placement installment purchase contracts are summarized below.

At June 30, 2019, assets recorded direct placement installment purchase contracts were as follows:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buses	\$6,948,433	\$ 2,288,978	\$ 4,659,455

The following is a schedule of the future minimum payments of the direct placement installment purchases as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 1,329,079
2021	992,000
2022	107,837
	<u>\$ 2,428,916</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (continued)

b. Long-Term Obligations

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2019:

	Beginning Balance, restated	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities:					
Capitalized leases	\$ 2,641,505	\$ 1,136,173	\$ 1,348,792	\$ 2,428,886	\$ 1,329,079
Compensated absences	15,640,207	8,730,664	8,002,457	16,368,414	8,731,000
Net pension liability	85,065,561	24,454,363	-	109,519,924	-
Net OPEB liability	319,491,198	-	42,990,742	276,500,456	-
Total	<u>\$ 422,838,471</u>	<u>\$ 34,321,200</u>	<u>\$ 52,341,991</u>	<u>\$ 404,817,680</u>	<u>\$ 10,060,079</u>
Business-Type Activities:					
Compensated absences	\$ 478,954	\$ 245,782	\$ 254,882	\$ 469,854	\$ 246,000
Net pension liability	1,970,496	505,625	-	2,476,121	-
Net OPEB liability	7,400,836	-	1,149,476	6,251,360	-
Total	<u>\$ 9,850,286</u>	<u>\$ 751,407</u>	<u>\$ 1,404,358</u>	<u>\$ 9,197,335</u>	<u>\$ 246,000</u>

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The financing contract requires only principal payments of each contract year.

Compensated absences for governmental activities are typically liquidated by the general and other governmental funds.

C. **Interfund Activity**

Transfers to/from other funds at June 30, 2019, consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
State Public School Fund	School Food Service Fund	\$ 54,160

The State Public School Fund paid salaries and benefits of \$54,160 to administrative personnel of the School Food Service Fund during the fiscal year. The salaries and benefits are paid to meet requirements of the United States Department of Agriculture Food and Nutrition Service which requires a local effort, or contribution, to the program.

D. **Fund Balance**

The Board of Education has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (concluded)

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 Board of Education.

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	\$	4,795,951
<i>Less:</i>		
Stabilization by State Statute		368,862
Appropriated Fund Balance in 2019 Budget		150,000
Remaining Fund Balance	<u>\$</u>	<u>4,277,089</u>

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

		<u>General Fund</u>
Encumbrances	\$	-

NOTE 3: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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



REQUIRED SUPPLEMENTARY INFORMATION



Gaston County Schools—Celebrating 50 Years!

GASTON COUNTY SCHOOLS, NORTH CAROLINA
 SCHEDULE OF BOARD CONTRIBUTIONS
 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
 LAST SIX FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 20,017,439	\$ 17,024,028	\$ 15,052,013	\$ 13,196,128	\$ 13,032,434	\$ 11,661,897
Contributions in relation to the contractually required contribution	\$ 20,017,439	\$ 17,024,028	\$ 15,052,013	\$ 13,196,128	\$ 13,032,434	\$ 11,661,897
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980	\$ 142,430,973	\$ 134,199,040
Contributions as a percentage of covered payroll	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not required to be presented retroactively.

GASTON COUNTY SCHOOLS, NORTH CAROLINA
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
 LAST SIX FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	1.13%	1.10%	1.09%	1.06%	1.04%	1.03%
Board's proportionate share of the net pension liability (asset)	\$111,996,045	\$ 87,036,057	\$ 99,920,315	\$ 38,920,465	\$ 12,111,578	\$ 63,332,870
Board's covered payroll	\$157,922,335	\$ 150,821,769	\$ 144,219,980	\$ 142,430,973	\$ 134,199,040	\$ 136,064,083
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.92%	57.71%	69.28%	27.33%	9.03%	46.55%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%	90.60%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not required to be presented retroactively.

GASTON COUNTY BOARD OF EDUCATION
SCHEDULE OF CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 228,026	\$ 221,091	\$ 573,123	\$ 591,302	\$ 583,967
Contributions in relation to the contractually required contribution	<u>228,026</u>	<u>221,091</u>	<u>573,123</u>	<u>591,302</u>	<u>583,967</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980	\$ 142,430,973
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%	0.41%	0.41%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 590,476	\$ 598,682	\$ 713,141	\$ 759,568	\$ 771,542
Contributions in relation to the contractually required contribution	<u>590,476</u>	<u>598,682</u>	<u>713,141</u>	<u>759,568</u>	<u>771,542</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 134,199,040	\$ 136,064,083	\$ 137,142,500	\$ 146,070,769	\$ 148,373,462
Contributions as a percentage of covered payroll	0.44%	0.44%	0.52%	0.52%	0.52%

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET
 DISABILITY INCOME PLAN OF NORTH CAROLINA
 LAST THREE FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	1.002%	0.958%	0.974%
Board's proportionate share of the net OPEB asset	\$ 304,450	\$ 594,942	\$ 605,096
Board's covered payroll	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.19%	0.39%	0.42%
Plan fiduciary net position as a percentage of the total OPEB asset	108.47%	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only three years of data presented.

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF BOARD CONTRIBUTIONS
 RETIREE HEALTH BENEFIT FUND
 LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,212,314	\$ 9,554,301	\$ 8,762,745	\$ 8,076,319	\$ 7,819,460
Contributions in relation to the contractually required contribution	<u>10,212,314</u>	<u>9,554,301</u>	<u>8,762,745</u>	<u>8,076,319</u>	<u>7,819,460</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980	\$ 142,430,973
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%	5.60%	5.49%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 7,246,748	\$ 7,211,396	\$ 6,857,126	\$ 7,157,465	\$ 6,676,802
Contributions in relation to the contractually required contribution	<u>7,246,748</u>	<u>7,211,396</u>	<u>6,857,126</u>	<u>7,157,465</u>	<u>6,676,802</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 134,199,040	\$ 136,064,083	\$ 137,142,500	\$ 146,070,769	\$ 148,373,462
Contributions as a percentage of covered payroll	5.40%	5.30%	5.00%	4.90%	4.50%

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 RETIREE HEALTH BENEFIT FUND
 LAST THREE FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.993%	0.997%	0.941%
Board's proportionate share of the Net OPEB liability (asset)	\$ 282,751,816	\$ 326,892,034	\$ 409,571,482
Board's covered payroll	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	179.04%	216.74%	283.99%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only three years of data presented.



MORE REASONS TO CELEBRATE . . .



Gaston County Schools—Celebrating 50 Years!



**COMBINING AND
INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**



AT A GLANCE

NUMBER OF SCHOOLS

Total Number of Schools	55
Elementary Schools	29
Intermediate Schools	1
Middle Schools	11
High Schools	11
Special Needs School	1
Alternate School	1
Virtual School	1



ETHNIC DISTRIBUTION

White	56.6%
Black	22.7%
Hispanic	14.0%
Multiracial	4.9%
Asian	1.5%
American Indian	0.2%
Hawaiian or Pacific Islander	0.1%



CLASS OF 2019

Number of Graduates	2,245
Approximately 1,200 academic, athletic and merit scholarships offered, totaling more than \$45 million.	
Graduation rate	84.8%



TRANSPORTATION

Total Number of Students	
Transported Daily	16,500
Miles Traveled Daily	12,000
(that's 2½ trips to and from California)	
Yellow Buses	211
Activity Buses	47
Gallons of Fuel per week	15,000



ENROLLMENT

Total Number of Students	31,116
Grades K-5	14,206
Grades 6-8	7,318
Grades 9-12	9,355
Early College	237



ACADEMIC PERFORMANCE

Middle and High School levels — 87% of schools
Met or Exceeded Growth
39 schools Met or Exceeded Academic Growth
Expectations



SCHOOL NUTRITION

Breakfasts Served Daily	8,000
Breakfasts Served Annually	1.4 million
Lunches Served Daily	18,000
Lunches Served Annually	3.2 million
Percent of students who receive meals at no cost or a reduced price — more than 65%	



EMPLOYEES

Total Number of Employees (Part and Full Time)	3,847
Total Number of Teachers	1,890
Average Years of Experience for Teachers	11

Gaston County Schools — Celebrating 50 Years!

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 For the Fiscal Year Ended June 30, 2019

Exhibit A

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Gaston County				
Appropriation from general revenues	48,351,704	48,351,704	48,351,704	-
Other				
Fines and forfeitures	700,000	700,000	713,554	13,554
Interest earned on investments	50,000	776,937	273,063	(503,874)
Miscellaneous revenue and reimbursements	-	1,000,668	-	(1,000,668)
Total other	750,000	2,477,605	986,617	(1,490,988)
Total revenues	49,101,704	50,829,309	49,338,321	(1,490,988)
Expenditures				
Instructional services				
Regular	13,283,163	14,098,507	13,108,502	990,005
Special populations	1,430,996	1,552,345	1,552,345	-
Alternative programs	279,830	234,482	234,482	-
School leadership	6,421,644	6,372,234	6,372,234	-
Co-curricular	1,695,227	1,605,817	1,605,817	-
School-based support	1,553,134	2,987,984	2,987,984	-
Total instructional services	24,663,994	26,851,369	25,861,364	990,005
System-wide support services				
Support and development	536,950	365,960	365,960	-
Special population support and development	172,417	168,891	168,891	-
Alternative programs and services support and development	139,811	134,680	134,680	-
Technology support	3,014,301	3,051,338	3,043,194	8,144
Operational support	13,061,339	13,128,418	12,939,874	188,544
Financial and human resource	1,789,495	1,657,138	1,657,136	2
Accountability	481,469	426,059	426,059	-
System-wide pupil support	605,197	531,204	531,204	-
Policy, leadership and communications	1,501,731	1,282,547	1,282,547	-
Total system-wide support services	21,302,710	20,746,235	20,549,545	196,690
Ancillary services	-	16,085	16,085	-
Non-programmed charges				
Payments to other charter schools	3,135,000	3,215,620	3,215,620	-
Total expenditures	49,101,704	50,829,309	49,642,614	1,186,695

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 For the Fiscal Year Ended June 30, 2019

Exhibit A
 (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues over (under) expenditures	-	-	(304,293)	(304,293)
Other financing uses				
Transfers to other funds	-	-	-	-
Expenditures and other uses over (under) revenues	-	-	(304,293)	(304,293)
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(304,293)	<u>\$ (304,293)</u>
Fund balance, beginning			<u>5,100,244</u>	
Fund balance, ending			<u>\$ 4,795,951</u>	

GASTON COUNTY BOARD OF EDUCATION
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2019

Exhibit B-1

	Individual Schools Fund	Federal Grants Fund	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,230,390	\$ -	\$ 2,230,390
Due from other funds	-	46,929	46,929
Due from other governments	-	576,785	576,785
Total revenues	<u>\$ 2,230,390</u>	<u>\$ 623,714</u>	<u>\$ 2,854,104</u>
Liabilities and Fund Balances			
Liabilities			
Accrued salaries and wages payable	\$ -	\$ 576,785	\$ 576,785
Total liabilities	<u>-</u>	<u>576,785</u>	<u>576,785</u>
Deferred inflows of resources	<u>-</u>	<u>46,929</u>	<u>46,929</u>
Fund balances			
Restricted:			
Individual Schools	<u>2,230,390</u>	<u>-</u>	<u>2,230,390</u>
Total fund balances	<u>2,230,390</u>	<u>-</u>	<u>2,230,390</u>
Total liabilities and fund balances	<u>\$ 2,230,390</u>	<u>\$ 623,714</u>	<u>\$ 2,854,104</u>

