

2025 POPULAR ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025



WELCOME

The City of Gastonia is proud to present its first Popular Annual Financial Report (PAFR), which provides a clear, plain-language overview of the City's financial position, operating results, and long-term outlook. This report summarizes results for the City of Gastonia's primary government and focuses on city-wide activities and major funds. It is not intended to present the full audited financial statements found in the City's Annual Comprehensive Financial Report (ACFR).

Designed for residents, businesses, and stakeholders, this report explains how tax dollars and utility payments support essential services, maintain infrastructure, and strengthen financial stability. These efforts advance our commitment to Great Place. Great People. Great Promise.

Thank you for allowing us to manage the resources that make Gastonia a Great Place.



Michael C. Peoples
City Manager



Important Note:

This report summarizes financial information from the City's FY2025 Annual Comprehensive Financial Report (ACFR), prepared in accordance with generally accepted accounting principles (GAAP). Certain details are condensed or omitted for clarity, and totals may be rounded.

The audited ACFR is available at: [gastonianc.gov/images/Finance/FY 2025/City of Gastonia - 2025 Audit Report - 01.27.26.pdf](https://gastonianc.gov/images/Finance/FY_2025/City_of_Gastonia_-_2025_Audit_Report_-_01.27.26.pdf)



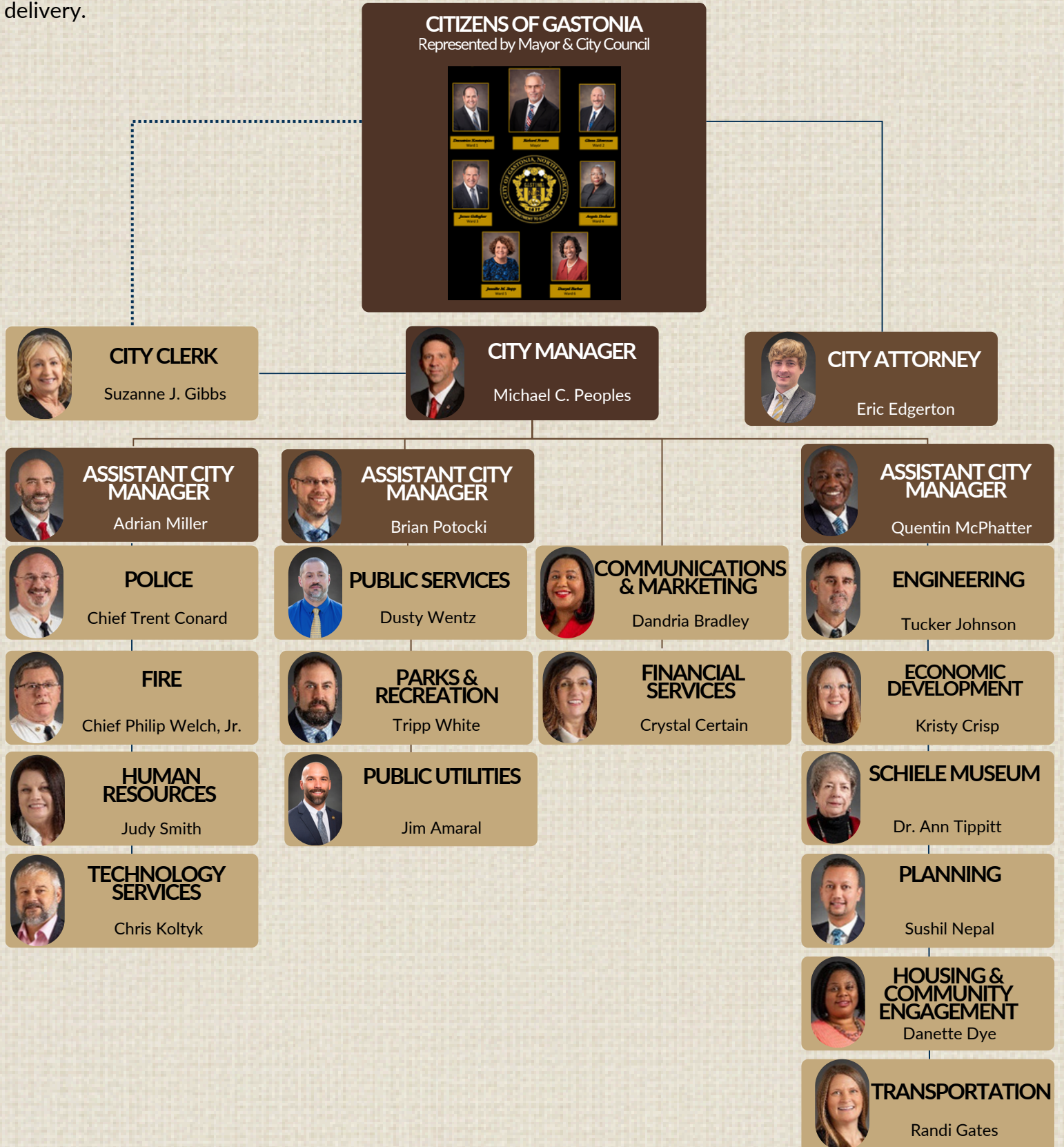
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Gastonia's Organizational Chart

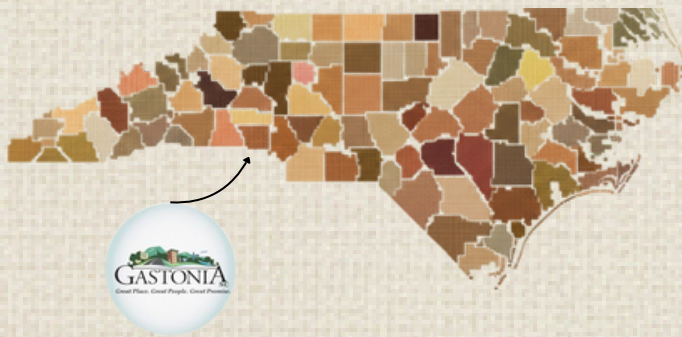
The City of Gastonia operates according to the Council- Manager form of government, where a professional City Manager serves at the pleasure of the City Council as chief executive of the organization.

The City Manager is responsible for all City personnel, with the exception of the City Attorney and the City Clerk, who are also appointed by the City Council. The City Manager provides functional supervision for the City Clerk. This structure ensures clear accountability, professional management, and efficient service delivery.



