
Town of Gaston

North Carolina

Audit Report

June 30, 2020

TOWN OF GASTON

GASTON, NORTH CAROLINA

TOWN OFFICIALS

Mayor

Alice Delbridge

Town Commissioners

Tony Hux

Deborah James

Franklin Manning

James Norton

Administrative and Financial Staff

Angela M. Easter, Town Clerk

Town of Gaston, North Carolina
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June 30, 2020

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Gaston, 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 Town of Gaston, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Gaston's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit opinions.

Member:

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants
AICPA – Governmental Audit Quality Center

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Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Gaston, North Carolina as of June 30, 2020, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 50 and 51, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability Asset and Contributions on pages 51 and 52, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability on page 53 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 auditing standards general 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 the Town of Gaston, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates 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 the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and

other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Larry E. Carpenter, CPA, PA

Greenville, NC
July 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Gaston, we offer readers of the Town of Gaston's financial statements this narrative overview and analysis of the financial activities of the Town of Gaston for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

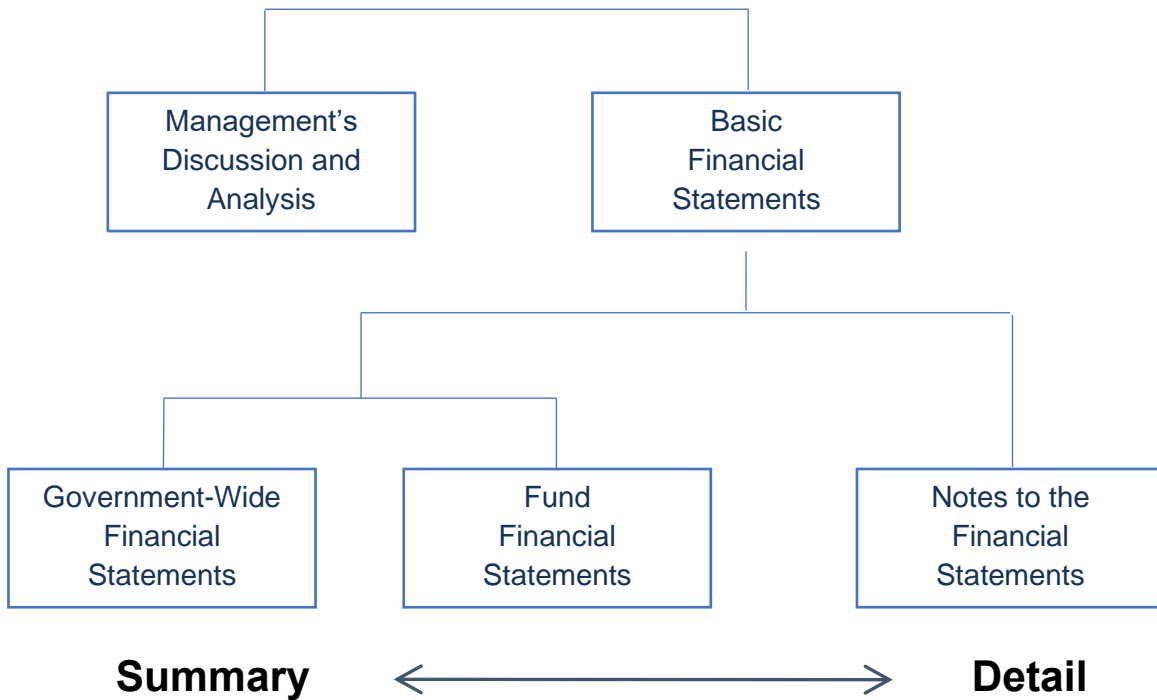
- The assets and deferred outflows of resources of the Town of Gaston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$886,667 (net position).
- The government's total net position increased by \$173,518 primarily due to decreases in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Gaston's governmental funds reported combined ending fund balances of \$379,400 with a net increase of \$7,046 in fund balance. Approximately 83.66% of this total amount, or \$317,419, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$317,419, or 50.90% of total general fund expenditures for the fiscal year.
- Long-term debt decreased by \$9,860, mainly due to the Town's principal payments during the year.