GASTON COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2019

Exhibit B-2

	Individual Schools Fund	Federal Grants Fund	Total Non-Major Governmental Funds
Revenues			
State of North Carolina	\$ -	\$ -	\$ -
Gaston County	-	-	-
U.S. Government	-	20,181,439	20,181,439
Other	7,283,918	-	7,283,918
Total revenues	7,283,918	20,181,439	27,465,357
Expenditures			
Current			
Instructional services			
Regular	-	488,837	488,837
Special populations	-	6,489,988	6,489,988
Alternative programs	-	9,513,816	9,513,816
School leadership	-	275	275
Co-curricular	7,359,946	-	7,359,946
School-based support	-	1,078,097	1,078,097
System-wide support services			
Support and development	-	777,435	777,435
Special population support and development	-	715,260	715,260
Alternative programs and services support and development	-	196,693	196,693
Technology support	-	-	-
Operational support	-	1,672	1,672
Financial and human resource	-	174,156	174,156
Accountability services	-	10,035	10,035
Policy, leadership and public relations	-	168,617	168,617
Ancillary services	-	44,025	44,025
Non-programmed charges	-	522,533	522,533
Total expenditures	7,359,946	20,181,439	27,541,385
Revenues over expenditures	(76,028)	-	(76,028)
Other financing uses			
Transfers to other funds	-	-	-
Net change in fund balance	(76,028)	-	(76,028)
Fund balances, beginning	2,306,418	-	2,306,418
Fund balances, ending	\$ 2,230,390	\$ -	\$ 2,230,390

GASTON COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FEDERAL GRANTS FUND
 For the Fiscal Year Ended June 30, 2019

Exhibit B-3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
U. S. Government	\$ 633,923	\$ 22,004,713	\$ 20,181,439	\$ (1,823,274)
Total revenues	<u>633,923</u>	<u>22,004,713</u>	<u>20,181,439</u>	<u>(1,823,274)</u>
Expenditures				
Instructional services	552,386	19,295,914	17,571,014	1,724,900
System-wide support services	54,162	2,093,111	2,043,868	49,243
Ancillary Services	-	44,025	44,025	-
Non-programmed charges	27,375	571,663	522,532	49,131
Unbudgeted funds	-	-	-	-
Total expenditures	<u>633,923</u>	<u>22,004,713</u>	<u>20,181,439</u>	<u>1,823,274</u>
Revenues over expenditures	-	-	-	-
Transfers to other funds	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

GASTON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit C

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of North Carolina				
Public School Building Capital Fund	\$ -	\$ -	\$ -	\$ -
Sales tax refund	-	-	13,548	13,548
State appropriations - buses	-	-	1,348,792	1,348,792
Total State of North Carolina	-	-	1,362,340	1,362,340
Gaston County				
Bonds	6,507,935	72,161,229	12,533,250	(59,627,979)
General county revenues	1,689,496	1,747,452	1,195,234	(552,218)
Total Gaston County	8,197,431	73,908,681	13,728,484	(60,180,197)
Total revenues	8,197,431	73,908,681	15,090,824	(58,817,857)
Expenditures				
Capital outlay				
Real property and buildings	-	-	10,506,316	-
Furniture and equipment	-	-	3,168,616	-
Buses and motor vehicles	-	-	1,284,752	-
Total capital outlay	8,197,431	75,257,473	14,959,684	60,297,789
Debt service	-	-	1,348,792	(1,348,792)
Total expenditures	8,197,431	75,257,473	16,308,476	58,948,997
Revenues over (under) expenditures	-	(1,348,792)	(1,217,652)	131,140
Other financing sources				
Capital lease obligations issued	-	1,348,792	1,136,173	(212,619)
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Total other financing sources	-	1,348,792	1,136,173	(212,619)
Revenues and other sources over (under) expenditures and other uses	-	-	(81,479)	(81,479)
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	(81,479)	\$ (81,479)
Fund balance, beginning			145,424	
Fund balance, ending			\$ 63,945	

GASTON COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2019

Exhibit D

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating revenues, food sales	\$ 3,985,000	\$ 3,985,000	\$ 3,432,214	\$ (552,786)
Operating expenditures				
Business support services				
Purchase of food			6,672,274	
Salaries and benefits			8,154,877	
Indirect costs			700,000	
Materials and supplies			899,302	
Capital outlay			195,666	
Other			-	
Total operating expenditures	19,001,616	19,001,616	16,622,119	2,379,497
Operating loss	(15,016,616)	(15,016,616)	(13,189,905)	1,826,711
Non-operating revenues				
Federal reimbursements			12,385,553	
Federal commodities			1,119,505	
Indirect cost not paid			-	
State reimbursements			-	
Other			895	
Total non-operating revenues	14,741,616	14,741,616	13,505,953	(1,235,663)
Revenues over (under) expenditures before other financing sources	(275,000)	(275,000)	316,048	591,048
Other financing sources				
Transfers from other funds	275,000	275,000	54,160	(220,840)
Capital contribution	-	-	44,325	44,325
Net change in fund balance	\$ -	\$ -	414,533	\$ 370,208
Reconciliation of modified accrual to full accrual basis				
Reconciling items				
Depreciation			(326,020)	
Indirect costs			(235,711)	
Indirect costs not paid			235,711	
Equipment purchases			195,666	
Decrease in accrued vacation pay			(9,100)	
Decrease in inventory			(168,807)	
Change in net position (full accrual)			\$ 106,272	



STATISTICAL SECTION



STATISTICAL SECTION OVERVIEW

The Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using information in the financial statements, including information to facilitate in understanding the County's economic condition.

Information is presented in five categories:

Financial Trends

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

Debt Capacity

This schedule presents information to help the reader assess the affordability of the Board's current levels of outstanding debt.

Revenue Capacity

These schedules contain information to help the reader assess the Board's most significant local revenue source, the property tax.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

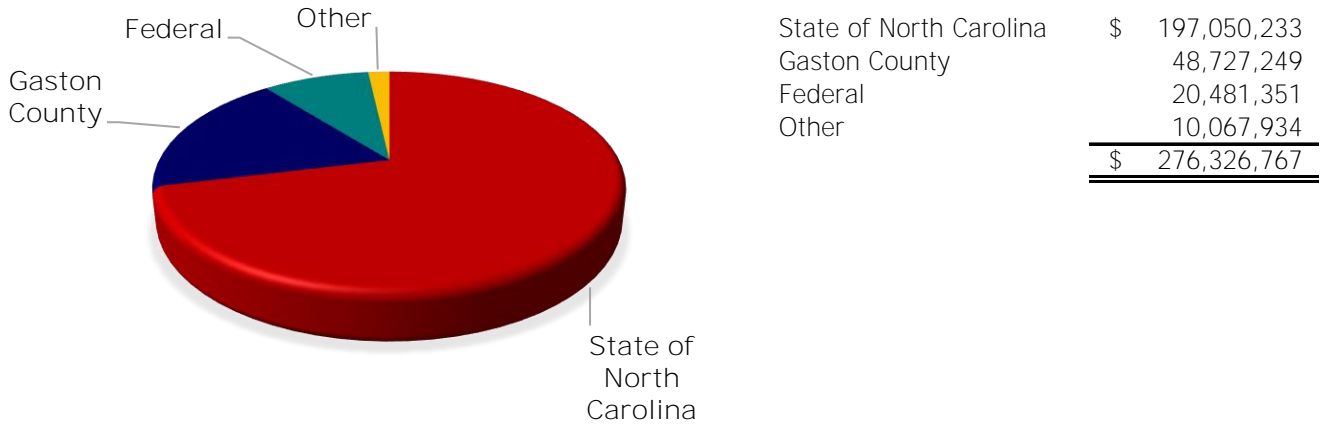
Operating Information

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

SOURCES: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.*

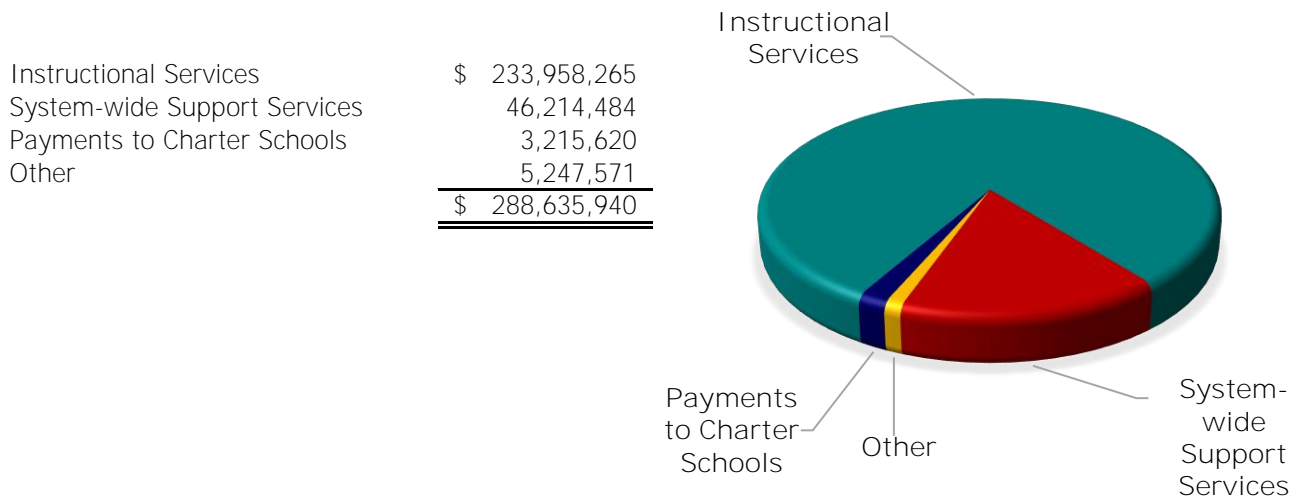


Revenue Sources



Note: Information taken from Exhibit 4. Revenues Sources do not include Capital Outlay or School receipts.