About Gastonia:

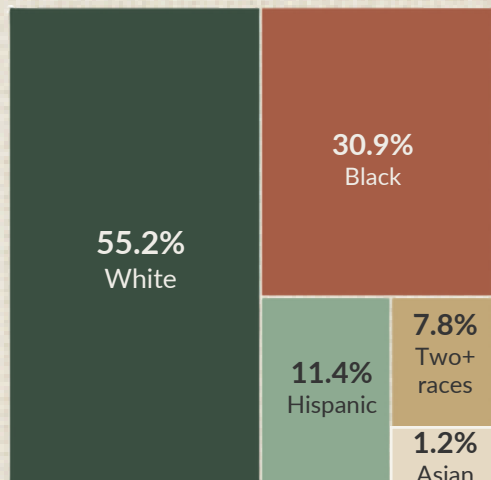
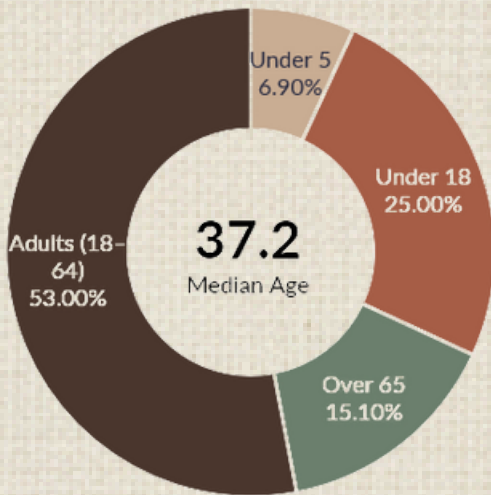
Data reflects FY2025 unless otherwise noted



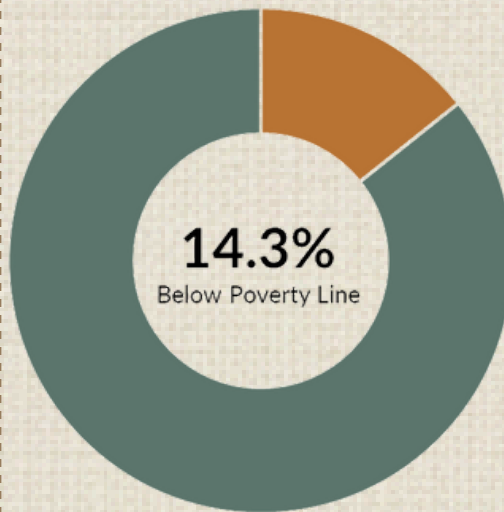
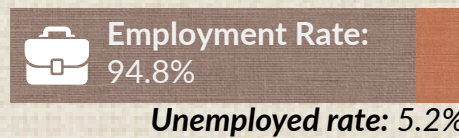
Gastonia is a city defined by its grit and its growth. Once the "Spindle City" at the heart of the world's textile industry, our community was built on a foundation of hard work and ingenuity. Today, the City is building a new chapter focused on economic vitality, safe neighborhoods, and a high quality of life.

From the natural beauty of Crowders Mountain to the revitalization of our historic downtown and FUSE District, the threads of our past are seamlessly integrated into a modern, forward-looking city. We remain committed to being a Great Place with Great People and a Great Promise.

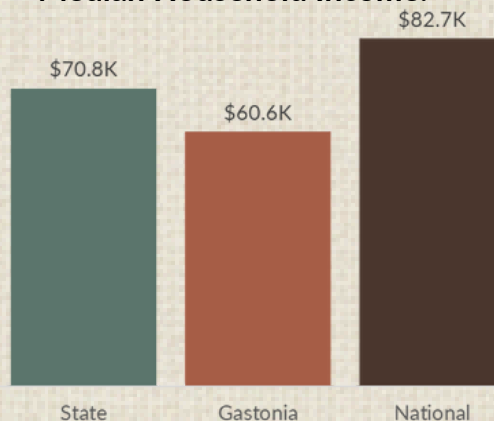
Population Demographics



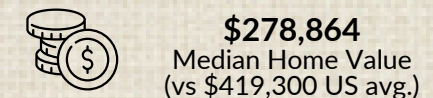
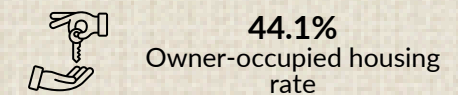
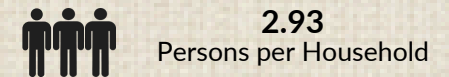
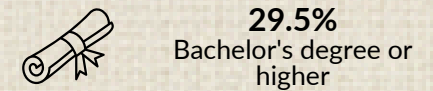
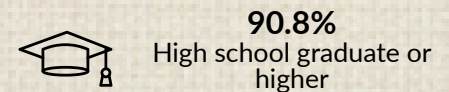
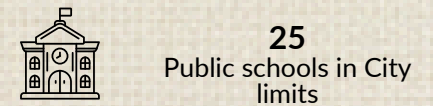
Economy



Median Household Income:



Housing and Education



GASTONIA BY THE NUMBERS:

FY 2025



\$346.21M

FY2025
ADOPTED
BUDGET



0.47¢
TAX RATE



956
FULL-TIME
EMPLOYEES



85,636
POPULATION



682
MILES OF
WASTEWATER
LINES



736
MILES OF
WATER LINES



532
MILES OF
POWER LINES



387
MILES OF
STREETS*

*City maintained



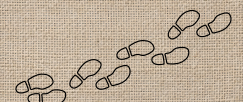
29,949
TONS OF
TRASH
COLLECTED



23
MICROTRANSIT
VEHICLES



19
PARKS



10
MILES OF
TRAILS



8
FIRE STATIONS



407
FIRES
EXTINGUISHED



3
PATROL
DISTRICTS



3,598
PHYSICAL
ARRESTS

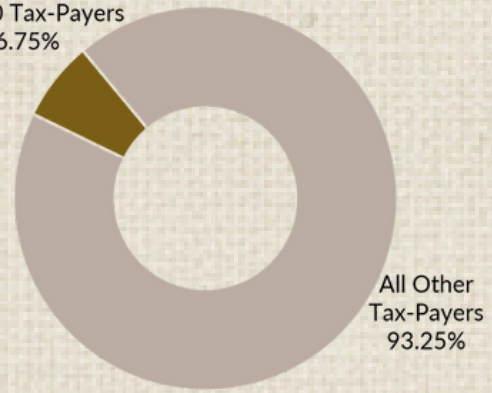
Local Economy



Gastonia's economy has evolved from its textile roots into a diversified mix of manufacturing, logistics, healthcare, retail, and professional services. This diversification strengthens the City's tax base, reduces dependence on any single industry, and helps maintain consistent service delivery through economic cycles.

