

GASTONIA NC



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2025



Great Place. Great People. Great Promise.

City of Gastonia
North Carolina

Annual Comprehensive Financial Report
for
Fiscal Year Ended June 30, 2025



Prepared by
The Financial Services
Department

City of Gastonia

North Carolina

Annual Comprehensive Financial Report

Year Ended June 30, 2025

Richard Franks, Mayor

Council Members

Ward 1 – Demetrios Koutsoupas

Ward 2 – Dave Kirlin, Mayor Pro-Tem

Ward 3 – James Gallagher

Ward 4 – Cheryl L. Littlejohn

Ward 5 – Jennifer M. Stepp

Ward 6 – Donyel Barber

**City Manager
Michael C. Peoples**

**Director of Financial Services
Crystal Certain**



CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	INTRODUCTORY SECTION	
	Letter of Transmittal	i-xv
	City Facts	xvi-xxiv
	GFOA's Certificate of Achievement for Excellence in Financial Reporting	xxv
	Organizational Chart	xxvi
	FINANCIAL SECTION	
	Independent Auditor's Report	1-4
	Management's Discussion and Analysis	5-18
	Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	19-20
B	Statement of Activities	21-22
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	23-24
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	26
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	27
G	American Rescue Plan - Annually Budgeted Major Special Revenue Fund - Statement of Revenues, Expenditures, and and Changes in Fund Balance - Budget and Actual	28
H	Statement of Net Position - Proprietary Funds	29-30
I	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	31
J	Statement of Cash Flows - Proprietary Funds	32-33
	Notes to the Financial Statements	34-98

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Supplemental Financial Data:	
A-1	Required Supplementary Information - Law Enforcement Officers' and Firemen's Special Separation Allowance - Schedule of Funding Progress and Schedule of Employer Contributions - Last Nine Fiscal Years	99-100
A-2	Required Supplementary Information - Law Enforcement Officers' and Firemen's Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll - Last Nine Fiscal Years	101-102
A-3	Required Supplementary Information - Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios - Last Eight Fiscal Years	103-104
A-4	Required Supplementary Information - Local Governmental Employees' Retirement System - Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years	105-106
A-5	Required Supplementary Information - Local Governmental Employees' Retirement System - Contributions - Last Ten Fiscal Years	107-108
	Other Supplemental Schedules:	
A-6	Nonmajor Governmental Funds - Combining Balance Sheet	109
A-7	Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	110
A-8	Schedule of Ad Valorem Taxes Receivable	111
A-9	Analysis of Current Year Levy	112
	General Fund:	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113-128
	Special Revenue Funds:	
C-1	Major Special Revenue Fund - American Rescue Plan - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	129

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Special Revenue Funds (continued):	
C-2	Nonmajor Special Revenue Funds - Combining Balance Sheet	130-131
C-3	Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	132-133
C-4	State Grants Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	134
C-5	Federal Grants Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	135
C-6	Community Development Block Grant Program - Program Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	136
C-7	Community Development Block Grant Program - Affordable Housing Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	137
C-8	Community Development Block Grant Program - Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	138
C-9	Community Development Block Grant Program - Home Investment Trust Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	139
C-10	Community Development Block Grant Program - 108 Loan/Revitalization - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	140
C-11	Community Development Block Grant Program - 108 Loan/Economic - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	141
C-12	Community Development Block Grant Program - Economic Development - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	142

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Special Revenue Funds (continued):	
C-13	Occupancy Tax - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	143
C-14	Uptown Municipal Tax District - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	144
C-15	Economic Stimulus Grants Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	145
	Capital Project Funds:	
D-1	Major Capital Project Fund - Streets - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	146
D-2	Nonmajor Capital Project Funds - Combining Balance Sheet	147-148
D-3	Nonmajor Capital Project Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	149-150
D-4	Capital Project Fund - Mayor/Council - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	151
D-5	Capital Project Fund - Developer Sidewalk - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	152
D-6	Capital Project Fund - Airport - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	153
D-7	Capital Project Fund - Downtown Revitalization - Schedule of Expenditures, and Changes in Fund Balance - Budget and Actual	154
D-8	Infrastructure Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	155

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Enterprise Funds:	
E-1	Nonmajor Enterprise Funds - Combining Statement of Net Position	156
E-2	Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	157
E-3	Nonmajor Enterprise Funds - Combining Statement of Cash Flows	158
E-4	Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	159-162
E-5	Water and Sewer Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	163
E-6	Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	164-167
E-7	Electric Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	168
E-8	Transit System Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	169-170
E-9	Municipal Golf Course Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	171
E-10	Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	172-173
E-11	Stormwater Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	174-175
E-12	Stormwater Capital Project Fund - Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP)	176
	Internal Service Funds:	
F-1	Internal Service Funds - Combining Statement of Net Position	177
F-2	Internal Service Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	178

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Internal Service Funds (continued):	
F-3	Internal Service Funds - Combining Statement of Cash Flows	179
F-4	Vehicle and Equipment Renewal and Replacement Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	180-182
F-5	Information Technology Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	183-186
F-6	Dental Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	187
F-7	Medical Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	188
<u>Table</u>	STATISTICAL SECTION	
1	Net Position by Component	189-190
2	Changes in Net Position	191-192
3	Fund Balances, Governmental Funds	193-194
4	Changes in Fund Balances, Governmental Funds	195-196
5	Tax Revenue by Source, Governmental Funds	197
6	Assessed Value and Estimated Actual Value of Taxable Property	198
7	Direct and Overlapping Property Tax Rates	199
8	Principal Property Tax Payers	200
9	Property Tax Levies and Collections	201
10	Ratios of Debt Outstanding Debt by Type	202-203
11	Ratios of General Bonded Debt Outstanding	204
12	Direct and Overlapping Governmental Activities Debt	205
13	Legal Debt Margin Information	206
14	Pledged-Revenue Coverage	207
15	Demographic and Economic Statistics	208
16	Principal Employers	209
17	Full-Time Equivalent City Government Employees by Function	210-211
18	Operating Indicators by Function/Program	212-213
19	Capital Asset Statistics by Function/Program	214-215

CITY OF GASTONIA, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Compliance Section:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	216-217
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act	218-220
Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act	221-223
Schedule of Findings, Responses, and Questioned Costs	224-226
Corrective Action Plan	227
Schedule of Prior Year Audit Findings	228
Schedule of Expenditures of Federal and State Awards	229-230



INTRODUCTORY SECTION

Letter of Transmittal

City Facts

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart





OFFICE OF
THE CITY MANAGER

City of Gastonia

A COMMITMENT TO EXCELLENCE

January 20, 2026

The Honorable Mayor, Members of the City Council and Citizens of the City of Gastonia
City of Gastonia
Gastonia, N. C. 28052

Dear Mayor and Council Members:

It is our pleasure to present the Annual Comprehensive Financial Report of the City of Gastonia, North Carolina for the fiscal year ended June 30, 2025, with comparative numbers for the fiscal year ended June 30, 2024.

This report consists of management's representations concerning the finances of the City of Gastonia. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Gastonia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Gastonia's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Gastonia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Gastonia's financial statements have been audited by Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gastonia for the fiscal year ended June 30, 2025, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that an unmodified opinion be issued and that the City of Gastonia's financial statements for the fiscal year end June 30, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Gastonia was a part of a broader, federally mandated “Single Audit” and state-mandated “State Single Audit Implementation Act” designed to meet the special needs of the federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on the internal controls and legal requirements involving the administration of the federal and state awards. These reports are presented in the compliance section.

This report is consistent with the Governmental Accounting Standards Board Statements No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments” and No. 14, “The Financial Reporting Entity”. The report presents the City of Gastonia’s basic financial statements. The City’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements include the discrete presentation of two legally separate entities, the City of Gastonia ABC Board and the Gastonia Tourism Development Authority. These entities are component units of the City.

General Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Gastonia’s MD&A can be found immediately following the report of the independent auditors.

COMMERCE, INDUSTRY, and ECONOMIC OUTLOOK

The City’s economy has benefited from its location within a major population center, its proximity to Charlotte and its access to major interstate highways and Charlotte-Douglas International Airport (the “Airport”) and the Charlotte Regional Intermodal Facility at the Airport (the “CLT Intermodal Facility”), an inland port operated by the North Carolina State Ports Authority and capable of handling more than 30,000 containers annually. For many years, the textile industry played a major role in the city. However, many companies relocated manufacturing facilities outside the United States, resulting in a significant loss of jobs and investments in the textile industry. Over the past two decades, the City’s economy has diversified its commercial and industrial base through a variety of industry, trade, and tourism sectors, while the significance of the textile industry has declined. The City emphasizes the attraction of new and diverse industry while providing support for the existing commercial and industrial community.

The City’s largest economic development project is the Franklin Urban Sports & Entertainment District (the “FUSE District”). The FUSE District is located in the former Trenton Mill neighborhood serves as a catalyst for redevelopment. The new multi-sport and entertainment venue was developed with proceeds of \$24,000,000 in Taxable Limited Obligation Bonds, issued on October 3, 2019, and is the anchor of the FUSE District. The City purchased approximately 16 acres of contiguous property, and the multi-use sports and entertainment facility opened in the Spring of 2021.

In 2023, the City executed a management agreement and facility lease with Zawyer Sports and Entertainment for the operation of the multi-use FUSE Ballpark. The FUSE facility opened in Spring 2021 for an Atlantic League Professional Baseball team and other events. Zawyer Sports has rebranded the baseball team and is bringing excitement to the stadium. Zawyer has significant experience in managing sports teams and recently become the majority owner of the Charlotte Checkers professional hockey team.

All parcels of the surrounding FUSE private development pads have been identified and are beginning the development process. Florida-based Lansing Melbourne Group's redevelopment of the old Trenton Mill building has resulted in the development of 84 loft apartments with an estimated investment of \$30 million. Durham-based Durty Bull Brewing Co. occupies the 5,000 square-foot space behind the historic former Coca-Cola bottling plant and opened in 2024. Lenox Development is redeveloping the remainder of the Coca-Cola plant into condominiums and other commercial spaces for prospective tenants, as well as the former Save-A-Lot building. Lenox has secured Waterbean Coffee as a premier tenant for the commercial space. Highline Partners will redevelop the former Central YMCA to 7,000 square feet of commercial space and over 200 market-rate apartments with at least a \$50 million investment. This private development is estimated at a total \$125 Million investment, which is five times more than the Taxable Limited Obligation Bond issued for the public development of the stadium. While outside the FUSE District, Tribridge Residential has purchased the historic Loray Mill and has committed a \$50 million investment to renovate the west wing, "Phase 2" of the building, bringing more units to the property and finishing what is now a blighted structure attached to a beautiful redevelopment project.

The City of Gastonia has seen a surge in residential growth. Gastonia currently has almost 18,000 residential units planned and approved through our Planning Department, since 2018. These developments are planned for all areas of Gastonia, indicating that the housing market is strong across the city. The challenge remains now for Gastonia to continue to attract various quality developments. Developments with high values are more fiscally sustainable and will contribute more to the expansion of the tax base. Consistent with our land development plans, Gastonia encourages commercial, office, industrial, and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to serve the new development. These approved residential developments are located across Gastonia in each quadrant of the City.

Industrial development remains strong in Gastonia. Gateway 85 was developed to be the premier location for warehouse and distribution in Gastonia. The development sits on the former "Lineberger Property" that stretches across the city limit line with Lowell. Currently, five buildings have been completed and houses USPS and Newell Companies. Property off Interstate 85 has been a prime location for industrial development. Trinity Partners has completed an 872,000 square-foot building representing a \$50 million investment. WestEnd Logistics Center has been completed off Mt. Olive Church Rd., which is 188,604 square feet. Two buildings have been completed off Jenkins Rd in the NorthWest Logistics Center. Similar projects have been planned for vacant land along I-85 in Gastonia, and we will see them develop over the next two years. Project Flower has announced a project off Interchange Dr. and plans to invest \$1.5 million and create 22 new jobs. An additional industrial space is under construction on Cox Rd, which is a \$27 million investment.

Apple Creek Corporate Center has seen additional investment this year. Hans Kissle opened their headquarters in Apple Creek, which is a \$42,000,000 investment and 219 new jobs. This industry has also become a new corporate citizen in Gastonia by annexing into the City limits.

The growth of Downtown Gastonia has had a very visible representation through FY 2025-2026 with the completion of the Center City Crossings apartment complex, which continues to improve their lease rate weekly. We continue to work with the developer of Citizen's National Bank and the Rustin Building on Main Avenue, bringing new retail space and condominiums. This year, Mic's Restaurant has opened in the Cotton Building, and we welcomed Alchemy co-working to Downtown. Christian Jacobs salon opened in Downtown, which is a high-end salon/suite combination.

The long-range future for Gastonia remains positive and strong. The City continues to partner with Electricities and Retail Coach to market and recruit potential developers and businesses to the region. Gastonia's location, 25 minutes west of Charlotte, continues to be a major strength. Charlotte is one of the fastest growing and most affluent metropolitan areas in the United States, has become a major U.S. financial center, and is now the second largest banking center in the United States after New York City. Interstate 85, the transportation link between Atlanta and Charlotte, bisects our City with eight interchanges. US Highway 321 provides convenient connectivity between I-85 and I-40 in Hickory.

AMERICAN RESCUE PLAN ACT (ARPA)

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion economic stimulus bill passed by Congress in March 2021. From this Act, the City received a total of \$15,661,923, with the first payment of \$7,830,961.50 received in May 2021 and the remaining payment received in June 2022. This funding is a once-in-a-generation opportunity for the City and will allow the City to fund projects and make improvements that would otherwise not happen, be delayed, or impose a greater tax burden on the citizens of the City.

The funds do not come without restrictions. There were seven categories the U.S. Treasury identified that all expenditures must fit within: COVID response & adaptation, premium pay, revenue loss, infrastructure investments, Emergency Relief from natural disasters, surface transportation projects, and Title I Projects eligible under CDBG guidelines.

Ten million dollars of the funds have been designated as revenue replacement, allowing a little more flexibility in spending and reporting. Projects or items identified to be purchased with this funding include Police defense equipment, body cameras, and the necessary server storage for (\$1,275,939), a three-year street resurfacing project for (\$1,500,000), contractual improvements at the FUSE stadium for increased capacity for (\$97,165), grant match for Linwood Park development (\$969,401), converting unused tennis courts into Pickleball courts at T. Jeffers Community Center (\$653,672), traffic preemption devices for the Fire department vehicles in partnership with NCDOT (\$116,495), upgrade to Public Works facility (\$3,909,893), partnership with Gaston County Schools for improved athletic facilities (\$750,000), upgrades to the Sims Park fence (\$43,619), repairs to the conference center parking deck (\$118,062) and a one-time transfer to assist with balancing the budget (\$500,000) in FY 2022-23.

The remaining funds (\$5,661,923) must be spent on projects or items that fall within the six other categories identified by the U. S. Treasury. Expenditures qualified to date are miscellaneous COVID-19 public health items (\$453,914), an ARPA grants position to assist with processing and reporting (\$253,674), the replacement of playground equipment at four community centers (\$492,224), security cameras for Martha Rivers Park Community Center, Erwin Community Center and T. Jeffers Center (\$137,648), a three-year advertising campaign for Communications and Marketing (\$64,545), Wayfinding signage for miscellaneous greenways and Parks and Recreation facilities (\$24,013), a bridge replacement at the Catawba Creek Golf Course (\$192,740). During our budget outlook meeting in March 2023, City Council also approved funding for multiple projects at Erwin Center, including the pool and pool house replacement (\$1,506,171), the replacement of the gym floor in the community center (\$111,338), and the addition of fencing around the field (\$48,363). The remaining funds will be used towards contractual improvements at the FUSE stadium for increased capacity (\$652,835, bringing the ARPA total for the project to \$750,000), and sound system and lighting updates to the Gastonia Conference Center (\$859,010). Other approved projects include multiple Parks and Recreation projects, such as new gym backboards at Bradley Center and T. Jeffers Center (\$100,284), pier and dock upgrades at Rankin Lake, upgrades at Walker E Reid Park (\$83,847), and the replacement of the T. Jeffers Roof (\$102,898). The final projects consist of a drone and thermal hazmat meter for the Fire Department, the Real Time Crime Center Construction with the Police Department (\$120,000), and working with Gaston County on an Unhouse Project (\$5,456).

The City has received \$871,269 in Community Development Block Grant (CDBG) Coronavirus funds that can be used for programs to prevent, prepare for, and respond to coronavirus. The City has partnered with the United Way for utility bill and rental assistance, along with additional funding for Linwood Park and T. Jeffers Park development. The City also received HOME-ARP funding of \$2,850,611 to help address homelessness by acquiring and rehabilitating buildings for non-congregate shelter units, providing supportive services to qualifying populations, and providing operational support and capacity building to local nonprofits.

STATE GRANT FUNDING

In November 2021, the State of North Carolina General Assembly adopted their annual budget, which included direct appropriations to the City of Gastonia totaling \$21,629,000. These allocations were made for the following projects:

- Gastonia Municipal Airport Safety Improvements \$250,000
- FUSE Stadium District Improvements \$1,500,000
- Catawba Creek Greenway Extension \$1,850,000
- Miscellaneous funds to be used for recreation center signs \$25,000
- Firestone basin wastewater Outfalls \$4,425,000
- Supervisory Control and Data Acquisition system (SCADA) \$5,579,000
- Water Advanced Metering Infrastructure (AMI) \$8,000,000
- Schiele Museum (Nonprofit) \$1,000,000 for fencing and facility improvements

In October 2023, the State of North Carolina General Assembly adopted their annual budget, which once again included direct appropriations to the City of Gastonia totaling \$30,676,360. These allocations were made for the following projects:

- Apple Creek Corporate Park sewer upgrade \$4,621,465
- Water and Sewer Infrastructure \$24,000,000
- African American Culture & History Museum \$50,000
- Gastonia Municipal Airport Runway Expansion Study \$2,300,000

DIRECT FEDERAL GRANT FUNDING

In the spring of 2024, the United States Federal Government adopted its annual budget, which included direct appropriations to the City of Gastonia totaling \$2,422,572. These allocations were made to the following projects:

- Real Time Crime Center- \$963,000
- Housing Rehabilitation Program -\$500,000
- Apple Creek Corporate Park Sewer Upgrade- \$959,000

MAJOR INITIATIVES

The City supports economic development that produces jobs and capital investment by the private sector. Basic municipal services such as water, sewer, electricity, public safety, streets, and solid waste must be in place to support economic development and sustainable growth throughout the City. Parks, recreation, sidewalks, greenways, and museum amenities also support the goal of citywide quality economic development within Gastonia.

The City of Gastonia faces a variety of challenges as we move into FY 2026, including unforeseen events that have impacted our community. In FY 2025, Hurricane Helene caused both significant damage to City-owned property and City resources, including the destruction of electric infrastructure, the need for extensive overtime for emergency response, debris removal, and utility restoration. Helene also impacted City residents with many fallen trees and other property damage affecting residents' homes. These events highlight the importance of preparing our community for unexpected circumstances, and the City is committed to enhancing our readiness for such occurrences moving forward.

In addition, previous fiscal plans have relied on federal and state funding to support improvements in the quality of life for our residents and to attract people to live, work, and invest in Gastonia. However, with changes in federal funding availability, the City is shifting its focus toward sustaining progress made through grants and exploring alternative funding sources to continue driving growth and development.

Each year, when preparing the budget, staff takes a forward-looking approach, analyzing revenue and expenditure trends over a five-year horizon. The General Fund relies on tax base growth, which is closely tied to the economic vitality of our community. Given that a significant portion of expenditures is allocated to salaries and benefits, the most impactful changes to future spending will be influenced by the need to balance human resource costs with the ongoing investments in infrastructure and capital improvements.

For FY 2026, our primary focus is on strengthening and modernizing the City's infrastructure. Investments in electric infrastructure, water and sewer systems, street improvements, and critical facility upgrades that are essential to maintaining service reliability and supporting future growth. Some operational costs will inevitably rise, and while certain services cannot or should not be reduced, we will continue to scrutinize expenses and identify efficiencies to ensure that every dollar is spent strategically.

These infrastructure improvements require careful financial planning. The City remains committed to leveraging available state and federal funding, prioritizing projects that yield long-term benefits, and implementing cost-effective solutions to sustain and enhance essential services. Every new or expanded expenditure is evaluated as an investment in Gastonia's future, ensuring that our infrastructure remains resilient, adaptable, and well positioned to support the needs of residents and businesses for years to come.

BUDGET / FISCAL PRINCIPLES and OBJECTIVES

The focus for the FY 2026 budget is focused on six guiding goals and objectives: infrastructure investment, healthy community, good government, safety, community identity, and economic vitality.

Infrastructure investments are necessary for a community to function. The objective is to maintain, upgrade, and build new citywide facilities and infrastructure, which in turn, improves public services, increases support for economic activities, and ensures an increase in the quality of life for residents. The FY 2026 budgeted infrastructure investments include building space needs, Water & Sewer System development, Supervisory Control and Data Acquisition system (SCADA) upgrades, asphalt repairs due to water and wastewater line repairs or replacements, and Electric System sub-station maintenance.

Healthy community investments focus on recreational facility improvements and maintenance, and the promotion of recreational programs, which contribute to the health and well-being of residents. The FY 2026 budget provides funding for facility roof replacements, facility upgrades surrounding accessibility for people with disabilities, pool maintenance, general maintenance for athletic fields and surrounding areas, instructors for exercise classes, and DJs for dances.

Good Government programs provide materials and services that enhance education, civic engagement, civic pride, community involvement, environmental stewardship, enhancement of the City's image, and availability of affordable housing. The FY 2026 budget provides funding for school supplies, community engagement events (Citizen Academy, Mayor's Youth Leadership Academy, Employee Appreciation, Leadership Academy), litter pickup, rehabilitation of existing housing stock, and the implementation of a new software platform designed to streamline and enhance the efficiency of City processes.

Safety investments support the health, safety, and effectiveness of police officers, firefighters, and the community. The FY 2026 budget provides funding for recruitment programs, three new positions for the Real Time Crime Center, acquisition of trained K9 units, thermal cameras, and the replacement of automated external defibrillators.

Community Identity is the shared sense of belonging and collective characteristics that define a group of people, shaped by common experiences, history, culture, language, and values. It provides a sense of "who we are" for individuals within the group and can be based on shared geographic location, ethnicity, or other common traits. A strong community identity can influence everything from civic engagement to sustainability efforts. The FY 2026 budget provides funding for museum equipment maintenance, advertising in local Spanish-language media outlets to promote inclusivity and cultural awareness, social media management software to enhance communication and engagements with residents, implementation of a chatbot to streamline interactions with residents and provide quick responses to inquiries, and multiple Keep Gastonia Beautiful (KGB) programs.

Economic Vitality is a community's ability to create and sustain its own prosperity through a healthy, dynamic, and productive economy. It is a measure of a local economy's strength, growth, and resilience, encompassing factors like job creation, high employment rates, innovation, and efficient resource use. Communities with high economic vitality attract talent and investment and have a strong foundation to improve the quality of life for their residents. The FY 2026 budget provides funds to support the Gaston Business Association which helps foster business development and business support, maintenance and repairs to various downtown areas, to assist the Gaston County Economic Development Corporations, promote numerous special events, and contract with a retail coach to identify the strengths and weaknesses of the City to attract additional retail opportunities.

Budget Objectives

- Provide adequate funding for the essential operations of the City
- Provide competitive compensation and benefit structure to retain and recruit qualified employees; implement a higher level of employee engagement initiatives to ensure inclusiveness throughout the workforce
- Provide adequate funding for the maintenance or replacement of City facilities and equipment
- Provide excellent customer service through effective and efficient programs and projects
- Maintain adequate fund balances compliant with the City's adopted fund balance policy
- Appropriately fund the City's Health Self-Insurance Fund
- Adequately maintain the City's existing infrastructure
- Expand the City's infrastructure to promote economic development
- Fund capital projects that enhance the City
- Make public investments in improvements to neighborhoods and commercial areas throughout the City as funds are available
- Look for opportunities to provide and implement more cost-effective municipal operations
- Maintain a tax rate that generates necessary funds and implement strategic fee increases necessary to raise capital for increased maintenance and capital investments
- Continue to invest in economic development strategies that grow our local economy

General Fund

The Fiscal Year 2026 budget maintains the City's property tax rate at the level adopted in Fiscal Year 2025. Overall, revenues are projected to increase, with the majority of funds generated from a projected increase in Ad Valorem taxes due to new development and from a projected increase in sales tax revenues based on a projected increase in retail sales and the City's increased percentage of distribution due to City's property tax levy in comparison to the other taxing entities within the County. The budget does not appropriate fund balance.

Other taxes are projected to remain steady, so no increase was budgeted for FY 2026. There are several fees affecting the General Fund that have been modified for land development and engineering inspection fees.

Electric Fund

There were no electric rate increases in the FY 2026 budget; however, a rate study is currently underway to ensure the fund's continued sustainability. The City will continue to utilize excess revenues over expenditures for future capital projects and funding for future rate stabilization. This will allow for a consistent rate structure for the foreseeable future. It is important to expand economic development into the areas served by the City's electric system. Capital funds will be available for redevelopment, as well as for new growth corridors.

The FY 2026 budget maintains the amount of transfers to the General Fund at \$2,000,000. Gastonia must maintain the level of transfers approved by the Local Government Commission at no more than 3% of gross electric fixed assets. Expenditures in the Electric Fund are organized into priority areas: safety, reliability and redundancy, maintenance, load growth initiatives, and use of innovative ideas and technology.

Water and Sewer Fund

The FY 2026 budget includes a slightly modified implementation of the recently updated rate structure plan. This includes a 5.0% increase in water and sewer rates in the FY 2026 budget, except for 205% increase for in-city residents. The focus of the Water and Sewer Fund continues to be strategic investments in repairs to existing infrastructure, meeting demands for economic development extensions, and continuing to develop cooperative agreements with surrounding municipal systems and the County.

The City will continue to partner financially with the State, the private sector, other municipalities, and the County to extend service into our important growth areas. This is particularly important now as the City and County see increased development pressure in all areas of the City. The City is also planning to utilize the \$28,000,000 in designated funds from the State of North Carolina in its FY 2026 budget to fund several capital infrastructure improvements.

Our priority for the Water and Sewer Fund will continue to be safety, increasing sales, infrastructure maintenance, system performance, system expansion in those areas that provide a viable return on investment, and the use of innovative ideas and technology.

Solid Waste Fund

The FY 2026 budget does not incorporate any solid waste fee increases. The City's Solid Waste Fund receives revenues directly from solid waste fees and transfers from the General Fund. The City will experience an increase in solid waste disposal fees at the Gaston County landfill, increased personnel costs, and the continued automation of equipment. The City will continue to deploy a strategy where 50% of the revenue is derived from fees and the other 50% from the General Fund.

Stormwater Fund

There was no increase to the stormwater fee in the FY 2026 budget. The Stormwater Fund pays for a wide variety of State compliance requirements, maintenance, and capital improvement projects.

The priority for stormwater projects is concentrated on those projects within public rights-of-way that the City has an obligation to maintain and repair. Improvements proposed for stormwater issues (outside of the right-of-ways) are prioritized by the Stormwater Citizens' Advisory Committee with projects rated according to a three-tier priority system. The City continues to seek Federal and State funding for improved infrastructure, stream restoration of Duharts Creek, and other needed capital and environmental improvements.

Employee Compensation and Benefits

Local Government is challenged with retaining and recruiting employees into an evolving and complex service-delivery model that transcends various fields of expertise. The total number of authorized full-time employees in the upcoming fiscal year is 969, which includes 8 new positions. The growth in residential infill and new construction is placing increased demands on City services.

The results of the FY 2025 Class & Compensation Study are currently being reviewed, but Phase 1 was implemented in the budget, additional phases will be implemented per City Council direction.

The City will continue the 401(k) program for all full-time employees and will continue to invest in the NC Local Government Retirement System at mandated levels. Health care costs remain a challenge for both the City and employees, and will continue to be so for the foreseeable future.

Staff will continue to utilize employee wellness committees and focus groups to improve our overall employee health and wellness.

Infrastructure

The City of Gastonia is responsible for approximately 366 miles of paved City-maintained streets along with sidewalks and traffic control systems, 692 miles of water lines, 676 miles of sewer lines, 170 miles of storm drain lines, and 536 miles of electrical distribution lines.

Our municipal facilities are spread from Mountain Island Lake to nearly the South Carolina border. One of the most important responsibilities of our City is to provide and maintain the critical public infrastructures that are often taken for granted. The City maintains electric lines, eleven electric substations, two major raw water supplies, one water plant, three water storage tanks, 23 stormwater systems, three wastewater treatment plants, 42 wastewater pump stations, miles of greenways, 22 parks, 25 playing fields, ballfields, and more.

Additional challenges related to maintaining other aspects of our vast infrastructure will be addressed through the FY 2026 budget and future budgets. Maintenance of our infrastructure, such as streets, water, sewer, stormwater, electric, and other City facilities, while not glamorous, is critically important and commands significant resources. In order to provide an expected and necessary level of customer service, we must consistently maintain and expand our critical infrastructure.

Funding for Equipment

Vehicles, large equipment, and a portion of computer/communications hardware are funded through an annual equipment loan. The loan for the equipment is spread over a 59-month period, thereby leveling the impact of equipment needs from year to year.

More than \$10,000,000 of vehicle equipment was requested by City departments for replacement or additional equipment during the FY 2026 budget development. The FY 2026 budget appropriates a total of \$5,462,879 in funding for equipment replacement and additions. This includes replacing police vehicles, dump trucks, ADA Paratransit vans, and various fleet vehicles. The addition of a mini excavator and SUV for a safety administrator is included. The total loan is budgeted for \$3,840,000, which includes the vehicle and equipment purchases, police vehicles, and an automated side loader refuse truck. Requests by departments for replacement equipment that were approved by the Fleet Services Manager, Assistant City Managers, and City Manager are included in the budget.

Transportation

The FY 2026 budget provides over \$2,000,000 for resurfacing and repairing City streets. This is in conjunction with the remainder of the \$163,191 that has been allocated from the American Rescue Plan Act (ARPA) for resurfacing. The NCDOT has several projects spanning across the City that equal to over \$1.5 billion in the next decade. The City will continue to partner with NCDOT on these critical projects: the widening of I-85 from Belmont to US 321, the widening of South New Hope Road from Titman Road to Union-New Hope Road, and the widening of Union Road from Garrison Boulevard to Niblick Drive.

The citizen-approved General Obligation (GO) Bond revenues have already begun providing improvements to our street system. Two major resurfacing projects have been completed; resurfacing over 70 miles of City-maintained streets in addition to approximately 20 miles of rejuvenator.

Included in the resurfacing contracts was the repair of almost 150 manholes along various streets such as Franklin Boulevard, Myrtle School Road, Bessemer City Road, Garrison Boulevard, US-321, Union Road, Marietta Street, and Chestnut Street. The City also has several studies underway that will identify specific improvements that can be made to the streets around our parks and schools and at congested intersections. These study projects are intended to provide the basis for future projects where we can leverage GO Bond funds to match with state or federal funding to complete the projects. Funding is available from state and federal grants for multiple Airport projects, including updates to runway lighting, a feasibility and Runway Protection Zone (RPZ) Analysis for the lengthening of the runway, planning for a new terminal building, and the design of additional wildlife fencing around the airport.

Finally, the City will continue to partner with the Gaston-Cleveland-Lincoln Metropolitan Planning Organization (GCLMPO), the City of Belmont, the Town of Cramerton, and Gaston County to identify methods to continue moving the Catawba Crossings Project (bridge crossings over the South Fork and Catawba Rivers) forward. This is a critically important transportation project, connecting South New Hope Road to I-485 and NC 160 (Steele Creek Road) just south of the Charlotte-Douglas International Airport.

Maintaining Adequate Levels of Fund Balance

As of June 30, 2025, the City's general fund available balance was 48.48% of the FY 2025 expenditures and transfers-out. This is above the 25% requirement as set forth by the Council's adopted Fund Balance Policy, but in line with our City peer group. The North Carolina Local Government Commission (LGC) changed its fund balance requirements beginning in the 2021 Fiscal Year. Previously, the minimum fund balance was set at 8% for all entities. They now base the fund balance requirements on the amount of the expenditures of the entity and the City's falls into the 25% requirement. The LGC continues to compare our fund balance totals to cities in our peer group of population and level of services, which Gastonia currently falls within the range.

Creating and Maintaining a Fiscally Sustainable Organization for the Future

In preparing the 2026 fiscal plan, staff looked beyond this year's budget to identify revenue and expenditure trends focused on the next three years. The General Fund depends upon tax base growth, which is tied closely to the economic condition of our community. With a large percentage of our expenditures being salary and fringe benefits, the most meaningful changes to General Fund expenditures in the future will have human resource implications, as reflected in this proposed budget.

We must continuously search for ways to retain and recruit talented professionals to provide the essential services to a growing city. Some operating costs will increase no matter what we do. Some services simply cannot or should not be reduced at all. In those cases, we will still carefully examine their operating procedures to produce savings. The nature of these changes will be developed cooperatively with each City department and the Budget Office of the Financial Services Department.

The City must always evaluate customer service delivery and seek to improve policies and procedures to provide an updated platform that is easy to navigate by ALL citizens and customers.

New and expanded expenditures are carefully evaluated and must be viewed as an investment. Questions should be asked. If we make this expenditure, what kind of investment return will the City receive? We must view each new expenditure as one that may cause us to reduce an expenditure elsewhere within the City. A request to spend funds must always be viewed within the larger context of our budget. We must constantly look for innovative ways to deliver services in the most efficient and effective manner.

CHALLENGES AHEAD

There were many worthy operating and capital projects that were considered for the Fiscal Year 2026 budget, but limited funding means they must be prioritized, and if not currently fundable, considered in subsequent years. Employee-related costs will continue to be the most significant challenge to fund each year. As pay increases are implemented and embedded into our budget, the new total becomes the floor for the following year. Growing our revenues through quality economic development will be our way to provide the services expected for our city.

For each new fiscal year, our efforts will focus on implementing strategic actions that support the Mayor and City Council's approved goals and objectives to build a city with ongoing economic development and improved livability. The City will continue to evaluate operations and processes for methods of efficiency and effectiveness. The City will persistently strive to improve the quality of city services at the lowest cost possible, while seeking opportunities to improve all of our citizens' quality of life.

INTERNAL CONTROLS

Internal controls are designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met for both internal and external reporting purposes. Refining internal controls is an ongoing process that is necessary to provide assurances.

The City's most significant internal control is the budget used to monitor and manage expenditures. North Carolina General Statutes require the adoption of an annual budget for all funds except fiduciary funds, internal service funds, and those funds for which expenditures are authorized by project ordinance. The annual budget is adopted on the modified accrual basis of accounting, as mandated by the statutes, and is an integral part of the City's accounting system and daily operations.

The budget can only be amended by the City Council since it creates a legal limit on spending authorizations. Once the budget or project ordinance is adopted, budgetary control is maintained to ensure compliance with the budget as adopted or amended. The level of budgetary control is established by function within each individual fund as deemed appropriate. At the end of the fiscal year, encumbrances are reported as a reservation of fund balance. Unencumbered balances lapse for annually adopted budgets. The City believes that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

The City's audit of the Basic Financial Statements for the fiscal year ended June 30, 2025 provided no findings of weaknesses in the internal controls over basic financial reporting, that was considered material weaknesses and significant deficiencies.

As a recipient of Federal and State financial awards, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. The City's single audit for the fiscal year ended June 30, 2025, provided no findings of weaknesses in the internal controls over financial reporting and compliance, of reportable conditions, or material violations of applicable laws and regulations relating to Federal and State financial awards.

DEBT ADMINISTRATION

The City's sound financial condition is evidenced by its AA bond rating from Standard & Poor's Corporation, Aa2 from Moody's Investors Service, and AA from Fitch. The current credit ratings for revenue-bonded debt are Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA+.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed valuation of real and personal property. As of June 30, 2025, the City's legal debt limit was \$914,711,557. The outstanding debt subject to this limit was \$78,650,146, leaving a net legal debt margin of \$836,061,411. The total gross bonded debt at June 30, 2025, was \$109,404,001. The only other jurisdiction within the City limits having property taxing power is Gaston County. The assessed property valuation (100% assessment ratio) for the County totaled \$34.815 billion, which includes the City's valuation of \$11.434 billion, resulting in a city-to-county ratio of 32.84%.

INDEPENDENT AUDIT

North Carolina General Statutes require an annual independent audit of all local government units in the state. Martin Starnes & Associates, CPAs, P.A., a firm of independent certified public accountants, has audited the financial records of the City, and their opinion has been included in this report. Their audit was made in accordance with generally accepted auditing standards and included examining, on a test basis, evidence supporting the amounts and disclosures in the City of Gastonia's basic financial statements as well as assessing the accounting principles used and significant estimates made by management.

Their opinion indicates that the accompanying City of Gastonia's basic financial statements for the fiscal year ended June 30, 2025, have been prepared in conformity with generally accepted accounting principles.

OTHER RELEVANT INFORMATION

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

- *The Government Accounting Standards Board (GASB)
- *The State Auditor, State of North Carolina
- *The Government Finance Officers Association of the United States & Canada (GFOA)
- *The American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing

There has been significant summarizing of financial detail to make the report easily readable and understandable.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gastonia for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The 2024 report was judged to conform to the high standards of financial reporting put forth by GFOA. The certificate is valid for a period of one year. The City has been awarded the certificate for the past thirty-one (31) years. The City believes the report for Fiscal Year 2025 continues to substantially conform to those standards, and this report is being submitted to GFOA.

GFOA also presented the City of Gastonia with its Distinguished Budget Presentation Award for its annual budget for Fiscal Year 2025. The City has received this award for the past thirty-two (32) years. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is also valid for one year only. The City believes the Fiscal Year 2025-26 budget continues to conform to program requirements, and it has been submitted to the GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

The City wishes to express its appreciation to each member of the Financial Services Department who has assisted in the preparation of this report. The City would also like to recognize the cooperation of each City department as the City works together to service the needs of all of the residents of the City of Gastonia. Additional thanks are due to the Mayor and members of the City Council for their continued guidance and support throughout the past year. They have played a vital role in enabling the City of Gastonia to achieve and maintain a high degree of fiscal responsibility.

Respectfully,



Michael C. Peoples
City Manager



Crystal Certain
Director of Financial Services

City of Gastonia *North Carolina*



- Gastonia is located in south-central North Carolina on the South Carolina border.
- Gastonia is located 20 minutes west of Charlotte.
- Gastonia is the County Seat for Gaston County
- Gastonia is the largest of the County's thirteen municipalities with 53.97 square miles and more than 85,636 residents

City Facts

General Description

The City of Gastonia is located in the heart of the Piedmont section of North Carolina on the South Carolina border. It is the thirteenth largest city in the State and is the third largest city in the Charlotte-Concord-Gastonia-Rock Hill Metropolitan Statistical Area (MSA) as defined by the United States Bureau of the Census. The MSA currently has a population estimate of just over 2,800,000 persons, ranking it 22nd in the country. The City is located approximately 22 miles west of downtown Charlotte, the largest city in the state. The City has served as the County seat for Gaston County since 1911, and is the largest of the County's 13 municipalities with approximately 53.97 square miles and a population estimate of 85,636 within its corporate limits. Its location along Interstate 85, equidistant from Atlanta and Raleigh, places the City in the heart of the rapidly developing Piedmont region of North Carolina; and, it is midway between the Florida Keys and New England, and just 200 miles from the Atlantic Ocean, making it a strategic center for serving the Eastern United States.

The City is empowered by statute to levy an annual ad valorem tax on the appraised value of all real and tangible personal property within its boundaries. The County is the only other governmental unit that levies such taxes within the corporate limits of the City.

The City of Gastonia enjoys a relatively comfortable year-round climate that makes it appealing to residents and industry. The weather includes sunny or partly sunny skies approximately eight months out of each year. Extreme temperatures and severe weather are the exception. Winters and summers are mild with average winter temperatures of approximately 42 degrees Fahrenheit and average summer temperatures of around 80 degrees Fahrenheit. On average, there are 214 sunny days per year. Average annual precipitation is 44 inches, and average annual relative humidity is around 65 % to 67 %.

The City's History

The City of Gastonia was incorporated in 1877, the year Reconstruction ended. The impetus for the early development of Gastonia, which began in 1873 as a small depot, was the combined effect of the realignment of the Atlanta & Charlotte Airline Railroad (now Norfolk Southern) from its original intended path several miles to the north of the City, the charter of the Chester & Lenoir Narrow Gauge Railroad (now CSX) which crossed the Atlanta & Charlotte railroad and the introduction of the steam powered textile mill. The crossing of these two railroads and the beginning of the City's textile industry brought opportunity for employment and social life. The initial population of the town was approximately 200 persons, and the land area was only .5 miles.

The City's original population was reflective of the surrounding county and was comprised of English, German, Scotch Highlander, and Scotch-Irish citizens, with a few of the County's long-time African-American residents also moving into the settlement. The City has operated continuously under the Council-Manager form of government since its adoption in 1919.

The City provides a wide range of services that include public safety, electric distribution, water and sewer services, stormwater management, public transportation, community development, solid waste collection and disposal, cultural and recreational facilities and activities, general administration, and other amenities not often found in a city of 85,636 people.

City Recognitions

The City is a three-time All-America City. The All America City Award is the oldest and most respected community recognition program in the nation. In its 71st year, the National Civic League recognizes neighborhoods, villages, towns, cities, counties, and metro regions for outstanding civic accomplishments. To receive this award, communities have to demonstrate an ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private, and nonprofit sectors.

The City was a recipient of the U.S. Conference of Mayors' Top Livability Award, and Gastonia is recognized as one of the area's best places to live and work with an ideal combination of location, size, and quality of life.

The N.C. Chapter of the American Planning Association named Main Avenue the State's "Great Place in the Making". The planning group cited Main Avenue in Gastonia for its "story of revival and resurgence" and the city's ongoing master plan for developing downtown streets and public areas as factors contributing to the honor.

The City was recognized as one of the healthiest employers of the Charlotte region in 2024, for the third consecutive year, by the Charlotte Business Journal. Gastonia was recognized for prioritizing the well-being of its employees through exceptional health and benefits offerings, as determined by an annual assessment. The city scored well in categories like workplace wellness, work-life balance, and mental health resources. The city's comprehensive approach includes wellness programs, health coaching, and an on-site clinic.

In October of 2025, the City received the Centralina Regional Award of Excellence for Local Government Innovation for its Chronolog Project. The award honored the collaborative "Chronolog Project" developed by the city's Keep Gastonia Beautiful and Stormwater divisions. The initiative highlighted a commitment to innovation, sustainability, and community engagement within the region. The project involves a creative method for public involvement in monitoring and improving local environmental conditions, though specific project mechanics were not detailed in the sources.

The City's Police Department received the National Award for its K9, "Bo". Bo, a bloodhound, was named the 2024 Law Enforcement Hero Dog of the Year by the American Humane Association. Bo was honored for his exceptional scent-tracking abilities and life-saving efforts, which have led to the safe recovery of missing children, elderly dementia patients, and the apprehension of armed suspects. A notable case involved tracking a missing 7-year-old child for seven miles through a wooded area.

In October 2024, the City received the Centralina Clean Cities Award for its GoGastonia Microtransit System. The award recognized Gastonia's innovative switch from a fixed-route bus service to an on-demand microtransit system called GoGastonia, launched in July 2024. This system uses a fleet of minivans and an app to provide curb-to-curb service, similar to rideshare options, aiming to expand transit coverage and improve efficiency. The new model uses cutting-edge technology to optimize routes and reduce environmental impact.

Governmental Structure

The City of Gastonia is an incorporated city established under the Constitution and the laws of the State of North Carolina. Legislative control is vested with a Mayor elected quadrennially on a non-partisan basis and a six-member City Council, each of whom is elected for a four-year term. Each member of the City Council represents a defined geographical ward, but elections are determined by an at-large vote. Terms run on a staggered election format. Elections to the City Council are held in November of odd-numbered years. Any registered voter who resides within the city limits is eligible to run for City Council. The Council takes office on the first Tuesday in December following the November election. At its first meeting, the Council selects a Mayor Pro-Tempore from among its six members.

The major duties of the City Council are as follows:

- To enact policies and ordinances that concern the operation of the City.
- To assess and assign priorities to the needs of the City and develop methods to meet those needs.
- To adopt an annual balanced budget for governmental operations.
- To establish the City's property tax rate.
- To appoint officials and members to City boards and committees.
- To regulate land use and zoning within the municipality's jurisdiction.
- To call for bond referendums, enter into contracts, and establish new programs.
- To appoint a city manager and city attorney.

All meetings of the Council are open to the public. The Council holds regularly scheduled meetings on the first and third Tuesdays of each month. The meeting on the first Tuesday is held in City Hall and starts at 6:00 p.m. The meeting on the third Tuesday is normally held in the Gaston County Courthouse and starts at 6:00 p.m. Spectrum Cable also televises this meeting.

The day-to-day operational direction of the City is the responsibility of the appointed City Manager. The City Manager directs the daily operations of the City through three Assistant City Managers. Under the direction of an Assistant City Manager, the Financial Services Department maintains the accounting system for the City's operations. The City Manager is the Chief Executive Officer of the City and serves at the Council's discretion.

Major duties of the Manager include:

- To supervise and coordinate the activities of the City departments on behalf of the City Council.
- To implement all directives and policies of the Council.
- To attend all Council meetings and make recommendations on appropriate matters of business.
- To compile and recommend the annual operating and capital project budgets, and advise the Council of the City's financial condition.
- To hire various employees.
- To pursue economic development.
- To represent the City in business with other agencies and perform other duties as determined by the Council.

The City Manager has a staff that includes three Assistant City Managers and 15 Department Heads. In order to provide the services to the citizens of the City, operate the City government, and meet the needs of the elected officials, as of June 30, 2025, the City of Gastonia has 961 authorized full-time equivalent positions.

Fiscal Control and the Budget Process

State statutes require the adoption of an annual balanced budget that includes all appropriations required for debt service. Any difference between appropriations and estimated revenues, including appropriated fund balance, is required to be eliminated by the imposition of a property tax at a rate on assessed valuation sufficient to produce the revenue needed to accommodate this shortfall.

The budget process begins in early January of each year and culminates with the adoption of a balanced budget in June. The first step in the process is generally a workshop with the City Council members where guidance/direction is given for the City's following fiscal year. The first formal step in the process with staff is the distribution of revenue and expenditure estimate worksheets in mid-January. These estimates are due back to the Budget Department in early February, and the department begins to formulate a draft budget. During March and April, discussions are held between staff and the City Manager to make modifications to the original submissions. A tentative budget is then detailed and submitted to Council in mid-May. The City Council then holds a series of workshops and public hearings before the adoption in mid-June.

Once the budget has been adopted by the City Council, the Director of Financial Services is responsible for monitoring the expenditures of the various City departments to prevent expenditures from exceeding budgeted appropriations. Purchase orders and contracts that require the expenditure of funds are not considered valid until the Director of Financial Services has certified that funds are available to make payment upon the satisfactory completion of the contract or the delivery of the items ordered.

Property Taxes

Real property, automobiles, boats, trailers, and income-producing seasonal properties are subject to property tax unless specifically exempted by North Carolina statutes. Some of the major property tax exemptions granted by statute include governmental organizations, charities, religious institutions, educational and cultural organizations, and veterans' organizations. Other types of properties exempted by statute include burial properties, business inventory, and air and water pollution equipment.

Property Tax Rate

The tax rate is set each year by the City Council when the budget ordinance is adopted. The City of Gastonia's tax rate of \$.47 for the new fiscal year beginning July 1, 2025. General Statute 105-286 requires that an octennial reappraisal of real property be conducted and may be done sooner upon adoption of a local ordinance and approval by the Department of Revenue. Gaston County's policy is to assess property every four years. The City's most recent reappraisal was completed by the County in the 2022/2023 fiscal year and was applicable to ad valorem tax revenues beginning in the City's 2023/24 fiscal year. The county is expected to perform the next reappraisal in the 2027 fiscal year, and it will be applicable to ad valorem tax revenues beginning in the City's 2027/28 fiscal year.

Economy, Commerce, and Industry

The City's economy has benefited from its proximity to Charlotte, access to major interstate highways, and a recent retail boom. These influences have led to significant recent economic growth and diversification.

For many years, the primary industry in the City was textiles. However, many companies have relocated manufacturing facilities outside the United States had resulted in significant losses of jobs and investments in the textile industry. Over the past two decades, the City's economy has diversified and expanded its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. The expansion and diversification of the City's economy can be attributed to the City's proximity to the City of Charlotte, and the City's access to major interstate highways.

The City and surrounding area has been defined as a metropolitan-dominated region, with Charlotte serving as the central economic engine and employment center. Within this context, the City and Gaston County are fast becoming what economists refer to as a "regional retail center." With the establishment of the City as a retail destination, an influx of shoppers from surrounding counties such as Lincoln, Cleveland, York, and Mecklenburg has been noted.

NP Gastonia Industrial is the City's largest taxpayer with 1.26% of the City's total assessed valuation. The diversity of the City's tax base is evident in the fact that the ten largest taxpayers represent only 6.75% of the total assessed valuation.