Expenditures/Expenses

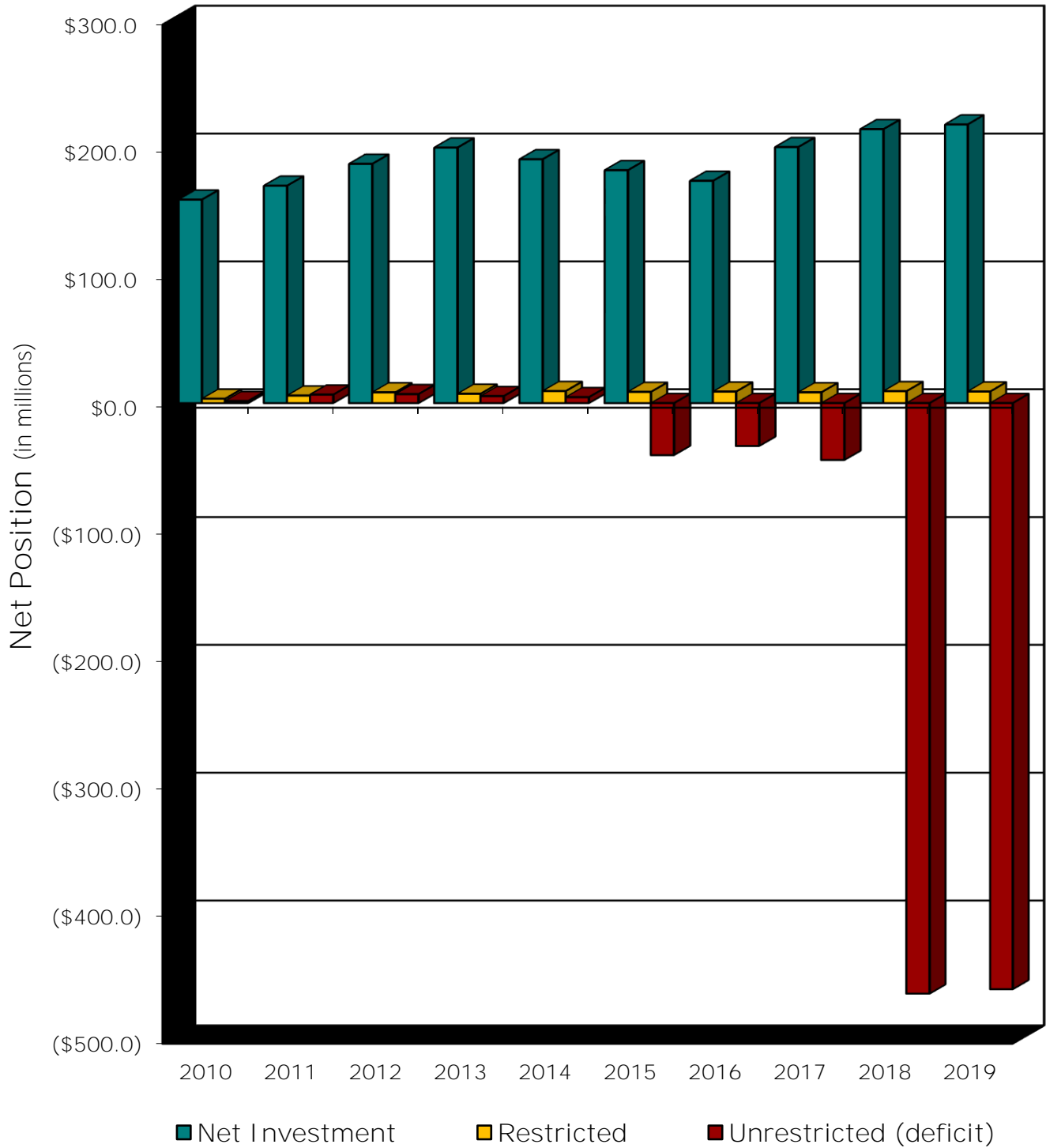


Note: Information taken from Exhibit 4. Expenditures do not include Capital Outlay, but do include payments to charter schools (see Exhibit A).

Source: Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Net Position by Component
 Last Ten Fiscal Years

Table 2



Source: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Net Position by Component
 Last Ten Fiscal Years

Table 2

	Year Ended June 30				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 157,271,659	\$ 168,448,485	\$ 185,023,993	\$ 197,764,753	\$ 188,745,413
Restricted	3,430,147	5,889,512	8,400,901	7,294,071	9,425,514
Unrestricted (deficit)	(425,459)	3,458,544	3,501,197	1,807,132	922,157
Total	<u>\$ 160,276,347</u>	<u>\$ 177,796,541</u>	<u>\$ 196,926,091</u>	<u>\$ 206,865,956</u>	<u>\$ 199,093,084</u>
Business-type activities:					
Net investment in capital assets	\$ 1,961,519	\$ 1,637,804	\$ 2,165,677	\$ 2,130,673	\$ 2,037,301
Unrestricted	2,018,764	3,161,912	3,498,791	3,653,200	3,699,955
Total	<u>\$ 3,980,283</u>	<u>\$ 4,799,716</u>	<u>\$ 5,664,468</u>	<u>\$ 5,783,873</u>	<u>\$ 5,737,256</u>
District-wide:					
Net investment in capital assets	\$ 159,233,178	\$ 170,086,289	\$ 187,189,670	\$ 199,895,426	\$ 190,782,714
Restricted	3,430,147	5,889,512	8,400,901	7,294,071	9,425,514
Unrestricted (deficit)	1,593,305	6,620,456	6,999,988	5,460,332	4,622,112
Total	<u>\$ 164,256,630</u>	<u>\$ 182,596,257</u>	<u>\$ 202,590,559</u>	<u>\$ 212,649,829</u>	<u>\$ 204,830,340</u>

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Net Position by Component
 Last Ten Fiscal Years

Table 2
 (continued)

	Year Ended June 30				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 180,327,473	\$ 172,131,872	\$ 198,386,759	\$ 212,465,825	\$ 216,211,595
Restricted	8,770,636	9,009,677	8,368,888	9,307,633	9,022,441
Unrestricted (deficit)	(42,572,637)	(35,660,161)	(47,034,759)	(457,338,448)	(453,985,793)
Total	<u>\$ 146,525,472</u>	<u>\$ 145,481,388</u>	<u>\$ 159,720,888</u>	<u>\$ (235,564,990)</u>	<u>\$ (228,751,757)</u>
Business-type activities:					
Net investment in capital assets	\$ 1,867,892	\$ 1,795,280	\$ 1,906,853	\$ 1,894,541	\$ 1,806,784
Unrestricted	1,929,895	2,130,593	2,565,169	(6,076,104)	(5,882,075)
Total	<u>\$ 3,797,787</u>	<u>\$ 3,925,873</u>	<u>\$ 4,472,022</u>	<u>\$ (4,181,563)</u>	<u>\$ (4,075,291)</u>
District-wide:					
Net investment in capital assets	\$ 182,195,365	\$ 173,927,152	\$ 200,293,612	\$ 214,360,366	\$ 218,018,379
Restricted	8,770,636	9,009,677	8,368,888	9,307,633	9,022,441
Unrestricted (deficit)	(40,642,742)	(33,529,568)	(44,469,590)	(463,414,552)	(459,867,868)
Total	<u>\$ 150,323,259</u>	<u>\$ 149,407,261</u>	<u>\$ 164,192,910</u>	<u>\$ (239,746,553)</u>	<u>\$ (232,827,048)</u>

GASTON COUNTY BOARD OF EDUCATION
Changes in Net Position
Last Ten Fiscal Years

	Year Ended June 30				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
Instructional services	\$ 209,167,609	\$ 207,016,747	\$ 196,324,372	\$ 197,557,244	\$ 200,643,216
Support services	42,678,251	40,043,977	43,322,050	42,533,124	44,261,929
Ancillary services	253,609	150,272	316,217	319,519	193,051
Non-programmed charges	-	-	-	1,989,509	2,749,875
Interest on long-term debt	1,171	-	-	-	-
Unallocated depreciation expense	779,143	842,048	1,019,489	1,278,125	1,406,752
Total governmental activities expenses	<u>252,879,783</u>	<u>248,053,044</u>	<u>240,982,128</u>	<u>243,677,521</u>	<u>249,254,823</u>
Business-type activities:					
School food service	15,380,447	16,203,289	16,285,984	17,300,067	17,939,751
Total primary government expenses	<u>\$ 268,260,230</u>	<u>\$ 264,256,333</u>	<u>\$ 257,268,112</u>	<u>\$ 260,977,588</u>	<u>\$ 267,194,574</u>
Program revenues					
Governmental activities:					
Charges for services					
Regular instructional	\$ 13,806	\$ 27,967	\$ 21,606	\$ 23,854	\$ -
Special instructional programs	-	-	-	-	-
Operational support services	981,823	1,194,728	1,161,630	422,214	504,718
Business support services	-	-	-	-	-
Operating grants and contributions	198,024,896	201,774,988	192,810,554	181,434,462	181,909,098
Total governmental activities program revenues	<u>199,020,525</u>	<u>202,997,683</u>	<u>193,993,790</u>	<u>181,880,530</u>	<u>182,413,816</u>
Business-type activities:					
Charges for services	5,858,893	5,528,653	5,274,162	4,873,192	4,783,141
Operating grants and contributions	10,489,522	11,215,217	11,550,953	12,220,781	12,777,485
Capital grants and contributions	95,051	-	-	-	-
Total business-type activities program revenues	<u>16,443,466</u>	<u>16,743,870</u>	<u>16,825,115</u>	<u>17,093,973</u>	<u>17,560,626</u>
Total program revenues	<u>\$ 215,463,991</u>	<u>\$ 219,741,553</u>	<u>\$ 210,818,905</u>	<u>\$ 198,974,503</u>	<u>\$ 199,974,442</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 41,956,204	\$ 41,526,704	\$ 41,526,704	\$ 41,526,704	\$ 43,547,893
Unrestricted county appropriations - capital	19,225,722	18,932,042	24,735,219	18,523,321	6,501,962
Unrestricted State appropriation - operating	-	-	-	-	-
Unrestricted State appropriation - capital	1,262,151	1,223,462	895,296	732,456	197,364
Investment earnings, unrestricted	1,022,799	817,570	258,363	12,979	58,235
Miscellaneous, unrestricted	1,418,744	343,216	1,236,684	11,215,942	9,023,953
Transfers	(381,965)	(267,439)	(302,851)	(274,546)	(261,272)
Total governmental activities general revenues	<u>64,503,655</u>	<u>62,575,555</u>	<u>68,349,415</u>	<u>71,736,856</u>	<u>59,068,135</u>
Business-type activities:					
Unrestricted State appropriations - operating	9,325	9,300	21,270	-	-
Investment earnings, unrestricted	1,466	2,113	-	-	-
Miscellaneous, unrestricted	-	-	1,500	50,953	71,236
Transfers	381,965	267,439	302,851	274,546	261,272
Total business-type activities general revenues	<u>392,756</u>	<u>278,852</u>	<u>325,621</u>	<u>325,499</u>	<u>332,508</u>
Total general revenues	<u>\$ 64,896,411</u>	<u>\$ 62,854,407</u>	<u>\$ 68,675,036</u>	<u>\$ 72,062,355</u>	<u>\$ 59,400,643</u>
Change in net position					
Governmental activities	\$ 10,644,397	\$ 17,520,194	\$ 19,129,550	\$ 9,939,865	\$ (7,772,872)
Business-type activities	1,455,775	819,433	864,752	119,405	(46,617)
Total primary government change in net position	<u>\$ 12,100,172</u>	<u>\$ 18,339,627</u>	<u>\$ 19,994,302</u>	<u>\$ 10,059,270</u>	<u>\$ (7,819,489)</u>

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Changes in Net Position
 Last Ten Fiscal Years

Table 3
 (continued)