Proximity to Charlotte, access to major interstate highways, and recent retail and residential investment have further supported growth and competitiveness.

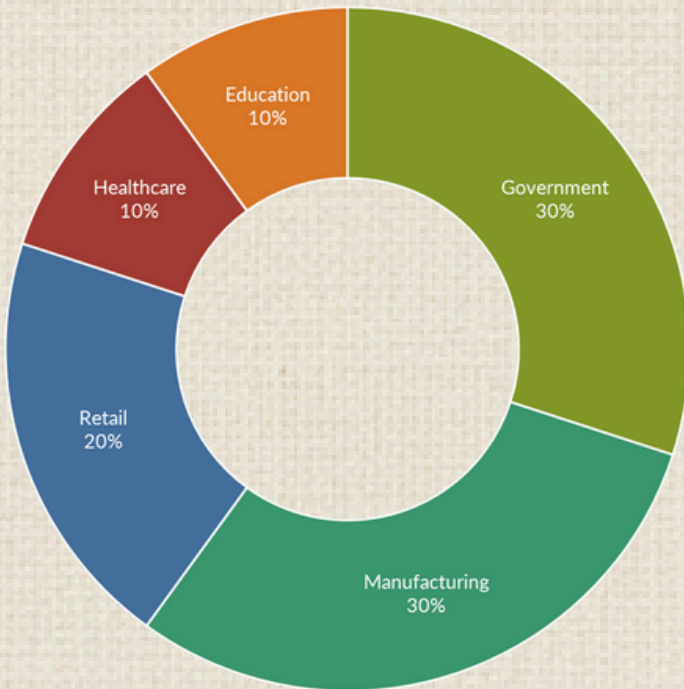
Top 10 Tax-Payers
6.75%



The City's top ten principal taxpayers account for only 6.75% of total assessed property value, indicating that Gastonia is not overly reliant on any single business for property tax revenues.

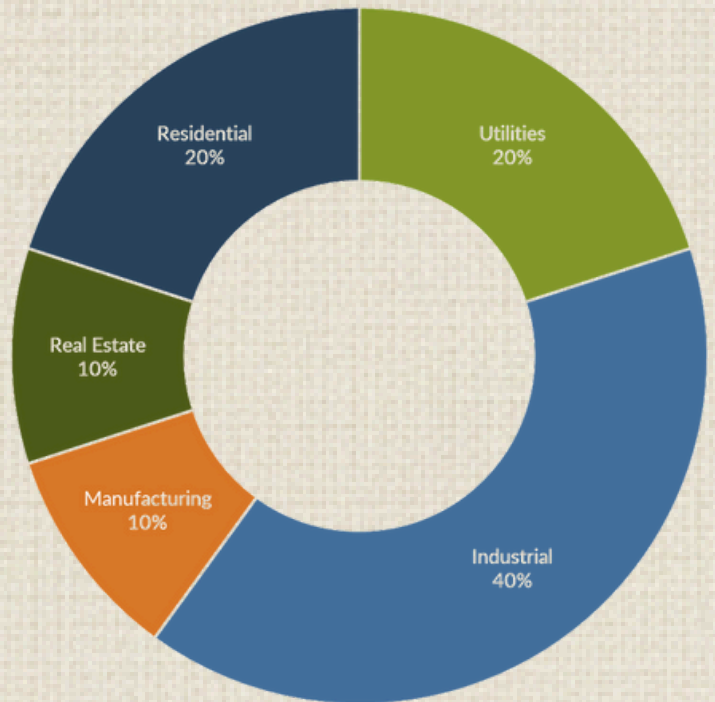
Our economy has diversified, weaving a new strength into our future.

Gastonia's Top Employers:



Gastonia's major employers span healthcare, education, manufacturing, retail, and government, helping create a balanced local economy that is not overly dependent on any single industry.

Gastonia's Top Taxpayers:



Gastonia's largest taxpayers span utilities, industrial and manufacturing firms, real estate, and residential portfolios, reflecting a broad and resilient tax base. Utilities such as Duke Energy and Public Service Company of North Carolina (now known as Enbridge, Inc.) assist in providing steady, long-term investment in core infrastructure.

AUDIT HIGHLIGHTS

The Big Win

The FY25 ACFR was audited by Starnes & Associates and has received an unmodified or “clean” audit opinion.

3 Key Results

GASTONIA IS FINANCIALLY HEALTHY

\$601.87M
Net position

Up \$74M (14%) from FY2024

STRONG BOND RATINGS

AA/Aa2/AA
From S&P, Moody's, Fitch

Supports low-cost borrowing for residents

GENERAL FUND RESERVES ABOVE POLICY

48.5%
Available fund balance

~6 months of operational expenditures on hand

What This Means for You:

- ✓ Trusted, independently audited financial information
- ✓ Reserves that help keep services steady in changing conditions
- ✓ Room to invest in streets, utilities, and quality-of-life projects

**See ACFR audit opinion, reserves, Exhibits A & Schedules D/E (investments)*

Looking Ahead

Gastonia continues investing in FUSE District redevelopment, utility reliability, and street improvements while maintaining reserves above policy minimums.

**See ACFR Letter of Transmittal (FUSE), Schedules D-1/D-7 & E-4/E-6 (infrastructure), MD&A & B-1 (reserves)*



Net Position

Net position is the difference between what the City owns and what it owes. It is similar to community equity and helps show the long-term strength of our finances. The Statement of Net Position is the summary that presents this information.

Assets are the City's resources, such as cash, investments, buildings, streets, and utility systems. Liabilities are amounts the City must pay in the future, including debt and other long-term obligations. Deferred inflows and deferred outflows are timing items for revenues and expenses that will be counted in future years.

When assets and deferred outflows are greater than liabilities and deferred inflows, the result is net position, which indicates how much financial capacity the City has to support services and infrastructure over time.

Gastonia's net position increased by \$74 million in FY2025, an increase of 14% over the prior year. This increase reflects a continued investment in capital assets, strong results from fee-supported utilities, and careful management of tax-supported services.

