

GASTON COUNTY SCHOOLS



shaping our future

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Morgen A. Houchard, Ed.D.

Superintendent

943 Osceola Street - P.O. Box 1397
Gastonia, NC 28053

www.gaston.k12.nc.us



Gaston County Board of Education Gastonia, North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

Morgen Houchard, Ed.D.
Superintendent

Gary F. Hoskins
*Associate Superintendent/
Chief Financial Officer*

Prepared By:
*Gaston County Schools
Finance Department*

www.gaston.k12.nc.us



GASTON COUNTY SCHOOLS



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Gaston County Board of Education



Morgen Houchard, Ed.D.
Superintendent of Schools

BOARD OF EDUCATION



JOSH CRISP
Chairman
Dallas Township



DOT CHERRY
Vice Chairman
At-Large Member



LEE DEDMON
Gastonia Township



TOD KINLAW
South Point Township



ROBBIE LOVELACE
Cherryville Township



BRENT MOORE
Crowders Mountain
Township



JEFF K. RAMSEY
At-Large Member



JANNA SMITH
Gastonia Township



A.M. STEPHENS, III
Riverbend Township

Vision

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

Mission Statement

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

Priorities and Goals

College and Career Ready

Every student will graduate prepared for college, the workforce, and other life- enhancing opportunities.

Healthy, Safe and Responsible Schools

Every student has the opportunity to learn in a safe school environment.

Innovation

Every employee uses innovative practices to serve all students, parents, and other stakeholders.

Qualified Workforce

Every employee is qualified and committed to the education of all children.

Gaston County Schools

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

www.gaston.k12.nc.us
704-866-6100
GCS 21 Education Station

Letter of Transmittal



To the Citizens of Gaston County, North Carolina.

January 29, 2026

In Compliance with the Public School Laws of North Carolina, the Annual Comprehensive Financial Report of the Gaston County Board of Education for the year ended June 30, 2025, is herewith submitted.

This report has been prepared by the Gaston County Schools Finance Department in accordance with the requirements of the Governmental Accounting Standards Board (GASB). It is published to provide citizens, parents, and other stakeholders with a clear understanding of the financial operations and condition of Gaston County Schools.

We believe the information is accurate in all material respects and presented in a manner designed to facilitate understanding of the district's financial position and results of operations. Additional analysis of financial performance is included in the Management's Discussion and Analysis (MD&A) section of this report.

Order of Presentation

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

Management's Discussion and Analysis

Generally Accepted Accounting Principles (GAAP) require management to provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located in the Financial Section immediately following the Independent Auditors' Report.

Letter of Transmittal



Reporting Entity

The Gaston County Board of Education (Board) is responsible for public education in Gaston County. The nine-member Board is elected by citizens of Gaston County and is accountable for the educational and fiscal operations of the district's 56 schools. As defined by GASB, the Board is recognized as a separate governmental reporting entity. These financial statements include all resources of Gaston County Schools – federal, state, and local – as well as funds raised at each school for athletics, fundraising, and other fees.

The Board's primary purpose is to provide public education for all residents of Gaston County. The district includes nine traditional high schools, eleven middle schools, and thirty primary/elementary/immediate schools. Special programs include two early college high schools (students earn both a high school diploma and college credits/associate degree), Highland School of Technology (a technical curricula magnet school), Warlick Academy (an alternative school), Webb Street School (serving students with disabilities), and Gaston Virtual Academy, an online school for grades K-12. The average daily membership was 30,347 for the FY ending June 30, 2025.

Long-Term Financial Planning

Gaston County Schools' long-term financial planning is guided by the Board of Education's strategic plan, which emphasizes student achievement, school safety, and technology/innovation, and a qualified workforce. The district continues to refine its five-year financial plan to align resources with instructional priorities, staffing goals, and facility needs.

A major component of long-range planning is capital investment. The district has identified nearly \$1 billion in long-term capital needs, driven by the age of facilities, enrollment patterns, and safety requirements. Nearly 70% of school buildings are more than 40 years old. Funding from the 2018 voter-approved school bonds and the quarter-cent sales tax continues to support new school construction projects, renovations, technology improvements, and critical maintenance.

With the expiration of Federal COVID-relief funding in 2024, Gaston County Schools returns to relying on its traditional revenue sources. State funding continues to represent approximately 51% of the district's operating budget, with county appropriations making up most of the remainder. Long-term planning must account for

Letter of Transmittal



rising personnel costs, competitive salary needs, inflation affecting instructional materials and contracted services, and the need to sustain successful programs previously supported by temporary federal funds.

Looking ahead, the district is focusing on maintaining fiscal stability while preparing for future capital requirements, strengthening safety and technology infrastructure, and ensuring that staffing and instructional resources keep pace with evolving student needs. Collaboration with county leaders, community partners, and state policymakers will remain essential to meeting both operational and long-term facility demands.

Current Year Accomplishments

Gaston County Schools is fully accredited by Cognia, and all schools hold full accreditation and “quality school” distinctions. The district offers Advanced Placement and honors courses, Career and Technical Education programs, Career and College Promise/College Now partnerships, services for exceptional children, and a wide range of academic, athletic, extracurricular, and fine arts opportunities.

Many schools and students have earned recognition in areas such as the arts, STEM (science, technology, engineering, and mathematics), athletics, and various academic competitions, and several schools have been named National Blue Ribbon Schools, North Carolina STEM Schools of Distinction, North Carolina A+ Schools for the Arts, or Leader in Me Lighthouse Schools.

The district also offers specialized magnet and academy programs in careers, college prep, healthcare and medical sciences, leadership, performing arts, public service, and technology/engineering. The Career Exploration Center, which opened in August 2024, provides hands-on career pathway experiences, and a new cosmetology lab at Hunter Huss High School offers students real-world industry training.

Proficiency data for 2024-2025 show continued improvement in grades 3-8 with gains in both reading and math across nearly all grade levels. Overall district proficiency is 48.4%, and while this is slightly lower than last year, the decline is largely due to the state’s renowned science and biology tests, which produced lower scores statewide. Notable gains include fourth grade in both reading and math, and significant improvements at several elementary, middle, and high schools. At the high school level, Math III proficiency increased, though Math I and English II declined.

Letter of Transmittal



Gaston County Schools maintains a strong school safety record with a comprehensive approach that includes buzz-in entry systems, visitor check-ins, upgraded surveillance, and a school resource officer at every school.

Future Initiatives

Construction of the new W.P. Grier Middle School building in Gastonia has been completed. The 155,000 square-foot, two-story school can accommodate up to 1,200 students and includes modern classrooms, media center, cafeteria, multipurpose room, gymnasium, and improved traffic flow. Construction was funded through voter-approved bonds. Construction of the school's athletic complex is underway and should be completed in 2026.

Renovation and repair projects continue across the district; the projects are funded by capital funds and bonds and roofing, lighting, painting, flooring, security upgrades, and safety improvements.

Under the leadership of Superintendent Morgen A. Houchard, Ed.D., the district is actively engaging in strategic planning with stakeholders to define the district vision and set priorities for the next five years. The district also has launched an Innovation Schools initiative, selecting ten schools to implement new instructional models, culture change expectations, and extra resources to improve student achievement.

Stakeholders are encouraged to stay connected via the district website (www.gaston.k12.nc.us), school websites, social media, Spectrum Channel 21, and the district's mobile app.

Budgetary and Internal Control Structures

Gaston County Schools adopts balanced annual budgets for all governmental and proprietary funds, which are prepared on the modified accrual basis of accounting. Expenditures may not legally exceed budgeted amounts, and all purchase orders are pre-audited to ensure available funding.

The district maintains internal controls to safeguard assets and ensure proper authorization and recording of transactions. Reasonable assurance is provided that objectives are met without incurring disproportionate costs.

Letter of Transmittal



Independent Audit

Pursuant to the North Carolina School Budget and Fiscal Control Act, the district's financial statements are audited annually by Forvis Mazars, LLP, whose unmodified opinion is included in the Financial Section. Audits also comply with the Single Audit Act with separate compliance reports issued as required.

Financial Reporting Awards

Since 1993 and 1997, respectively, Gaston County Schools' Annual Comprehensive Financial Report has earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) Certificate of Excellence, recognizing high-quality, readable, and compliant reporting. These awards are renewed annually, and the 2025 report will be submitted for continued eligibility.

Acknowledgement

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

Respectfully submitted,

Morgen A. Houchard, Ed.D.
Superintendent

Gary F. Hoskins
Associate Superintendent and Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Gaston County Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gaston County Board of Education
North Carolina**

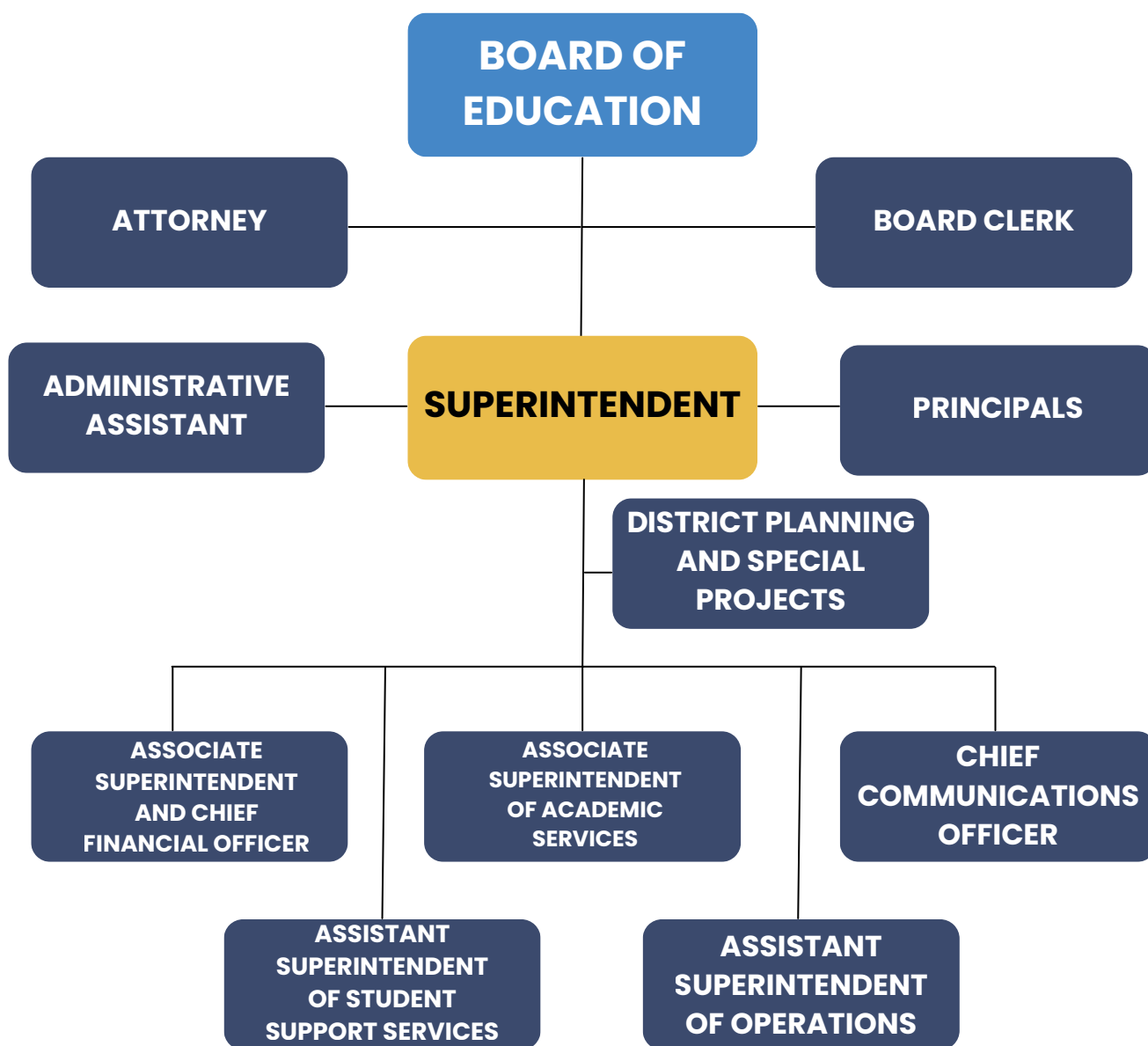
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended
June 30, 2024

Christopher P. Morill

Executive Director/CEO

GASTON COUNTY SCHOOLS

Organizational Chart






Board of Education of Gaston County Schools

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

June 30, 2025



Independent Auditor's Report

Board of Education
Gaston County Schools
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, each major fund, and the aggregate remaining fund information of the Board of Education of Gaston County Schools ("Board"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board, 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, Other Specific Revenue, State Public School and Federal Grants Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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. 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 Board, 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.

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 Board'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 Board'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 Board'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 Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, 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 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 Board's basic financial statements. The individual fund budgetary schedules and the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. In our opinion, the individual fund budgetary schedules and the accompanying schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Board'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 Board's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Raleigh, North Carolina
January 29, 2026**



This section of the Board of Education of Gaston County School's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2025. We encourage readers to read the information presented there in conjunction with additional information that we have furnished in the Board's financial statements, which follow this narrative.

Financial Highlights

- District enrollment increased slightly for the current year to 30,347 students, as compared to enrollment of 29,937 students the previous year.
- The operational expenditures per pupil increased to \$11,789 this year compared to \$11,168 for the previous year.
- Cash position decreased in the current period from \$38.7 million at June 30, 2024 to \$19.9 million at June 30, 2025.
- Unassigned fund balance for the Board decreased from \$6.2 million as of June 30, 2024 to \$2.4 million as of June 30, 2025. This represents a decrease of \$3.8 million, or 61.1%.

Overview of the Financial Statements

The audited financial statements of the Board consist of four components. They are as follows:

- Independent Auditor's Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental information and supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina, and budgetary statements for the governmental and proprietary funds.

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

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

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



Government-Wide Statements

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

The two government-wide statements report the Board's net position (deficit) and how they have changed. Net position - the difference between the total of the Board's assets and deferred outflows of resources and the total of the liabilities and deferred inflows of resources - is one way to measure the unit's financial health or position.

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

The unit's activities are divided into two categories in the government-wide statements:

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

The government-wide statements are shown as Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

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

The Board has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things - (1) how cash and other assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Revenues Fund, and the Federal Grants Fund.

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

**Board of Education of Gaston County Schools
Management's Discussion and Analysis
June 30, 2025**



Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Board's only proprietary fund is an enterprise fund, the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

The net deficit is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$50.3 million as of June 30, 2025.

Following is a summary of the Statement of Net Position (Deficit):

**Condensed Statement of Net Position (Deficit)
as of June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 18,470,070	\$ 37,866,589	\$ 4,732,640	\$ 5,618,499	\$ 23,202,710	\$ 43,485,088
Capital assets	315,493,369	286,839,253	2,222,042	2,474,627	317,715,411	289,313,880
Total Assets	333,963,439	324,705,842	6,954,682	8,093,126	340,918,121	332,798,968
Deferred outflows of resources	164,219,365	149,857,100	4,888,918	4,460,031	169,108,283	154,317,131
Current liabilities	18,468,537	30,141,390	443,670	1,542,524	18,912,207	31,683,914
Long-term liabilities	462,831,573	412,658,764	14,141,846	12,573,817	476,973,419	425,232,581
Total Liabilities	481,300,110	442,800,154	14,585,516	14,116,341	495,885,626	456,916,495
Deferred inflows of resources	62,622,082	97,763,930	1,853,085	2,884,330	64,475,167	100,648,260
Net investment in capital assets	315,493,369	286,839,253	2,030,598	2,188,881	317,523,967	289,028,134
Restricted net position	3,977,412	3,967,088	11,769	-	3,989,181	3,967,088
Unrestricted net deficit	(365,210,169)	(356,807,483)	(6,637,368)	(6,636,395)	(371,847,537)	(363,443,878)
Total Net Deficit	\$ (45,739,388)	\$ (66,001,142)	\$ (4,595,001)	\$ (4,447,514)	\$ (50,334,389)	\$ (70,448,656)

The primary reason for the total net deficit and unrestricted net deficit in the current year is the presentation of the board's proportionate share of the net pension liability and net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, and Governmental Accounting Standards Board Statement No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The net pension liability, net OPEB liabilities, and related components has a \$348.8 million negative effect on the Board's overall net deficit.

**Board of Education of Gaston County Schools
Management's Discussion and Analysis
June 30, 2025**



The following table shows the revenues and expenses for the Board for the current fiscal year.

Condensed Statement of Activities						
For the Fiscal Years Ended June 30, 2025 and 2024						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	\$ 7,296,651	\$ 7,404,684	\$ 2,292,161	\$ 2,415,913	\$ 9,588,812	\$ 9,820,597
Operating grants and contributions	258,375,938	271,233,093	21,245,947	18,501,408	279,621,885	289,734,501
Capital grants and contributions	383,352	-	144,012	354,027	527,364	354,027
General Revenues						
Unrestricted county appropriations	95,636,658	98,105,811	-	-	95,636,658	98,105,811
Other revenues	15,716,220	15,272,002	58,764	63,576	15,774,984	15,335,578
Total Revenues	377,408,819	392,015,590	23,740,884	21,334,924	401,149,703	413,350,514
Expenses						
Governmental Activities						
Instructional services	275,184,327	265,330,340	-	-	275,184,327	265,330,340
System-wide support services	67,519,138	58,440,847	-	-	67,519,138	58,440,847
Ancillary services	250,534	326,581	-	-	250,534	326,581
Non-programmed charges	6,570,696	6,486,861	-	-	6,570,696	6,486,861
Unallocated depreciation expense	8,226,085	3,754,970	-	-	8,226,085	3,754,970
Business-Type Activities						
School food service	-	-	23,932,120	23,081,256	23,932,120	23,081,256
Total Expenses	357,750,780	334,339,599	23,932,120	23,081,256	381,682,900	357,420,855
Change in Net Deficit	19,658,039	57,675,991	(191,236)	(1,746,332)	19,466,803	55,929,659
Net Position (Deficit), Beginning, (2025 restated)	(65,397,427)	(123,677,133)	(4,403,765)	(2,701,182)	(69,801,192)	(126,378,315)
Net Deficit, Ending	\$ (45,739,388)	\$ (66,001,142)	\$ (4,595,001)	\$ (4,447,514)	\$ (50,334,389)	\$ (70,448,656)

During the year ended June 30, 2025, governmental activities generated revenues of \$377.4 million and incurred expenses of \$357.7 million, resulting in a decrease in the net deficit for these activities of \$19.7 million. Overall, revenues were down by \$14.6 million when compared to the prior year, while expenses increased \$23.4 million. The decrease in revenues was primarily the result of decreases in operating grants and contributions totaling \$12.9 million related to decreases in federal grants. The increase in expenses were related increased in instructional services of \$8.8 million and system-wide support services of \$10.1 million, driven by increases in net pension and OPEB expenses. Primary sources of revenue were funding from the State of North Carolina, Gaston County, and the United States government, which respectively comprised 64.3%, 25.3%, and 5.8% of our revenues. As would be expected, the major component of the Board's expenses were instructional services, which accounted for 76.6% of our total during the most recent fiscal year for governmental activities. Of the remaining expenses for governmental activities, 19.1% was attributable to system-wide support services

Business-type activities generated revenue of \$23.7 million and incurred expenses of \$23.9 million, resulting in an increase in net deficit of \$191 thousand as compared to an increase of \$1.7 million in the prior year. Revenues increased by \$2.4 million primarily related to increases in operating grants of \$2.7 million driven by increases in participation. Expenses increased by \$688 thousand primarily related to increases in food cost and salaries and benefits of \$678 thousand and \$890 thousand, respectively, offset by decreases in indirect costs of \$902 thousand.



Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$1.6 million at June 30, 2025, a \$12.3 million decrease when compared to the prior year. Overall, total revenues decreased by \$17.1 million compared to the prior year, while total expenditures decreased by \$8.4 million.

For the fiscal year ended June 30, 2025, the Board's General Fund and the Other Specific Revenues Fund experienced a net decrease in fund balance of \$3.9 million and \$8.4 million, respectively.

Revenues in the General Fund during this same period increased by \$535 thousand to \$53.5 million due to increases in county appropriations. Expenditures in the General Fund increased \$5.4 million related to an increase in regular instructional and school-based support expenditures of \$4 million and \$2.1 million, respectively.

Revenues in the Other Specific Fund during this same period decreased by \$2 million due to decreases in funds from the county. Expenditures in the Other Specific Fund increased \$1.2 million related to an increase in regular instructional expenditures and non-programmed charges expenditures of \$283 thousand and \$599 thousand, respectively.

The Board's State Public School Fund and Federal Grants Fund recognized changes in revenues of \$13.6 million thousand or 6.1% and \$(26.4) million or (54.9%), respectively. The increases in State Public School Fund is attributable to increases in headcount. The decrease in Federal Grants Fund is attributable to decreases in the Education Stabilization and relief funds related to the COVID-19 Pandemic.

The Board's Individual Schools Fund and Capital Outlay Fund had a net change in fund balance of \$(194) thousand and \$235 thousand, respectively. In comparison to the prior year, the Individual Schools Fund and Capital Outlay Fund had a net change of \$(5) thousand and \$429 thousand, respectively.

Proprietary Funds: The Board's business-type fund, the School Food Service Fund, generated an increase in the net deficit of \$191 thousand during the year ended June 30, 2025, compared to an increase in the net deficit of \$1.7 million during the year ended June 30, 2024. Revenues increased by \$2.4 million primarily related to increases in operating grants of \$2.7 million driven by increases in participation within the fund. Expenditures increased by \$688 thousand primarily related to increases in food cost and salaries and benefits of \$678 thousand and \$890 thousand, respectively, offset by decreases in indirect costs of \$902 thousand.

General Fund Budgetary Highlights

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



Capital Assets

During the fiscal year ended June 30, 2025, capital assets, net of accumulated depreciation/amortization, increased by \$28.6 million for governmental activities and decreased by \$253 thousand for business-type activities, compared to the prior year. Total depreciation/amortization charges for the year ended June 30, 2025 was \$8.4 million for governmental activities. Total depreciation charges for the year ended June 30, 2025 was \$376 thousand for business-type activities. For more detailed information, please see Capital Assets in Note 3 in the accompanying notes to the financial statements.

**Summary of Capital Assets
as of June 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 23,267,181	\$ 23,252,002	\$ -	\$ -	\$ 23,267,181	\$ 23,252,002
Construction in progress	46,114,427	26,776,870	-	-	46,114,427	26,776,870
Buildings and improvements	233,689,927	225,887,831	-	-	233,689,927	225,887,831
Equipment and furniture	5,769,583	4,322,782	2,040,306	2,202,022	7,809,889	6,524,804
Vehicles	6,652,251	6,599,768	-	-	6,652,251	6,599,768
Right-to-use subscription assets	-	-	181,736	272,605	181,736	272,605
Total	\$ 315,493,369	\$ 286,839,253	\$ 2,222,042	\$ 2,474,627	\$ 317,715,411	\$ 289,313,880

Debt Outstanding

The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used.

During the year ended June 30, 2025, the Board issued an installment purchase obligation for governmental activities. For more detailed information, please see Long-Term Obligations in Note 3 in the accompanying notes to the financial statements.

Economic Factors

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

- For the fiscal year 2024-2025, the County provided approximately \$95.6 million for local current operating and capital expenditures.
- Gaston County has over 4,100 businesses and government entities, with the largest employment numbers in the following sectors: Services, Retail Trade, Construction, Manufacturing, Finance, Insurance and Real Estate.

**Board of Education of Gaston County Schools
Management's Discussion and Analysis
June 30, 2025**



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

Indicator	Gaston County	North Carolina
Homeownership rate (2023)	67.77%	64.50%
Employed (June 2025)	113,680	5,094,473
Unemployment rate (June 2025)	4.00%	4.00%
Population (2023)	237,242	10,835,491
Per Capita Personal Income (2023)	\$52,373	\$61,839

Data source: Federal Reserve Bank of St. Louis (U.S. Census Bureau), North Carolina Department of Commerce - Labor and Economic Analysis, U.S. Department of Commerce - Bureau of Economic Analysis

Requests for Information

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

Gary F. Hoskins
Associate Superintendent and Chief Financial Officer
Board of Education of Gaston County Schools
1351 Bradford Heights Road
Gastonia, North Carolina 28054

Basic Financial Statements

Board of Education of Gaston County Schools
Statement of Net Position (Deficit)
June 30, 2025

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,331,964	\$ 4,589,699	\$ 19,921,663
Receivables	413,865	-	413,865
Due from other governments	1,428,397	366,351	1,794,748
Inventories	-	779,267	779,267
Internal balances	1,011,202	(1,011,202)	-
Net OPEB asset	284,642	8,525	293,167
Capital assets not being depreciated	69,381,608	-	69,381,608
Capital assets, net of depreciation/amortization	246,111,761	2,222,042	248,333,803
Total Assets	333,963,439	6,954,682	340,918,121
DEFERRED OUTFLOWS OF RESOURCES	164,219,365	4,888,918	169,108,283
LIABILITIES			
Accounts payable and accrued expenses	4,147,563	144,430	4,291,993
Accrued salaries and wages payable	2,057,568	-	2,057,568
Unearned revenues	10,386,734	145,516	10,532,250
Long-term liabilities			
Due within one year	1,876,672	153,724	2,030,396
Due in more than one year	462,831,573	14,141,846	476,973,419
Total Liabilities	481,300,110	14,585,516	495,885,626
DEFERRED INFLOWS OF RESOURCES	62,622,082	1,853,085	64,475,167
NET POSITION (DEFICIT)			
Net investment in capital assets	315,493,369	2,030,598	317,523,967
Restricted for			
Stabilization by state statute	17,305	-	17,305
School capital outlay	235,723	-	235,723
DIPNC OPEB plan	393,246	11,769	405,015
Individual schools	3,331,138	-	3,331,138
Unrestricted	(365,210,169)	(6,637,368)	(371,847,537)
Total Net Position (Deficit)	\$ (45,739,388)	\$ (4,595,001)	\$ (50,334,389)

See Notes to Financial Statements

**Board of Education of Gaston County Schools
Statement of Activities
Year Ended June 30, 2025**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
Instructional services							
Regular instructional	\$ 156,507,652	\$ -	\$ 137,571,314	\$ -	\$ (18,936,338)	\$ -	\$ (18,936,338)
Special populations	39,001,113	-	35,112,245	-	(3,888,868)	-	(3,888,868)
Alternative programs	21,734,887	-	15,727,763	-	(6,007,124)	-	(6,007,124)
School leadership	22,604,789	-	16,979,342	-	(5,625,447)	-	(5,625,447)
Co-curricular	9,611,078	-	-	-	(9,611,078)	-	(9,611,078)
School-based support	25,724,808	7,296,651	22,443,139	-	4,014,982	-	4,014,982
System-wide support services							
Support and development	3,008,699	-	1,126,323	-	(1,882,376)	-	(1,882,376)
Special population support and development	1,706,068	-	1,666,013	-	(40,055)	-	(40,055)
Alternative programs and services support and development	1,252,404	-	891,751	-	(360,653)	-	(360,653)
Technology support	2,464,237	-	1,174,959	-	(1,289,278)	-	(1,289,278)
Operational support	46,733,379	-	21,908,704	383,352	(24,441,323)	-	(24,441,323)
Financial and human resources	7,501,541	-	1,409,148	-	(6,092,393)	-	(6,092,393)
Accountability	704,327	-	545,974	-	(158,353)	-	(158,353)
System-wide pupil support	1,025,088	-	293,190	-	(731,898)	-	(731,898)
Policy, leadership and public relations	3,123,395	-	843,153	-	(2,280,242)	-	(2,280,242)
Ancillary services	250,534	-	199,844	-	(50,690)	-	(50,690)
Non-programmed charges charged to programs	6,570,696	-	483,076	-	(6,087,620)	-	(6,087,620)
	8,226,085	-	-	-	(8,226,085)	-	(8,226,085)
Total Governmental Activities	357,750,780	7,296,651	258,375,938	383,352	(91,694,839)	-	(91,694,839)
Business-Type Activities							
School food service	23,932,120	2,292,161	21,245,947	144,012	-	(250,000)	(250,000)
Total Business-Type Activities	23,932,120	2,292,161	21,245,947	144,012	-	(250,000)	(250,000)
Total Primary Government	\$ 381,682,900	\$ 9,588,812	\$ 279,621,885	\$ 527,364	(91,694,839)	(250,000)	(91,944,839)
General Revenues							
Unrestricted county appropriations - operating					53,501,704	-	53,501,704
Unrestricted county appropriations - capital					42,134,954	-	42,134,954
Investment earnings, unrestricted					605,905	-	605,905
State OPEB contribution - non-capital					92,261	2,755	95,016
Miscellaneous, unrestricted					15,018,054	56,009	15,074,063
Total General Revenues					111,352,878	58,764	111,411,642
Change in Net Deficit					19,658,039	(191,236)	19,466,803
Net Deficit, Beginning, as Previously Reported					(66,001,142)	(4,447,514)	(70,448,656)
Restatement					603,715	43,749	647,464
Net Deficit, Beginning, as Restated					(65,397,427)	(4,403,765)	(69,801,192)
Net Deficit, Ending					\$ (45,739,388)	\$ (4,595,001)	\$ (50,334,389)

See Notes to Financial Statements

Board of Education of Gaston County Schools
Balance Sheet
Governmental Funds
June 30, 2025

Exhibit 3

	Major Funds					Total Governmental Funds	
	General	State Public School	Federal Grants	Capital Outlay	Individual Schools		Other Specific Revenue
ASSETS							
Cash and cash equivalents	\$ 7,476,558	\$ -	\$ -	\$ 240,495	\$ 3,533,991	\$ 4,080,920	\$ 15,331,964
Receivables	-	-	-	-	-	413,865	413,865
Due from other governments	17,305	-	-	1,411,092	-	-	1,428,397
Due from other funds	-	-	-	-	-	1,015,974	1,015,974
Total Assets	\$ 7,493,863	\$ -	\$ -	\$ 1,651,587	\$ 3,533,991	\$ 5,510,759	\$ 18,190,200
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 1,800,883	\$ -	\$ -	\$ 1,411,092	\$ 202,853	\$ 732,735	\$ 4,147,563
Accrued salaries and benefits payable	1,341,295	-	-	-	-	716,273	2,057,568
Due to other funds	-	-	-	4,772	-	-	4,772
Unearned revenue	1,928,746	-	-	-	-	8,457,988	10,386,734
Total Liabilities	5,070,924	-	-	1,415,864	202,853	9,906,996	16,596,637
Fund Balances (Deficit)							
Restricted							
Stabilization by State Statute	17,305	-	-	-	-	-	17,305
School Capital Outlay	-	-	-	235,723	-	-	235,723
Individual Schools	-	-	-	-	3,331,138	-	3,331,138
Unassigned	2,405,634	-	-	-	-	(4,396,237)	(1,990,603)
Total Fund Balances (Deficit)	2,422,939	-	-	235,723	3,331,138	(4,396,237)	1,593,563
Total Liabilities and Fund Balances	\$ 7,493,863	\$ -	\$ -	\$ 1,651,587	\$ 3,533,991	\$ 5,510,759	
Amounts reported for governmental activities in the Statement of Net Position (Deficit) (Exhibit 1) are different because:							
Net OPEB asset							284,642
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.							315,493,369
Deferred outflows of resources related to pensions							67,964,100
Deferred outflows of resources related to OPEB							96,255,265
Some liabilities, including compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds.							(14,031,926)
Net pension liability							(147,400,108)
Net OPEB liabilities							(303,276,211)
Deferred inflows of resources related to pensions							(6,171,024)
Deferred inflows of resources related to OPEB							(56,451,058)
Net Position of Governmental Activities							\$ (45,739,388)

Board of Education of Gaston County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

Exhibit 4

	Major Funds					Total Governmental Funds	
	General	State Public School	Federal Grants	Capital Outlay	Individual Schools		Other Specific Revenue
Revenues							
Intergovernmental							
State of North Carolina	\$ -	\$ 236,693,422	\$ -	\$ 383,352	\$ -	\$ 5,738,366	\$ 242,815,140
Gaston County							
Local Current Expense	53,501,704	-	-	-	-	-	53,501,704
Other	-	-	-	42,134,954	-	-	42,134,954
U.S. Government	-	-	21,682,516	-	-	202,345	21,884,861
Other	2,028,372	-	-	-	7,296,651	8,137,952	17,462,975
Total Revenues	55,530,076	236,693,422	21,682,516	42,518,306	7,296,651	14,078,663	377,799,634
Expenditures							
Current							
Instructional services							
Regular instructional	15,369,336	137,033,371	537,943	-	-	5,401,287	158,341,937
Special populations	2,103,328	27,813,576	7,298,669	-	-	2,212,683	39,428,256
Alternative programs	427,176	6,157,582	9,570,181	-	-	5,783,899	21,938,838
School leadership	5,852,034	16,979,342	-	-	-	80,108	22,911,484
Co-curricular	2,110,653	-	-	-	7,490,330	29,491	9,630,474
School-based support	1,554,112	21,706,808	736,331	-	-	2,020,217	26,017,468
System-wide support services							
Support and development	1,921,804	252,697	873,626	-	-	-	3,048,127
Special population support and development	9,213	610,534	1,055,479	-	-	53,947	1,729,173
Alternative programs and services support and development	167,777	2,367	889,384	-	-	206,700	1,266,228
Technology support	1,031,575	1,174,959	-	-	-	287,106	2,493,640
Operational support	15,840,167	21,865,854	42,850	-	-	2,736,279	40,485,150
Financial and human resources	3,546,261	1,319,617	89,531	-	-	2,595,655	7,551,064
Accountability	167,486	534,348	11,626	-	-	-	713,460
System-wide pupil support	691,557	293,190	-	-	-	51,889	1,036,636
Policy, leadership and public relations	2,284,409	843,153	-	-	-	26,942	3,154,504
Ancillary services	-	106,024	93,820	-	-	52,922	252,766
Non-programmed charges	6,437,698	-	483,076	-	-	132,998	7,053,772
Debt service							
Principal	-	-	-	295,342	-	-	295,342
Capital outlay							
Real property and buildings	-	-	-	41,654,650	-	819,500	42,474,150
Furnishings and equipment	-	-	-	77,642	-	-	77,642
Buses and motor vehicles	-	-	-	845,632	-	-	845,632
Total Expenditures	59,514,586	236,693,422	21,682,516	42,873,266	7,490,330	22,491,623	390,745,743
Excess (Deficiency) of Revenues over Expenditures	(3,984,510)	-	-	(354,960)	(193,679)	(8,412,960)	(12,946,109)
Other Financing Sources (Uses)							
Installment obligations issued	-	-	-	590,683	-	-	590,683
Total Other Financing Sources (Uses)	-	-	-	590,683	-	-	590,683
Net Change in Fund Balances	(3,984,510)	-	-	235,723	(193,679)	(8,412,960)	(12,355,426)
Fund Balances, Beginning of Year	6,407,449	-	-	-	3,524,817	4,016,723	13,948,989
Fund Balances (Deficit), End of Year	\$ 2,422,939	\$ -	\$ -	\$ 235,723	\$ 3,331,138	\$ (4,396,237)	\$ 1,593,563

See Notes to Financial Statements

Board of Education of Gaston County Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Exhibit 5

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

Net changes in fund balances - total governmental funds \$ (12,355,426)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. 30,040,207

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities 31,276,771

Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities 11,971,800

State OPEB contribution 92,261
 Net OPEB benefit 3,709,453

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (442,365)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.
 Loss on disposal of capital assets (1,386,091)
 Pension expense (43,248,571)

Total Changes in Net Deficit of Governmental Activities \$ 19,658,039

Board of Education of Gaston County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Year Ended June 30, 2025