Transportation

The City is traversed from east to west by Interstate 85 and by U.S. Highway 29-74. U.S. Highway 321 provides north-south access. Highway 74 extends from the deep-water port facility at Wilmington through the commercial heartland of the Piedmont Industrial Crescent. Interstate 85 and U.S. Highway 29 extends from South Hill, Virginia to Atlanta, Georgia. These traffic arteries carry the main traffic flow from the Piedmont industrial area.

There are approximately 487 linear miles of paved streets in the City. The City and State maintain approximately 387 miles and 100 miles of paved streets, respectively. Major expansion, improvement and maintenance of primary and secondary highway thoroughfares are the responsibilities of the State, but the City has participated in the construction and improvement of many State-maintained roads over the past years. Construction of new streets within subdivisions is the responsibility of the private sector development community and once constructed the City provides maintenance for the local streets and appurtenances.

Prior to July 1, 2024, Gastonia Transit provided public transportation services to Gastonia residents through six fixed bus routes throughout the City. Passengers had access to destinations such as CaroMont Regional Medical Center, Eastridge and Franklin Square malls, and the Gaston Health Department. Effective July 1, 2024, the City contracted with a third party to manage the operations of an on-demand micro-transit system that features a fleet of 14 minivans transporting residents to any location within the City. Four of the vans will be wheelchair accessible. The new on-demand micro-transit service replaces the six fixed bus routes that were in operation through June 30, 2024. The City and Charlotte Metropolitan Transit are parties to a commuter bus program, the Gastonia I-85 Express, which provides a reliable, comfortable alternative to commuting by automobile and helps reduce vehicular traffic between the two urban areas.

Gastonia is within a 15-minute drive of the Charlotte-Douglas International Airport. Charlotte-Douglas is ranked as the 6th busiest airport worldwide for the number of arrivals and departures, 7th nationwide in passenger traffic, and 23rd worldwide. The airport offers nonstop air service to 188 destinations around the globe and is served by seven major carriers, 15 regional carriers, and three foreign flag carriers. The airport is as accessible to Gastonia as it is to the downtown Charlotte area, providing Gastonia with a tremendous intra-regional advantage. Additionally, the City owns the Gastonia Municipal Airport, a general aviation facility that serves both the City and the County for both business and pleasure flights. The facility has one lighted runway of 3,769 feet and one unlighted emergency runway of 2,500 feet. The facility handles around 27 aircraft operations daily, mostly general aviation. The City contracts with a fixed base operator to manage the daily airport operations.

The Norfolk Southern Railway and CSX Transportation provide transportation to interchange points with other railroads throughout the eastern United States. Norfolk Southern Railway has completed and begun operations at its newly constructed intermodal rail and trucking facility located along the southern end of Charlotte-Douglas International Airport's center parallel runway. The facility, which is capable of 250,000 lifts annually, transfers containers between trucks and trains and is projected to bring the region between \$7.6 billion and \$9.5 billion in regional economic development over the next two decades. The facility further enhances Gastonia's position as a transportation hub. Freight service is available through this railroad and numerous truck lines. Passenger rail service is available through Amtrak.

With this mix of transportation, the City is accessible to a wide variety of markets. These markets include both local and regional, as well as national and international. Its location, supported by its major transportation network, is the framework for economic growth.

Education

There is one public school system that serves Gaston County. The Gaston County School Administrative Unit is governed by a Board of Education consisting of nine members elected for four-year terms. A school superintendent is appointed by the Board of Education. The school district is the 10th largest in the State of North Carolina. There are currently 29 elementary schools (grades K-5), 11 middle schools (grades 6-8), 12 high schools (grades 9-12), 1 special needs school, 1 alternative school, and 1 virtual school. Total enrollment is approximately 31,000 students.

There are several post-secondary institutions located in the County area. Gaston College is composed of three campuses, with the main campus located in Dallas, a satellite campus located in Lincolnton, and the Textile Technology Center located in Belmont. Gaston College is part of the North Carolina Community College System and is also accredited by the Southern Association of Colleges and Schools to award Associate degrees. The College enrolls nearly 7,000 students each term and averages over 16,000 students in its Continuing Education programs. Through affiliation with the constituent institutions of The University of North Carolina, course credits transfer between these educational institutions based on a plan jointly developed and approved by the North Carolina Community College System and The University of North Carolina. Also, Belmont Abbey College is a private liberal arts college located five miles east of the City with an enrollment of over 1,700 students and offers undergraduate and adult degree programs.

Cultural and Recreational Activities

The City has different national, regional, and local recreational facilities available within relatively close proximity. A National Football League team, the Carolina Panthers, and a National Basketball Association team, the Charlotte Hornets, both play in facilities located in the downtown area of Charlotte, North Carolina. A professional minor league hockey team, the Charlotte Checkers, and a Triple-A minor league baseball team, the Charlotte Knights, are also located within 25 miles of the City. The NASCAR Hall of Fame in Charlotte as well. The US Whitewater Center is located just across the Gaston

County line, approximately 4.5 miles from the City. The Center provides over 1,300 acres along the Catawba River and is the world's largest man-made whitewater river. It offers more than 30 outdoor activities and various events during the year. It was designed by the United States Olympic Committee as an official Olympic Training site and hosts, both World Cup competitions and Olympic trials.

The City also owns a 5,000-seat baseball / multifunction entertainment complex. The Franklin Urban Sports and Entertainment (FUSE) facility opened in the Spring of 2021 and is home to an Atlantic League Professional Baseball expansion team, the Gastonia Ghost Peppers.

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 748 acres of land, including six community centers, eight jogging tracks, 28 tennis courts, 19 baseball/softball fields, two swimming pools, two splash parks, 19 parks, six soccer fields, 15 newly constructed pickleball courts, and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002 and currently consists of 4.6 miles of greenway and 10 miles of paved walking trails, stretching from Lineberger Park to the Gastonia Armory.

Rankin Lake Park is an 80-acre water impoundment. The lake is open to the public for fishing from either of the 2 piers, a 100-yard-long stretch open for bank fishing, or from rental boats equipped with electric trolling motors. The lakefront amenities include a lakefront boat rental office, 2 corporate picnic shelters, adequate restroom facilities, a 1.6-mile paved walking trail around the lake, an outdoor classroom, and an 18-hole disc golf course.

Crowder's Mountain State Park, a 5,200-plus-acre natural mountain park area, is located in the City at its western edge. The park offers hiking, rock climbing, fishing, picnicking, and other nature and environmental-related activities, with over 20 miles of trails. This is one of only two state parks located within a municipality in the State. The City also owns an approximately 58-acre park and youth sports complex named Martha Rivers Park. The sports complex consists of 4 soccer fields, 4 little league baseball fields with a center control tower, restrooms and concession stand, approximately two miles of paved walking trails, picnic tables, and parking for approximately 290 cars. The Park also includes a community-built playground that includes a splash pad, pirate ship, observatory, fun house, and a maze of slides, swings, and sandboxes.

Summary

The City has shown an increased awareness of the necessity to plan for the future and continue to improve its financial health. Progressive thinking, long-range vision, and planned economic development will be the cornerstone of policies that will take the City through the remainder of the twenty-first century. These actions will ensure that the City is able to continue to extend a high-quality level of service to its residents at the most economical manner available.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gastonia
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

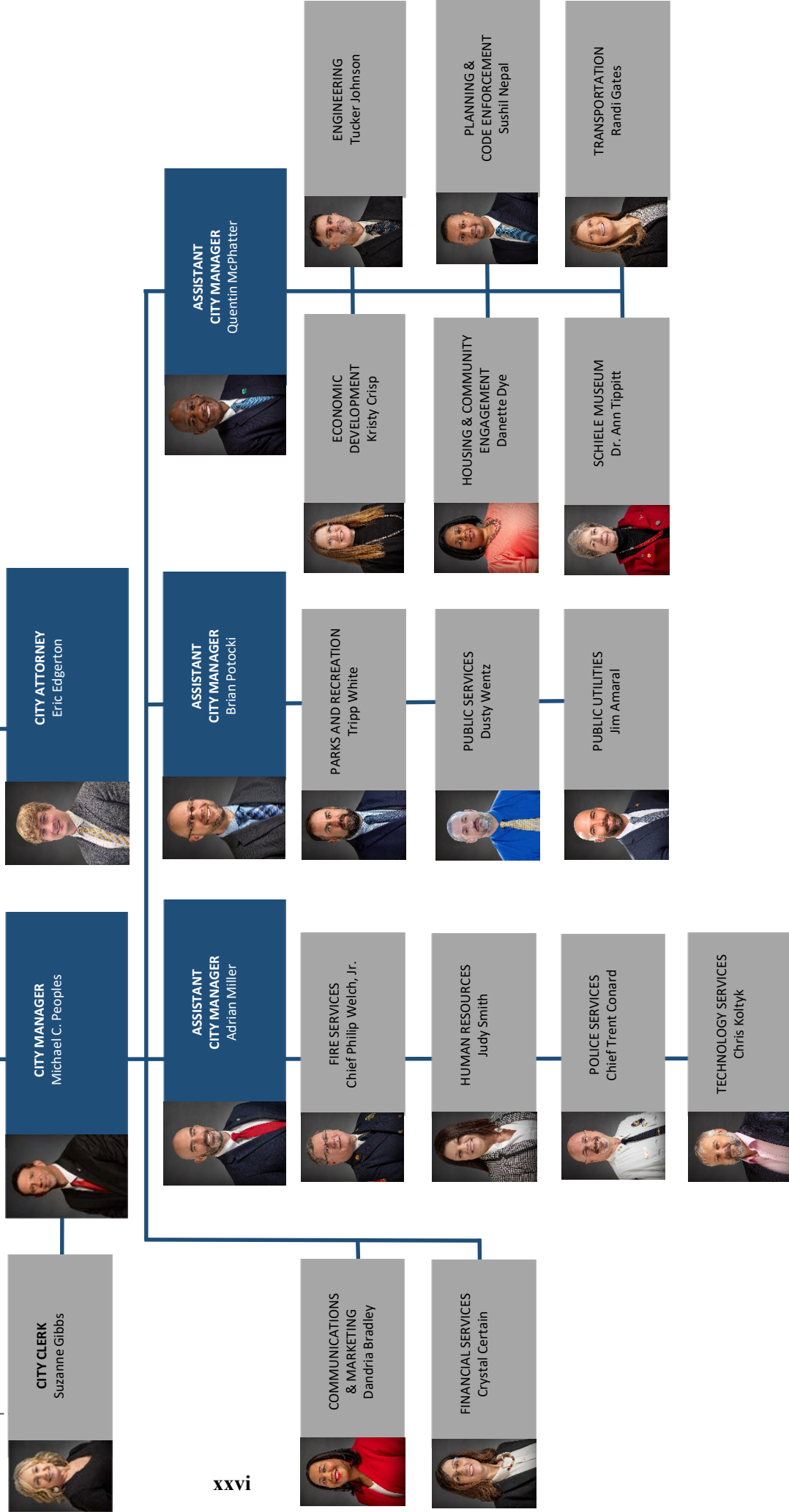
CITIZENS OF GASTONIA

Represented by Mayor & City Council



CITY OF GASTONIA 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.



FINANCIAL SECTION

Independent Auditor's Report

Management Discussion and Analysis

Financial Statements (Combined Statements – Overview)

Combining and Individual Fund Statements and Schedules

Other Supplementary Financial Data



INDEPENDENT AUDITOR'S REPORT



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Gastonia, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Gastonia ABC Board, which represents 79%, 75% and 94%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Gastonia ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Gastonia ABC Board and the Gastonia Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gastonia's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' and Firefighters' Special Separation Allowance Schedules of the Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employees' Retirement System Schedules of the

Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gastonia's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory information and statistical section but does not include the basic financial statements and our auditor's opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 20, 2026, on our consideration of the City of Gastonia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gastonia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City of Gastonia's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 20, 2026

Management's Discussion and Analysis

As management of the City of Gastonia, we offer readers of the City of Gastonia's financial statements this narrative overview and analysis of the financial activities of the City of Gastonia for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follows this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$601,869,795 (*net position*). This is a \$73,982,562 increase from the beginning net position.
- Governmental activities' net position increased by \$20,985,011 and business-type activities increased by \$52,997,551.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$70,393,983, an increase of \$7,934,197 from the prior year ending fund balance. Approximately 57.39% of this total amount, or \$40,399,524, is *unassigned fund balance* and has not been committed or assigned.
- At the end of the current fiscal year, *available fund balance* for the General Fund was \$46,907,511, or 48.48%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$41,085,727, or 46.43%, of total General Fund expenditures, including transfers to other funds. This is a \$5,821,784 increase in *available fund balance* and is mostly due to a \$8,111,679 increase in total fund balance offset by an increase of \$2,105,251 in the stabilization by state statute (stabilization by state statute is mostly restrictions related to receivables and carryover encumbrances) from the previous year balances.
- The City's Medical Self-Insurance Internal Service Fund, a high-deductible medical insurance plan with an HSA (Health Savings Account), ended the 2025 fiscal year with a net position of \$7,875,309, as compared to a 2024 fiscal year ending net position of \$8,669,361. For the year ended June 30, 2025, claims, HSA contributions, administration fees, and stop/loss premiums exceeded charges for services, pharmaceutical rebates, and investment earnings by \$794,052. Charges for services, pharmaceutical rebates, and investment revenue were up by \$1,845,575 from 2024, and claims and other administrative expenses increased by \$2,624,157. Premiums and pharmaceutical rebates increased by \$528,107 and \$1,273,228, respectively. Claims increased by \$2,827,883, other administrative expenditures increased by \$372,520 and depreciation increased by \$1,132. The Internal Service Fund predominantly services the governmental funds; thus, the fund's activities are included in the City's governmental activities.
- The City's major enterprise funds are the Water and Sewer Operating Fund and the Electric Operating Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of (\$4,269,309), and \$11,288,143 for the year ended June 30, 2025, respectively, as compared to changes in net position (full accrual basis) of \$15,258,648 and \$33,803,231, respectively. The City's non-major enterprise funds are the Transit Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$76,151, \$0, (\$20,198), and \$678,134, for the year ended June 30, 2025, respectively, as compared to changes in net position (full accrual basis) of \$501,783, (\$33,914), \$1,237,580 and \$2,094,038 respectively.
- The City's Streets Capital Project Fund expended \$6,021,281 of the approximately \$37 million general obligation transportation bonds issued in fiscal year 2023, which was the main factor leading to a net decrease in fund balance of \$4,839,239 for the year ended June 30, 2025.

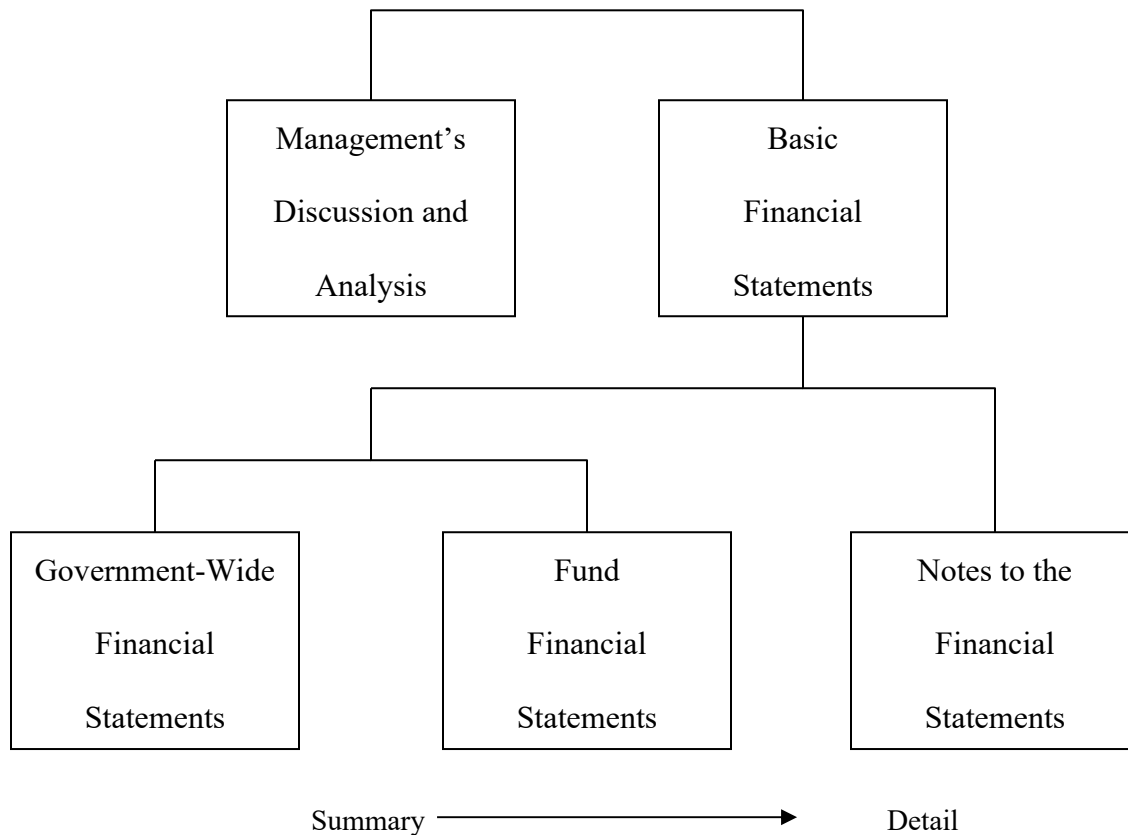
- The City’s American Rescue Plan Special Revenue Fund recognized intergovernmental grant revenues of \$2,596,704, investment earnings of \$158,266 and other revenues of \$452. Expenditures and transfers to other funds were \$3,750,124 for the year ended June 30, 2025. As of June 30, 2025, the fund reported unexpended advance grant funding of \$1,179,229, along with a fund balance of \$84,946.
- The City of Gastonia’s total financing debt obligations decreased from \$175,920,845 to \$166,516,152 during the current fiscal year, a net decrease of \$9,404,693 (5.35%). The key factors in this decrease were the overall scheduled debt retirements of \$14,836,463, while the City incurred \$5,431,770 of new financing debt obligations. New debt obligations consisted of a \$4,800,000 equipment installment financing and a \$631,770 subscription-based information technology arrangement.
- The current credit ratings for general obligation debt are: Standard and Poor’s Corporation AA, Moody’s Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA+.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Gastonia’s basic financial statements. The City’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City 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 City of Gastonia.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through J) are **fund financial statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 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 City's individual funds.

Budgetary information required by the 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 City'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 City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services, such as public safety, public works, cultural and recreation, and general government services. Property taxes, local option sales taxes, utility sales taxes, payments in lieu of taxes, auto tag fees, licenses, permits and fees, business-type activities' transfers, investment earnings, and federal and state shared revenues finance most of these activities. The business-type activities are those for which the City charges customers to provide services. These include the water and sewer, electric, solid waste, transit, and stormwater services offered by the City of Gastonia. The final category is the component units. Although these two entities are legally separate from the City, the ABC Board's financial activities are important to the City, because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City. The Gastonia Tourism Development Authority's financial activities are important to the City because the City appoints all members of the governing board and the Authority's major source of revenues is derived from a 3.0% room occupancy tax levied by the City pursuant to Session law 2001-439 of the North Carolina General Assembly.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City'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 City of Gastonia, 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 City's budget ordinance. All of the funds of the City of Gastonia 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 City's basic services are accounted for in governmental funds, along with grant funding restricted for specific purposes. 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*, which 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 City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Gastonia adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Mayor and Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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.

Proprietary Funds. The City of Gastonia has two different kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Gastonia uses enterprise funds to account for its water and sewer activity, electric operations, solid waste operations, transit operations, and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Gastonia. The City uses internal service funds to account for four activities: the accumulation and allocation of the costs associated with the City's vehicle and equipment replacement, the accumulation and the allocation of the costs of computer support and other technology services, the accumulation and the allocation of the costs of providing self-insured medical coverage to the City's employees, and the accumulation and the allocation of the costs of providing self-insured dental coverage to the City's employees. Because these operations benefit predominantly governmental rather than business-type activities, these internal service funds have been included within the governmental activities in the government-wide financial statements.

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 immediately follow the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Gastonia’s progress in funding its obligation to provide special separation allowance pension benefits to its law enforcement officers and firefighters, the City’s progress in funding its obligation to provide pension benefits to its employees, and the City’s progress in funding its obligation to provide other post-employment benefits to its retirees. Required supplementary information immediately follows the notes to the financial statements of this report.

Interdependence with Other Entities: The City depends on financial resources flowing from, or associated with, both the federal government and the state of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

City of Gastonia’s Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	Total
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 137,049,027	\$ 133,960,550	\$ 199,792,170	\$ 175,509,572	\$ 336,841,197	\$ 309,470,122
Capital assets	183,708,103	172,590,378	396,417,737	371,582,732	580,125,840	544,173,110
Total assets	320,757,130	306,550,928	596,209,907	547,092,304	916,967,037	853,643,232
Deferred Outflows of Resources						
	25,987,345	32,888,851	6,746,077	8,525,355	32,733,422	41,414,206
Liabilities:						
Long-term liabilities outstanding	172,542,703	177,614,519	103,073,869	109,446,655	275,616,572	287,061,174
Other liabilities	31,083,204	37,552,870	24,169,174	23,030,581	55,252,378	60,583,451
Total liabilities	203,625,907	215,167,389	127,243,043	132,477,236	330,868,950	347,644,625
Deferred Inflows of Resources						
	14,513,536	16,652,369	2,448,178	2,873,211	16,961,714	19,525,580
Net Position:						
Net investment in capital assets	125,687,111	117,381,628	334,999,471	320,977,048	460,686,582	438,358,676
Restricted	46,133,593	39,732,883	-	-	46,133,593	39,732,883
Unrestricted	(43,215,672)	(49,494,490)	138,265,292	99,290,164	95,049,620	49,795,674
Total net position	\$ 128,605,032	\$ 107,620,021	\$ 473,264,763	\$ 420,267,212	\$ 601,869,795	\$ 527,887,233

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 resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources by \$601,869,795 as of June 30, 2025. The City's net position increased by \$73,982,562 for the fiscal year ended June 30, 2025, from the June 30, 2024 net position. However, the largest portion of the City's total net position, \$460,686,582 (76.54%), reflects the City's net investment in capital assets (e.g. land, buildings, roads, bridges, utility infrastructure, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items.

The City of Gastonia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Gastonia's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. \$46,133,593 of the City's net position is restricted by state statute or external parties. The remaining balance of \$95,049,620 is unrestricted. The City's governmental activities generated an increase of \$20,985,011 in the City-wide net position; the business-type activities attributed to \$52,997,551 of increase in the City-wide net position. The particular aspects that influenced the increase in City-wide net position are discussed in the following Governmental Activities and Business-Type Activities sections.

City of Gastonia's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 14,205,233	\$ 14,342,927	\$ 155,998,164	\$ 136,291,737	\$ 170,203,397	\$ 150,634,664
Operating grants and contributions	8,741,841	7,001,224	496,318	-	9,238,159	7,001,224
Capital grants and contributions	15,906,258	7,251,030	16,147,557	8,676,199	32,053,815	15,927,229
General revenues:						
Ad valorem taxes	55,030,295	53,523,782	-	-	55,030,295	53,523,782
Local option sales tax	21,558,006	19,130,046	-	-	21,558,006	19,130,046
Other taxes	11,255,992	10,359,945	-	-	11,255,992	10,359,945
Interest earned on investments	5,409,518	6,317,534	7,159,726	6,880,243	12,569,244	13,197,777
Total revenues	132,107,143	117,926,488	179,801,765	151,848,179	311,908,908	269,774,667
Expenses:						
General government	22,324,509	22,451,588	-	-	22,324,509	22,451,588
Public safety	44,685,649	40,780,705	-	-	44,685,649	40,780,705
Public works and cemeteries	22,046,584	33,357,375	-	-	22,046,584	33,357,375
Cultural and recreation	9,901,764	12,197,683	-	-	9,901,764	12,197,683
Economic and physical development	5,381,364	3,273,939	-	-	5,381,364	3,273,939
Interest on long-term debt	2,854,236	3,562,206	-	-	2,854,236	3,562,206
Water and sewer	-	-	52,932,834	46,892,267	52,932,834	46,892,267
Electric	-	-	61,204,738	64,625,299	61,204,738	64,625,299
Transit	-	-	4,505,127	3,258,742	4,505,127	3,258,742
Golf	-	-	33,914	34,195	33,914	34,195
Stormwater	-	-	4,107,491	3,718,357	4,107,491	3,718,357
Solid waste	-	-	7,948,136	6,993,957	7,948,136	6,993,957
Total expenses	107,194,106	115,623,496	130,732,240	125,522,817	237,926,346	241,146,313
Change in net position before transfers	24,913,037	2,302,992	49,069,525	26,325,362	73,982,562	28,628,354
Transfers	(3,928,026)	(3,160,768)	3,928,026	3,160,768	-	-
Change in net position	20,985,011	(857,776)	52,997,551	29,486,130	73,982,562	28,628,354
Net Position:						
Beginning of year - July 1	107,620,021	108,477,797	420,267,212	390,781,082	527,887,233	499,258,879
End of year - June 30	<u>\$ 128,605,032</u>	<u>\$ 107,620,021</u>	<u>\$ 473,264,763</u>	<u>\$ 420,267,212</u>	<u>\$ 601,869,795</u>	<u>\$ 527,887,233</u>

Governmental Activities. Governmental activities increased the City's net position by \$20,985,011, thereby increasing the total growth in the net position of the City of Gastonia. Key elements of the 2025 fiscal year governmental activities increase to net position are as follows:

Total governmental-type revenues increased by \$14,180,655 from the fiscal year 2024 revenues. Ad valorem taxes increased by \$1,506,513 (3.07%), due to new development. Local option sales tax revenues contributed to \$2,427,960 (12.69%) of this increase. Retail sales made in Gaston County increased by .63% and statewide retail sales increased by 2.50%; however, the main reason for the increase was due to an increase in the City's allocation percentage among the various County units, an increase from 14.72% to 16.50%. The County allocates sales tax revenues on the ad valorem basis, and the City's ad valorem levy increased more in relation to other units within the County subsequent to the 2024 County-wide revaluation. Operating and capital grants and contributions increased by \$10,395,845. Developer contributed capital for streets and sidewalks increased by \$7,656,000 and the County contributed \$5,000,000 for capital improvements in the FUSE district. Other taxes increased by \$896,047, mostly due to a \$971,839 increase in utility sales taxes. Interest earned on investments decreased by \$908,016 and was due to the decrease in advance grant funds and General Obligation Bonds proceeds, coupled with a change in the investments market, available rate of returns have decreased over the past year. Charges for services were fairly consistent with the previous fiscal year.

Total governmental-type expenses decreased by \$8,429,390. Salaries and employee benefits increased by approximately \$4,615,000 (7.5%) from fiscal year 2024. The City implemented a citywide pay increase in the 2025 fiscal year of 4% that was effective as of July 1, 2024, and a 1% career development increase. The City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 14.04% to 15.10% for law enforcement officers and from 12.85% to 13.60% for general employees and firefighters. The City's monthly premiums / contributions to the self-insured medical plan increased from \$750 per employee to \$1,000. Other non-wage-related operating expenses decreased by approximately \$580,000. Overhead allocations to business-type activities increased by approximately \$680,000. Interest on long-term debt decreased by approximately \$708,000. Street Capital Project resurfacing and maintenance decreased by approximately \$9,000,000 and Non-Major Capital Projects expenditures decreased by approximately \$2,400,000. Special Revenue Funds grant related expenditures increase by approximately \$2,700,000. Other Post-Employment Benefits (OPEB), pension expenses, and compensated absences decreased by approximately \$1,500,000.

Net transfers to/from the business-type activities increased by \$757,258. Of this increase, approximately \$218,000 was related to transfers from the General Fund to the Solid Waste Fund to assist with operations, and approximately \$570,000 was related to transfers from the Street Capital Projects Fund to the Transit Fund for sidewalk installation assistance.

Business-Type Activities. The 2025 fiscal year business-type activities increase in net position of \$52,997,551 was primarily due to the following: fiscal year 2025 charges for services, operating grants and contributions, capital grants and contributions exceeded program expenses by \$41,909,799, as compared to \$19,445,119 for the 2024 fiscal year. Charges for services were \$155,998,164 in fiscal year 2025 as compared to \$136,291,737 in fiscal year 2024. The increase was due to increased consumption for water & sewer services and electric services, coupled with a 7.5% water & sewer rate increase. Capital grants and contributions were \$16,147,557 as compared to \$8,676,199 in fiscal year 2024. Approximately \$3,200,000 was related to developer contributions to the water & sewer system and approximately \$1,000,000 was related to developer contributions to the stormwater system. The remaining increase was related to an increase in State and federal capital grants to the water & sewer system. Investment earnings were \$7,159,726, as compared to \$6,880,243 in the 2024 fiscal year. The increase in investment earnings was mostly a reflection of the increase of cash on hand related to operations.

Expenses were \$130,732,240 in fiscal year 2025 as compared to \$125,522,817 in fiscal year 2024. The main reasons for this \$5,209,423 increase were related to approximately \$1,200,000 increase in salaries and benefits, approximately \$1,200,000 increase in repairs and maintenance projects in the Water & Sewer Fund, approximately \$1,800,000 increase in contracted services related to the new micro-transit system in the Transit Fund, approximately \$400,000 increase in interest expenses related to the revenue bonds issued in 2024 in the Water & Sewer Fund, and approximately \$750,000 increase in contracted services for bio solids and residuals handling in the Water & Sewer Fund.

The business-type funds reported a net transfer in from the governmental funds of \$3,928,026, as compared to \$3,160,768 in the 2024 fiscal year, see the above discussion on the increase in the above Governmental Activities discussion.

Financial Analysis of the City's Funds

As noted earlier, the City of Gastonia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2025, the governmental funds of the City of Gastonia reported a combined fund balance of \$108,077,678, a \$8,833,840 increase from the prior year. Included in this change in fund balance is a \$8,111,679 increase in fund balance in the General Fund, a \$4,839,239 decrease in fund balance in the Streets Capital Project Fund, a \$994,702 decrease in fund balance in the American Rescue Plan Special Revenue Fund, and a \$6,941,674 increase in the fund balance in other non-major governmental funds.

Total General Fund revenues increased by \$4,570,090. The majority of this increase was due to a \$1,631,041 increase in Ad Valorem taxes, a \$2,427,960 increase in local option sales tax, a \$971,839 increase in utility sales tax, a \$538,588 increase in permits, a \$108,607 increase in other revenue line items, coupled with a \$407,945 decrease in payments in lieu of taxes and a \$700,000 decrease in ABC Board distributions.

Total General Fund expenditures increased by \$5,742,529. Salaries and benefits increased by approximately 4,600,000 (7.5%) from FY 2024, capital outlay increased by approximately \$2,500,000, operating expenses decreased by approximately \$580,000, debt service expenditures decreased by approximately \$121,000, and overhead allocations to other funds increased by approximately \$680,000. The Powell Bill had \$4,692,119 of unspent grant funds as of 6/30/2025.

The General Fund is the chief operating fund of the City of Gastonia. At the end of the current fiscal year, available fund balance of the General Fund was \$46,907,511, a \$5,821,784 increase from the prior year. Total fund balance increased by \$8,111,679 to \$70,393,983 from the prior year amount of \$62,282,304. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures and transfers-out. Available fund balance represents 48.48% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 72.75% of that same amount.

The American Rescue Plan special revenue fund reported grant revenues of \$2,596,704 in fiscal year 2025 as compared to \$6,980,607 in the fiscal year 2024. The grant is an advance grant and revenues are recognized as the allowable expenditures are incurred. In fiscal year 2025 the fund reported expenditures and transfers out of \$3,750,124, as compared to \$6,980,607 in fiscal year 2024. Investment earnings are recognized as revenue when received. The fund reported investment earnings of \$158,266 and \$473,861, respectively in fiscal years 2025 and 2024. As of June 30, 2025 the fund reported advances from grantors of \$1,179,229.

The Streets Capital Project Fund reported revenues and other financing sources of \$1,755,750 in fiscal year 2025 as compared to \$2,077,975 in fiscal year 2024. The reason for the significant decrease is related to the issuance of General Obligation Bonds in fiscal year 2023. The fund reported \$6,021,281 of expenditures in fiscal year 2025 as compared to \$14,980,329 in fiscal year 2024. The General Obligation Bonds were issued in April 2023. Fund balance was \$20,854,316 as of June 30, 2025 as compared to \$25,693,555 as of June 30, 2024. Investments earnings on unexpended bond proceeds were \$1,096,426 in fiscal year 2025 as compared to \$1,818,050 in fiscal year 2024.

The Other Nonmajor Governmental Funds reported revenues and other financing sources of \$16,711,385 in fiscal year 2025 as compared to \$9,881,498 in fiscal year 2024. The main reason for the increase is related to a \$5,000,000 capital grant from the County and was unobligated as of June 30, 2025. The funds reported expenditures of \$9,838,379 in fiscal year 2025 as compared to \$9,423,591 in fiscal year 2024.

General Fund Budgetary Highlights. The FY 2025 budget was revised on multiple occasions throughout the year, resulting in an overall increase of \$19,494,556. This increase was funded through multiple sources, including an appropriation of fund balance totaling \$17,919,589, increased revenues in the amount of \$1,202,286 and lease and IT subscription liabilities issuances of \$372,681.

Additional appropriations of \$5,002,463 included: \$1,787,496 for fire and police vehicles; \$2,350,000 for the purchase of real estate for recreational purposes; and \$864,967 for various other projects. Fund balance was also appropriated to carryover purchase orders from FY 2024 totaling \$7,899,193, along with unspent prior year budget amounts of: \$2,506,825 for FUSE; asset forfeiture funding totaling \$599,038; \$1,468,806 in Powell Bill funds; \$288,768 for Solid Waste Disposal Tax; and \$154,496 for various other general fund funds.

Increased budgeted revenues totaled \$1,574,967: \$450,797 in grant funding; \$35,446 in sales and services; \$372,681 in proceeds from lease and IT subscription issues; and \$716,043 in other miscellaneous revenues.

Proprietary Funds. The City of Gastonia's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$258,465,818; the Electric Fund amounted to \$166,661,034; and the other nonmajor funds, Stormwater, Transit, Municipal Golf Course, and Solid Waste, amounted to \$44,341,171. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Gastonia's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The City of Gastonia's investment in capital assets for its governmental and business-type activities as of June 30, 2025 totals \$580,125,840 (net of accumulated depreciation/amortization). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, water and sewer infrastructure, electric distribution system, and stormwater infrastructure, as well as intangible right to use assets. Additions and disposals totaled \$66,932,209 and \$604,746, respectively, and the net effect of depreciation and amortization of \$30,374,733 resulted in an overall increase of \$35,952,730.

Major capital asset transactions during the year include the additions and disposals below:

- Construction in progress for Catawba creek outfall projects and other various water and sewer infrastructure improvements in the amount of \$22,803,322. Construction in progress water and sewer infrastructure improvements placed in service totaled \$86,540. Various other water and sewer capital asset improvements of \$4,361,397 were incurred, along with the purchase of \$568,215 of machinery and equipment.
- Construction in progress of \$6,420,587 in governmental-type activities, which was mostly related to the Trenton/Franklin intersection improvement project \$1,169,300, 2023 Resurfacing Transportation Bond project \$374,713, Salvation Army building project \$2,289,827, Catawba Creek Greenway SE Ext project \$400,831, 2023 Pedestrian Safety Improvement Transportation bond project \$441,344, Walker E. Reid III Park project \$278,129, Highland Branch GW project \$276,985, NC 279 sidewalk Armstrong Park to Hudson project \$148,924, Hudson Blvd/Redbud Dr. Sidewalk project \$143,486, Public Works Campus project \$141,484, NC 279 sidewalk Franklin to Hunt project \$119,782
- Various general infrastructure additions and other improvements of \$8,004,506 in the governmental-type activities.
- Construction in progress for electrical capital asset improvements of \$3,300,272 and \$187,899 placed in service.
- Construction in progress of \$816,909 for stormwater infrastructure and \$1,003,840 completed stormwater infrastructure.
- Electrical distribution capital assets of \$2,461,989 for new line construction.
- Internal Service Fund capital assets of \$5,082,734 of which included various vehicles and equipment. Entity-wide disposals mainly consisted of outdated equipment, and various surplus vehicles and surplus equipment.

City of Gastonia's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land, land improvements, and buildings	\$ 145,395,103	\$ 141,048,447	\$ 31,146,196	\$ 30,572,783	\$ 176,541,299	\$ 171,621,230
Machinery/equipment/vehicles	85,212,570	76,995,554	31,645,900	29,318,259	116,858,470	106,313,813
General infrastructure	313,672,419	305,667,913	-	-	313,672,419	305,667,913
Lease and subscription assets	3,469,443	3,276,356	178,189	219,991	3,647,632	3,496,347
Water and sewer treatment facilities	-	-	137,621,238	137,621,238	137,621,238	137,621,238
Water and sewer system	-	-	236,787,313	232,289,376	236,787,313	232,289,376
Electrical distribution	-	-	115,634,290	112,984,402	115,634,290	112,984,402
Stormwater infrastructure	-	-	56,069,417	55,065,577	56,069,417	55,065,577
Construction in progress	16,601,389	12,031,974	74,619,511	48,522,186	91,220,900	60,554,160
Total	564,350,924	539,020,244	683,702,054	646,593,812	1,248,052,978	1,185,614,056
Less accumulated depreciation and amortization	380,642,821	366,429,866	287,284,317	275,011,080	667,927,138	641,440,946
Capital assets, net	<u>\$ 183,708,103</u>	<u>\$ 172,590,378</u>	<u>\$ 396,417,737</u>	<u>\$ 371,582,732</u>	<u>\$ 580,125,840</u>	<u>\$ 544,173,110</u>

Additional information on the City's capital assets can be found in note 2.A. of the basic financial statements.

Long-Term Debt. As of June 30, 2025, the City of Gastonia had total financing debt outstanding of \$166,516,152. Of this, \$40,569,001 is debt backed by the full faith and credit of the City. The remainder of the City’s financing debt represents bonds and installment purchases secured solely by buildings, equipment, or specified revenue sources (i.e. revenue bonds), and lease and subscription agreements for the right to use capital and intangible assets of others.

City of Gastonia’s Financing Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 40,427,143	\$ 44,004,857	\$ 141,858	\$ 189,143	\$ 40,569,001	\$ 44,194,000
Limited obligation bonds	18,660,000	19,995,000	-	-	18,660,000	19,995,000
Direct placement installment purchases	15,469,833	14,525,548	-	-	15,469,833	14,525,548
Lease liabilities	12,565	13,260	55,882	83,320	68,447	96,580
Subscription liabilities	2,117,862	1,720,341	4,258	7,956	2,122,120	1,728,297
State revolving loans	-	-	30,331,699	33,283,943	30,331,699	33,283,943
Revenue bonds	-	-	50,175,000	52,367,000	50,175,000	52,367,000
Bond premiums	4,093,170	4,320,568	5,026,882	5,409,909	9,120,052	9,730,477
Total	\$ 80,780,573	\$ 84,579,574	\$ 85,735,579	\$ 91,341,271	\$166,516,152	\$175,920,845

The City of Gastonia’s total financing debt obligations decreased from \$175,920,845 to \$166,516,152 during the current fiscal year, a decrease of \$9,404,693 (5.35%). The key factors in this decrease were the overall scheduled debt retirements of \$14,836,463, while the City incurred \$5,431,770 of new financing debt obligations. New debt obligations consisted of a \$4,800,000 equipment installment financing and a \$631,770 subscription-based information technology arrangement.

As mentioned in the financial highlights section of this document, the current credit ratings for general obligation debt are: Standard and Poor’s Corporation AA, Moody’s Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA+.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. At June 30, 2025, the City had a legal debt margin of approximately \$836,000,000. Additional information regarding the City of Gastonia’s long-term debt can be found in note 2.B. of this report.

Economic Factors and Next Year’s Budgets and Rates

Economic Factors

- Unemployment in the City was 4.1% at fiscal year-end June 30, 2025, higher than the County rate of 4.0%, higher than the state rate of 4.0%, and lower than the national average of 4.4%. Unemployment in the City was 4.1% as of July 2025. The prior year rates for the City were 4.1% and 3.7% for the months ended June 2024 and July 2024, respectively. These figures are not seasonally adjusted.
- Estimated population growth since the 2020 census is approximately 6.47%. The most current population estimate per the North Carolina Office of State Budget and Management is 85,636. This estimate is up by 5,202 from the 2020 Census number of 80,434.

- The North Carolina economic outlook based on University of North Carolina Charlotte economist John Connaughton's most recent quarterly forecast is as follows:

Connaughton projects continued economic growth for North Carolina through the end of 2025 and continuing into 2026, though at a slower pace than the strong growth seen in 2024.

He expresses concern that disinflation appears to be stalling, with a large percentage of consumer items still increasing in price. He warns that continued high government spending (fiscal policy) could lead to a return of significant inflation in 2026, which would disrupt the Federal Reserve's plans.

Major uncertainties in his outlook include international and domestic policy changes, particularly the potential impact of continued tariffs, which could slow the economy and increase inflation.

The U.S. unemployment rate has risen from 3.3 percent in May of 2023 to 4.3 percent in August of 2025. Even with this continued increase in unemployment, the Federal Reserve has sent uncertain signals about its interest rate policy following three reductions in late 2024 and the most recent deduction in October of 2025. While the Fed could cut rates by another 25 basis points by the end of 2025, this depends heavily on incoming economic data. This uncertainty impacts borrowing costs and investment decisions for businesses.

North Carolina employment is expected to reach 5,201,550 persons by December 2026, a 1.6 percent increase over December 2025. The North Carolina employment rate has remained below the U.S. rate during 2025; however, the North Carolina rate is likely to increase during 2026 to 4.1 percent by December of 2026.

- The City of Gastonia is located within the Charlotte, North Carolina, Metropolitan area, one of the fastest growing and most affluent areas in the country. The Charlotte-Metropolitan area is the second largest financial center in the United States.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities. The FY 2026 budget was balanced with achieving strategic objectives and priorities established by the City Council. The ad valorem tax rate remained the same as the prior year property tax rate of \$0.47/\$100.

The FY 2026 adopted budget includes funding for a 3.5% across the board increase in compensation, effective July 1, 2025, as well as an additional 1.0% for a completion of a career development program. The latter encourages employees to participate in professional development and wellness activities. This 1.0% increase is effective January 1, 2026 or any date thereafter that the employee successfully completes the career development program prior to the end of the fiscal year. The budget maintains the annual \$350 holiday bonus for eligible employees, as well as the 5.0% 401(k) contribution for all full-time employees. In addition, the budget continues to provide funding for the Educational Assistance Reimbursement Program. Employees who obtain prior approval are eligible to receive a maximum of \$2,000 annually, an increase from \$1,000 in prior years. Like other public and private organizations, controlling health care costs remains a budgetary challenge that will continue for the foreseeable future, but the FY 2026 budget was adopted with a total budget decrease of about 4%. The budget includes a \$1,000 payment in July to the Health Savings Account of each employee covered by the City's health insurance program. In addition, the FY 2026 adopted budget maintains \$2,000,000 in a reserve account to cover any unexpected costs to prevent supplementary transfers from other funds, as needed in prior years.

Debt service makes up just under 6.0% of the total General Fund expenditures with an adopted budget amount for FY 2026. This approximately the same as the previous fiscal year.

Business-Type Activities. The FY 2026 Electric Fund budget included no retail electric rate changes. The transfer to the General Fund remained at \$2,000,000, as in prior years. This keeps the City under the maximum transfer level of 3.0% of gross electric capital assets, as established by the Local Government Commission.

The FY 2026 Water and Sewer Fund budget includes a 5.0% rate increase for business and residential rates outside the City of Gastonia and a 2.5% increase for business and residential rates within the City of Gastonia. This amounts to approximately \$3.4 million of increased revenues. A portion of those revenues will be consumed with personnel costs, equipment purchases, and an increased transfer to capital expenditures.

The FY 2026 Solid Waste Fund budget included no fee increases. With this increase and expected growth in the customer base due to new development, revenues are projected to increase 11.25% which is \$454,800. The General Fund transfer also increased \$169,589 over the prior year's adopted budget. These revenues will be utilized to cover increased costs in personnel and vehicle maintenance.

The FY 2026 Transit Fund budget saw a decrease of approximately \$1.7 million from the prior year. This is primarily related to a decrease in grant revenues from approximately \$4.4 million to \$2.5 million. The City continues to match funds as required - 50% for operating expenditures and 20% for capital.

Requests for Information

This report is designed to provide an overview of the City'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 Director of Financial Services, City of Gastonia, 181 South Street, Gastonia, North Carolina 28052.

FINANCIAL STATEMENTS

The Financial Statements provide a summary overview of the financial position of all funds as well as the operating results of all funds. They also serve as a condensed introduction to the more detailed statements and schedules that follow.



CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City of	Gastonia
	Activities	Activities		Gastonia	Tourism
				ABC Board	Development Authority
Assets:					
Cash and cash equivalents	\$ 76,472,039	\$ 124,428,741	\$ 200,900,780	\$ 4,503,723	\$ 2,037,986
Taxes receivable, net	987,263	-	987,263	-	-
Accounts receivable, net	5,567,881	17,868,239	23,436,120	303	-
Long-term receivable	1,753,887	-	1,753,887	-	-
Leases receivable	5,348,326	231,591	5,579,917	-	-
Interest receivable	208,581	-	208,581	-	-
Due from other governments	10,595,986	4,321,773	14,917,759	-	181,575
Internal balances	(3,796,740)	3,796,740	-	-	-
Inventories	2,277,290	4,685,716	6,963,006	1,727,644	-
Prepaid items	77,616	-	77,616	95,512	-
Cash and cash equivalents, restricted	37,556,898	44,459,370	82,016,268	-	-
Capital assets:					
Non-depreciable capital assets	32,214,762	88,409,210	120,623,972	1,000,301	-
Depreciable capital assets, net	149,352,409	307,949,456	457,301,865	401,838	-
Right to use assets, net	2,140,932	59,071	2,200,003	70,221	-
Total capital assets, net	183,708,103	396,417,737	580,125,840	1,472,360	-
Total assets	320,757,130	596,209,907	916,967,037	7,799,542	2,219,561
Deferred Outflows of Resources:					
OPEB deferrals	5,409,279	1,525,695	6,934,974	-	-
Pension deferrals	20,578,066	5,220,382	25,798,448	391,569	-
Total deferred outflows of resources	25,987,345	6,746,077	32,733,422	391,569	-
Liabilities:					
Current liabilities:					
Accounts payable	4,230,666	10,742,611	14,973,277	993,424	57,270
Accrued salaries and benefits	2,504,445	830,556	3,335,001	-	-
Accrued interest and arbitrage	1,968,400	1,658,049	3,626,449	-	-
Prepaid fees	-	54,434	54,434	-	-
Advances from grantors	3,606,120	-	3,606,120	-	-
Liabilities to be paid from restricted assets:					
Accounts payable	168,738	-	168,738	-	-
Construction payables and retainage	1,580,216	1,066,956	2,647,172	-	-
Customer deposits and bonds held	300,207	2,554,035	2,854,242	-	-
Non-current liabilities:					
Due within one year	16,724,412	7,262,533	23,986,945	45,516	-
Due in more than one year	172,542,703	103,073,869	275,616,572	659,862	-
Total liabilities	203,625,907	127,243,043	330,868,950	1,698,802	57,270
Deferred Inflows of Resources:					
Prepaid taxes	178	-	178	-	-
Lease deferrals	5,100,756	222,005	5,322,761	-	-
OPEB deferrals	7,268,387	2,050,058	9,318,445	-	-
Pension deferrals	2,144,215	176,115	2,320,330	3,064	-
Total deferred inflows of resources	14,513,536	2,448,178	16,961,714	3,064	-

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

CITY OF GASTONIA, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
	Net Position:				
Net investment in capital assets	125,687,111	334,999,471	460,686,582	1,402,139	-
Restricted for:					
Stabilization by state statute	36,545,458	-	36,545,458	-	181,575
Public safety	1,573,910	-	1,573,910	-	-
Public works - Powell Bill	4,692,119	-	4,692,119	-	-
Community development and improvements	3,080,148	-	3,080,148	-	-
Culture and recreation	241,958	-	241,958	-	-
Tourism promotion	-	-	-	-	1,980,716
Working capital	-	-	-	547,017	-
Capital projects	-	-	-	1,047,921	-
Unrestricted	(43,215,672)	138,265,292	95,049,620	3,492,168	-
Total net position	\$ 128,605,032	\$ 473,264,763	\$ 601,869,795	\$ 6,489,245	\$ 2,162,291

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



CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 22,324,509	\$ 11,166,804	\$ 597,520	\$ 2,096,704
Public safety	44,685,649	1,032,936	810,818	-
Public works and cemeteries	22,046,584	528,277	2,902,131	8,004,506
Cultural and recreation	9,901,764	1,245,563	2,438,455	-
Economic and physical development	5,381,364	231,653	1,992,917	5,805,048
Interest and other charges on long-term debt	2,854,236	-	-	-
Total governmental activities	<u>107,194,106</u>	<u>14,205,233</u>	<u>8,741,841</u>	<u>15,906,258</u>
Business-Type Activities:				
Water and sewer	52,932,834	52,801,971	379,840	11,690,007
Electric	61,204,738	93,344,933	116,478	314,642
Transit	4,505,127	287,995	-	2,648,611
Golf	33,914	-	-	-
Stormwater	4,107,491	4,473,526	-	1,494,297
Solid waste	7,948,136	5,089,739	-	-
Total business-type activities	<u>130,732,240</u>	<u>155,998,164</u>	<u>496,318</u>	<u>16,147,557</u>
Total primary government	<u>\$ 237,926,346</u>	<u>\$ 170,203,397</u>	<u>\$ 9,238,159</u>	<u>\$ 32,053,815</u>
Component Units:				
ABC Board	\$ 17,694,985	\$ 18,517,012	\$ -	\$ -
Tourism Development Authority	840,910	-	-	-
Total component units	<u>\$ 18,535,895</u>	<u>\$ 18,517,012</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
Primary Government:					
Governmental Activities:					
General government	\$ (8,463,481)	\$ -	\$ (8,463,481)		
Public safety	(42,841,895)	-	(42,841,895)		
Public works and cemeteries	(10,611,670)	-	(10,611,670)		
Cultural and recreation	(6,217,746)	-	(6,217,746)		
Economic and physical development	2,648,254	-	2,648,254		
Interest on long-term debt	(2,854,236)	-	(2,854,236)		
Total governmental activities	(68,340,774)	-	(68,340,774)		
Business-Type Activities:					
Water and sewer	-	11,938,984	11,938,984		
Electric	-	32,571,315	32,571,315		
Transit	-	(1,568,521)	(1,568,521)		
Golf	-	(33,914)	(33,914)		
Stormwater	-	1,860,332	1,860,332		
Solid waste	-	(2,858,397)	(2,858,397)		
Total business-type activities	-	41,909,799	41,909,799		
Total primary government	(68,340,774)	41,909,799	(26,430,975)		
Component Units:					
ABC Board				\$ 822,027	\$ -
Tourism Development Authority				-	(840,910)
Total component units				822,027	(840,910)
General Revenues:					
Taxes:					
Ad valorem taxes	55,030,295	-	55,030,295	-	-
Local option sales tax	21,558,006	-	21,558,006	-	-
Utility sales tax	5,933,780	-	5,933,780	-	-
Payments in lieu of taxes	2,113,176	-	2,113,176	-	-
Franchise taxes	386,987	-	386,987	-	-
Other taxes	2,822,049	-	2,822,049	-	1,160,383
Interest earned on investments	5,409,518	7,159,726	12,569,244	25,977	90,334
Total general revenues, excluding transfers	93,253,811	7,159,726	100,413,537	25,977	1,250,717
Transfers	(3,928,026)	3,928,026	-	-	-
Total general revenues and transfers	89,325,785	11,087,752	100,413,537	25,977	1,250,717
Change in net position	20,985,011	52,997,551	73,982,562	848,004	409,807
Net Position:					
Beginning of year - July 1	107,620,021	420,267,212	527,887,233	5,641,241	1,752,484
End of year - June 30	\$ 128,605,032	\$ 473,264,763	\$ 601,869,795	\$ 6,489,245	\$ 2,162,291

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

CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major				Total
	General Fund	Streets Capital Project Fund	American Rescue Plan Fund	Other Nonmajor Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 53,875,299	\$ 2,377,727	\$ 84,946	\$ 11,548,983	\$ 67,886,955
Taxes receivable, net	969,491	-	-	17,772	987,263
Accounts receivable, net	3,025,744	346,945	-	519,474	3,892,163
Long-term receivable	-	-	-	1,753,887	1,753,887
Leases receivable	2,339,978	-	-	3,008,348	5,348,326
Interest receivable	208,581	-	-	-	208,581
Prepaid items	51,906	-	-	25,710	77,616
Property acquired for rehabilitation and re-sale	-	-	-	1,272,948	1,272,948
Inventory	1,004,342	-	-	-	1,004,342
Cash and investments, restricted	7,086,133	18,763,061	1,364,307	4,766,661	31,980,162
Due from other funds	1,702,990	-	-	-	1,702,990
Due from other governments	9,398,436	-	-	1,197,550	10,595,986
Total assets	<u>\$ 79,662,900</u>	<u>\$ 21,487,733</u>	<u>\$ 1,449,253</u>	<u>\$ 24,111,333</u>	<u>\$ 126,711,219</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,328,319	\$ 633,417	\$ -	\$ 721,205	\$ 2,682,941
Accrued salaries and benefits	2,368,475	-	-	-	2,368,475
Due to other funds	1,906,046	-	16,340	1,332,745	3,255,131
Advances from grantors	-	-	1,179,229	2,426,891	3,606,120
Liabilities payable from restricted assets:					
Performance bonds	300,207	-	-	-	300,207
Accounts payable	-	-	168,738	-	168,738
Total liabilities	<u>5,903,047</u>	<u>633,417</u>	<u>1,364,307</u>	<u>4,480,841</u>	<u>12,381,612</u>
Deferred Inflows of Resources:					
Prepaid taxes	-	-	-	178	178
Lease deferrals	2,232,647	-	-	2,868,109	5,100,756
Property taxes receivable	969,491	-	-	17,772	987,263
Unavailable revenue	163,732	-	-	-	163,732
Total deferred inflows of resources	<u>3,365,870</u>	<u>-</u>	<u>-</u>	<u>2,886,059</u>	<u>6,251,929</u>
Fund Balances:					
Non-spendable:					
Leases	107,331	-	-	-	107,331
Inventories	1,004,342	-	-	-	1,004,342
Prepays	51,906	-	-	25,710	77,616
Restricted:					
Stabilization by state statute	22,322,893	8,683,247	324,986	5,214,332	36,545,458
Restricted, all other	6,507,987	18,763,061	-	3,080,148	28,351,196
Committed	-	-	-	6,042,109	6,042,109
Assigned	-	-	-	3,520,161	3,520,161
Unassigned	40,399,524	(6,591,992)	(240,040)	(1,138,027)	32,429,465
Total fund balances	<u>70,393,983</u>	<u>20,854,316</u>	<u>84,946</u>	<u>16,744,433</u>	<u>108,077,678</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,662,900</u>	<u>\$ 21,487,733</u>	<u>\$ 1,449,253</u>	<u>\$ 24,111,333</u>	<u>\$ 126,711,219</u>

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

CITY OF GASTONIA, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>Total</u>
Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):	
Total fund balances - modified accrual (see above)	\$ 108,077,678
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	165,983,060
Net pension liability LGERS	(33,425,661)
Total pension liability LEOSSA	(22,154,814)
Total OPEB liability	(46,408,930)
Pension related deferrals	18,433,851
OPEB related deferrals	(1,859,108)
Internal service funds are used by management to charge the costs of equipment and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	20,313,134
Internal service funds are considered predominantly governmental activities. However, a portion of the change in net assets is attributable to the business-type funds via an internal balance.	(3,796,740)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(71,722,446)
The governmental activities net position includes an accrual for interest on long-term debt and arbitrage liabilities related to bonds.	(1,892,817)
Unamortized bond premium is a revenue source in the governmental funds statement and a deferred liability in the governmental activities Statement of Net Position.	(4,093,170)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>1,150,995</u>
Net position of governmental activities - government-wide (Exhibit A)	<u>\$ 128,605,032</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major				Total
	General Fund	Streets Capital Project Fund	American Rescue Plan Fund	Other Nonmajor Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 54,769,148	\$ -	\$ -	\$ 277,595	\$ 55,046,743
Other taxes and licenses	31,653,615	-	-	1,160,383	32,813,998
Unrestricted intergovernmental revenues	1,323,012	-	-	-	1,323,012
Restricted intergovernmental revenues	4,121,313	527,753	2,596,704	9,180,217	16,425,987
Permits and fees	1,588,698	-	-	-	1,588,698
Sales and services	4,755,417	-	-	231,653	4,987,070
Investment earnings	2,879,770	1,096,426	158,266	559,432	4,693,894
Miscellaneous	1,388,129	101,571	452	1,053,509	2,543,661
Total revenues	<u>102,479,102</u>	<u>1,725,750</u>	<u>2,755,422</u>	<u>12,462,789</u>	<u>119,423,063</u>
Expenditures:					
Current:					
General government	13,778,045	-	1,807,007	-	15,585,052
Public safety	47,102,961	-	-	580,672	47,683,633
Public works and cemeteries	10,087,704	2,478,470	-	-	12,566,174
Cultural and recreation	10,027,288	-	-	2,599,296	12,626,584
Economic and physical development	-	-	-	3,394,287	3,394,287
Capital outlay	-	3,542,811	-	3,264,124	6,806,935
Debt service:					
Principal repayments	5,517,591	-	-	-	5,517,591
Interest	2,480,941	-	-	-	2,480,941
Total expenditures	<u>88,994,530</u>	<u>6,021,281</u>	<u>1,807,007</u>	<u>9,838,379</u>	<u>106,661,197</u>
Revenues over (under) expenditures	<u>13,484,572</u>	<u>(4,295,531)</u>	<u>948,415</u>	<u>2,624,410</u>	<u>12,761,866</u>
Other Financing Sources (Uses):					
Transfers from other funds	2,214,200	30,000	-	4,248,596	6,492,796
Transfers to other funds	(7,764,575)	(573,708)	(1,943,117)	(139,422)	(10,420,822)
Total other financing sources (uses)	<u>(5,550,375)</u>	<u>(543,708)</u>	<u>(1,943,117)</u>	<u>4,109,174</u>	<u>(3,928,026)</u>
Net change in fund balances	7,934,197	(4,839,239)	(994,702)	6,733,584	8,833,840
Fund Balances:					
Beginning of year - July 1	62,282,304	25,693,555	1,079,648	9,802,759	98,858,266
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	177,482	-	-	208,090	385,572
End of year - June 30	<u>\$ 70,393,983</u>	<u>\$ 20,854,316</u>	<u>\$ 84,946</u>	<u>\$ 16,744,433</u>	<u>\$ 108,077,678</u>

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

CITY OF GASTONIA, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net change in fund balances - total governmental funds per Exhibit D	\$ 8,833,840
Property tax revenues in the governmental funds statement that represent cash basis revenues exceed accrual based property tax revenues in the government-wide Statement of Activities.	(16,448)
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(91,482)
Increase (decrease) in inventories is reported as a reduction of operating expense in the Statement of Activities and is reported as a component of fund balance in the governmental funds statement.	385,572
Expenses related to compensated absences, pension, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(3,748,310)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets and right-to-use assets.	14,621,931
Contributions of capital assets are reported as capital grants and contributions revenue in the Statement of Activities and are not reported in the governmental funds statement.	8,004,506
Depreciation expense allocates the costs of capital assets over their useful lives. Amortization expense allocates the cost of right to use assets over the terms of the agreements. They are not reported as expenditures in the governmental funds statement.	(12,664,584)
Gain (loss) on disposal of capital assets is reported in the Statement of Activities; however, proceeds from the sale of assets are not affected by gain (loss) in the governmental funds statement.	(50,819)
Principal repayments and bond refunding payments on long-term debt are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	5,517,591
Bond premium received is reported as a deferred item in the Statement of Activities, rather than a revenue in the fund financial statements. Amortization of bond premium is a reduction of interest expense in the Statement of Activities.	227,398
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements. Arbitrage rebate liabilities related to bonds that do not require current financial resources are not reported in the governmental funds statement.	(578,925)
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>544,741</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 20,985,011</u>

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

CITY OF GASTONIA, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 52,766,000	\$ 52,766,000	\$ 54,769,148	\$ 2,003,148
Other taxes and licenses	28,054,672	28,054,672	31,653,615	3,598,943
Unrestricted intergovernmental revenues	1,443,000	1,443,000	1,323,012	(119,988)
Restricted intergovernmental revenues	2,953,493	3,404,290	4,121,313	717,023
Permits and fees	1,082,015	1,082,015	1,588,698	506,683
Sales and services	4,566,751	4,602,197	4,755,417	153,220
Interest earned on investments	1,762,185	1,762,185	2,879,770	1,117,585
Miscellaneous	1,001,128	1,717,171	1,388,129	(329,042)
Total revenues	<u>93,629,244</u>	<u>94,831,530</u>	<u>102,479,102</u>	<u>7,647,572</u>
Expenditures:				
General government	14,962,877	15,622,175	13,778,045	1,844,130
Public safety	45,592,442	54,761,092	47,102,961	7,658,131
Public works and cemeteries	11,948,007	15,645,928	10,087,704	5,558,224
Cultural and recreation	10,550,796	11,378,572	10,027,288	1,351,284
Debt service:				
Principal	5,590,606	7,814,937	5,517,591	2,297,346
Interest and fees	2,397,209	2,399,599	2,480,941	(81,342)
Total expenditures	<u>91,041,937</u>	<u>107,622,303</u>	<u>88,994,530</u>	<u>18,627,773</u>
Revenues over (under) expenditures	<u>2,587,307</u>	<u>(12,790,773)</u>	<u>13,484,572</u>	<u>26,275,345</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	230,832	-	(230,832)
Subscription liabilities issued	-	141,849	-	(141,849)
Transfers from other funds	2,214,200	2,214,200	2,214,200	-
Transfers (to) other funds	(4,850,385)	(7,764,575)	(7,764,575)	-
Appropriated fund balance	48,878	17,968,467	-	(17,968,467)
Total other financing sources (uses)	<u>(2,587,307)</u>	<u>12,790,773</u>	<u>(5,550,375)</u>	<u>(18,341,148)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,934,197</u>	<u>\$ 7,934,197</u>
Fund Balance:				
Beginning of year - July 1			62,282,304	
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation			<u>177,482</u>	
End of year - June 30			<u>\$ 70,393,983</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

AMERICAN RESCUE PLAN FUND
 ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ 3,775,932	\$ 2,596,704	\$ (1,179,228)
Investment earnings	174,200	174,200	158,266	(15,934)
Miscellaneous	-	-	452	452
Total revenues	<u>174,200</u>	<u>3,950,132</u>	<u>2,755,422</u>	<u>(1,194,710)</u>
Expenditures:				
General government	-	2,999,935	1,807,007	1,192,928
Revenues over (under) expenditures	<u>174,200</u>	<u>950,197</u>	<u>948,415</u>	<u>(1,782)</u>
Other Financing Sources (Uses):				
Transfers to other funds	(174,200)	(2,029,845)	(1,943,117)	86,728
Appropriated fund balance	-	1,079,648	-	(1,079,648)
Total other financing sources (uses)	<u>(174,200)</u>	<u>(950,197)</u>	<u>(1,943,117)</u>	<u>(992,920)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(994,702)	<u>\$ (994,702)</u>
Fund Balance:				
Beginning of year - July 1			<u>1,079,648</u>	
End of year - June 30			<u>\$ 84,946</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 25,395,557	\$ 89,589,430	\$ 9,443,754	\$ 124,428,741	\$ 8,585,084
Accounts receivable, net	6,093,199	10,060,526	1,714,514	17,868,239	1,675,718
Inventory	500,705	4,185,011	-	4,685,716	-
Due from other governments	3,991,168	-	330,605	4,321,773	-
Due from other funds	-	-	-	-	1,922,386
Leases receivable, current	-	13,614	-	13,614	-
Cash and cash equivalents, restricted	42,698,023	1,761,347	-	44,459,370	5,576,736
Total current assets	<u>78,678,652</u>	<u>105,609,928</u>	<u>11,488,873</u>	<u>195,777,453</u>	<u>17,759,924</u>
Non-current assets:					
Leases receivable	-	217,977	-	217,977	-
Capital assets:					
Non-depreciable capital assets	64,197,134	22,601,904	1,610,172	88,409,210	-
Depreciable capital assets, net	220,652,963	51,808,076	35,488,417	307,949,456	17,064,901
Right to use assets, net	59,071	-	-	59,071	660,142
Total capital assets, net	<u>284,909,168</u>	<u>74,409,980</u>	<u>37,098,589</u>	<u>396,417,737</u>	<u>17,725,043</u>
Total non-current assets	<u>284,909,168</u>	<u>74,627,957</u>	<u>37,098,589</u>	<u>396,635,714</u>	<u>17,725,043</u>
Total assets	<u>363,587,820</u>	<u>180,237,885</u>	<u>48,587,462</u>	<u>592,413,167</u>	<u>35,484,967</u>
Deferred Outflows of Resources:					
OPEB deferrals	901,547	416,099	208,049	1,525,695	-
Pension deferrals	3,177,622	1,361,839	680,921	5,220,382	-
Total deferred outflows of resources	<u>4,079,169</u>	<u>1,777,938</u>	<u>888,970</u>	<u>6,746,077</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	3,701,938	5,764,396	1,276,277	10,742,611	1,547,725
Accrued salaries and benefits	434,228	231,207	165,121	830,556	135,970
Accrued interest and arbitrage	1,658,049	-	-	1,658,049	75,583
Compensated absences	540,843	345,559	225,358	1,111,760	207,171
Current portion of OPEB	370,000	171,000	86,000	627,000	-
Current portion of long-term debt	5,476,488	47,285	-	5,523,773	3,632,822
Due to other funds	-	-	-	-	370,245
Prepaid fees	54,434	-	-	54,434	-
Liabilities to be paid from restricted assets:					
Construction payables and retainage	1,066,956	-	-	1,066,956	-
Accounts payable	-	-	-	-	1,580,216
Customer deposits	792,688	1,761,347	-	2,554,035	-
Total current liabilities	<u>14,095,624</u>	<u>8,320,794</u>	<u>1,752,756</u>	<u>24,169,174</u>	<u>7,549,732</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Non-current liabilities:					
Compensated absences, non-current	227,503	108,851	78,722	415,076	138,878
Long-term debt, non-current	80,117,233	94,573	-	80,211,806	7,483,223
Net pension liability	6,077,393	2,604,597	1,302,299	9,984,289	-
Total OPEB liability, non-current	<u>7,364,820</u>	<u>3,398,918</u>	<u>1,698,960</u>	<u>12,462,698</u>	<u>-</u>
Total non-current liabilities	<u>93,786,949</u>	<u>6,206,939</u>	<u>3,079,981</u>	<u>103,073,869</u>	<u>7,622,101</u>
Total liabilities	<u>107,882,573</u>	<u>14,527,733</u>	<u>4,832,737</u>	<u>127,243,043</u>	<u>15,171,833</u>
Deferred Inflows of Resources:					
Lease deferrals	-	222,005	-	222,005	-
OPEB deferrals	1,211,398	559,107	279,553	2,050,058	-
Pension deferrals	<u>107,200</u>	<u>45,944</u>	<u>22,971</u>	<u>176,115</u>	<u>-</u>
Total deferred inflows of resources	<u>1,318,598</u>	<u>827,056</u>	<u>302,524</u>	<u>2,448,178</u>	<u>-</u>
Net Position:					
Net investment in capital assets	223,632,760	74,268,122	37,098,589	334,999,471	10,605,518
Unrestricted	<u>34,833,058</u>	<u>92,392,912</u>	<u>7,242,582</u>	<u>134,468,552</u>	<u>9,707,616</u>
Total net position	<u>\$ 258,465,818</u>	<u>\$ 166,661,034</u>	<u>\$ 44,341,171</u>	<u>\$ 469,468,023</u>	<u>\$ 20,313,134</u>
Total net position - proprietary funds presentation				\$ 469,468,023	
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date				<u>3,796,740</u>	
Net position of business-type activities - government-wide				<u>\$ 473,264,763</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Operating Revenues:					
Charges for services	\$ 50,979,166	\$ 76,733,973	\$ 9,729,856	\$ 137,442,995	\$ 27,166,443
Utilities for City use	1,012,673	2,304,316	94,100	3,411,089	-
Other operating revenues	673,947	942,398	27,304	1,643,649	1,827,714
Total operating revenues	<u>52,665,786</u>	<u>79,980,687</u>	<u>9,851,260</u>	<u>142,497,733</u>	<u>28,994,157</u>
Operating Expenses:					
Water treatment/electric and other purchases	6,988,898	43,777,329	-	50,766,227	-
Administration	9,870,154	8,339,323	4,325,537	22,535,014	-
Facility maintenance	2,597,096	-	-	2,597,096	-
Payseur Mountain resource recovery	2,682,738	-	-	2,682,738	-
Sewage treatment	10,439,738	-	-	10,439,738	-
Substation operations	-	734,409	-	734,409	-
Maintenance	8,332,266	4,777,249	635,318	13,744,833	-
ADA/Para-transit expenses	-	-	344,168	344,168	-
Operations area	-	-	9,791,448	9,791,448	25,145,706
Street lights	-	758,071	-	758,071	-
Depreciation and amortization	8,924,036	2,785,660	1,484,020	13,193,716	4,516,433
Total operating expenses	<u>49,834,926</u>	<u>61,172,041</u>	<u>16,580,491</u>	<u>127,587,458</u>	<u>29,662,139</u>
Operating income (loss)	<u>2,830,860</u>	<u>18,808,646</u>	<u>(6,729,231)</u>	<u>14,910,275</u>	<u>(667,982)</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	379,840	-	116,478	496,318	222,653
Miscellaneous	-	-	-	-	776
Investment earnings	3,455,849	3,348,394	355,483	7,159,726	715,624
Power agency refund	-	13,364,246	-	13,364,246	-
Gain (loss) on disposal of capital assets	(481,984)	(25,273)	(14,177)	(521,434)	431,623
Interest and other charges on long-term debt	(2,615,924)	(7,424)	-	(2,623,348)	(21,768)
Total non-operating revenues (expenses)	<u>737,781</u>	<u>16,679,943</u>	<u>457,784</u>	<u>17,875,508</u>	<u>1,348,908</u>
Income (loss) before capital contributions and transfers	<u>3,568,641</u>	<u>35,488,589</u>	<u>(6,271,447)</u>	<u>32,785,783</u>	<u>680,926</u>
Capital Contributions:					
Federal and state grants	3,366,101	314,642	3,139,068	6,819,811	-
Local contributions	4,361,397	-	1,003,840	5,365,237	-
Development fee	3,962,509	-	-	3,962,509	-
Transfers:					
Transfers from other funds	-	-	5,928,026	5,928,026	-
Transfers to other funds	-	(2,000,000)	-	(2,000,000)	-
Change in net position	15,258,648	33,803,231	3,799,487	52,861,366	680,926
Net Position:					
Beginning of year - July 1	<u>243,207,170</u>	<u>132,857,803</u>	<u>40,541,684</u>	<u>416,606,657</u>	<u>19,632,208</u>
End of year - June 30	<u>\$ 258,465,818</u>	<u>\$ 166,661,034</u>	<u>\$ 44,341,171</u>	<u>\$ 469,468,023</u>	<u>\$ 20,313,134</u>
Reconciliation with Exhibit B Change in Net Position - Business-Type Activities:					
Change in net position - fund perspective				\$ 52,861,366	
Internal Service Fund profits allocated to business-type activities				136,185	
Change in net position - entity-wide perspective - Exhibit B				<u>\$ 52,997,551</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 49,677,210	\$ 80,879,270	\$ 9,401,809	\$ 139,958,289	\$ 28,107,643
Cash paid to suppliers	(28,781,617)	(55,368,583)	(8,840,106)	(92,990,306)	(23,429,729)
Cash paid to employees	(11,531,868)	(4,971,283)	(5,327,596)	(21,830,747)	(1,503,641)
Net cash provided (used) by operating activities	<u>9,363,725</u>	<u>20,539,404</u>	<u>(4,765,893)</u>	<u>25,137,236</u>	<u>3,174,273</u>
Cash Flows from Non-operating Activities:					
Cash Flows from Non-Capital Financing Activities:					
Power agency refund	-	13,364,246	-	13,364,246	-
Changes in due to/from other funds	-	-	-	-	26,414
Transfers from other funds	-	-	5,928,026	5,928,026	-
Transfers to other funds	-	(2,000,000)	-	(2,000,000)	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>11,364,246</u>	<u>5,928,026</u>	<u>17,292,272</u>	<u>26,414</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants	3,745,941	314,642	3,874,589	7,935,172	222,653
Expansion fee	3,962,509	-	-	3,962,509	-
Proceeds from issuance of debt	-	-	-	-	4,800,000
Principal paid on long-term debt	(5,175,380)	(47,285)	-	(5,222,665)	(3,485,782)
Proceeds from sale of capital assets	18,732	162,606	-	181,338	431,828
Acquisition and construction of capital assets	(24,059,362)	(6,504,335)	(3,292,914)	(33,856,611)	(3,728,944)
Interest paid on long-term debt	(2,615,080)	(7,424)	-	(2,622,504)	(191,323)
Net cash provided (used) by capital and related financing activities	<u>(24,122,640)</u>	<u>(6,081,796)</u>	<u>581,675</u>	<u>(29,622,761)</u>	<u>(1,951,568)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>3,455,849</u>	<u>3,348,394</u>	<u>355,483</u>	<u>7,159,726</u>	<u>715,624</u>
Net increase (decrease) in cash and cash equivalents	(11,303,066)	29,170,248	2,099,291	19,966,473	1,964,743
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>79,396,646</u>	<u>62,180,529</u>	<u>7,344,463</u>	<u>148,921,638</u>	<u>12,197,077</u>
End of year - June 30	<u>\$ 68,093,580</u>	<u>\$ 91,350,777</u>	<u>\$ 9,443,754</u>	<u>\$ 168,888,111</u>	<u>\$ 14,161,820</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 2,830,860	\$ 18,808,646	\$ (6,729,231)	\$ 14,910,275	\$ (667,982)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,924,036	2,785,660	1,484,020	13,193,716	4,516,433
Non-operating revenues (expenses)	-	-	-	-	776
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	(3,262,419)	512,957	(449,451)	(3,198,913)	(887,290)
(Increase) decrease in prepaids	-	-	-	-	272,989
(Increase) decrease in leases receivable	-	13,305	-	13,305	-
(Increase) decrease in deferred outflows - pension	623,786	267,337	133,668	1,024,791	-
(Increase) decrease in deferred outflows - OPEB	445,833	205,769	102,885	754,487	-
Increase (decrease) in deferred inflows - OPEB	(312,216)	(144,099)	(72,050)	(528,365)	-
Increase (decrease) in net pension liability	(112,994)	(48,426)	(24,213)	(185,633)	-
Increase (decrease) deferred inflows - pension	72,183	30,936	15,468	118,587	-
Increase (decrease) deferred inflows - leases	-	(15,255)	-	(15,255)	-
(Increase) decrease in inventories	(77,920)	(1,535,455)	-	(1,613,375)	-
Increase (decrease) in accounts payable	(20,063)	(723,074)	737,478	(5,659)	(88,390)
Increase (decrease) in accrued salaries	58,804	52,820	24,646	136,270	-
Increase (decrease) in compensated absences	32,310	(7,454)	36,807	61,663	27,737
Increase (decrease) in other post-employment benefits	(112,318)	(51,839)	(25,920)	(190,077)	-
Increase (decrease) in customer deposits	273,848	387,576	-	661,424	-
Increase (decrease) in deferred revenues	(5)	-	-	(5)	-
Net cash provided (used) by operating activities	<u>\$ 9,363,725</u>	<u>\$ 20,539,404</u>	<u>\$ (4,765,893)</u>	<u>\$ 25,137,236</u>	<u>\$ 3,174,273</u>
Supplemental Disclosure of Non-Cash Activity:					
Book value of capital assets sold/disposed	\$ 500,716	\$ 38,829	\$ -	\$ 539,545	\$ 205
Right-to-use assets acquired/obligations issued	\$ -	\$ -	\$ -	\$ -	\$ 631,770
Local developer contributions	\$ -	\$ -	\$ 1,003,840	\$ 1,003,840	\$ -

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of Significant Accounting Policies

The accounting policies of the City of Gastonia (the “City”), and its discretely presented component units, 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 City is a municipal corporation which is governed by an elected Mayor and a six-member Council. As required by generally accepted accounting principles, these financial statements present the City, and its component units, legally separate entities for which the City is financially accountable. The blended component unit, although it is a legally separate entity, is in substance part of the City’s operations. The two discretely presented component units presented below are reported in separate columns in the City’s financial statements in order to emphasize that they are legally separate from the City.

Blended Component Unit

Gastonia/Gaston County HOME Consortium

Gastonia/Gaston County HOME Consortium (the “Consortium”) exists to provide access to the HOME program for the residents of the City and Gaston County. By agreement, the City has been designated as the lead entity for the HOME program and shall assume overall responsibility for ensuring the program is carried out in compliance with federal regulations. The City’s Council also serves as the governing board for the Consortium. The Consortium is included in the Community Development Block Grant Program Fund, a Special Revenue Fund, in the City’s financial statements. The Consortium does not issue separate financial statements. The basis for the blended component is the component unit's governing body is substantively the same as the governing body of the primary government, and management of the primary government has operational responsibility for the component unit.

Discretely Presented Component Units

City of Gastonia ABC Board

The five members of the ABC Board’s governing board are appointed by the City. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the City. The ABC Board has a June 30 year-end, and complete financial statements for the ABC Board may be obtained from the entity’s administrative offices at the City of Gastonia ABC Board, 1840 South York Road, Gastonia, North Carolina 28052. The ABC Board is presented as if it were a proprietary fund (discrete presentation).

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Gastonia Tourism Development Authority

The seven members of the Gastonia Tourism Development Authority's governing board are appointed by the City. The City levies a three percent (3.0%) room occupancy tax, pursuant to Session Law 2001-439 of the North Carolina General Assembly, and remits on a monthly basis the net proceeds of the tax to the Gastonia Tourism Development Authority. The Gastonia Tourism Development Authority has a June 30 year-end, and complete financial statements for the Gastonia Tourism Development Authority may be obtained from the Director of Financial Services of the City of Gastonia, who serves, ex-officio, as the Finance Director of the Authority, at 181 S. South Street, Gastonia, North Carolina 28052. The Gastonia Tourism Development Authority is a discretely presented component unit.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Exhibit A - Statement of Net Position and Exhibit B - Statement of Activities) report information about the primary government and its component units. These financial statements include the financial activities of the overall government. The effect of interfund activity has been removed from these statements in all material areas. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, other taxes and licenses, state-shared revenues, sales and services, and transfers from the enterprise funds. The primary expenditures are for public safety, public works and cemeteries, cultural and recreation, economic and physical development, general government services, capital outlay, and debt service.

Streets Capital Project Fund. The Streets Capital Project Fund is used to account for street improvement projects to be funded by a combination of grants, City funds, and \$75,000,000 of transportation general obligation bonds to enhance the City's infrastructure and make conditions safer. An order authorizing \$75,000,000 Transportation Bonds was adopted by the City Council on August 2, 2022 and \$33,190,000 of the authorized bonds were issued on April 25, 2023. The authorized Transportation Bonds will be issued in future years.

American Rescue Plan Fund. The American Rescue Plan Fund is used to account for the City's portion of the American Rescue Plan (ARP) funding. In March 2021, the United States government passed a \$1.88 trillion ARP, providing relief for previous and future expenditures related to the COVID-19 pandemic. The City of Gastonia was awarded a total of \$15,661,923 with half being received in May 2021 and the other half received in May 2022. These funds can only be spent for eligible uses including, (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer or broadband.

The City reports the following major enterprise funds:

Water and Sewer Fund. The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and the Water and Sewer Capital Projects Fund. The Capital Expansion Fund, Renewal and Replacement Fund, and Water & Sewer Stimulus fund are also separately budgeted funds within the Water and Sewer Fund, which are presented within the Operation Fund for financial reporting purposes. Financing of the Water and Sewer Operation Fund comes principally from charges from the users, and the Capital Expansion Fund is funded through transfers from the Water and Sewer Operation Fund. The Water & Sewer System Expansion Fee Fund and the Water & Sewer Capital Projects fund are separately budgeted funds within the Water and Sewer capital Projects Fund. The Capital Projects Fund is financed mainly from revenue bonds, transfers from the Capital Expansion Fund, as well as from system expansion fees from developers.

Electric Fund. The Electric Fund includes the accounts of the Electric Operation Fund and the Electric Capital Projects Fund. The Renewal and Replacement Fund, Rate Stabilization Fund, and Power Agency Settlement Fund are also separately budgeted funds, which are presented within the Operation Fund for financial reporting purposes. Financing of these funds, except for the Power Agency Settlement Fund, comes principally from charges to the users and non-routine returns of excess working capital from the North Carolina Municipal Power Agency Number 1, which the City is a member of. Financing of the Power Agency Settlement Fund was from allocations from the North Carolina Electric Agency related to a contract settlement with the power generation plant's management company.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All funds of the City are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

The government-wide, proprietary fund, and component units' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net position is segregated into (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. Operating statements for these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not considered 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Sales taxes collected and held by the state at year-end, on behalf of the City, are recognized as revenue. Sales taxes are considered a shared revenue for the City of Gastonia because the tax is levied by Gaston County and then remitted to and distributed by the state. Certain intergovernmental revenues and sales and services, are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

The effect of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments-in-lieu-of-taxes and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally, dedicated resources are reported as general revenues; therefore, all taxes are reported as general revenues.

Proprietary funds distinguish between operating revenues/expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The City has the following fund categories:

Governmental Funds. Governmental funds are those used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds). The following are the City's governmental fund types:

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund for fund financial statement reporting purposes.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated by Council to specified purposes. The City maintains seven special revenue funds: American Rescue Plan Fund, State Grants Fund, Federal Grants Fund, Community Development Block Grant Fund, Occupancy Tax Fund, Uptown Municipal Tax District Fund, and the Economic Stimulus Grants Fund. The American Rescue Plan Fund is a major fund.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City maintains six capital project funds: Mayor/Council Fund, Streets Capital Project Fund, Developer Sidewalk Fund, Airport Fund, Downtown Revitalization Fund, and Infrastructure Rehabilitation Fund. The Streets Capital Project Fund is a major fund.

Proprietary Fund Types. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The following are the proprietary funds of the City:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains six enterprise funds: Water and Sewer Fund, Electric Fund, Transit System Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. The Water and Sewer Fund and the Electric Fund are major funds.

Internal Service Funds. Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursed basis. The City has four internal service funds: the Vehicle Replacement Fund, which owns certain City vehicles and equipment; the Information Technology Fund, which provides computer support and other technology services; the Medical Self-Insurance Fund, which provides medical coverage to the City employees; and the Dental Self-Insurance Fund, which provides dental coverage to the City employees.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, special revenue, capital project, and enterprise funds. The annual appropriations of the General Fund, Occupancy Tax Fund, and the enterprise operating funds lapse at fiscal year-end. The unexpended annual appropriations of the governmental capital project funds, enterprise capital project funds, State Grants, Uptown Municipal Service District Fund, American Rescue Plan Fund, Community Development Block Grant Fund, Infrastructure Rehabilitation Fund, Economic Stimulus Grants Fund, and the internal service funds are reappropriated at the beginning of each fiscal year. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the capital project funds. The Budget Administrator may approve line-item transfers within a budget appropriation or transfers between appropriations if it does not involve salary or travel and is less than \$10,000. A monthly report of budget transfers approved by the Budget Administrator shall be submitted to the City Manager. The City Manager, or his designee, may approve budget ordinance amendments greater than \$10,000, transferring funds from one appropriation to another within the same fund, provided that the City Council is notified of such amendments. The City Manager may authorize modifications between individual sub-accounts (line items) appropriations, provided that the modifications do not exceed the total expenditures authorized by the budget ordinance. All budget ordinance amendments between funds must be authorized by the City Council. Also, any change in budgeted revenue estimates, including changes to the amounts appropriated from fund balance, must be approved by the City Council except for the following: (1) grant funding not depleted during the prior fiscal year may be carried over with the City Manager's approval, and (2) trust and agency funding not depleted during the prior fiscal year may be carried over with the City Manager's approval. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing body must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Also, as required by state law, the City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, Dental Self-Insurance Fund, and internal service funds operate under financial plans. The City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, and Dental Self-Insurance Fund financial plans were adopted by the governing board at the time the City's budget ordinance was approved. The financial plans also were entered into the minutes of the governing board. During the year, several changes to the original financial plans were necessary, the effects of which were not material.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Deposits and Investments

All deposits of the City and its component units are made in Council-designated official depositories and are secured as required by state law (G.S. 159-31). The City and its component units may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the City and its component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30] authorizes the City and its component units 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 mutual fund shares when the mutual fund is certified by the Local Government Commission.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invest in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less, and non-participating interest earnings and investment contracts are reported at amortized cost.

In accordance with state law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash, Cash Equivalents, and Investments

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. A substantial portion of the City's and its component units' cash and investments is essentially demand deposits and, thus, considered cash and cash equivalents. The City and its component units also consider all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash and cash equivalents.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted Assets

Unexpended debt proceeds are presented as restricted cash as their use is completely restricted to the purposes for which the funds were received or designated for by an outside third party. IRS regulatory funds for section 125 withholdings, grant funds restricted, and conference center management agreement funds are classified as restricted assets in the General Fund because their use is restricted for IRS specified disbursements or by revenue source for specific expenditures. Advances from grantors in the American Rescue Plan Fund and other governmental funds are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Performance bonds held on behalf of contractors are restricted for the purpose of the related contracts and agreements until all conditions are satisfied to release the bonds. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. System development fees are collected to recover the costs associated with capital improvements made by a utility system to make service available to future users of the system and are restricted to this purpose.

Governmental Activities:

General Fund:

Cash performance bonds held	\$	300,207
IRS regulatory section 125 restricted		277,939
Unspent grant and other restricted revenues		1,573,910
Conference center management agreement		241,958
Public works - Powell Bill		4,692,119

Internal Service Fund:

Vehicle Renewal and Replacement Fund:

Unexpended bond proceeds		5,576,736
--------------------------	--	-----------

Other Nonmajor Governmental Funds:

Advances from grantors, including interest		4,766,661
--	--	-----------

Streets Capital Project Fund:

Unexpended bond proceeds		18,763,061
--------------------------	--	------------

American Rescue Plan Fund:

Advances from grantors		<u>1,364,307</u>
------------------------	--	------------------

Total governmental activities		<u>37,556,898</u>
-------------------------------	--	-------------------

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Business-Type Activities:

Electric Fund:

Customer deposits	1,761,347
-------------------	-----------

Water and Sewer Fund:

Unexpended bond proceeds	25,384,269
--------------------------	------------

System development fees	16,521,066
-------------------------	------------

Customer deposits	<u>792,688</u>
-------------------	----------------

Total business-type activities	<u>44,459,370</u>
--------------------------------	-------------------

Total restricted cash	<u>\$ 82,016,268</u>
-----------------------	----------------------

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City ad valorem taxes, except for ad valorem taxes on certain vehicles, are levied by the Gaston County Tax Collector on July 1st, the beginning of the fiscal year. These taxes are due on September 1st; however, no interest or penalties are assessed until the following January 6th, when property taxes attach as enforceable liens. The taxes levied are based on the assessed values as of January 1, 2024. Collections of City taxes are made by the County and remitted to the City as collected.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. These amounts are estimated based upon the age of the receivable and management's conservative collectability estimates. Utility account receivables and miscellaneous receivables billed through the utility system are considered uncollectible after 60 days. Code enforcement receivables, inspections receivables, and other miscellaneous account receivables are considered uncollectible after one year.

Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of each lease.

Inventories and Prepaid Items

Inventories in the City's governmental funds are carried at cost. Costing methods used are moving average, FIFO, and specific cost. The City's General Fund inventories consist of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used. The City's special revenue funds' inventories consist of real property acquired for redevelopment and rehabilitation that is recorded as expenditures when the property is purchased or improvements are made.

The enterprise funds' inventories of the City, and its component units, are valued at the lower of cost or market. The inventories of the City's enterprise funds and those of the City of Gastonia ABC Board consist of material and supplies held for consumption and/or purchases for resale. The cost of these inventories is recorded as an expense as the inventories are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; general governmental infrastructure, \$100,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

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.

The City's capital assets include right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

The City's capital assets also include certain right to use subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

Capital assets are depreciated on the straight-line basis, applying the following useful lives to the cost of the assets:

	<u>Years</u>
General governmental infrastructure – road network	45
General governmental infrastructure – bridges	50
Buildings	45
Machinery, equipment, and furniture	3 to 15
Vehicles	6
Water and sewer infrastructure	65
Electrical distribution system	28 to 35
Stormwater system	70
Computer hardware and software	3

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, pension deferrals and OPEB deferrals. In addition to liabilities, the Statement of Net 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 assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criteria for this category - lease deferrals, prepaid taxes, pension deferrals and OPEB deferrals as presented on the Statement of Net Position, and property taxes receivable and other unavailable revenues additionally reported on the Balance Sheet – Governmental Funds.

Compensated Absences

The City of Gastonia recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or paid out during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick, and compensatory time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The vacation policies of the City provide for the accumulation of earned vacation leave up to 52 times an employee's bi-weekly accrual rate, with such leave being fully vested when earned. Any excess vacation leave can be carried over to the employees' sick leave balance. All vacation pay is accrued when incurred in the government-wide, proprietary, and Internal Service Fund financial statements.

The City'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. Accumulated sick leave is accrued as a liability if it is more likely than not to be used during employment.

Long-Term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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 premium 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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on the 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.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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 City of Gastonia's employer contributions are recognized when due and the City of Gastonia 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.

Reimbursements for Pandemic-Related Expenditures

During the 2021 fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$15,661,923 of fiscal recovery funds, which were paid in two equal

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

installments. The first installment of \$7,830,962 was received in May 2021, and the second equal installment was received in June 2022. The City elected to use the standard allowance of \$10,000,000 for revenue replacement, which will include various projects such as public works upgrade, recreational facilities upgrade, street resurfacing, and police equipment. The remaining balance will be used for COVID-19 direct expenses. \$6,980,607 was spent during fiscal year 2024 and \$2,596,551 was spent during fiscal year 2025. Revenue replacement funds will be transferred to the appropriate funds as the City determines the specific use of the funds.

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state 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.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for Public Safety - Law Enforcement Expenditures – portion of fund balance that is available for appropriation, but legally restricted by revenue source for law enforcement expenditures.

Restricted for Public Works - Powell Bill – portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. The amount represents the balance of the total unexpended Powell Bill funds less amounts to be paid from restricted assets.

Restricted for Cultural and Recreation - Conference Center Equipment – portion of fund balance that is available for appropriation, but legally restricted by revenue source for conference center equipment expenditures.

Restricted for Community Development and Improvement – portion of fund balance restricted by revenue source for future development and capital activities. This classification consists primarily of advances from grantors.

Restricted for Capital Outlay – portion of fund balance restricted by revenue source, transportation general obligation bonds, for street improvement projects.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Restricted fund balance at June 30, 2025 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Streets Capital Project Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:			
Public safety	\$ 1,573,910	\$ -	\$ -
Public works - Powell Bill	4,692,119	-	-
Cultural and recreation	241,958	-	-
Community development and improvement	-	-	3,080,148
Capital outlay	-	18,763,061	-
Total	<u>\$ 6,507,987</u>	<u>\$ 18,763,061</u>	<u>\$ 3,080,148</u>

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$18,763,061 at June 30, 2025.

Committed Fund Balance

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

Committed for Capital Outlays – portion of fund balance budgeted by Council for future Mayor/Council capital activities.

<u>Purpose</u>	<u>Other Governmental Funds</u>
Capital outlays	<u>\$ 6,042,109</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the City of Gastonia intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The Manager and Director of Financial Services, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned for Economic and Physical Development – portion of fund balance budgeted by Council for future economic and physical development activities.

Assigned for Capital Outlays – portion of fund balance budgeted by Council for future capital activities.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Assigned fund balance at June 30, 2025 is as follows:

Purpose	Other Governmental Funds
Economic and physical development	\$ 522,513
Capital outlays	2,997,648
Total	\$ 3,520,161

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted or committed, to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City of Gastonia has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Director of Financial Services will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Director of Financial Services has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

The City Council has established a fund balance goal of 25 percent of budgeted expenditures and transfers-out for the General Fund.

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

Total fund balance - General Fund	\$ 70,393,983
Less:	
Leases	107,331
Inventories	1,004,342
Prepays	51,906
Stabilization by state statute	22,322,893
Total available fund balance	\$ 46,907,511

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2025 are detailed as follows:

	<u>Encumbrances</u>
General Fund	\$ 8,150,874
Streets Capital Project Fund	8,336,302
American Rescue Plan Fund	324,986
Nonmajor Governmental Funds:	
Special Revenue Funds:	
State Grants Fund	46,069
CDBG Program Fund	14,667
CDBG Rehabilitation Fund	42,117
CDBG Home Investment Trust Fund	4,185
Uptown Municipal Tax District Fund	25,500
Capital Project Funds:	
Mayor/Council Capital Project Fund	1,081,653
Airport Fund	384,556
Downtown Revitalization Fund	4,435
Total	<u>\$ 18,415,344</u>

Interfund Transactions

Interfund services provided and used transactions are accounted for as revenue or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the City. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except services provided and used and reimbursements, are reported as transfers. During the year, the Electric Fund provided substantial financial support to the General Fund in the form of cash transfers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts, unbilled receivables, and depreciation lives.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations.

Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the City's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

2. Detailed Notes On All Funds

A. Assets

Deposits

All the deposits of the City 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 City'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 City, these deposits are considered to be held by the City'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 City or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The City relies on the State Treasurer to monitor those financial institutions. The City analyzes the financial soundness of any other financial institution used by the City. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The City has no policy regarding custodial credit risk for deposits.

At June 30, 2025, the City's deposits had a carrying amount of \$23,147,478 and a bank balance of \$24,907,687. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$28,370 cash on hand as of June 30, 2025.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Investments

At June 30, 2025, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2025</u>	<u>Maturity</u>	<u>S&P/Moody's Ratings</u>
Royal Bank of Canada CP	Fair Value - Level 2	\$ 1,937,578	9/11/2025	A1+/P1
Royal Bank of Canada CP	Fair Value - Level 2	1,941,070	7/11/2025	A1+/P1
US Treasury Bill	Fair Value - Level 1	1,958,995	8/14/2025	AA+/Aaa
US Treasury Bill	Fair Value - Level 1	1,956,330	9/11/2025	AA+/Aaa
US Treasury Bill	Fair Value - Level 1	1,959,716	11/20/2025	AA+/Aaa
Great West Annuity & Life CP	Fair Value - Level 2	1,978,261	7/22/2025	A1+/P1
Toyota Motor Cr CP	Fair Value - Level 2	1,936,850	11/21/2025	A1+/P1
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	<u>246,072,400</u>	N/A	AAAm/AAA-mf
Total		<u><u>\$ 259,741,200</u></u>		

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

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

Interest Rate Risk. The City has a formal investment policy that addresses the minimization of interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and/or identified capital needs and investing operating funds primarily in shorter-term securities and deposits, staggering maturities to avoid undue concentration of assets in a single maturity range, and limits all securities to a maturity of no more than five years from the date of purchase.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City has a formal investment policy that addresses the minimization of credit risk by limiting the City's investments to the provisions of North Carolina G.S. 159-30 and pre-qualifying the financial institutions, broker-dealers, intermediaries, and the advisors. Investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2025. The investments in commercial paper carried credit ratings of A1 and A1+ by Standard & Poor's and P1 by Moody's Investors Service. The investment in U.S. treasuries are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The City has a formal investment policy that addresses the minimization of concentration of credit risk by requiring the diversification of the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized. The combined total investments in commercial paper and bankers'

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

acceptances cannot exceed fifty percent (50%) of the total portfolio, no more than ten percent (10%) of the portfolio may be invested in a specific company’s commercial paper, and no more than twenty-five percent (25%) of the City’s investments may be invested in any one US Agency’s securities. However, the City places no limit on the amount that the City may invest in investments of the N.C. Capital Management Trust.

Receivables

The amounts presented in Exhibit A, the Statement of Net Position, are net of the following allowances for doubtful accounts as of June 30, 2025:

General Fund:	
Property taxes	\$ 219,344
Other receivables	1,636,766
Enterprise Funds:	
Water and Sewer Fund - utility receivables	725,304
Electric Fund - utility receivables	1,480,338
Stormwater Fund - utility receivables	123,846
Solid Waste Fund - customer receivables	124,245

Due from other governments at the government-wide level at June 30, 2025:

Governmental Funds:	
General Fund:	
Sales and use tax distribution	\$ 5,716,908
Taxes and other due from County	626,258
Sales tax refund	2,474,935
Due from ABC Board	169,760
Federal and state grants	353,305
Due from Gastonia TDA	<u>57,270</u>
Total General Fund	<u>9,398,436</u>
Other Governmental Funds:	
Occupancy tax	181,575
Federal and state grants	<u>1,015,975</u>
Total other governmental funds	<u>1,197,550</u>
Total governmental funds	<u>\$ 10,595,986</u>
Business-Type Funds:	
Transit System Fund:	
Federal and state grants	<u>\$ 4,321,773</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Receivables

The City entered into a long-term receivable with a developer in 2017 for \$324,800 for the sale of property for redevelopment. The terms of the loan required the developer to pay a 5% deposit of \$16,240. The balance to be paid in monthly payments, with the first 12 months being interest only payments. The annual interest rate is 3.75%. The monthly payments after the first 12 months is \$5,668, with the balance due in full in 6 years from the execution of the agreement. The balance of the long-term receivable at June 30, 2025 is \$5,668 and is recorded in a capital project fund of the City.