Overview of the Financial Statements

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

Components of the Annual Financial Report

Figure 1:



Basic Financial Statements

The first two statements (Exhibits A-1 and A-2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits A-3 through A-8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-wide financial statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

The government-wide financial statements are on Exhibits A-1 and A-2 of this report.

Fund financial statements

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

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

The Town of Gaston adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final

budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

The Town of Gaston's Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 525,814	\$ 524,720
Pension assets	-	-
Capital assets	547,071	566,420
Deferred outflows of resources	32,737	37,402
Total assets and deferred outflows of resources	<u>1,105,622</u>	<u>1,128,542</u>
Current liabilities	15,375	16,647
Noncurrent liabilities	50,522	288,300
Deferred inflows of resources	3,543	4,482
Total liabilities and deferred inflow of resources	<u>69,440</u>	<u>309,429</u>
Net investment in capital assets	424,390	433,879
Restricted	61,981	65,865
Unrestricted	400,296	213,405
Total net position	<u>\$ 886,667</u>	<u>\$ 713,149</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Gaston exceeded liabilities and deferred inflows by \$886,687 as of June 30, 2020. The Town's net position increased by \$173,518 for the fiscal year ended June 30, 2020. However, the largest portion \$424,390 or 47.86% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Gaston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Gaston's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be

Management's Discussion and Analysis
Town of Gaston

used to liquidate these liabilities. An additional portion of the Town of Gaston's net position \$61,981 (0.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$400,296 (100.00%) is unrestricted.

The decrease in net position is due to the lack of operating grants and contributions for governmental activities as well as a decrease in capital grants and contributions for business type activities.

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

Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 89.65%. The Town of Gaston contracts with Northampton County to collect their taxes. Northampton County has a tax collection rate of 97.39% which is comparable to the statewide collection rate of 98.87%. The disparity between the County's collection rate and The Town's rate may stem from the fact that Gaston is one of the most economically distressed locations in Northampton County and there are many absentee property owners.

Town of Gaston's Changes in Net Position

Figure 3

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 11,266	\$ 21,648
Operating grants and contributions	38,729	39,489
Capital grants and contributions	-	-
General revenues:		
Property taxes	208,531	228,378
Other taxes	346,668	347,709
Unrestricted intergovernmental	-	-
Investment earnings	3,308	3,799
Other	8,979	24,388
Total revenues	<u>617,481</u>	<u>665,411</u>
Expenses:		
General government	61,694	245,576
Public safety	218,009	173,458
Transportation	50,039	45,666
Economic and physical development	-	-
Environmental protection	97,401	101,544
Culture and recreation	11,410	10,203
Interest on long-term debt	5,410	5,773
Total expenses	<u>443,963</u>	<u>582,220</u>
Increase in Net Position before transfers	173,518	83,191
Transfers	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	173,518	83,191
Net Position, July 1	<u>713,149</u>	<u>629,958</u>
Net Position, June 30	<u>\$ 886,667</u>	<u>\$ 713,149</u>

Governmental activities: Governmental activities increased the Town's net position by \$173,518, thereby accounting for 0.00% of the total increase in the net assets of the Town of Gaston. Key elements of this increase are as follows:

- A increase of 14% in other taxes
- An increase of 0.19% for general government expenses

Financial Analysis of the Town's Funds

As noted earlier, the Town of Gaston uses fund accounting to ensure and demonstrate compliance with

finance-related legal requirements.

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

The general fund is the chief operating fund of the Town of Gaston. At the end of the current fiscal year, the Town of Gaston's fund balance available in the General Fund was \$317,419 while total fund balance reached \$379,400. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 60.84% of total General Fund expenditures.

As of June 30, 2020, the governmental funds of the Town of Gaston reported a combined fund balance of \$379,400 with a net increase of \$7,046 over last year. Included in this change in fund balance are a substantial increase in Ad Valorem taxes and moderate decreases in sanitation and street expenditures.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Small adjustments were made to the budget to account for more exact information being available after the original budget was adopted.