Exhibit 6
Page 1 of 4

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Gaston County	53,501,704	53,501,704	53,501,704	-
U.S. Government	-	-	-	-
Other	800,000	1,100,000	2,028,372	928,372
Total Revenues	54,301,704	54,601,704	55,530,076	928,372
Expenditures				
Current				
Instructional services				
Regular instructional	12,004,728	13,129,087	15,369,336	(2,240,249)
Special populations	1,633,101	1,642,061	2,103,328	(461,267)
Alternative programs	288,644	309,731	427,176	(117,445)
School leadership	4,802,287	4,748,501	5,852,034	(1,103,533)
Co-curricular	1,515,930	1,872,162	2,110,653	(238,491)
School-based support	2,020,740	1,881,256	1,554,112	327,144
System-wide support services				
Support and development	1,144,273	1,314,515	1,921,804	(607,289)
Special population support and development	122,091	44,509	9,213	35,296
Alternative programs and services support and development	164,514	167,647	167,777	(130)
Technology support	2,934,813	1,720,355	1,031,575	688,780
Operational support	15,639,375	15,114,453	15,840,167	(725,714)
Financial and human resources	2,911,411	3,136,219	3,546,261	(410,042)
Accountability	123,436	296,908	167,486	129,422
System-wide pupil support	453,495	574,246	691,557	(117,311)
Policy, leadership, and public relations	2,212,900	2,212,054	2,284,409	(72,355)
Ancillary services	29,966	-	-	-
Non-programmed charges	6,300,000	6,438,000	6,437,698	302
Capital outlay	-	-	-	-
Total Expenditures	54,301,704	54,601,704	59,514,586	(4,912,882)
Excess (Deficiency) of Revenues over Expenditures	-	-	(3,984,510)	(3,984,510)
Other Financing Uses				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	(3,984,510)	\$ (3,984,510)
Fund Balance, Beginning of Year			6,407,449	
Fund Balance, End of Year			\$ 2,422,939	

See Notes to Financial Statements

Board of Education of Gaston County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Year Ended June 30, 2025

	State Public School Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ 220,909,905	\$ 242,820,053	\$ 236,693,422	\$ (6,126,631)
Gaston County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>220,909,905</u>	<u>242,820,053</u>	<u>236,693,422</u>	<u>(6,126,631)</u>
Expenditures				
Current				
Instructional services				
Regular instructional	130,342,565	137,322,918	137,033,371	289,547
Special populations	26,984,837	29,163,773	27,813,576	1,350,197
Alternative programs	10,639,724	7,955,442	6,157,582	1,797,860
School leadership	14,848,821	17,571,650	16,979,342	592,308
Co-curricular	-	-	-	-
School-based support	15,499,505	23,244,071	21,706,808	1,537,263
System-wide support services				
Support and development	675,171	330,735	252,697	78,038
Special population support and development	726,794	871,803	610,534	261,269
Alternative programs and services support and development	143,457	5,592	2,367	3,225
Technology support	443,328	1,174,959	1,174,959	-
Operational support	17,420,741	21,966,224	21,865,854	100,370
Financial and human resources	1,520,783	1,319,617	1,319,617	-
Accountability	451,559	484,288	534,348	(50,060)
System-wide pupil support	230,412	309,022	293,190	15,832
Policy, leadership, and public relations	889,043	821,495	843,153	(21,658)
Ancillary services	93,165	278,464	106,024	172,440
Non-programmed charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>220,909,905</u>	<u>242,820,053</u>	<u>236,693,422</u>	<u>6,126,631</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Other Financing Uses				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ -</u>	

See Notes to Financial Statements

Board of Education of Gaston County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Year Ended June 30, 2025

Exhibit 6
Page 3 of 4

	Other Specific Revenue Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ 7,700,000	\$ 6,493,531	\$ 5,738,366	\$ (755,165)
Gaston County	-	-	-	-
U.S. Government	-	-	202,345	202,345
Other	12,775,555	26,206,040	8,137,952	(18,068,088)
Total Revenues	<u>20,475,555</u>	<u>32,699,571</u>	<u>14,078,663</u>	<u>(18,620,908)</u>
Expenditures				
Current				
Instructional services				
Regular instructional	880,119	2,602,418	5,401,287	(2,798,869)
Special populations	4,649,900	7,994,150	2,212,683	5,781,467
Alternative programs	7,510,261	5,928,027	5,783,899	144,128
School leadership	1,229	39,507	80,108	(40,601)
Co-curricular	8,744	28,744	29,491	(747)
School-based support	1,734,652	3,436,497	2,020,217	1,416,280
System-wide support services				
Support and development	4,000	42,160	-	42,160
Special population support and development	198,341	314,341	53,947	260,394
Alternative programs and services support and development	-	93,276	206,700	(113,424)
Technology support	-	287,106	287,106	-
Operational support	2,552,858	3,371,339	2,736,279	635,060
Financial and human resources	2,614,635	7,167,788	2,595,655	4,572,133
Accountability	-	-	-	-
System-wide pupil support	201,028	264,903	51,889	213,014
Policy, leadership, and public relations	34,788	18,478	26,942	(8,464)
Ancillary services	-	107,620	52,922	54,698
Non-programmed charges	85,000	183,717	132,998	50,719
Capital outlay	-	819,500	819,500	-
Total Expenditures	<u>20,475,555</u>	<u>32,699,571</u>	<u>22,491,623</u>	<u>10,207,948</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(8,412,960)	(8,412,960)
Other Financing Uses				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(8,412,960)</u>	<u>\$ (8,412,960)</u>
Fund Balance, Beginning of Year			<u>4,016,723</u>	
Fund Deficit, End of Year			<u>\$ (4,396,237)</u>	

See Notes to Financial Statements

Board of Education of Gaston County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
Year Ended June 30, 2025

Exhibit 6
Page 4 of 4

	Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Gaston County	-	-	-	-
U.S. Government	5,653,326	26,881,452	21,682,516	(5,198,936)
Other	-	-	-	-
Total Revenues	5,653,326	26,881,452	21,682,516	(5,198,936)
Expenditures				
Current				
Instructional services				
Regular instructional	52,197	565,310	537,943	27,367
Special populations	2,142,552	8,925,044	7,298,669	1,626,375
Alternative programs	3,068,699	11,595,257	9,570,181	2,025,076
School leadership	-	1,000	-	1,000
Co-curricular	-	-	-	-
School-based support	180,990	1,050,283	736,331	313,952
System-wide support services				
Support and development	40,858	1,124,674	873,626	251,048
Special population support and development	20,000	1,383,254	1,055,479	327,775
Alternative programs and services support and development	42,470	962,334	889,384	72,950
Technology support	-	-	-	-
Operational support	9,000	221,318	42,850	178,468
Financial and human resources	-	112,174	89,531	22,643
Accountability	-	34,603	11,626	22,977
System-wide pupil support	-	600	-	600
Policy, leadership, and public relations	-	-	-	-
Ancillary services	93,820	96,083	93,820	2,263
Non-programmed charges	2,740	809,518	483,076	326,442
Capital outlay	-	-	-	-
Total Expenditures	5,653,326	26,881,452	21,682,516	5,198,936
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Other Financing Uses				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

See Notes to Financial Statements

Board of Education of Gaston County Schools
Statement of Net Position (Deficit)
Proprietary Fund
June 30, 2025

Exhibit 7

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,589,699
Due from other governments	366,351
Inventories	<u>779,267</u>
Total Current Assets	5,735,317
Noncurrent Assets	
Net OPEB asset	8,525
Capital assets	
Furniture and equipment, net	2,040,306
Right-to-use subscription asset, net	<u>181,736</u>
Total Assets	<u>7,965,884</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,888,918</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	144,430
Due to other funds	1,011,202
Unearned revenue	145,516
Current portion of long-term obligations	<u>153,724</u>
Total Current Liabilities	<u>1,454,872</u>
Noncurrent Liabilities	
Net pension liability	4,384,905
Net OPEB liability	9,032,717
Subscription liability	96,199
Compensated absences	<u>628,025</u>
Total Noncurrent Liabilities	<u>14,141,846</u>
Total Liabilities	<u>15,596,718</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,853,085</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	2,030,598
Restricted - DIPNC OPEB plan	11,769
Unrestricted	<u>(6,637,368)</u>
Total Net Deficit	<u>\$ (4,595,001)</u>

See Notes to Financial Statements

Board of Education of Gaston County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
Proprietary Fund
Year Ended June 30, 2025

Exhibit 8

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Operating Revenues	
Food sales	\$ 2,292,161
Operating Expenses	
Food cost	
Purchase of food	8,685,468
Food processing supplies	893,155
Donated commodities	1,375,351
Salaries and benefits	11,795,447
Purchased services	339,326
Supplies and materials	96,617
Depreciation and amortization	375,651
Non-capitalized equipment	208,551
Total Operating Expenses	<u>23,769,566</u>
Operating Loss	<u>(21,477,405)</u>
Nonoperating Revenues (Expenses)	
Federal reimbursements	19,868,442
Federal commodities	1,375,351
State reimbursement	2,154
State OPEB contribution	2,755
Loss on disposal of capital assets	(159,696)
Interest expense	(2,858)
Other	56,009
Total Nonoperating Revenues	<u>21,142,157</u>
Loss Before Contributions	(335,248)
Capital contributions	<u>144,012</u>
Change in Net Deficit	<u>(191,236)</u>
Net Deficit, Beginning, As Previously Reported	(4,447,514)
Restatement	<u>43,749</u>
Net Deficit, Beginning, As Restated	<u>(4,403,765)</u>
Net Deficit, Ending	<u>\$ (4,595,001)</u>

See Notes to Financial Statements

**Board of Education of Gaston County Schools
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2025**

Exhibit 9

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 1,560,527
Cash paid for goods and services	(11,165,505)
Cash paid to employees for services	(11,830,049)
Other cash received	56,009
	<u>(21,379,018)</u>
Net Cash Used by Operating Activities	
Cash Flows from Noncapital Financing Activities	
Federal and state reimbursements	19,753,086
	<u>19,753,086</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(138,750)
Principal paid on subscription liability	(94,302)
Interest paid on subscription liability	(2,858)
	<u>(235,910)</u>
Net Cash Used by Capital and Related Financing Activities	
Net Change in Cash and Cash Equivalents	(1,861,842)
Cash and Cash Equivalents, Beginning of Year	6,451,541
Cash and Cash Equivalents, End of Year	<u>\$ 4,589,699</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (21,477,405)
Adjustments to reconcile operating loss to net cash used by operating activities	
State OPEB contribution	2,755
Depreciation	375,651
Donated commodities	1,375,351
Other	56,009
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources	
Change in inventories	52,984
Change in net OPEB asset	(8,525)
Change deferred outflows of resources	(428,887)
Change in accounts payable and accrued liabilities	(92,440)
Change in due to other funds	(902,932)
Change in unearned revenue	(731,634)
Change in compensated absences payable	76,166
Change in net pension liability	(588,036)
Change in net OPEB liability	1,943,170
Change deferred inflows of resources	(1,031,245)
	<u>95,632</u>
Total adjustments	95,632
Net Cash Used by Operating Activities	<u>\$ (21,379,018)</u>

Noncash Operating, Noncapital Financing, and Capital Activities

The School Food Service Fund received donated commodities with a value of \$1,375,351 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

During the fiscal year, the State Health Plan transferred assets to the Retiree Health Benefit Fund as a result of cost savings to the State Health Plan. In accordance with GASB 75, the School Food Service Fund recorded \$2,755 as a nonoperating revenue on Exhibit 8 as a result of this transfer.

During the fiscal year, capital assets of \$144,012 were contributed to the School Food Service Fund.

See Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Board of Education of Gaston County Schools (the "Board") 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 Board is a Local Education Agency empowered by state law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Gaston County, North Carolina. The members of the Board are elected by the public and have decision making authority. Although the County levies all taxes, the Board determines how the school system will spend the funds generated for schools. The County cannot modify the school system's budget, nor is the County entitled to share in any surpluses or required to finance any deficits of the school system. For these reasons, the Board as a whole is not fiscally dependent on or financially accountable to the County and therefore is recognized as a primary government.

The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board does not have any component units for which it is financially accountable, and as such, there are no component units included in the accompanying financial statements.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position (Deficit) and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

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

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

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

The Board reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. These could include federal, state, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences that are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under leases and subscriptions are reported as other financing sources.

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

D. Budgetary Data

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

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Superintendent is authorized by the Board of Education to transfer monies within a function without limitation. The Superintendent may also transfer between functions with a report on such transfers being required at the next meeting of the Board of Education. Transfers or amendments not authorized by the Superintendent require Board approval. Amendments which alter or transfer the County current expense appropriation to or from the Capital Outlay Fund require the approval of the County Commissioners. During the year, several amendments to the original budget were necessary. The budget ordinances must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the budget ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

(1) Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The Short-Term Investment Fund (STIF) is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is a SEC-registered money market mutual fund that is 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 invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAAMf by Moody's Investor Services and reported at fair value.

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025 of 2.1 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

(2) Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

(4) Capital Assets

The Board's capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are tangible and intangible assets. Tangible assets include buildings and improvements, equipment, furniture, and vehicles. For capital assets utilized in governmental activities and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of three or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Intangible assets include right-to-use subscription-based information technology arrangement assets. Intangible assets follow the same policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Right-to-use subscription-based information technology are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the information technology subscription vendor at the start of the subscription term.

Gaston County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board give the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Equipment and furniture	3 to 20 years
Vehicles	5 to 20 years
Right-to-use subscription-based information technology assets	

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

(5) *Deferred Outflows and Inflows of Resources*

In addition to assets, the Statement of Net Position (Deficit) 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 Board has several items that meet this criterion - a pension and OPEB-related deferral and contributions made to the plans subsequent to the measurement date. The Statement of Net Position (Deficit) also reports 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 Board has pension and OPEB-related deferrals that meet this criterion.

(6) *Long-Term Obligations*

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

(7) *Compensated Absences*

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. Accumulated vacation is settled in cash, and due when leave time is taken by the employee or at the time of termination, retirement, or death. Sick leave may be accumulated without limit until termination of employment. 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.

A liability for compensated absences is recognized in the government-wide and proprietary fund financial statements when (i) the leave is attributable to service already rendered by the employee; (ii) the leave accumulates and may be carried forward to future periods; and (iii) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means.

The liability is measured based on the employee’s pay rate as of the financial statement date, unless a different rate is more likely than not to be used. Salary-related payments directly and incrementally associated with the leave (e.g., employer share of Social Security and Medicare taxes) are included in the liability measurement. In governmental fund financial statements, compensated absences are recognized as expenditures and liabilities only when payments come due each period.

The Board’s liability for accumulated compensated absences and related payments is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

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(8) Net Position (Deficit)

Net position (deficit) in the 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, or the laws or regulations of other governments, or imposed by law through State Statute.

(9) Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

Assigned Fund Balance - portion of fund balance that the Board intends to use for specific purposes.

Other special programs - portion of fund balance that will be used by the Other Specific Revenues Fund activities, as determined by the governing body.

Unassigned fund balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds and is only recorded in the general fund.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: revenues restricted as to use, then general unrestricted revenues. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board.

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(10) Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position (Deficit):

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position (deficit) - governmental activities* as reported in the government-wide Statement of Net Position (Deficit). The net adjustment of \$(47,332,951) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 602,994,503
Less accumulated depreciation	<u>(287,501,134)</u>
Net Capital Assets	315,493,369
Net OPEB asset	284,642
Pension-related deferred outflows of resources	67,964,100
OPEB-related deferred outflows of resources	96,255,265
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(13,736,585)
Direct borrowing installment purchases	(295,341)
Net pension liability	(147,400,108)
Net OPEB liability	(303,276,211)
Deferred inflows of resources related to pensions	(6,171,024)
Deferred inflows of resources related to OPEB	<u>(56,451,058)</u>
Total Adjustment	<u>\$ (47,332,951)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. There are several elements of that total adjustment of \$32,013,465 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 38,452,421
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(8,412,214)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities	(590,683)
Principal payments on installment purchases are recorded as a use of funds on the fund statements but affect only the statement of net position (deficit) in the government-wide statements	295,342
Contributions to the pension plan in the current fiscal year not included in the Statement of Activities	31,276,771
Contributions to the OPEB plans in the current fiscal year not included in the Statement of Activities	11,971,800
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(43,248,571)
Loss on disposal of capital assets	(1,386,091)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
State OPEB contribution	92,261
Net OPEB benefit	3,709,453
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(147,024)
Total Adjustment	\$ 32,013,465

(11) Defined Benefit Pension Plans and OPEB Plans

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

Note 2. Stewardship, Compliance, and Accountability

Excess Expenditures over Appropriations

During the fiscal year ended June 30, 2025, the Board reported expenditures within the General Fund, State Public School Fund, Other Specific Revenue Fund and School Food Service Fund that violated state law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance.

At the legal level of budgetary control, the General Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Regular instructional, special population, alternative programs, school leadership, co-curricular, support and development, alternative programs and services support and development, operational support, financial and human resources, system-wide pupil support, and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, the State Public School Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Accountability and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, the Other Specific Revenue Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Regular instructional, school leadership, co-curricular, alternative programs and services support and development, and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, expenditures for business support services in the School Food Service Fund exceeded the amounts appropriated in the budget ordinance by an aggregate amount of \$1,795,790.

This violation occurred because the Board was not appropriately monitoring expenditures against the budget. See additional detail on Schedule 9 and 10.

Deficit in Fund Balance of Individual Fund

The Other Specific Revenue Fund has a deficit in fund balance of \$4,396,237 at June 30, 2025. The Board will continue to monitor this deficit and reduce expenditures accordingly in subsequent years to build back fund balance. See additional detail on Schedule 9 and 10.

Note 3. Detail Notes on All Funds

A. Assets

(1) Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each

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depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2025, the Board had deposits with financial institutions with a carrying amount of \$12,257,698 and with the State Treasurer of \$(3,134,251). The bank balances with the financial institutions and the State Treasurer were \$13,042,793 and \$645,296, respectively. Of these balances, \$850,713 was covered by federal depository insurance and \$12,837,376 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

(2) Investments

At June 30, 2025, the Board had \$10,780,992 invested with the State Treasurer in the Short-Term Investment Fund (STIF). The STIF is classified as a Level 2 fair value investment. At June 30, 2025, the Board of Education had \$17,224 invested with the North Carolina Capital Management Trust's Cash Portfolio.

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer.