The City has long-term receivables recorded in the City's special revenue funds. The long-term receivables have various principal payment and interest rate requirements, as they are with several different investors. The purpose of these receivables is for the economic development within the City, per the guidelines of the loan pool by the grantor. The balance of these long-term receivables at June 30, 2025 is \$1,748,219.

Leases Receivable

Details of the City's leases receivable at June 30, 2025 are as follows:

As of June 30, 2025, the City of Gastonia had 10 active leases. The leases have receipts that range from \$1,200 to \$35,808 and interest rates that range from 1.759% to 2.440%. As of June 30, 2025, the total combined value of the lease receivable is \$5,579,917, the total combined value of the short-term lease receivable is \$315,819, and the combined value of the deferred inflow of resources is \$5,322,761. The leases had no variable or other receipts that were not included in the lease receivable.

Future minimum lease payments receivable as of June 30, 2025 were as follows:

Year Ending			
June 30	Principal	Interest	Total
2026	\$ 315,819	\$ 126,811	\$ 442,630
2027	324,909	119,623	444,532
2028	334,788	112,217	447,005
2029	343,858	104,603	448,461
2030	333,176	96,788	429,964
2031-2035	1,724,798	364,543	2,089,341
2036-2040	1,735,262	162,484	1,897,746
2041-2045	467,307	10,323	477,630
Total	<u>\$ 5,579,917</u>	<u>\$ 1,097,392</u>	<u>\$ 6,677,309</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Capital Assets

A summary of changes in the City's governmental capital assets follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2025</u>
Non-Depreciable Capital Assets:					
Land	\$ 15,582,625	\$ 30,748	\$ -	\$ -	\$ 15,613,373
Construction in progress	12,031,974	6,806,936	(42,354)	(2,195,167)	16,601,389
Total non-depreciable capital assets	<u>27,614,599</u>	<u>6,837,684</u>	<u>(42,354)</u>	<u>(2,195,167)</u>	<u>32,214,762</u>
Depreciable and Right to Use Capital Assets:					
Other improvements	30,965,569	1,720,987	-	2,176,288	34,862,844
Other improvements -					
Internal Service Fund	-	8,825	-	-	8,825
Buildings	93,063,502	409,723	(2,360)	-	93,470,865
Building - Internal Service Fund	1,436,751	2,445	-	-	1,439,196
Equipment	16,811,382	5,653,537	(432,698)	18,879	22,051,100
Equipment - Internal Service Fund	60,184,172	5,080,289	(2,102,991)	-	63,161,470
Right to use leased building	313,630	-	(298,145)	-	15,485
Right to use leased equipment	131,821	-	(131,821)	-	-
Right to use leased equipment -					
Internal Service Fund	8,717	-	(8,717)	-	-
Right to use IT subscriptions	2,315,803	-	-	-	2,315,803
Right to use IT subscriptions -					
Internal Service Fund	506,385	631,770	-	-	1,138,155
General infrastructure	305,667,913	8,004,506	-	-	313,672,419
Total depreciable and right to use capital assets	<u>511,405,645</u>	<u>21,512,082</u>	<u>(2,976,732)</u>	<u>2,195,167</u>	<u>532,136,162</u>
Less Accumulated Depreciation/Amortization:					
Other improvements	20,143,041	1,220,328	-	-	21,363,369
Other improvements -					
Internal Service Fund	-	294	-	-	294
Buildings	38,471,194	3,041,993	(350)	-	41,512,837
Building - Internal Service Fund	100,122	32,028	-	-	132,150
Equipment	11,516,085	1,282,226	(426,243)	-	12,372,068
Equipment - Internal Service Fund	45,213,153	4,301,779	(2,102,786)	-	47,412,146
Right to use leased building	300,548	801	(298,145)	-	3,204
Right to use leased equipment	121,979	9,842	(131,821)	-	-
Right to use leased equipment -					
Internal Service Fund	7,998	719	(8,717)	-	-
Right to use IT subscriptions	567,252	280,042	-	-	847,294
Right to use IT subscriptions -					
Internal Service Fund	296,400	181,613	-	-	478,013
General infrastructure	249,692,094	6,829,352	-	-	256,521,446
Total accumulated depreciation/amortization	<u>366,429,866</u>	<u>17,181,017</u>	<u>(2,968,062)</u>	<u>-</u>	<u>380,642,821</u>
Capital assets, net	<u>\$ 172,590,378</u>				<u>\$ 183,708,103</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Depreciation/Amortization Allocation

The City's internal service funds capital assets are reported with the governmental capital assets in the government-wide financial statements. Depreciation/amortization expense was charged to functions/programs in the government-wide Statement of Activities as follows:

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Governmental Activities:			
General government	\$ 2,152,979	\$ 767,793	\$ 2,920,772
Public safety	633,229	225,822	859,051
Public works	8,105,334	2,890,517	10,995,851
Cultural and recreation	1,773,042	632,301	2,405,343
Total	<u>\$ 12,664,584</u>	<u>\$ 4,516,433</u>	<u>\$ 17,181,017</u>

Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2025 are as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2025</u>
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 12,409,353	\$ -	\$ -	\$ -	\$ 12,409,353
Construction in progress	29,571,715	22,803,322	(500,716)	(86,540)	51,787,781
Total non-depreciable capital assets	<u>41,981,068</u>	<u>22,803,322</u>	<u>(500,716)</u>	<u>(86,540)</u>	<u>64,197,134</u>
Depreciable and Right to Use Capital Assets:					
Land improvements	5,098,053	-	-	-	5,098,053
Buildings	137,621,238	-	-	-	137,621,238
Machinery, equipment, and vehicles	16,967,587	568,215	(872,780)	-	16,663,022
Water and sewer system	232,289,376	4,411,397	-	86,540	236,787,313
Right to use leased building	165,494	-	-	-	165,494
Right to use leased equipment	25,727	-	(25,727)	-	-
Right to use IT subscriptions	12,695	-	-	-	12,695
Total depreciable and right to use capital assets	<u>392,180,170</u>	<u>4,979,612</u>	<u>(898,507)</u>	<u>86,540</u>	<u>396,347,815</u>
Less Accumulated Depreciation/ Amortization:					
Land improvements	3,389,357	132,092	-	-	3,521,449
Buildings	58,725,281	4,657,544	-	-	63,382,825
Machinery, equipment, and vehicles	12,750,083	668,298	(872,780)	-	12,545,601
Water and sewer system	92,633,318	3,433,470	-	-	96,066,788
Right to use leased building	82,746	27,582	-	-	110,328
Right to use leased equipment	23,607	2,120	(25,727)	-	-
Right to use IT subscriptions	5,860	2,930	-	-	8,790
Total accumulated depreciation/ amortization	<u>167,610,252</u>	<u>8,924,036</u>	<u>(898,507)</u>	<u>-</u>	<u>175,635,781</u>
Capital assets, net	<u>\$ 266,550,986</u>				<u>\$ 284,909,168</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2025</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 969,098	\$ -	\$ -	\$ -	\$ 969,098
Construction in progress	18,559,262	3,300,272	(38,829)	(187,899)	21,632,806
Total non-depreciable capital assets	<u>19,528,360</u>	<u>3,300,272</u>	<u>(38,829)</u>	<u>(187,899)</u>	<u>22,601,904</u>
Depreciable and Right to Use					
Capital Assets:					
Land improvements	20,404	-	-	-	20,404
Buildings	6,963,599	-	-	-	6,963,599
Electrical distribution	112,984,402	2,461,989	-	187,899	115,634,290
Machinery, equipment, and vehicles	5,201,648	740,494	-	-	5,942,142
Right to use leased equipment	<u>2,617</u>	<u>-</u>	<u>(2,617)</u>	<u>-</u>	<u>-</u>
Total depreciable and right to use capital assets	<u>125,172,670</u>	<u>3,202,483</u>	<u>(2,617)</u>	<u>187,899</u>	<u>128,560,435</u>
Less Accumulated Depreciation/ Amortization:					
Land improvements	20,029	30	-	-	20,059
Buildings	1,186,598	347,349	-	-	1,533,947
Electrical distribution	68,605,937	2,160,100	-	-	70,766,037
Machinery, equipment, and vehicles	4,154,350	277,966	-	-	4,432,316
Right to use leased equipment	<u>2,402</u>	<u>215</u>	<u>(2,617)</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation/ amortization	<u>73,969,316</u>	<u>2,785,660</u>	<u>(2,617)</u>	<u>-</u>	<u>76,752,359</u>
Capital assets, net	<u>\$ 70,731,714</u>				<u>\$ 74,409,980</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The capital assets for the nonmajor enterprise funds of the City at June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Nonmajor Enterprise Funds:					
Non-Depreciable Capital Assets:					
Land	\$ 411,248	\$ -	\$ -	\$ -	\$ 411,248
Construction in progress	391,209	816,909	(9,194)	-	1,198,924
Total non-depreciable capital assets	802,457	816,909	(9,194)	-	1,610,172
Depreciable and Right to Use Capital Assets:					
Land improvements	1,662,826	579,263	-	-	2,242,089
Buildings	3,038,202	-	(5,850)	-	3,032,352
Stormwater infrastructure	55,065,577	1,003,840	-	-	56,069,417
Machinery, equipment, and vehicles	7,149,024	1,896,742	(5,030)	-	9,040,736
Right to use leased equipment	13,458	-	(13,458)	-	-
Total depreciable and right to use capital assets	66,929,087	3,479,845	(24,338)	-	70,384,594
Less Accumulated Depreciation/Amortization:					
Land improvements	1,071,242	80,533	-	-	1,151,775
Buildings	1,391,028	105,144	(867)	-	1,495,305
Stormwater infrastructure	25,505,851	752,501	-	-	26,258,352
Machinery, equipment, and vehicles	5,451,043	544,732	(5,030)	-	5,990,745
Right to use leased equipment	12,348	1,110	(13,458)	-	-
Total accumulated depreciation/amortization	33,431,512	1,484,020	(19,355)	-	34,896,177
Capital assets, net	\$ 34,300,032				\$ 37,098,589

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2025 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 183,708,103	\$ 396,417,737
Long-term debt	(80,780,573)	(85,735,579)
Other capital-related liabilities	(1,580,216)	(1,066,956)
Unspent debt proceeds	24,339,797	25,384,269
Net investment in capital assets	\$ 125,687,111	\$ 334,999,471

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The City 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, firefighters and rescue squad workers. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement, disability, 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. General employee plan members are eligible to retire with unreduced retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with reduced 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. Survivor benefits are available to eligible beneficiaries of LEO members who die

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Gastonia employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Gastonia's contractually required contribution rate for the year ended June 30, 2025, was 15.10% of compensation for law enforcement officers and 13.60% 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 City of Gastonia were \$8,744,964 for the year ended June 30, 2025.

Refunds of Contributions – City 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 include interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. 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, 2025, the City reported a liability of \$43,409,950 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2025, the City's proportion was 0.6439% (measured as of June 30, 2024), which was a decrease of 0.0237% from its proportion as of June 30, 2024 (measured as of June 30, 2023.)

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

For the year ended June 30, 2025, the City recognized pension expense of \$12,909,064. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,607,067	\$ 51,147
Net difference between projected and actual earnings on pension plan investments	5,901,557	-
Changes in proportion and differences between City contributions and proportionate share of contributions	443,704	714,560
City contributions subsequent to the measurement date	8,744,964	-
Total	\$ 22,697,292	\$ 765,707

\$8,744,964 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 4,223,568
2027	8,467,611
2028	1,162,741
2029	(667,299)
Total	\$ 13,186,621

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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 and methods used in the December 31, 2023 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	<u>6.0%</u>	4.3%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City’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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	<u>\$ 76,923,702</u>	<u>\$ 43,409,950</u>	<u>\$ 15,840,279</u>

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

Law Enforcement Officers’ and Firefighters’ Special Separation Allowance

Plan Description. The City administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers. The City has also elected to provide this benefit to all qualified firefighters. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers and firefighters of the City are covered by the Separation Allowance. At December 31, 2023, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	121
Active plan members	<u>305</u>
Total	<u><u>426</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The City 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate*	4.28 percent
Projected salary increases*	
Law enforcement officers	3.25 - 7.75 percent
Firefighters	3.25 - 8.00 percent
*Includes inflation at	2.50 percent
Cost-of-living adjustments	N/A

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by one year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back three years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward three years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Contributions. The City 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 City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$2,045,753 as benefits came due for the reporting period.

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

At June 30, 2025, the City reported a total pension liability of \$22,154,814. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the City recognized pension expense of \$2,088,479.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,714,630	\$ -
Changes of assumptions and other inputs	260,871	1,554,623
Benefit payments and administrative expenses subsequent to the measurement date	1,125,655	-
Total	<u>\$ 3,101,156</u>	<u>\$ 1,554,623</u>

The City paid \$1,125,655 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ (65,645)
2027	166,224
2028	291,874
2029	28,425
Total	<u>\$ 420,878</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.28 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(3.28%)	(4.28%)	(5.28%)
	<u>\$ 23,778,085</u>	<u>\$ 22,154,814</u>	<u>\$ 20,682,749</u>
Total pension liability			

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

Beginning balance	\$ 22,511,438
Service cost	620,682
Interest	859,542
Difference between expected and actual experience	647,647
Changes of assumptions and other inputs	(438,742)
Benefit payments	<u>(2,045,753)</u>
Net change in total pension liability	<u>(356,624)</u>
Ending balance of total pension liability	<u>\$ 22,154,814</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent at December 31, 2023 (measurement date) to 4.28 percent at December 31, 2024 (measurement date.)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 12,909,064	\$ 2,088,479	\$ 14,997,543
Pension liability	43,409,950	22,154,814	65,564,764
Proportionate share of the net pension liability	0.6439%	N/A	-

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	LGERS	LEOSSA	Total
Deferred of Outflows of Resources:			
Differences between expected and actual experience	\$ 7,607,067	\$ 1,714,630	\$ 9,321,697
Changes of assumptions	-	260,871	260,871
Net difference between projected and actual earnings on pension	5,901,557	-	5,901,557
Changes in proportion and differences between employer contributions and proportionate share of contributions	443,704	-	443,704
Benefit payments and administrative costs paid subsequent to the measurement date	8,744,964	1,125,655	9,870,619
Total	\$ 22,697,292	\$ 3,101,156	\$ 25,798,448
Deferred of Inflows of Resources:			
Differences between expected and actual experience	\$ 51,147	\$ -	\$ 51,147
Changes of assumptions	-	1,554,623	1,554,623
Changes in proportion and differences between employer contributions and proportionate share of contributions	714,560	-	714,560
Total	\$ 765,707	\$ 1,554,623	\$ 2,320,330

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes the Pension Trust Fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$657,002 for the reporting year. No amounts were forfeited.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Supplemental Retirement Income Plan for Firefighters

Plan Description. Prior to July 1, 2007, the City contributed to a 401(a) Money Purchase Plan, a defined contribution pension plan administered by ICMA Retirement Corporation. The Plan provided retirement benefits to firefighters employed by the City. As of July 1, 2007, the City contributes to the North Carolina 401(k) Plan administered by Prudential Retirement. The Plan provides retirement benefits to firefighters employed by the City. Participants have the option of leaving their 401(a) balances, as of June 30, 2007, in the Plan or transferring them to the 401(k) plan account. The City Council has the authority to establish and amend benefit provisions and contribution requirements of the Plan.

Funding Policy. The City contributes on a bi-weekly basis an amount equal to five percent of each fireman's salary and all amounts are vested immediately. Also, the firefighters may make voluntary contributions to the Plan. The City made contributions of \$499,821 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan

Plan Description. Prior to July 1, 2007, the City contributed to a 401(a) Money Purchase Plan, a defined contribution plan administered by ICMA Retirement Corporation. The Plan provided benefits to all full-time employees of the City, excluding law enforcement officers and firefighters. As of July 1, 2007, the City contributes to the North Carolina 401(k) Plan administered by Prudential Retirement. The Plan provides retirement benefits to all full-time employees of the City, excluding law enforcement officers and firefighters. Participants have the option of leaving their 401(a) balances as of June 30, 2007 in the plan or transferring them to the 401(k) plan account. The City Council has the authority to establish and amend benefit provisions and contribution requirements of the Plan.

Funding Policy. The City contributes to the North Carolina 401(k) Plan on a bi-weekly basis an amount equal to five percent of each employee's salary, and all amounts are vested immediately. Also, the employees may make voluntary contributions to the plans. The City made contributions of \$2,018,384 for the reporting year.

Deferred Compensation Plan

City employees can elect to participate in a City-sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by ICMA Retirement Corporation. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency. The City contributes to the Plan five percent of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2025 were \$86,838, which consisted of \$25,400 from the City and \$61,438 from the employees.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. According to a City resolution, the City provides a single-employer defined benefit post-retirement healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City and have not become eligible for Medicare. The City pays the full cost of coverage for these benefits for employees hired prior to September 1, 2000 and a percentage of the premium cost based on years of service for employees hired on or after September 1, 2000. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. There is a small premium required for retirees who elect the PPO Plan. Also, the City's retirees hired before November 1, 2024 can purchase coverage for their dependents at the City's group rates. For the fiscal year ended June 30, 2025, the City made payments for post-retirement health benefit claims, net of plan related receipts, of \$3,063,509. As of July 1, 2006, the City became self-insured, and these premium payments are made to the City's Medical Self-Insurance Internal Service Fund.

The City also provides life insurance coverage for all retirees. For employees hired prior to September 1, 2000, the City will provide a paid-up life insurance policy from retirement to the date of death to the extent of 50 percent of the coverage in effect at the time of retirement, up to a maximum of \$20,000. The City pays the full cost of coverage for these retirees. For employees hired on or after September 1, 2000, the City will provide a paid-up life insurance policy to the extent of 50 percent of the coverage in effect at the time of retirement until age 70, up to a maximum of \$20,000. At age 70, the amount of the insurance coverage will then be reduced to \$2,000. For these employees, the City pays an established percentage of the premium cost based on years of service. For the fiscal year ended June 30, 2025, the City made payments for post-retirement life insurance benefit premiums of \$88,175.

The City will pay the following percentage cost of post-retirement healthcare and life insurance premiums for members hired on or after September 1, 2000:

<u>Years of Service</u>	<u>Percentage of Premium Paid By The City</u>
Up to 15	10.00%
15-19	43.75%
20-24	75.00%
25 or more	100.00%
Disability retirement	100.00%

The City Council may amend the benefits provisions. A separate report was not issued for the Plan. The Plan is a single-employer defined benefit plan.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statements 75.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Membership of the healthcare plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

<u>Healthcare Membership</u>	
Inactive employees or beneficiaries currently receiving benefits	601
Active employees	<u>782</u>
Total	<u><u>1,383</u></u>

Total OPEB Liability

The City's total OPEB liability of \$59,498,628 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumption and Other Inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 - 8.41 percent
Firefighters	3.25 - 8.15 percent
Law enforcement officers	3.25 - 7.90 percent
Municipal bond index rate:	
Prior measurement date	3.65 percent
Measurement date	3.93 percent
Healthcare cost trend rates,	
Pre-Medicare medical and prescription drug	7.00 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2033
Medicare medical and prescription drug	5.125 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2026

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	<u>\$60,362,612</u>
Changes for the year:	
Service cost	1,758,489
Interest	2,227,581
Differences between expected and actual experience	(1,103,323)
Changes in assumptions	(1,544,047)
Benefit payments	<u>(2,202,684)</u>
Net changes	<u>(863,984)</u>
Balance at June 30, 2024	<u>\$59,498,628</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.65% to 3.93%. Full-time employees hired on or after November 1, 2024 are not eligible to elect benefit coverage.

The City selected a municipal bond index rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the municipal bond index rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$ 65,293,283</u>	<u>\$ 59,498,628</u>	<u>\$ 54,432,165</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 54,212,369</u>	<u>\$ 59,498,628</u>	<u>\$ 65,729,016</u>

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$3,227,356. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 688,999	\$ 4,535,696
Changes of assumptions and other inputs	3,182,463	4,782,749
Benefit payments and administrative expenses subsequent to the measurement date	<u>3,063,512</u>	<u>-</u>
Total	<u>\$ 6,934,974</u>	<u>\$ 9,318,445</u>

\$3,063,512 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Year Ending June 30</u>	<u>Amount</u>
2026	\$ (2,263,228)
2027	(1,998,126)
2028	(612,227)
2029	(456,977)
2030	<u>(116,425)</u>
Total	<u>\$ (5,446,983)</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

The balance in deferred outflows of resources is composed of the following elements:

	<u>Amount</u>
(Pensions) - Differences between expected and actual experience	\$ 9,321,697
(Pensions) - Changes of assumptions	260,871
(Pensions) - Net difference between projected and actual earnings on pension plan investments	5,901,557
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	443,704
(OPEB) - Differences between expected and actual experience	688,999
(OPEB) - Changes of assumptions	3,182,463
Benefit payments for the OPEB plan paid subsequent to the measurement date	3,063,512
Contributions to pension plan subsequent to measurement date (LGERS)	8,744,964
Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)	<u>1,125,655</u>
Total	<u>\$ 32,733,422</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The balance in deferred inflows of resources is composed of the following elements:

	Fund Level	Government- Wide Level
(Pensions) - Differences between expected and actual experience	\$ -	\$ 51,147
(Pensions) - Changes of assumptions	-	1,554,623
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	-	714,560
(OPEB) - Differences between expected and actual experience	-	4,535,696
(OPEB) - Changes of assumptions	-	4,782,749
Taxes receivable, net (General Fund)	969,491	-
Lease deferrals	5,100,756	5,322,761
Prepaid taxes	178	178
Other receivables, net	163,732	-
Taxes receivable, net (SRF)	17,772	-
Total	\$ 6,251,929	\$ 16,961,714

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Commitments

The City had the following outstanding or planned projects as of June 30, 2025. These projects are evidenced by contractual obligations. The projects are funded by a combination of City monies and long-term debt.

Governmental Activities Projects	Remaining Commitment
General Government - General Fund	
Purchase of fire trucks	\$ 4,212,050
Law enforcement Real Time Crime Center	101,587
Powell Bill resurfacing	3,214,082
Replacement of HVAC system at Police Department	193,500
Total	7,721,219
 General Government - Airport Capital Projects Fund	
Wildlife Perimeter Fencing	
Total	173,504
	173,504
 General Government - Streets Capital Projects Fund	
Linwood Park Phase I	3,714,096
Annual street resurfacing	1,192,553
Various street, sidewalk, and greenway projects	2,933,622
Total	7,840,271
 General Government - Mayor/Council Capital Projects Fund	
Highland Branch Greenway	762,236
Design services for FUSE parking deck	175,650
Catawba Creek Greenway SE extension	106,187
Total	1,044,073
 General Government - General Fund and Community Development Special Revenue Funds:	
	300,925
ARPA funded projects	177,685
Federal grants funded projects	478,610
Total	
 General Government - Vehicle Replacement Internal Service Fund	
Various equipment and vehicle purchases	950,383
 Total commitments - governmental activities	 \$ 18,208,060

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

<u>Business-Type Activities Projects</u>	<u>Remaining Commitment</u>
Water and sewer capital projects	\$ 35,698,724
Electric capital projects	18,930,263
Stormwater capital projects	1,016,648
Water and sewer operations	655,775
Electric operations	467,761
Stormwater operations - Mega Sweeper	398,546
Transit operations	873,940
Total commitments - business-type activities	<u>\$ 58,041,657</u>

In August 2020, the City entered into an agreement with a conference center management company to continue to manage and operate the City of Gastonia Conference Center.

The agreement is for an initial term beginning August 25, 2020 and extending through June 30, 2025, with renewals for additional one-year terms. The agreement calls for a monthly management fee of \$7,917 with an annual incentive management fee based on gross revenues generated. The agreement also requires the City to fund all annual net operating losses. The City intends to manage these losses through strict annual budget requirements and City approvals for going over budgeted expenditures. Funded losses for the 2025 and 2024 fiscal years were \$30,166 and \$28,765, respectively. Funded incentive management fee for 2025 and 2024 fiscal years were \$27,104 and \$93,766, respectively.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance through multiple commercial companies. The current coverage includes general liability coverage of five million per occurrence, auto liability coverage of five million per single limit coverage with a five million aggregate limit, police liability coverage of five million per occurrence with a five million aggregate limit, public official's liability coverage of five million per occurrence with a five million aggregate limit. The deductible on the liability coverages mentioned above is \$100,000 per occurrence. The City also purchases a separate Airport Liability insurance policy with a limit of \$25,000,000.

The City purchases property coverage up to the total insured values of the property which is \$568,354,232 for the 2024/25 coverage year. This coverage includes earthquake and flood coverage of five million. The City also purchases a fine arts policy covering articles at the Schiele Museum and Military Museum in the amount of \$5,949,168 as well as an inland marine policy in the amount of \$6,858,102 to cover various types of contractor equipment and \$9,493,500 for computer equipment. The deductible on the property coverages is \$50,000 per incident. There have been no significant reductions in insurance coverage in the prior year. and settled claims have not exceeded coverage in any of the past three years.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The City obtains a self-insurance retention policy for workers' compensation coverage with statutory limits. This policy has a self-insurance retention of \$750,000 per incident.

The City self-insures the health insurance plan. The City purchases specific stop-loss coverage for any claim that exceeds \$210,000. The City does not carry aggregate stop-loss coverage. The dental insurance is also self-insured. The liability is limited to \$1,000 for base plan coverage and \$2,000 for buy-up plan coverage per covered person per year, so no stop-loss coverage is purchased.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more of the City's funds at any given time are covered under the liability coverage for \$250,000. The Finance Officer is individually bonded for \$1,000,000.

Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2025 are as follows:

	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Balance, June 30, 2023	\$ -	\$ 916,205	\$ 916,205
Add incurred claims (including IBNRs) and changes in estimates	452,502	9,731,574	10,184,076
Deduct claims payments	(452,502)	(9,687,903)	(10,140,405)
Balance, June 30, 2024	-	959,876	959,876
 Add incurred claims (including IBNRs) and changes in estimates	 452,502	 12,559,457	 13,011,959
Deduct claims payments	(452,502)	(12,190,518)	(12,643,020)
Balance, June 30, 2025	\$ -	\$ 1,328,815	\$ 1,328,815

Claims and Judgments

At June 30, 2025, the City was a defendant in various matters of litigation. While any litigation contains an element of uncertainty, attorneys engaged by the City's insurance carrier believe that the outcome of any lawsuit or claim, which is pending, or all of them combined, will not have a material adverse effect on the City's financial position. These matters are generally covered by insurance.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Obligations

\$8,640,000 Installment Financing Agreement

In April 2020, the City entered into a direct placement loan agreement with a bank. The \$8,640,000 installment financing agreement was used to refund the remaining outstanding principal balances of the Series 2010A and Series 2010B Limited Obligation Bonds, the purpose of which was the acquisition/construction of a conference center, parking deck, improvements to the Schiele Museum, and other City projects. The mortgaged properties are pledged as collateral for the debt while it is outstanding. The loan agreement calls for annual principal installments ranging from \$560,000 to \$1,000,000 from April 1, 2021 to April 1, 2033, with semi-annual interest payments at 1.66%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$4,955,000. The loan is being serviced by the General Fund.

Debt service requirements to maturity on the installment financing are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 590,000	\$ 82,253	\$ 672,253
2027	600,000	72,459	1,342,459
2028	600,000	62,499	662,499
2029	610,000	52,539	662,539
2030	625,000	42,413	667,413
2031-2033	<u>1,930,000</u>	<u>64,408</u>	<u>1,994,408</u>
Total	<u>\$ 4,955,000</u>	<u>\$ 1,046,571</u>	<u>\$ 6,001,571</u>

\$2,455,000 Installment Financing Agreement

On January 12, 2024, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$2,455,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$272,989 from July 12, 2024 through December 12, 2028, including interest at 3.9669%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$2,001,961. The loan is being carried in the Internal Service Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Debt service requirements to maturity as of June 30, 2025 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 471,189	\$ 74,789	\$ 545,978
2027	490,066	55,912	545,978
2028	509,699	36,279	545,978
2029	531,007	14,971	545,978
Total	<u>\$ 2,001,961</u>	<u>\$ 181,951</u>	<u>\$ 2,183,912</u>

\$4,800,000 Installment Financing Agreement

On February 26, 2025, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$4,800,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for annual payments of \$532,556 from August 26, 2025 through January 26, 2030, including interest at 3.8814%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$4,800,000. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2025 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 887,331	\$ 177,780	\$ 1,067,137
2027	922,106	143,005	1,067,138
2028	958,244	106,867	1,067,139
2029	995,798	69,313	1,067,140
2030	1,036,521	28,591	1,067,142
Total	<u>\$ 4,800,000</u>	<u>\$ 525,556</u>	<u>\$ 5,335,696</u>

\$3,360,000 Installment Financing Agreement

On November 10, 2020, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,360,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$344,207 from May 10, 2021 through October 10, 2025, including interest at 0.88%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$342,204. The loan is being carried in the Internal Service Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Debt service requirements to maturity as of June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 342,204	\$ 1,251	\$ 343,455

\$3,220,000 Installment Financing Agreement

On October 21, 2021, the City entered into a direct placement financing agreement with a bank for the acquisition of equipment. Total loan proceeds received by the City amounted to \$3,220,000. The equipment is pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$328,715 from March 21, 2022 through September 21, 2026, including interest at 0.7778%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$978,525. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 651,083	\$ 6,347	\$ 657,430
2027	327,442	1,273	328,715
Total	\$ 978,525	\$ 7,620	\$ 986,145

\$5,860,000 Installment Financing Agreement

On March 9, 2022, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$5,860,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$608,215 from September 1, 2022 through February 1, 2027, including interest at 1.38%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$2,392,143. The loan is being carried in the Internal Service Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Debt service requirements to maturity as of June 30, 2025 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2026	\$ 1,187,502	\$ 28,929	\$ 1,216,431
2027	1,204,641	11,789	1,216,430
Total	<u>\$ 2,392,143</u>	<u>\$ 40,718</u>	<u>\$ 2,432,861</u>

\$159,077 Water and Sewer State Revolving Loan

In 2009, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan agreement calls for \$79,538 of principal to be forgiven. The loan agreement calls for 20 annual principal installments of \$3,977, each on May 1 of each year. The first principal payment was due May 1, 2010. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2025 is \$15,907. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2026	\$ 3,977	\$ -	\$ 3,977
2027	3,977	-	3,977
2028	3,977	-	3,977
2029	3,976	-	3,976
Total	<u>\$ 15,907</u>	<u>\$ -</u>	<u>\$ 15,907</u>

\$30,000,000 Water and Sewer State Revolving Loan

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$1,500,000 from May 1, 2019 through May 1, 2038. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2025 is \$19,500,000. The loan is being carried in the Water and Sewer Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,500,000	\$ -	\$ 1,500,000
2027	1,500,000	-	1,500,000
2028	1,500,000	-	1,500,000
2029	1,500,000	-	1,500,000
2030	1,500,000	-	1,500,000
2031-2035	7,500,000	-	7,500,000
2036-2040	4,500,000	-	4,500,000
Total	<u>\$ 19,500,000</u>	<u>\$ -</u>	<u>\$ 19,500,000</u>

\$5,000,000 Water and Sewer State Revolving Loan

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$250,000 from May 1, 2018 through May 1, 2037. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2025 is \$3,000,000. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 250,000	\$ -	\$ 250,000
2027	250,000	-	250,000
2028	250,000	-	250,000
2029	250,000	-	250,000
2030	250,000	-	250,000
2031-2035	1,250,000	-	1,250,000
2036-2040	500,000	-	500,000
Total	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$5,325,518 Water and Sewer State Revolving Loan

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$266,276 from May 1, 2012 through May 1, 2027; semi-annual interest payments at 2.305% from November 1, 2011 through May 1, 2027. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2025 is \$532,552. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2026	\$ 266,276	\$ 12,275	\$ 278,551
2027	266,276	6,138	272,414
Total	<u>\$ 532,552</u>	<u>\$ 18,413</u>	<u>\$ 550,965</u>

\$479,851 Water and Sewer State Revolving Loan

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan agreement calls for \$239,926 of principal to be forgiven. The loan agreement calls for 20 annual principal installments of \$11,996, each on May 1 of each year. The first principal payment was due May 1, 2010. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2025 is \$59,979. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Debt service requirements to maturity are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 11,996	\$ -	\$ 11,996	
2027	11,996	-	11,996	
2028	11,996	-	11,996	
2029	11,996	-	11,996	
2030	11,995	-	11,995	
Total	\$ 59,979	\$ -	\$ 59,979	

\$2,999,839 Water and Sewer State Revolving Loan

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the South Fork Sewer expansion project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$149,992, each on May 1 of each year, starting May 1, 2039. The first principal payment was due May 1, 2020. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2025 is \$1,849,523. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 149,991	\$ -	\$ 149,991	
2027	149,991	-	149,991	
2028	149,991	-	149,991	
2029	149,991	-	149,991	
2030	149,991	-	149,991	
2031-2035	749,960	-	749,960	
2036-2040	349,608	-	349,608	
Total	\$ 1,849,523	\$ -	\$ 1,849,523	

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$15,400,000 Water and Sewer State Revolving Loan

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for a water treatment plan renovation project. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$770,000, each on May 1 of each year, projected to start May 1, 2024. Interest is due semi-annually with a beginning date of November 1, 2023, carrying an interest rate of 1.10%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. Draws on the loan totaled \$5,373,738 at June 30, 2025. The loan is being carried in the Water and Sewer Fund.

Anticipated debt service requirements to maturity based on draws-to-date are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 770,000	\$ 152,460	\$ 922,460
2027	770,000	143,990	913,990
2028	770,000	135,520	905,520
2029	770,000	127,050	897,050
2030	770,000	118,580	888,580
2031-2035	<u>1,523,738</u>	<u>465,850</u>	<u>1,989,588</u>
Total	<u>\$ 5,373,738</u>	<u>\$ 1,143,450</u>	<u>\$ 6,517,188</u>

General Obligation and Revenue Bond Indebtedness

The City's general obligation bonds serviced by the governmental funds are reported in the government-wide Statement of Net Position. The general obligation bonds issued to finance the construction of facilities and distribution systems utilized in the operations of the water and sewer system and the electric system, which are being retired by its resources, are reported as long-term debt in the Water and Sewer Fund and the Electric Fund, respectively. All general obligation bonds are collateralized by the full faith credit and taxing power of the City. Principal and interest requirements are appropriated when due.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Bonds payable at June 30, 2025 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$1,455,000 Series 2008A public improvements serial bonds, due in annual principal installments from \$160,000 to \$165,000 from June 1, 2020 through June 1, 2028; interest payable beginning December 1, 2008 and semi-annually thereafter at 3.80% to 4.00% (70.4467% general government and 29.5533% Electric Enterprise Fund). Proceeds are scheduled for various recreational and general infrastructure projects. \$ 338,143

\$17,872,000 Series 2020 general obligation bonds (direct placement), due in annual principal installments of \$1,622,000 to \$2,025,000 from September 1, 2021 through September 1, 2030; interest payable semi-annually beginning March 1, 2021 at a rate of 1.54%. Proceeds used for current refunding of the 2010C Street GOB. 10,214,000

\$33,190,000 Series 2023 transportation general obligation bonds, due in annual principal installments of \$1,660,000 to \$1,655,000 from April 1, 2024 through April 1, 2043; interest payable semi-annually beginning October 1, 2023 at rates of 4.00% to 5.00%. Proceeds used for street projects. 29,875,000
Total general obligation bonds - governmental activities 40,427,143

Serviced by the Electric Fund:

\$1,455,000 Series 2008A public improvements serial bonds, due in annual principal installments from \$160,000 to \$165,000 from June 1, 2020 through June 1, 2028; interest payable beginning December 1, 2008 and semi-annually thereafter at 3.80% to 4.00% (70.4467% general government and 29.5533% Electric Enterprise Fund). Proceeds are scheduled for downtown underground electric utility projects. 141,858

Total general obligation bonds - governmental and business-type activities \$ 40,569,001

Refunding Bonds

On August 31, 2020, the City issued \$17,872,000 of general obligation current refunding bonds to provide resources to refund the remaining balances of the Series 2010C Taxable Obligation Street and Sidewalk Improvement Bonds (Build America Bonds). As a result, the refunded bonds are defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$67,000. This refunding was undertaken to reduce total debt service payments (net of expected rebates) by \$1,626,101 and resulted in an economic gain of \$1,321,957.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Revenue Bonds:

Serviced by the Water and Sewer Fund:

\$37,055,000 combined utility system revenue bonds, series 2023, due in annual principal installments from \$1,320,000 to \$2,970,000 from May 1, 2026 through May 1, 2043, with semi-annual interest payments from November 1, 2023 through May 1, 2043 at rates ranging from 4.00% to 5.00%. \$ 37,055,000

\$20,130,000 combined utility system revenue bonds, series 2015, due in annual principal installments from \$660,000 to \$1,455,000 from May 1, 2017 through May 1, 2036, with semi-annual interest payments from May 1, 2016 through May 1, 2036 at rates ranging from 3.00% to 5.00%. 13,120,000

Total revenue bonds \$ 50,175,000

For all revenues bonds, the trust agreement denotes certain events of default and upon the occurrence of any event of default the trustee may declare the entire outstanding principal immediately due and payable.

At June 30, 2025, the City had a legal debt margin of approximately \$836,000,000.

Revenue Bond Covenants

The City, pursuant to the bond and related agreements, must maintain certain debt covenants. Net revenues available for debt service cannot be less than one hundred twenty percent (120%) of the long-term debt service requirement for parity indebtedness, and no less than one hundred percent (100%) of parity and subordinated indebtedness, as defined in the agreement. The debt service coverage ratio calculation for the year ended June 30, 2025 is as follows:

Gross revenues available for debt service	\$ 56,791,749
Expenses, as defined in the covenants	<u>39,985,352</u>
Income available for debt service	<u>\$ 16,806,397</u>
Debt service, principal and interest, parity indebtedness	<u>\$ 4,574,565</u>
Debt service coverage ratio	<u>367.39%</u>
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 7,706,152</u>
Debt service coverage ratio	<u>218.09%</u>

At June 30, 2025, the City was in compliance with the requirements described above.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay \$80,506,699 in combined utility system revenue bonds and state revolving loans issued from 2009 to 2024. Proceeds from the bonds were used to finance capital improvements to the water and sewer infrastructure or to advance refund previously issued bonds. The bonds are payable from water and sewer customer net revenues and are payable through 2043. Annual principal and interest requirements are expected to require less than 13 percent of water and sewer customer net revenues. Total principal and interest remaining to be paid on the bonds and state revolving loans is \$104,371,052. Principal and interest paid for the current year, and total customer gross revenues, were \$7,706,152 and \$56,791,749, respectively.

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2025 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2026	\$ 3,552,715	\$ 1,584,346	\$ 5,137,061
2027	3,523,714	1,469,762	4,993,476
2028	3,491,714	1,355,680	4,847,394
2029	3,347,000	1,241,856	4,588,856
2030	3,315,000	1,133,122	4,448,122
2031-2035	9,922,000	4,244,489	14,166,489
2036-2040	8,300,000	2,157,000	10,457,000
2041-2043	4,975,000	397,800	5,372,800
Total	\$ 40,427,143	\$ 13,584,055	\$ 54,011,198

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2026	\$ 47,285	\$ 5,603	\$ 52,888
2027	47,285	3,759	51,044
2028	47,288	3,759	51,047
Total	\$ 141,858	\$ 13,121	\$ 154,979

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Annual debt service requirements to maturity for revenue bonds as of June 30, 2025 are as follows:

Business-Type Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,275,000	\$ 2,313,538	\$ 4,588,538
2027	2,380,000	2,209,338	4,589,338
2028	2,495,000	2,140,088	4,635,088
2029	2,625,000	2,017,588	4,642,588
2030	2,755,000	1,889,088	4,644,088
2031-2035	15,740,000	7,433,687	23,173,687
2036-2040	13,335,000	3,717,975	17,052,975
2041-2043	8,570,000	694,600	9,264,600
Total	<u>\$ 50,175,000</u>	<u>\$ 22,415,902</u>	<u>\$ 72,590,902</u>

Limited Obligation Bond Indebtedness

The City's limited obligation bonds serviced by the governmental funds are reported in the government-wide Statement of Net Position. Limited obligation bonds are collateralized by a Deed of Trust granting, among other things, a lien of record on the mortgaged properties. Principal and interest requirements are appropriated when due.

Limited Obligation Bonds

Serviced by the General Fund:

\$24,000,000 Series 2019 taxable limited obligation bonds, due in annual principal installments of \$1,330,000 to \$1,335,000 from June 1, 2022 through June 1, 2039, with semi-annual interest payments beginning December 1, 2019 at rates ranging from 2.310% to 3.460%.

\$ 18,660,000

Total limited obligation bonds

\$ 18,660,000

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2025 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,335,000	\$ 571,363	\$ 1,906,363
2027	1,335,000	536,653	1,871,653
2028	1,330,000	501,409	1,831,409
2029	1,335,000	464,967	1,799,967
2030	1,330,000	427,053	1,757,053
2031-2035	6,670,000	1,540,364	8,210,364
2036-2040	5,325,000	460,353	5,785,353
Total	\$ 18,660,000	\$ 4,502,162	\$ 23,162,162

Lease Liabilities

The City has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As of June 30, 2025, the City of Gastonia had 2 active leases. The leases have payments that range from \$1,000 to \$28,452 and interest rates that range from 1.217% to 2.300%. As of June 30, 2025, the total combined value of the lease liability is \$68,447, and the total combined value of the short-term lease liability is \$28,483. The combined value of the right to use assets and accumulated amortization were \$180,979 and \$113,532, respectively, as of June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 were as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 711	\$ 289	\$ 1,000	\$ 27,772	\$ 680	\$ 28,452
2027	727	273	1,000	28,110	342	28,452
2028	744	256	1,000	-	-	-
2029	761	239	1,000	-	-	-
2030	779	221	1,000	-	-	-
2031-2035	4,171	829	5,000	-	-	-
2036-2040	4,672	327	4,999	-	-	-
Total	\$ 12,565	\$ 2,434	\$ 14,999	\$ 55,882	\$ 1,022	\$ 56,904

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Subscription Liabilities

The City has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

As of June 30, 2025, the City of Gastonia had 2 active subscriptions. The subscriptions have payments that range from \$5,000 to \$130,816 and interest rates that range from 1.710% to 3.881%. As of June 30, 2025, the total combined value of the subscription liability is \$2,122,120, and the total combined value of the short-term subscription liability is \$97,771. The combined value of the right to use assets and accumulated amortization were \$3,466,653 and \$1,334,097, respectively, as of June 30, 2025.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2025 were as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 93,513	\$ 45,969	\$ 139,482	\$ 4,258	\$ 73	\$ 4,331
2027	407,658	55,112	462,770	-	-	-
2028	419,006	43,765	462,771	-	-	-
2029	430,688	32,083	462,771	-	-	-
2030	442,715	20,055	462,770	-	-	-
2031	324,282	7,673	331,955	-	-	-
Total	\$ 2,117,862	\$ 204,657	\$ 2,322,519	\$ 4,258	\$ 73	\$ 4,331

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Changes in Long-Term Liabilities

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 44,004,857	\$ -	\$ (3,577,714)	\$ 40,427,143	\$ 3,552,715
Limited obligation bonds	19,995,000	-	(1,335,000)	18,660,000	1,335,000
Bond premium	4,320,568	-	(227,398)	4,093,170	227,398
Lease liabilities	13,260	-	(695)	12,565	711
Subscription liabilities	1,540,832	-	(24,182)	1,516,650	-
Compensated absences	5,689,784	461,304	-	6,151,088	2,595,081
Net pension (LRS)	34,047,131	-	(621,470)	33,425,661	-
Total pension (LEO)	22,511,438	-	(356,624)	22,154,814	2,365,514
Total OPEB liability	47,082,837	-	(673,907)	46,408,930	2,218,000
Direct placement installment purchases	5,535,000	-	(580,000)	4,955,000	590,000
Internal Service Funds:					
Direct placement installment purchases	8,990,548	4,800,000	(3,275,715)	10,514,833	3,539,309
Subscription liabilities	179,509	631,770	(210,067)	601,212	93,513
Compensated absences	318,312	27,737	-	346,049	207,171
Governmental activity long-term liabilities	<u>\$ 194,229,076</u>	<u>\$ 5,920,811</u>	<u>\$ (10,882,772)</u>	<u>\$ 189,267,115</u>	<u>\$ 16,724,412</u>
	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities:					
Electric Fund:					
General obligation bonds	\$ 189,143	\$ -	\$ (47,285)	\$ 141,858	\$ 47,285
Net pension (LRS)	2,653,023	-	(48,426)	2,604,597	-
Compensated absences	461,864	-	(7,454)	454,410	345,559
Total OPEB liability	<u>3,621,757</u>	<u>-</u>	<u>(51,839)</u>	<u>3,569,918</u>	<u>171,000</u>
Electric Fund long-term liabilities	<u>\$ 6,925,787</u>	<u>\$ -</u>	<u>\$ (155,004)</u>	<u>\$ 6,770,783</u>	<u>\$ 563,844</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	Balance			Balance	Due
	July 1, 2024	Additions	Retirements	June 30, 2025	Within
					One Year
Water and Sewer Fund:					
Compensated absences	\$ 736,036	\$ 32,310	\$ -	\$ 768,346	\$ 540,843
Total OPEB liability	7,847,138	-	(112,318)	7,734,820	370,000
Net pension (LGERS)	6,190,387	-	(112,994)	6,077,393	-
Revenue bonds	52,367,000	-	(2,192,000)	50,175,000	2,275,000
Bond premium	5,409,909	-	(383,027)	5,026,882	217,218
Lease liabilities	83,320	-	(27,438)	55,882	27,772
Subscription liabilities	7,956	-	(3,698)	4,258	4,258
State revolving loans	<u>33,283,943</u>	<u>-</u>	<u>(2,952,244)</u>	<u>30,331,699</u>	<u>2,952,240</u>
Water and Sewer Fund long-term liabilities	<u>\$ 105,925,689</u>	<u>\$ 32,310</u>	<u>\$ (5,783,719)</u>	<u>\$ 100,174,280</u>	<u>\$ 6,387,331</u>

	Balance			Balance	Due
	July 1, 2024	Additions	Retirements	June 30, 2025	Within
					One Year
Nonmajor Business-Type Activities:					
Compensated absences	\$ 267,273	\$ 36,807	\$ -	\$ 304,080	\$ 225,358
Net pension (LGERS)	1,326,512	-	(24,213)	1,302,299	-
Total OPEB liability	<u>1,810,880</u>	<u>-</u>	<u>(25,920)</u>	<u>1,784,960</u>	<u>86,000</u>
Nonmajor business-type activities long-term liabilities	<u>\$ 3,404,665</u>	<u>\$ 36,807</u>	<u>\$ (50,133)</u>	<u>\$ 3,391,339</u>	<u>\$ 311,358</u>

The Internal Service Fund predominantly services the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. For the governmental activities, compensated absences, net pension obligations, and net other post-employment benefit obligations are generally liquidated by the General Fund.

Arbitrage Liabilities

The City has recognized liabilities of \$2,659,290 for arbitrage rebates payable in the future. The arbitrage rebate penalties are calculated annually, with payments due on the fifth anniversary of each bond issue date. The City reviews its potential liabilities for the penalties annually. Details of arbitrage liabilities recognized as of June 30, 2025 are as follow:

	Governmental	Business-type
	Activities	Activities
Streets Capital Project Fund	\$ 1,414,245	\$ -
Water and Sewer Fund	<u>-</u>	<u>1,245,045</u>
Total	<u>\$ 1,414,245</u>	<u>\$ 1,245,045</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

3. **Jointly Governed Organizations**

North Carolina Electric Agency

The City, in conjunction with 18 other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one representative to the Agency's governing board of commissioners. The 19 members who receive power from the Agency have signed power sales agreements to purchase a specified share of power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2025 were \$42,642,733. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of eight County governments and 60 municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The City paid membership dues of \$20,037 during the fiscal year ended June 30, 2025.

4. **Joint Venture**

The City and the members of the City's fire department each appoint two members to the five-member local Board of Trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums, which insurers remit to the state.

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

5. **Related Organization**

The five-member Board of the City of Gastonia Housing Authority's governing board is appointed by the Mayor and Council of the City. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Authority. The City does not approve or modify the Authority's budget and does not select its management. The City does not finance any of the Authority's deficits and is not entitled to any surpluses. The City is not obligated in any manner for the Authority's debt. The City is also disclosed as a related organization in the notes to the financial statements for the Authority.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

6. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

The City 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.