Capital Asset and Debt Administration

Capital assets. The Town of Gaston's investment in capital assets for its governmental and business—type activities as of June 30, 2020, totaled \$547,071 (net of accumulated depreciation). These assets include buildings, land, machinery, wastewater treatment, equipment, and vehicles.

Major capital asset transactions during the year include no significant demolitions or disposals.

Town of Gaston's
(Net of Accumulated Depreciation)
Figure 4

Additional information on the Town's capital assets can be found in note III-3 of the Basic Financial Statements.

Town of Gaston's Capital Assets
(Net of Depreciation)
Figure 4

	Governmental Activities	
	2020	2019
Land	\$ 64,473	\$ 64,473
Buildings	560,504	560,504
Equipment and Furniture	255,347	281,047
Vehicles	269,669	272,750
Subtotal	1,149,993	1,178,774
Accumulated depreciation	(602,922)	(612,354)
Capital assets, net	<u>\$ 547,071</u>	<u>\$ 566,420</u>

Debt - The Town's debt is as follows:

	2020	2019
Installment purchases	\$ 122,681	\$ 132,541
Total	<u>\$ 122,681</u>	<u>\$ 132,541</u>

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years continues to contribute to the factors below:

- As of June 30, 2020, the Town of Gaston had an estimated population of 1,588.
- The Town of Gaston is located in Northampton County. The county had an unemployment rate at June 30, 2020 of 4.9% compared to a state rate of 4.7%.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time. Electric revenues and expenditures are expected to remain constant so no increase or decrease in rate is being considered at this time.

Governmental Activities: Property taxes will remain constant in revenues and permits and fees are expected to be very modest. The Town will use these revenues to cover costs of expenses in material, supplies, and labor. These revenues will also be used to finance programs currently in place.

Budgeted revenues in the General Fund are expected to increase by 6% to \$97,491 This increase is due to a varying increase and decrease in sanitation charges, county sales tax refund, and miscellaneous revenue. Budgeted expenditures are expected to remain constant with prior year spending.

Sanitation fees will remain constant at \$10.00 per month per household.

Budgeted revenues in the Street Fund are expected to remain constant at \$56,000.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the:

**Town of Gaston
P.O. Drawer M
Gaston, NC 27832**

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENT

Town of Gaston, North Carolina
Statement of Net Position
June 30, 2020

Exhibit A-1

		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$	322,758
Taxes receivable, net		120,218
Accounts receivable, net		61,981
Accrued interest receivable		20,857
Total Current Assets		<u>525,814</u>
<i>Noncurrent Assets</i>		
Land and other nondepreciable assets		64,473
Other capital assets, net of depreciation		482,598
Total Assets		<u>1,072,885</u>
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		32,737
Total Deferred Outflows of Resources		<u>32,737</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities		5,339
Current portion of long-term debt		10,036
Total Current Liabilities		<u>15,375</u>
<i>Noncurrent Liabilities</i>		
Due in more than one year		112,645
Total pension liability		35,422
Net pension liability		50,522
Compensated absences		1,448
Total Liabilities		<u>215,412</u>
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows		3,543
Total Deferred Inflows of Resources		<u>3,543</u>
NET POSITION		
Net investment in capital assets		424,390
<i>Restricted for:</i>		
Stabilization by State Statute		61,981
<i>Unrestricted</i>		400,296
Total Net Position	\$	<u>886,667</u>

The accompanying notes are an integral part of this financial statement.

Town of Gaston, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Revenue</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Primary</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Primary Government					
Governmental Activities:					
General government	\$ 61,694	\$ 4,122	\$ --	\$ --	\$ (57,572)
Public safety	218,009	--	--	--	(218,009)
Transportation	50,039	--	38,729	--	(11,310)
Environmental protection	97,401	337	--	--	(97,064)
Cultural and recreational	11,410	6,807	--	--	(4,603)
Interest and other charges	5,410	--	--	--	(5,410)
Total Governmental Activities	443,963	11,266	38,729	--	(393,968)

General Purpose Revenues and Transfers:

Revenues

Ad valorem taxes	208,531
Unrestricted intergovernmental	344,691
Other taxes	1,977
Gain on sale of capital assets	900
Miscellaneous Income	8,079
Investment earnings	3,308