Statement of Net Position

	As of June 30, 2025	As of June 30, 2024
Assets		
Current and other assets	\$336,841,197	\$ 309,470,122
Capital assets	\$580,125,840	\$544,173,110
Total assets	\$916,967,037	\$853,643,232
Deferred Outflows of Resources		
	\$32,733,422	\$41,414,206
Liabilities		
Long-term liabilities	\$275,616,572	\$287,061,174
Other liabilities	\$55,252,3780	\$60,583,451
Total liabilities	\$330,868,950	\$347,664,625
Deferred Inflows of Resources		
	\$16,961,714	\$19,525,580
Net Position	\$601,869,795	\$527,887,233

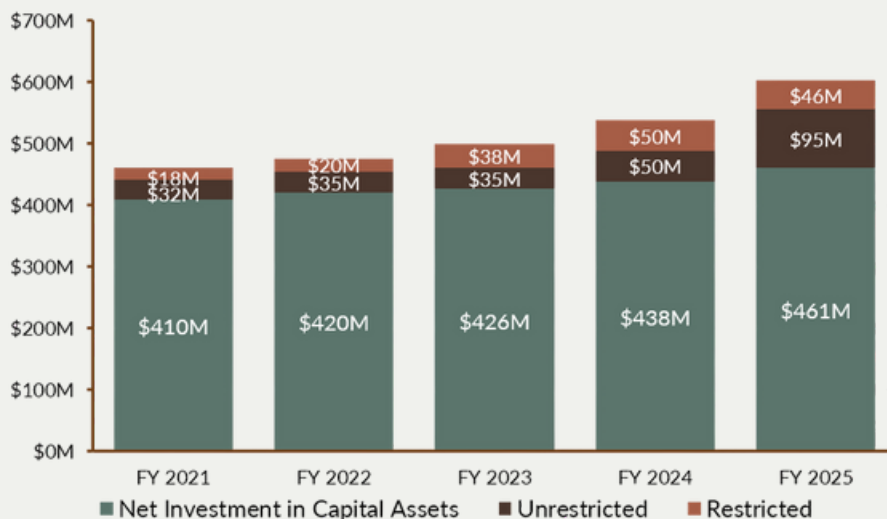
Figures summarized from the City's government-wide Statement of Net Position in the FY2025 Annual Comprehensive Financial Report (ACFR).

Most of Gastonia's net position is invested in long-lived assets such as streets, water and sewer lines, and electric infrastructure, with a smaller portion available as a financial safety net.

For more detail, including separate information on governmental (tax-supported) and business-type (fee-supported) activities, see the City's Annual Comprehensive Financial Report (ACFR).

How Net Position is Invested

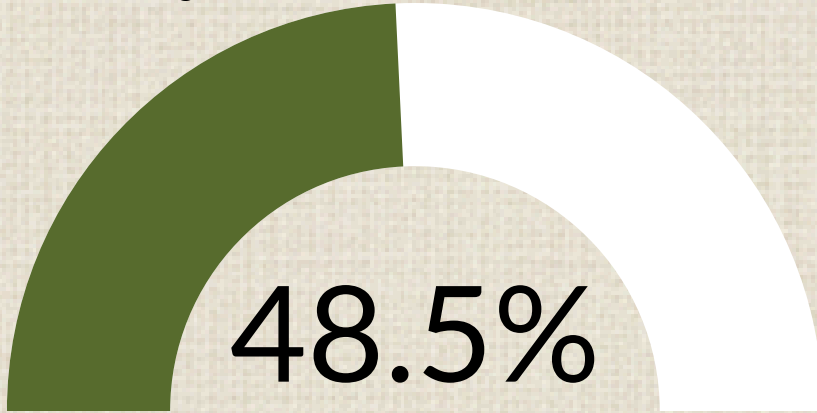
This chart shows how the \$601.9 million in net position (Government-Wide) breaks down and has changed over time:



- **Net Investment in Capital Assets \$460.69M (76.5%):** Roads, water/sewer lines, electric systems, parks, and buildings we use every day.
- **Restricted Net Position \$46.13M (7.6%):** Funds legally committed for specific uses like grant projects or street maintenance.
- **Unrestricted Net Position \$95.05M (15.8%):** Flexible reserves for emergencies, economic downturns, or unexpected needs.

Fund Balance

The General Fund's available fund balance is the City's main "savings account." It is resources set aside to keep essential services running during emergencies, economic downturns, or unexpected changes in state or federal funding.



192 DAYS

This reserve equals about 192 days (6.3 months) of General Fund operations, giving the City capacity to absorb major disruptions without cutting core services.

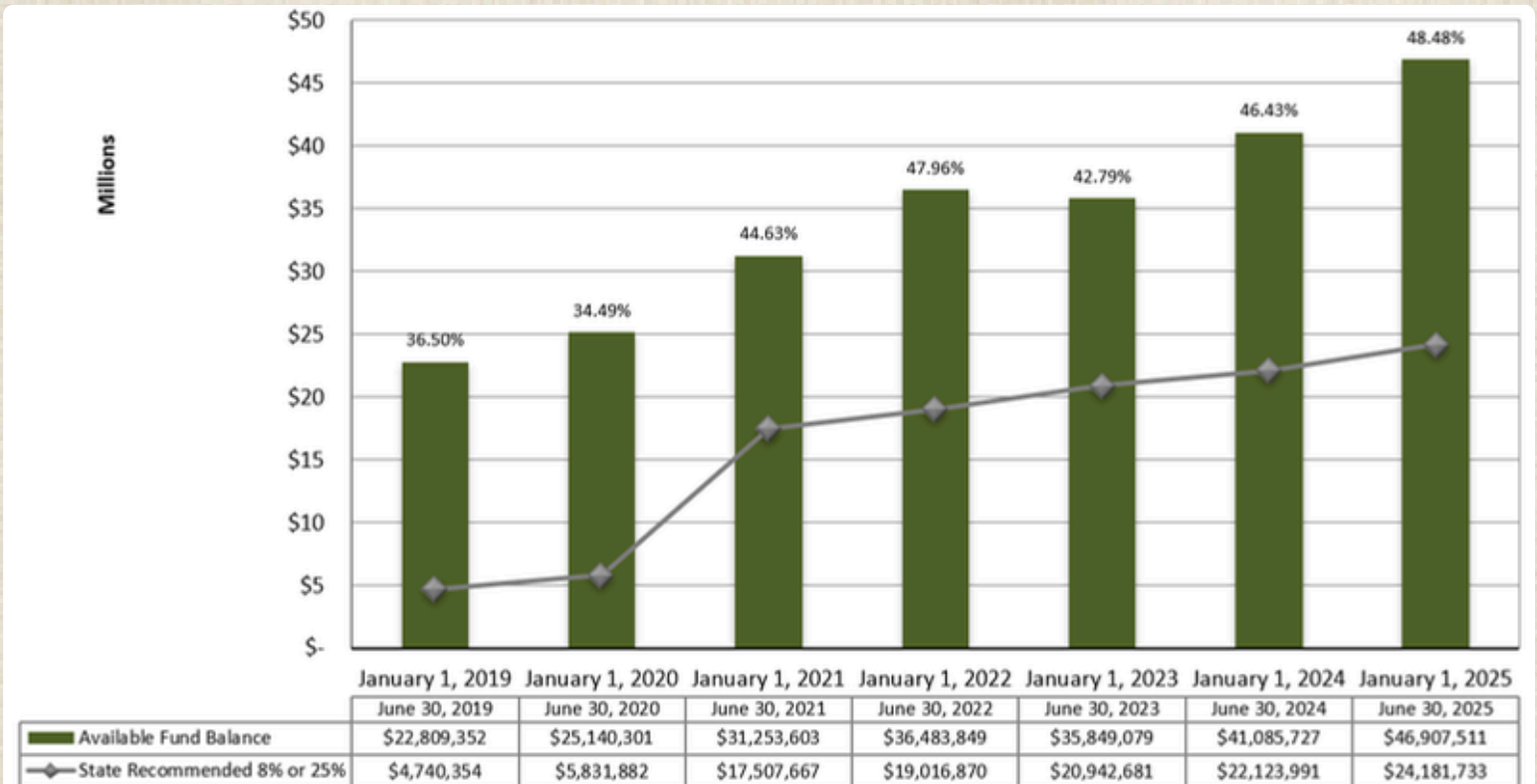
At 48.48% of annual spending, the City's available fund balance is above the 25% minimum required by City Council policy. This strong cushion signals sound financial management to bond rating agencies and investors.