(3) Receivables

Receivables at the government-wide level at June 30, 2025 were as follows:

	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental Activities			
General Fund	\$ 17,305	\$ -	\$ 17,305
Other governmental activities	<u>1,411,092</u>	<u>413,865</u>	<u>1,824,957</u>
Total Governmental Activities	<u>\$ 1,428,397</u>	<u>\$ 413,865</u>	<u>\$ 1,842,262</u>
Business-Type Activities			
School Food Service Fund	\$ 366,351	\$ -	\$ 366,351

Due from other governments consists of the following:

Governmental Activities		
General Fund	\$ 17,305	Fines and forfeitures
Capital Outlay Fund	<u>1,411,092</u>	Capital reimbursements from County
	<u>\$ 1,428,397</u>	
Business-Type Activities		
School Food Service Fund	\$ 366,351	USDA reimbursements

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(4) Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 23,252,002	\$ 15,179	\$ -	\$ -	\$ 23,267,181
Construction in progress	26,776,870	19,337,557	-	-	46,114,427
Total capital assets not being depreciated	<u>50,028,872</u>	<u>19,352,736</u>	<u>-</u>	<u>-</u>	<u>69,381,608</u>
Capital assets being depreciated:					
Buildings and improvements	457,160,685	15,952,889	2,615,600	-	470,497,974
Equipment and furniture	35,679,767	2,278,522	352,895	-	37,605,394
Vehicles	25,147,184	868,274	505,931	-	25,509,527
Total capital assets being depreciated	<u>517,987,636</u>	<u>19,099,685</u>	<u>3,474,426</u>	<u>-</u>	<u>533,612,895</u>
Less accumulated depreciation for:					
Buildings and improvements	231,272,854	6,892,837	1,357,644	-	236,808,047
Equipment and furniture	31,356,985	802,234	323,408	-	31,835,811
Vehicles	18,547,416	717,143	407,283	-	18,857,276
Total accumulated depreciation	<u>281,177,255</u>	<u>8,412,214</u>	<u>2,088,335</u>	<u>-</u>	<u>287,501,134</u>
Total capital assets being depreciated, net	<u>236,810,381</u>				<u>246,111,761</u>
Governmental Activity Capital Assets, Net	<u>\$ 286,839,253</u>				<u>\$ 315,493,369</u>
Business-Type Activities					
Capital assets being depreciated/amortized:					
Equipment and furniture	\$ 10,944,369	\$ 282,762	\$ 2,822,691	\$ -	\$ 8,404,440
Right-to-use subscription assets	363,474	-	-	-	363,474
Total capital assets being depreciated/amortized	<u>11,307,843</u>	<u>282,762</u>	<u>2,822,691</u>	<u>-</u>	<u>8,767,914</u>
Less accumulated depreciation/amortization for:					
Equipment and furniture	8,742,347	284,782	2,662,995	-	6,364,134
Right-to-use subscription assets	90,869	90,869	-	-	181,738
Total capital assets being depreciated/amortized	<u>8,833,216</u>	<u>375,651</u>	<u>2,662,995</u>	<u>-</u>	<u>6,545,872</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,474,627</u>				<u>\$ 2,222,042</u>

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Depreciation/amortization was charged to governmental functions as follows:

Unallocated depreciation/amortization	\$ 8,226,085
Operational support services	<u>186,129</u>
	<u>\$ 8,412,214</u>

(5) Construction and Other Significant Commitments

The Board has an active construction project as of June 30, 2025. This project is for the construction of a new middle school. At year-end, the Board's commitment with the contractors for this project is as follows:

<u>Project</u>	<u>Remaining Commitment</u>
New middle school	\$ 8,782,497

B. Liabilities

(1) Pension Plan and Other Postemployment Obligations

(a) Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate was 16.79 percent of covered payroll from July 1, 2024 to June 30, 2025. These actuarially determined contribution rates were determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$31,276,771 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Board reported a liability of \$151,785,013 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 Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. The Board's proportion was 1.02% and 1.03% at June 30, 2025 and June 30, 2024, respectively.

For the year ended June 30, 2025, the Board recognized pension expense of \$37,460,705. At June 30, 2025, the Board 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	\$ 13,678,466	\$ 448,699
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	25,028,629	-
Changes in proportions and differences between Board contributions and proportionate share of contributions	-	5,899,121
Board contributions subsequent to the measurement date	<u>31,276,771</u>	<u>-</u>
Total	<u>\$ 69,983,866</u>	<u>\$ 6,347,820</u>

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The Board reported \$31,276,771 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30:

2026	\$ 8,204,029
2027	27,481,671
2028	(647,290)
2029	<u>(2,679,135)</u>
	<u>\$ 32,359,275</u>

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	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.5 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 assumptions used for the December 31, 2023 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	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%
Totals	<u>100.0%</u>	

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The information above is based on 30-year expectations developed with an investment consulting firm’s 2024 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. The discount rate used is consistent with the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate:

	<u>1% Decrease (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Net pension liability	\$278,432,777	\$151,785,013	\$ 47,345,373

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

(b) Other Postemployment Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members - eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the state of North Carolina’s ACFR, which can be found at [\[https://www.osc.nc.gov/public-information/reports\]](https://www.osc.nc.gov/public-information/reports).

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. The Board's contractually required contribution rate was 6.99 percent of covered payroll from July 1, 2024 to June 30, 2025. Board contributions to the plan were \$13,021,121 for the year ended June 30, 2025. During the year ended June 30, 2025, the North Carolina State Health Plan ("SHP") contributed \$10.3 million to the Retiree Health Benefit Fund. In accordance with GASB, the Board recognized revenue of \$95,016 as a result of this non-employer contribution.

Board of Education of Gaston County Schools
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June 30, 2025

RHBF OPEB Liability

At June 30, 2025, Board reported a liability of \$312,308,928 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December, 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2025 and 2024, the Board's proportion was 0.918% and 0.920% respectively.

The Board reported \$13,021,121 as deferred outflows of resources related to RHBF OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB benefit as follows for the years ended June 30:

2026	\$ (6,006,823)
2027	3,858,056
2028	15,545,134
2029	<u>14,467,734</u>
	<u>\$ 27,864,101</u>

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

Inflation	2.5%
Salary increases based on service	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.5%
Healthcare cost trend rates	
Medical	5.0% to 6.5%
Prescription drug	5.0% to 10.0%
Administrative costs	3.0%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	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	6.0%	4.3%
Totals	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93% at June 30, 2024. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Net RHBF OPEB liability	\$ 371,566,797	\$ 312,308,928	\$ 264,730,038

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net 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 healthcare cost trend rates:

	1% Decrease Medical - 5.5%, Pharmacy - 6.0%, Administrative - 2.0%	Healthcare Trend Rates Medical - 6.5%, Pharmacy - 7.0%, Administrative - 3.0%	1% Increase Medical - 7.5%, Pharmacy - 8.0%, Administrative - 4.0%
Net RHBF OPEB liability	\$ 257,788,597	\$ 312,308,928	\$ 382,902,136

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

(c) *Other Postemployment Disability Benefits*

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members - eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

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

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

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For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2025, employers made a statutory contribution of 0.13% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$242,167 for the year ended June 30, 2025.

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

DIPNC OPEB Asset

At June 30, 2025, Board reported an asset of \$293,167 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. The total OPEB asset was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2025 and 2024, the Board's proportion was 0.890% and 0.901%, respectively.

The Board reported \$242,167 as deferred outflows of resources related to DIPNC OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended June 30, 2026.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2026	\$ (113,830)
2027	(87,995)
2028	32,291
2029	24,022
2030	<u>15,193</u>
	<u>\$ (130,319)</u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of OPEB plan investment expense, including inflation

Discount rate. The discount rate used to measure the total OPEB asset for the DIPNC was 3% at June 30, 2024. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the Board's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (2.00 percent) or 1 percentage point higher (4.00 percent) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net DIPNC OPEB asset	\$ 261,407	\$ 293,167	\$ 326,547

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

The actuarial assumptions used in the December 31, 2022 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ 3,107,125	\$ 152,007	\$ 3,259,132
OPEB liability (asset)	\$ 312,308,928	\$ (293,167)	\$ 312,015,761
Proportionate share of the net OPEB liability (asset)	0.918%	0.890%	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 2,545,500	\$ 118,189	\$ 2,663,689
Changes of assumptions	75,216,743	4,372	75,221,115
Net difference between projected and actual earnings on pension plan investments	1,338,295	230,154	1,568,449
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,374,050	33,826	6,407,876
Employer contributions subsequent to the measurement date	13,021,121	242,167	13,263,288
Total	\$ 98,495,709	\$ 628,708	\$ 99,124,417
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 337,205	\$ 337,205
Changes of assumptions	40,718,708	136,584	40,855,292
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,891,779	43,071	16,934,850
Total	\$ 57,610,487	\$ 516,860	\$ 58,127,347

(2) Payables

Payables as of June 30, 2025 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities			
General	\$ 1,800,883	\$ 1,341,295	\$ 3,142,178
Other governmental	<u>2,346,680</u>	<u>716,273</u>	<u>3,062,953</u>
Total Governmental Activities	<u>\$ 4,147,563</u>	<u>\$ 2,057,568</u>	<u>\$ 6,205,131</u>
Business-Type Activities			
School Food Service	\$ 144,430	\$ -	\$ 144,430

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

(3) Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience (Pension and OPEB)	\$ 16,342,155	\$ 785,904
Changes of assumptions (Pension and OPEB)	75,221,115	40,855,292
Net difference between projected and actual earnings on plan investments (Pension and OPEB)	26,597,078	-
Change in proportion and differences between employer contributions and proportionate share of contributions (Pension and OPEB)	6,407,876	22,833,971
Board contributions subsequent to the measurement date (Pension and OPEB)	<u>44,540,059</u>	<u>-</u>
Totals	<u>\$ 169,108,283</u>	<u>\$ 64,475,167</u>

(4) Unearned Revenues

The balance in unearned revenues as of June 30, 2025 is composed of the following elements:

Governmental Activities	
Grants not yet earned (General Fund and Other Specific Revenue Fund)	\$ 10,386,734
Business-Type Activities	
Prepayments of meals (School Food Service Fund)	\$ 145,516

(5) Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent that employees are paid from State funds.

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

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for a minimum of \$100,000. The remaining employees that have access to funds are also bonded under a blanket bond.

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

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

(6) Contingent Liabilities

At June 30, 2025, the Board was a defendant to various lawsuits. In the opinion of the Board’s management and the Board’s attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board’s financial position.

(7) Long-Term Obligations

(a) Subscription Liabilities

The Board has one outstanding subscription-based technology arrangement. The subscription-based technology arrangements qualify as other than short-term arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

The agreement had an initial term of 48 months which requires annual payments in accordance with the contract. There are no variable payment components of the subscription-based technology arrangements. The subscription liabilities were measured using a discount rate of 1.00%.

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

Year Ending	Business-Type Activities		
	Principal	Interest	Total
2026	\$ 95,245	\$ 1,914	\$ 97,159
2027	96,199	962	97,161
	<u>\$ 191,444</u>	<u>\$ 2,876</u>	<u>\$ 194,320</u>

(b) Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The state has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. During the fiscal year ended June 30, 2025, the Board entered into an installment purchase contract to finance the purchase of school buses. The financing contracts require only principal payments at the beginning of each contract year.

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 147,671	\$ -	\$ 147,671
2027	147,670	-	147,670
	<u>\$ 295,341</u>	<u>\$ -</u>	<u>\$ 295,341</u>

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

(c) *Long-Term Obligation Activity*

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2025:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental Activities					
Net pension liability	\$ 167,091,927	\$ -	\$ 19,691,819	\$ 147,400,108	\$ -
Net OPEB liability	238,205,371	65,070,840	-	303,276,211	-
Direct placement installment purchases	-	590,683	295,342	295,341	147,671
Compensated absences	13,589,561	147,024	-	13,736,585	1,729,001
Total	<u>\$ 418,886,859</u>	<u>\$ 65,808,547</u>	<u>\$ 19,987,161</u>	<u>\$ 464,708,245</u>	<u>\$ 1,876,672</u>
Business-Type Activities					
Net pension liability	\$ 4,972,941	\$ -	\$ 588,036	\$ 4,384,905	\$ -
Net OPEB liability	7,089,547	1,943,170	-	9,032,717	-
Subscription liability	285,746	-	94,302	191,444	95,245
Compensated absences	610,338	76,166	-	686,504	58,479
Total	<u>\$ 12,958,572</u>	<u>\$ 2,019,336</u>	<u>\$ 682,338</u>	<u>\$ 14,295,570</u>	<u>\$ 153,724</u>

The change in compensated absences presented above is shown as a net amount as allowed by GASB Statement No. 101. Net pension liability and net OPEB liability for governmental activities are typically liquidated by the State Public School Fund.

C. *Interfund Activity*

Balances due to/from other funds at June 30, 2025 consist of the following:

From the Capital Outlay Fund to the Other Specific Revenues Fund for administrative costs paid on their behalf	\$ 4,772
From the School Food Service Fund to the Other Specific Revenues Fund for administrative costs paid on their behalf	\$ 1,011,202

D. *Fund Balance*

The Board of Education has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

Board of Education of Gaston County Schools
Notes to Financial Statements
June 30, 2025

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	\$ 2,422,939
Stabilization by State Statute	<u>(17,305)</u>
Unassigned fund balance	<u>\$ 2,405,634</u>

Note 4. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

Note 5. Change in Accounting Principle

Effective July 1, 2024, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This standard establishes a unified recognition and measurement framework for all types of compensated absences, including vacation leave, sick leave, paid time off, holidays, parental leave, and bereavement leave, and also amends certain previously required disclosures. Under the new standard, liabilities for compensated absences are recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. Additionally, GASB 101 excludes salary-related payments for employer defined benefit contributions.

As a result of implementing GASB 101, the beginning net deficit of governmental activities and business-type activities were restated to reflect the cumulative effect of the change. The restatement resulted in a decrease in accrued compensated absences liabilities and a corresponding decrease in beginning net deficit as follows:

	<u>Governmental Activities</u>	<u>School Food Service Fund</u>
Beginning net deficit, as previously reported	\$ (66,001,142)	\$ (4,447,514)
Cumulative effect of change in accounting principle	<u>603,715</u>	<u>43,749</u>
Beginning net deficit, as restated	<u>\$ (65,397,427)</u>	<u>\$ (4,403,765)</u>

Required Supplementary Information

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

- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Board Contributions
- Schedule of the Proportionate Share of the Net OPEB Liability
- Schedule of Board Contributions
- Schedule of the Proportionate Share of the Net OPEB Liability
- Schedule of Board Contributions

**Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years**

Schedule 1

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board's proportion of the net pension liability	1.02%	1.03%	1.12%	1.04%	1.09%	1.10%	1.13%	1.10%	1.09%	1.06%
Board's proportionate share of the net pension liability	\$ 151,785,013	\$ 172,064,868	\$ 166,786,681	\$ 48,831,568	\$ 131,214,112	\$ 114,362,049	\$ 111,996,045	\$ 87,036,057	\$ 99,920,315	\$ 38,920,465
Board's covered payroll	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980	\$ 142,430,973
Board's proportionate share of the net pension liability as a percentage of its covered payroll	81.63%	96.64%	98.39%	29.78%	80.72%	70.21%	70.92%	57.71%	69.28%	27.33%
Plan fiduciary net position as a percentage of the total pension liability	85.35%	82.97%	84.14%	94.86%	92.01%	91.89%	89.51%	87.32%	94.64%	98.24%

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

**Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years**

Schedule 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 31,276,771	\$ 31,868,012	\$ 30,943,643	\$ 27,766,696	\$ 24,239,220	\$ 21,084,301	\$ 20,017,439	\$ 17,024,028	\$ 15,052,013	\$ 13,196,128
Contributions in relation to the contractually required contribution	<u>31,276,771</u>	<u>31,868,012</u>	<u>30,943,643</u>	<u>27,766,696</u>	<u>24,239,220</u>	<u>21,084,301</u>	<u>20,017,439</u>	<u>17,024,028</u>	<u>15,052,013</u>	<u>13,196,128</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 188,383,658	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Contributions as a percentage of covered payroll	16.60%	17.14%	17.38%	16.38%	14.78%	12.97%	12.29%	10.78%	9.98%	9.15%

See Independent Auditor's Report

Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Nine Fiscal Years*

Schedule 3

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.918%	0.920%	0.966%	0.915%	0.956%	0.974%	0.993%	0.997%	0.941%
Board's proportionate share of the net OPEB liability	\$ 312,308,928	\$ 245,055,336	\$ 229,457,377	\$ 282,758,788	\$ 265,123,187	\$ 308,233,938	\$ 282,751,816	\$ 326,892,034	\$ 409,571,482
Board's covered payroll	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	167.96%	137.64%	135.36%	172.41%	163.09%	189.24%	179.04%	216.74%	283.99%
Plan fiduciary net position as a percentage of the total OPEB liability	9.79%	10.73%	10.58%	7.72%	4.40%	3.52%	3.52%	2.41%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Ten years of data not available.

**Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years**

Schedule 4

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 13,021,121	\$ 12,906,274	\$ 12,167,071	\$ 10,662,547	\$ 10,955,209	\$ 10,517,766	\$ 10,212,314	\$ 9,554,301	\$ 8,762,745	\$ 8,076,319
Contributions in relation to the contractually required contribution	<u>13,021,121</u>	<u>12,906,274</u>	<u>12,167,071</u>	<u>10,662,547</u>	<u>10,955,209</u>	<u>10,517,766</u>	<u>10,212,314</u>	<u>9,554,301</u>	<u>8,762,745</u>	<u>8,076,319</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 188,383,658	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Contributions as a percentage of covered payroll	6.91%	6.94%	6.83%	6.29%	6.68%	6.47%	6.27%	6.05%	5.81%	5.60%

See Independent Auditor's Report

**Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Asset (Liability)
Disability Income Plan of North Carolina
Last Nine Fiscal Years***

Schedule 5

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset (liability)	0.890%	0.901%	0.986%	0.921%	0.955%	0.979%	1.020%	0.958%	0.974%
Board's proportionate share of the net OPEB asset (liability)	\$ 293,167	\$ (239,582)	\$ (293,396)	\$ 150,475	\$ 469,666	\$ 422,361	\$ 304,450	\$ 594,942	\$ 605,096
Board's covered payroll	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Board's proportionate share of the net OPEB asset (liability) as a percentage of its covered payroll	0.16%	-0.13%	-0.17%	0.09%	0.29%	0.26%	0.19%	0.39%	0.42%
Plan fiduciary net position as a percentage of the net OPEB asset (liability)	114.99%	90.61%	90.34%	105.18%	116.47%	116.37%	116.23%	116.06%	116.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Ten years of data not available.