7. Related Party Transactions

In 2025, the City’s Electric Fund provided services to the general government and did not charge the fund a fee for these services. The fair market value of these services is estimated at:

<u>Service</u>	<u>General Fund</u>
Electricity	\$ 555,191
Electricity for street lights	787,590
Electricity charges for street lights billed by outside parties	<u>330,257</u>
Total	<u>\$ 1,673,038</u>

At June 30, 2025, the City owed the Gastonia Tourism Development Authority (TDA) \$181,575 for occupancy taxes collected on its behalf. The TDA owed the City \$57,270 for conference center losses. The City of Gastonia ABC Board owed the City \$150,000 in profit distributions, and \$19,760 in service reimbursements. During the year, the City collected and remitted \$1,160,383 of occupancy taxes to the TDA. The TDA paid \$835,310 to the City for tourism support. During the year, the ABC Board paid \$600,000 in profit distributions and \$45,131 in service reimbursements to the City.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

8. Interfund Balances and Activity

Transfers From/To Other Funds:	<u>Amount</u>	<u>Purpose</u>
From General Fund to:		
Transit System Fund	\$ 1,456,144	To underwrite operations
Solid Waste Fund	3,898,174	To underwrite operations
Streets Capital Project Fund	30,000	To reimburse grant expenditures
Uptown Municipal Tax District	4,000	To reimburse contracted services
Nonmajor capital project funds	<u>2,376,257</u>	To fund capital projects
Total	<u>7,764,575</u>	
From Streets Capital Project Fund to:		
Transit System Fund	<u>573,708</u>	To underwrite operations
From ARPA Fund to:		
Nonmajor capital project fund	1,041,260	To reimburse grant expenditures
Nonmajor special revenue fund	727,657	To reimburse grant expenditures
General Fund	<u>174,200</u>	To reallocate investment earnings
Total	<u>1,943,117</u>	
Transfers From/To Other Funds:		
From Electric Fund to:		
General Fund	<u>2,000,000</u>	To distribute profits to general government
From Nonmajor Special Revenue Funds to:		
Community Development Block Grant Program	99,422	To reimburse program expenses
General Fund	<u>40,000</u>	To assist with conference center operations
Total	<u>139,422</u>	
Total interfund transfers	<u><u>\$ 12,420,822</u></u>	

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2025 is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor special revenue funds	\$ 1,212,332
	Nonmajor capital project funds	120,413
	Internal service funds	370,245
Internal service funds	General Fund	1,906,046
	ARPA Fund	16,340
Total		<u>\$ 3,625,376</u>

The City uses a single central depository account to simplify banking and maximize the return on assets. Each fund has an equity interest in the pooled account equal to the amount of cash that is being held on behalf of the fund. Certain special revenue funds, capital project funds, and enterprise funds have overdrawn their account in the pool and, thus, report a current liability (a “due to”) to the General Fund central depository. The due to internal service funds from the General Fund and the ARPA Fund are for their portions of the dental and medical insurance at year-end.

9. Stewardship, Compliance, and Accountability

Deficit Fund Balance

At year end, the City reported deficit fund balance in the following funds:

Nonmajor Governmental Funds:		
108 Loan/Revitalization	\$	(278)
Federal Grants Fund		<u>(3,956)</u>
Total	\$	<u>(4,234)</u>

The Federal Grants Fund will be funded through grant revenue and the 108 Loan/Revitalization Fund will be funded through sales and services revenue, of which the City expects to receive in fiscal year 2026.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll for the Law Enforcement Officers' and Firefighters' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Governmental Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and its Contributions

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

	Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 22,511,438	\$ 21,078,480	\$ 24,212,812	\$ 24,878,526	\$ 20,320,317
Service cost	620,682	544,709	753,551	787,730	547,059
Interest on the total pension liability	859,542	864,993	523,411	462,624	634,663
Changes in assumptions or other inputs	(438,742)	465,477	(3,260,886)	(561,632)	4,533,803
Difference between expected and actual experience	647,647	1,575,849	749,755	462,350	546,962
Benefit payments	<u>(2,045,753)</u>	<u>(2,018,070)</u>	<u>(1,900,163)</u>	<u>(1,816,786)</u>	<u>(1,704,278)</u>
Ending balance of the total pension liability	<u>\$ 22,154,814</u>	<u>\$ 22,511,438</u>	<u>\$ 21,078,480</u>	<u>\$ 24,212,812</u>	<u>\$ 24,878,526</u>

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

Pension schedules are intended to show information for ten years. Additional years' information will be displayed as it comes available.

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

	Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226	\$ 20,191,374
Service cost	508,284	520,225	445,690	455,233
Interest on the total pension liability	698,690	638,878	721,936	694,796
Changes in assumptions or other inputs	510,478	(648,461)	985,226	(384,595)
Difference between expected and actual experience	185,848	26,694	939,506	-
Benefit payments	<u>(1,555,524)</u>	<u>(1,564,928)</u>	<u>(1,590,451)</u>	<u>(1,458,582)</u>
Ending balance of the total pension liability	<u>\$ 20,320,317</u>	<u>\$ 19,972,541</u>	<u>\$ 21,000,133</u>	<u>\$ 19,498,226</u>

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

	Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	2025	2024	2023	2022	2021
Total pension liability	\$ 22,154,814	\$ 22,511,438	\$ 21,078,480	\$ 24,212,812	\$ 24,878,526
Covered-employee payroll	22,151,727	20,850,472	18,746,582	18,255,271	18,187,883
Total pension liability as a percentage of covered-employee payroll	100.01%	107.97%	112.44%	132.63%	136.79%

Notes to Schedules:

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

Pension schedules are intended to show information for ten years.
Additional years' information will be displayed as it comes available.

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

	Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 20,320,317	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226
Covered-employee payroll	18,277,474	17,197,034	17,295,292	16,621,291
Total pension liability as a percentage of covered-employee payroll	111.18%	116.14%	121.42%	117.31%

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	Other Post-Employment Benefits			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Service cost	\$ 1,758,489	\$ 1,678,675	\$ 2,203,079	\$ 2,906,690
Interest	2,227,581	2,074,387	1,420,814	1,640,660
Differences between expected and actual experience	(1,103,323)	56,781	1,525,843	(14,725,987)
Changes in assumptions	(1,544,047)	1,062,236	(8,245,842)	5,782,134
Benefit payments	<u>(2,202,684)</u>	<u>(2,833,920)</u>	<u>(4,286,655)</u>	<u>(2,441,843)</u>
Net change in total OPEB liability	(863,984)	2,038,159	(7,382,761)	(6,838,346)
Total OPEB liability - beginning	<u>60,362,612</u>	<u>58,324,453</u>	<u>65,707,214</u>	<u>72,545,560</u>
Total OPEB liability - ending	<u>\$ 59,498,628</u>	<u>\$ 60,362,612</u>	<u>\$ 58,324,453</u>	<u>\$ 65,707,214</u>
 Covered-employee payroll	 \$ 58,938,123	 \$ 58,938,123	 \$ 39,207,812	 \$ 39,207,812
 Total OPEB liability as a percentage of covered-employee payroll	 100.95%	 102.42%	 148.76%	 167.59%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The City of Gastonia has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

Pension schedules are intended to show information for ten years. Additional years' information will be displayed as it comes available.

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	Other Post-Employment Benefits			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,140,481	\$ 1,831,593	\$ 1,891,872	\$ 2,042,691
Interest	2,248,799	2,013,627	1,854,318	1,638,209
Differences between expected and actual experience	(973,416)	6,871,822	763,715	(321,457)
Changes in assumptions	8,160,332	2,228,953	(1,660,646)	(2,912,550)
Benefit payments	<u>(2,263,646)</u>	<u>(2,926,414)</u>	<u>(3,416,925)</u>	<u>(2,166,610)</u>
Net change in total OPEB liability	9,312,550	10,019,581	(567,666)	(1,719,717)
Total OPEB liability - beginning	<u>63,233,010</u>	<u>53,213,429</u>	<u>53,781,095</u>	<u>55,500,812</u>
Total OPEB liability - ending	<u>\$ 72,545,560</u>	<u>\$ 63,233,010</u>	<u>\$ 53,213,429</u>	<u>\$ 53,781,095</u>
 Covered-employee payroll	 \$ 42,663,989	 \$ 42,663,989	 \$ 39,707,373	 \$ 39,707,373
 Total OPEB liability as a percentage of covered-employee payroll	 170.04%	 148.21%	 134.01%	 135.44%

CITY OF GASTONIA, NORTH CAROLINA

**CITY OF GASTONIA'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2025	2024	2023	2022	2021
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6439%	0.6676%	0.6549%	0.6482%	0.6779%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 43,409,950	\$ 44,217,053	\$ 36,944,584	\$ 9,941,229	\$ 24,225,327
City of Gastonia's covered payroll	\$ 60,034,941	\$ 56,754,929	\$ 53,581,396	\$ 48,364,744	City of Gaston
City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.31%	77.91%	68.95%	20.55%	#VALUE!
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

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

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

CITY OF GASTONIA, NORTH CAROLINA

**CITY OF GASTONIA'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2020	2019	2018	2017	2016
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6919%	0.6917%	0.6954%	0.6933%	0.6904%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 18,894,431	\$ 16,409,491	\$ 10,624,397	\$ 14,713,087	\$ 3,098,250
City of Gastonia's covered payroll	\$ 44,801,218	\$ 44,801,218	\$ 44,613,473	\$ 42,022,437	\$ 40,219,591
City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.17%	36.63%	23.81%	35.01%	7.70%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

CITY OF GASTONIA, NORTH CAROLINA

**CITY OF GASTONIA'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 8,744,964	\$ 7,784,649	\$ 6,920,267	\$ 6,103,813	\$ 4,933,515
Contributions in relation to the contractually required contribution	<u>8,744,964</u>	<u>7,784,649</u>	<u>6,920,267</u>	<u>6,103,813</u>	<u>4,933,515</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 63,587,483	\$ 60,034,941	\$ 56,754,929	\$ 53,581,396	\$ 48,364,744
Contributions as a percentage of covered payroll	13.75%	12.97%	12.19%	11.39%	10.20%

CITY OF GASTONIA, NORTH CAROLINA

**CITY OF GASTONIA'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,327,515	\$ 3,661,487	\$ 3,391,208	\$ 3,268,644	\$ 2,811,948
Contributions in relation to the contractually required contribution	<u>4,327,515</u>	<u>3,661,487</u>	<u>3,391,208</u>	<u>3,268,644</u>	<u>2,811,948</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 47,985,430	\$ 46,766,460	\$ 44,801,218	\$ 44,613,473	\$ 42,022,437
Contributions as a percentage of covered payroll	9.02%	7.83%	7.57%	7.33%	6.69%



DETAILED FINANCIAL STATEMENTS AND SCHEDULES

The Detailed Financial Statements and Schedules reflect the detailed level of presentation behind the “basic” Financial Statements. Included are the following:

- 1) Combining Nonmajor Governmental Funds
- 2) Ad Valorem Tax Schedules
- 3) Combining Statements – By Fund Type
- 4) Individual Fund Statements and Schedules with Comparisons to Budget



CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Nonmajor		Total
	Special Revenue Funds	Capital Project Funds	
Assets:			
Cash, cash equivalents, and investments	\$ -	\$ 11,548,983	\$ 11,548,983
Taxes receivable, net	17,772	-	17,772
Accounts receivable, net	39,483	479,991	519,474
Due from other governments	778,969	418,581	1,197,550
Long-term receivable	1,748,219	5,668	1,753,887
Leases receivable	-	3,008,348	3,008,348
Prepaid items	25,710	-	25,710
Cash and cash equivalents, restricted	1,635,069	3,131,592	4,766,661
Property acquired for rehabilitation and resale	1,272,948	-	1,272,948
Total assets	<u>\$ 5,518,170</u>	<u>\$ 18,593,163</u>	<u>\$ 24,111,333</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 473,005	\$ 248,200	\$ 721,205
Advances from grantors	126,891	2,300,000	2,426,891
Due to General Fund	1,212,332	120,413	1,332,745
Total liabilities	<u>1,812,228</u>	<u>2,668,613</u>	<u>4,480,841</u>
Deferred Inflows of Resources:			
Lease deferrals	-	2,868,109	2,868,109
Unavailable taxes	17,772	-	17,772
Prepaid taxes	178	-	178
Total deferred inflows of resources	<u>17,950</u>	<u>2,868,109</u>	<u>2,886,059</u>
Fund Balances:			
Non-spendable:			
Prepays	25,710	-	25,710
Restricted:			
Stabilization by state statute	2,699,209	2,515,123	5,214,332
Restricted, all other	1,037,612	2,042,536	3,080,148
Committed	-	6,042,109	6,042,109
Assigned	522,513	2,997,648	3,520,161
Unassigned	(597,052)	(540,975)	(1,138,027)
Total fund balances (deficits)	<u>3,687,992</u>	<u>13,056,441</u>	<u>16,744,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,518,170</u>	<u>\$ 18,593,163</u>	<u>\$ 24,111,333</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 277,595	\$ -	\$ 277,595
Other taxes and licenses	1,160,383	-	1,160,383
Restricted intergovernmental	3,902,922	5,277,295	9,180,217
Sales and services	231,653	-	231,653
Investment earnings	93,582	465,850	559,432
Miscellaneous	7,649	1,045,860	1,053,509
Total revenues	<u>5,673,784</u>	<u>6,789,005</u>	<u>12,462,789</u>
Expenditures:			
Public safety	580,672	-	580,672
Economic and physical development	3,370,983	-	3,370,983
Cultural and recreation	2,599,296	-	2,599,296
Capital outlay	-	3,287,428	3,287,428
Total expenditures	<u>6,550,951</u>	<u>3,287,428</u>	<u>9,838,379</u>
Revenues over (under) expenditures	<u>(877,167)</u>	<u>3,501,577</u>	<u>2,624,410</u>
Other Financing Sources (Uses):			
Transfers from other funds	831,079	3,417,517	4,248,596
Transfers to other funds	(139,422)	-	(139,422)
Total other financing sources (uses)	<u>691,657</u>	<u>3,417,517</u>	<u>4,109,174</u>
Net change in fund balances	(185,510)	6,919,094	6,733,584
Fund Balances:			
Beginning of year - July 1	3,665,412	6,137,347	9,802,759
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>208,090</u>	<u>-</u>	<u>208,090</u>
End of year - June 30	<u>\$ 3,687,992</u>	<u>\$ 13,056,441</u>	<u>\$ 16,744,433</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2025

<u>Fiscal Year</u>	<u>Balance July 1, 2024</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2025</u>
2024-2025	\$ -	\$ 53,739,304	\$ 53,293,646	\$ 445,658
2023-2024	509,736	-	280,095	229,641
2022-2023	198,855	-	65,047	133,808
2021-2022	83,157	-	16,611	66,546
2020-2021	63,559	-	11,861	51,698
2019-2020	74,886	-	9,682	65,204
2018-2019	68,448	-	6,953	61,495
2017-2018	66,590	-	6,575	60,015
2016-2017	47,598	-	7,574	40,024
2015-2016	40,493	-	5,950	34,543
2014-2015	42,832	-	42,629	203
Total	<u>\$ 1,196,154</u>	<u>\$ 53,739,304</u>	<u>\$ 53,746,623</u>	<u>1,188,835</u>
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(219,344)</u>
Ad valorem taxes receivable - net				<u>\$ 969,491</u>
Reconcilement with Revenues:				
Taxes - ad valorem				\$ 54,769,148
Reconciling items:				
Penalties and interest				(186,858)
Last list fees				66,991
Amounts written off for tax year 2014-2015				(1,109)
Prior year NCVTS motor vehicle collections				(1,008,080)
Prior year releases and adjustments of uncollected taxes				3,222
Miscellaneous adjustments				<u>103,309</u>
Total collections and credits				<u>\$ 53,746,623</u>

CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2025

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 11,425,213,617	\$ 0.0047	\$ 53,698,504	\$ 50,250,474	\$ 3,448,030
Discoveries:					
Current year taxes	37,751,702	0.0047	177,433	177,433	-
Abatements:					
Current year taxes	<u>(29,070,851)</u>		<u>(136,633)</u>	<u>(136,633)</u>	<u>-</u>
Total property valuation	<u>\$ 11,433,894,468</u>				
Net Levy			53,739,304	50,291,274	3,448,030
Uncollected taxes at June 30, 2025			<u>445,658</u>	<u>415,957</u>	<u>29,701</u>
Current year's tax collections			<u>\$ 53,293,646</u>	<u>\$ 49,875,317</u>	<u>\$ 3,418,329</u>
Current Levy Collection Percentage			<u>99.17%</u>	<u>99.17%</u>	<u>99.14%</u>
Prior Year Collection Percentage			<u>99.02%</u>	<u>99.13%</u>	<u>97.41%</u>

GOVERNMENTAL FUNDS

General Fund

Special Revenue Funds

Capital Projects Funds

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination.



GENERAL FUND

The primary purpose of the General Fund is to account for all of the City's operating revenues and other financial resources and their uses in conducting the general operations of the City, except for those resources required to be accounted for in another fund.

This fund receives the major portion of the ad valorem tax revenue, local option sales taxes, federal and State shared revenues, licenses, permits and fees. The major operating activities include general government, public safety, public works, recreation, museum and other governmental service functions.

The fund is accounted for on the modified accrual basis of accounting.



CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 51,333,000	\$ 53,226,034	\$ 1,893,034	\$ 51,630,680
Prior year	1,260,000	1,356,256	96,256	1,327,221
Penalties and interest	173,000	186,858	13,858	180,206
Total	<u>52,766,000</u>	<u>54,769,148</u>	<u>2,003,148</u>	<u>53,138,107</u>
Other Taxes and Licenses:				
Local option sales tax	19,000,000	21,558,006	2,558,006	19,130,046
Utility sales tax	4,941,000	5,933,780	992,780	4,961,941
Payments in lieu of taxes	2,113,172	2,113,176	4	2,521,121
Utility franchise tax	20,000	20,129	129	20,318
Auto tag fee	1,880,500	1,911,846	31,346	1,843,776
Rental vehicle tax	100,000	116,678	16,678	108,203
Total	<u>28,054,672</u>	<u>31,653,615</u>	<u>3,598,943</u>	<u>28,585,405</u>
Unrestricted Intergovernmental Revenues:				
Beer and wine	374,000	342,789	(31,211)	408,480
City of Gastonia ABC Board	600,000	600,000	-	1,300,000
Court costs	10,000	13,365	3,365	9,201
Video franchise tax	459,000	366,858	(92,142)	404,650
Total	<u>1,443,000</u>	<u>1,323,012</u>	<u>(119,988)</u>	<u>2,122,331</u>
Restricted Intergovernmental Revenues:				
Powell Bill allocation	2,360,000	2,902,131	542,131	2,644,683
Section 104(f) - federal grant	282,600	206,828	(75,772)	326,330
Brownfield EPA grant	-	-	-	1,281
CARES remote learning grant	-	32,100	32,100	12,900
Section 5303 - federal/state	65,954	1,219	(64,735)	79,062
Federal asset forfeitures	278,274	283,465	5,191	611,030
State asset forfeitures	15,358	16,254	896	90,476
FEMA reimbursement	-	211,181	211,181	-
State grants	7,000	9,172	2,172	-
Miscellaneous federal and state grants	261,395	311,231	49,836	230,898
Gaston County	49,819	70,467	20,648	23,602
US DOJ JAG grant	83,890	50,859	(33,031)	53,656
Federal grants - vest	-	26,406	26,406	10,983
Total	<u>3,404,290</u>	<u>4,121,313</u>	<u>717,023</u>	<u>4,084,901</u>
Permits	<u>1,082,015</u>	<u>1,588,698</u>	<u>506,683</u>	<u>1,050,110</u>

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Sales, Services, and Rents:				
Administration fees	810,000	896,357	86,357	817,232
NC DOT reimbursement for services	465,000	463,386	(1,614)	301,413
Airport fees and rents	140,000	148,858	8,858	141,489
Commercial waste disposal fee	60,000	64,891	4,891	65,733
Fire protection charges	-	201	201	7,200
Hanson surcharge	20,000	68,980	48,980	20,425
Late fees	-	893	893	-
Museum	722,187	769,434	47,247	702,404
Reconnection fees	237,000	227,490	(9,510)	229,750
Recreation	387,200	476,129	88,929	452,552
Reimbursement for services	1,374,056	1,239,041	(135,015)	1,516,214
Rents	295,308	300,850	5,542	215,863
Report copies	-	740	740	843
Sale of property	11,446	22,326	10,880	18,476
Skeet, trap, and pistol/rifle fees	80,000	75,841	(4,159)	78,627
Total	4,602,197	4,755,417	153,220	4,568,221
Investment Earnings:				
Regular investments	1,756,185	2,829,437	1,073,252	2,770,609
Federal asset forfeitures	-	32,220	32,220	30,137
State asset forfeitures	-	4,600	4,600	12,789
Block Grant - Fund 76	-	7,340	7,340	8,559
Hanson surcharge	6,000	6,173	173	6,524
Total	1,762,185	2,879,770	1,117,585	2,828,618
Miscellaneous:				
Donations	26,825	65,420	38,595	54,640
Parking violations	-	-	-	25
Discounts earned	250	-	(250)	-
Other	1,218,742	652,776	(565,966)	846,660
Insurance proceeds	471,354	669,933	198,579	629,994
Total	1,717,171	1,388,129	(329,042)	1,531,319
Total revenues	94,831,530	102,479,102	7,647,572	97,909,012
Expenditures:				
General Government:				
Mayor and Council:				
Salaries and employee benefits	166,330	158,403	7,927	159,698
Operating expenditures	332,986	249,079	83,907	332,770
Overhead allocated to other funds	(189,465)	(155,814)	(33,651)	(183,997)
Total	309,851	251,668	58,183	308,471

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Miscellaneous Grants and Donations:				
Operating expenditures	5,000	-	5,000	-
Communications and Marketing:				
Salaries and employee benefits	358,812	315,656	43,156	344,563
Operating expenditures	82,354	58,487	23,867	74,230
Overhead allocated to other funds	(326,506)	(270,302)	(56,204)	(304,760)
Total	114,660	103,841	10,819	114,033
City Manager:				
Salaries and employee benefits	912,991	884,194	28,797	775,732
Operating expenditures	207,559	175,792	31,767	130,058
Overhead allocated to other funds	(386,540)	(402,351)	15,811	(345,948)
Total	734,010	657,635	76,375	559,842
Assistant City Manager - Director of Human Resources and Administration:				
Salaries and employee benefits	257,273	248,978	8,295	234,184
Operating expenditures	25,095	19,817	5,278	12,169
Overhead allocated to other funds	(65,578)	(63,534)	(2,044)	(58,557)
Total	216,790	205,261	11,529	187,796
Assistant City Manager - Public Infrastructure:				
Salaries and employee benefits	242,246	234,390	7,856	215,191
Operating expenditures	24,725	24,763	(38)	13,493
Overhead allocated to other funds	(155,705)	(95,031)	(60,674)	(83,856)
Total	111,266	164,122	(52,856)	144,828
Human Resources:				
Salaries and employee benefits	3,094,202	3,047,798	46,404	2,871,362
Operating expenditures	2,403,861	2,295,829	108,032	2,115,240
Capital outlay	-	-	-	33,945
Overhead allocated to other funds	(1,288,475)	(1,205,351)	(83,124)	(1,153,693)
Total	4,209,588	4,138,276	71,312	3,866,854
Technology Services:				
Admin Apps:				
Operating expenditures	50,500	47,593	2,907	44,401

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Financial Services:				
Accounting Division:				
Salaries and employee benefits	1,011,826	935,563	76,263	850,618
Operating expenditures	184,042	313,780	(129,738)	169,016
Overhead allocated to other funds	(349,599)	(324,735)	(24,864)	(298,790)
Total	<u>846,269</u>	<u>924,608</u>	<u>(78,339)</u>	<u>720,844</u>
Budget Division:				
Salaries and employee benefits	545,955	472,099	73,856	212,108
Operating expenditures	174,211	107,501	66,710	111,172
Overhead allocated to other funds	(390,605)	(341,080)	(49,525)	(194,710)
Total	<u>329,561</u>	<u>238,520</u>	<u>91,041</u>	<u>128,570</u>
Accounts Receivable Division:				
Salaries and employee benefits	681,447	676,735	4,712	701,061
Operating expenditures	300,395	287,697	12,698	312,695
Overhead allocated to other funds	(40,872)	(14,743)	(26,129)	(14,380)
Total	<u>940,970</u>	<u>949,689</u>	<u>(8,719)</u>	<u>999,376</u>
Purchasing Division:				
Salaries and employee benefits	382,652	318,519	64,133	300,898
Operating expenditures	55,675	52,271	3,404	47,025
Overhead allocated to other funds	(149,643)	(122,522)	(27,121)	(115,195)
Total	<u>288,684</u>	<u>248,268</u>	<u>40,416</u>	<u>232,728</u>
Warehouse Division:				
Salaries and employee benefits	175,208	172,542	2,666	162,509
Operating expenditures	86,169	93,937	(7,768)	50,761
Overhead allocated to other funds	(165,641)	(162,370)	(3,271)	(154,357)
Total	<u>95,736</u>	<u>104,109</u>	<u>(8,373)</u>	<u>58,913</u>
Financial Services Administration:				
Salaries and employee benefits	438,563	415,232	23,331	211,579
Operating expenditures	32,391	26,966	5,425	27,524
Overhead allocated to other funds	(283,219)	(235,685)	(47,534)	(129,686)
Total	<u>187,735</u>	<u>206,513</u>	<u>(18,778)</u>	<u>109,417</u>
Garage Parts Room:				
Salaries and employee benefits	190,257	187,286	2,971	177,798
Operating expenditures	6,364	137,920	(131,556)	67,546
Overhead allocated to other funds	(63,921)	(63,257)	(664)	(59,591)
Total	<u>132,700</u>	<u>261,949</u>	<u>(129,249)</u>	<u>185,753</u>

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Revenue Administration:				
Salaries and employee benefits	191,955	188,597	3,358	280,937
Operating expenditures	9,008	4,629	4,379	12,418
Overhead allocated to other funds	(140,783)	(143,230)	2,447	(215,447)
Total	60,180	49,996	10,184	77,908
Customer Service:				
Salaries and employee benefits	842,689	818,902	23,787	736,214
Operating expenditures	898,273	724,767	173,506	759,439
Overhead allocated to other funds	(826,925)	(778,807)	(48,118)	(720,176)
Total	914,037	764,862	149,175	775,477
Meter Services:				
Salaries and employee benefits	1,162,358	1,082,394	79,964	1,037,410
Operating expenditures	193,204	161,677	31,527	136,837
Overhead allocated to other funds	(1,397,980)	(1,235,960)	(162,020)	(1,174,032)
Total	(42,418)	8,111	(50,529)	215
Total financial services	3,753,454	3,756,625	(3,171)	3,289,201
City Attorney:				
Operating expenditures	18,326	10,504	7,822	4,761
City Attorney:				
Salaries and employee benefits	773,403	764,606	8,797	694,092
Operating expenditures	71,420	60,772	10,648	47,678
Overhead allocated to other funds	(452,397)	(452,500)	103	(408,181)
Total	392,426	372,878	19,548	333,589
Special Project and Strategic Development:				
Operating expenditures	239,882	130,751	109,131	9,255
Development Services:				
Planning:				
Salaries and employee benefits	1,026,812	1,018,011	8,801	774,332
Operating expenditures	333,859	315,422	18,437	220,759
Overhead allocated to other funds	(148,217)	(147,453)	(764)	(109,120)
Total	1,212,454	1,185,980	26,474	885,971
Zoning:				
Operating expenditures	1,919	1,816	103	3,139

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Economic Development:				
Salaries and employee benefits	275,794	274,114	1,680	282,213
Operating expenditures	566,296	532,560	33,736	367,447
Capital outlay	31,000	30,748	252	-
Overhead allocated to other funds	(707,764)	(627,296)	(80,468)	(432,058)
Total	165,326	210,126	(44,800)	217,602
Transportation Planning:				
Salaries and employee benefits	368,539	363,576	4,963	325,106
Operating expenditures	126,863	101,321	25,542	244,639
Total	495,402	464,897	30,505	569,745
Transportation Administration:				
Salaries and employee benefits	124,360	120,635	3,725	130,024
Operating expenditures	31,996	29,870	-	-
Total	156,356	150,505	3,725	130,024
Building Services:				
Salaries and employee benefits	72,890	72,089	801	66,957
Operating expenditures	23,736	16	23,720	1,409,170
Total	96,626	72,105	24,521	1,476,127
Neighborhoods and Housing:				
Salaries and employee benefits	279,590	277,772	1,818	227,091
Operating expenditures	67,787	66,200	1,587	54,862
Total	347,377	343,972	3,405	281,953
Keep Gastonia Beautiful:				
Salaries and employee benefits	255,593	249,525	6,068	223,688
Operating expenditures	37,511	35,592	1,919	35,470
Overhead allocated to other funds	(29,979)	-	(29,979)	-
Total	263,125	285,117	(21,992)	259,158
Diversity, Equity, and Inclusion:				
Salaries and employee benefits	148,251	54,075	94,176	146,315
Operating expenditures	68,812	12,623	56,189	33,007
Total	217,063	66,698	150,365	179,322
Neighborhood and Community Resources:				
Salaries and employee benefits	102,840	98,169	4,671	110,808
Operating expenditures	16,339	10,139	6,200	12,522
Total	119,179	108,308	10,871	123,330

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Code Enforcement:				
Salaries and employee benefits	428,597	378,259	50,338	360,254
Operating expenditures	318,463	277,340	41,123	195,713
Total	<u>747,060</u>	<u>655,599</u>	<u>91,461</u>	<u>555,967</u>
Sister Cities:				
Salaries and employee benefits	41,940	33,320	8,620	26,585
Operating expenditures	11,247	11,198	49	9,041
Total	<u>53,187</u>	<u>44,518</u>	<u>8,669</u>	<u>35,626</u>
Community Improvement - Downtown:				
Salaries and employee benefits	162,825	159,254	3,571	108,698
Operating expenditures	19,422	19,088	334	26,510
Overhead allocated to other funds	(5,746)	(5,126)	(620)	(4,119)
Total	<u>176,501</u>	<u>173,216</u>	<u>3,285</u>	<u>131,089</u>
Neighborhood Stabilization Program:				
Operating expenditures	<u>49,523</u>	<u>45,481</u>	<u>4,042</u>	<u>49,368</u>
Total development services	<u>3,944,742</u>	<u>3,657,833</u>	<u>286,909</u>	<u>4,768,397</u>
Customer Care Center:				
Salaries and employee benefits	400,857	385,476	15,381	370,681
Operating expenditures	28,997	19,794	9,203	7,799
Capital outlay	-	-	-	94,961
Overhead allocated to other funds	(385,521)	(362,664)	(22,857)	(421,780)
Total	<u>44,333</u>	<u>42,606</u>	<u>1,727</u>	<u>51,661</u>
City Hall Renovations:				
Operating expenditures	-	-	-	716
Capital outlay	-	-	-	15,388
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,104</u>
Non-Departmental:				
Operating expenditures	<u>808,629</u>	<u>-</u>	<u>808,629</u>	<u>-</u>
Disaster Recovery:				
Operating expenditures	<u>512,362</u>	<u>87,947</u>	<u>424,415</u>	<u>-</u>

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Total General Government:				
Salaries and employee benefits	15,117,055	14,406,169	710,886	13,118,706
Operating expenditures	8,425,201	6,550,939	1,872,136	7,148,650
Capital outlay	31,000	30,748	252	144,294
Overhead allocated to other funds	(7,951,081)	(7,209,811)	(741,270)	(6,582,433)
Total	15,622,175	13,778,045	1,842,004	13,829,217
Public Safety:				
Police Department:				
Administration:				
Salaries and employee benefits	1,054,581	1,043,320	11,261	924,640
Operating expenditures	1,936,646	1,922,379	14,267	2,015,101
Total	2,991,227	2,965,699	25,528	2,939,741
Recruiting:				
Salaries and employee benefits	116,771	111,613	5,158	106,996
Operating expenditures	12,915	10,004	2,911	12,115
Total	129,686	121,617	8,069	119,111
Justice Funds:				
Operating expenditures	310,672	23,450	287,222	159,433
Capital outlay	794,476	79,611	714,865	55,798
Total	1,105,148	103,061	1,002,087	215,231
Treasury Funds:				
Operating expenditures	23,873	-	23,873	6,588
Investigations:				
Salaries and employee benefits	4,644,801	4,177,859	466,942	4,128,910
Operating expenditures	418,431	370,716	47,715	384,612
Total	5,063,232	4,548,575	514,657	4,513,522
Field Services:				
Salaries and employee benefits	13,646,243	13,214,247	431,996	12,155,388
Operating expenditures	1,518,702	1,361,529	157,173	1,325,394
Capital outlay	1,186,543	1,054,681	131,862	654,897
Total	16,351,488	15,630,457	721,031	14,135,679
P.A.R.C.:				
Salaries and employee benefits	429,478	404,217	25,261	302,895
Operating expenditures	10,371	10,316	55	15,316
Total	439,849	414,533	25,316	318,211

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Support Services:				
Salaries and employee benefits	772,051	672,102	99,949	646,077
Operating expenditures	383,610	346,113	37,497	291,400
Capital outlay	66,028	66,028	-	-
Total	<u>1,221,689</u>	<u>1,084,243</u>	<u>137,446</u>	<u>937,477</u>
ABC Enforcement:				
Salaries and employee benefits	119,943	114,622	5,321	106,935
Operating expenditures	<u>8,324</u>	<u>6,051</u>	<u>2,273</u>	<u>11,459</u>
Total	<u>128,267</u>	<u>120,673</u>	<u>7,594</u>	<u>118,394</u>
Early Police Retirement:				
Salaries and employee benefits	<u>1,278,000</u>	<u>1,094,975</u>	<u>183,025</u>	<u>1,068,284</u>
Asset Forfeiture:				
Operating expenditures	64,552	39,697	24,855	140,706
Capital outlay	<u>94,039</u>	<u>59,065</u>	<u>34,974</u>	<u>63,623</u>
Total	<u>158,591</u>	<u>98,762</u>	<u>59,829</u>	<u>204,329</u>
Police Foundation:				
Operating expenditures	<u>21,120</u>	<u>17,383</u>	<u>3,737</u>	<u>19,887</u>
Special Situations:				
Operating expenditures	119,840	104,069	15,771	69,687
Capital outlay	<u>38,067</u>	<u>38,067</u>	<u>-</u>	<u>6,900</u>
Total	<u>157,907</u>	<u>142,136</u>	<u>15,771</u>	<u>76,587</u>
Police Department Grants:				
Operating expenditures	144,204	98,765	45,439	84,135
Capital outlay	<u>240,337</u>	<u>28,565</u>	<u>211,772</u>	<u>17,273</u>
Total	<u>384,541</u>	<u>127,330</u>	<u>257,211</u>	<u>101,408</u>
Police Records Bureau:				
Salaries and employee benefits	1,141,649	1,016,865	124,784	832,576
Operating expenditures	14,975	13,890	1,085	9,991
Capital outlay	<u>79,763</u>	<u>79,762</u>	<u>1</u>	<u>-</u>
Total	<u>1,236,387</u>	<u>1,110,517</u>	<u>125,870</u>	<u>842,567</u>
Total police department	<u>30,691,005</u>	<u>27,579,961</u>	<u>3,111,044</u>	<u>25,617,016</u>

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Fire Department:				
Administration:				
Salaries and employee benefits	610,666	608,477	2,189	556,634
Operating expenditures	649,540	648,824	716	634,830
Total	1,260,206	1,257,301	2,905	1,191,464
Life Safety:				
Salaries and employee benefits	630,831	630,022	809	579,055
Operating expenditures	45,017	43,754	1,263	43,951
Total	675,848	673,776	2,072	623,006
Operations:				
Salaries and employee benefits	12,349,084	12,262,481	86,603	11,486,209
Operating expenditures	2,050,711	1,951,319	99,392	2,143,751
Capital outlay	6,380,969	2,123,316	4,257,653	164,091
Total	20,780,764	16,337,116	4,443,648	13,794,051
Training:				
Salaries and employee benefits	244,008	243,654	354	231,540
Operating expenditures	14,747	14,092	655	16,509
Total	258,755	257,746	1,009	248,049
Early Fire Retirement:				
Salaries and employee benefits	1,087,514	990,614	96,900	997,671
Grants:				
Operating expenditures	7,000	6,447	553	-
Total fire department	24,070,087	19,523,000	4,547,087	16,854,241
Total Public Safety:				
Salaries and employee benefits	38,125,620	36,585,068	1,540,552	34,123,810
Operating expenditures	7,755,250	6,988,798	766,452	7,384,865
Capital outlay	8,880,222	3,529,095	5,351,127	962,582
Total	54,761,092	47,102,961	7,658,131	42,471,257
Public Works:				
Enterprise Services:				
Garage Inventory:				
Operating expenditures	47,440	(221,764)	269,204	(51,787)
Overhead allocated to other funds	(17,452)	(16,913)	(539)	(8,824)
Total	29,988	(238,677)	268,665	(60,611)

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Equipment Services:				
Salaries and employee benefits	1,457,434	1,445,819	11,615	1,341,719
Operating expenditures	239,855	184,541	55,314	340,239
Capital outlay	935	605	330	56,133
Overhead allocated to other funds	(681,054)	(652,733)	(28,321)	(635,959)
Total	1,017,170	978,232	38,938	1,102,132
Airport Operations:				
Operating expenditures	199,157	189,864	9,293	216,388
Total enterprise services	1,548,583	929,419	619,164	1,257,909
Public Works:				
Building and Grounds:				
Salaries and employee benefits	1,273,032	1,250,504	22,528	1,207,301
Operating expenditures	1,065,367	718,779	346,588	952,954
Capital outlay	87,144	62,256	24,888	31,426
Overhead allocated to other funds	(145,864)	(130,280)	(15,584)	(140,386)
Total	2,279,679	1,901,259	378,420	2,051,295
Engineering:				
Salaries and employee benefits	2,693,389	2,618,047	75,342	2,565,838
Operating expenditures	1,315,508	586,441	729,067	528,513
Overhead allocated to other funds	(1,744,796)	(1,444,763)	(300,033)	(1,410,782)
Total	2,264,101	1,759,725	504,376	1,683,569
Traffic Services:				
Salaries and employee benefits	763,089	739,729	23,360	658,334
Operating expenditures	325,793	310,768	15,025	286,098
Total	1,088,882	1,050,497	38,385	944,432
Street Department:				
Supervision				
Salaries and employee benefits	506,273	413,582	92,691	354,057
Operating expenditures	61,487	58,281	3,206	49,380
Overhead allocated to other funds	(46,140)	(25,988)	(20,152)	(22,710)
Total	521,620	445,875	75,745	380,727
Powell Bill Street Funds:				
Salaries and employee benefits	-	633,404	(633,404)	573,224
Operating expenditures	5,253,197	1,210,119	4,043,078	307,536
Capital outlay	24,647	15,147	9,500	-
Total	5,277,844	1,858,670	3,419,174	880,760

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Non-Powell Bill Street Activities:				
Salaries and employee benefits	2,232,301	1,229,264	1,003,037	1,100,054
Operating expenditures	9,406	370,371	(360,965)	335,771
Capital outlay	113,070	112,878	192	17,908
Overhead allocated to other funds	(138,800)	-	(138,800)	-
Total	<u>2,215,977</u>	<u>1,712,513</u>	<u>503,464</u>	<u>1,453,733</u>
Cemeteries:				
Salaries and employee benefits	362,942	352,275	10,667	294,660
Operating expenditures	86,300	77,471	8,829	58,871
Total	<u>449,242</u>	<u>429,746</u>	<u>19,496</u>	<u>353,531</u>
Total Public Works:				
Salaries and employee benefits	9,288,460	8,682,624	605,836	8,095,187
Operating expenditures	8,905,778	3,484,871	5,420,907	3,023,963
Capital outlay	225,796	190,886	34,910	105,467
Overhead allocated to other funds	(2,774,106)	(2,270,677)	(503,429)	(2,218,661)
Total	<u>15,645,928</u>	<u>10,087,704</u>	<u>5,558,224</u>	<u>9,005,956</u>
Cultural and Recreational:				
Recreational:				
Administration:				
Salaries and employee benefits	485,402	466,938	18,464	497,246
Operating expenditures	323,291	292,746	30,545	226,359
Capital outlay	39,000	39,000	-	-
Total	<u>847,693</u>	<u>798,684</u>	<u>49,009</u>	<u>723,605</u>
Athletics and Special Facilities:				
Salaries and employee benefits	1,085,090	1,082,097	2,993	924,810
Operating expenditures	672,737	632,786	39,951	450,006
Total	<u>1,757,827</u>	<u>1,714,883</u>	<u>42,944</u>	<u>1,374,816</u>
Roland E. Bradley Community Center:				
Salaries and employee benefits	262,809	258,166	4,643	243,653
Operating expenditures	42,657	40,056	2,601	25,607
Total	<u>305,466</u>	<u>298,222</u>	<u>7,244</u>	<u>269,260</u>
Erwin Community Center:				
Salaries and employee benefits	255,306	252,825	2,481	242,281
Operating expenditures	173,743	139,012	34,731	123,109
Capital outlay	-	-	-	8,086
Total	<u>429,049</u>	<u>391,837</u>	<u>37,212</u>	<u>373,476</u>

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Martha Rivers Park:				
Salaries and employee benefits	338,521	304,682	33,839	274,720
Operating expenditures	116,987	112,399	4,588	122,318
Total	455,508	417,081	38,427	397,038
Phillips Community Center:				
Salaries and employee benefits	264,063	258,995	5,068	240,794
Operating expenditures	42,686	38,846	3,840	107,601
Total	306,749	297,841	8,908	348,395
Jeffers Community Center:				
Salaries and employee benefits	246,446	236,780	9,666	239,177
Operating expenditures	40,857	39,486	1,371	35,255
Capital outlay	753	753	-	-
Total	288,056	277,019	11,037	274,432
Maintenance and Development:				
Salaries and employee benefits	1,194,316	1,146,035	48,281	1,097,722
Operating expenditures	335,254	316,282	18,972	265,221
Capital outlay	8,411	7,361	1,050	52,664
Total	1,537,981	1,469,678	68,303	1,415,607
Golf Course:				
Operating expenditures	3,998	3,998	-	828
Adult Recreation Center:				
Salaries and employee benefits	223,895	194,269	29,626	195,116
Operating expenditures	118,849	104,318	14,531	60,251
Total	342,744	298,587	44,157	255,367
Sims Park:				
Operating expenditures	106,930	102,406	4,524	80,142
Capital outlay	72,957	71,690	1,267	76,427
Total	179,887	174,096	5,791	156,569
Southeast Community Center:				
Operating expenditures	1,200	909	291	927
Skeet/Trap Range:				
Salaries and employee benefits	69,285	64,008	5,277	54,989
Operating expenditures	91,850	79,871	11,979	60,413
Capital outlay	-	-	-	13,675
Total	161,135	143,879	17,256	129,077

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Lineberger Park:				
Salaries and employee benefits	24,056	23,942	114	15,442
Operating expenditures	15,190	10,697	4,493	17,570
Total	39,246	34,639	4,607	33,012
Rankin Lake:				
Salaries and employee benefits	127,190	118,492	8,698	93,563
Operating expenditures	31,855	30,224	1,631	56,006
Total	159,045	148,716	10,329	149,569
Greenways:				
Operating expenditures	22,078	13,327	8,751	11,537
Linwood Springs:				
Salaries and employee benefits	228,927	228,689	238	165,495
Operating expenditures	23,950	3,890	20,060	11,400
Total	252,877	232,579	20,298	176,895
FUSE:				
Operating expenditures	522,061	186,007	336,054	592,508
Capital outlay	293,232	-	293,232	-
Total	815,293	186,007	629,286	592,508
Special Events:				
Operating expenditures	268,850	247,346	21,504	164,209
Walker E. Reid, III Park:				
Operating expenditures	10,000	5,885	4,115	7,803
Total cultural and recreational	8,184,682	7,155,213	1,029,469	6,854,930
Museum:				
Collections/Research:				
Salaries and employee benefits	244,443	242,830	1,613	230,000
Operating expenditures	16,808	14,913	1,895	8,470
Total	261,251	257,743	3,508	238,470
Education:				
Salaries and employee benefits	558,837	543,062	15,775	520,424
Operating expenditures	46,244	35,684	10,560	46,834
Total	605,081	578,746	26,335	567,258

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Exhibits:				
Salaries and employee benefits	250,933	224,403	26,530	230,764
Operating expenditures	55,500	52,205	3,295	26,721
Total	306,433	276,608	29,825	257,485
Administration:				
Salaries and employee benefits	386,837	235,215	151,622	361,459
Operating expenditures	610,627	606,232	4,395	548,788
Total	997,464	841,447	156,017	910,247
Operations:				
Salaries and employee benefits	402,752	386,797	15,955	361,600
Operating expenditures	200,282	192,102	8,180	173,638
Total	603,034	578,899	24,135	535,238
Programs:				
Salaries and employee benefits	136,276	128,428	7,848	128,415
Operating expenditures	39,250	39,662	(412)	11,554
Total	175,526	168,090	7,436	139,969
Total museum	2,948,789	2,701,533	247,256	2,648,667
Farmer's Market Operations				
Operating expenditures	10,240	9,529	711	4,243
Conference Center:				
Operating expenditures	234,861	161,013	73,848	318,310
Total Cultural and Recreational:				
Salaries and employee benefits	6,785,384	6,396,653	388,731	6,117,670
Operating expenditures	4,178,835	3,511,831	667,004	3,557,628
Capital outlay	414,353	118,804	295,549	150,852
Total	11,378,572	10,027,288	1,351,284	9,826,150
Debt Service:				
Principal	7,814,937	5,517,591	2,297,346	5,644,042
Interest	2,397,209	2,478,551	(81,342)	2,473,079
Bond issuance costs	2,390	2,390	-	2,300
Total	10,214,536	7,998,532	2,216,004	8,119,421
Total expenditures	107,622,303	88,994,530	18,625,647	83,252,001
Revenues over (under) expenditures	(12,790,773)	13,484,572	26,275,345	14,657,011

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Lease liabilities issued	230,832	-	(230,832)	-
Subscription liabilities issued	141,849	-	(141,849)	-
Transfers from other funds:				
Electric Fund	2,000,000	2,000,000	-	2,000,000
Special revenue funds	214,200	214,200	-	40,000
Capital project funds	-	-	-	59,900
Transfers to other funds:				
Transit Fund	(1,456,144)	(1,456,144)	-	(1,539,235)
Solid waste	(3,898,174)	(3,898,174)	-	(3,621,533)
Special revenue funds	(4,000)	(4,000)	-	(36,529)
Capital project funds	(2,406,257)	(2,406,257)	-	(46,667)
Budgetary amounts:				
Appropriated fund balance	<u>17,968,467</u>	<u>-</u>	<u>(17,968,467)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,790,773</u>	<u>(5,550,375)</u>	<u>(18,341,148)</u>	<u>(3,144,064)</u>
Net change in fund balance	<u>\$ -</u>	<u>7,934,197</u>	<u>\$ 7,934,197</u>	<u>11,512,947</u>
Fund Balance:				
Beginning of year - July 1		62,282,304		50,774,209
Increase (decrease) in inventories and property/ land acquired for redevelopment/rehabilitation		<u>177,482</u>		<u>(4,852)</u>
End of year - June 30		<u>\$ 70,393,983</u>		<u>\$ 62,282,304</u>

SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds, which are accounted for on the modified accrual basis of accounting, are to account for the proceeds of specific revenue sources that are restricted by law or administrative action for particular purposes.

American Rescue Plan Fund

The purpose of this fund is to account for the City's portion of the American Rescue Plan funding. The City was awarded a total of \$16,373,346.

State Grants Fund

The purpose of this fund is to account for State Capital Infrastructure Fund grants awarded to the City.

Federal Grants Fund

The purpose of this fund is to account for various federal grants awarded to the City.

Community Development Block Grant Program Fund

The purpose of this fund is to account for grant revenues and related expenditures under various federal and State grants.

Occupancy Tax Fund

The purpose of this fund is to account for occupancy tax assessed for tourism development purposes.

Uptown Municipal Tax District Fund

The purpose of this fund is to account for special property taxes assessed for uptown improvements.

Economic Stimulus Grants Fund

The purpose of this fund is to account for grant revenues and related expenditures of various federal economic stimulus grants.