General Fund Available Fund Balance Trends

Over the past six years, the City's General Fund's available fund balance has grown steadily and consistently. Annual increases ranged from about 4% to nearly 23%, with the largest gains occurring in FY2021 (20%) and FY2024 (23%), when revenues outpaced spending.

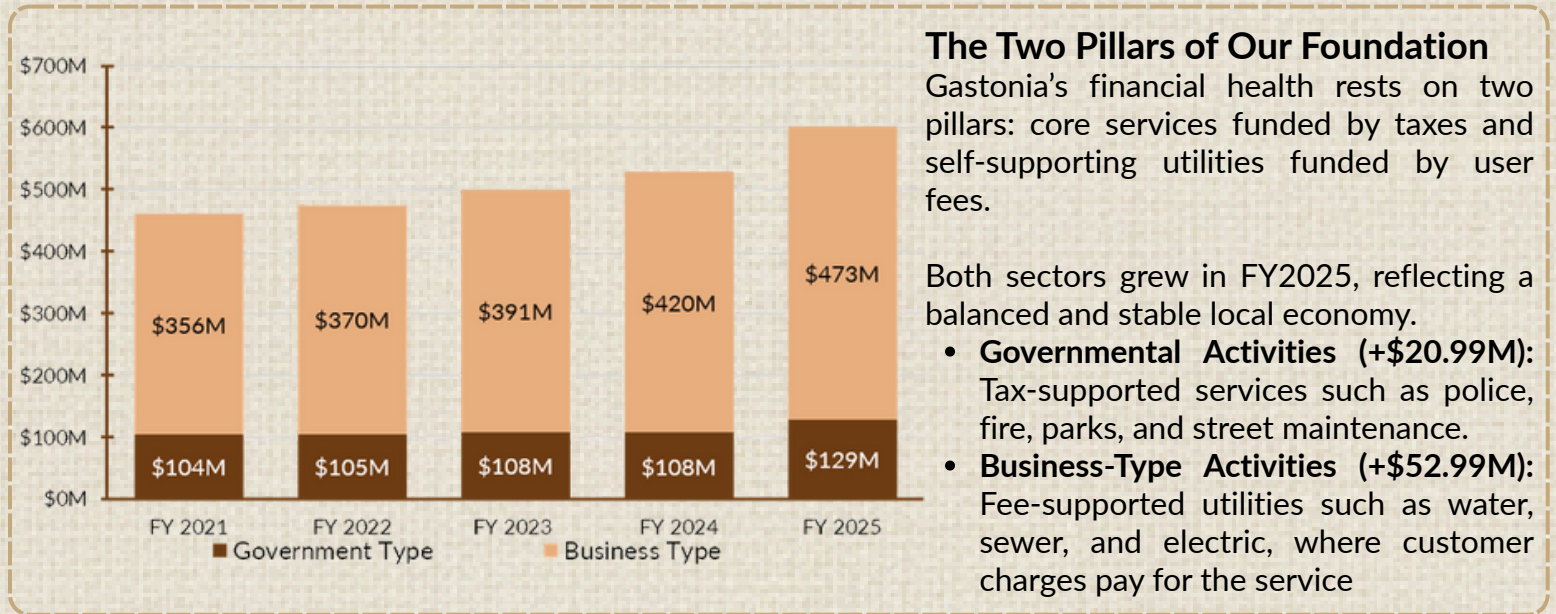
Growth slowed in FY2023 (4%), reflecting inflationary pressures and higher service costs, but continued to increase rather than decline. In FY2025, available fund balance rose another 13%, maintaining available fund balance equal to approximately six months of operating expenditures on hand.

Overall, the City more than doubled its General Fund savings during this six-year period, demonstrating a long-term focus on financial stability while continuing to provide core services.



Types of Funds

Gastonia uses multiple funds to ensure transparency, accountability, and compliance with state law. Each fund tracks how money is collected and how it is spent for specific purposes.



The Two Pillars of Our Foundation

Gastonia's financial health rests on two pillars: core services funded by taxes and self-supporting utilities funded by user fees.

Both sectors grew in FY2025, reflecting a balanced and stable local economy.

- **Governmental Activities (+\$20.99M):** Tax-supported services such as police, fire, parks, and street maintenance.
- **Business-Type Activities (+\$52.99M):** Fee-supported utilities such as water, sewer, and electric, where customer charges pay for the service

These pillars are reflected in how the City organizes and reports its finances through two different types of funds.

Governmental Funds



Used for tax-funded services you see every day, including police, fire, streets, and parks.

Proprietary Funds



Used for utilities and services funded by user fees, such as water, sewer, and electric.

Why Gastonia Uses Multiple Funds

North Carolina law requires the City to keep taxes and fees legally separate so that each dollar is used only for its intended purpose.