**Board of Education of Gaston County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years**

Schedule 6

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 242,167	\$ 198,836	\$ 178,042	\$ 152,564	\$ 147,600	\$ 162,562	\$ 228,026	\$ 221,091	\$ 573,123	\$ 591,302
Contributions in relation to the contractually required contribution	<u>242,167</u>	<u>198,836</u>	<u>178,042</u>	<u>152,564</u>	<u>147,600</u>	<u>162,562</u>	<u>228,026</u>	<u>221,091</u>	<u>573,123</u>	<u>591,302</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 188,383,658	\$ 185,943,065	\$ 178,041,673	\$ 169,515,850	\$ 164,000,138	\$ 162,562,071	\$ 162,875,827	\$ 157,922,335	\$ 150,821,769	\$ 144,219,980
Contributions as a percentage of covered payroll	0.13%	0.11%	0.10%	0.09%	0.09%	0.10%	0.14%	0.14%	0.38%	0.41%

See Independent Auditor's Report

Individual Fund Statements and Schedules

Board of Education of Gaston County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Outlay Fund
Year Ended June 30, 2025

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
State of North Carolina			
State appropriations - buses	\$ 295,342	\$ 295,342	\$ -
Public School Building R&R Fund	-	88,010	88,010
	<u>295,342</u>	<u>383,352</u>	<u>88,010</u>
Total State of North Carolina			
Gaston County			
General county revenues	4,809,931	2,363,044	(2,446,887)
Bonds	52,383,647	39,771,910	(12,611,737)
	<u>57,193,578</u>	<u>42,134,954</u>	<u>(15,058,624)</u>
Total Gaston County			
Total Revenues	<u>57,488,920</u>	<u>42,518,306</u>	<u>(14,970,614)</u>
Expenditures			
Capital outlay			
Real property and buildings		41,654,650	
Furnishings and equipment		77,642	
Buses and motor vehicles		845,632	
		<u>42,577,924</u>	
Total capital outlay	57,941,064		15,363,140
Debt service			
Principal	295,342	295,342	-
	<u>58,236,406</u>	<u>42,873,266</u>	<u>15,363,140</u>
Total Expenditures			
Revenues over (under) Expenditures	(747,486)	(354,960)	392,526
Other Financing Sources (Uses)			
Installment purchase obligations issued	747,486	590,683	(156,803)
	<u>-</u>	<u>235,723</u>	<u>235,723</u>
Net Change in Fund Balance			
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		<u>\$ 235,723</u>	

See Independent Auditor's Report

Board of Education of Gaston County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
Year Ended June 30, 2025

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Food sales	\$ 3,408,500	\$ 2,292,161	\$ (1,116,339)
Operating Expenditures			
Business support services			
Purchase of food		8,632,484	
Donated commodities		1,375,351	
Food processing supplies		893,155	
Salaries and benefits		11,815,754	
Purchased services		433,628	
Supplies and materials		96,617	
Capital outlay		347,301	
Total Operating Expenditures	<u>21,798,500</u>	<u>23,594,290</u>	<u>(1,795,790)</u>
Operating Loss	<u>(18,390,000)</u>	<u>(21,302,129)</u>	<u>(2,912,129)</u>
Nonoperating Revenues (Expenses)			
Federal reimbursements	17,303,469	19,868,442	2,564,973
Federal commodities	-	1,375,351	1,375,351
State reimbursements	-	2,154	2,154
Interest expense	-	(2,858)	(2,858)
Other	1,086,531	56,009	(1,030,522)
Total Nonoperating Revenues	<u>18,390,000</u>	<u>21,299,098</u>	<u>2,909,098</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>(3,031)</u>	<u>\$ (3,031)</u>
Reconciliation of Modified Accrual to Full Accrual			
Reconciling items			
Depreciation and amortization		(375,651)	
Contributed capital		144,012	
Equipment purchases		138,750	
Loss on disposal of capital assets		(159,696)	
Principal payments of subscription liability		94,302	
State OPEB contribution		2,755	
Change in inventories		(52,984)	
Change in net OPEB asset		(8,525)	
Change in deferred outflows of resources		428,887	
Change in compensated absences payable		(76,166)	
Change in net pension liability		588,036	
Change in net OPEB liabilities		(1,943,170)	
Change in deferred inflows of resources		1,031,245	
Change in Net Deficit (Full Accrual)		<u>\$ (191,236)</u>	

See Independent Auditor's Report

GASTON COUNTY SCHOOLS

Statistical Section Overview

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

Information is presented in five categories:

Financial Trends

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

Debt Capacity

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

Revenue Capacity

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

Demographic and Economic Information

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

Operating Information

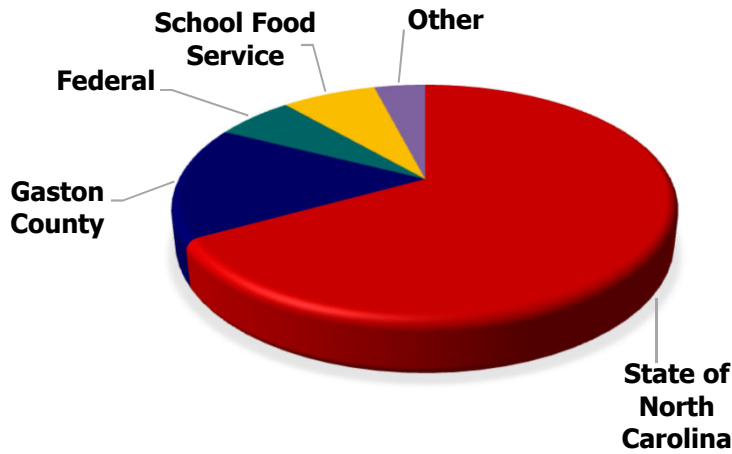
These schedules contain information about operations and resources to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

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

GASTON COUNTY BOARD OF EDUCATION
Financial Perspective
Government and Business-type Activities
June 30, 2025

Table 1

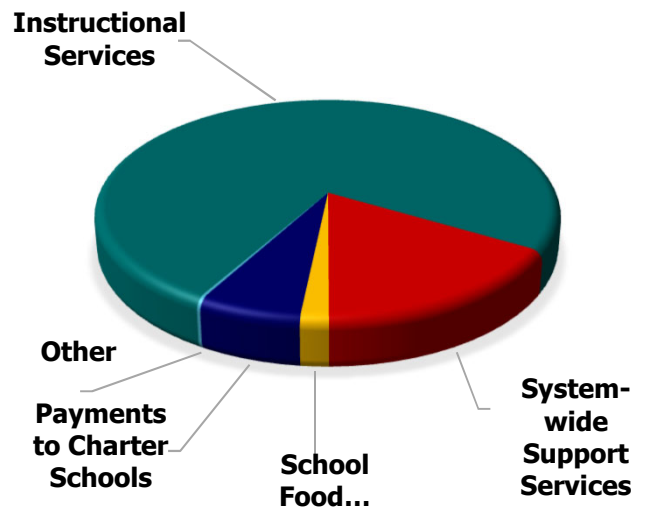
Revenue Sources



State of North Carolina	\$	242,431,788
Gaston County		53,501,704
Federal		21,884,861
School Food Service		23,424,318
Other		10,166,324
	\$	<u>351,408,995</u>

Expenditures/Expenses

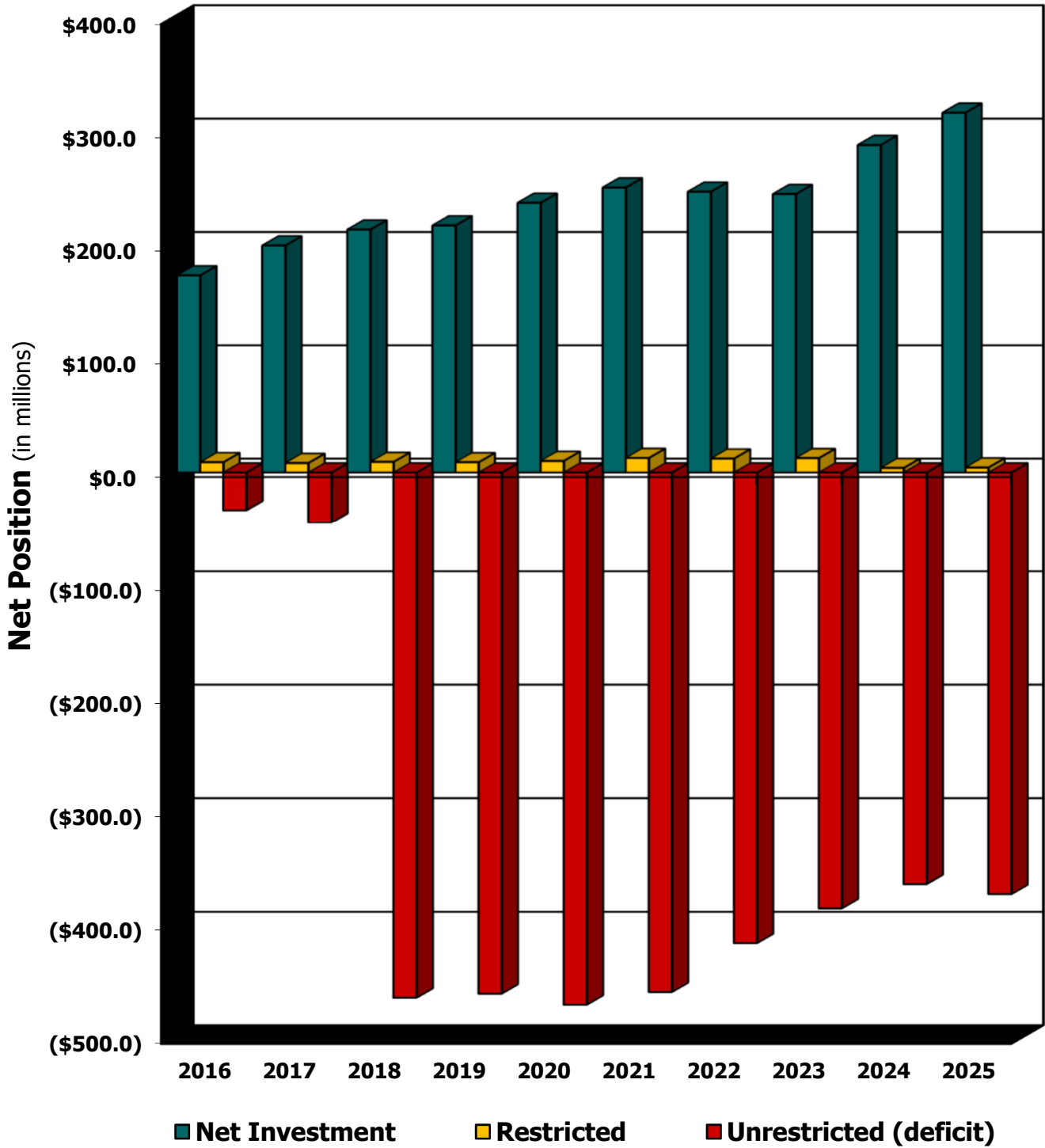
Instructional Services	\$	278,268,457
System-wide Support Services		61,477,982
Payments to Charter Schools		6,437,698
School Food Service		23,769,566
Other		868,840
	\$	<u>370,822,543</u>



Source: Gaston County Board of Education annual financial statements

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

Table 2



Source: 2016 - 2025 Gaston County Board of Education annual financial statements

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

Table 2

	Year Ended June 30				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 172,131,872	\$ 198,386,759	\$ 212,465,825	\$ 216,211,595	\$ 235,525,356
Restricted	9,009,677	8,368,888	9,307,633	9,022,441	10,210,746
Unrestricted (deficit)	(35,660,161)	(47,034,759)	(457,338,448)	(453,985,793)	(459,780,674)
Total	<u>\$ 145,481,388</u>	<u>\$ 159,720,888</u>	<u>\$ (235,564,990)</u>	<u>\$ (228,751,757)</u>	<u>\$ (214,044,572)</u>
Business-type activities:					
Net investment in capital assets	\$ 1,795,280	\$ 1,906,853	\$ 1,894,541	\$ 1,806,784	\$ 2,522,255
Unrestricted	2,130,593	2,565,169	(6,076,104)	(5,882,075)	(9,863,883)
Total	<u>\$ 3,925,873</u>	<u>\$ 4,472,022</u>	<u>\$ (4,181,563)</u>	<u>\$ (4,075,291)</u>	<u>\$ (7,341,628)</u>
District-wide:					
Net investment in capital assets	\$ 173,927,152	\$ 200,293,612	\$ 214,360,366	\$ 218,018,379	\$ 238,047,611
Restricted	9,009,677	8,368,888	9,307,633	9,022,441	10,210,746
Unrestricted (deficit)	(33,529,568)	(44,469,590)	(463,414,552)	(459,867,868)	(469,644,557)
Total	<u>\$ 149,407,261</u>	<u>\$ 164,192,910</u>	<u>\$ (239,746,553)</u>	<u>\$ (232,827,048)</u>	<u>\$ (221,386,200)</u>

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

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

Table 2
(continued)

	Year Ended June 30				
	2021	2022	2023	2024	2025
Governmental activities:					
Net investment in capital assets	\$ 249,303,302	\$ 245,761,238	\$ 243,750,358	\$ 286,839,253	\$ 315,493,369
Restricted	12,810,819	12,253,590	12,665,239	3,967,088	3,977,412
Unrestricted (deficit)	<u>(450,741,068)</u>	<u>(411,652,735)</u>	<u>(380,092,730)</u>	<u>(356,807,483)</u>	<u>(365,210,169)</u>
Total	<u>\$ (188,626,947)</u>	<u>\$ (153,637,907)</u>	<u>\$ (123,677,133)</u>	<u>\$ (66,001,142)</u>	<u>\$ (45,739,388)</u>
Business-type activities:					
Net investment in capital assets	\$ 2,201,774	\$ 2,027,034	\$ 1,974,025	\$ 2,188,881	\$ 2,030,598
Restricted					11,769
Unrestricted	<u>(7,614,639)</u>	<u>(3,680,453)</u>	<u>(4,675,207)</u>	<u>(6,636,395)</u>	<u>(6,637,368)</u>
Total	<u>\$ (5,412,865)</u>	<u>\$ (1,653,419)</u>	<u>\$ (2,701,182)</u>	<u>\$ (4,447,514)</u>	<u>\$ (4,595,001)</u>
District-wide:					
Net investment in capital assets	\$ 251,505,076	\$ 247,788,272	\$ 245,724,383	\$ 289,028,134	\$ 317,523,967
Restricted	12,810,819	12,253,590	12,665,239	3,967,088	3,989,181
Unrestricted (deficit)	<u>(458,355,707)</u>	<u>(415,333,188)</u>	<u>(384,767,937)</u>	<u>(363,443,878)</u>	<u>(371,847,537)</u>
Total	<u>\$ (194,039,812)</u>	<u>\$ (155,291,326)</u>	<u>\$ (126,378,315)</u>	<u>\$ (70,448,656)</u>	<u>\$ (50,334,389)</u>

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

Table 3

	Year Ended June 30				
	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
Instructional services	\$ 209,759,726	\$ 226,137,572	\$ 244,365,036	\$ 240,010,632	\$ 236,667,493
Support services	44,072,329	46,029,116	47,636,755	46,682,749	55,157,709
Ancillary services	139,876	144,140	82,844	109,980	52,964
Non-programmed charges	3,264,607	3,433,535	3,567,059	3,789,135	4,480,948
Interest on long-term debt	-	-	-	-	-
Unallocated depreciation expense	1,398,508	953,840	1,434,754	1,241,618	5,616,203
Total governmental activities expenses	258,635,046	276,698,203	297,086,448	291,834,114	301,975,317
Business-type activities:					
School food service	19,044,418	18,291,494	18,208,948	17,166,091	19,310,936
Total primary government expenses	\$ 277,679,464	\$ 294,989,697	\$ 315,295,396	\$ 309,000,205	\$ 321,286,253
Program revenues					
Governmental activities:					
Charges for services					
Regular instructional	\$ -	\$ -	\$ -	\$ -	\$ -
Special instructional programs	-	-	-	-	-
Operational support services	594,577	511,750	509,971	780,490	7,296,651
Business support services	-	-	-	-	-
Operating grants and contributions	193,283,584	202,570,091	209,647,960	219,029,025	218,793,807
Total governmental activities program revenues	193,878,161	203,081,841	210,157,931	219,809,515	226,090,458
Business-type activities:					
Charges for services	3,450,282	3,311,309	3,640,725	3,432,214	2,556,257
Operating grants and contributions	15,464,393	15,434,170	14,753,544	13,740,769	12,487,566
Capital grants and contributions	-	27,391	8,429	44,325	457,093
Total business-type activities program revenues	18,914,675	18,772,870	18,402,698	17,217,308	15,500,916
Total program revenues	\$ 212,792,836	\$ 221,854,711	\$ 228,560,629	\$ 237,026,823	\$ 241,591,374
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 43,816,704	\$ 45,351,704	\$ 47,751,704	\$ 48,351,704	\$ 50,311,704
Unrestricted county appropriations - capital	9,997,818	35,581,481	20,366,466	13,728,484	33,486,048
Unrestricted State appropriation - operating	-	-	-	-	-
Unrestricted State appropriation - capital	382,120	776,902	1,320,638	1,362,340	1,294,495
Investment earnings, unrestricted	88,059	129,229	129,229	273,063	248,101
Miscellaneous, unrestricted	9,665,190	10,892,473	12,899,878	15,176,401	12,314,972
Transfers	(237,090)	(64,773)	(50,977)	(54,160)	(499,969)
Total governmental activities general revenues	63,712,801	92,667,016	82,416,938	78,837,832	97,155,351
Business-type activities:					
Unrestricted State appropriations - operating	-	-	-	-	-
Investment earnings, unrestricted	-	-	-	-	-
Miscellaneous, unrestricted	20,739	-	8,429	895	43,715
Transfers	237,090	64,773	50,977	54,160	499,968
Total business-type activities general revenues	257,829	64,773	59,406	55,055	543,683
Total general revenues	\$ 63,970,630	\$ 92,731,789	\$ 82,476,344	\$ 78,892,887	\$ 97,699,034
Change in net position					
Governmental activities	\$ (1,044,084)	\$ 19,050,654	\$ (4,511,579)	\$ 6,813,233	\$ 14,707,185
Business-type activities	128,086	546,149	244,727	106,272	(3,266,337)
Total primary government change in net position	\$ (915,998)	\$ 19,596,803	\$ (4,266,852)	\$ 6,919,505	\$ 11,440,848

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION

Changes in Net Position

Table 3
(continued)