CITY OF GASTONIA, NORTH CAROLINA

**MAJOR SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 3,775,932	\$ 2,596,704	\$ (1,179,228)
Investment earnings	174,200	158,266	(15,934)
Miscellaneous	<u>-</u>	<u>452</u>	<u>452</u>
Total revenues	<u>3,950,132</u>	<u>2,755,422</u>	<u>(1,194,710)</u>
Expenditures:			
General government:			
Salaries and employee benefits	129,975	23,246	106,729
Operating expenditures	2,334,350	1,259,721	1,074,629
Capital outlay	<u>535,610</u>	<u>524,040</u>	<u>11,570</u>
Total expenditures	<u>2,999,935</u>	<u>1,807,007</u>	<u>1,192,928</u>
Revenues over (under) expenditures	<u>950,197</u>	<u>948,415</u>	<u>(1,782)</u>
Other Financing Sources (Uses):			
Transfers to other funds	(2,029,845)	(1,943,117)	86,728
Appropriated fund balance	<u>1,079,648</u>	<u>-</u>	<u>(1,079,648)</u>
Total other financing sources (uses)	<u>(950,197)</u>	<u>(1,943,117)</u>	<u>(992,920)</u>
Net change in fund balance	<u>\$ -</u>	<u>(994,702)</u>	<u>\$ (994,702)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,079,648</u>	
End of year - June 30		<u>\$ 84,946</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Community Development Block Grant						
	State Grants Fund	Federal Grants Fund	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/Revitalization
Assets:							
Taxes receivable, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	30,656	-	-	7,754	-
Prepaid items	-	-	25,710	-	-	-	-
Due from other governments	407,764	189,630	-	-	-	-	-
Cash and investments, restricted	573,100	-	-	194,372	394,795	-	-
Long-term receivable	-	-	26,258	55,104	-	1,056,764	10,093
Property acquired for rehabilitation and resale	-	-	580,557	-	39,779	605,262	-
Total assets	<u>\$ 980,864</u>	<u>\$ 189,630</u>	<u>\$ 663,181</u>	<u>\$ 249,476</u>	<u>\$ 434,574</u>	<u>\$ 1,669,780</u>	<u>\$ 10,093</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 82,634	136,570	\$ 17,327	\$ -	\$ 19,177	\$ 9,937	\$ -
Due to General Fund	532,000	57,016	457,189	-	-	155,756	10,371
Liabilities payable from restricted assets:							
Advances from grantors	126,891	-	-	-	-	-	-
Total liabilities	<u>741,525</u>	<u>193,586</u>	<u>474,516</u>	<u>-</u>	<u>19,177</u>	<u>165,693</u>	<u>10,371</u>
Deferred Inflows of Resources:							
Property taxes receivable	-	-	-	-	-	-	-
Prepaid taxes	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Non-spendable:							
Prepays	-	-	25,710	-	-	-	-
Restricted:							
Stabilization by state statute	453,833	189,630	71,581	55,104	42,117	1,068,703	10,093
Restricted, all other	-	-	91,374	194,372	333,501	-	-
Assigned	-	-	-	-	39,779	435,384	-
Unassigned	(214,494)	(193,586)	-	-	-	-	(10,371)
Total fund balances	<u>239,339</u>	<u>(3,956)</u>	<u>188,665</u>	<u>249,476</u>	<u>415,397</u>	<u>1,504,087</u>	<u>(278)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 980,864</u>	<u>\$ 189,630</u>	<u>\$ 663,181</u>	<u>\$ 249,476</u>	<u>\$ 434,574</u>	<u>\$ 1,669,780</u>	<u>\$ 10,093</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	<u>CDBG (continued)</u>					
	<u>108 Loan/ Economic</u>	<u>Economic Development</u>	<u>Occupancy Tax Fund</u>	<u>Uptown Municipal Tax District</u>	<u>Economic Stimulus Grants Fund</u>	<u>Total</u>
Assets:						
Taxes receivable, net	\$ -	\$ -	\$ -	\$ 17,772	\$ -	\$ 17,772
Accounts receivable, net	-	-	-	1,073	-	39,483
Prepaid items	-	-	-	-	-	25,710
Due from other governments	-	-	181,575	-	-	778,969
Cash and investments, restricted	51,388	2	2,974	331,172	87,266	1,635,069
Long-term receivable	-	-	-	-	600,000	1,748,219
Property acquired for rehabilitation and resale	47,350	-	-	-	-	1,272,948
Total assets	<u>\$ 98,738</u>	<u>\$ 2</u>	<u>\$ 184,549</u>	<u>\$ 350,017</u>	<u>\$ 687,266</u>	<u>\$ 5,518,170</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 181,575	\$ 23,191	\$ 2,594	\$ 473,005
Due to General Fund	-	-	-	-	-	1,212,332
Liabilities payable from restricted assets:						
Advances from grantors	-	-	-	-	-	126,891
Total liabilities	<u>-</u>	<u>-</u>	<u>181,575</u>	<u>23,191</u>	<u>2,594</u>	<u>1,812,228</u>
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	17,772	-	17,772
Prepaid taxes	-	-	-	178	-	178
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,950</u>	<u>-</u>	<u>17,950</u>
Fund Balances:						
Non-spendable:						
Prepays	-	-	-	-	-	25,710
Restricted:						
Stabilization by state statute	-	-	181,575	26,573	600,000	2,699,209
Restricted, all other	51,388	2	-	282,303	84,672	1,037,612
Assigned	47,350	-	-	-	-	522,513
Unassigned	-	-	(178,601)	-	-	(597,052)
Total fund balances	<u>98,738</u>	<u>2</u>	<u>2,974</u>	<u>308,876</u>	<u>684,672</u>	<u>3,687,992</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 98,738</u>	<u>\$ 2</u>	<u>\$ 184,549</u>	<u>\$ 350,017</u>	<u>\$ 687,266</u>	<u>\$ 5,518,170</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Community Development Block Grant						
	State Grants Fund	Federal Grants Fund	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/Revitalization
Revenues:							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-	-	-
Restricted intergovernmental	1,905,122	583,333	893,171	-	-	521,296	-
Sales and services	-	-	197	1,242	-	230,492	(278)
Investment earnings (loss)	70,796	-	-	303	7,448	-	-
Miscellaneous	12	-	445	-	-	2,641	-
Total revenues	<u>1,975,930</u>	<u>583,333</u>	<u>893,813</u>	<u>1,545</u>	<u>7,448</u>	<u>754,429</u>	<u>(278)</u>
Expenditures:							
Public safety	-	580,672	-	-	-	-	-
Economic and physical development	50,000	6,617	922,963	-	140,412	839,212	-
Cultural and recreation	2,599,296	-	-	-	-	-	-
Total expenditures	<u>2,649,296</u>	<u>587,289</u>	<u>922,963</u>	<u>-</u>	<u>140,412</u>	<u>839,212</u>	<u>-</u>
Revenues over (under) expenditures	<u>(673,366)</u>	<u>(3,956)</u>	<u>(29,150)</u>	<u>1,545</u>	<u>(132,964)</u>	<u>(84,783)</u>	<u>(278)</u>
Other Financing Sources (Uses):							
Transfers from other funds	727,657	-	-	-	-	99,422	-
Transfers (to) other funds	-	-	-	-	(99,422)	-	-
Total other financing sources (uses)	<u>727,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,422)</u>	<u>99,422</u>	<u>-</u>
Net change in fund balances	54,291	(3,956)	(29,150)	1,545	(232,386)	14,639	(278)
Fund Balances:							
Beginning of year - July 1	185,048	-	217,815	247,931	647,783	1,281,358	-
Increase (decrease) in inventories and property/land acquired redevelopment/rehabilitation	-	-	-	-	-	208,090	-
End of year - June 30	<u>\$ 239,339</u>	<u>\$ (3,956)</u>	<u>\$ 188,665</u>	<u>\$ 249,476</u>	<u>\$ 415,397</u>	<u>\$ 1,504,087</u>	<u>\$ (278)</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>CDBG (continued)</u>					<u>Total</u>
	<u>108 Loan/ Economic</u>	<u>Economic Development</u>	<u>Occupancy Tax Fund</u>	<u>Uptown Municipal Tax District</u>	<u>Economic Stimulus Grants Fund</u>	
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 277,595	\$ -	\$ 277,595
Other taxes and licenses	-	-	1,160,383	-	-	1,160,383
Restricted intergovernmental	-	-	-	-	-	3,902,922
Sales and services	-	-	-	-	-	231,653
Investment earnings	38	-	127	14,870	-	93,582
Miscellaneous	-	-	-	4,551	-	7,649
Total revenues	<u>38</u>	<u>-</u>	<u>1,160,510</u>	<u>297,016</u>	<u>-</u>	<u>5,673,784</u>
Expenditures:						
Public safety	-	-	-	-	-	580,672
Economic and physical development	-	-	1,160,383	251,396	-	3,370,983
Cultural and recreation	-	-	-	-	-	2,599,296
Total expenditures	<u>-</u>	<u>-</u>	<u>1,160,383</u>	<u>251,396</u>	<u>-</u>	<u>6,550,951</u>
Revenues over (under) expenditures	<u>38</u>	<u>-</u>	<u>127</u>	<u>45,620</u>	<u>-</u>	<u>(877,167)</u>
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	4,000	-	831,079
Transfers (to) other funds	-	-	-	(40,000)	-	(139,422)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>-</u>	<u>691,657</u>
Net change in fund balances	38	-	127	9,620	-	(185,510)
Fund Balances:						
Beginning of year - July 1	98,700	2	2,847	299,256	684,672	3,665,412
Increase (decrease) in inventories and property/land acquired redevelopment/rehabilitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,090</u>
End of year - June 30	<u>\$ 98,738</u>	<u>\$ 2</u>	<u>\$ 2,974</u>	<u>\$ 308,876</u>	<u>\$ 684,672</u>	<u>\$ 3,687,992</u>

CITY OF GASTONIA, NORTH CAROLINA

**STATE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,929,173	\$ 1,905,122	\$ (24,051)
Investment earnings	-	70,796	70,796
Miscellaneous	-	12	12
Total revenues	<u>1,929,173</u>	<u>1,975,930</u>	<u>46,757</u>
Expenditures:			
Economic and physical development:			
Airport security fencing	80,664	-	80,664
Miscellaneous grants & donations	50,000	50,000	-
Cultural and recreation:			
Greenways	1,538,561	1,492,492	46,069
Recreation grants	<u>1,137,557</u>	<u>1,106,804</u>	<u>30,753</u>
Total expenditures	<u>2,806,782</u>	<u>2,649,296</u>	<u>157,486</u>
Revenues over (under) expenditures	<u>(877,609)</u>	<u>(673,366)</u>	<u>204,243</u>
Other Financing Sources (Uses):			
Transfers from other funds	727,657	727,657	-
Transfers to other funds	30,599	-	(30,599)
Appropriated fund balance	<u>119,353</u>	<u>-</u>	<u>(119,353)</u>
Total other financing sources (uses)	<u>877,609</u>	<u>727,657</u>	<u>(149,952)</u>
Net change in fund balance	<u>\$ -</u>	<u>54,291</u>	<u>\$ 54,291</u>
Fund Balance:			
Beginning of year - July 1		<u>185,048</u>	
End of year - June 30		<u>\$ 239,339</u>	

CITY OF GASTONIA, NORTH CAROLINA

**FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,478,871	\$ 583,333	\$ (895,538)
Expenditures:			
Public Safety			
Gastonia Police Department Real Time Crime Center (RTCC)	1,111,499	580,672	530,827
Economic and physical development:			
Fair Housing and Counsel	15,871	6,617	9,254
Economic Development Initiative (EDI) and Community Project Fund (CPF) Program	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>1,627,370</u>	<u>587,289</u>	<u>1,040,081</u>
Revenues over (under) expenditures	<u>(148,499)</u>	<u>(3,956)</u>	<u>144,543</u>
Other Financing Sources (Uses):			
Lease liabilities issued	50,999	-	(50,999)
Subscription liabilities issued	<u>97,500</u>	<u>-</u>	<u>(97,500)</u>
Total other financing sources (uses)	<u>148,499</u>	<u>-</u>	<u>(148,499)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,956)</u>	<u>\$ (3,956)</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ (3,956)</u>	

CITY OF GASTONIA, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,557,805	\$ 893,171	\$ (664,634)
Sales and services	-	1,619	1,619
Miscellaneous	-	445	445
Total revenues	<u>1,557,805</u>	<u>895,235</u>	<u>(662,570)</u>
Expenditures:			
Economic and physical development:			
CV - public facilities	398,547	373,403	25,144
Administration	176,427	90,517	85,910
Housing rehabilitation	1,213,643	455,899	757,744
Fair housing	19,467	3,144	16,323
Total expenditures	<u>1,808,084</u>	<u>922,963</u>	<u>885,121</u>
Revenues over (under) expenditures	<u>(250,279)</u>	<u>(27,728)</u>	<u>222,551</u>
Other Financing Sources (Uses):			
Transfers from other funds	115,002	-	(115,002)
Appropriated fund balance	135,277	-	(135,277)
Total other financing sources (uses)	<u>250,279</u>	<u>-</u>	<u>(250,279)</u>
Net change in fund balance	<u>\$ -</u>	<u>(27,728)</u>	<u>\$ (27,728)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(1,422)</u>	
Net change in fund balance - modified accrual basis		(29,150)	
Fund Balance:			
Beginning of year - July 1		<u>217,815</u>	
End of year - June 30		<u>\$ 188,665</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 AFFORDABLE HOUSING FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 16,680	\$ 16,680
Investment earnings	-	303	303
Total revenues	<u>-</u>	<u>16,983</u>	<u>16,983</u>
Net change in fund balance	<u>\$ -</u>	<u>16,983</u>	<u>\$ 16,983</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(15,438)</u>	
Net change in fund balance - modified accrual basis		1,545	
Fund Balance:			
Beginning of year - July 1		<u>247,931</u>	
End of year - June 30		<u>\$ 249,476</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 24,000	\$ 7,448	\$ (16,552)
Expenditures:			
Economic and physical development:			
Home program	155,066	82,640	72,426
Code enforcement	65,302	57,772	7,530
Total expenditures	<u>220,368</u>	<u>140,412</u>	<u>79,956</u>
Revenues over (under) expenditures	<u>(196,368)</u>	<u>(132,964)</u>	<u>63,404</u>
Other Financing Sources (Uses):			
Transfers to other funds	(99,422)	(99,422)	-
Appropriated fund balance	295,790	-	(295,790)
Total other financing sources (uses)	<u>196,368</u>	<u>(99,422)</u>	<u>(295,790)</u>
Net change in fund balance	<u>\$ -</u>	(232,386)	<u>\$ (232,386)</u>
Fund Balance:			
Beginning of year - July 1		<u>647,783</u>	
End of year - June 30		<u>\$ 415,397</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
HOME INVESTMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 4,013,621	\$ 521,296	\$ (3,492,325)
Sales and services	232,710	269,207	36,497
Miscellaneous	-	2,641	2,641
Total revenues	<u>4,246,331</u>	<u>793,144</u>	<u>(3,453,187)</u>
Expenditures:			
Economic and physical development:			
Home program	<u>4,595,828</u>	<u>839,212</u>	<u>3,756,616</u>
Revenues over (under) expenditures	<u>(349,497)</u>	<u>(46,068)</u>	<u>303,429</u>
Other Financing Sources (Uses):			
Transfer from other funds	99,422	99,422	-
Appropriated fund balance	<u>250,075</u>	<u>-</u>	<u>(250,075)</u>
Total other financing sources (uses)	<u>349,497</u>	<u>99,422</u>	<u>(250,075)</u>
Net change in fund balance	<u>\$ -</u>	53,354	<u>\$ 53,354</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(38,715)</u>	
Net change in fund balance - modified accrual basis		14,639	
Fund Balance:			
Beginning of year - July 1		1,281,358	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>208,090</u>	
End of year - June 30		<u>\$ 1,504,087</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 108 LOAN/REVITALIZATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 1,111	\$ 1,111
Net change in fund balance	<u>\$ -</u>	1,111	<u>\$ 1,111</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(1,389)</u>	
Net change in fund balance - modified accrual basis		(278)	
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ (278)</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 108 LOAN/ECONOMIC
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 38	\$ 38
Net change in fund balance	<u>\$ -</u>	38	<u>\$ 38</u>
Fund Balance:			
Beginning of year - July 1		<u>98,700</u>	
End of year - June 30		<u>\$ 98,738</u>	

CITY OF GASTONIA, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year - July 1		<u>2</u>	
End of year - June 30		<u>\$ 2</u>	

CITY OF GASTONIA, NORTH CAROLINA

OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 1,400,000	\$ 1,160,383	\$ (239,617)
Investment earnings	-	127	127
Total revenues	<u>1,400,000</u>	<u>1,160,510</u>	<u>(239,490)</u>
Expenditures:			
Economic and physical development:			
Gastonia Tourism Development Authority	<u>1,400,000</u>	<u>1,160,383</u>	<u>239,617</u>
Net change in fund balance	<u>\$ -</u>	<u>127</u>	<u>\$ 127</u>
Fund Balance:			
Beginning of year - July 1		<u>2,847</u>	
End of year - June 30		<u>\$ 2,974</u>	

CITY OF GASTONIA, NORTH CAROLINA

**UPTOWN MUNICIPAL TAX DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 253,900	\$ 277,595	\$ 23,695
Investment earnings	12,000	14,870	2,870
Miscellaneous	13,380	4,551	(8,829)
Total revenues	<u>279,280</u>	<u>297,016</u>	<u>17,736</u>
Expenditures:			
Economic and physical development: Community improvement downtown	<u>346,649</u>	<u>251,396</u>	<u>95,253</u>
Revenues over (under) expenditures	<u>(67,369)</u>	<u>45,620</u>	<u>112,989</u>
Other Financing Sources (Uses):			
Transfers from other funds	4,000	4,000	-
Transfers to other funds	(40,000)	(40,000)	-
Appropriated fund balance	<u>103,369</u>	<u>-</u>	<u>(103,369)</u>
Total other financing sources (uses)	<u>67,369</u>	<u>(36,000)</u>	<u>(103,369)</u>
Net change in fund balance	<u>\$ -</u>	<u>9,620</u>	<u>\$ 9,620</u>
Fund Balance:			
Beginning of year - July 1		<u>299,256</u>	
End of year - June 30		<u>\$ 308,876</u>	

CITY OF GASTONIA, NORTH CAROLINA

**ECONOMIC STIMULUS GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of year - July 1		<u>684,672</u>	
End of year - June 30		<u>\$ 684,672</u>	



CAPITAL PROJECTS FUNDS

The Capital Projects Funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements, other than those financed and accounted for in proprietary funds. Primary resources for these funds include proceeds of general obligation bonds and transfers from other funds. The financial statements of the Capital Projects Funds include the Streets Fund and the combined statements of, Mayor/Council Fund, Developer Sidewalk Fund, the Airport Fund, the Downtown Revitalization Fund, and the Infrastructure Rehabilitation Fund.

Streets Fund

The Streets Fund is used to account for major improvements primarily financed with the proceeds of bond sales, interfund transfers, and reimbursements from the North Carolina Department of Transportation.

Mayor / Council Fund

The Mayor/Council Fund is used to account for general improvements financed primarily by interfund transfers and bond proceeds. Projects include a downtown parking facility, a new police facility, culvert replacement programs, and renovations to general government buildings.

Developer Sidewalk Fund

The Developer Sidewalk Fund is used to account for improvements financed primarily by payments in lieu for construction.

Airport Fund

The Airport Fund is used to account for improvements primarily financed with reimbursements from the North Carolina Department of Transportation and interfund transfers.

Downtown Revitalization Fund

The Downtown Revitalization Fund is used to account for improvements to the City's downtown area, primarily financed with debt proceeds.

Infrastructure Rehabilitation Fund

The purpose of this fund is to account for the accumulation of resources for infrastructure rehabilitation, construction, and improvements.



CITY OF GASTONIA, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND - STREETS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 9,239,907	\$ 527,753	\$ (8,712,154)
Sales and services	88,000	-	(88,000)
Miscellaneous revenues	125,000	101,571	(23,429)
Investment earnings	-	1,096,426	1,096,426
Total revenues	<u>9,452,907</u>	<u>1,725,750</u>	<u>(7,727,157)</u>
Expenditures:			
Public works:			
Street maintenance	10,676,005	2,478,470	8,197,535
Capital outlay:			
Transportation bonds, series 2023	11,832,944	2,691,054	9,141,890
Administration	88,000	-	88,000
Speed humps	50,427	39,195	11,232
Traffic signal system improvements	220,698	-	220,698
General obligation bonds road widening	82,100	82,100	-
General obligation bonds sidewalks	24,209	-	24,209
Bridge repairs and replacement	75,000	-	75,000
Transportation planning	9,656,647	730,462	8,926,185
Total expenditures	<u>32,706,030</u>	<u>6,021,281</u>	<u>26,684,749</u>
Revenues over (under) expenditures	<u>(23,253,123)</u>	<u>(4,295,531)</u>	<u>18,957,592</u>
Other Financing Sources (Uses):			
Transfers to other funds	(573,708)	(573,708)	-
Transfers from other funds	30,000	30,000	-
Appropriated fund balance	23,796,831	-	(23,796,831)
Total other financing sources (uses)	<u>23,253,123</u>	<u>(543,708)</u>	<u>(23,796,831)</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,839,239)</u>	<u>\$ (4,839,239)</u>
Fund Balance:			
Beginning of year - July 1		<u>25,693,555</u>	
End of year - June 30		<u>\$ 20,854,316</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2025

	<u>Mayor/Council Fund</u>	<u>Developer Sidewalk Fund</u>	<u>Airport Fund</u>
Assets:			
Cash and cash equivalents	\$ 7,335,956	\$ -	\$ -
Cash and cash equivalents, restricted	-	831,592	2,300,000
Accounts receivable	479,991	-	-
Long-term receivable	-	-	-
Due from other governments	-	-	418,581
Leases receivable	-	-	-
Total assets	<u>\$ 7,815,947</u>	<u>\$ 831,592</u>	<u>\$ 2,718,581</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 212,194	\$ -	\$ 36,006
Due to General Fund	-	-	120,413
Advances from grantors	-	-	2,300,000
Total liabilities	<u>212,194</u>	<u>-</u>	<u>2,456,419</u>
Deferred Inflows of Resources:			
Lease deferrals	-	-	-
Fund Balances:			
Restricted:			
Stabilization by state statute	1,561,644	-	803,137
Restricted, all other	-	831,592	-
Committed	6,042,109	-	-
Assigned	-	-	-
Unassigned	-	-	(540,975)
Total fund balances	<u>7,603,753</u>	<u>831,592</u>	<u>262,162</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,815,947</u>	<u>\$ 831,592</u>	<u>\$ 2,718,581</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Assets:			
Cash and cash equivalents	\$ 1,215,379	\$ 2,997,648	\$ 11,548,983
Cash and cash equivalents, restricted	-	-	3,131,592
Accounts receivable	-	-	479,991
Long-term receivable	-	5,668	5,668
Due from other governments	-	-	418,581
Leases receivable	-	3,008,348	3,008,348
Total assets	<u>\$ 1,215,379</u>	<u>\$ 6,011,664</u>	<u>\$ 18,593,163</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 248,200
Due to General Fund	-	-	120,413
Advances from grantors	-	-	2,300,000
Total liabilities	<u>-</u>	<u>-</u>	<u>2,668,613</u>
Deferred Inflows of Resources:			
Lease deferrals	-	2,868,109	2,868,109
Fund Balances:			
Restricted:			
Stabilization by state statute	4,435	145,907	2,515,123
Restricted, all other	1,210,944	-	2,042,536
Committed	-	-	6,042,109
Assigned	-	2,997,648	2,997,648
Unassigned	-	-	(540,975)
Total fund balances	<u>1,215,379</u>	<u>3,143,555</u>	<u>13,056,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,215,379</u>	<u>\$ 6,011,664</u>	<u>\$ 18,593,163</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Mayor/Council Fund</u>	<u>Developer Sidewalk Fund</u>	<u>Airport Fund</u>
Revenues:			
Payment in lieu of construction	\$ 417,586	\$ 336,739	\$ -
Restricted intergovernmental revenues	5,197,295	-	80,000
Investment earnings	162,220	24,522	97,441
Miscellaneous revenues	1,176	-	-
Total revenues	<u>5,778,277</u>	<u>361,261</u>	<u>177,441</u>
Expenditures:			
Capital outlay	<u>3,171,395</u>	<u>-</u>	<u>47,844</u>
Revenues over (under) expenditures	2,606,882	361,261	129,597
Other Financing Sources (Uses)			
Transfers from other funds	<u>3,391,260</u>	<u>-</u>	<u>26,257</u>
Net change in fund balances	5,998,142	361,261	155,854
Fund Balances:			
Beginning of year - July 1	<u>1,605,611</u>	<u>470,331</u>	<u>106,308</u>
End of year - June 30	<u>\$ 7,603,753</u>	<u>\$ 831,592</u>	<u>\$ 262,162</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Payment in lieu of construction	\$ -	\$ -	\$ 754,325
Restricted intergovernmental revenues	-	-	5,277,295
Investment earnings	53,222	128,445	465,850
Miscellaneous revenues	-	290,359	291,535
Total revenues	<u>53,222</u>	<u>418,804</u>	<u>6,789,005</u>
Expenditures:			
Capital outlay	<u>68,189</u>	-	<u>3,287,428</u>
Revenues over (under) expenditures	(14,967)	418,804	3,501,577
Other Financing Sources (Uses)			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>3,417,517</u>
Net change in fund balances	(14,967)	418,804	6,919,094
Fund Balances:			
Beginning of year - July 1	<u>1,230,346</u>	<u>2,724,751</u>	<u>6,137,347</u>
End of year - June 30	<u>\$ 1,215,379</u>	<u>\$ 3,143,555</u>	<u>\$ 13,056,441</u>

CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - MAYOR / COUNCIL
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 947,396	\$ 5,197,295	\$ 4,249,899
Investment earnings	-	162,220	162,220
Payment in lieu of construction	-	417,586	417,586
Miscellaneous revenues	-	1,176	1,176
Total revenues	<u>947,396</u>	<u>5,778,277</u>	<u>4,830,881</u>
Expenditures:			
Capital outlay:			
Financial services - accounting	107,863	-	107,863
Transportation planning	1,161,703	276,984	884,719
Marth Rivers Park	3,114	-	3,114
Gastonia Optimist Club Park	33,719	-	33,719
Recreation/administration	32,705	20,183	12,522
Public works campus	222,197	141,484	80,713
Capital Project Reserve	901,889	-	901,889
Main Avenue properties	2,350,000	2,292,948	57,052
Planning/City planning	507,019	400,831	106,188
Downtown sports & entertainment complex	273,957	38,965	234,992
Total expenditures	<u>5,594,166</u>	<u>3,171,395</u>	<u>2,422,771</u>
Revenues over (under) expenditures	<u>(4,646,770)</u>	<u>2,606,882</u>	<u>7,253,652</u>
Other Financing Sources (Uses):			
Transfers from other funds	3,333,543	3,391,260	57,717
Appropriated fund balance	1,313,227	-	(1,313,227)
Total other financing sources (uses)	<u>4,646,770</u>	<u>3,391,260</u>	<u>(1,255,510)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,998,142</u>	<u>\$ 5,998,142</u>
Fund Balance:			
Beginning of year - July 1		<u>1,605,611</u>	
End of year - June 30		<u>\$ 7,603,753</u>	

CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - DEVELOPER SIDEWALK
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 336,739	\$ 336,739
Investment earnings	-	24,522	24,522
Total revenues	<u>-</u>	<u>361,261</u>	<u>361,261</u>
 Net change in fund balance	 <u>\$ -</u>	 361,261	 <u>\$ 361,261</u>
Fund Balance:			
Beginning of year - July 1		<u>470,331</u>	
 End of year - June 30		 <u>\$ 831,592</u>	

CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - AIRPORT
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 3,289,340	\$ 80,000	\$ (3,209,340)
Investment earnings	-	97,441	97,441
Total revenues	<u>3,289,340</u>	<u>177,441</u>	<u>(3,111,899)</u>
Expenditures:			
Airport operations/non-routine	<u>3,315,597</u>	<u>47,844</u>	<u>3,267,753</u>
Revenues over (under) expenditures	(26,257)	129,597	155,854
Other Financing Sources (Uses):			
Transfers from other funds	<u>26,257</u>	<u>26,257</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>155,854</u>	<u>\$ 155,854</u>
Fund Balance:			
Beginning of year - July 1		<u>106,308</u>	
End of year - June 30		<u>\$ 262,162</u>	

CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - DOWNTOWN REVITALIZATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 53,222	\$ 53,222
Expenditures:			
Administration:			
Downtown plan	<u>1,119,470</u>	<u>68,189</u>	<u>1,051,281</u>
Revenues over (under) expenditures	(1,119,470)	(14,967)	1,104,503
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,119,470</u>	<u>-</u>	<u>(1,119,470)</u>
Net change in fund balance	<u>\$ -</u>	<u>(14,967)</u>	<u>\$ (14,967)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,230,346</u>	
End of year - June 30		<u>\$ 1,215,379</u>	

CITY OF GASTONIA, NORTH CAROLINA

**INFRASTRUCTURE REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 102,000	\$ 128,445	\$ 26,445
Miscellaneous	<u>323,000</u>	<u>290,359</u>	<u>(32,641)</u>
Total revenues	<u>425,000</u>	<u>418,804</u>	<u>(6,196)</u>
Expenditures:			
Capital project reserve	<u>425,000</u>	<u>-</u>	<u>425,000</u>
Net change in fund balance	<u>\$ -</u>	<u>418,804</u>	<u>\$ 418,804</u>
Fund Balance:			
Beginning of year - July 1		<u>2,724,751</u>	
End of year - June 30		<u>\$ 3,143,555</u>	

ENTERPRISE FUNDS

The Enterprise Funds are a subclassification of the Proprietary Fund Types and are used to account for revenues resulting primarily from charges for services provided to the general public and related cost of services. The financial statements of the Enterprise Funds represent the combined statements of the Water and Sewer Fund, the Electric Fund, the Transit System Fund, the Airport Fund, the Municipal Golf Course Fund, and the Stormwater Fund.

Water and Sewer Fund

The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and a capital project fund. Financing of the operation fund comes principally from charges to the users. The capital project fund is financed mainly from the issuance of bonds as well as user charges.

Electric Fund

The Electric Fund includes the accounts of the Electric Operation Fund and a capital project fund. Financing of these funds comes principally from charges to the users.

Transit System Fund

The Transit System Fund includes the accounts of the municipal bus transportation system. Financing of this fund is derived from passenger revenues, operating grants, and General Fund subsidies.

Municipal Golf Course Fund

The Municipal Golf Course Fund includes the accounts of the Golf Course operations.

Solid Waste Fund

The Solid Waste Fund accounts for the operations of the County's collection and disposal of solid waste.

Stormwater Fund

The Stormwater Fund includes the accounts of the Stormwater system and a capital project fund. Revenue sources are stormwater fees.



CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 1,426,113	\$ 1,969	\$ 2,111,066	\$ 5,904,606	\$ 9,443,754
Accounts receivable, net	1,552	-	672,993	1,039,969	1,714,514
Due from other governments	<u>330,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,605</u>
Total current assets	<u>1,758,270</u>	<u>1,969</u>	<u>2,784,059</u>	<u>6,944,575</u>	<u>11,488,873</u>
Capital assets:					
Depreciable capital assets, net	3,195,409	198,130	1,586,009	30,508,869	35,488,417
Non-depreciable capital assets	<u>290,787</u>	<u>67,992</u>	<u>-</u>	<u>1,251,393</u>	<u>1,610,172</u>
Total capital assets	<u>3,486,196</u>	<u>266,122</u>	<u>1,586,009</u>	<u>31,760,262</u>	<u>37,098,589</u>
Total assets	<u>5,244,466</u>	<u>268,091</u>	<u>4,370,068</u>	<u>38,704,837</u>	<u>48,587,462</u>
Deferred Outflows of Resources:					
OPEB deferrals	138,699	-	-	69,350	208,049
Pension deferrals	<u>453,947</u>	<u>-</u>	<u>-</u>	<u>226,974</u>	<u>680,921</u>
Total deferred outflows of resources	<u>592,646</u>	<u>-</u>	<u>-</u>	<u>296,324</u>	<u>888,970</u>
Liabilities:					
Current liabilities:					
Accounts payable	260,192	-	592,265	423,820	1,276,277
Accrued salaries and benefits	22,799	-	116,833	25,489	165,121
Current portion of OPEB	57,000	-	-	29,000	86,000
Compensated absences	<u>62,353</u>	<u>-</u>	<u>138,270</u>	<u>24,735</u>	<u>225,358</u>
Total current liabilities	<u>402,344</u>	<u>-</u>	<u>847,368</u>	<u>503,044</u>	<u>1,752,756</u>
Non-current liabilities:					
Compensated absences, non-current	(7,151)	-	51,573	34,300	78,722
Net pension liability	868,199	-	-	434,100	1,302,299
Total OPEB liability, non-current	<u>1,132,972</u>	<u>-</u>	<u>-</u>	<u>565,988</u>	<u>1,698,960</u>
Total non-current liabilities	<u>1,994,020</u>	<u>-</u>	<u>51,573</u>	<u>1,034,388</u>	<u>3,079,981</u>
Total liabilities	<u>2,396,364</u>	<u>-</u>	<u>898,941</u>	<u>1,537,432</u>	<u>4,832,737</u>
Deferred Inflows of Resources:					
OPEB deferrals	186,369	-	-	93,184	279,553
Pension deferrals	<u>15,315</u>	<u>-</u>	<u>-</u>	<u>7,656</u>	<u>22,971</u>
Total deferred inflows of resources	<u>201,684</u>	<u>-</u>	<u>-</u>	<u>100,840</u>	<u>302,524</u>
Net Position:					
Net investment in capital assets	3,486,196	266,122	1,586,009	31,760,262	37,098,589
Unrestricted	<u>(247,132)</u>	<u>1,969</u>	<u>1,885,118</u>	<u>5,602,627</u>	<u>7,242,582</u>
Total net position	<u>\$ 3,239,064</u>	<u>\$ 268,091</u>	<u>\$ 3,471,127</u>	<u>\$ 37,362,889</u>	<u>\$ 44,341,171</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 274,590	\$ -	\$ 5,078,025	\$ 4,377,241	\$ 9,729,856
Utilities for City use	-	-	-	94,100	94,100
Other operating revenues	13,405	-	11,714	2,185	27,304
Total operating revenues	<u>287,995</u>	<u>-</u>	<u>5,089,739</u>	<u>4,473,526</u>	<u>9,851,260</u>
Operating Expenses:					
Administration	927,381	-	1,116,231	2,281,925	4,325,537
Maintenance	308,613	-	-	326,705	635,318
ADA/Para-transit expenses	344,168	-	-	-	344,168
Operations area	2,466,238	-	6,709,695	615,515	9,791,448
Depreciation and amortization	458,727	33,914	122,210	869,169	1,484,020
Total operating expenses	<u>4,505,127</u>	<u>33,914</u>	<u>7,948,136</u>	<u>4,093,314</u>	<u>16,580,491</u>
Operating income (loss)	<u>(4,217,132)</u>	<u>(33,914)</u>	<u>(2,858,397)</u>	<u>380,212</u>	<u>(6,729,231)</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	-	-	116,478	-	116,478
Investment earnings	40,452	-	81,325	233,706	355,483
Gain (loss) on disposal of capital assets	-	-	-	(14,177)	(14,177)
Total non-operating revenues (expenses)	<u>40,452</u>	<u>-</u>	<u>197,803</u>	<u>219,529</u>	<u>457,784</u>
Income (loss) before capital contributions and transfers	(4,176,680)	(33,914)	(2,660,594)	599,741	(6,271,447)
Capital Contributions:					
Federal and state grants	2,648,611	-	-	490,457	3,139,068
Local capital contributions	-	-	-	1,003,840	1,003,840
Transfers:					
Transfers from other funds	<u>2,029,852</u>	<u>-</u>	<u>3,898,174</u>	<u>-</u>	<u>5,928,026</u>
Change in net position	501,783	(33,914)	1,237,580	2,094,038	3,799,487
Net Position:					
Beginning of year - July 1	<u>2,737,281</u>	<u>302,005</u>	<u>2,233,547</u>	<u>35,268,851</u>	<u>40,541,684</u>
End of year - June 30	<u>\$ 3,239,064</u>	<u>\$ 268,091</u>	<u>\$ 3,471,127</u>	<u>\$ 37,362,889</u>	<u>\$ 44,341,171</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 287,995	\$ -	\$ 4,936,234	\$ 4,177,580	\$ 9,401,809
Cash paid to suppliers	(2,968,279)	-	(3,548,313)	(2,323,514)	(8,840,106)
Cash paid to employees	(863,673)	-	(3,800,438)	(663,485)	(5,327,596)
Net cash provided (used) by operating activities	<u>(3,543,957)</u>	<u>-</u>	<u>(2,412,517)</u>	<u>1,190,581</u>	<u>(4,765,893)</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers from other funds	<u>2,029,852</u>	<u>-</u>	<u>3,898,174</u>	<u>-</u>	<u>5,928,026</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants received	3,267,654	-	116,478	490,457	3,874,589
Acquisition and construction of capital assets	<u>(954,113)</u>	<u>-</u>	<u>(1,434,330)</u>	<u>(904,471)</u>	<u>(3,292,914)</u>
Net cash provided (used) by capital and related financing activities	<u>2,313,541</u>	<u>-</u>	<u>(1,317,852)</u>	<u>(414,014)</u>	<u>581,675</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>40,452</u>	<u>-</u>	<u>81,325</u>	<u>233,706</u>	<u>355,483</u>
Net increase (decrease) in cash and cash equivalents	839,888	-	249,130	1,010,273	2,099,291
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>586,225</u>	<u>1,969</u>	<u>1,861,936</u>	<u>4,894,333</u>	<u>7,344,463</u>
End of year - June 30	<u>\$ 1,426,113</u>	<u>\$ 1,969</u>	<u>\$ 2,111,066</u>	<u>\$ 5,904,606</u>	<u>\$ 9,443,754</u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income (loss)	\$ (4,217,132)	\$ (33,914)	\$ (2,858,397)	\$ 380,212	\$ (6,729,231)
Depreciation and amortization	458,727	33,914	122,210	869,169	1,484,020
Change in assets and liabilities:					
(Increase) decrease in deferred outflows - pension	89,112	-	-	44,556	133,668
(Increase) decrease in deferred outflows OPEB	68,590	-	-	34,295	102,885
Increase (decrease) in deferred inflows OPEB	(48,033)	-	-	(24,017)	(72,050)
Increase (decrease) in net pension liability	(16,142)	-	-	(8,071)	(24,213)
Increase (decrease) in deferred inflows - pension	10,312	-	-	5,156	15,468
(Increase) decrease in accounts receivables	-	-	(153,505)	(295,946)	(449,451)
Increase (decrease) in accounts payable	150,748	-	415,596	171,134	737,478
Increase (decrease) in accrued salaries	(6,055)	-	23,926	6,775	24,646
Increase (decrease) in compensated absences	(16,804)	-	37,653	15,958	36,807
Increase (decrease) in other post-employment benefits	(17,280)	-	-	(8,640)	(25,920)
Net cash provided (used) by operating activities	<u>\$ (3,543,957)</u>	<u>\$ -</u>	<u>\$ (2,412,517)</u>	<u>\$ 1,190,581</u>	<u>\$ (4,765,893)</u>
Supplemental Disclosure of Non-Cash Activity:					
Local developer contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,003,840</u>	<u>\$ 1,003,840</u>
Book value of capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,606</u>	<u>\$ 22,606</u>

CITY OF GASTONIA, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales and sewer charges	\$ 50,081,220	\$ 50,369,315	\$ 288,095	\$ 45,179,664
Utilities for City use	1,163,500	1,012,673	(150,827)	971,109
Water and sewer taps	478,000	585,194	107,194	630,677
Other operating revenues	99,447	167,317	67,870	143,542
Pretreatment monitoring charge	57,000	59,200	2,200	59,850
Total	<u>51,879,167</u>	<u>52,193,699</u>	<u>314,532</u>	<u>46,984,842</u>
Non-operating revenues:				
Proceeds from sale of capital assets	15,000	18,733	3,733	24,710
Federal and state grants	-	379,840	379,840	-
Investment earnings	1,166,000	1,114,440	(51,560)	1,350,210
Other non-operating revenues	122,954	146,665	23,711	125,836
Total	<u>1,303,954</u>	<u>1,659,678</u>	<u>355,724</u>	<u>1,500,756</u>
Total revenues	<u>53,183,121</u>	<u>53,853,377</u>	<u>670,256</u>	<u>48,485,598</u>
Expenditures:				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	1,175,859	1,116,222	59,637	848,477
Other operating expenditures	4,507,631	3,656,906	850,725	3,708,456
Capital outlay	74,000	74,000	-	266,239
Renewal and replacement	2,448,000	-	2,448,000	-
Overhead charged by other departments	5,345,075	4,740,334	604,741	4,546,917
Total	<u>13,550,565</u>	<u>9,587,462</u>	<u>3,963,103</u>	<u>9,370,089</u>
Customer service:				
Salaries and employee benefits	246,284	239,831	6,453	231,707
Other operating expenditures	187,170	67,172	119,998	211,463
Overhead charged by other departments	(500)	-	(500)	-
Total	<u>432,954</u>	<u>307,003</u>	<u>125,951</u>	<u>443,170</u>
Total administration	<u>13,983,519</u>	<u>9,894,465</u>	<u>4,089,054</u>	<u>9,813,259</u>

CITY OF GASTONIA, NORTH CAROLINA

**WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	146,815	70,451	76,364	87,348
PW landscape:				
Salaries and employee benefits	275,749	265,854	9,895	226,982
Other operating expenditures	161,086	161,784	(698)	146,393
Total	436,835	427,638	9,197	373,375
Non-Powell Bill streets:				
Salaries and employee benefits	263,636	263,634	2	191,723
Overhead charged by other departments	138,800	-	138,800	-
Total	402,436	263,634	138,802	191,723
Water and sewer street maintenance:				
Salaries and employee benefits	314,479	133,657	180,822	106,941
Other operating expenditures	450,734	150,187	300,547	139,441
Total	765,213	283,844	481,369	246,382
Water line maintenance:				
Salaries and employee benefits	1,609,796	1,435,019	174,777	1,490,761
Other operating expenditures	647,956	599,187	48,769	773,198
Total	2,257,752	2,034,206	223,546	2,263,959
Sewer line maintenance:				
Salaries and employee benefits	1,495,207	1,304,117	191,090	1,347,508
Other operating expenditures	1,004,115	696,701	307,414	598,008
Capital outlay	25,700	25,618	82	285,214
Sewer line extensions	1,304,805	1,304,705	100	-
Overhead charged by other departments	36,650	27,750	8,900	719
Total	3,866,477	3,358,891	507,586	2,231,449
Total operations area	7,875,528	6,438,664	1,436,864	5,394,236
Water supply and treatment:				
Salaries and employee benefits	2,417,429	2,327,297	90,132	2,184,334
Other operating expenditures	5,235,902	4,606,729	629,173	3,815,206
Capital outlay	66,714	54,872	11,842	77,980
Total	7,720,045	6,988,898	731,147	6,077,520

CITY OF GASTONIA, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Facility maintenance:				
Salaries and employee benefits	1,290,418	1,217,154	73,264	998,246
Other operating expenditures	1,524,999	1,184,496	340,503	1,079,044
Capital outlay	199,683	195,446	4,237	-
Total	<u>3,015,100</u>	<u>2,597,096</u>	<u>418,004</u>	<u>2,077,290</u>
Sewage treatment:				
Salaries and employee benefits	4,469,110	4,321,762	147,348	4,174,353
Other operating expenditures	6,617,317	6,057,146	560,171	4,880,068
Capital outlay	60,872	60,831	41	107,705
Total	<u>11,147,299</u>	<u>10,439,739</u>	<u>707,560</u>	<u>9,162,126</u>
Payseur Mountain Resource Recovery:				
Other operating expenditures	2,738,435	2,645,970	92,465	1,900,213
Capital outlay	37,000	36,768	232	-
Total	<u>2,775,435</u>	<u>2,682,738</u>	<u>92,697</u>	<u>1,900,213</u>
Debt service:				
Debt principal	5,185,278	5,175,380	9,898	5,107,085
Interest and fees	2,615,080	2,615,080	-	2,230,797
Total	<u>7,800,358</u>	<u>7,790,460</u>	<u>9,898</u>	<u>7,337,882</u>
Total expenditures	<u>54,317,284</u>	<u>46,832,060</u>	<u>7,485,224</u>	<u>41,762,526</u>
Revenues over (under) expenditures	<u>(1,134,163)</u>	<u>7,021,317</u>	<u>8,155,480</u>	<u>6,723,072</u>
Other Financing Sources (Uses):				
Intrafund transfers	(11,290,626)	(11,290,626)	-	(3,400,000)
Appropriated fund balance	12,424,789	-	(12,424,789)	-
Total other financing sources (uses)	<u>1,134,163</u>	<u>(11,290,626)</u>	<u>(12,424,789)</u>	<u>(3,400,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,269,309)</u>	<u>\$ (4,269,309)</u>	<u>\$ 3,323,072</u>

CITY OF GASTONIA, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		2024
	Budget	Actual	Actual
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Net change in fund balance		\$ (4,269,309)	
Reconciling items:			
Depreciation and amortization		(8,924,036)	
Amortization of debt premiums		383,027	
Long-term debt principal repayments		5,175,380	
Increase (decrease) in deferred outflows - OPEB		(445,833)	
(Increase) decrease in deferred inflows - OPEB		312,216	
Book value of disposed capital assets		(500,716)	
Intrafund transfers to capital project funds		11,290,626	
Capital project revenues		10,197,301	
Capital project expenditures		(24,732,164)	
Capital assets purchased/capitalized		27,782,934	
Increase (decrease) in unbilled revenues receivable		(201,860)	
(Increase) decrease in compensated absences		(32,310)	
Increase (decrease) deferred outflows - pension		(623,786)	
(Increase) decrease in net pension liability		112,994	
(Increase) decrease deferred inflows - pension		(72,183)	
Increase (decrease) in deferred revenues and inventories		77,920	
(Increase) decrease in accrued interest and arbitrage		(383,871)	
(Increase) decrease in OPEB liability		112,318	
Change in net position		<u>\$ 15,258,648</u>	