	Year Ended June 30				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
Instructional services	\$ 207,118,760	\$ 209,759,726	\$ 226,137,572	\$ 244,365,036	\$ 240,010,632
Support services	45,714,523	44,072,329	46,029,116	47,636,755	46,682,749
Ancillary services	277,824	139,876	144,140	82,844	109,980
Non-programmed charges	2,995,395	3,264,607	3,433,535	3,567,059	3,789,135
Interest on long-term debt	-	-	-	-	-
Unallocated depreciation expense	1,463,849	1,398,508	953,840	1,434,754	1,241,618
Total governmental activities expenses	<u>257,570,351</u>	<u>258,635,046</u>	<u>276,698,203</u>	<u>297,086,448</u>	<u>291,834,114</u>
Business-type activities:					
School food service	18,649,941	19,044,418	18,291,494	18,208,948	17,166,091
Total primary government expenses	<u>\$ 276,220,292</u>	<u>\$ 277,679,464</u>	<u>\$ 294,989,697</u>	<u>\$ 315,295,396</u>	<u>\$ 309,000,205</u>
Program revenues					
Governmental activities:					
Charges for services					
Regular instructional	\$ -	\$ -	\$ -	\$ -	\$ -
Special instructional programs	-	-	-	-	-
Operational support services	1,539,292	594,577	511,750	509,971	780,490
Business support services	-	-	-	-	-
Operating grants and contributions	191,705,543	193,283,584	202,570,091	209,647,960	219,029,025
Total governmental activities program revenues	<u>193,244,835</u>	<u>193,878,161</u>	<u>203,081,841</u>	<u>210,157,931</u>	<u>219,809,515</u>
Business-type activities:					
Charges for services	3,630,453	3,450,282	3,311,309	3,640,725	3,432,214
Operating grants and contributions	13,951,649	15,464,393	15,434,170	14,753,544	13,740,769
Capital grants and contributions	-	-	27,391	8,429	44,325
Total business-type activities program revenues	<u>17,582,102</u>	<u>18,914,675</u>	<u>18,772,870</u>	<u>18,402,698</u>	<u>17,217,308</u>
Total program revenues	<u>\$ 210,826,937</u>	<u>\$ 212,792,836</u>	<u>\$ 221,854,711</u>	<u>\$ 228,560,629</u>	<u>\$ 237,026,823</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 43,816,704	\$ 43,816,704	\$ 45,351,704	\$ 47,751,704	\$ 47,751,704
Unrestricted county appropriations - capital	7,617,271	9,997,818	35,581,481	20,366,466	20,366,466
Unrestricted State appropriation - operating	-	-	-	-	-
Unrestricted State appropriation - capital	419,873	382,120	776,902	1,320,638	1,320,638
Investment earnings, unrestricted	58,235	88,059	129,229	129,229	129,229
Miscellaneous, unrestricted	10,598,204	9,665,190	10,892,473	12,899,878	12,899,878
Transfers	(246,876)	(237,090)	(64,773)	(50,977)	(50,977)
Total governmental activities general revenues	<u>62,263,411</u>	<u>63,712,801</u>	<u>92,667,016</u>	<u>82,416,938</u>	<u>82,416,938</u>
Business-type activities:					
Unrestricted State appropriations - operating	-	-	-	-	-
Investment earnings, unrestricted	-	-	-	-	-
Miscellaneous, unrestricted	85,127	20,739	-	8,429	8,429
Transfers	246,876	237,090	64,773	50,977	50,977
Total business-type activities general revenues	<u>332,003</u>	<u>257,829</u>	<u>64,773</u>	<u>59,406</u>	<u>59,406</u>
Total general revenues	<u>\$ 62,595,414</u>	<u>\$ 63,970,630</u>	<u>\$ 92,731,789</u>	<u>\$ 82,476,344</u>	<u>\$ 82,476,344</u>
Change in net position					
Governmental activities	\$ (2,062,105)	\$ (1,044,084)	\$ 19,050,654	\$ (4,511,579)	\$ (4,511,579)
Business-type activities	(735,836)	128,086	546,149	244,727	244,727
Total primary government change in net position	<u>\$ (2,797,941)</u>	<u>\$ (915,998)</u>	<u>\$ 19,596,803</u>	<u>\$ (4,266,852)</u>	<u>\$ (4,266,852)</u>

GASTON COUNTY BOARD OF EDUCATION
 Governmental Funds
 Changes in Fund Balance
 Last Ten Fiscal Years

Table 5

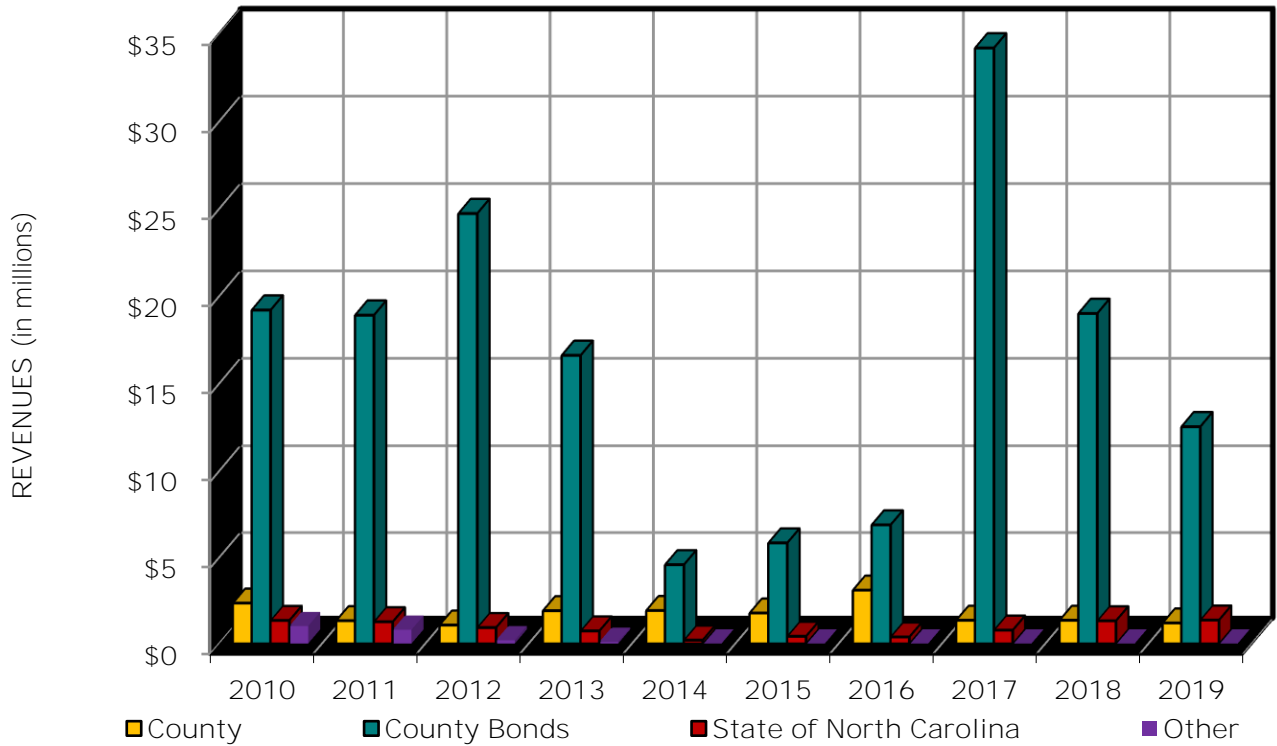
	Year Ended June 30				
	2010	2011	2012	2013	2014
Revenues					
State of North Carolina	\$ 153,074,614	\$ 155,852,596	\$ 156,683,540	\$ 161,077,198	\$ 160,299,857
Gaston County	64,524,062	61,786,070	67,330,656	60,050,025	49,283,666
U.S. Government	36,093,330	38,064,755	26,631,342	21,812,505	20,286,937
School receipts	6,992,584	6,894,458	7,251,449	7,202,786	7,584,887
Other	3,748,587	6,815,453	4,619,756	3,298,153	3,760,436
Total revenues	264,433,177	269,413,332	262,516,743	253,440,667	241,215,783
Expenditures					
Instructional programs	196,151,554	196,478,318	186,613,722	187,412,607	186,065,172
Support services	38,354,918	39,324,637	41,308,542	42,120,477	43,876,298
Ancillary services	169,970	158,588	33,213	319,925	777,554
Non-programmed charges	2,847,302	2,811,159	2,317,074	1,989,509	2,165,338
Debt service					
Principal retirement	959,192	1,196,899	337,680	679,074	160,739
Interest and fiscal charges	1,171	-	-	-	-
Capital outlay	23,017,355	22,516,992	27,408,735	24,375,092	7,476,750
Total expenditures	261,501,462	262,486,593	258,018,966	256,896,684	240,521,851
Revenues over (under)					
expenditures	2,931,715	6,926,739	4,497,777	(3,456,017)	693,932
Other financing sources (uses)					
Capital lease obligations issued	-	1,350,718	-	642,957	-
Transfers to other funds	(381,965)	(267,439)	(266,532)	(2,611,911)	(261,272)
Capital contributions	(95,051)	-	(36,319)	2,228,981	-
Total other financing sources (uses)	(477,016)	1,083,279	(302,851)	(382,930)	(261,272)
Net change in fund balance	\$ 2,454,699	\$ 8,010,018	\$ 4,194,926	\$ (3,838,947)	\$ 432,660
Ratio of debt service to total non-capital expenditures	0.40%	0.50%	0.15%	0.29%	0.07%

	Year Ended June 30				
	2015	2016	2017	2018	2019
Revenues					
State of North Carolina	\$ 170,570,712	\$ 173,639,054	\$ 181,821,274	\$ 188,738,980	\$ 198,412,573
Gaston County	51,498,975	53,869,522	80,998,185	68,183,170	62,455,733
U.S. Government	20,758,427	18,830,948	21,932,385	23,377,436	20,481,351
School receipts	7,266,206	7,531,290	7,289,187	7,647,441	7,283,918
Other	4,905,760	3,159,808	3,772,599	4,678,817	10,067,934
Total Revenues	255,000,080	257,030,622	295,813,630	292,625,844	298,701,509
Expenditures					
Instructional programs	198,628,265	201,343,525	214,112,055	223,027,135	233,958,265
Support services	46,104,517	44,648,312	45,001,043	44,804,721	46,214,484
Ancillary services	932,528	182,525	144,386	76,863	109,644
Non-programmed charges	2,338,628	3,222,438	3,433,535	3,567,059	3,789,135
Debt service					
Principal retirement	321,229	284,706	775,314	1,287,338	1,348,792
Interest and fiscal charges	-	-	-	-	-
Capital outlay	8,417,167	10,352,353	37,243,849	22,948,254	14,959,684
Total expenditures	256,742,334	260,033,859	300,710,182	295,711,370	300,380,004
Revenues over (under)					
expenditures	(1,742,254)	(3,003,237)	(4,896,552)	(3,085,526)	(1,678,495)
Other financing sources (uses)					
Capital lease obligations issued	641,490	248,431	1,808,610	2,470,742	1,136,173
Transfers to other funds	(246,876)	(237,090)	(64,773)	(50,977)	(54,160)
Capital contributions	-	-	-	-	-
Total other financing sources (uses)	394,614	11,341	1,743,837	2,419,765	1,082,013
Net change in fund balance	\$ (1,347,640)	\$ (2,991,896)	\$ (3,152,715)	\$ (665,761)	\$ (596,482)
Ratio of debt service to total non-capital expenditures	0.12%	0.11%	0.29%	0.47%	0.47%

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Capital Outlay
 Revenues by Source and Expenditures in Total
 Last Ten Fiscal Years