	Year Ended June 30				
	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
Instructional services	\$ 228,071,190	\$ 248,303,136	\$ 276,403,619	\$ 265,330,340	\$ 275,184,327
Support services	50,105,331	50,537,633	59,095,835	58,440,847	67,519,138
Ancillary services	2,136,770	1,106,544	1,203,592	326,581	250,534
Non-programmed charges	6,060,761	7,419,460	11,340,634	6,486,861	6,570,696
Interest on long-term debt	-	-	-	-	-
Unallocated depreciation expense	4,799,469	1,708,452	1,514,268	3,754,970	8,226,085
Total governmental activities expenses	291,173,521	309,075,225	349,557,948	334,339,599	357,750,780
Business-type activities:					
School food service	13,353,190	20,373,046	21,497,086	23,081,256	23,932,120
Total primary government expenses	\$ 304,526,711	\$ 329,448,271	\$ 371,055,034	\$ 357,420,855	\$ 381,682,900
Program revenues					
Governmental activities:					
Charges for services					
Regular instructional	\$ -	\$ -	\$ -	\$ -	\$ -
Special instructional programs	-	-	-	-	-
Operational support services	328,233	402,555	1,225,629	-	7,296,651.00
Business support services	-	-	-	-	-
Operating grants and contributions	234,158,532	262,854,495	290,298,609	271,233,093	258,375,938
Total governmental activities program revenues	234,486,765	263,257,050	291,524,238	271,233,093	265,672,589
Business-type activities:					
Charges for services	72,894	674,736	3,254,830	2,415,913	2,292,161
Operating grants and contributions	14,854,423	23,335,555	17,084,382	18,501,408	21,245,947
Capital grants and contributions	194,318	-	-	354,027	144,012
Total business-type activities program revenues	15,121,635	24,010,291	20,339,212	21,271,348	23,682,120
Total program revenues	\$ 249,608,400	\$ 287,267,341	\$ 311,863,450	\$ 292,504,441	\$ 289,354,709
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 49,811,704	\$ 51,501,704	\$ 52,501,704	\$ 53,001,704	\$ 53,501,704
Unrestricted county appropriations - capital	21,266,211	5,149,652	13,993,280	45,104,107	42,134,954
Unrestricted State appropriation - operating	-	-	-	-	-
Unrestricted State appropriation - capital	1,315,528	456,593	-	-	-
Investment earnings, unrestricted	248,101	248,101	313,578	591,202	605,905
State OPEB contribution - non capital	-	-	-	-	92,261
Miscellaneous, unrestricted	9,518,756	23,530,389	21,250,531	14,368,181	15,018,054
Transfers	(55,919)	(79,224)	(64,609)	(535,626)	-
Total governmental activities general revenues	82,104,381	80,807,215	87,994,484	112,529,568	111,352,878
Business-type activities:					
Unrestricted State appropriations - operating	-	-	-	-	-
Investment earnings, unrestricted	-	-	-	-	-
Miscellaneous, unrestricted	104,399	42,977	45,502	54,266	56,009
State OPEB contribution - non capital	-	-	-	-	2,755
Transfers	55,919	79,224	64,609	535,626	-
Total business-type activities general revenues	160,318	122,201	110,111	589,892	58,764
Total general revenues	\$ 82,264,699	\$ 80,929,416	\$ 88,104,595	\$ 113,119,460	\$ 111,411,642
Change in net position					
Governmental activities	\$ 25,417,625	\$ 34,989,040	\$ 29,960,774	\$ (55,701,822)	\$ 19,658,039
Business-type activities	1,928,763	3,759,446	(1,047,763)	(1,809,908)	(191,236)
Total primary government change in net position	\$ 27,346,388	\$ 38,748,486	\$ 28,913,011	\$ (57,511,730)	\$ 19,466,803

GASTON COUNTY BOARD OF EDUCATION
Governmental Funds
Fund Balances

Table 4

	Year Ended June 30				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 9,125	\$ -	\$ -	\$ -	\$ 1,007,251
Restricted	602,243	507,429	578,285	368,862	96,766
Committed	-	-	-	-	-
Assigned	3,299,000	1,350,000	150,000	150,000	150,000
Unassigned	4,267,131	3,713,330	4,371,959	4,277,089	4,851,995
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Undesignated	-	-	-	-	-
Total General Fund	<u>\$ 8,177,499</u>	<u>\$ 5,570,759</u>	<u>\$ 5,100,244</u>	<u>\$ 4,795,951</u>	<u>\$ 6,106,012</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,407,434	7,861,459	7,666,213	7,374,024	7,424,977
Unassigned	-	-	-	-	-
Committed	-	-	-	-	-
Reserved	-	-	-	-	-
Undesignated, reported in					
Individual Schools Funds	-	-	-	-	-
Restricted Grants Fund	-	-	-	-	-
Capital Outlay Fund	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 8,407,434</u>	<u>\$ 7,861,459</u>	<u>\$ 7,666,213</u>	<u>\$ 7,374,024</u>	<u>\$ 7,424,977</u>
Total General And All Other Governmental Funds	<u>\$ 16,584,933</u>	<u>\$ 13,432,218</u>	<u>\$ 12,766,457</u>	<u>\$ 12,169,975</u>	<u>\$ 13,530,989</u>
Year Ended June 30					
	2021	2022	2023	2024	2025
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	242,935	48,897	37,747	230,430	17,305
Committed	-	-	-	-	-
Assigned	150,000	150,000	-	-	-
Unassigned	4,722,972	5,164,021	5,973,460	6,177,019	2,405,634
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Undesignated	-	-	-	-	-
Total General Fund	<u>\$ 5,115,907</u>	<u>\$ 5,362,918</u>	<u>\$ 6,011,207</u>	<u>\$ 6,407,449</u>	<u>\$ 2,422,939</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	10,613,911	11,455,368	12,627,492	7,541,540	(829,376)
Unassigned	-	-	(429,167)	-	-
Committed	-	-	-	-	-
Reserved	-	-	-	-	-
Undesignated, reported in					
Individual Schools Funds	-	-	-	-	-
Restricted Grants Fund	-	-	-	-	-
Capital Outlay Fund	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 10,613,911</u>	<u>\$ 11,455,368</u>	<u>\$ 12,198,325</u>	<u>\$ 7,541,540</u>	<u>\$ (829,376)</u>
Total General And All Other Governmental Funds	<u>\$ 15,729,818</u>	<u>\$ 16,818,286</u>	<u>\$ 18,209,532</u>	<u>\$ 13,948,989</u>	<u>\$ 1,593,563</u>

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

GASTON COUNTY BOARD OF EDUCATION

Table 5

**Governmental Funds
Changes in Fund Balances
Last Ten Fiscal Years**

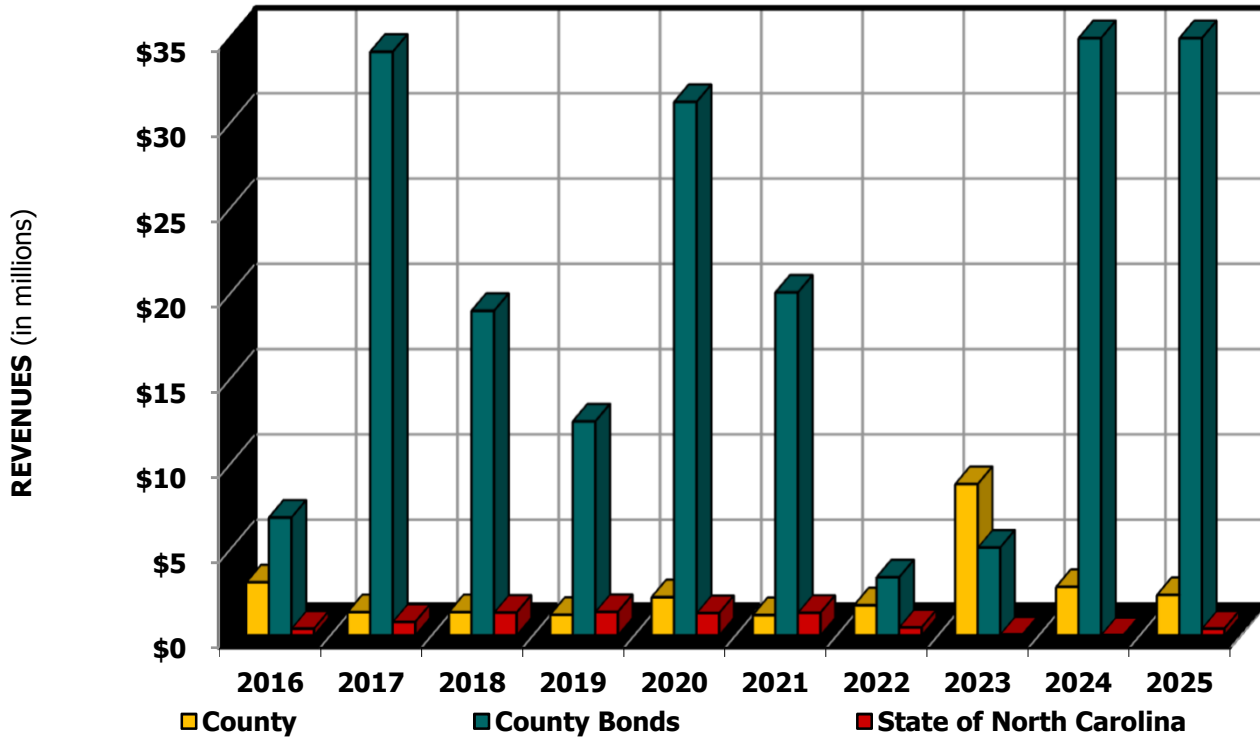
	Year Ended June 30				
	2016	2017	2018	2019	2020
Revenues					
State of North Carolina	\$ 173,639,054	\$ 181,821,274	\$ 188,738,980	\$ 198,412,573	\$ 198,897,201
Gaston County	53,869,522	80,998,185	68,183,170	62,455,733	84,380,499
U.S. Government	18,830,948	21,932,385	23,377,436	20,481,351	19,948,959
School receipts	7,531,290	7,289,187	7,647,441	7,283,918	6,342,651
Other	3,159,808	3,772,599	4,678,817	10,067,934	7,770,142
Total revenues	<u>257,030,622</u>	<u>295,813,630</u>	<u>292,625,844</u>	<u>298,701,509</u>	<u>317,339,452</u>
Expenditures					
Instructional programs	201,343,525	214,112,055	223,027,135	233,958,265	229,146,614
Support services	44,648,312	45,001,043	44,804,721	46,214,484	47,031,607
Ancillary services	182,525	144,386	76,863	109,644	52,996
Non-programmed charges	3,222,438	3,433,535	3,567,059	3,789,135	4,480,948
Debt service					
Principal retirement	284,706	775,314	1,287,338	1,348,792	1,243,131
Interest and fiscal charges	-	-	-	-	-
Capital outlay	10,352,353	37,243,849	22,948,254	14,959,684	33,523,173
Total expenditures	<u>260,033,859</u>	<u>300,710,182</u>	<u>295,711,370</u>	<u>300,380,004</u>	<u>315,478,469</u>
Revenues over (under) expenditures	<u>(3,003,237)</u>	<u>(4,896,552)</u>	<u>(3,085,526)</u>	<u>(1,678,495)</u>	<u>1,860,983</u>
Other financing sources (uses)					
Capital lease obligations issued	248,431	1,808,610	2,470,742	1,136,173	-
Transfers to other funds	(237,090)	(64,773)	(50,977)	(54,160)	(499,969)
Capital contributions	-	-	-	-	-
Total other financing sources (uses)	<u>11,341</u>	<u>1,743,837</u>	<u>2,419,765</u>	<u>1,082,013</u>	<u>(499,969)</u>
Net change in fund balance	<u>\$ (2,991,896)</u>	<u>\$ (3,152,715)</u>	<u>\$ (665,761)</u>	<u>\$ (596,482)</u>	<u>\$ 1,361,014</u>
Ratio of debt service to total non-capital expenditures	0.11%	0.29%	0.47%	0.47%	0.44%

	Year Ended June 30				
	2021	2022	2023	2024	2025
Revenues					
State of North Carolina	\$ 201,123,228	\$ 210,171,970	\$ 217,904,707	\$ 228,708,421	\$ 242,815,140
Gaston County	71,901,037	57,022,180	67,330,783	99,014,504	95,636,658
U.S. Government	37,021,003	61,098,771	74,640,934	48,474,292	21,884,861
School receipts	2,236,352	5,290,410	7,121,470	7,404,684	7,296,651
Other	7,419,671	10,549,163	12,585,436	11,294,905	10,166,324
Total Revenues	<u>319,701,291</u>	<u>344,132,494</u>	<u>379,583,330</u>	<u>394,896,806</u>	<u>377,799,634</u>
Expenditures					
Instructional programs	236,622,450	273,805,622	289,158,452	281,317,356	278,268,457
Support services	50,003,587	54,719,535	62,233,820	62,611,975	61,477,982
Ancillary services	2,136,989	1,105,108	1,204,142	336,756	252,766
Non-programmed charges	6,060,761	7,419,460	11,340,634	9,680,696	7,053,772
Debt service					
Principal retirement	1,181,300	374,507	-	-	295,342
Interest and fiscal charges	-	-	-	-	-
Capital outlay	21,811,508	5,540,570	14,190,427	45,210,566	43,397,424
Total expenditures	<u>317,816,595</u>	<u>342,964,802</u>	<u>378,127,475</u>	<u>399,157,349</u>	<u>390,745,743</u>
Revenues over (under) expenditures	<u>1,884,696</u>	<u>1,167,692</u>	<u>1,455,855</u>	<u>(4,260,543)</u>	<u>(12,946,109)</u>
Other financing sources (uses)					
Capital lease obligations issued	370,052	-	-	-	590,683
Transfers to other funds	(55,919)	(79,224)	(64,609)	(535,626)	-
Capital contributions	-	-	-	-	-
Total other financing sources (uses)	<u>314,133</u>	<u>(79,224)</u>	<u>(64,609)</u>	<u>(535,626)</u>	<u>590,683</u>
Net change in fund balance	<u>\$ 2,198,829</u>	<u>\$ 1,088,468</u>	<u>\$ 1,391,246</u>	<u>\$ (4,796,169)</u>	<u>\$ (12,355,426)</u>
Ratio of debt service to total non-capital expenditures	0.40%	0.11%	0.00%	0.00%	0.09%

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

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

Table 6

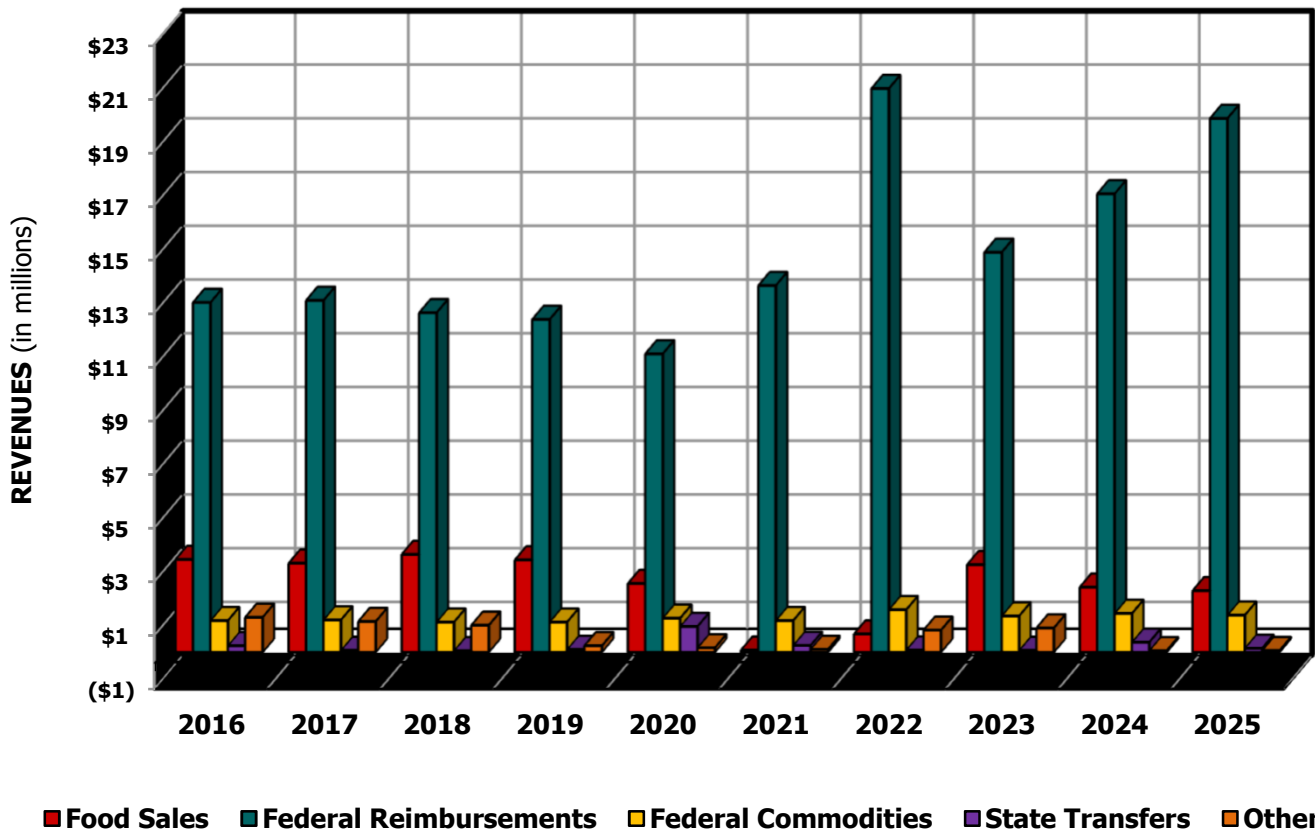


Year Ended June 30	2016	2017	2018	2019	2020
Revenue					
County	\$ 3,102,660	\$ 1,350,819	\$ 1,353,419	\$ 1,195,234	\$ 2,226,931
County Bonds	6,895,158	34,230,662	19,013,047	12,533,250	31,259,117
State of North Carolina	382,120	776,902	1,320,638	1,362,340	1,294,495
Total Revenue	\$ 10,379,938	\$ 36,358,383	\$ 21,687,104	\$ 15,090,824	\$ 34,780,543
Total Expenditures	\$ 10,637,059	\$ 38,019,163	\$ 22,948,254	\$ 14,959,684	\$ 33,523,173
Year Ended June 30	2021	2022	2023	2024	2025
Revenue					
County	\$ 1,176,425	\$ 1,753,082	\$ 8,859,413	\$ 2,830,148	\$ 2,363,044
County Bonds	20,089,786	3,396,570	5,133,867	42,273,959	39,771,910
State of North Carolina	1,315,528	456,593	39,645	-	383,352
Total Revenue	\$ 22,581,739	\$ 5,606,245	\$ 14,032,925	\$ 45,104,107	\$ 42,518,306
Total Expenditures	\$ 21,811,508	\$ 5,540,570	\$ 14,190,427	\$ 45,210,566	\$ 42,577,924