Total General Revenues and Transfers 567,486

Change in Net Position **173,518**

Net Position at Beginning of Period 713,149

Net Position at End of Period **\$ 886,667**

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

**Town of Gaston, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Fund
	General Fund
ASSETS	
Cash and cash equivalents	\$ 322,758
Taxes receivable, net	120,218
Accounts receivable, net	61,981
Total Assets	504,957
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
Total Assets and Deferred Outflows of Resources	\$ 504,957
LIABILITIES	
Accounts payable and accrued liabilities	\$ 5,339
Total Liabilities	5,339
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	120,218
Total Liabilities and Deferred Inflows of Resources	125,557
FUND BALANCE	
Restricted	
Stabilization by State Statute	61,981
Unassigned	317,419
Total Fund Balance	379,400
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 504,957

The accompanying notes are an integral part of this financial statement.

Town of Gaston, North Carolina
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

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

Total Fund Balance - Governmental Funds	\$	379,400
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		547,070
Other long-term assets (accrued interest receivable from taxes) are not available to pay current-period expenditures and therefore are deferred in the funds.		20,857
Net Pension Liability		(85,944)
Other long-term liabilities (accrued interest payable, bonds payable, earned vacation payable) are not due and payable in the current period and, therefore are not reported in the funds.		(11,484)
Long-term liabilities used in governmental activities are not financial uses and, therefore are not reported in the funds.		(112,645)
Deferred outflows of resources related to pensions are not reported in the funds		32,737
Deferred inflows of resources related to pensions are not reported in the funds		(3,543)
Earned revenues considered deferred inflows of resources in fund statements.		120,218
Total Net Position-Governmental Funds	\$	<u>886,667</u>

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

Town of Gaston, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

		<u>Major Fund</u>
		<u>General Fund</u>
Revenues		
Ad valorem taxes	\$	221,678
Unrestricted intergovernmental		344,691
Restricted intergovernmental		38,729
Other taxes		1,977
Permits & fees		387
Sales and services		10,879
Miscellaneous Income		8,079
Gain on sale of capital assets		900
Investment earnings		3,308
Total Revenues		<u>630,628</u>
Expenditures		
General government		239,610
Public safety		214,234
Transportation		46,276
Environmental protection		97,401
Cultural and recreational		10,791
Principal		9,860
Interest and other charges		5,410
Total Expenditures		<u>623,582</u>
Net Change in Fund Balance		7,046
<i>Fund Balance at Beginning of Period</i>		<u>372,354</u>
Fund Balance at End of Period	\$	<u>379,400</u>

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

Town of Gaston, North Carolina
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$	7,046
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		9,860
<p>Contracts for long-term capital lease obligations provide current financial resources to Governmental Funds and are not reported as a liability in the Governmental Funds.</p>		
		(3,775)
<p>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.</p>		
		(15,574)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(13,147)
Pension expense		189,108
Changes in Net Position-Governmental Funds	\$	<u>173,518</u>

The accompanying notes are an integral part of the financial statements

Exhibit A-7

Town of Gaston, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
Revenues				
Ad valorem taxes	\$ 241,500	\$ 241,500	\$ 221,678	\$ (19,822)
Unrestricted intergovernmental	346,080	346,080	344,691	(1,389)
Restricted intergovernmental	39,150	39,150	38,729	(421)
Other taxes	2,800	2,800	1,977	(823)
Permits and fees	6,500	6,500	387	(6,113)
Sales and services	39,500	39,500	10,879	(28,621)
Miscellaneous Income	20,000	20,000	8,079	(11,921)
Gain on sale of capital assets	2,500	2,500	900	(1,600)
Investment earnings	1,500	1,500	3,308	1,808
Total Revenues	<u>699,530</u>	<u>699,530</u>	<u>630,628</u>	<u>(68,902)</u>
Other Financing Sources				
Total Revenues and Other Financing Sources	<u>699,530</u>	<u>699,530</u>	<u>630,628</u>	<u>(68,902)</u>
Expenditures				
General government	270,225	270,225	239,610	30,615
Public safety	216,560	216,560	214,234	2,326
Transportation	75,380	75,380	46,276	29,104
Environmental protection	100,200	100,200	97,401	2,799
Cultural and recreational	21,845	21,845	10,791	11,054
Principal	9,860	9,860	9,860	--
Principal	5,460	5,460	5,410	50
Total Expenditures	<u>699,530</u>	<u>699,530</u>	<u>623,582</u>	<u>75,948</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>699,530</u>	<u>699,530</u>	<u>623,582</u>	<u>75,948</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>7,046</u>	<u>\$ 7,046</u>
<i>Fund Balance at Beginning of Period</i>			372,354	
Fund Balance at End of Period			<u>\$ 379,400</u>	