Governmental Activities (Tax-funded)

Property taxes you pay →
Police salaries, fire trucks, street repairs, parks

(Cannot fund water lines)

Business-Type Activities (Fee-funded)

Utility bills you pay →
Water treatment, sewer pipes, electric upgrades

(Cannot subsidize police)

This legal separation = accountability for every dollar.

See ACFR Note 1

The General Fund

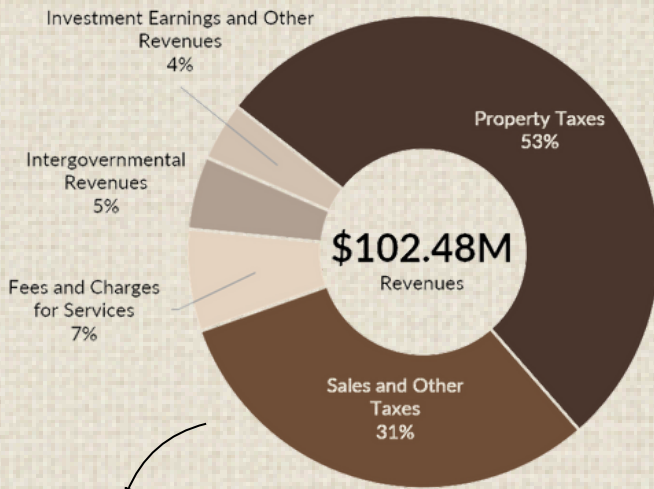
What is the General Fund?

The General Fund is the City's main operating fund and finances the core services residents rely on every day, including public safety, streets, parks, and administrative support.

This summary presents General Fund financial information on a GAAP basis, using the modified accrual method of accounting, as reported in the City's Annual Comprehensive Financial Report (ACFR). Amounts shown reflect actual results for the fiscal year and may differ from the adopted budget.

Where the Money Comes From

General Fund Revenues are generated from a mix of taxes, fees, and other sources that support ongoing City operations.



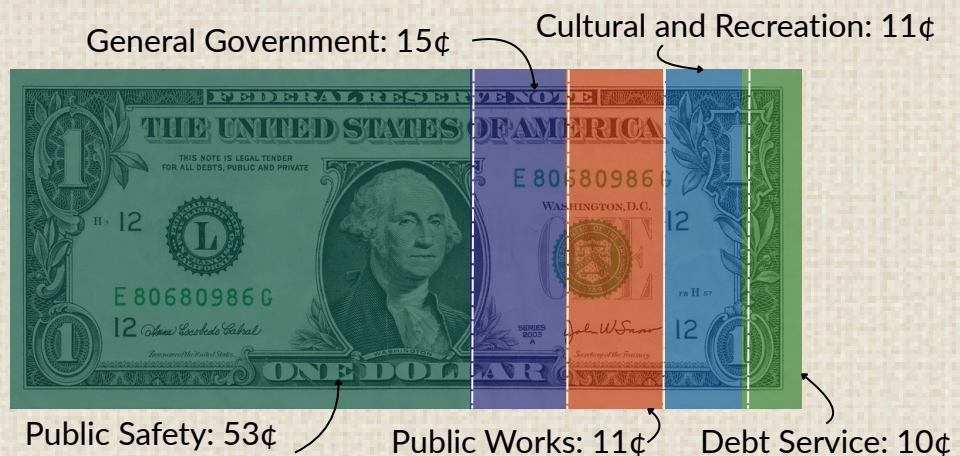
- **Property Taxes (53%):** Taxes levied on real property, including residential, commercial, and industrial property.
- **Sales and Other Taxes (31%):** Local sales taxes, utility franchise taxes, and other tax revenues authorized by law.
- **Fees and Charges for Services (7%):** Charges for specific services such as permits, recreation programs, airport fees, and inspections.
- **Intergovernmental Revenues (5%):** Funding received from state, federal, and county governments for specific programs and services.
- **Investment Earnings and Other Revenues (4%):** Interest earned on City investments and miscellaneous revenue sources.

Why this matters: A diversified revenue structure helps provide stable funding for essential services while reducing reliance on any single revenue source.

How the Money Is Used

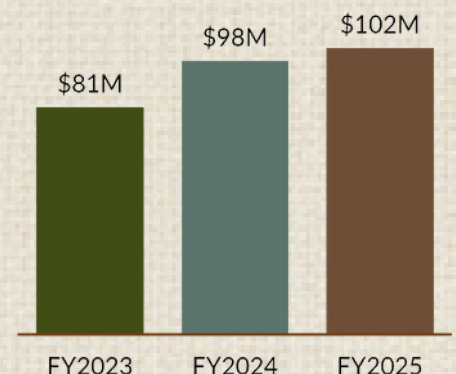
For every \$1 the city spends in the General Fund:

- 53¢ keeps our streets safe with police and fire.
- 15¢ runs City services like HR, finance, and administration.
- 11¢ maintains infrastructure through public works.
- 11¢ keeps parks, recreation, and community programs running.
- 10¢ pays down city debt (Principal and Interest).



General Fund Revenue Trend

General Fund revenues have increased steadily over the past three fiscal years, driven primarily by tax base growth and overall economic conditions.






Enterprise Funds

Powering Gastonia's Great Promise

Enterprise Funds support essential city services that are paid for by the people who use them, such as water, sewer, and electric. These funds are separate from property taxes and cover the full cost of service, maintenance, system reliability, and regulatory compliance.

Why this matters to you:

- 
Self-sustaining services
 Since these services pay for themselves, the City can provide high-quality water, sewer, and electric services without relying on general tax revenue.
- 
Stable, responsible funding
 Careful management keeps utility rates stable while funding long-term infrastructure needs for our growing community.
- 
Transparent and accountable
 Separate funds and annual audits ensure your utility payments are used only for water, sewer, or electric services.