CITY OF GASTONIA, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer system expansion fee	\$ 3,730,000	\$ 3,962,509	\$ 232,509
Restricted intergovernmental	43,449,551	3,366,101	(40,083,450)
Investment earnings	-	2,341,409	2,341,409
Other	<u>2,872,275</u>	<u>527,282</u>	<u>(2,344,993)</u>
Total revenues	<u>50,051,826</u>	<u>10,197,301</u>	<u>(39,854,525)</u>
Expenditures:			
Non-departmental	1,448	-	1,448
Regionalization	7,400	-	7,400
Crowders Creek	573,912	395,937	177,975
Collection system	11,241,119	2,106,226	9,134,893
Pumpstation force main	1,670,985	974,137	696,848
Long Creek Wastewater Treatment Plant	6,340,590	356,139	5,984,451
Water distribution	3,897,442	182,046	3,715,396
Water supply and treatment	8,972,753	758,197	8,214,556
SCADA replacement	6,500,000	-	6,500,000
South East sewer expansion	35,845,083	18,407,227	17,437,856
AMI meter project	21,194,412	486,643	20,707,769
Wastewater outfall project	4,202,766	241,966	3,960,800
SCADA project	4,654,420	151,138	4,503,282
AMI meter project inventory	1,320,812	423	1,320,389
Lakewood pump station	1,293,612	672,085	621,527
Develop fee reserves	1,700,000	-	1,700,000
Advanced metering infrastructure	2,930	-	2,930
Working reserves	<u>680,000</u>	<u>-</u>	<u>680,000</u>
Total expenditures	<u>110,099,684</u>	<u>24,732,164</u>	<u>85,367,520</u>
Revenues over (under) expenditures	<u>(60,047,858)</u>	<u>(14,534,863)</u>	<u>45,512,995</u>
Other Financing Sources (Uses):			
Intrafund transfers	11,290,626	11,290,626	-
Issuance of long-term debt	13,107,727	-	(13,107,727)
Appropriated fund balance	<u>35,649,505</u>	<u>-</u>	<u>(35,649,505)</u>
Total other financing sources (uses)	<u>60,047,858</u>	<u>11,290,626</u>	<u>(48,757,232)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (3,244,237)</u>	<u>\$ (3,244,237)</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Electricity sales	\$ 79,060,000	\$ 77,107,971	\$ (1,952,029)	\$ 74,650,787
Utilities for City use	2,531,100	2,304,316	(226,784)	2,153,038
Other operating revenues	<u>958,692</u>	<u>941,501</u>	<u>(17,191)</u>	<u>753,624</u>
Total	<u>82,549,792</u>	<u>80,353,788</u>	<u>(2,196,004)</u>	<u>77,557,449</u>
Non-operating revenues:				
Investment earnings	1,200,000	2,080,366	880,366	2,043,411
Federal and state grants	-	314,642	314,642	-
Power agency refund	13,364,000	13,364,246	246	-
Proceeds from sale of capital assets	<u>50,000</u>	<u>13,556</u>	<u>(36,444)</u>	<u>18,912</u>
Total	<u>14,614,000</u>	<u>15,772,810</u>	<u>1,158,810</u>	<u>2,062,323</u>
Total revenues	<u>97,163,792</u>	<u>96,126,598</u>	<u>(1,037,194)</u>	<u>79,619,772</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and employee benefits	1,675,800	1,468,712	207,088	1,360,559
Overhead charged by other departments	3,468,842	3,150,623	318,219	2,835,076
Other operating expenditures	3,714,869	3,306,912	407,957	2,925,556
Capital outlay	<u>244,523</u>	<u>239,913</u>	<u>4,610</u>	<u>230,572</u>
Total	<u>9,104,034</u>	<u>8,166,160</u>	<u>937,874</u>	<u>7,351,763</u>
Operations:				
AM/FM GIS:				
Other operating expenditures	<u>191,861</u>	<u>164,501</u>	<u>27,360</u>	<u>143,824</u>
Utility locator:				
Salaries and employee benefits	283,324	258,292	25,032	270,754
Other operating expenditures	61,450	42,266	19,184	42,845
Reimbursement for services	<u>(208,665)</u>	<u>(178,469)</u>	<u>(30,196)</u>	<u>(188,135)</u>
Total	<u>136,109</u>	<u>122,089</u>	<u>14,020</u>	<u>125,464</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Budget	Actual		Actual
Electric service:				
Salaries and employee benefits	1,518,723	1,422,337	96,386	1,239,009
Other operating expenditures	432,713	367,288	65,425	391,744
Capital outlay	424,496	122,070	302,426	12,781
Reimbursement of services	-	(310)	310	(890)
Total	<u>2,375,932</u>	<u>1,911,385</u>	<u>464,547</u>	<u>1,642,644</u>
Electric substation:				
Salaries and employee benefits	568,156	518,905	49,251	511,968
Other operating expenditures	478,211	206,599	271,612	396,930
Capital outlay	9,525	8,905	620	-
Total	<u>1,055,892</u>	<u>734,409</u>	<u>321,483</u>	<u>908,898</u>
Street lights:				
Salaries and employee benefits	352,573	291,995	60,578	275,653
Other operating expenditures	504,007	466,075	37,932	584,886
Total	<u>856,580</u>	<u>758,070</u>	<u>98,510</u>	<u>860,539</u>
Electric line maintenance:				
Salaries and employee benefits	976,444	971,781	4,663	763,544
Other operating expenditures	1,934,664	1,890,329	44,335	1,582,911
Reimbursement for services	(200,000)	(168,343)	(31,657)	(260,717)
Total	<u>2,711,108</u>	<u>2,693,767</u>	<u>17,341</u>	<u>2,085,738</u>
Line construction:				
Salaries and employee benefits	952,021	943,018	9,003	830,306
Other operating expenditures	250,419	236,000	14,419	241,938
Capital outlay	135,863	135,863	-	62,238
Total	<u>1,338,303</u>	<u>1,314,881</u>	<u>23,422</u>	<u>1,134,482</u>
Underground line construction:				
Salaries and employee benefits	723,018	638,860	84,158	750,843
Other operating expenditures	123,405	106,845	16,560	129,054
Capital outlay	260,896	238,520	22,376	340,156
Total	<u>1,107,319</u>	<u>984,225</u>	<u>123,094</u>	<u>1,220,053</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Budget	Actual		Actual
Financial services / warehouse:				
Other operating expenditures	2,238,340	1,456,394	781,946	740,926
Electric service - generators:				
Other operating expenditures	502,300	262,886	239,414	192,515
Reimbursement for services	(65,000)	(21,440)	(43,560)	(61,426)
Total	437,300	241,446	195,854	131,089
Renewal and replacement	7,889,897	-	7,889,897	-
Total operations	20,338,641	10,381,167	9,957,474	8,993,657
Reserves:				
Rate stabilization reserve	15,000,000	-	15,000,000	-
Purchased power:				
Cost of electricity purchased	53,500,000	43,777,329	9,722,671	48,229,005
Debt service:				
Debt principal	47,285	47,285	-	48,158
Interest and fees	7,424	7,424	-	9,257
Total	54,709	54,709	-	57,415
Total expenditures	97,997,384	62,379,365	35,618,019	64,631,840
Revenues over (under) expenditures	(833,592)	33,747,233	34,580,825	14,987,932
Other Financing Sources (Uses):				
Transfers to other funds	(2,000,000)	(2,000,000)	-	(2,000,000)
Intrafund transfer	(20,459,090)	(20,459,090)	-	(13,131,000)
Lease liabilities issued	3,723	-	(3,723)	-
Appropriated fund balance	23,288,959	-	(23,288,959)	-
Total other financing sources (uses)	833,592	(22,459,090)	(23,292,682)	(15,131,000)
Net change in fund balance	\$ -	\$ 11,288,143	\$ 11,288,143	\$ (143,068)

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Budget	Actual		Actual
Reconciliation from Budgetary Basis				
to Full Accrual Basis:				
Net change in fund balance		\$ 11,288,143		
Reconciling items:				
Depreciation and amortization		(2,785,660)		
Long-term debt principal repayments		47,285		
Increase (decrease) in deferred outflows - OPEB		(205,769)		
(Increase) decrease in deferred inflows - OPEB		144,099		
Intrafund transfers to capital project funds		20,459,090		
Capital project revenues		1,268,925		
Capital project expenditures		(3,847,711)		
Capital assets purchased/capitalized		6,502,755		
Loss on disposal of assets		(38,829)		
Increase (decrease) in unbilled revenues receivable		(373,998)		
(Increase) decrease deferred outflows - pension		(267,337)		
(Increase) decrease in net pension liability		48,426		
(Increase) decrease in compensated absences		7,454		
(Increase) decrease deferred inflows - pension		(30,936)		
Increase (decrease) in deferred revenues and inventories		1,535,455		
(Increase) decrease in other post-employment benefits		<u>51,839</u>		
Change in net position		<u>\$ 33,803,231</u>		

CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 277,168	\$ -	\$ (277,168)
Miscellaneous	-	897	897
Investment earnings	-	1,268,028	1,268,028
Total revenues	<u>277,168</u>	<u>1,268,925</u>	<u>991,757</u>
Expenditures:			
Economic development	184,507	-	184,507
Electric line construction	726,172	560,725	165,447
Electric service - generators	8,160,699	44,650	8,116,049
SCADA replacement	275,972	214,230	61,742
Capital project reserve	5,228,570	-	5,228,570
Long Creek generator project	1,626,343	757,924	868,419
City electrical tie lines	1,976,665	124,882	1,851,783
US 74 line extension	3,036,077	17,787	3,018,290
Electric development	1,105,811	142,996	962,815
Residential development	813,973	737,441	76,532
NCDOT city fiber	193,448	-	193,448
Municipal Operations Center	620,547	103,626	516,921
Advanced Metering Infra (AMI)	13,384,288	680,586	12,703,702
Future projects transformer inventory	1,782,963	33,826	1,749,137
West Franklin streetscape	1,357,509	429,038	928,471
Total expenditures	<u>40,473,544</u>	<u>3,847,711</u>	<u>36,625,833</u>
Revenues over (under) expenditures	<u>(40,196,376)</u>	<u>(2,578,786)</u>	<u>37,617,590</u>
Other Financing Sources (Uses):			
Intrafund transfers	20,459,090	20,459,090	-
Appropriated fund balance	19,737,286	-	(19,737,286)
Total other financing sources (uses)	<u>40,196,376</u>	<u>20,459,090</u>	<u>(19,737,286)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 17,880,304</u>	<u>\$ 17,880,304</u>

CITY OF GASTONIA, NORTH CAROLINA

TRANSIT SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Bus user fees	\$ 118,000	\$ 274,590	\$ 156,590	\$ 103,851
Restricted intergovernmental	8,366,478	2,648,611	(5,717,867)	2,501,840
Miscellaneous	11,986	13,405	1,419	12,266
Total operating revenues	<u>8,496,464</u>	<u>2,936,606</u>	<u>(5,559,858)</u>	<u>2,617,957</u>
Non-operating revenues:				
Investment earnings	<u>30,000</u>	<u>40,452</u>	<u>10,452</u>	<u>45,276</u>
Total revenues	<u>8,526,464</u>	<u>2,977,058</u>	<u>(5,549,406)</u>	<u>2,663,233</u>
Expenditures:				
Fleet services	<u>116,579</u>	<u>250</u>	<u>116,329</u>	<u>7,447</u>
Administration:				
Salaries and benefits	372,336	228,352	143,984	332,357
Other operating expenditures	268,675	173,769	94,906	73,098
Capital outlay	2,868,541	-	2,868,541	2,026
Overhead allocation from General Fund	562,111	438,701	123,410	416,689
Total	<u>4,071,663</u>	<u>840,822</u>	<u>3,230,841</u>	<u>824,170</u>
Operations:				
Salaries and benefits	28,526	23,768	4,758	785,300
Other operating expenditures	4,060,752	2,467,719	1,593,033	602,077
Capital outlay	2,054,517	945,419	1,109,098	933,024
Total	<u>6,143,795</u>	<u>3,436,906</u>	<u>2,706,889</u>	<u>2,320,401</u>
Maintenance:				
Salaries and benefits	294,335	270,629	23,706	246,809
Other operating expenditures	43,751	29,289	14,462	39,403
Capital outlay	14,000	8,695	5,305	7,745
Total	<u>352,086</u>	<u>308,613</u>	<u>43,473</u>	<u>293,957</u>
ADA / Paratransit:				
Salaries and benefits	405,783	321,342	84,441	276,007
Other operating expenditures	102,155	22,826	79,329	42,206
Total	<u>507,938</u>	<u>344,168</u>	<u>163,770</u>	<u>318,213</u>
Total expenditures	<u>11,192,061</u>	<u>4,930,759</u>	<u>6,261,302</u>	<u>3,764,188</u>

CITY OF GASTONIA, NORTH CAROLINA

TRANSIT SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Budget	Actual		Actual
Revenues over (under) expenditures	<u>(2,665,597)</u>	<u>(1,953,701)</u>	<u>711,896</u>	<u>(1,100,955)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,181,017	2,029,852	(151,165)	1,539,235
Appropriated fund balance	<u>484,580</u>	<u>-</u>	<u>(484,580)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,665,597</u>	<u>2,029,852</u>	<u>(635,745)</u>	<u>1,539,235</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 76,151</u>	<u>\$ 76,151</u>	<u>\$ 438,280</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ 76,151		
Reconciling items:				
Depreciation and amortization		(458,727)		
Increase (decrease) deferred outflows - pension		(89,112)		
(Increase) decrease in net pension liability		16,142		
(Increase) decrease deferred inflows - pension		(10,312)		
Capital outlay, capitalized		954,114		
Increase (decrease) deferred outflows - OPEB		(68,590)		
(Increase) decrease in other post-employment benefits		17,280		
(Increase) decrease deferred inflows - OPEB		48,033		
(Increase) decrease in accrued vacation pay		<u>16,804</u>		
Change in net position		<u>\$ 501,783</u>		

CITY OF GASTONIA, NORTH CAROLINA

**MUNICIPAL GOLF COURSE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2025
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>		<u>2024</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Revenues over (under) expenditures		\$ -		
Reconciling items:				
Depreciation		<u>(33,914)</u>		
Change in net position		<u>\$ (33,914)</u>		

CITY OF GASTONIA, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Collection and recycling fees	\$ 4,399,700	\$ 5,094,713	\$ 695,013	\$ 4,001,040
Other operating revenues	2,500	11,714	9,214	19,900
Total	<u>4,402,200</u>	<u>5,106,427</u>	<u>704,227</u>	<u>4,020,940</u>
Non-operating revenues:				
Federal and state grants	-	116,478	116,478	-
Investment earnings	55,000	81,325	26,325	73,548
Total	<u>55,000</u>	<u>197,803</u>	<u>142,803</u>	<u>73,548</u>
Total revenues	<u>4,457,200</u>	<u>5,304,230</u>	<u>847,030</u>	<u>4,094,488</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	660,334	665,078	(4,744)	522,047
Other operating expenditures	551,246	413,500	137,746	382,983
Total	<u>1,211,580</u>	<u>1,078,578</u>	<u>133,002</u>	<u>905,030</u>
Refuse collection:				
Salaries and benefits	3,371,093	3,196,939	174,154	2,907,532
Other operating expenditures	3,746,659	3,508,050	238,609	3,109,165
Total	<u>7,117,752</u>	<u>6,704,989</u>	<u>412,763</u>	<u>6,016,697</u>
Refuse disposal:				
Other operating expenditures	13,100	4,705	8,395	7,928
Capital outlay	<u>1,446,013</u>	<u>1,434,330</u>	<u>11,683</u>	<u>14,735</u>
Debt service:				
Principal	-	-	-	15,431
Interest	-	-	-	360
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,791</u>
Total expenditures	<u>9,788,445</u>	<u>9,222,602</u>	<u>565,843</u>	<u>6,960,181</u>

CITY OF GASTONIA, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	<u>(5,331,245)</u>	<u>(3,918,372)</u>	<u>1,412,873</u>	<u>(2,865,693)</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,898,174	3,898,174	-	3,621,533
Appropriated fund balance	<u>1,433,071</u>	<u>-</u>	<u>(1,433,071)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,331,245</u>	<u>3,898,174</u>	<u>(1,433,071)</u>	<u>3,621,533</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (20,198)</u>	<u>\$ (20,198)</u>	<u>\$ 755,840</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (20,198)		
Reconciling items:				
Depreciation and amortization		(122,210)		
Capital outlay, capitalized		1,434,330		
Increase (decrease) in unbilled revenues receivable		(16,689)		
(Increase) decrease in compensated absences		<u>(37,653)</u>		
Change in net position		<u>\$ 1,237,580</u>		

CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>		<u>2024</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Stormwater fees	\$ 4,384,680	\$ 4,408,026	\$ 23,346	\$ 4,283,969
Stormwater fees to other funds	93,921	94,100	179	93,920
Other operating revenues	-	2,120	2,120	1,557
Total	<u>4,478,601</u>	<u>4,504,246</u>	<u>25,645</u>	<u>4,379,446</u>
Non-operating revenues:				
Federal and state grants	370,000	78,390	(291,610)	130,000
Investment earnings	72,000	98,724	26,724	90,302
Total	<u>442,000</u>	<u>177,114</u>	<u>(264,886)</u>	<u>220,302</u>
Total revenues	<u>4,920,601</u>	<u>4,681,360</u>	<u>(239,241)</u>	<u>4,599,748</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	514,826	506,755	8,071	325,019
Other operating expenditures	683,134	630,454	52,680	442,078
Overhead allocation from General Fund	1,414,245	1,185,135	229,110	1,146,260
Total	<u>2,612,205</u>	<u>2,322,344</u>	<u>289,861</u>	<u>1,913,357</u>
Operations:				
Salaries and benefits	416,631	222,742	193,889	209,496
Other operating expenditures	446,056	349,494	96,562	308,685
Capital outlay	406,629	-	406,629	24,605
Total	<u>1,269,316</u>	<u>572,236</u>	<u>697,080</u>	<u>542,786</u>
AM/FM/GIS:				
Other operating expenditures	67,943	52,466	15,477	49,515
LASII grant:				
Capital outlay	370,000	31,185	338,815	154,917
Total expenditures	<u>4,319,464</u>	<u>2,978,231</u>	<u>1,341,233</u>	<u>2,660,575</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	601,137	1,703,129	1,101,992	1,939,173
Other Financing Sources (Uses):				
Intrafund transfer	(1,024,995)	(1,024,995)	-	(1,242,107)
Appropriated fund balance	423,858	-	(423,858)	-
Total other financing sources (uses)	(601,137)	(1,024,995)	(423,858)	(1,242,107)
Net change in fund balance	\$ -	\$ 678,134	\$ 678,134	\$ 697,066

Reconciliation from Budgetary Basis to Full Accrual Basis:

Net change in fund balance	\$ 678,134
Reconciling items:	
Depreciation	(869,169)
Capital project revenues	547,114
Non-capitalized project expenditures	(274,239)
Intrafund transfer to Capital Project Fund	1,024,995
Capital outlay, capitalized	87,562
Developer capital contributions	1,003,840
Loss on disposal of assets	(14,177)
Increase (decrease) in deferred outflows - OPEB	(34,295)
(Increase) decrease in deferred inflows - OPEB	24,017
Increase (decrease) in unbilled revenues receivable	(30,785)
Increase (decrease) deferred outflows - pension	(44,556)
(Increase) decrease in net pension liability	8,071
(Increase) decrease deferred inflows - pension	(5,156)
(Increase) decrease in compensated absences	(15,958)
(Increase) decrease in other post-employment benefits	8,640
Change in net position	\$ 2,094,038

CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 134,982	\$ 134,982
Restricted intergovernmental revenue	1,715,379	412,067	(1,303,312)
Miscellaneous revenues	-	65	65
Total revenues	<u>1,715,379</u>	<u>547,114</u>	<u>(1,168,265)</u>
Expenditures:			
Salaries and employee benefits	24,995	3,056	21,939
Stormwater system	3,648,242	232,542	3,415,700
Stormwater, non-capital	1,130,452	38,641	1,091,811
Capital outlay	<u>816,909</u>	<u>816,909</u>	<u>-</u>
Total expenditures	<u>5,620,598</u>	<u>1,091,148</u>	<u>4,529,450</u>
Revenues over (under) expenditures	<u>(3,905,219)</u>	<u>(544,034)</u>	<u>3,361,185</u>
Other Financing Sources (Uses):			
Intrafund transfer in	1,024,995	1,024,995	-
Appropriated fund balance	<u>2,880,224</u>	<u>-</u>	<u>(2,880,224)</u>
Total other financing sources (uses)	<u>3,905,219</u>	<u>1,024,995</u>	<u>(2,880,224)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 480,961</u>	<u>\$ 480,961</u>



INTERNAL SERVICE FUNDS

Internal Service Funds are a subclassification of the proprietary fund types and are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

The Vehicle and Equipment Renewal and Replacement Fund

The Vehicle and Equipment Renewal and Replacement Fund is used to account for the accumulation and allocation of costs associated with the City's vehicle and equipment replacement.

Information Technology Fund

The Information Technology Fund is used to account for computer support and other technology services.

Dental Self-Insurance Fund

The Medical Self-Insurance Fund provides medical coverage to the City's employees and their dependents.

Medical Self-Insurance Fund

The Medical Self-Insurance Fund provides medical coverage to the City's employees and their dependents.



CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Vehicle Replacement Fund</u>	<u>Information Technology Fund</u>	<u>Dental Self-Insurance Fund</u>	<u>Medical Self-Insurance Fund</u>	<u>Total</u>
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 3,093,941	\$ 424,025	\$ 5,067,118	\$ 8,585,084
Accounts receivable, net	24,714	532,023	1,200	1,117,781	1,675,718
Due from other funds	-	-	109,646	1,812,740	1,922,386
Cash and cash equivalents, restricted	<u>5,576,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,576,736</u>
Total current assets	<u>5,601,450</u>	<u>3,625,964</u>	<u>534,871</u>	<u>7,997,639</u>	<u>17,759,924</u>
Non-current assets:					
Capital assets:					
Right to use assets, net	3,905	656,237	-	-	660,142
Depreciable capital assets, net	<u>13,935,982</u>	<u>1,855,137</u>	<u>-</u>	<u>1,273,782</u>	<u>17,064,901</u>
Total capital assets	<u>13,939,887</u>	<u>2,511,374</u>	<u>-</u>	<u>1,273,782</u>	<u>17,725,043</u>
Total assets	<u>19,541,337</u>	<u>6,137,338</u>	<u>534,871</u>	<u>9,271,421</u>	<u>35,484,967</u>
Liabilities:					
Current liabilities:					
Accounts payable	-	151,613	-	1,396,112	1,547,725
Accrued salaries and benefits	-	135,970	-	-	135,970
Liabilities to be paid from restricted assets:					
Accounts payable	1,580,216	-	-	-	1,580,216
Compensated absences, current	-	207,171	-	-	207,171
Accrued interest and arbitrage	75,583	-	-	-	75,583
Due to other funds	-	-	370,245	-	370,245
Current portion of long-term debt	<u>3,539,309</u>	<u>93,513</u>	<u>-</u>	<u>-</u>	<u>3,632,822</u>
Total current liabilities	<u>5,195,108</u>	<u>588,267</u>	<u>370,245</u>	<u>1,396,112</u>	<u>7,549,732</u>
Non-current liabilities:					
Compensated absences, non-current	-	138,878	-	-	138,878
Non-current portion of long-term debt	<u>6,979,782</u>	<u>503,441</u>	<u>-</u>	<u>-</u>	<u>7,483,223</u>
Total non-current liabilities	<u>6,979,782</u>	<u>642,319</u>	<u>-</u>	<u>-</u>	<u>7,622,101</u>
Total liabilities	<u>12,174,890</u>	<u>1,230,586</u>	<u>370,245</u>	<u>1,396,112</u>	<u>15,171,833</u>
Net Position:					
Net investment in capital assets	7,417,316	1,914,420	-	1,273,782	10,605,518
Unrestricted	<u>(50,869)</u>	<u>2,992,332</u>	<u>164,626</u>	<u>6,601,527</u>	<u>9,707,616</u>
Total net position	<u>\$ 7,366,447</u>	<u>\$ 4,906,752</u>	<u>\$ 164,626</u>	<u>\$ 7,875,309</u>	<u>\$ 20,313,134</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Operating Revenues:					
Charges for services	\$ 3,858,744	\$ 8,088,864	\$ 445,038	\$ 14,773,797	\$ 27,166,443
Other revenues	-	1,827,714	-	-	1,827,714
Total	<u>3,858,744</u>	<u>9,916,578</u>	<u>445,038</u>	<u>14,773,797</u>	<u>28,994,157</u>
Operating Expenses:					
Operations area	361,396	8,623,740	482,583	15,677,987	25,145,706
Depreciation and amortization	<u>3,338,751</u>	<u>1,147,434</u>	-	<u>30,248</u>	<u>4,516,433</u>
Total	<u>3,700,147</u>	<u>9,771,174</u>	<u>482,583</u>	<u>15,708,235</u>	<u>29,662,139</u>
Operating income (loss)	<u>158,597</u>	<u>145,404</u>	<u>(37,545)</u>	<u>(934,438)</u>	<u>(667,982)</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	24,714	197,939	-	-	222,653
Miscellaneous	776	-	-	-	776
Investment earnings	453,466	111,468	10,304	140,386	715,624
Gain (loss) on disposal of capital assets	431,623	-	-	-	431,623
Interest and other charges on long-term debt	<u>(19,018)</u>	<u>(2,750)</u>	-	-	<u>(21,768)</u>
Total non-operating revenues (expenses)	<u>891,561</u>	<u>306,657</u>	<u>10,304</u>	<u>140,386</u>	<u>1,348,908</u>
Change in net position	1,050,158	452,061	(27,241)	(794,052)	680,926
Net Position:					
Beginning of year - July 1	<u>6,316,289</u>	<u>4,454,691</u>	<u>191,867</u>	<u>8,669,361</u>	<u>19,632,208</u>
End of year - June 30	<u>\$ 7,366,447</u>	<u>\$ 4,906,752</u>	<u>\$ 164,626</u>	<u>\$ 7,875,309</u>	<u>\$ 20,313,134</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 3,882,094	\$ 9,888,194	\$ 445,038	\$ 13,892,317	\$ 28,107,643
Cash paid to suppliers	(88,407)	(7,484,152)	(482,583)	(15,374,587)	(23,429,729)
Cash paid to employees	-	(1,503,641)	-	-	(1,503,641)
Net cash provided (used) by operating activities	<u>3,793,687</u>	<u>900,401</u>	<u>(37,545)</u>	<u>(1,482,270)</u>	<u>3,174,273</u>
Cash Flows from Non-Capital Financing Activities:					
Change in due to/from other funds	-	-	27,944	(1,530)	26,414
Cash Flows from Capital and Related Financing Activities:					
Federal and State grants received	24,714	197,939	-	-	222,653
Proceeds from issuance of debt	4,800,000	-	-	-	4,800,000
Principal paid on long-term debt	(3,279,413)	(206,369)	-	-	(3,485,782)
Proceeds from sale of capital assets	431,828	-	-	-	431,828
Acquisition and construction of capital assets	(2,984,796)	(718,811)	-	(25,337)	(3,728,944)
Interest paid on long-term debt	(188,573)	(2,750)	-	-	(191,323)
Net cash provided (used) by capital and related financing activities	<u>(1,196,240)</u>	<u>(729,991)</u>	<u>-</u>	<u>(25,337)</u>	<u>(1,951,568)</u>
Cash Flows from Investing Activities:					
Interest on investments	453,466	111,468	10,304	140,386	715,624
Net increase (decrease) in cash and cash equivalents	3,050,913	281,878	703	(1,368,751)	1,964,743
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>2,525,823</u>	<u>2,812,063</u>	<u>423,322</u>	<u>6,435,869</u>	<u>12,197,077</u>
End of year - June 30	<u>\$ 5,576,736</u>	<u>\$ 3,093,941</u>	<u>\$ 424,025</u>	<u>\$ 5,067,118</u>	<u>\$ 14,161,820</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$ 158,597	\$ 145,404	\$ (37,545)	\$ (934,438)	\$ (667,982)
Depreciation and amortization	3,338,751	1,147,434	-	30,248	4,516,433
Non-operating revenues (expenses)	776	-	-	-	776
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	22,574	(28,384)	-	(881,480)	(887,290)
(Increase) decrease in prepaids	272,989	-	-	-	272,989
Increase (decrease) in accounts payable	-	(391,790)	-	303,400	(88,390)
Increase (decrease) in compensated absences	-	27,737	-	-	27,737
Net cash provided (used) by operating activities	<u>\$ 3,793,687</u>	<u>\$ 900,401</u>	<u>\$ (37,545)</u>	<u>\$ (1,482,270)</u>	<u>\$ 3,174,273</u>
Supplemental Disclosure of Non-Cash Activity:					
Book value of capital assets sold/disposed	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205</u>
Right to use assets/long-term obligations issued	<u>\$ -</u>	<u>\$ 631,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,770</u>

CITY OF GASTONIA, NORTH CAROLINA

VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		Variance Over/Under	2024
	Plan	Actual		Actual
Operating Revenues:				
Vehicle and equipment rentals	\$ 3,858,619	\$ 3,858,744	\$ 125	\$ 3,940,133
Non-Operating Revenues:				
Miscellaneous state grants	-	24,714	24,714	-
Miscellaneous	-	776	776	520
Investment earnings	145,000	453,466	308,466	238,903
Total	145,000	478,956	333,956	239,423
Total revenues	4,003,619	4,337,700	334,081	4,179,556
Expenditures:				
Operating expenditures:				
Equipment manager:				
Other operating expenditures	18,508	8,290	10,218	4,846
Capital outlay	508,263	155,279	352,984	203,112
Total	526,771	163,569	363,202	207,958
Equipment Manager 2021:				
Capital outlay	-	-	-	103,676
Police field services:				
Capital outlay	277,000	37,738	239,262	-
Equipment manager 2022:				
Other operating expenditures	20,417	3,667	16,750	-
Capital outlay	281,422	272,342	9,080	879,085
Total	301,839	276,009	25,830	879,085
Equipment manager 2022 additional loan:				
Other operating expenditures	266,398	261,926	4,472	-
Capital outlay	69,856	73	69,783	1,199,570
Total	336,254	261,999	74,255	1,199,570
Computer equipment 2022 additional loan:				
Other operating expenditures	31,525	32,289	(764)	142,004
Capital outlay	2,100	-	2,100	-
Total	33,625	32,289	1,336	142,004

CITY OF GASTONIA, NORTH CAROLINA

VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Equipment manager 2024:				
Other operating expenditures	57,979	-	57,979	-
Capital outlay	645,019	369,623	275,396	1,788,350
Total	702,998	369,623	333,375	1,788,350
Equipment manager 2025:				
Other operating expenditures	12	-	12	-
Capital outlay	3,102,288	2,125,343	976,945	-
Total	3,102,300	2,125,343	976,957	-
Fire 2025:				
Capital outlay	1,202,700	1,199,447	3,253	-
Technology systems 2025:				
Other operating expenditures	78,856	55,224	23,632	-
Capital outlay	436,144	187,566	248,578	-
Total	515,000	242,790	272,210	-
Total operating expenditures	6,998,487	4,708,807	2,289,680	4,320,643
Debt service:				
Principal repayments	3,779,417	3,279,413	500,004	3,429,901
Interest and fees	175,867	159,458	16,409	109,773
Debt issuance costs	25,000	25,000	-	25,000
Other debt service costs	5,238	4,115	1,123	3,704
Total	3,985,522	3,467,986	517,536	3,568,378
Total expenditures	10,984,009	8,176,793	2,807,216	7,889,021
Revenues over (under) expenditures	(6,980,390)	(3,839,093)	3,141,297	(3,709,465)
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	430,640	431,828	1,188	180,272
Issuance of long-term debt	4,800,000	4,800,000	-	2,455,000
Appropriated fund balance	1,749,750	-	(1,749,750)	-
Total other financing sources (uses)	6,980,390	5,231,828	(1,748,562)	2,635,272
Net change in fund balance	\$ -	\$ 1,392,735	\$ 1,392,735	\$ (1,074,193)

CITY OF GASTONIA, NORTH CAROLINA

VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025		2024
	Plan	Actual	Actual
		Variance Over/Under	
Reconciliation from Budgetary Basis			
to Full Accrual Basis:			
Net change in fund balance		\$ 1,392,735	
Reconciling items:			
Depreciation and amortization		(3,338,751)	
Gain/(loss) on sale of capital assets		(205)	
Proceeds from issuance of long-term debt		(4,800,000)	
Principal paid on long-term debt		3,279,413	
Capital outlay, capitalized		4,347,411	
(Increase) decrease in accrued interest and arbitrage		169,555	
Change in net position		\$ 1,050,158	

CITY OF GASTONIA, NORTH CAROLINA

**INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Technology services	\$ 8,088,866	\$ 8,088,864	\$ (2)	\$ 6,811,882
Other revenues	1,902,274	1,827,714	(74,560)	1,743,301
Total	9,991,140	9,916,578	(74,562)	8,555,183
Non-Operating Revenues:				
Federal and state grants	198,000	197,939	(61)	100,000
Investment earnings	100,000	111,468	11,468	142,638
Total	298,000	309,407	11,407	242,638
Total revenues	10,289,140	10,225,985	(63,155)	8,797,821
Expenditures:				
Operating expenditures:				
Technology services - administration:				
Salaries and employee benefits	305,301	303,008	2,293	285,360
Other operating expenditures	67,287	53,253	14,034	13,953
Capital outlay	198,000	197,939	61	100,000
Total	570,588	554,200	16,388	399,313
Admin - apps:				
Salaries and employee benefits	335,246	334,459	787	207,695
Other operating expenditures	297,074	246,044	51,030	103,111
Total	632,320	580,503	51,817	310,806
Database administration:				
Salaries and employee benefits	233,715	177,107	56,608	279,192
Other operating expenditures	199,252	64,841	134,411	256,496
Total	432,967	241,948	191,019	535,688
Geographic Information Systems AM/FM:				
Salaries and employee benefits	562,205	560,371	1,834	533,295
Other operating expenditures	150,376	95,485	54,891	93,619
Total	712,581	655,856	56,725	626,914

CITY OF GASTONIA, NORTH CAROLINA

**INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Tech services - website:				
Other operating expenditures	149,550	85,229	64,321	114,227
Capital outlay	12,455	-	12,455	-
Total	<u>162,005</u>	<u>85,229</u>	<u>76,776</u>	<u>114,227</u>
Tech services - CIS apps:				
Salaries and employee benefits	624,323	531,030	93,293	493,713
Other operating expenditures	<u>456,879</u>	<u>436,958</u>	<u>19,921</u>	<u>446,141</u>
Total	<u>1,081,202</u>	<u>967,988</u>	<u>113,214</u>	<u>939,854</u>
Communication division:				
Salaries and employee benefits	373,375	365,513	7,862	342,828
Other operating expenditures	341,060	188,586	152,474	372,631
Capital outlay	-	-	-	113,893
Total	<u>714,435</u>	<u>554,099</u>	<u>160,336</u>	<u>829,352</u>
Tech services - 800Mhz system:				
Other operating expenditures	345,217	345,217	-	328,198
Capital outlay	<u>26,104</u>	<u>25,791</u>	<u>313</u>	<u>-</u>
Total	<u>371,321</u>	<u>371,008</u>	<u>313</u>	<u>328,198</u>
Tech services - public safety:				
Salaries and employee benefits	419,242	390,482	28,760	405,966
Other operating expenditures	179,460	166,486	12,974	88,680
Capital outlay	-	-	-	511,327
Total	<u>598,702</u>	<u>556,968</u>	<u>41,734</u>	<u>1,005,973</u>
Telephone communications:				
Salaries and employee benefits	107,756	104,599	3,157	98,889
Other operating expenditures	627,568	418,692	208,876	459,589
Capital outlay	<u>61,322</u>	<u>19,186</u>	<u>42,136</u>	<u>-</u>
Total	<u>796,646</u>	<u>542,477</u>	<u>254,169</u>	<u>558,478</u>

CITY OF GASTONIA, NORTH CAROLINA

**INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Technology services - computer support:				
Salaries and employee benefits	656,877	649,768	7,109	587,859
Other operating expenditures	135,444	116,551	18,893	110,127
Capital outlay	2,004	-	2,004	191,246
Total	<u>794,325</u>	<u>766,319</u>	<u>28,006</u>	<u>889,232</u>
Technology-city equipment:				
Other operating expenditures	<u>246,048</u>	<u>246,048</u>	<u>-</u>	<u>286,862</u>
Technology services - support administration:				
Salaries and employee benefits	676,467	594,034	82,433	541,739
Other operating expenditures	801,356	630,631	170,725	657,622
Capital outlay	<u>126,718</u>	<u>126,715</u>	<u>3</u>	<u>372,715</u>
Total	<u>1,604,541</u>	<u>1,351,380</u>	<u>253,161</u>	<u>1,572,076</u>
Technology services - core services:				
Salaries and employee benefits	238,527	237,012	1,515	222,980
Other operating expenditures	430,488	412,453	18,035	289,181
Capital outlay	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>1,202,312</u>
Total	<u>685,015</u>	<u>665,465</u>	<u>19,550</u>	<u>1,714,473</u>
IT/Core applications:				
Other operating expenditures	680,480	579,078	101,402	399,998
Capital outlay	<u>1,060,102</u>	<u>964,950</u>	<u>95,152</u>	<u>186,000</u>
Total technology equipment	<u>1,740,582</u>	<u>1,544,028</u>	<u>196,554</u>	<u>585,998</u>
IT/City Public Safety:				
Other operating expenditures	<u>148,128</u>	<u>139,402</u>	<u>8,726</u>	<u>130,382</u>
Gaston County public safety:				
Other operating expenditures	<u>100,868</u>	<u>100,867</u>	<u>1</u>	<u>112,449</u>

CITY OF GASTONIA, NORTH CAROLINA

**INFORMATION TECHNOLOGY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Technology services - capital projects:				
Other operating expenditures	1,562,320	-	1,562,320	-
Non-chargebacks				
Other operating expenditures	200,732	22,799	177,933	-
Debt service:				
Principal	206,369	206,369	-	170,440
Interest	2,750	2,750	-	9,683
Total	209,119	209,119	-	180,123
Total expenditures	13,364,445	10,155,703	3,208,742	11,120,398
Revenues over (under) expenditures	(3,075,305)	70,282	3,145,587	(2,322,577)
Other Financing Sources (Uses):				
Subscription liabilities issued	631,882	631,770	(112)	-
Appropriated fund balance	2,443,423	-	(2,443,423)	-
Total other financing sources (uses)	3,075,305	631,770	(2,443,535)	-
Net change in fund balance	\$ -	\$ 702,052	\$ 702,052	\$ (2,322,577)
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ 702,052		
Reconciling items:				
Depreciation		(968,032)		
Amortization		(179,402)		
Proceeds from subscription liabilities issued		(631,770)		
Principal paid on long-term debt		206,369		
Capital outlay, capitalized		1,350,581		
(Increase) decrease in compensated absences		(27,737)		
Change in net position		\$ 452,061		

CITY OF GASTONIA, NORTH CAROLINA

DENTAL SELF-INSURANCE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 437,500	\$ 445,038	\$ 7,538	\$ 451,728
Non-operating revenues:				
Investment earnings	9,000	10,304	1,304	10,114
Total revenues	446,500	455,342	8,842	461,842
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	446,500	482,583	(36,083)	453,083
Revenues over (under) expenditures	\$ -	\$ (27,241)	\$ (27,241)	\$ 8,759

CITY OF GASTONIA, NORTH CAROLINA

MEDICAL SELF-INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	2025			2024
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 13,325,183	\$ 14,773,797	\$ 1,448,614	\$ 12,842,174
Non-Operating Revenues:				
Investment earnings	240,000	140,386	(99,614)	226,435
Total revenues	13,565,183	14,914,183	1,349,000	13,068,609
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	15,552,383	15,677,987	(125,604)	12,371,631
Capital outlay	42,604	25,337	17,267	707,536
Total expenditures	15,594,987	15,703,324	(108,337)	13,079,167
Revenues over (under) expenditures	(2,029,804)	(789,141)	1,240,663	(10,558)
Other Financing Sources (Uses):				
Appropriated fund balance	2,029,804	-	(2,029,804)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (789,141)	\$ (789,141)	\$ (10,558)
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (789,141)		
Reconciling items:				
Depreciation		(30,248)		
Capital outlay, capitalized		25,337		
Change in net position		\$ (794,052)		

STATISTICAL SECTION

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends - Schedules 1-4

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

Revenue Capacity – Schedules 5-9

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

Debt Capacity – Schedules 10-14

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

Demographic and Economic Information – Schedules 15-17

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

Operating Information – Tables 18-19

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

Schedule 1
City of Gastonia
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	Fiscal Year				
	2025	2024	2023	2022	2021
Governmental activities					
Net investment in capital assets	\$ 125,687,111	\$ 117,381,628	\$ 118,025,799	\$ 119,691,275	\$ 123,935,617
Restricted	46,133,593	39,732,883	38,347,227	20,025,187	18,193,045
Unrestricted	(43,215,672)	(49,494,490)	(47,895,229)	(35,003,649)	(37,742,226)
Total governmental activities net position	<u>\$ 128,605,032</u>	<u>\$ 107,620,021</u>	<u>\$ 108,477,797</u>	<u>\$ 104,712,813</u>	<u>\$ 104,386,436</u>
Business Type activities					
Net investment in capital assets	\$ 334,999,471	\$ 320,977,048	\$ 308,114,234	\$ 300,126,877	\$ 285,989,957
Restricted					
Unrestricted	138,265,292	99,290,164	82,666,848	70,100,933	69,614,793
Total Business Type activities net position	<u>\$ 473,264,763</u>	<u>\$ 420,267,212</u>	<u>\$ 390,781,082</u>	<u>\$ 370,227,810</u>	<u>\$ 355,604,750</u>
Primary Government					
Net investment in capital assets	\$ 460,686,582	\$ 438,358,676	\$ 426,140,033	\$ 419,818,152	\$ 409,925,574
Restricted	46,133,593	39,732,883	38,347,227	20,025,187	18,193,045
Unrestricted	95,049,620	49,795,674	34,771,619	35,097,284	31,872,567
Total primary government net position	<u>\$ 601,869,795</u>	<u>\$ 527,887,233</u>	<u>\$ 499,258,879</u>	<u>\$ 474,940,623</u>	<u>\$ 459,991,186</u>

Note: The increase in the unrestricted deficit net position in the Governmental Activities for 2018 was directly due to the implementation effect of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Schedule 1
City of Gastonia
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	\$ 128,510,185	\$ 122,614,226	\$ 124,777,914	\$ 124,133,499	\$ 118,307,559
Restricted	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671
Unrestricted	(61,781,371)	(41,362,815)	(45,695,235)	(18,073,941)	(2,373,044)
Total governmental activities net position	<u>\$ 97,733,651</u>	<u>\$ 97,812,703</u>	<u>\$ 94,470,217</u>	<u>\$ 119,174,953</u>	<u>\$ 132,239,186</u>
Business Type activities					
Net investment in capital assets	\$ 273,789,996	\$ 265,730,268	\$ 258,184,586	\$ 255,523,817	\$ 239,879,539
Restricted					
Unrestricted	53,272,773	41,208,431	32,471,314	33,557,762	39,598,241
Total Business Type activities net position	<u>\$ 327,062,769</u>	<u>\$ 306,938,699</u>	<u>\$ 290,655,900</u>	<u>\$ 289,081,579</u>	<u>\$ 279,477,780</u>
Primary Government					
Net investment in capital assets	\$ 402,300,181	\$ 388,344,494	\$ 382,962,500	\$ 379,657,316	\$ 358,187,098
Restricted	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671
Unrestricted	(8,508,598)	(154,384)	(13,223,921)	15,483,821	37,225,197
Total primary government net position	<u>\$ 424,796,420</u>	<u>\$ 404,751,402</u>	<u>\$ 385,126,117</u>	<u>\$ 408,256,532</u>	<u>\$ 411,716,966</u>

Schedule 2
City of Gastonia
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2025	2024	2023	2022	2021
Expenses					
Governmental activities:					
General government	\$ 22,324,509	\$ 22,451,588	\$ 20,397,442	\$ 17,256,712	\$ 15,641,563
Public Safety	44,685,649	40,780,705	41,094,864	38,668,926	34,687,943
Public Works and Cemeteries	22,046,584	33,357,375	18,781,394	19,283,315	17,396,766
Cultural and Recreation	9,901,764	12,197,683	9,697,218	8,862,070	7,798,607
Economic and physical development	5,381,364	3,273,939	4,499,411	1,745,398	1,437,793
Interest on long-term debt	2,854,236	3,562,206	1,456,634	1,296,656	1,503,876
Total governmental activities expenses	<u>\$ 107,194,106</u>	<u>\$ 115,623,496</u>	<u>\$ 95,926,963</u>	<u>\$ 87,113,077</u>	<u>\$ 78,466,548</u>
Business-type activities:					
Water and Sewer	52,932,834	46,892,267	45,972,202	41,833,807	39,648,939
Electric	61,204,738	64,625,299	64,477,252	69,909,999	68,878,550
Transit	4,505,127	3,258,742	3,453,132	2,970,694	3,087,212
Golf	33,914	34,195	34,195	34,704	34,805
Stormwater	4,107,491	3,718,357	3,226,963	3,388,265	3,109,676
Solid Waste	7,948,136	6,993,957	6,900,048	5,805,377	5,757,349
Total business-type activities expenses	<u>130,732,240</u>	<u>125,522,817</u>	<u>124,063,792</u>	<u>123,942,846</u>	<u>120,516,531</u>
Total primary government expenses	<u>\$ 237,926,346</u>	<u>\$ 241,146,313</u>	<u>\$ 219,990,755</u>	<u>\$ 211,055,923</u>	<u>\$ 198,983,079</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 11,166,804	\$ 10,815,223	\$ 10,280,258	\$ 11,981,534	\$ 9,289,124
Public Safety	1,032,936	1,804,376	1,470,691	1,718,183	1,712,116
Public Works and Cemeteries	528,277	472,033	63,464	61,115	57,094
Cultural and Recreation	1,245,563	1,154,956	1,037,282	930,511	473,616
Economic and physical development	231,653	96,339	51,540	45,203	35,317
Operating grants and contributions	8,741,841	7,001,224	7,088,460	4,768,967	5,054,061
Capital grants and contributions	15,906,258	7,251,030	7,126,878	2,191,799	5,163,691
Total governmental activities program revenues	<u>38,853,332</u>	<u>28,595,181</u>	<u>27,118,573</u>	<u>21,697,312</u>	<u>21,785,019</u>
Business-type activities:					
Charges for services:					
Water and Sewer	52,801,971	48,623,262	47,699,411	44,986,737	42,122,472
Electric	93,344,933	78,990,803	76,144,472	77,785,299	89,928,204
Transit	287,995	116,117	122,441	9,828	48,099
Golf	-	-	-	21,268	-
Stormwater	4,473,526	4,446,747	4,165,222	3,206,409	3,068,474
Solid Waste	5,089,739	4,114,808	3,952,209	3,200,794	3,140,658
Operating grants and contributions	496,318	-	-	9,799	-
Capital grants and contributions	16,147,557	8,676,199	8,985,127	8,148,903	10,333,550
Total business-type activities program revenues	<u>172,642,039</u>	<u>144,967,936</u>	<u>141,068,882</u>	<u>137,369,037</u>	<u>148,641,457</u>
Total primary government program revenues	<u>\$ 211,495,371</u>	<u>\$ 173,563,117</u>	<u>\$ 168,187,455</u>	<u>\$ 159,066,349</u>	<u>\$ 170,426,476</u>
Net (Expense)/Revenue					
Governmental activities	\$ (68,340,774)	\$ (87,028,315)	\$ (68,808,390)	\$ (65,415,765)	\$ (56,681,529)
Business-type activities	41,909,799	19,445,119	17,005,090	13,426,191	28,124,926
Total primary government net expense	<u>(26,430,975)</u>	<u>(67,583,196)</u>	<u>(51,803,300)</u>	<u>(51,989,574)</u>	<u>(28,556,603)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Ad valorem taxes	55,030,295	53,523,782	38,954,815	37,480,750	36,931,674
Sales taxes	21,558,006	19,130,046	18,161,325	16,972,083	14,718,183
Payments in lieu of taxes	2,113,176	2,521,121	4,951,086	4,863,005	4,733,059
Utility franchise taxes (1)	386,987	20,318	23,152	7,136	12,298
Other taxes	8,755,829	7,818,506	7,516,137	7,194,071	7,099,925
Interest earned on investments	5,409,518	6,317,534	3,866,177	286,522	204,099
Transfers	(3,928,026)	(3,160,768)	(899,318)	(1,061,425)	(364,924)
Total governmental activities	<u>89,325,785</u>	<u>86,170,539</u>	<u>72,573,374</u>	<u>65,742,142</u>	<u>63,334,314</u>
Business-type activities:					
Interest earned on investments	7,159,726	6,880,243	2,648,864	135,444	52,131
Transfers	3,928,026	3,160,768	899,318	1,061,425	364,924
Total Business-type activities	<u>11,087,752</u>	<u>10,041,011</u>	<u>3,548,182</u>	<u>1,196,869</u>	<u>417,055</u>
Total primary government	<u>\$ 100,413,537</u>	<u>\$ 96,211,550</u>	<u>\$ 76,121,556</u>	<u>\$ 66,939,011</u>	<u>\$ 63,751,369</u>
Changes in Net Position					
Governmental activities	\$ 20,985,011	\$ (857,776)	\$ 3,764,984	\$ 326,377	\$ 6,652,785
Business-type activities	52,997,551	29,486,130	20,553,272	14,623,060	28,541,981
Total primary government	<u>\$ 73,982,562</u>	<u>\$ 28,628,354</u>	<u>\$ 24,318,256</u>	<u>\$ 14,949,437</u>	<u>\$ 35,194,766</u>

Schedule 2
City of Gastonia
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses					
Governmental activities:					
General government	\$ 16,286,786	\$ 13,098,052	\$ 7,624,041	\$ 6,189,619	\$ 10,606,593
Public Safety	33,743,135	31,994,707	31,486,198	30,763,350	29,343,196
Public Works and Cemeteries	16,248,577	14,691,220	15,259,136	1,989,690	6,802,354
Cultural and Recreation	7,558,181	6,982,190	6,719,526	6,313,795	6,113,970
Economic and physical development	2,591,655	4,453,497	8,202,679	18,796,473	8,503,949
Interest on long-term debt	2,387,821	1,614,413	1,824,064	1,935,901	2,065,476
Total governmental activities expenses	<u>\$ 78,816,151</u>	<u>\$ 72,834,079</u>	<u>\$ 71,115,644</u>	<u>\$ 65,988,828</u>	<u>\$ 63,435,538</u>
Business-type activities:					
Water and Sewer	37,596,052	35,651,662	33,630,595	32,065,945	31,411,780
Electric	68,500,284	69,766,570	73,627,853	73,998,222	72,267,809
Transit	3,258,307	2,734,962	2,480,698	2,306,486	2,236,449
Golf	34,805	34,805	35,974	36,726	46,814
Stormwater	3,512,149	2,952,656	2,819,067	2,809,426	2,546,945
Solid Waste	5,856,951	5,367,645	5,082,304	4,839,020	4,754,935
Total business-type activities expenses	<u>118,758,548</u>	<u>116,508,300</u>	<u>117,676,491</u>	<u>116,055,825</u>	<u>113,264,732</u>
Total primary government expenses	<u>\$ 197,574,703</u>	<u>\$ 189,342,379</u>	<u>\$ 188,792,135</u>	<u>\$ 182,044,653</u>	<u>\$ 176,700,270</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,022,999	\$ 9,505,566	\$ 9,557,074	\$ 8,671,960	\$ 8,828,665
Public Safety	1,538,995	1,459,428	1,359,470	1,382,880	1,100,861
Public Works and Cemeteries	58,266	53,182	55,506	49,641	51,016
Cultural and Recreation	580,349	812,469	867,727	780,680	684,506
Economic and physical development	468,162	405,778	282,252	487,727	63,084
Operating grants and contributions	4,527,774	4,983,881	4,529,696	4,932,336	4,325,061
Capital grants and contributions	505,363	2,938,494	2,947,980	2,359,934	877,236
Total governmental activities program revenues	<u>17,701,908</u>	<u>20,158,798</u>	<u>19,599,705</u>	<u>18,665,158</u>	<u>15,930,429</u>
Business-type activities:					
Charges for services:					
Water and Sewer	40,746,707	40,736,180	37,692,461	36,296,497	35,561,282
Electric	84,359,635	78,949,075	79,255,929	78,441,784	76,514,684
Transit	226,439	190,531	162,466	278,780	221,302
Golf	-	-	-	-	-
Stormwater	2,662,903	2,580,268	2,619,731	2,573,238	2,549,033
Solid Waste	3,064,965	2,689,310	2,172,476	2,055,849	1,330,939
Operating grants and contributions	-	-	-	2,207,607	1,054,568
Capital grants and contributions	6,788,020	6,509,065	2,975,907	1,943,040	2,535,405
Total business-type activities program revenues	<u>137,848,669</u>	<u>131,654,429</u>	<u>124,878,970</u>	<u>123,796,795</u>	<u>119,767,213</u>
Total primary government program revenues	<u>\$ 155,550,577</u>	<u>\$ 151,813,227</u>	<u>\$ 144,478,675</u>	<u>\$ 142,461,953</u>	<u>\$ 135,697,642</u>
Net (Expense)/Revenue					
Governmental activities	\$ (61,114,247)	\$ (52,675,281)	\$ (51,515,939)	\$ (47,323,670)	\$ (47,505,109)
Business-type activities	19,090,121	15,146,129	7,202,479	7,740,970	6,502,481
Total primary government net expense	<u>(42,024,126)</u>	<u>(37,529,152)</u>	<u>(44,313,460)</u>	<u>(39,582,700)</u>	<u>(41,002,628)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Ad valorem taxes	36,165,019	31,792,472	31,189,826	30,201,787	29,100,257
Sales taxes	12,750,343	12,110,099	11,373,889	10,798,202	10,115,362
Payments in lieu of taxes	4,360,255	4,160,439	3,788,366	3,549,931	3,366,991
Utility franchise taxes (1)	6,097	8,249	1,767	1,716	2,240
Other taxes	6,866,626	7,193,071	7,104,021	6,684,289	6,407,474
Interest earned on investments	1,201,656	1,073,931	978,751	745,380	715,572
Transfers	(314,801)	(320,494)	(1,057,760)	(1,463,925)	(2,063,679)
Total governmental activities	<u>61,035,195</u>	<u>56,017,767</u>	<u>53,378,860</u>	<u>50,517,380</u>	<u>47,644,217</u>
Business-type activities:					
Interest earned on investments	719,148	816,176	589,504	398,904	146,241
Transfers	314,801	320,494	1,057,760	1,463,925	2,063,679
Total Business-type activities	<u>1,033,949</u>	<u>1,136,670</u>	<u>1,647,264</u>	<u>1,862,829</u>	<u>2,209,920</u>
Total primary government	<u>\$ 62,069,144</u>	<u>\$ 57,154,437</u>	<u>\$ 55,026,124</u>	<u>\$ 52,380,209</u>	<u>\$ 49,854,137</u>
Changes in Net Position					
Governmental activities	\$ (79,052)	\$ 3,342,486	\$ 1,862,921	\$ 3,193,710	\$ 139,108
Business-type activities	20,124,070	16,282,799	8,849,743	9,603,799	8,712,401
Total primary government	<u>\$ 20,045,018</u>	<u>\$ 19,625,285</u>	<u>\$ 10,712,664</u>	<u>\$ 12,797,509</u>	<u>\$ 8,851,509</u>

Schedule 3
City of Gastonia
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Non Spendable	\$ 1,115,263	\$ 997,969	\$ 903,034	\$ 644,336	\$ 727,185
Restricted	7,828,824	8,620,490	11,734,672	13,303,538	11,818,046
Assigned	2,219,036	1,185,733	1,563,000	-	-
Unassigned	18,385,633	16,923,448	16,607,807	19,259,735	23,035,509
Total general fund	<u>\$ 29,548,756</u>	<u>\$ 27,727,640</u>	<u>\$ 30,808,513</u>	<u>\$33,207,609</u>	<u>\$35,580,740</u>
All other Governmental Funds					
Non Spendable					
Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Mayor/Council Capital Project Fund	340,937	1,816,720	2,762,790	1,786,942	34,929,606
Streets Capital Project Fund	23,126,995	6,197,472	4,410,962	3,211,789	4,259,300
American Rescue Plan Fund	-	-	-	-	-
Other Governmental Funds	3,334,565	2,766,279	3,243,484	4,122,720	5,546,897
Committed					
American Rescue Plan Fund	-	-	-	-	-
Mayor/Council Capital Project Fund	-	-	-	-	-
Assigned					
Mayor/Council Capital Project Fund	1,099,397	1,290,634	-	994,588	-
Streets Capital Project Fund	-	-	-	-	-
Other Governmental Funds	935,511	2,455,045	1,615,255	1,354,447	1,426,799
Unassigned					
Other Governmental Funds	(975,230)	(676,031)	(141,174)	(266,450)	(1,712,905)
Mayor/Council Capital Project Fund	-	-	(662,901)	-	(18,942,569)
American Rescue Plan Fund	-	-	-	-	-
Streets Capital Project Fund	(7,915,079)	(2,213,464)	(836,511)	(19,531)	(992,682)
Total all other governmental funds	<u>\$ 19,947,096</u>	<u>\$ 11,636,655</u>	<u>\$ 10,391,905</u>	<u>\$ 11,184,505</u>	<u>\$ 24,514,446</u>

Note: The significant increase in other governmental funds fund balances in 2020 was directly related to the issuance of capital project debt. The decrease in 2021 was due to use of these debt proceeds.