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

Notes To The Financial Statements

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

NOTE I — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Gaston 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 Town of Gaston is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town'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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on the governmental funds. There are no remaining governmental funds reported as non-major funds.

Governmental Funds. Governmental funds are those used to account for the Town's expendable financial resources and related liabilities (except those accounted for in proprietary or agency funds).

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, street maintenance, and sanitation services.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Gaston because the tax is levied by Northampton County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Project Fund, which are consolidated with the operating funds for reporting purposes. 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 and at the project level for the multi-year fund. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. Non-participating interest earning contracts are accounted for at cost. The securities of the NCCMT-Cash Portfolio, a SEC registered (2a-7) external investment pool, is measured at amortized cost, money market mutual fund are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

2. Cash and Cash Equivalents

The Town 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. The Board considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds in the General Fund for the Carolina Crossroads, are restricted by the terms of the loan agreement and can only be used for debt service.

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 or more than a certain cost and an estimated useful life in excess of two years. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

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

Asset	Estimated Useful Lives
Infrastructure	30
Buildings	20-40
Improvements	10-20
Vehicles	4-5
Furniture and Equipment	5-10

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. 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 Town has two items that meet the criterion for this category—property taxes receivable, pension deferrals and OPEB deferrals.

8. Long-Term Obligations

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

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

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or 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. The Town has no nonspendable fund balance.

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. 159-8(a)].

Restricted for Streets—Powell Bill — portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance — This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Gaston's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or otherwise revise the limitation. Any changes or removal of specific purpose

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

requires majority action by the governing body.

Committed for Capital Projects - portion of fund balance assigned by the Board for capital asset acquisition.

Assigned Fund Balance — This classification includes the portion of fund balance that the Town of Gaston intends to use for specific purposes. The Town has no assigned fund balance.

Subsequent years' expenditures— portion of fund balance that is appropriated in the next years' budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance — The classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

11. Pensions

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

NOTE II—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Material Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2020 was not completed until July 14, 2021. The Town will review their procedures and policies to assure that their records be submitted in a timely manner in the future

2. Contractual Violations

NONE

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

3. Deficit in Fund Balance or Net Position of Individual Funds
NONE

4. Excess of Expenditures over Appropriations
NONE

NOTE III—DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$47,782 and a bank balance of \$47,987. Of the bank balance, \$47,987 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash is \$300.

2. Investments

At June 30, 2020, the Town of Gaston had \$274,676 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has a policy regarding credit risk.

a. Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits at least half of the Town's investment portfolio to maturities of less

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

b. Credit Risk

The Town has no formal policy regarding credit risk and has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020.

3. Receivables — Allowance for Doubtful Accounts

No allowance for doubtful accounts has been recorded because the amount is immaterial.

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

General Fund Capital Assets

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 64,473	\$ -	\$ -	\$ 64,473
Total capital assets not being depreciated	<u>64,473</u>	<u>-</u>	<u>-</u>	<u>64,473</u>
Capital assets being depreciated:				
Buildings and improvements	560,504	-	-	560,504
Equipment and furniture	272,750	-	3,081	269,669
Vehicles	281,047	-	25,700	255,347
Total capital assets being depreciated	<u>1,114,301</u>	<u>-</u>	<u>28,781</u>	<u>1,085,520</u>
Less accumulated depreciation for:				
Buildings and improvements	154,388	12,732	-	167,120
Equipment and furniture	203,592	2,004	3,081	202,515
Vehicles	254,374	4,613	25,700	233,287
Total accumulated depreciation	<u>612,354</u>	<u>\$ 19,349</u>	<u>\$ 28,781</u>	<u>602,922</u>
Total capital assets being depreciated, net	<u>501,947</u>			<u>482,598</u>
Governmental activity capital assets, net	<u>\$ 566,420</u>			<u>\$ 547,071</u>