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

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

Table 7

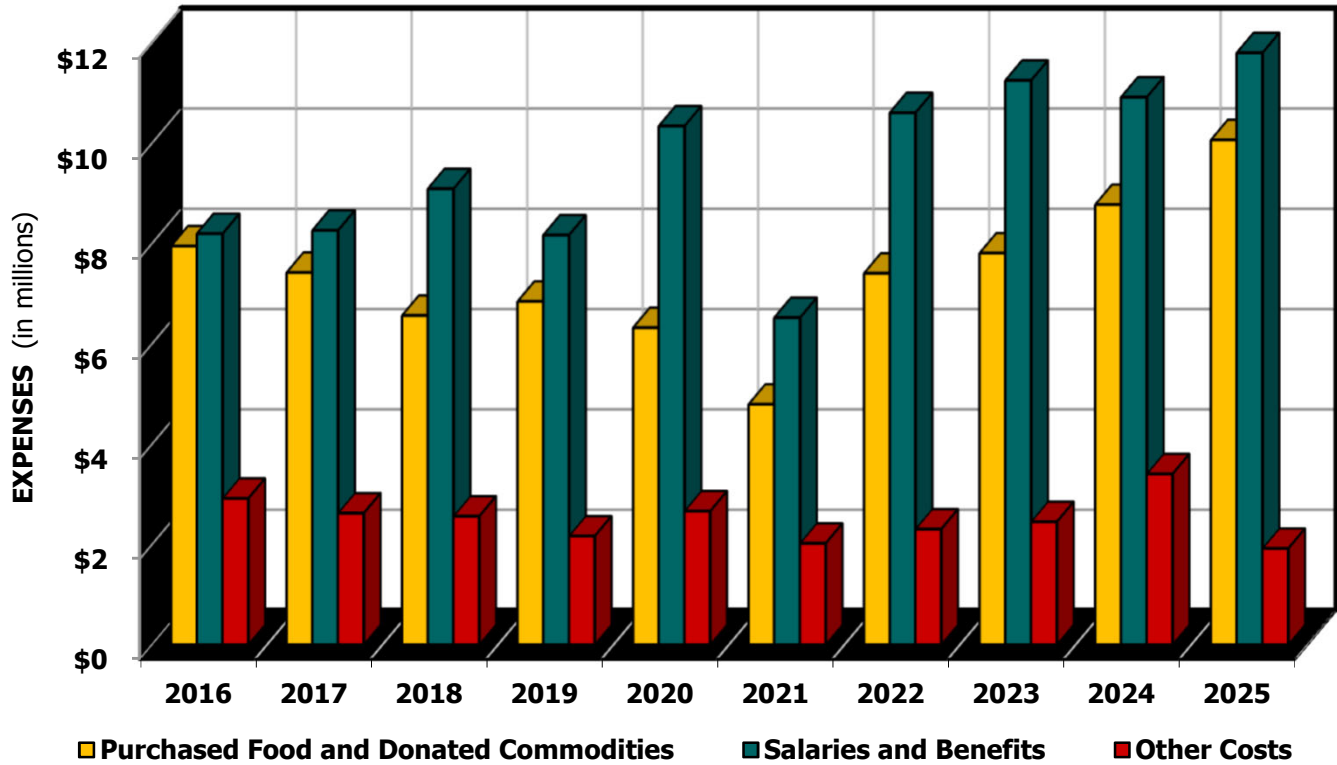


Year Ended June 30	2016	2017	2018	2019	2020
Food Sales	\$ 3,450,282	\$ 3,311,309	\$ 3,640,725	\$ 3,432,214	\$ 2,556,257
Federal Reimbursements	13,016,569	13,094,222	12,634,761	12,385,553	11,104,744
Federal Commodities	1,172,420	1,198,856	1,118,758	1,119,505	1,264,573
Transfers and Capital Contributions	237,090	64,773	50,977	98,485	957,061
Other	1,296,143	1,141,092	1,008,454	236,606	161,964
Totals	\$ 19,172,504	\$ 18,810,252	\$ 18,453,675	\$ 17,272,363	\$ 16,044,599
Year Ended June 30	2021	2022	2023	2024	2025
Food Sales	\$ 72,894	\$ 674,736	\$ 3,254,830	\$ 2,415,913	\$ 2,292,161
Federal Reimbursements	13,647,011	20,980,726	14,885,376	17,055,872	19,868,442
Federal Commodities	1,175,666	1,578,193	1,346,416	1,441,805	1,375,351
Transfers and Capital Contributions	250,237	79,224	64,609	367,068	144,012
Other	104,399	819,613	898,092	54,266	56,009
Totals	\$ 15,250,207	\$ 24,132,492	\$ 20,449,323	\$ 21,334,924	\$ 23,735,975

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

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

Table 8

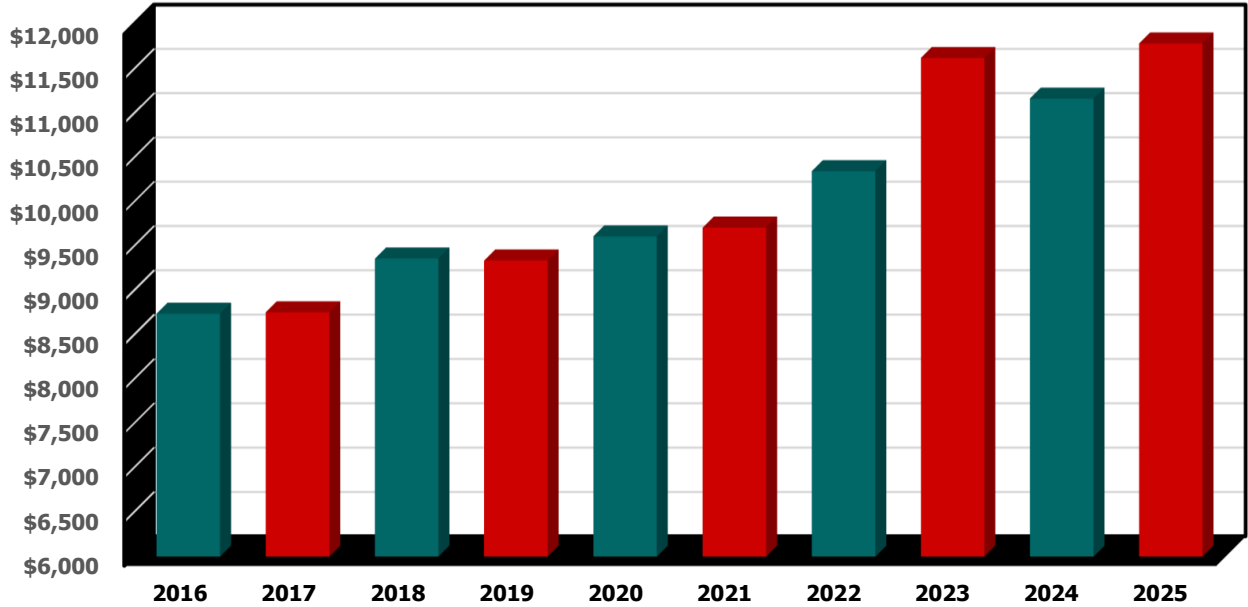


Year Ended June 30	2016	2017	2018	2019	2020
Purchased Food and Donated Commodities	\$ 7,942,885	\$ 7,416,516	\$ 6,566,614	\$ 6,841,081	\$ 6,316,169
Salaries and Benefits	8,189,994	8,256,301	9,085,963	8,163,977	10,335,426
Other Costs	2,911,539	2,618,677	2,556,371	2,161,033	2,659,341
Totals	\$ 19,044,418	\$ 18,291,494	\$ 18,208,948	\$ 17,166,091	\$ 19,310,936

Year Ended June 30	2021	2022	2023	2024	2025
Purchased Food and Donated Commodities	\$ 4,788,714	\$ 7,391,096	\$ 7,803,746	\$ 8,772,816	\$ 10,060,819
Salaries and Benefits	6,516,499	10,633,604	11,246,688	10,905,605	11,795,447
Other Costs	2,016,231	2,348,346	2,446,652	3,402,835	1,913,300
Totals	\$ 13,321,444	\$ 20,373,046	\$ 21,497,086	\$ 23,081,256	\$ 23,769,566

SOURCE: 2016 - 2025 Gaston County Board of Education annual financial statements

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



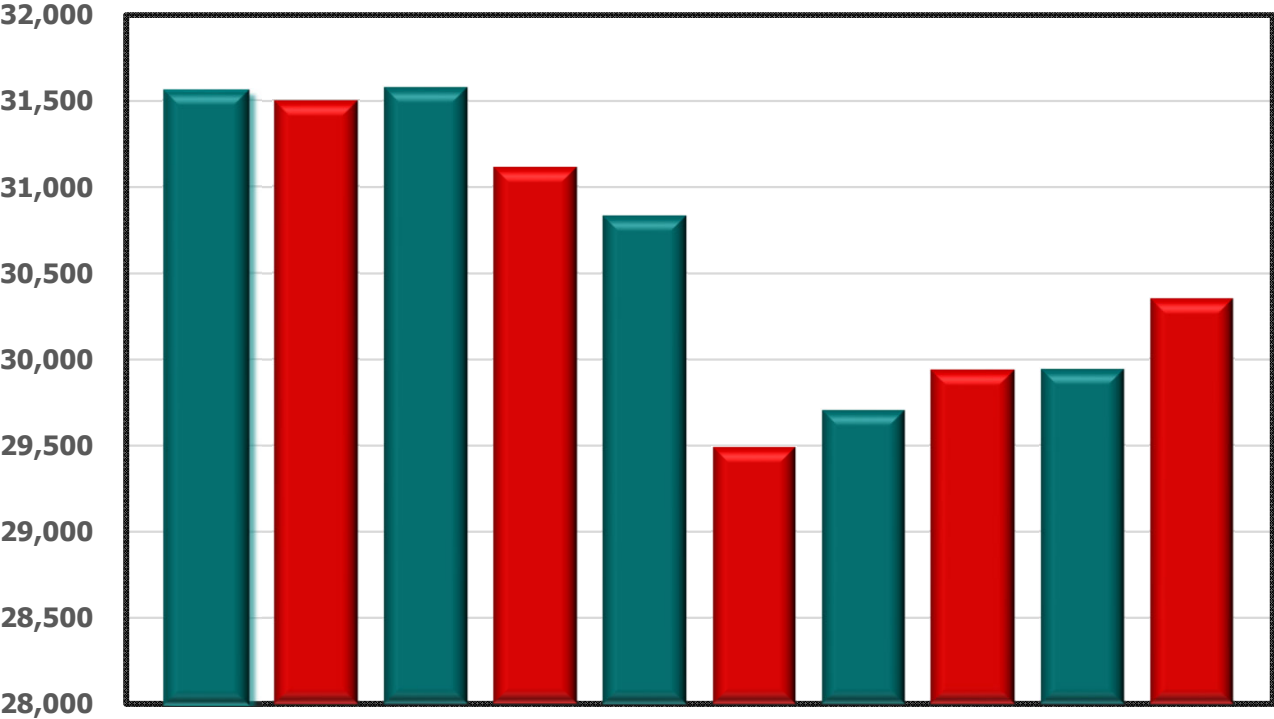
Year Ended June 30	2016	2017	2018	2019	2020
Average daily membership (ADM)	31,555	31,499	31,581	31,116	30,834
Expenses					
Instructional	\$ 7,166	\$ 7,179	\$ 7,738	\$ 7,713	\$ 7,676
Support services	1,459	1,461	1,508	1,500	1,789
Ancillary services	5	5	3	4	2
Non-programmed charges	109	109	113	122	145
Operating expenses per pupil	\$ 8,739	\$ 8,754	\$ 9,362	\$ 9,339	\$ 9,611
Year Ended June 30	2021	2022	2023	2024	2025
Average daily membership (ADM)	29,489	29,704	29,936	29,937	30,347
Expenses					
Instructional	\$ 7,734	\$ 8,359	\$ 9,233	\$ 8,863	\$ 9,068
Support services	1,699	1,701	1,974	1,952	2,225
Ancillary services	72	37	40	11	8
Non-programmed charges	206	250	379	342	488
Operating expenses per pupil	\$ 9,711	\$ 10,348	\$ 11,626	\$ 11,168	\$ 11,789

SOURCES: NC DPI: Statistical Profile - Pupil Accounting
2016 - 2025 Gaston County Board of Education annual financial statements

All dollar amounts are expressed in nominal dollars

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

Table 10



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ADM	31,555	31,499	31,581	31,116	30,834	29,489	29,704	29,936	29,937	30,347

SOURCES: NC DPI - Statistical Profile - Pupil Accounting

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

Table 11

Category	Year Ended June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrators, Managers	42	41	38	36	36	38	43	168	79	83
Principals	55	54	54	54	54	54	57	56	60	58
Assistant Principals	63	63	69	70	69	68	66	76	74	69
Teachers	1,881	1,874	1,864	1,908	1,890	1,840	1,904	2,123	1,942	1,964
Guidance Counselors	85	83	84	88	93	94	90	108	102	94
Psychologists	15	17	22	19	17	17	14	12	11	7
Media Specialists	51	51	49	48	48	47	48	56	50	48
Other Professionals	194	220	216	199	198	204	191	201	199	226
Teacher Assistants	416	429	425	419	408	377	393	409	450	427
Technicians	17	16	17	17	16	16	18	14	16	16
Clerical, Secretarial	176	178	180	188	185	183	188	169	207	232
Service Workers	203	193	204	214	224	240	261	155	436	397
Skilled/Unskilled Crafts	46	49	49	51	52	53	55	142	51	53
Total Full-Time Employees	3,244	3,268	3,271	3,311	3,290	3,231	3,328	3,689	3,677	3,674

SOURCES: NC DPI - Statistical Profile - Public School Personnel

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

GASTON COUNTY BOARD OF EDUCATION
School Building Data
June 30, 2025

Table 12

School	Grade Span	Average Daily Membership	Age (Years) of Original Construction	Date of Original Construction
<u>Elementary Schools</u>				
Belmont Central	2-5	693	56	1969
Bessemer City Central	3-5	392	26	1999
Bessemer City Primary	K-2	409	49	1976
Brookside	K-5	512	31	1994
Carr	K-5	665	64	1961
Catawba Heights	K-5	238	66	1959
Chapel Grove	K-5	365	71	1954
Cherryville	K-3	367	69	1956
Costner	K-5	413	60	1965
ED Sadler	K-5	354	21	2004
Gardner Park	K-5	659	61	1964
H.H. Beam	K-5	576	51	1974
Hawks Nest	4-5	356	23	2002
J. B. Page	K-1	373	52	1973
Kiser	3-5	328	77	1948
Lingerfeldt	K-5	432	72	1953
Lowell	K-5	338	47	1978
McAdenville	K-5	190	76	1949
New Hope	K-5	571	70	1955
North Belmont	K-5	353	49	1976
Pinewood	K-5	490	56	1969
Pleasant Ridge	K-5	887	73	1952
Rankin	K-5	515	75	1950
Robinson	K-3	396	71	1954
Sherwood	K-5	535	56	1969
Springfield	K-2	321	49	1976
Tryon	K-5	320	85	1940
W.A. Bess	K-5	674	43	1982
W.B. Beam Intermediate	4-5	191	77	1948
Woodhill	K-5	559	58	1967

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

GASTON COUNTY BOARD OF EDUCATION
School Building Data
June 30, 2025

Table 12
(continued)

School	Grade Span	Average Daily Membership	Age (Years) of Original Construction	Date of Original Construction
<u>Middle Schools</u>				
Belmont	6-8	770	4	2021
Bessemer City	6-8	497	71	1954
John Chavis	6-8	412	74	1951
Cramerton	6-8	959	27	1998
W.C. Friday	6-8	618	55	1970
Grier	6-8	659	70	1955
Holbrook	6-8	712	71	1954
Mount Holly	6-8	570	86	1939
Southwest	6-8	832	54	1971
Stanley	6-8	602	66	1959
York Chester	6-8	398	86	1939
<u>High Schools</u>				
Ashbrook	9-12	1,386	55	1970
Bessemer City	9-12	590	61	1964
Cherryville	9-12	484	69	1956
Stuart W. Cramer	9-12	953	12	2013
East Gaston	9-12	917	54	1971
Forestview	9-12	1,133	27	1998
Gaston Early College	9-13	235	*	*
Gaston Early College of Medical Science	9-13	174	*	*
Highland School of Technology	9-12	538	71	1954
Hunter Huss	9-12	1,165	63	1962
North Gaston	9-12	1,061	55	1970
South Point	9-12	989	61	1964
<u>Special/Alternative Schools</u>				
Gaston Virtual Academy	K-12	283	N/A	N/A
Warlick	6-12	175	76	1949
Webb Street	K-12	161	76	1949

* Housed on the campus of Gaston College

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

Table 13

Year Ended June 30	Governmental Activities	Demographic Information		Capital Leases per Capita	Capital Leases as a Percentage of Personal Income
	Capital Leases	Per Capita Personal Income	Population		
2025	\$ -	*	*	*	*
2024	-	*	243,242	*	*
2023	-	52,373	241,175	*	*
2022	-	49,674	234,215	*	*
2021	374,507	48,508	231,337	*	1.295%
2020	1,185,755	44,739	228,514	*	0.377%
2019	2,428,916	41,535	226,140	10.82	0.171%
2018	2,614,505	39,542	224,204	11.66	0.151%
2017	1,458,101	39,236	220,969	6.62	0.269%
2016	424,805	37,736	217,748	1.96	0.888%

SOURCES: 2016 - 2025 Gaston County Board of Education annual financial statements
NC DPI - Statistical Profile - Per Capital Income
U.S. Department of Labor, Bureau of Labor Statistics

* Information not available at time of publication.