Schedule 3
City of Gastonia
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund					
Non Spendable	\$ 743,112	\$ 884,658	\$ 959,288	\$ 978,935	\$ 1,163,579
Restricted	12,008,945	14,720,282	18,483,048	25,526,111	28,830,880
Assigned	-	1,986,850	74,827	48,878	-
Unassigned	30,029,164	31,302,060	31,257,046	35,728,380	40,399,524
Total general fund	<u>\$42,781,221</u>	<u>\$48,893,850</u>	<u>\$50,774,209</u>	<u>\$62,282,304</u>	<u>\$70,393,983</u>
All other Governmental Funds					
Non Spendable					
Other Governmental Funds	\$ 29,030	\$ 57,394	\$ 94,316	\$ 25,720	\$ 25,710
Restricted					
Mayor/Council Capital Project Fund	2,766,386	2,083,616	1,960,533	1,519,523	1,561,644
Streets Capital Project Fund	2,859,278	1,037,981	50,078,823	32,481,127	27,446,308
American Rescue Plan Fund	-	661,767	-	746,686	324,986
Other Governmental Funds	5,451,114	5,124,591	6,237,360	6,304,437	6,732,836
Committed					
American Rescue Plan Fund	-	17,085	605,659	332,962	-
Mayor/Council Capital Project Fund	-	-	-	86,088	6,042,109
Assigned					
Mayor/Council Capital Project Fund	-	-	-	-	-
Streets Capital Project Fund	-	809,716	-	-	-
Other Governmental Funds	1,799,236	2,022,945	2,110,406	2,810,121	3,520,161
Unassigned					
Other Governmental Funds	(670,745)	(514,668)	(1,078,580)	(943,130)	(1,138,027)
Mayor/Council Capital Project Fund	-	-	-	-	-
American Rescue Plan Fund	-	(661,767)	-	-	(240,040)
Streets Capital Project Fund	-	-	(11,482,914)	(6,787,572)	(6,591,992)
Total all other governmental funds	<u>\$ 12,234,299</u>	<u>\$ 10,638,660</u>	<u>\$ 48,525,603</u>	<u>\$ 36,575,962</u>	<u>\$ 37,683,695</u>

Schedule 4
City of Gastonia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Ad valorem taxes	\$ 29,182,589	\$ 30,250,130	\$ 31,240,876	\$ 31,885,133	\$ 36,028,909
Other taxes and licenses	19,892,067	21,034,138	22,268,043	23,471,858	23,983,321
Unrestricted intergovernmental revenues	2,086,035	2,216,249	2,130,622	2,310,339	2,298,097
Restricted intergovernmental revenues	4,673,553	4,846,038	5,370,916	5,090,667	4,677,542
Permits and fees	1,368,815	1,287,879	1,229,305	1,084,807	1,374,067
Sales and services	2,719,422	3,392,516	3,223,508	3,258,458	3,206,529
Investment earnings	543,150	563,738	763,974	980,490	1,139,794
Miscellaneous	947,822	587,591	1,151,963	715,970	1,432,220
Total revenues	61,413,453	64,178,279	67,379,207	68,797,722	74,140,479
Expenditures					
Current:					
General government	8,432,653	8,611,305	8,769,056	9,474,233	10,219,791
Public Safety	27,929,197	29,290,869	30,058,429	31,744,048	32,784,233
Public works and cemeteries	5,497,190	5,828,965	5,667,571	7,154,730	9,829,522
Cultural and recreation	5,467,201	5,545,275	5,947,833	6,148,764	6,695,440
Economic and physical development	1,666,099	2,643,288	2,201,718	2,469,454	2,060,213
Capital outlay	6,780,550	15,981,404	5,919,767	2,177,554	14,886,772
Debt Service:					
Principal repayments	4,819,668	3,969,667	3,078,328	3,131,000	11,499,237
Interest	1,986,270	1,821,336	1,692,128	1,621,803	2,411,935
Total expenditures	62,578,828	73,692,109	63,334,830	63,921,586	90,387,143
Revenues over (under) expenditures	(1,165,375)	(9,513,830)	4,044,377	4,876,136	(16,246,664)
Other Financing Sources (Uses)					
Payments to refund bond debt	-	-	-	-	-
Transfers from other funds	4,683,368	8,070,623	5,266,501	3,816,247	5,562,871
Transfers to other funds	(8,056,474)	(9,534,548)	(7,425,690)	(5,684,264)	(5,877,672)
Lease liabilities issued	-	-	-	-	-
IT Subscriptions liabilities issued	-	-	-	-	-
Issuance of long term debt	-	-	-	-	32,640,000
Bond premium received	-	-	-	-	-
Total other financing sources (uses)	(3,373,106)	(1,463,925)	(2,159,189)	(1,868,017)	32,325,199
Net change in fund balances	\$ (4,538,481)	\$ (10,977,755)	\$ 1,885,188	\$ 3,008,119	\$ 16,078,535
Debt service as a percentage of noncapital expenditures	12.55%	10.39%	8.20%	7.75%	19.26%

Note: The significant increases and decreases in fund balance in the years presented are mostly related to the issuance of debt and the use of the debt proceeds; however, the increase in revenues in 2020 was mostly due to a property tax base reassessment and the increase in 2021 was related to an increase in sales tax distributions.

Schedule 4
City of Gastonia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues					
Ad valorem taxes	\$ 37,085,572	\$ 37,570,758	\$ 38,871,513	\$ 53,386,673	\$ 55,046,743
Other taxes and licenses	26,563,465	29,036,295	30,651,700	29,489,991	32,813,998
Unrestricted intergovernmental revenues	2,085,949	2,112,550	1,823,441	2,122,331	1,323,012
Restricted intergovernmental revenues	6,589,613	6,321,840	10,693,684	13,969,866	16,425,987
Permits and fees	2,211,546	2,383,201	777,358	1,050,110	1,588,698
Sales and services	2,561,001	3,782,874	4,551,733	4,769,447	4,987,070
Investment earnings	188,795	265,079	3,300,003	5,699,444	4,693,894
Miscellaneous	1,103,127	1,715,045	1,227,899	2,199,805	2,543,661
Total revenues	<u>78,389,068</u>	<u>83,187,642</u>	<u>91,897,331</u>	<u>112,687,667</u>	<u>119,423,063</u>
Expenditures					
Current:					
General government	10,501,980	13,251,358	16,493,323	15,935,325	15,585,052
Public Safety	33,770,147	37,271,714	41,053,964	42,471,257	47,683,633
Public works and cemeteries	8,241,856	10,077,161	8,520,573	22,095,434	12,566,174
Cultural and recreation	6,053,064	6,919,166	8,935,530	10,202,824	12,626,584
Economic and physical development	1,437,793	1,745,398	3,890,112	3,394,656	3,394,287
Capital outlay	18,720,095	2,895,319	4,348,694	7,543,112	6,806,935
Debt Service:					
Principal repayments	2,926,237	4,589,541	4,537,110	5,944,730	5,517,591
Interest	1,534,456	1,122,078	1,081,522	2,496,972	2,480,941
Total expenditures	<u>83,185,628</u>	<u>77,871,735</u>	<u>88,860,828</u>	<u>110,084,310</u>	<u>106,661,197</u>
Revenues over (under) expenditures	(4,796,560)	5,315,907	3,036,503	2,603,357	12,761,866
Other Financing Sources (Uses)					
Payments to refund bond debt	(17,805,000)	-	-	-	-
Transfers from other funds	6,739,012	3,865,792	4,907,305	6,735,314	6,492,796
Transfers to other funds	(7,103,936)	(5,217,217)	(8,158,999)	(9,896,082)	(10,420,822)
Lease liabilities issued	-	445,451	-	-	-
IT Subscriptions liabilities issued	-	-	2,220,353	-	-
Issuance of long term debt	17,872,000	-	33,190,000	-	-
Bond premium received	-	-	4,547,966	-	-
Total other financing sources (uses)	<u>(297,924)</u>	<u>(905,974)</u>	<u>36,706,625</u>	<u>(3,160,768)</u>	<u>(3,928,026)</u>
Net change in fund balances	<u>\$ (5,094,484)</u>	<u>\$ 4,409,933</u>	<u>\$ 39,743,128</u>	<u>\$ (557,411)</u>	<u>\$ 8,833,840</u>
Debt service as a percentage of noncapital expenditures	7.12%	7.79%	7.03%	8.64%	8.69%

Schedule 5
City of Gastonia
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Option Sales Tax	Utility Sales Tax	Franchise Tax	Video Franchise Tax	Beer and Wine Tax	Rental Vehicle Tax	Total
2016	\$ 28,876,336	\$ 10,115,362	\$ 4,810,587	\$ 2,240	\$ 516,055	\$ 321,943	\$ 94,897	\$ 44,737,420
2017	29,966,989	10,798,202	4,374,029	1,716	520,320	334,226	112,953	46,108,435
2018	30,959,917	11,373,889	4,559,667	1,767	503,843	322,430	86,646	47,808,159
2019	31,608,150	12,110,099	4,639,601	8,249	479,266	328,386	64,132	49,237,883
2020	35,731,017	12,750,343	4,362,082	6,097	462,372	328,712	91,634	53,732,257
2021	36,749,813	14,718,183	4,496,204	12,298	456,213	324,809	88,930	56,846,450
2022	37,570,758	16,972,083	4,468,324	7,136	473,089	324,098	96,781	59,912,269
2023	38,871,513	18,161,325	4,667,585	23,152	438,179	373,362	110,700	62,645,816
2024	53,386,673	19,130,046	4,961,941	20,318	404,650	408,480	108,203	78,420,311
2025	55,046,743	21,558,006	5,933,780	20,129	366,858	342,789	116,678	83,384,983

Notes:

The increase in property tax revenues was due to the results of a State required property revaluation. The State requires revaluations to be performed, at a minimum, every eight years. See Schedule 6 for the increase in assessed value.

Schedule 6
City of Gastonia
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Real Property ⁽¹⁾	Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2016	\$ 4,216,481	\$ 552,606	\$ 406,494	\$ 132,616	\$ 5,308,197	0.5300	\$ 5,308,197
2017	4,260,390	660,221	460,177	147,673	5,528,461	0.5300	5,647,922
2018	4,370,658	736,367	462,430	145,394	5,714,849	0.5300	6,600,651
2019	4,444,716	740,752	488,683	153,419	5,827,570	0.5300	7,197,049
2020	5,335,685	746,309	483,840	183,143	6,748,977	0.5200	8,874,905
2021	5,411,854	750,103	572,537	159,113	6,893,607	0.5200	9,754,454
2022	5,537,647	734,403	549,980	161,543	6,983,573	0.5200	10,230,934
2023	5,731,954	753,232	605,789	156,760	7,247,735	0.5200	10,993,159
2024	9,424,010	859,082	659,635	168,457	11,111,184	0.4700	11,111,184
2025	9,712,952	823,231	733,623	164,088	11,433,894	0.4700	11,433,894

Note: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at the time of the revaluation. Valuations presented in this schedule do not include property owned by the United States Government, the State of North Carolina, educational institutions, etc., that are not subject to taxation. Based on the economic conditions in the housing market from 2012 through 2015 taxable value (market value) was estimated to be approximately 100% of the County assessed value. A County reappraisal was completed in 2015 and was applicable to the assessed values reported for 2016. The estimated tax values subsequent to that were derived using estimated housing market increases / decreases obtained from Gaston county realtor publications, 6.4%, 9.1% and 8.0% for 2017, 2018 and 2019, respectively. As noted below the County completed its State required octennial reappraisal effective January 1, 2019 and was applicable to the City's 2019/2020 fiscal year. The estimated actual taxable value measured by the publicized market increases still exceeded the actual County appraised value after the 2020 revaluation. The estimated tax value for 2021, 2022 & 2023 was derived from the estimated housing market increase for the 2021, 2022 and 2023 fiscal years, as obtained from Gaston County real estate publications. The 2024 and 2025 estimated actual taxable value is based on the actual revaluation values derived from the County revaluation conducted as of 1/1/2023, market has remained fairly stable.

⁽¹⁾ North Carolina General Statutes 105-286 require that an octennial reappraisal of real property be conducted; however, State statutes allow more frequent reappraisals if adopted by each county. The most recent reappraisal of all taxable property took place in January of 2023 and was effective for the Fiscal Year 2024 property taxes. Gaston County's policy is to perform reappraisals every four years. The next reappraisal is scheduled in 2027.

Schedule 7
City of Gastonia
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>	<u>Combined Tax Rate</u>
	<u>Basic Rate</u>	<u>Debt</u>	<u>Total Direct</u>	<u>Gaston County</u>	<u>City and County</u>
	<u>General Fund</u>	<u>Retirement</u>	<u>Rate</u>		
2016	0.4175	0.1125	0.5300	0.8700	1.4000
2017	0.4175	0.1125	0.5300	0.8700	1.4000
2018	0.4175	0.1125	0.5300	0.8700	1.4000
2019	0.4175	0.1125	0.5300	0.8700	1.4000
2020	0.4075	0.1125	0.5200	0.8400	1.3600
2021	0.4075	0.1125	0.5200	0.8300	1.3500
2022	0.4075	0.1125	0.5200	0.8300	1.3500
2023	0.4075	0.1125	0.5200	0.8100	1.3300
2024	0.4700	-	0.4700	0.6100	1.0800
2025	0.4700	-	0.4700	0.5990	1.0690

Schedule 8
City of Gastonia
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2025				2016			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value		
NP Gastonia Industrial (d)	\$ 134,790,879	1	1.26%	-	-	-		
Triangle Real Estate	123,024,198	2	1.15%	\$ 27,218,462	9	0.56%		
Daimler Trucks North America	100,081,369	3	0.94%	63,824,982	1	1.31%		
TCA Delta Drive LLC	66,299,270	4	0.62%	-	-	-		
Duke Energy	58,441,784	5	0.55%	32,316,692	6	0.66%		
Gastonia Holdings 188 LLC	55,074,274	6	0.52%	28,267,273	6	0.57%		
Mann+Hummel Filtration - Wix	53,042,139	7	0.50%	42,762,583	3	0.88%		
Dominion Energy (b)	46,210,602	8	0.43%	40,422,896	4	0.83%		
Owens Corning (a)	43,132,453	9	0.40%	-	-	-		
2295 Pine View Lane LLC	40,528,200	10	0.38%	-	-	-		
Icons America LLC (c)	-	-	-	44,953,282	2	0.92%		
Southwood Realty	-	-	-	37,785,439	5	0.77%		
Centro Bradley Spe 1 LLC	-	-	-	29,748,358	7	0.61%		
Stabilus Inc.	-	-	-	29,452,681	8	0.60%		
Walmart	-	-	-	27,071,609	10	0.55%		

Source: Gaston County Assessors Office

- (a) Owens Corning just finished construction in the past several years on a new facility in the Gastonia Technology Park.
- (b) Formally PSNC Energy
- (c) Formally CTL Packaging USA Inc
- (d) Industrial park developer that purchased 365 acres in 2021 and has continued to develop the property for industrial use

**Schedule 9
City of Gastonia
Property Tax Levies and Collections,
Last Ten Fiscal Years
(Dollars in Thousands)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 28,134	\$ 27,779	98.74%	\$ 320	\$ 28,099	99.88%
2017	29,301	28,965	98.85%	296	29,261	99.86%
2018	30,289	29,978	98.97%	251	30,229	99.80%
2019	30,886	30,611	99.10%	214	30,825	99.80%
2020	35,095	34,643	98.71%	387	35,030	99.81%
2021	35,847	35,556	99.19%	239	35,795	99.85%
2022	36,315	36,026	99.21%	222	36,248	99.82%
2023	37,688	37,338	99.07%	216	37,554	99.64%
2024	52,223	51,713	99.02%	280	51,993	99.56%
2025	53,739	53,294	99.17%	-	53,294	99.17%

Source: City Of Gastonia Treasurer



Schedule 10
City of Gastonia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-type Activities
	General Obligation Bonds & Premium	Installment Financing	Limited Obligation Bonds	Lease and IT Subscription Financing	Section 108 Loan	General Obligation Bonds
2016	\$ 29,010	\$ 9,225	\$ 12,859	\$ -	\$ 602	\$ 430
2017	26,241	9,100	11,792	-	568	430
2018	24,235	8,867	10,719	-	534	430
2019	22,380	8,440	9,637	-	173	430
2020	20,524	16,826	24,000	-	-	381
2021	18,665	15,715	24,000	-	-	332
2022	16,548	20,645	22,665	-	-	284
2023	52,148	16,067	21,330	2,351	-	236
2024	48,325	14,526	19,995	1,734	-	189
2025	44,520	15,470	18,660	2,130	-	142

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The increase in the General Obligation Bonds was due to the issuance of \$37,737,996 General Obligation Bonds including a premium. The City did not issue a vehicle and equipment loan in the 2023. The increase in IT subscription financing is related to the implementation of GASB 96. The City also drew down the remaining loan proceeds related to the State Revolving Loan.

NA not available at publication time

Schedule 10
City of Gastonia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Water Revenue Bonds & Premium	Installment Financing	Lease and IT Subscription Financing	State Revolving Loans			
2016	\$ 38,988	\$ 275	\$ -	\$ 14,779	\$ 108,184	3.92%	\$ 1,468
2017	35,206	200	-	28,135	113,689	3.92%	1,528
2018	31,294	100	-	36,442	114,639	3.84%	1,510
2019	27,236	-	-	35,435	105,750	3.36%	1,386
2020	25,333	-	-	34,428	123,512	3.55%	1,604
2021	23,244	-	-	33,687	117,664	2.99%	1,463
2022	21,091	-	-	34,021	117,276	2.89%	1,445
2023	18,877	-	150	36,236	149,418	3.42%	1,790
2024	57,777	-	91	33,284	177,945	NA	2,119
2025	55,202	-	60	30,332	168,541	NA	1,968

Schedule 11
City of Gastonia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
2016	\$ 29,440	0.55%	73,698	\$ 399
2017	26,671	0.48%	74,413	358
2018	24,665	0.43%	75,919	325
2019	22,810	0.39%	76,298	299
2020	20,905	0.31%	77,024	271
2021	18,997	0.28%	80,411	236
2022	16,832	0.24%	81,161	207
2023	52,148	0.72%	83,488	625
2024	48,325	0.43%	83,983	575
2025	44,520	0.39%	85,636	520

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: The decrease in percentage of actual taxable value of property and the debt per capita decreased mostly due to the results of the revaluation that was effective for fiscal year 2024.

Schedule 12
City of Gastonia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025
(dollars in thousands)

<u>Governmental Unit</u>	<u>Total Debt</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Gastonia	\$ 78,650 ⁽¹⁾	100%	\$ 78,650
Overlapping Debt			
Gaston County	<u>311,505 ⁽³⁾</u>	32.84%	<u>102,298</u>
Total direct and overlapping debt	<u>\$ 390,155</u>		<u>\$ 180,948</u>

Notes:

- (1) Total debt was calculated as general obligation bonds, installment purchases, limited obligation bonds, and bond premiums less general obligation bonds incurred for business-type activities.
- (2) Allocated based on assessed valuation.
- (3) Overlapping debt is owned by Gaston County and benefits all areas within the County. Payment of this debt is the responsibility of Gaston County. Net debt is calculated as general obligation bonds, certificates of participation, state revolving loans, installment purchases, capital leases, and bond premiums less debt incurred for enterprise funds.

Schedule 13
City of Gastonia
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	\$ 11,433,894
Debt limit (8% of assessed value)	914,712
Debt applicable to limit:	
Authorized & Outstanding bonded debt	109,404
Outstanding debt not evidenced by bonds	<u>54,922</u>
	164,326
Statutory Deductions:	
Bonds and other debt not evidenced by	
bonds applicable to Enterprise Funds	85,675
Amount designated for payment of gross	
debt other than Enterprise Funds	<u>-</u>
	85,675
Net Debt	<u>78,651</u>
Legal Debt Limit	<u>\$ 836,061</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 424,656	\$ 442,277	\$ 457,188	\$ 466,206	\$ 539,918	\$ 551,488	\$ 558,686	\$ 579,819	\$ 888,895	\$ 914,712
Total net debt applicable to limit	<u>51,427</u>	<u>47,599</u>	<u>44,419</u>	<u>40,660</u>	<u>61,317</u>	<u>58,379</u>	<u>59,826</u>	<u>89,514</u>	<u>82,846</u>	<u>78,651</u>
Legal debt margin	<u>\$ 373,229</u>	<u>\$ 394,678</u>	<u>\$ 412,769</u>	<u>\$ 425,546</u>	<u>\$ 478,601</u>	<u>\$ 493,109</u>	<u>\$ 498,860</u>	<u>\$ 490,304</u>	<u>\$ 806,049</u>	<u>\$ 836,061</u>
Total net debt applicable to the limit as a percentage of debt limit	12.11%	10.76%	9.72%	8.72%	11.36%	10.59%	10.71%	15.44%	9.32%	8.60%

Note: The decrease in the net debt applicable to the limit as a percentage of debt limit is due to affect of the property revalutaion that was effective for fiscal year 2024.

Schedule 14
City of Gastonia
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Water Revenue Bonds

Fiscal Year	Gross Utility Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽⁴⁾	Coverage
2016	\$ 35,608	\$ 22,097	\$ 13,511	\$ 3,268	\$ 972	3.19
2017	36,090	23,397	12,693	4,033	1,431	2.32
2018	37,504	25,254	12,250	4,439	1,266	2.15
2019	38,080	26,876	11,204	6,084	953	1.59
2020	40,504	27,608	12,896	3,979	982	2.60
2021	41,572	26,314	15,258	4,105	928	3.03
2022	46,318	29,637	16,681	4,206	817	3.32
2023	46,454	33,154	13,300	4,268	748	2.65
2024	48,762	33,834	14,928	5,068	2,221	2.05
2025	56,792	39,985	16,807	5,175	2,531	2.18

⁽¹⁾ "Gross Revenues" shall mean all rates, fees, charges, assessments or other income received by the City or accrued to the City or any agency thereof in control of the management and operation of said Water and Sewer Utility. Excluded from "Gross Revenues" are revenue and interest earned in the Water and Sewer Capital Projects Fund.

⁽²⁾ "Expenses" exclude debt service payment, depreciation of fixed assets, amortization of deferred charges, transfers to other funds, and payments to escrow which are reflected as expenses in the financial statements. Per the sixth supplemental trust agreement, dated July 1, 2005, payments to the General Fund for payments in lieu of taxes and franchise fees shall not be included in current expenses for purposes of calculating the debt coverage ratio.

⁽³⁾ "Principal" excludes refunding activity and any early redemption of debt. Includes all subordinated debt service.

⁽⁴⁾ "Interest" includes all subordinated debt service.

Note: Trust agreement coverage ratio for parity indebtedness and subordinated indebtedness (all debt) is 1.00.

**Schedule 15
City of Gastonia
Demographic and Economic Statistics,
Last Ten Calendar Years**

Calendar Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2016	73,698	\$ 2,757,337	\$ 37,414	5.5%
2017	74,413	2,896,973	38,931	4.4%
2018	75,919	2,986,502	39,338	4.5%
2019	76,298	3,151,184	41,301	4.7%
2020	77,024	3,474,707	45,112	9.4%
2021	80,411	3,939,737	48,995	6.1%
2022	81,161	4,062,838	50,059	4.4%
2023	83,488	4,372,517	52,373	3.7%
2024	83,983	NA	NA	4.4%
2025	85,636	NA	NA	4.1%

Notes:

⁽¹⁾ North Carolina Office of State Budget and Management

⁽²⁾ Per Capita Personal Income Extended By Population

⁽³⁾ Bureau of Economic Analysis via FRED, restated in 2025 from pervious data source, US Census.

US Census often provides and average of a perod of year. 2024 and 2025 not available at publication date.

⁽⁴⁾ NC Employment Security Commission

The increase in the 2020 unemployment rate was directly related to the labor market effects of the State's Stay-At-Home order due to the COVID-19 pandemic, and the decrease in 2021 and 2022 was due to the relaxation of this State order.

**Schedule 16
City of Gastonia
Principal Employers
Current Year and Nine Years Ago**

Employer	2025			2016		
	Approximate Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Caromont Health	1,000 & Over	1	-	1,000 & Over	2	-
Gaston County Schools	1,000 & Over	2	-	1,000 & Over	1	-
Daimier Trucks North America LLC	1,000 & Over	3	-	1,000 & Over	3	-
Gaston County	1,000 & Over	4	-	1,000 & Over	5	-
Wal-mart Association, Inc.	1,000 & Over	5	-	1,000 & Over	4	-
U S Postal Service	1,000 & Over	6	-	-	-	-
American & Efird LLC	500-999	7	-	1,000 & Over	7	-
City of Gastonia	500-999	8	-	500-999	9	-
Mann+Hummel Filtration (a)	500-999	9	-	1,000 & Over	6	-
Food Lion	500-999	10	-	-	-	-
Pharr Yarns	-	-	-	500-999	8	-
Dole Fresh Foods				500-999	10	

Note: Employers in the City of Gastonia and Gaston County in close proximity to the City.

Source: NC Department of Commerce.

Due to the confidentiality policies of many employers, the exact number of employees for the principal employers is not available, therefore the percentage of total city employment is not determinable. The Gaston County Economic Development Commission and NC Employment Security Commission provides this information in ranges only.

(a) Entity name was FKA Wix Filtration Corp in 2016

**Schedule 17
City of Gastonia
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government	172	163	176	178	185
Police	168	167	177	183	185
Fire	137	137	142	141	138
Public Works	73	70	61	66	66
Cultural and Recreation	52	53	68	72	70
Water and Sewer	122	119	130	122	122
Electric	44	42	46	45	45
Transit	21	27	37	35	36
Transportation	-	-	-	-	-
Solid Waste	40	40	44	43	42
Stormwater	6	6	6	8	8
Total	835	824	887	893	897

Notes: All fiscal years are actual data obtained from the Budget Division.

(A) In fiscal year 2025, the City reclassified all Transit personnel to a new Transportation function. Transit planning, which was previously reported in the Public Works function, was also reclassified

Schedule 17
City of Gastonia
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2022	2023	2024	2025
General Government	175	173	164	173	176
Police	181	204	205	206	210
Fire	144	144	144	144	144
Public Works	67	77	77	78	62
Cultural and Recreation	68	79	82	82	85
Water and Sewer	133	130	130	134	137
Electric	43	48	49	49	52
Transit	35	23	23	23	-
Transportation	-	-	-	-	30
Solid Waste	47	53	53	53	55
Stormwater	9	8	8	10	10
Total	902	939	935	952	961

Schedule 18
City of Gastonia
Operating Indicators by Function/Program,
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Commercial Construction					
Commercial Building permits issued	396	381	592	347	384
Commercial Building permit value (dollars in 1000s)	104,774	73,094	67,410	84,113	98,674
Residential Construction					
Residential Building permits issued	718	748	649	687	684
Residential Building permit value (dollars in 1000s)	117,328	133,065	98,617	124,297	140,203
Police					
Physical arrests	6,191	5,940	6,405	5,826	3,972
Parking violations	10	22	13	14	23
Traffic violations	9,619	7,440	6,864	6,035	6,126
Fire					
Number of calls answered	10,729	11,307	10,725	10,305	8,662
Fires extinguished	325	274	330	285	339
Inspections	4,084	5,087	4,821	6,489	5,248
Sanitation/Solid Waste					
Residential Refuse collected (tons annually)	19,394	20,783	21,696	23,089	25,431
Contractor/Recyclables collected (tons annually)	4,148	3,868	4,220	4,294	3,498
City Crews/Recyclables collected (tons annually)	24	25	29	14	-
Other public works					
Street resurfacing (miles)	1.70	6.20	11.00	-	14.68
Potholes repaired	1,586	1,412	1,465	1,759	1,788
Water					
Number of service connections	29,523	30,125	30,383	30,956	31,215
Water main breaks	204	170	201	138	203
Average daily consumption (thousands of gallons)	13.8 MGD	14.4 MGD	15.2 MGD	14.5 MGD	14.0 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	26 MGD	25.2 MGD	25.2 MGD	27.3 MGD	27.3 MGD
Wastewater					
Average daily sewage treatment (thousands of gallons)	10.32 MGD	9.6 MGD	10.8 MGD	13.6 MGD	12.6 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	26,934	27,562	27,927	28,234	28,529
Transit					
Total route miles	291,530	292,204	288,582	303,204	301,014

Sources: Various City Departments

Notes:

(A): As of August 31, 2022, the City transferred the building permitting function to Gaston County.

(B): The City terminated the recycling program in the 2021 fiscal year and constructed a recycling center for residents to drop off their recycle materials.

Schedule 18
City of Gastonia
Operating Indicators by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government					
Commercial Construction					
Commercial Building permits issued	291	291	42 (A)	- (A)	- (A)
Commercial Building permit value (dollars in 1000s)	247,663	247,663	11,780	-	-
Residential Construction					
Residential Building permits issued	949	949	101 (A)	- (A)	- (A)
Residential Building permit value (dollars in 1000s)	216,944	216,944	17,817	-	-
Police					
Physical arrests	3,916	3,928	4,496	3,917	3,598
Parking violations	15	1	1	5	2
Traffic violations	6,806	7,071	6,940	4,888	3,610
Fire					
Number of calls answered	10,176	11,626	12,851	13,381	14,708 (D)
Fires extinguished	347	682	342	383	407
Inspections	6,346	6,469	7,325	6,385	6,104
Sanitation/Solid Waste					
Residential Refuse collected (tons annually)	28,852	31,988	28,835	28,896	29,949
Contractor/Recyclables collected (tons annually)	- (B)	- (B)	- (B)	- (B)	- (B)
City Crews/Recyclables collected (tons annually)	-	-	-	-	-
Other public works					
Street resurfacing (miles)	10.41	10.41	40.00	53.00	16.00
Potholes repaired	1,560	1,106	440	382	460
Water					
Number of service connections	32,801	33,591	33,818	34,667	35,677
Water main breaks	126	102	148	156	160
Average daily consumption (thousands of gallons)	13.7 MGD	13.7 MGD	13.6 MGD	14.2 MGD	14.6 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater					
Average daily sewage treatment (thousands of gallons)	11.2 MGD	9.7 MGD	10.7 MGD	9.28 MGD	9.75 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	29,790	30,471	31,178	32,086	32,924
Transit					
Total route miles	306,067	292,928	297,125	298,609	834,270 (C)

Schedule 19
City of Gastonia
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Police					
Stations	1	1	1	1	1
Patrol Units	155	156	156	156	140
Fire Stations	8	8	8	8	8
Refuse collection					
Collection trucks	25	26	26	26	24
Other Public Works					
Streets (miles)	339.99	340.97	343	345	348
Streetlights	9261	9397	9741	9835	10031
Parks and recreation					
Acreage	587	587	587	587	587
Parks	16	16	16	16	16
Baseball/softball diamonds	19	19	19	19	19
Soccer fields	4	4	4	4	4
Community Centers	6	6	6	6	6
Golf Courses	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	32	28	28	28	28
Pickleball Courts	-	-	-	-	-
Jogging Tracks	8	8	8	8	8
Skeet & Trap Range	1	1	1	1	1
Franklin Urban Sports & Entertainment Facility	-	-	-	-	-
Museums	1	1	1	1	1
Water					
Water mains (miles)	597.42	600.62	601	664	675
Fire Hydrants	3592	3622	4179	4205	4185
Maximum daily capacity of plant in gallons	25.2 MGD	25.2 MGD	25.2 MGD	26.0 MGD	27.3 MGD
Wastewater					
Number of treatment plants	3	3	3	3	3
Sanitary Sewers (miles)	558.91	561.55	561	628	628
Storm sewers (miles)	160	160	160	160	168
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit					
Buses	8	8	8	8	8
Microtransit vans	-	-	-	-	-
ADA vans	5	5	5	5	5
Electric					
Distribution miles	474	487	489	497	509
Customers	27906	28208	28496	28919	29130
Conference Centers	1	1	1	1	1

Sources: Various City Departments

Notes:

(A) In the 2021 fiscal year the City opened the Franklin Urban Sports & Entertainment Facility, a 5,000-seat baseball field and entertainment venue.

(B) In the 2023 fiscal year the City constructed 15 outdoor pickleball courts.

Schedule 19
City of Gastonia
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	Fiscal Year				
	2021	2022	2023	2024	2025
Police					
Stations	1	1	1	1	1
Patrol Units	156	140	142	157	147
Fire Stations	8	8	8	8	8
Refuse collection					
Collection trucks	25	25	26	24	29
Other Public Works					
Streets (miles)	352	354	358	361	387
Streetlights	10076	10148	10223	10281	10281
Parks and recreation					
Acreage	742	742	748	748	748
Parks	18	18	19	19	19
Baseball/softball diamonds	19	19	19	19	19
Soccer fields	4	4	6	6	6
Community Centers	6	6	6	6	6
Golf Courses	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	28	28	28	28	28
Pickleball Courts	-	-	15 (l)	15 (l)	15
Jogging Tracks	8	8	8	8	8
Skeet & Trap Range	1	1	1	1	1
Franklin Urban Sports & Entertainment Facility	1 (u)	1	1	1	1
Museums	1	1	1	1	1
Water					
Water mains (miles)	675	686	709	722	736
Fire Hydrants	4185	4400	4489	4712	4810
Maximum daily capacity of plant in gallons	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater					
Number of treatment plants	3	3	3	3	3
Sanitary Sewers (miles)	628	650	671	671	682
Storm sewers (miles)	168	170	170	170	170
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit					
Buses	8	11	11	11	0
Microtransit vans	-	-	-	-	23
ADA vans	5	5	5	5	3
Electric					
Distribution miles	509	509	526	526	526
Customers	29130	30317	30750	31231	31336
Conference Centers	1	1	1	1	1



SUPPLEMENTARY INFORMATION
COMPLIANCE SECTION



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Gastonia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2026. Our report includes a reference to other auditors who audited the financial statements of the City of Gastonia ABC Board, as described in our report on the City of Gastonia, North Carolina's, financial statements. The financial statements of the Gastonia Tourism Development Authority and the City of Gastonia ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Gastonia Tourism Development Authority and the City of Gastonia ABC Board or that are reported on separately by those auditors who audited the financial statements of the City of Gastonia ABC Board.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gastonia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gastonia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gastonia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Gastonia's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 20, 2026

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance, Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Gastonia, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major federal programs for the year ended June 30, 2025. The City of Gastonia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Gastonia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Gastonia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Gastonia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Gastonia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Gastonia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Gastonia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in*

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 20, 2026



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance, Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Gastonia, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major state programs for the year ended June 30, 2025. The City of Gastonia's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Gastonia's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Gastonia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Gastonia's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Gastonia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Gastonia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Gastonia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control*

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 20, 2026



CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Public Safety Partnership and Community Policing Grants	16.710
Federal Transit Cluster	20.507
BRIC: Building Resilient Infrastructure and Communities	97.047

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

State Capital Infrastructure Fund
Industrial Development Fund Utility Account

Auditee qualified as state low-risk auditee? Yes

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Significant Deficiency

Finding 2025-001

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

Condition: Controls over financial reporting have been designed but not properly implemented and monitored. During our testing over payroll, we noted one employee was paid incorrectly for overtime.

Effect: Lack of proper implementation of personnel policies greatly increases the risk of an error or irregularity going undetected and can result in improper financial reporting.

Cause: Human resources did not take appropriate steps to ensure overtime paid followed the City's own personnel policy.

Recommendation: Management should strengthen internal controls over payroll processing.

Name of Contact Person: Crystal Certain, Finance Director

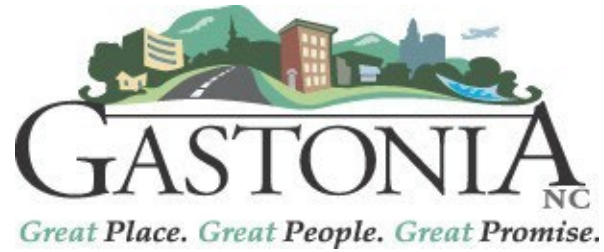
Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None reported

4. Findings and Questioned Costs Related to the Audit of State Awards

None reported



Finding: 2025-001

Name of Contact Person: Crystal Certain, Director of Financial Services

Management Response:

The practice of utilizing vacation time, sick leave, paid time off (PTO) and holiday pay towards calculating overtime for employees working after hours events has been stopped to ensure that overtime pay follows the City's personnel policy and complies with the FLSA.

Proposed Completion Date: Effective immediately.

CITY OF GASTONIA, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

None reported

CITY OF GASTONIA, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
Federal Grants:						
<u>U.S. Dept. of Housing and Urban Development</u>						
Direct Program:						
CDBG - Entitlement/Special Purpose Grants Cluster						
Community Development Block Grant/Entitlement Grants	14.218		\$ 530,814	\$ -	\$ 89,969	\$ 12,515
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218		379,634	-	-	-
Total CDBG - Entitlement/Special Purpose Grants Cluster			910,448	-	89,969	12,515
Home Investment Partnership Program	14.239		821,106	-	416,575	18,105
Housing Counseling Assistance Program	14.169		6,565	-	-	51
Total U.S. Dept. of Housing and Urban Development			1,738,119	-	506,544	30,671
<u>U.S. Dept. of Transportation</u>						
Direct Program:						
Federal Transit Cluster						
Federal Transit Formula Grants						
COVID-19 Urbanized Area Formula-Capital-ARPA	20.507	NC-2022-020-00 5307 ARP	71,952	-	-	-
Urbanized Area Formula- Capital	20.507	NC-2018-055-00	611,006	-	-	152,748
Urbanized Area Formula- Capital	20.507	NC-2019-037-00	100,000	-	-	25,001
Urbanized Area Formula- Operating	20.507	NC-2020-064-00	362,015	-	-	362,015
Urbanized Area Formula- Capital	20.507	NC-2020-064-00	412,368	-	-	103,096
Urbanized Area Formula- Capital Rolling Stock	20.507	NC-2024-060-00	8,800	-	-	2,200
Urbanized Area Formula- Capital	20.507	NC-2025-019-00	289,851	-	-	72,463
Urbanized Area Formula- Operating	20.507	NC-2025-020-00	792,619	-	-	792,348
Total Federal Transit Cluster:			2,648,611	-	-	1,509,871
Passed-through the N.C. Department of Transportation:						
Highway Planning, Research and Construction Cluster (note 5):						
Hwy Planning and Construction-Section 104(d)	20.205	104(d) Planning Funds WBS49599.1.8 Planning Funds	276,147	-	56,892	12,144
Hwy Planning and Construction-Section 5303	20.205	WBS 48478.3.4	8,960	1,120	897	223
Hwy Planning and Construction-SPR Funding	20.205	SPR Funding Planning Funds- WBS #48478.3.4/ TIP	74,875	-	15,085	3,633
Hwy Planning and Construction-Y410 Funding	20.205	SPR Funding Planning Funds- WBS #49600.3.1	6,009	-	-	-
Hwy Planning and Construction:						
Congestion Mitigation & Air Quality -Highland Branch Greenway	20.205	CMS-0321 TIP# C-5622 WBS-Con: 46399.3.F1	197,391	-	-	49,348
Congestion Mitigation & Air Quality -Armstrong Pk/Hudson Sidewalks	20.205	TIP# EB-5743 WBS-PE: 51066.1.1 Fed-Aid#: 1213040	129,998	-	-	32,500
Congestion Mitigation & Air Quality -Hudson Blvd/Redbud Dr Sidewalks	20.205	TIP# EB-5745 WBS-PE: 50423.1.1 Fed-Aid#: 1213041	114,789	-	-	28,697
Congestion Mitigation & Air Quality -Franklin to Hund Sidewalks	20.205	TIP# EB-5975 WBS-PE: 48522.1.2 Fed-Aid#: 0279012	84,966	-	-	21,242
Congestion Mitigation & Air Quality -Cox Rd/Court Dr Sidewalks	20.205	TIPS EB-5976 WBS-PE: 48523.1.1 Fed-Aid#: 2200006	77,598	-	-	19,400
Total Highway Planning, Research and Construction Cluster (note 5):			970,733	1,120	72,874	167,187
Federal Aviation Administration						
Department of Federal Aviation Administration, Transportation:						
Passed-through the NC Dept. of Transportation - Aviation Division						
Airport Improvement Program and Infrastructure						
Investment and Jobs Act Programs, and COVID-19 Airports Programs:						
Runway Lighting Rehabilitation	20.106	36237.55.13.1	4,936	-	-	548
COVID-19 CARES Grant	20.106	36237.55.12.3	32,100	-	-	-
New Terminal Building Concept Study	20.106	36237.55.15.1	6,031	-	-	670
Wildlife Perimeter Fence (Design)	20.106	36237.55.15.2	33,210	-	-	-
Total Airport Improvement Program and Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs			76,277	-	-	1,218
Total U.S. Department of Transportation			3,695,621	1,120	72,874	1,678,276
<u>U.S. Department of Justice</u>						
Direct Program:						
Equitable sharing program	16.922	NC0360600	103,061	-	-	-
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-02217-TECP	580,673	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2023JAG	37,798	-	11,100	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2024JAG	11,040	-	-	-
Passed-through the N.C. Department of Public Safety						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03000-JAGX	24,920	-	-	-
Bulletproof Vest Partnership Program	16.607	2024BVPP	26,203	-	-	26,203
Total U.S. Department of Justice			783,695	-	11,100	26,203

CITY OF GASTONIA, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
U.S. Department of Homeland Security						
Passed-through N.C. Department of Public Safety State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2023-CY-00066	197,939	-	-	-
BRIC: Building Resilient Infrastructure and Communities Pre-Disaster Mitigation Program- Big Lakewood	97.047	PDMC-PJ-04-NC-2019-004	504,064	-	-	168,021
Building Resiliency in Communities Grant- Duhart's Creek	97.047	EMA-2021-BR-005-0012	260,501	-	-	99,744
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Helene	97.036	DR-4827-NC	659,312	2,800	-	-
Homeland Security Grant Program	97.067	24HSGP026	6,447	-	-	-
Total U.S. Department of Homeland Security			1,628,263	2,800	-	267,765
U.S. Dept. of Treasury						
Direct Program COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		2,596,551	-	-	-
Passed-through N.C. Department of Environmental Quality Division of Water Infrastructure, State Fiscal Recover Fund COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-D-ARP-0334	486,643	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0065	151,138	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0066	241,966	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-SW-ARP-0044	31,185	-	-	-
Total U.S. Dept. of Treasury			3,507,483	-	-	-
Total assistance - Federal programs			11,353,181	3,920	590,518	2,002,915
State Grants:						
N. C. Dept. of Transportation						
Powell Bill		N/A	-	1,927,879	-	-
Division of Aviation: Corporate Hanger Taxilane Rehab		36244.13.4.2	-	2,447	-	-
Total N.C. Department of Transportation			-	1,930,326	-	-
N.C. Dept of Commerce						
Industrial Development Fund Utility Account		U548	-	971,165	-	-
N.C. Divison of Parks and Recreation						
Parks and Recreation Trust Fund		2023-1011	-	385,413	-	-
North Carolina Office of State Budget and Mangement						
State Capital and Infrastructure Fund - Catawba Creek Greenway Extension			-	1,492,492	-	-
African American History Museum		10132	-	50,000	-	-
Total assistance - State programs			-	4,829,396	-	-
Total assistance			\$ 11,353,181	\$ 4,833,316	\$ 590,518	\$ 2,002,915

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Gastonia under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Gastonia, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets or cash flows of the City of Gastonia.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

The City of Gastonia had the following loan balances outstanding at June 30, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstandings at June 30, 2025 consist of:

Program Name	Assistance Listing Number	Pass-Through Grantor's Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds - Southeast Sewer Expansion	66.458	CS370744-05	\$ 5,373,738

Note 5: Clusters of Programs

The Highway Planning, Research & Construction Cluster was created by the NC Department of Transportation for state purposes.