Table 6

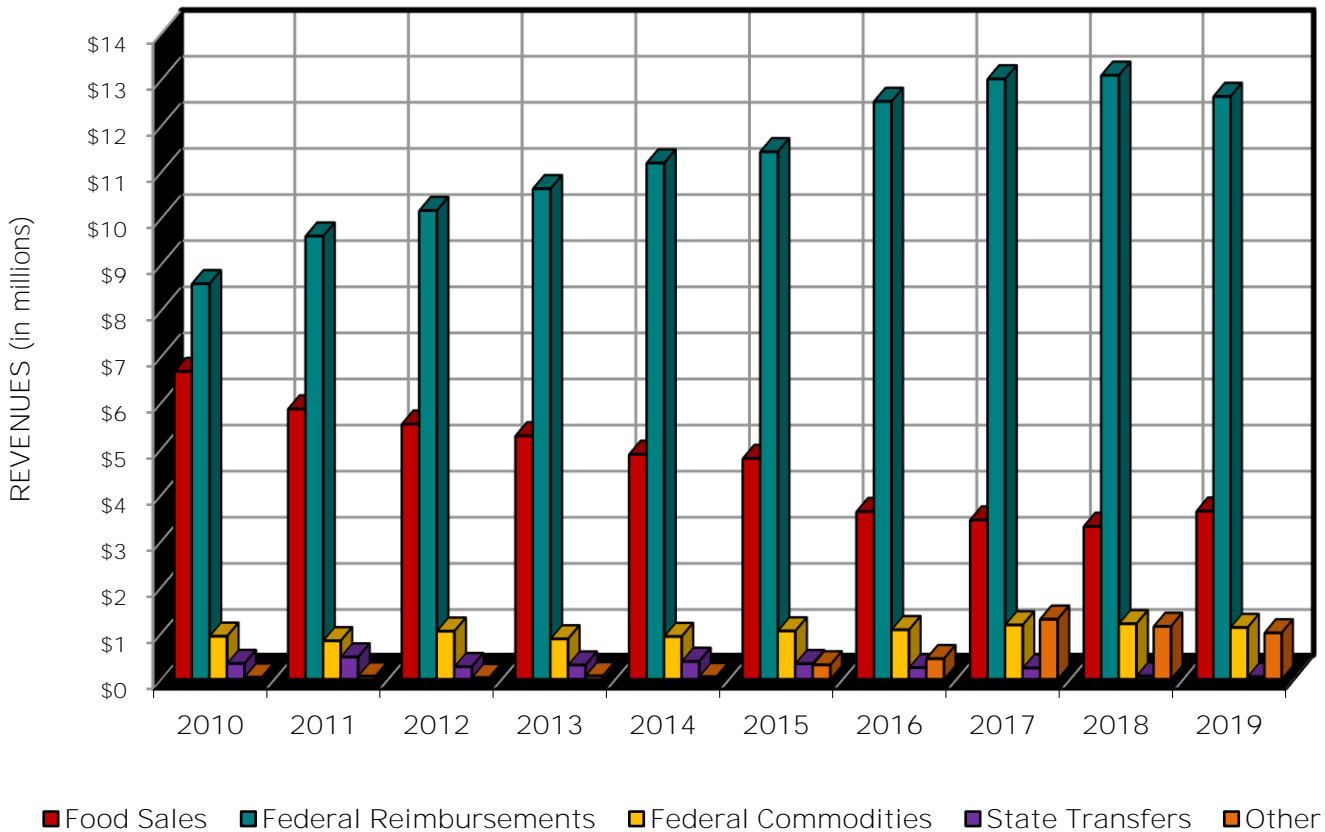


Year Ended June 30	2010	2011	2012	2013	2014
Revenue					
County	\$ 2,350,643	\$ 1,327,324	\$ 1,068,733	\$ 1,907,273	\$ 1,920,987
County Bonds	19,206,507	18,914,210	24,730,833	16,616,048	4,580,975
State of North Carolina	1,342,572	1,263,462	926,717	732,456	197,364
Other	1,010,708	805,183	191,566	96,877	-
Total Revenue	\$ 23,910,430	\$ 22,310,179	\$ 26,917,849	\$ 19,352,654	\$ 6,699,326
Total Expenditures	\$ 23,943,944	\$ 23,713,891	\$ 27,746,415	\$ 25,054,166	\$ 7,637,489
Year Ended June 30	2015	2016	2017	2018	2019
Revenue					
County	\$ 1,771,953	\$ 3,102,660	\$ 1,350,819	\$ 1,353,419	\$ 1,195,234
County Bonds	5,845,318	6,895,158	34,230,662	19,013,047	12,533,250
State of North Carolina	419,873	382,120	776,902	1,320,638	1,362,340
Other	-	-	-	-	-
Total Revenue	\$ 8,037,144	\$ 10,379,938	\$ 36,358,383	\$ 21,687,104	\$ 15,090,824
Total Expenditures	\$ 8,738,396	\$ 10,637,059	\$ 38,019,163	\$ 22,948,254	\$ 14,959,684

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Proprietary Fund - Food Service Operations
 Revenues by Source
 Last Ten Fiscal Years

Table 7

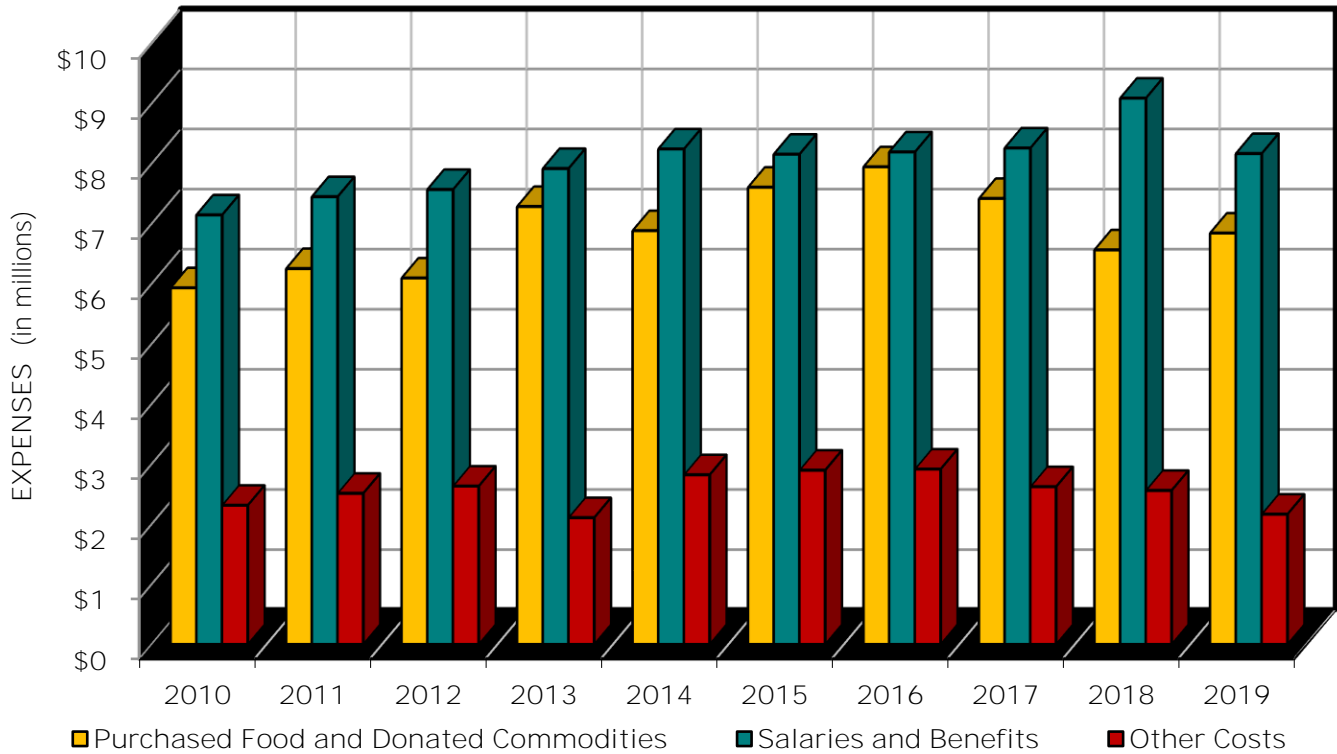


Year Ended June 30	2010	2011	2012	2013	2014
Food Sales	\$ 5,858,893	\$ 5,528,653	\$ 5,274,162	\$ 4,873,192	\$ 4,783,141
Federal Reimbursements	9,606,418	10,160,131	10,634,459	11,190,070	11,436,488
Federal Commodities	829,872	1,037,603	870,953	922,327	1,041,935
Transfers and Capital Contributions	477,016	267,439	302,851	382,930	324,997
Other	64,023	28,896	68,311	50,953	306,573
Totals	\$ 16,836,222	\$ 17,022,722	\$ 17,150,736	\$ 17,419,472	\$ 17,893,134
Year Ended June 30	2015	2016	2017	2018	2019
Food Sales	\$ 3,630,453	\$ 3,450,282	\$ 3,311,309	\$ 3,640,725	\$ 3,432,214
Federal Reimbursements	12,526,265	13,016,569	13,094,222	12,634,761	12,385,553
Federal Commodities	1,069,047	1,172,420	1,198,856	1,118,758	1,119,505
Transfers and Capital Contributions	246,876	237,090	64,773	50,977	54,160
Other	441,464	1,296,143	1,141,092	1,000,025	235,711
Totals	\$ 17,914,105	\$ 19,172,504	\$ 18,810,252	\$ 18,445,246	\$ 17,227,143

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
 Proprietary Fund - Food Service Operations
 Expenses by Category
 Last Ten Fiscal Years

Table 8



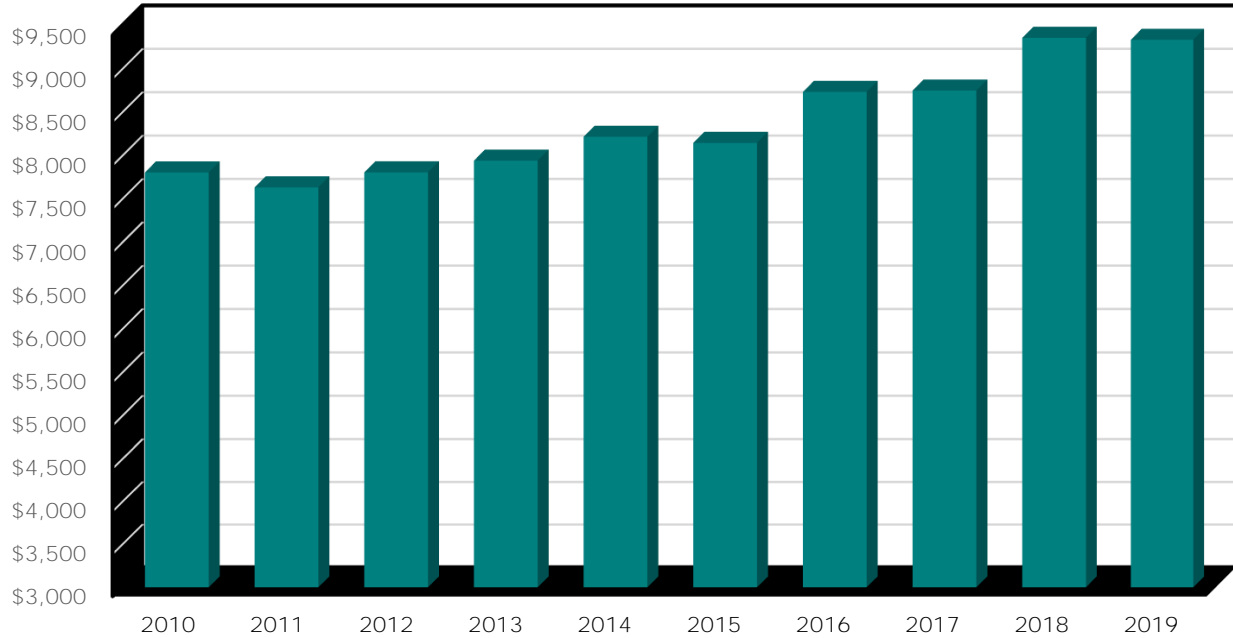
Year Ended June 30	2010	2011	2012	2013	2014
Purchased Food and Donated Commodities	\$ 5,929,063	\$ 6,249,611	\$ 6,092,145	\$ 7,282,399	\$ 6,881,864
Salaries and Benefits	7,142,336	7,445,308	7,565,703	7,914,153	8,240,759
Other Costs	2,309,048	2,508,370	2,628,136	2,103,515	2,817,128
Totals	\$ 15,380,447	\$ 16,203,289	\$ 16,285,984	\$ 17,300,067	\$ 17,939,751