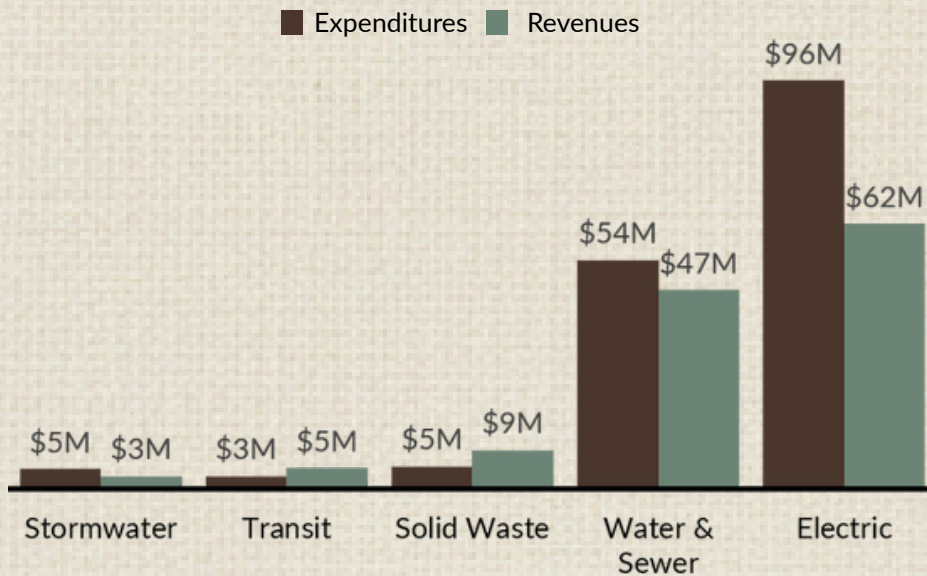
DID YOU KNOW?

Enterprise Funds are required to maintain sufficient net position and cash reserves to cover operating costs, planned maintenance, and future infrastructure replacement.



FY25 Enterprise Fund Revenues and Expenditures

**Revenues and expenditures not including other financing sources*



Enterprise fund data are presented on the same basis the City uses for budgeting and rate-setting (non-GAAP). The ACFR provides full GAAP statements and reconciliations for each enterprise fund in the proprietary fund statements and related schedules.

Debt

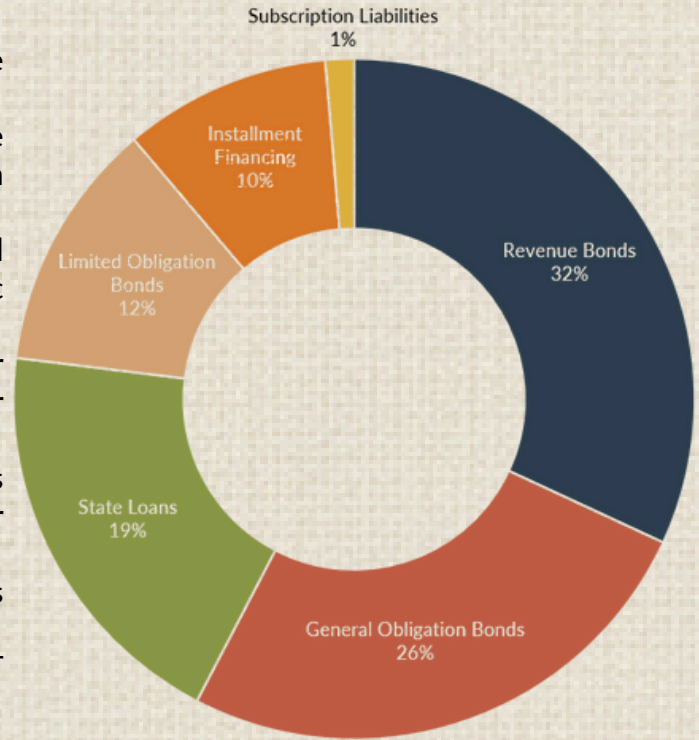
Why We Borrow:

Just like a family might use a mortgage to buy a home, the City uses debt to pay for long-lived assets such as street improvements, water and sewer facilities, and public safety equipment. Financing these projects over time allows both current and future residents to share the cost of the assets from which they benefit.

How We Fund Projects:

The City uses several types of debt to make sure the appropriate funding source pays for each project:

- **Revenue Bonds** are repaid by utility customers and are used for water, sewer, and electric system improvements.
- **General Obligation Bonds** are approved by voters and fund major community projects like streets, public buildings, and parks.
- **State Loans** provide low-interest funding for infrastructure projects such as water and sewer improvements.
- **Limited Obligation Bonds** are used for specific assets like the FUSE District, public safety vehicles, or other targeted projects.
- **Installment Financing** is used for equipment purchases and other long-term assets.
- **Subscription Liabilities** cover things like software and IT arrangements paid over time.



How Much Can Gastonia Borrow?

State law puts a limit on certain kinds of city debt. For Gastonia, that cap for voter-approved bonds backed by property taxes is about \$915 million. These are called General Obligation (GO) bonds. Other borrowings, like utility revenue bonds or equipment loans, are paid back from specific fees (such as water or electric charges), not from property taxes.

How Much Do We Currently Owe?

At the end of FY2025, Gastonia was using only about 9% of its allowed GO borrowing limit, so there is still a lot of room if the community decides to finance new projects in the future. Looking at all types of long-term debt together, the City owed \$166.5 million, which is less than the \$175.9 million owed the year before because regular payments reduced the balance.

Our Credit Score: Bond Rating

Standard & Poor's
General Obligation Bonds: AA
Revenue Bond Rating: AA-

Moody's
General Obligation Bonds: Aa2
Revenue Bond Rating: Aa2

Fitch Ratings
General Obligation Bonds: AA
Revenue Bond Rating: AA+

The Bottom Line

Gastonia manages debt prudently to fund long-term projects while keeping the city financially healthy. Careful planning ensures that borrowing supports essential infrastructure, public safety, and community improvements without overburdening current or future residents.

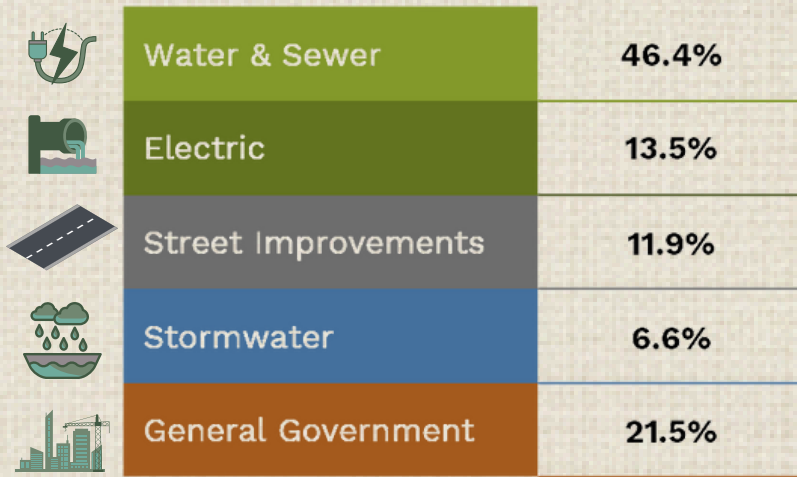
Capital Assets

What are Capital Assets?