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

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

Governmental Activities:	
General government	\$ 11,191
Public safety	3,775
Transportation	3,763
Cultural and recreational	619
Total	\$ 19,349

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Gaston employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Gaston's contractually required contribution rate for the year ended June 30, 2020, was 7.15% of compensation for law enforcement officers and 6.73% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Gaston were \$11,114 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$50,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.00185%, which was a decrease of 0.0002090% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$11,114. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,651	\$ -
Changes of assumptions	8,234	-
Net difference between projected and actual earnings on pension plan investments	1,232	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,993	3,543
Employer contributions subsequent to the measurement date	11,114	-
Total	<u>\$ 31,224</u>	<u>\$ 3,543</u>

\$31,224 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 9,039
2021	2,628
2022	4,384
2023	515
2024	-
Thereafter	-
	<u>\$ 16,566</u>

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	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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.

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

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 returns 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

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 LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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.

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	115,553	50,522	(3,532)

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.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town of Gaston administers a public employee retirement system (the "Separation Allowance"), which is a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of GS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time county law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

	Law Enforcement Officers
Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	3
Total	3

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 Percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 Percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-Year Municipal Bond Index as of December 31, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions.

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

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

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

At June 30, 2020, the Town reported a total pension liability of \$35,422. The total pension liability was measured as of December 31, 2020 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$3,314.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	1,513	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 1,513	\$ -

\$1,513 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year end June 30		
2019	\$	347
2020		347
2021		347
2022		347
2023		347
Thereafter		-
	\$	1,735

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

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Town's proportionate share of the net pension liability (asset)	\$ 36,923	\$ 35,422	\$ 33,968

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2020**

	2020
Beginning balance	\$ 30,595
Service cost	1,786
Interest on the total pension liability	1,181
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	1,860
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 35,422

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Pension deferrals - LEO	1,513
Pension deferrals - LGERS	31,224
Total	<u>\$ 32,737</u>

Deferred inflows of resources at year-end is comprised of the following:

Pension deferrals - LEO	-
Pension deferrals - LGERS	50,522
Property taxes receivable	120,218
Total	<u>\$ 170,740</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters. The Town has property, general liability and auto liability through Argonaut Great Central Insurance Co. They carry workmen's compensation coverage up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town has elected not to carry additional flood insurance. During the flood of 1999 the Town Properties were not damaged by flooding.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The town officials that have access to funds are bonded under a blanket bond for \$25,000. The finance officer is individually bonded for \$50,000.

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

4. Long-Term Obligations

a. Installment Purchases

Serviced by the General Fund

Installment Purchases:

In January 2008, the Town borrowed funds for building improvements for the Town Hall with a \$153,000 USDA loan, with annual payments of \$9,119, not to exceed 30-years with interest at 4.25%

\$ 113,124

In April 2017, the Town purchased a 2017 Dodge Charger for \$28,624. The Town received a loan from Southern Bank for 5 years at 3.25%. The monthly principal payments are \$447.

\$ 9,557

Total \$ 122,681

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	10,036	5,048
2022	10,219	4,725
2023	4,685	4,434
2024	4,884	4,234
2025-2029	27,716	17,876
2030-2034	34,128	11,464
2035-2039	31,013	3,569
Total	<u>\$ 122,681</u>	<u>\$ 51,350</u>

b. Changes in Long-Term Debt:

The following is a summary of charges in the Town's activities in long-term debt:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment Purchases	\$ 132,541	\$ -	\$ 9,860	\$ 122,681	\$ 10,036
Total pension liability (LEO)	35,422	-	-	35,422	-
Net pension liability (LGERS)	46,023	4,499	-	50,522	-
Compensated absences	1,448	-	-	1,448	1,448.00
Total	<u>\$ 215,434</u>	<u>\$ 4,499</u>	<u>\$ 9,860</u>	<u>\$ 210,073</u>	<u>\$ 11,484</u>

**Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020**

5. Net Investment in Capital Assets

	Governmental
Capital assets	\$ 547,071
Less: long-term debt	(122,681)
Net investment in capital assets	\$ 424,390

6. Fund Balance

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

Total Fund Balance-General Fund	\$ 379,400
Less:	
Stabilization by State Statute	61,981
Streets	-
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	317,419

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

C. Commitments

The Town entered into a contract with NC Eastern Municipal Power Agency to purchase electricity for the Town which runs indefinitely. Under the contract, the Town is committed to purchase power at variable rates each year.

NOTE V — SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town 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.

Town of Gaston, North Carolina
Notes to the Financial Statements
Year Ended June 30, 2020

NOTE VI —ESTIMATES

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

NOTE VII — IMPAIRMENT OF CAPITAL ASSETS

In accordance with new financial reporting standards issued by the Governmental Accounting Standards Board's Statement Number 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain not disclosures. During the June 30, 2020 fiscal year the Authority experienced no impairments.

NOTE VIII —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

Subsequent events have been evaluated through July 14, 2021 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Schedule 1

**Town of Gaston Proportionate Share of Net Pension Liability (Assets)
Required Supplementary Information
Last Seven Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability (assets) (%)	0.00185%	0.00194%	0.00174%	0.0019%	0.00193%	0.00228%	0.00240%
Town's proportion of net pension liability (asset) (\$)	\$ 50,522	\$ 46,023	\$ 26,582	\$ 41,173	\$ 8,662	\$ (12,584)	\$ 28,929
Town's covered-employee payroll	\$ 77,159	\$ 119,595	\$ 147,317	\$ 127,856	\$ 102,267	\$ 107,069	\$ 118,452
Town's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	65.48%	38.48%	18.04%	32.20%	8.47%	-11.75%	24.42%
Plan fiduciary net position as a percentage of the total pension liability	96.51%	96.15%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Gaston, North Carolina
Town of Gaston's Contributions
Required Supplementary Information
Town of Gaston Proportiate Share of Net Pension Liability (Assets)**

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 11,114	\$ 6,379	\$ 9,674	\$ 11,608	\$ 9,055	\$ 8,686	\$ 8,255
Contributions in relation to the contractually required contributions	<u>11,114</u>	<u>6,379</u>	<u>9,674</u>	<u>11,608</u>	<u>9,055</u>	<u>8,686</u>	<u>8,255</u>
Town's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 116,475	\$ 77,159	\$ 119,595	\$ 147,317	\$ 127,856	\$ 102,267	\$ 107,069
Contributions as a percentage of covered-employee payroll	9.54%	8.27%	8.09%	7.88%	7.08%	8.49%	7.71%

Schedule 3

Town of Gaston, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 30,595	\$ 30,595
Service Cost	1,786	1,786
Interest on the total pension liability	1,181	1,181
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	-	-
Changes of assumptions or other inputs	1,860	1,860
Benefit payments	-	-
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 35,422</u>	<u>\$ 35,422</u>

Schedule 4

Town of Gaston, North Carolina
Schedule of Changes in Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 35,422	\$ 35,422
Covered Payroll	119,595	119,595
Total pension liability as a percentage of covered payroll	29.62%	29.62%

Notes to the schedules:

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule 5

**Town of Gaston, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes			
Taxes		217,047	
Penalties and interest		4,631	
Total	<u>241,500</u>	<u>221,678</u>	<u>(19,822)</u>
Unrestricted Intergovernmental Revenues			
Local option sales tax		267,899	
Utility franchise tax		9,240	
Beer & wine tax		67,552	
Total	<u>346,080</u>	<u>344,691</u>	<u>(1,389)</u>
Restricted Intergovernmental Revenues			
Powell Bill allocation		38,729	
Total	<u>39,150</u>	<u>38,729</u>	<u>(421)</u>
Other Taxes			
Sales tax refunds		1,977	
Total	<u>2,800</u>	<u>1,977</u>	<u>(823)</u>
Permits and Fees			
Zoning permits		387	
Total	<u>6,500</u>	<u>387</u>	<u>(6,113)</u>
Sales and Services			
Town decal fees		3,185	
Town services		937	
Rental income		6,757	
Total	<u>39,500</u>	<u>10,879</u>	<u>(28,621)</u>