Year Ended June 30	2015	2016	2017	2018	2019
Purchased Food and Donated Commodities	\$ 7,603,468	\$ 7,942,885	\$ 7,416,516	\$ 6,566,614	\$ 6,841,081
Salaries and Benefits	8,152,935	8,189,994	8,256,301	9,085,963	8,163,977
Other Costs	2,893,538	2,911,539	2,618,677	2,556,371	2,161,033
Totals	\$ 18,649,941	\$ 19,044,418	\$ 18,291,494	\$ 18,208,948	\$ 17,166,091

SOURCE: 2010 - 2019 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION
Operational Expenditures Per Pupil
Expenditures by Function
Last Ten Fiscal Years

Table 9



Year Ended June 30	2010	2011	2012	2013	2014
Average daily membership (ADM)	31,654	31,415	31,033	31,189	31,152
Expenses					
Instructional	\$ 6,540	\$ 6,249	\$ 6,366	\$ 6,433	\$ 6,649
Support services	1,265	1,379	1,371	1,419	1,467
Ancillary services	5	10	10	6	9
Non-programmed charges	-	-	64	88	96
Operating expenses per pupil	\$ 7,810	\$ 7,638	\$ 7,811	\$ 7,946	\$ 8,221
Year Ended June 30	2015	2016	2017	2018	2019
Average daily membership (ADM)	31,421	31,555	31,499	31,581	31,116
Expenses					
Instructional	\$ 6,592	\$ 7,166	\$ 7,179	\$ 7,738	\$ 7,713
Support services	1,455	1,459	1,461	1,508	1,500
Ancillary services	9	5	5	3	4
Non-programmed charges	95	109	109	113	122
Operating expenses per pupil	\$ 8,151	\$ 8,739	\$ 8,754	\$ 9,362	\$ 9,339

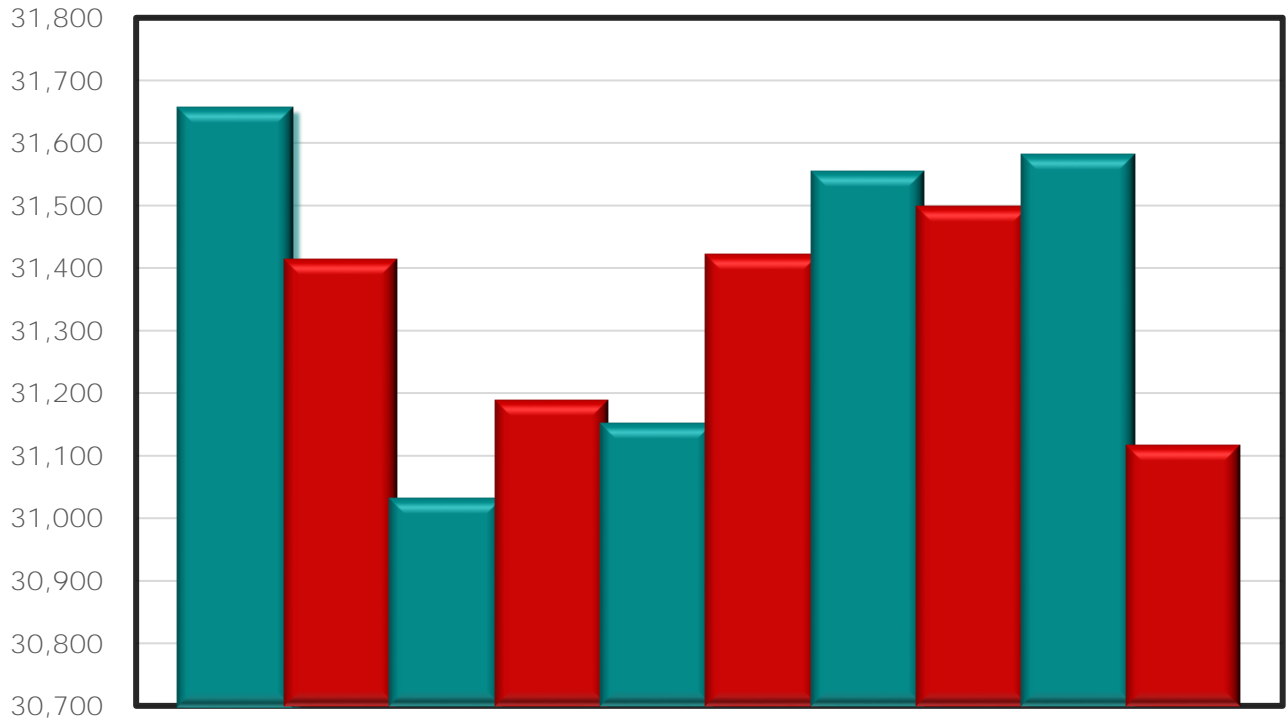
SOURCES: ADM - Principal's Monthly Report - Month 01

2010 - 2019 Gaston County Board of Education annual financial statements

All dollar amounts are expressed in nominal dollars

GASTON COUNTY BOARD OF EDUCATION
 Average Daily Membership
 Last Ten Fiscal Years

Table 10



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ADM	31,654	31,415	31,033	31,189	31,152	31,421	31,555	31,499	31,581	31,116

SOURCE: Principal's Monthly Report - Month 01

GASTON COUNTY BOARD OF EDUCATION
 Full-Time Employees by Category
 Government-Wide
 Last Ten Fiscal Years

Table 11

Category	Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administrators, Managers	39	36	35	36	38	42	41	38	36	36
Principals	54	55	55	56	56	56	54	54	54	54
Assistant Principals	68	56	57	55	58	63	63	69	70	69
Teachers	1,974	1,864	1,852	1,875	1,898	1,881	1,874	1,864	1,908	1,890
Guidance Counselors	89	86	81	82	80	85	83	84	88	93
Psychologists	18	17	17	16	18	15	17	22	19	17
Media Specialists	58	50	50	51	52	51	51	49	48	48
Other Professionals	162	157	168	174	182	194	220	216	199	198
Teacher Assistants	615	514	430	388	417	416	429	425	419	408
Technicians	11	11	13	17	17	17	16	17	17	16
Clerical, Secretarial	203	173	182	169	167	176	178	180	188	185
Service Workers	150	182	184	187	188	203	193	204	214	224
Skilled Crafts	78	63	49	46	50	46	49	49	51	52
Total Full-Time Employees	<u>3,519</u>	<u>3,264</u>	<u>3,173</u>	<u>3,152</u>	<u>3,221</u>	<u>3,245</u>	<u>3,268</u>	<u>3,271</u>	<u>3,311</u>	<u>3,290</u>

SOURCE: North Carolina Public Schools Statistical Profile

Other Professionals include persons who cannot be properly placed in any classification such as non-classroom teachers, speech therapists, school social workers, community workers, attendance officers, attorneys, registered nurses and other non-instructional staff.

GASTON COUNTY BOARD OF EDUCATION
 School Building Data
 June 30, 2019

Table 12

School	Grade Span	Average Daily Membership	Age (Years) of Original Construction	Date of Original Construction
<u>Elementary Schools</u>				
Beam Intermediate	4-5	203	71	1948
Belmont Central	2-5	724	50	1969
W.A. Bess	K-5	554	37	1982
Bessemer City Central	3-5	434	20	1999
Bessemer City Primary	K-2	478	43	1976
Brookside	K-5	559	25	1994
Carr	K-5	691	58	1961
Catawba Heights	K-5	321	60	1959
Chapel Grove	K-5	409	65	1954
Cherryville	K-3	384	63	1956
Costner	K-5	411	54	1965
Gardner Park	K-5	580	55	1964
H.H. Beam	K-5	612	45	1974
Hawks Nest	4-5	349	17	2002
Kiser	3-5	399	71	1948
Lingerfeldt	K-5	431	66	1953
Lowell	K-5	525	41	1978
McAdenville	K-5	158	70	1949
New Hope	K-5	491	64	1955
North Belmont	K-5	374	43	1976
Page	K-1	344	46	1973
Pinewood	K-5	505	50	1969
Pleasant Ridge	K-5	883	67	1952
Rankin	K-5	607	69	1950
Robinson	K-3	396	65	1954
Sadler	K-5	446	15	2004
Sherwood	K-5	615	50	1969
Springfield	K-2	397	43	1976
Tryon	K-5	318	79	1940
Woodhill	K-5	559	52	1967

SOURCES: Principal's Monthly Report - Month 01
 Gaston County Schools Operations Department

GASTON COUNTY BOARD OF EDUCATION
 School Building Data
 June 30, 2019

Table 12
 (continued)

<u>School</u>	<u>Grade Span</u>	<u>Average Daily Membership</u>	<u>Age (Years) of Original Construction</u>	<u>Date of Original Construction</u>
<u>Middle Schools</u>				
Belmont	6-8	712	81	1938
Bessemer City	6-8	552	65	1954
Chavis	6-8	416	68	1951
Cramerton	6-8	824	21	1998
W.C. Friday	6-8	669	49	1970
Grier	6-8	691	64	1955
Holbrook	6-8	795	65	1954
Mount Holly	6-8	658	80	1939
Southwest	6-8	837	48	1971
Stanley	6-8	651	60	1959
York Chester	6-8	398	80	1939
<u>High Schools</u>				
Ashbrook	9-12	1,285	49	1970
Bessemer City	9-12	611	55	1964
Cherryville	9-12	512	63	1956
Stuart W. Cramer	9-12	1,039	6	2013
East Gaston	9-12	874	48	1971
Forestview	9-12	1,146	21	1998
Gaston Early College	9-13	237	*	*
Highland School of Technology	9-12	550	65	1954
Hunter Huss	9-12	1,063	57	1962
North Gaston	9-12	1,067	49	1970
South Point	9-12	1,001	55	1964
<u>Special/Alternative Schools</u>				
Gaston Virtual Academy	4-9	71	N/A	N/A
Warlick	6-12	143	70	1949
Webb Street	K-12	157	70	1949

* Housed on the campus of Gaston College

GASTON COUNTY BOARD OF EDUCATION
 Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years

Table 13

Year Ended June 30	Governmental Activities	Demographic Information		Capital Leases per Capita	Capital Leases as a Percentage of Personal Income
	Capital Leases	Per Capita Personal Income	Population		
2019	\$ 2,428,916	\$ *	*	\$ *	*
2018	2,614,505	41,379	224,144	11.66	0.016%
2017	1,458,101	39,578	220,182	6.62	0.003%
2016	424,805	38,261	216,903	1.96	0.009%
2015	461,080	36,950	213,442	2.16	0.008%
2014	140,819	35,531	211,040	0.67	0.025%
2013	301,558	34,549	209,450	1.44	0.011%
2012	337,675	34,221	208,161	1.62	0.010%
2011	675,355	33,275	206,086	3.28	0.005%
2010	521,536	33,922	208,958	2.50	0.007%

SOURCES: 2010 - 2019 Gaston County Board of Education annual financial statements
 North Carolina Public Schools Statistical Profile
 U.S. Department of Labor, Bureau of Labor Statistics

* Information not available



GASTON COUNTY STATISTICAL INFORMATION

This section provides statistical data from Gaston County.



Gaston County Schools — Celebrating 50 Years!