Capital assets include long-term tangible items such as buildings and equipment the City uses to provide essential services for more than a year. The investments in these items ensure Gastonia can safely deliver clean water, reliable utilities, and accessible parks for years to come.

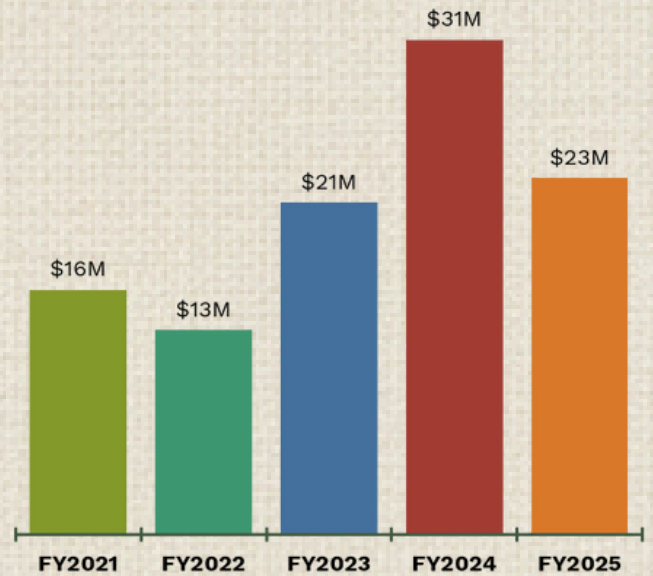


What Are Gastonia's Capital Assets?



Most of the City's capital assets are invested in water, sewer, and electric systems, reflecting our continued focus on reliable utilities. Another significant portion, reported under general government, includes streets, bridges, public buildings, and other infrastructure that support the overall functioning of the organization.

Investing in Tomorrow



Capital investments have increased over the past five years, peaking in FY2024, as the City prioritized major utility upgrades, street improvements, and park projects, then returned to a strong but more typical level in FY2025.



Catawba Creek Greenway Southeast Extension

FY2025 Major Asset Projects

- Water and sewer upgrades, including Catawba Creek outfall projects and other system improvements
- Street resurfacing, pedestrian safety projects, and intersection improvements
- Greenway extensions along Catawba Creek and Highland Branch and new construction at Linwood Springs Park
- Electric system upgrades and stormwater infrastructure improvements
- Purchase of vehicles, machinery, and other essential equipment

Glossary & Acronyms

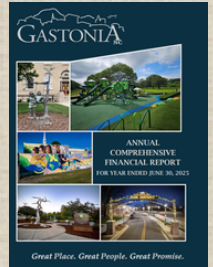


Term	Definition
PAFR (Popular Annual Financial Report)	A simplified report that summarizes the City's financial information in a clear and understandable way.
ACFR (Annual Comprehensive Financial Report)	The City's official audited financial report prepared in accordance with GAAP.
GAAP (Generally Accepted Accounting Principles)	Standard accounting rules used to ensure consistent and reliable financial reporting.
GFOA (Government Finance Officers Association)	A professional organization that promotes best practices in government finance and reporting.
Fiscal Year (FY)	The City's annual financial reporting period, from July 1 to June 30.
Ad Valorem Tax	A property tax based on the assessed value of real or personal property.
Asset	A resource the City owns or controls that provides value or services.
Assessed Value	The value assigned to property for property tax purposes.
Bond	A long-term borrowing used to finance major capital projects.
Bond Rating	An evaluation of the City's ability to repay debt.
Deferred Outflows of Resources	Expenses paid in advance that will be recognized in a future period.
Deferred Inflows of Resources	Revenues received or expected that will be recognized in a future period.
Fund	A separate accounting entity used to track money for a specific purpose.
Fund Balance	The difference between a fund's assets and liabilities.
Liability	A financial obligation the City owes to others.
Revenue	Money the City receives to support services and operations.



How the City Plans, Reports, and Looks Ahead

This Popular Annual Financial Report (PAFR) is designed to help residents understand the City of Gastonia's finances in a clear and accessible way. It summarizes financial information drawn from the City's audited **Annual Comprehensive Financial Report (ACFR)**, which is prepared in accordance with generally accepted accounting principles (GAAP) and presents detailed financial results for the prior fiscal year. The City's ACFR has been recognized by the Government Finance Officers Association (GFOA) for excellence in financial reporting, reflecting our commitment to transparency and accountability.



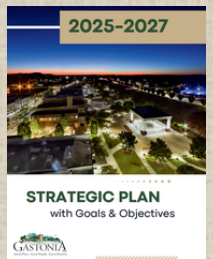
The ACFR can be found: [gastonianc.gov/images/Finance/FY 2025/City of Gastonia - 2025 Audit Report - 01.27.26.pdf](https://gastonianc.gov/images/Finance/FY_2025/City_of_Gastonia_-_2025_Audit_Report_-_01.27.26.pdf)

While the ACFR reports on what has already occurred, the City's **annual budget** focuses on the upcoming fiscal year. The adopted budget reflects policy decisions made by City Council and shows how financial resources are planned and allocated to provide services to the community. The City's annual budget has received the GFOA Distinguished Budget Presentation Award. This award recognizes budgets that meet the highest standards in governmental budgeting, including clear communication of financial information, alignment with policy goals, and transparency for residents.



The adopted FY2025 budget can be found: [gastonianc.gov/images/COG Adopted Budget FY 2025.pdf](https://gastonianc.gov/images/COG_Adopted_Budget_FY_2025.pdf)

Looking beyond a single year, the City's **Strategic Plan** establishes long-term goals, priorities, and performance measures that guide decision-making over multiple years. The Strategic Plan helps ensure that day-to-day operations, annual budget decisions, and capital investments are aligned with the community's long-term vision and service expectations.



Explore our long-term goals in the City's Strategic Plan at: [gastonianc.gov/images/Mayors Office/Goals and Objectives/2025-2027 COG Strategic Plan w Goals-final.pdf](https://gastonianc.gov/images/Mayors_Office/Goals_and_Objectives/2025-2027_COG_Strategic_Plan_w_Goals-final.pdf)

Stay Involved

Public participation helps shape Gastonia's future. Residents are encouraged to attend public meetings, participate in budget discussions, and share feedback throughout the year. Together, we work to ensure Gastonia's Great People continue building a Great Place with a Great Promise.

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For accessible formats or translated summaries, please contact Financial Services.