Town of Gaston, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Investment Earnings			
Interest		3,308	
Total	1,500	3,308	1,808
Other Revenues			
Sale of Fixed Assets		900	
Miscellaneous		8,079	
Total	22,500	8,979	(13,521)
Total Revenue	\$ 699,530	\$ 630,628	\$ (68,902)
Expenditures			
General Government			
Salaries and benefits		68,719	
County collection fees		8,821	
Telephone		6,483	
Professional services		-	
Dues & Subscriptions		6,430	
Municipal Building		6,209	
Insurance & bonds		76,044	
Supplies		6,067	
Utilities		53,693	
Other operating expenses		7,144	
Total General Government	270,225	239,610	30,615

**Town of Gaston, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety			
Salaries and benefits		169,945	
Equipment repairs		11,545	
Fuel		11,305	
Supplies		1,326	
Fire department		15,000	
Uniforms		1,838	
Other operating expenses		3,275	
Total	<u>216,560</u>	<u>214,234</u>	<u>2,326</u>
Transportation			
Salaries and benefits		29,302	
Auto		2,296	
Street maintenance		3,649	
Equipment repairs		1,440	
Other operating expenses		9,589	
Total	<u>75,380</u>	<u>46,276</u>	<u>29,104</u>
Environmental Protection			
Salaries & Benefits		66,401	
Fuel		4,455	
Repairs		3,967	
Solid waste fees		14,229	
Mosquito control		5,795	
Other operating expenses		2,554	
Total	<u>100,200</u>	<u>97,401</u>	<u>2,799</u>
Cultural and Recreational			
Salaries & Benefits		8,345	
Utilities		1,608	
Other operating expenses		838	
Total	<u>21,845</u>	<u>10,791</u>	<u>11,054</u>

**Town of Gaston, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service			
Principal		9,860	
Interest		5,410	
Total	<u>15,320</u>	<u>15,270</u>	<u>50</u>
Total Expenditures	<u>699,530</u>	<u>623,582</u>	<u>75,948</u>
Net change in fund balance	<u>\$ -</u>	7,046	<u>\$ 7,046</u>
Fund balance - July 1		<u>372,354</u>	
Fund balance - June 30		<u>\$ 379,400</u>	

OTHER SCHEDULES

Town of Gaston North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 231,365	\$ 205,588	\$ 25,777
2018-2019	25,844	-	8,242	17,602
2017-2018	17,977	-	2,393	15,584
2016-2017	16,122	-	623	15,498
2015-2016	14,631	-	255	14,377
2014-2015	13,637	-	491	13,145
2013-2014	9,001	-	178	8,823
2012-2013	6,362	-	182	6,181
2011-2012	3,252	-	21	3,231
2010-2011	6,301	-	6,301	-
2009-2010	13,113	-	13,113	-
	<u>126,240</u>	<u>-</u>	<u>237,387</u>	<u>120,218</u>

Less: Allowance for Uncollectible Accounts -

Ad Valorem Taxes Receivables, Net 120,218

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	221,678
Reconciling items:	
Interest collected	4,631
Releases and adjustments	<u>11,078</u>
Total Collections and Credits	<u>237,387</u>

**Town of Gaston, North Carolina
General Fund
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2020**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property tax at current year's tax rate					
Net Valuation	<u>\$ 46,273,082</u>	0.50	\$ 231,365	\$ 199,411	\$ 31,954
Net levy			231,365	199,411	31,954
Less uncollected taxes at June 30, 2020			<u>25,777</u>	<u>25,777</u>	<u>-</u>
Current year's taxes collected			<u>\$ 205,588</u>	<u>\$ 173,634</u>	<u>\$ 31,954</u>
Current levy collection percentage			<u>88.86%</u>	<u>87.07%</u>	<u>100.00%</u>