GASTON COUNTY, NORTH CAROLINA
 Governmental Funds Expenditures by Function
 Last Ten Fiscal Years

Table 14

Year Ended June 30	General Government	Public Safety	Environmental Protection	Economic & Physical Development	Human Services
2019	\$ *	\$ *	\$ *	\$ *	\$ *
2018	30,290,301	65,452,881	81,533	4,417,548	56,434,756
2017	26,609,035	62,119,338	60,916	4,567,632	61,588,632
2016	26,296,804	60,586,898	64,799	4,192,734	61,931,748
2015	25,227,484	58,366,090	83,892	3,457,506	58,703,124
2014	23,965,459	56,497,044	49,390	3,422,972	58,547,080
2013	23,467,884	55,756,864	63,277	3,492,907	58,648,954
2012	22,561,773	53,465,283	65,307	3,484,415	58,013,720
2011	21,358,174	53,458,038	57,977	3,027,110	59,844,306
2010	22,682,766	51,838,815	62,302	3,046,255	64,340,800

SOURCE: Gaston County Finance Department

* Information not available

GASTON COUNTY, NORTH CAROLINA
 Governmental Funds Expenditures by Function
 Last Ten Fiscal Years

Table 14
 (continued)

Year Ended June 30	Cultural & Recreational	Education	Capital Projects	Debt Service	Total
2019	\$ *	\$ *	\$ *	\$ *	\$ *
2018	5,819,668	54,073,032	28,481,094	88,979,085	334,029,898
2017	5,548,764	51,384,897	38,538,487	28,348,246	278,765,947
2016	5,384,033	49,693,622	16,317,490	25,316,479	249,784,607
2015	5,235,321	49,517,556	10,176,139	25,492,642	236,259,754
2014	5,141,154	48,108,930	9,219,457	25,462,045	230,413,531
2013	4,988,208	46,691,012	24,619,020	26,253,651	243,981,777
2012	5,694,779	46,484,966	39,983,931	26,264,338	256,018,512
2011	5,635,311	46,415,215	28,962,640	25,723,915	244,482,686
2010	5,734,687	46,843,767	38,368,362	22,099,739	255,017,493

GASTON COUNTY, NORTH CAROLINA
 Property Tax Rates
 (Per \$100 of Assessed Value)
 Last Ten Fiscal Years

Table 15

Municipality	Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County	0.8350	0.8350	0.8350	0.8350	0.8700	0.8700	0.8700	0.8700	0.8700	0.8700
Cities and Towns										
Belmont	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750
Bessemer City	0.4100	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Cherryville	0.4400	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
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	0.3800	0.3800	0.3800
Gastonia	0.5300	0.5300	0.5200	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Gastonia Service Distr.	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
High Shoals	0.3030	0.3030	0.3030	0.3130	0.3070	0.4100	0.4100	0.4100	0.4100	0.4100
Kings Mountain	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
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	0.3000	0.3000
Mt. Holly	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Ranlo	0.2910	0.2910	0.2910	0.2860	0.2860	0.4000	0.4000	0.4000	0.4000	0.4000
Spencer Mountain	0.1300	0.1300	0.1300	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Stanley	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400
Fire Districts										
Agriculture Center	0.0600	0.0600	0.0630	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	0.0900	0.0900	0.0950	0.0950	0.0950
Chapel Grove	0.0750	0.0750	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050
Chestnut Ridge	0.0730	0.0730	0.0730	0.0800	0.0800	0.0840	0.0840	0.0840	0.0840	0.0950
Community	0.0930	0.0930	0.0930	0.1000	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	0.0740	0.0740	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840
High Shoals	0.0970	0.0970	0.0970	0.1030	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	0.1100	0.1100	0.1100
Long Shoals	0.0970	0.0970	0.0970	0.1030	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	0.1100	0.1100	0.1140
New Hope	0.0700	0.0700	0.0800	0.0800	0.0800	0.0880	0.0880	0.0880	0.0880	0.1000
Ranlo	0.0790	0.0790	0.0840	0.0840	0.0840	0.0840	0.0840	0.0845	0.0845	0.0840
South Gastonia	0.0750	0.0750	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050	0.1050
South Point	0.0540	0.0540	0.0640	0.0640	0.0640	0.0640	0.0640	0.0400	0.0400	0.0400
Spencer Mountain	0.0700	0.0620	0.0700	0.0700	0.0700	0.0800	0.0800	0.0800	0.0800	0.0800
Tryonata	0.0730	0.0730	0.0730	0.0800	0.0800	0.0840	0.0840	0.0840	0.0840	0.0950
Union Road	0.0670	0.0670	0.0670	0.0670	0.0670	0.0770	0.0770	0.0770	0.0770	0.0770
Waco	0.0730	0.0730	0.0730	0.0730	0.0730	0.0730	0.0730	0.0950	0.0950	0.0950

SOURCE: Gaston County Finance Department

GASTON COUNTY, NORTH CAROLINA
 Commercial and Industrial Permits Issued and Total Deposits
 Last Ten Fiscal Years

Table 16

Year Ended June 30	Commercial Permits	Industrial Permits	Bank Deposits x \$1,000
2019	\$ *	\$ *	\$ 3,316,064
2018	116,548,437	5,404,798	3,244,933
2017	148,170,838	13,208,389	3,124,742
2016	207,061,632	26,293,418	2,378,335
2015	61,141,664	31,029,991	2,331,107
2014	25,138,335	88,179,891	2,247,186
2013	47,521,513	41,135,183	2,264,468
2012	30,271,622	63,913,694	2,415,502
2011	53,399,163	2,037,275	2,470,391
2010	32,547,707	655,001	2,357,061

SOURCES: Gaston County Inspection Department
 State of North Carolina Banking Commission

* Information not available

GASTON COUNTY, NORTH CAROLINA
 Property Tax Levies and Current Collections
 Last Ten Fiscal Years

Table 17

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2019	\$ *	\$ *	*
2018	127,701,957	127,042,648	99.48%
2017	123,779,768	123,309,007	99.62%
2016	120,282,146	119,904,135	99.69%
2015	121,177,992	120,794,529	99.68%
2014	127,281,287	126,964,172	99.75%
2013	125,234,084	124,982,011	99.80%
2012	123,490,459	123,263,663	99.82%
2011	122,722,967	122,492,699	99.81%
2010	122,832,194	122,614,824	99.82%

SOURCE: Gaston County Finance Department

* Information not available

GASTON COUNTY, NORTH CAROLINA
Principal Taxpayers for Gaston County
Last Ten Fiscal Years

Table 18

TAXPAYER	2019			2018		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 503,775,335	1	3.4%	\$ 482,863,599	1	3.3%
Daimler Trucks North America	162,272,723	2	1.1%	163,183,107	2	1.1%
Public Service Company	99,725,580	3	0.7%	92,372,331	3	0.6%
Owens Corning Non-Woven	79,742,599	4	0.5%	92,000,551	4	0.6%
FMC Corporation	65,405,762	5	0.4%	54,593,800	6	0.4%
Southwood Realty Company	51,257,916	6	0.3%	67,144,494	5	0.5%
Mann+Hummel Filtration Tech US	45,967,372	7	0.3%	44,177,458	8	0.3%
Bud Antle Corporation	44,212,664	8	0.3%	43,290,371	9	0.3%
Pharr Yarns, Inc.	42,992,410	9	0.3%	42,123,968	10	0.3%
Industrial Fabricators, Inc.	39,786,622	10	0.3%	-	-	-
Georgia Pacific, LLC	-	-	-	44,215,294	7	0.3%
AT&T	-	-	-	-	-	-
CTL Packaging USA, Inc.	-	-	-	-	-	-
Seven Oaks Farm, LLC	-	-	-	-	-	-
Triangle Real Estate	-	-	-	-	-	-
	<u>\$ 1,135,138,983</u>		<u>7.6%</u>	<u>\$ 1,125,964,973</u>		<u>7.7%</u>

TAXPAYER	2014			2013		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 498,336,203	1	3.4%	\$ 465,560,162	1	3.1%
Daimler Trucks North America	88,931,161	2	0.6%	88,867,953	2	0.6%
Public Service Company	62,031,218	3	0.4%	62,344,340	3	0.4%
Pharr Yarns, Inc.	56,470,849	4	0.4%	55,808,813	5	0.4%
AT&T	55,073,335	5	0.4%	61,527,015	4	0.4%
Bud Antle Corporation	50,507,056	6	0.4%	48,345,182	7	0.3%
FMC Corporation	50,308,960	7	0.3%	49,385,583	6	0.3%
Seven Oaks Farm, LLC	44,582,006	8	0.3%	-	-	-
Southwood Realty	42,768,426	9	0.3%	-	-	-
Triangle Real Estate	39,939,501	10	0.3%	47,186,108	8	0.3%
Mann+Hummel Filtration Tech US	-	-	-	35,399,963	9	0.2%
Rutherford EMS	-	-	-	34,403,963	10	0.2%
Dole Food Company	-	-	-	-	-	-
Clariant Corporation	-	-	-	-	-	-
Stabilus, Inc.	-	-	-	-	-	-
	<u>\$ 988,948,715</u>		<u>6.8%</u>	<u>\$ 948,829,082</u>		<u>6.2%</u>

SOURCE: Gaston County Finance Department

GASTON COUNTY, NORTH CAROLINA
Principal Taxpayers for Gaston County
Last Ten Fiscal Years

Table 18
(continued)

TAXPAYER	2017			2016		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 438,806,658	1	3.1%	\$ 407,944,704	1	2.9%
Daimler Trucks North America	149,977,069	2	1.1%	96,565,695	2	0.7%
Public Service Company	80,741,839	3	0.6%	75,773,961	3	0.6%
Owens Corning Non-Woven	61,493,960	4	0.4%	-	-	-
FMC Corporation	54,105,672	5	0.4%	54,434,517	4	0.4%
Southwood Realty Company	52,384,054	6	0.4%	48,181,391	6	0.4%
Mann+Hummel Filtration Tech US	45,504,877	8	0.3%	42,762,583	10	0.3%
Bud Antle Corporation	45,590,270	7	0.3%	47,307,929	7	0.3%
Pharr Yarns, Inc.	44,020,868	10	0.3%	45,255,904	8	0.3%
Industrial Fabricators, Inc.	-	-	-	-	-	-
Georgia Pacific, LLC	-	-	-	-	-	-
AT&T	45,085,544	9	0.3%	52,230,356	5	0.4%
CTL Packaging USA, Inc.	-	-	-	44,953,282	9	0.3%
Seven Oaks Farm, LLC	-	-	-	-	-	-
Triangle Real Estate	-	-	-	-	-	-
	<u>\$ 1,017,710,811</u>		<u>7.2%</u>	<u>\$ 915,410,322</u>		<u>6.6%</u>

TAXPAYER	2012			2011		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 434,574,340	1	2.9%	\$ 465,647,782	1	3.2%
Daimler Trucks North America	82,433,260	2	0.6%	82,065,820	2	0.6%
Public Service Company	70,687,341	3	0.5%	60,963,226	4	0.4%
Pharr Yarns, Inc.	48,879,634	6	0.3%	42,201,404	7	0.3%
AT&T	62,739,817	4	0.4%	65,710,574	3	0.4%
Bud Antle Corporation	-	-	-	-	-	-
FMC Corporation	47,865,974	7	0.3%	47,847,724	6	0.3%
Seven Oaks Farm, LLC	-	-	-	-	-	-
Southwood Realty	34,443,012	9	0.2%	-	-	-
Triangle Real Estate	60,574,305	5	0.4%	60,574,305	5	0.4%
Mann+Hummel Filtration Tech US	-	-	-	35,641,428	10	0.2%
Rutherford EMS	34,403,963	10	0.2%	-	-	-
Dole Food Company	37,749,384	8	0.3%	36,307,284	9	0.2%
Clariant Corporation	-	-	-	36,710,842	8	0.2%
Stabilus, Inc.	-	-	-	-	-	-
	<u>\$ 914,351,030</u>		<u>6.1%</u>	<u>\$ 933,670,389</u>		<u>6.2%</u>

GASTON COUNTY, NORTH CAROLINA
Principal Taxpayers for Gaston County
Last Ten Fiscal Years

Table 18
(continued)

TAXPAYER	2015		
	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 402,344,986	1	2.6%
Daimler Trucks North America	91,155,042	2	0.6%
Public Service Company	63,882,771	3	0.4%
Owens Corning Non-Woven	-	-	-
FMC Corporation	50,956,118	6	0.3%
Southwood Realty Company	44,114,600	8	0.3%
Mann+Hummel Filtration Tech US	42,237,836	9	0.3%
Bud Antle Corporation	51,036,603	5	0.3%
Pharr Yarns, Inc.	47,285,428	7	0.3%
Industrial Fabricators, Inc.	-	-	-
Georgia Pacific, LLC	-	-	-
AT&T	53,837,204	4	0.4%
CTL Packaging USA, Inc.	34,847,979	10	0.2%
Seven Oaks Farm, LLC	-	-	-
Triangle Real Estate	-	-	-
	<u>\$ 881,698,567</u>		<u>5.7%</u>

TAXPAYER	2010		
	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Corporation	\$ 470,472,688	1	3.2%
Daimler Trucks North America	40,586,614	7	0.3%
Public Service Company	60,637,543	3	0.4%
Pharr Yarns, Inc.	45,427,169	6	0.3%
AT&T	78,202,407	2	0.5%
Bud Antle Corporation	-	-	-
FMC Corporation	51,495,836	5	0.4%
Seven Oaks Farm, LLC	-	-	-
Southwood Realty	-	-	-
Triangle Real Estate	60,578,240	4	0.4%
Mann+Hummel Filtration Tech US	36,201,250	9	0.2%
Rutherford EMS	-	-	-
Dole Food Company	38,988,524	8	0.3%
Clariant Corporation	38,988,524	8	0.3%
Stabilus, Inc.	35,767,603	10	0.2%
	<u>\$ 957,346,398</u>		<u>6.5%</u>

GASTON COUNTY, NORTH CAROLINA
Principal Employers for Gaston County
Last Ten Fiscal Years

Table 19

Employer	2019			2018			2017			2016		
	Number of Employees	Rank	Type	Number of Employees	Rank	Type	Number of Employees	Rank	Type	Number of Employees	Rank	Type
Gaston County Schools	1,000+	1	Education	1,000+	1	Education	1,000+	1	Education	1,000+	1	Education
Caromont Health	1,000+	2	Health Services	1,000+	2	Health Services	1,000+	2	Health Services	1,000+	2	Health Services
Freightliner Corporation	1,000+	3	Manufacturing	1,000+	3	Manufacturing	1,000+	3	Manufacturing	1,000+	3	Manufacturing
County of Gaston	1,000+	4	Public Administration	1,000+	4	Public Administration	1,000+	4	Public Administration	1,000+	4	Public Administration
Wal-Mart Associates, Inc.	1,000+	5	Retail Trade	1,000+	5	Retail Trade	1,000+	5	Retail Trade	1,000+	5	Retail Trade
American & Efird, Inc.	1,000+	6	Manufacturing	1,000+	6	Manufacturing	1,000+	6	Manufacturing	1,000+	6	Manufacturing
Mann+Hummel Filtration (formerly WIX Corporation)	1,000+	7	Manufacturing	1,000+	7	Manufacturing	1,000+	7	Manufacturing	1,000+	7	Manufacturing
Trion Solutions, Inc.	500-999	8	Professional and Business Services	-	-	-	-	-	-	-	-	-
City of Gastonia	500-999	9	Public Administration	500-999	8	Public Administration	500-999	8	Public Administration	500-999	8	Public Administration
Pharr Yarns, Inc.	500-999	10	Manufacturing	500-999	9	Manufacturing	500-999	9	Manufacturing	500-999	9	Manufacturing
Gaston College	-	-	-	500-999	10	Education	500-999	10	Education	500-999	10	Education
Dole Food Company	-	-	-	-	-	-	-	-	-	-	-	-
Olsten Staffing	-	-	-	-	-	-	-	-	-	-	-	-
Sara Lee Corporation	-	-	-	-	-	-	-	-	-	-	-	-

SOURCE: Gaston County Economic Development Commission

GASTON COUNTY, NORTH CAROLINA
Principal Employers for Gaston County
Last Ten Fiscal Years

Table 19
(continued)

Employer	2015			2014			2013			2012		
	Number of Employees	Rank	Type	Number of Employees	Rank	Type	Number of Employees	Rank	Type	Number of Employees	Rank	Type
Gaston County Schools	1,000+	1	Education	1,000+	1	Education	1,000+	1	Education	1,000+	1	Education
Caromont Health	1,000+	2	Health Services	1,000+	2	Health Services	1,000+	2	Health Services	1,000+	2	Health Services
Freightliner Corporation	1,000+	3	Manufacturing	1,000+	3	Manufacturing	500-999	10	Manufacturing	1,000+	5	Manufacturing
County of Gaston	1,000+	5	Public Administration	1,000+	5	Public Administration	1,000+	4	Public Administration	1,000+	3	Public Administration
Wal-Mart Associates, Inc.	1,000+	4	Retail Trade	1,000+	4	Retail Trade	1,000+	3	Retail Trade	1,000+	4	Retail Trade
American & Efird, Inc.	1,000+	6	Manufacturing	1,000+	7	Manufacturing	1,000+	7	Manufacturing	1,000+	7	Manufacturing
Mann+Hummel Filtration (formerly WIX Corporation)	1,000+	7	Manufacturing	1,000+	6	Manufacturing	1,000+	5	Manufacturing	1,000+	6	Manufacturing
Trion Solutions, Inc.	-	-	-	-	-	-	-	-	-	-	-	-
City of Gastonia	500-999	8	Public Administration	500-999	9	Public Administration	500-999	8	Public Administration	500-999	9	Public Administration
Pharr Yarns, Inc.	500-999	9	Manufacturing	500-999	8	Manufacturing	1,000+	6	Manufacturing	1,000+	8	Manufacturing
Gaston College	-	-	-	-	-	-	-	-	-	500-999	10	Education
Dole Food Company	-	-	-	500-999	10	Manufacturing	500-999	9	Manufacturing	-	-	-
Olsten Staffing	-	-	-	-	-	-	-	-	-	-	-	-
Sara Lee Corporation	500-999	10	Manufacturing	-	-	-	-	-	-	-	-	-

GASTON COUNTY, NORTH CAROLINA
Principal Employers for Gaston County
Last Ten Fiscal Years

Table 19
(continued)

Employer	2011			2010		
	Number of Employees	Rank	Type	Number of Employees	Rank	Type
Gaston County Schools	1,000+	1	Education	1,000+	1	Education
Caromont Health	1,000+	2	Health Services	1,000+	2	Health Services
Freightliner Corporation	500-999	9	Manufacturing	500-999	10	Manufacturing
County of Gaston	1,000+	3	Public Administration	1,000+	4	Public Administration
Wal-Mart Associates, Inc.	1,000+	4	Retail Trade	1,000+	3	Retail Trade
American & Efird, Inc.	1,000+	6	Manufacturing	1,000+	7	Manufacturing
Mann+Hummel Filtration (formerly WIX Corporation)	1,000+	5	Manufacturing	1,000+	5	Manufacturing
Trion Solutions, Inc.	-	-	-	-	-	-
City of Gastonia	500-999	8	Public Administration	1,000+	8	Public Administration
Pharr Yarns, Inc.	1,000+	7	Manufacturing	1,000+	6	Manufacturing
Gaston College	-	-	-	-	-	-
Dole Food Company	-	-	-	500-999	9	Manufacturing
Olsten Staffing	500-999	10	Professional Services	-	-	-
Sara Lee Corporation	-	-	-	-	-	-

GASTON COUNTY, NORTH CAROLINA
 Average Employment and Unemployment Rate
 Last Ten Fiscal Years

Table 20

Year Ended June 30	Employed	Unemployment Rate
2019	109,329	4.40%
2018	106,884	4.10%
2017	103,388	4.20%
2016	100,489	5.20%
2015	97,358	6.30%
2014	91,654	9.00%
2013	90,841	10.20%
2012	87,083	10.80%
2011	85,032	12.20%
2010	86,075	14.40%

SOURCE: Gaston County Economic Development Commission

GASTON COUNTY, NORTH CAROLINA
 Per Capita Personal Income
 Last Ten Fiscal Years

Table 21

Year Ended June 30	Per Capita Income	Per Capita Rank Within State of NC	Total Personal Income (in thousands of dollars)
2019	\$ *	*	\$ *
2018	41,379	*	9,221,142
2017	39,578	*	8,714,408
2016	38,565	29	8,298,882
2015	36,950	33	7,886,647
2014	35,531	28	7,685,932
2013	34,549	30	7,329,247
2012	34,221	32	7,308,588
2011	33,275	32	6,952,806
2010	33,922	24	6,599,858

SOURCES: North Carolina Public Schools Statistical Profile
 U.S. Department of Commerce, Bureau of Economic Analysis
 U.S. Department of Labor, Bureau of Labor Statistics

* Information not available

GASTON COUNTY, NORTH CAROLINA
 Ratio of Annual Debt Service Expenditures for General
 Bonded Debt to Total General Governmental Expenditures
 Last Ten Fiscal Years

Table 22

Year Ended June 30	Total Debt Service Expenditures ⁽¹⁾	Total General Governmental Expenditures	Ratio of Debt Service to Total General Expenditures
2019	\$ *	\$ *	*
2018	88,979,085	334,029,898	26.6%
2017	28,348,246	278,765,947	10.2%
2016	25,316,479	249,784,607	10.1%
2015	25,492,462	236,259,754	10.8%
2014	25,462,045	230,413,531	11.1%
2013	26,253,651	243,981,777	10.8%
2012	26,264,338	256,018,512	10.3%
2011	25,723,915	244,482,686	10.5%
2010	22,099,739	243,690,391	9.1%

(1) Excludes debt service on certificates of participation and installment purchase agreements; thus, this amount will not agree with debt service expenditures on the "General Governmental Expenditures by Function" schedule.

SOURCE: Gaston County Finance Department

* Information not available

GASTON COUNTY, NORTH CAROLINA
 Estimated Actual Value of Taxable Property,
 Ratio of Net General Bonded Debt to Assessed Value,
 and Net General Bonded Debt Per Capita
 Last Ten Fiscal Years

Year Ended June 30	Net General Bonded Debt	Estimated Actual Value of Taxable Property x \$1,000	Assessed Value x \$1,000	Ratio - Debt to Assessed Value	Population	Debt Per Capita
2019	\$ *	\$ *	\$ *	*	*	\$ *
2018	186,341,784	16,984,621	14,664,522	1.27%	221,607	841
2017	195,722,876	15,344,435	14,207,412	1.38%	218,754	895
2016	213,575,436	14,112,891	13,808,053	1.55%	215,439	991
2015	178,203,288	13,971,891	13,907,621	1.28%	212,405	839
2014	193,470,690	13,515,569	14,652,228	1.32%	210,356	920
2013	207,119,648	12,981,058	13,733,960	1.51%	209,483	989
2012	223,792,514	12,308,264	13,541,552	1.65%	208,428	1,074
2011	231,300,411	13,091,671	13,513,223	1.71%	207,373	1,115
2010	246,020,113	13,724,287	13,497,836	1.82%	206,240	1,193

SOURCE: Gaston County Finance Department

* Information not available