Gaston County Statistical Information



This section provides statistical data from Gaston County.

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

Table 14

Year Ended June 30	General Government	Public Safety	Environmental Protection	Economic & Physical Development	Human Services
2024	\$ 50,789,171.00	\$ 109,387,974.00	\$ 63,070.00	\$ 6,869,645.00	\$ 84,511,842.00
2023	46,987,116	102,747,589	79,386	6,464,195	77,553,881
2022	48,555,750	86,306,054	82,754	5,502,464	83,139,382
2021	38,505,544	74,652,785	-	4,470,307	59,708,312
2020	34,322,360	75,182,323	69,718	4,393,547	59,251,335
2019	31,726,839	84,276,206	65,385	4,496,983	57,772,654
2018	30,290,301	65,452,881	81,533	4,417,548	56,434,756
2017	26,805,601	63,057,252	60,916	4,567,632	61,589,102
2016	26,296,804	60,586,898	64,799	4,192,734	61,931,748
2015	25,227,484	58,366,090	83,892	3,457,506	58,703,124

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

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

Table 14
(continued)

Year Ended June 30	Cultural & Recreational	Education	Capital Projects	Debt Service	Total
2024	\$ 8,777,448	\$ 60,978,024	\$ 72,000,852	\$ 36,288,699	\$ 429,666,725
2023	9,007,456	60,182,352	32,003,724	30,416,264	365,441,963
2022	7,947,537	59,153,869	22,687,960	31,311,385	344,687,155
2021	6,884,869	57,240,267	36,781,478	32,860,308	311,103,870
2020	6,064,538	57,591,462	47,436,706	46,168,999	330,480,988
2019	5,902,072	55,485,329	31,036,309	26,214,094	296,975,871
2018	5,819,668	54,073,032	28,481,094	88,979,085	334,029,898
2017	5,548,764	51,384,897	38,538,487	28,349,107	279,902,658
2016	5,384,033	49,693,622	16,317,490	25,316,479	249,784,607
2015	5,235,321	49,517,556	10,176,139	25,492,642	236,259,754

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

Table 15

Municipality	Year Ended June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County	0.8700	0.8700	0.8700	0.8700	0.8700	0.8300	0.8300	0.8100	0.6100	0.5990
Cities and Towns										
Belmont	0.4750	0.4750	0.4750	0.4750	0.5150	0.5150	0.5150	0.4950	0.4550	0.4550
Bessemer City	0.4300	0.4300	0.4500	0.4500	0.4700	0.4500	0.4500	0.4500	0.4500	0.5500
Cherryville	0.4600	0.4600	0.4600	0.4600	0.4600	0.5200	0.5200	0.5200	0.4800	0.4800
Cramerton	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4450	0.4350
Dallas	0.3800	0.3800	0.4000	0.4000	0.4000	0.4000	0.4200	0.4200	0.4200	0.4200
Gastonia	0.5300	0.5300	0.5300	0.5300	0.5300	0.5200	0.5200	0.5200	0.4700	0.4700
Gastonia Service Distr.	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
High Shoals	0.4100	0.4100	0.4100	0.4100	0.4100	0.3800	0.3800	0.3800	0.3200	0.3200
Kings Mountain	0.4000	0.4000	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4800	0.4800
Lowell	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4900	0.4900	0.4900	0.3550
McAdenville	0.3000	0.3000	0.3000	0.3300	0.3300	0.3300	0.3300	0.3900	0.3900	0.3900
Mt. Holly	0.5300	0.5300	0.5300	0.5300	0.5300	0.4850	0.4850	0.4850	0.4050	0.4050
Ranlo	0.3700	0.4000	0.4000	0.4000	0.4000	0.4000	0.5000	0.5000	0.4500	0.4500
Spencer Mountain	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Stanley	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.4900	0.4900
Fire Districts										
Agriculture Center	0.0630	0.0630	0.0730	0.0730	0.0730	0.0920	0.0112	0.1200	0.1100	0.0850
Alexis	0.0850	0.0900	0.0900	0.0950	0.0950	0.0790	0.0990	0.1060	0.1100	0.0850
Chapel Grove	0.0950	0.1050	0.1050	0.1050	0.1050	0.0930	0.0930	0.1240	0.1100	0.0850
Chestnut Ridge	0.0800	0.0840	0.0840	0.0840	0.0950	0.0810	0.1010	0.1200	0.1100	0.0850
Community	0.1000	0.1000	0.1000	0.1000	0.1200	0.0990	0.1190	0.1210	0.1100	0.0850
Crouse	0.0740	0.0740	0.0740	0.0740	0.0860	0.0690	0.0750	0.0750	0.1100	0.0850
East Gaston	0.0840	0.0840	0.0840	0.0840	0.0840	0.0720	0.0920	0.0980	0.1100	0.0850
High Shoals	0.1030	0.1030	0.1030	0.1030	0.1030	0.1040	0.1040	0.1040	0.1100	0.0850
Hughs Pond	0.1010	0.1010	0.1010	0.1100	0.1100	0.1050	0.1050	0.1050	0.1100	0.0850
Long Shoals	0.1030	0.1030	0.1030	0.1030	0.1030	0.1040	0.1040	0.1040	0.1100	0.0850
Lowell	0.0500	0.0500	0.0740	0.0740	0.0740	0.0680	0.0680	0.0680	0.1100	0.0850
Lucia-Riverbend	0.1050	0.1050	0.1050	0.1100	0.1140	0.0930	0.1130	0.1250	0.1100	0.0850
New Hope	0.0800	0.0880	0.0880	0.0880	0.1000	0.0840	0.0970	0.0970	0.1100	0.0850
Ranlo	0.0840	0.0840	0.0740	0.0840	0.0840	0.0880	0.0910	0.0910	0.1100	0.0850
South Gastonia	0.0950	0.1050	0.1050	0.1050	0.1050	0.0930	0.0930	0.1240	0.1100	0.0850
South Point	0.0640	0.0640	0.0500	0.0400	0.0400	0.0360	0.0500	0.0500	0.1100	0.0850
Spencer Mountain	0.0700	0.0800	0.0800	0.0800	0.0800	0.0930	0.1030	0.1030	0.1100	0.0850
Tryonota	0.0800	0.0840	0.0840	0.0840	0.0950	0.0810	0.1010	0.1200	0.1100	0.0850
Union Road	0.0670	0.0770	0.0770	0.0770	0.0770	0.0650	0.0760	0.0760	0.1100	0.0850
Waco	0.0730	0.0730	0.0730	0.0950	0.0950	0.0810	0.0950	0.0950	0.1100	0.0850

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

GASTON COUNTY, NORTH CAROLINA

Table 16

**Commerical and Industrial Permits Issued and Total Deposits
Last Ten Fiscal Years**

Year Ended June 30	Commercial Permits	Institutional Permits	Deposits x \$1,000
2025	*	*	3,484,048
2024	300,385,949	8,584,000	3,532,788
2023	538,686,585	47,000	3,634,625
2022	236,962,123	75,000	3,768,767
2021	244,330,679	-	3,363,125
2020	94,056,648	-	2,960,947
2019	33,436,947	6,922,773	3,316,064
2018	116,548,437	5,404,798	3,244,933
2017	148,170,838	13,208,389	3,124,742
2016	207,061,632	26,293,418	2,378,335

SOURCES: Gaston County Finance Department - *June 30, 2024 (Most Current information available)

Federal Deposit Insurance Corporation

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

Table 17

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2024	206,144,442	204,085,150	99.00%
2023	179,402,454	177,885,307	99.15%
2022	176,450,171	174,965,654	99.16%
2021	170,971,588	169,413,769	99.09%
2020	166,281,606	163,922,402	98.58%
2019	147,062,463	145,746,820	99.11%
2018	143,478,862	141,959,045	98.94%
2017	139,161,704	137,616,976	98.89%
2016	134,957,472	133,397,408	98.84%
2015	134,740,856	132,998,045	98.71%

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

GASTON COUNTY, NORTH CAROLINA
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 18

TAXPAYER	2024			2015		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Carolinas LLC	\$ 648,627,749	1	1.9%	\$ 402,344,986	1	2.8%
FMC Lithium USA	198,738,389	2	0.6%	50,960,018	6	0.4%
NP Gastonia Ind.	191,161,880	3	0.6%	-	-	-
Daimler Trucks	182,628,452	4	0.5%	91,155,042	2	0.6%
Triangle Real Estate	125,344,270	5	0.4%	-	-	-
Public Service Company	101,920,548	6	0.3%	63,882,771	3	0.4%
Progress Residential Borrower	78,153,030	7	0.2%	-	-	-
Glatfelter Mt Holly LLC	77,691,204	8	0.2%	-	-	-
Owens Corning	73,452,653	9	0.2%	-	-	-
American & Efird	55,864,649	10	0.2%	-	-	-
BellSouth	-	-	-	53,837,204	4	0.4%
Bud Antle, Inc.	-	-	-	51,036,603	5	0.4%
Pharr Yarns	-	-	-	47,285,428	7	0.3%
Southwood Realty Company	-	-	-	44,114,600	8	0.3%
Mann+Hummel (formerly WIX)	-	-	-	42,237,836	9	0.3%
Rutherford EMC	-	-	-	34,847,979	10	0.2%
	<u>\$ 1,733,582,824</u>		<u>5.14%</u>	<u>\$ 881,702,467</u>		<u>6.03%</u>

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

GASTON COUNTY, NORTH CAROLINA
Principal Employers for Gaston County
Current Year and Nine Years Ago

Table 19

Employer	2024			2015		
	Number of Employees	Rank	Type	Number of Employees	Rank	Type
Caromont Health (A Corp)	1000+	1	Health Services	1000+	2	Health Services
Gaston County Schools	1000+	2	Education	1000+	1	Education
Freightliner Corp	1000+	3	Manufacturing	1000+	3	Manufacturing
County Of Gaston	1000+	4	Public Administration	1000+	5	Public Administration
Wal-Mart Associates Inc.	1000+	5	Retail Trade	1000+	4	Retail Trade
Mann+hummel	1000+	6	Manufacturing	1000+	7	Manufacturing
American & Efird Llc	1000+	7	Manufacturing	1000+	6	Manufacturing
City Of Gastonia	500-999	8	Public Administration	500-999	8	Public Administration
Food Lion	500-999	9	Retail Trade	-	-	-
Kintegra Health	500-999	10	Health Services	-	-	-
Pharr Yarns	-	-	-	500-999	9	Manufacturing
Sara Lee Corporation	-	-	-	500-999	10	Manufacturing

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

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

Table 20

Year Ended June 30	Employed	Unemployment Rate
2025	118,316	4.10%
2024	238,659	4.00%
2023	114,221	3.90%
2022	109,620	4.10%
2021	105,288	5.30%
2020	98,149	8.30%
2019	109,329	4.40%
2018	106,884	4.10%
2017	103,388	4.20%
2016	100,489	5.20%

SOURCE: North Carolina Department of Commerce

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

Table 21

Year Ended June 30	Per Capita Income	Per Capita Rank Within State of NC	Total Personal Income <small>(in thousands of dollars)</small>
2025	\$ *	*	\$ *
2024	*	*	*
2023	52,373	44	12,425,162
2022	49,674	*	11,634,395
2021	48,748	46	11,277,151
2020	44,808	46	10,239,160
2019	41,313	46	9,342,541
2018	39,354	*	8,823,284
2017	38,945	*	8,605,557
2016	37,425	29	8,149,218

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

*Information not available at time of publication.

GASTON COUNTY, NORTH CAROLINA

Table 22

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Year Ended June 30	Total Debt Service Expenditures ⁽¹⁾	Total General Governmental Expenditures	Ratio of Debt Service to Total General Expenditures
2024	\$ 36,288,699	\$ 429,666,725	8.4%
2023	30,416,264	365,441,963	8.3%
2022	31,311,385	344,687,155	9.1%
2021	32,860,308	311,103,870	10.6%
2020	46,168,999	330,480,988	14.0%
2019	26,214,094	296,975,871	8.8%
2018	88,979,085	334,029,898	26.6%
2017	28,348,246	278,765,947	10.2%
2016	25,316,479	249,784,607	10.1%
2015	25,492,642	236,259,754	10.8%

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

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

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

Table 23

Year Ended June 30	Net General Bonded Debt	Estimated Actual Value of Taxable Property x \$1,000	Assessed Value x \$1,000	Ratio - Debt to Assessed Value	Population	Debt Per Capita
2024	\$ 235,615,129	\$ 34,833,891	\$ 33,708,757	0.70%	243,242	\$ 969
2023	174,951,446	32,163,590	22,086,737	0.79%	241,175	725
2022	188,174,420	25,340,070	21,202,037	0.89%	234,215	803
2021	203,400,222	20,745,544	20,546,387	0.99%	231,337	879
2020	234,753,198	19,934,655	19,745,275	1.19%	228,514	1027
2019	269,601,609	17,379,041	16,855,932	1.80%	226,140	1192
2018	186,341,784	14,761,918	16,437,043	1.13%	224,204	831
2017	195,722,876	15,344,435	15,943,318	1.23%	220,969	886
2016	213,575,436	14,112,891	13,808,053	1.55%	217,748	981
2015	178,203,288	12,631,152	13,693,432	1.30%	213,856	833

SOURCE: Gaston County Finance Department - June 30, 2024 (Most Current information available)

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 *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Gaston County Schools
Gastonia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Gaston County Schools ("Board"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-002.

Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's responses to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs and the corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 Boards'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Raleigh, North Carolina
January 29, 2026**

**Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by the OMB Uniform
Guidance and the State Single Audit Implementation Act**

Independent Auditor's Report

Board of Education
Gaston County Schools
Gastonia, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Board of Education of Gaston County Schools ("Board") 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 Board's major federal programs for the year ended June 30, 2025. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board 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 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*); and 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 Board 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 Board'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 Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board'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 noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 judgment made by a reasonable user of the report on compliance about the Board'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 noncompliance, 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 Board'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 Board'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, but not for the purpose of expressing an opinion on the effectiveness of the Board'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, noncompliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Raleigh, North Carolina
January 29, 2026**

Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State Single Audit Implementation Act

Independent Auditor's Report

Board of Education
Gaston County Schools
Gastonia, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Board of Education of Gaston County Schools ("Board") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Board's major state programs for the year ended June 30, 2025. The Board's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board 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*); and the applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Our responsibilities under those standards, the applicable sections of Uniform Guidance, and the State Single Audit Implementation Act 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 Board 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 Board'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 Board's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board'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 applicable sections of the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the applicable sections of 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 noncompliance, 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 Board'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 Board'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, but not for the purpose of expressing an opinion on the effectiveness of the Board'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, noncompliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Raleigh, North Carolina
January 29, 2026**

Note 1. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>Assistance Listing</u>	<u>Names of Federal Program or Cluster</u>
10.553, 10.555 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$1,293,859

Auditee qualified as low-risk auditee? Yes X No

Finding 2025-002

Expenditures in Excess of Budget for General Fund, State Public School Fund, Other Specific Revenue Fund and School Food Service Fund

MATERIAL WEAKNESS

Criteria: General statutes state that all monies received and expended by a local government or public authority should be included in the budget ordinance.

Condition: At the legal level of budgetary control, the General Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Regular instructional, special population, alternative programs, school leadership, co-curricular, support and development, alternative programs and services support and development, operational support, financial and human resources, system-wide pupil support, and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, the State Public School Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Accountability and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, the Other Specific Revenue Fund exceeded the amounts appropriated in the budget ordinance. This included spending in excess of budget in the following categories: Regular instructional, school leadership, co-curricular, alternative programs and services support and development, and policy, leadership and public relations. See variances included in Exhibit 6.

At the legal level of budgetary control, expenditures for business support services in the School Food Service Fund exceeded the amounts appropriated in the budget ordinance by an aggregate amount of \$1,795,790.

Cause: The Board expended funds that had not been budgeted for in the budget ordinance and a budget amendment was not adopted.

Effect: Monies were spent that had not been appropriated.

Recommendation: Budget amendments should be adopted when it is known that funds are going to be expended in a different budgetary control level than what was originally adopted prior to expending the funds.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 10 for the Corrective Action Plan.

Finding 2025-003

Deficit in Fund Balance for Other Specific Revenue Fund

MATERIAL WEAKNESS

Criteria: Adequate resources must be available for fund operations.

Condition: The Other Specific Revenue Fund has a deficit in fund balance of \$4,396.237 at June 30, 2025.

Cause: Continued increases in costs that have exceeded appropriations in the Other Specific Revenue Fund.

Effect: The Other Specific Revenue Fund does not have sufficient assets in excess of their liabilities at June 30, 2025.

Recommendation: We recommend management appropriately monitor the budget and identify means to reduce expenditures in the Other Specific Revenue Fund in order to reduce the deficit.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 10 for the Corrective Action Plan.

Note 3. Federal Award Findings and Questioned Costs

No matters are reportable.

Note 4. State Award Findings and Questioned Costs

No matters are reportable.



Gaston County Schools
shaping our future

**Board of Education of Gaston County Schools
Corrective Action Plan
Year Ended June 30, 2025**

Schedule 10

Finding 2025-001

Name of contact person: Gary F. Hoskins, Associate Superintendent and Chief Financial Officer

Corrective action: Cash accounts are reviewed and monitored on a regular basis. There were lingering unreconciled amounts driven by software issues. All cash accounts will be reconciled on a monthly basis and any unreconciled items will be corrected.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2025-002

Name of contact person: Gary F. Hoskins, Associate Superintendent and Chief Financial Officer

Corrective action: At the end of each fiscal year, management reviews the purpose codes for each fund to ensure that there are no overspends. However, there were year-end adjustments that were made after this review was completed. We will adjust our year-end procedures to ensure that the review of overspends is done after all year-end entries have been made.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2025-003

Name of contact person: Gary F. Hoskins, Associate Superintendent and Chief Financial Officer

Corrective action: Management is actively working to reduce expenditures in the Other Specific Revenue Fund. Further, management will amend budgeting procedures to ensure expenditures in the Other Specific Revenue Fund are reduced.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2024-001

Status: Corrected

Finding 2024-002

Status: See Finding 2025-001

Finding 2024-003

Status: See Finding 2025-002

**Board of Education of Gaston County Schools
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2025**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
Federal Grants			
U.S. Department of Agriculture			
School Nutrition Program			
<u>Child Nutrition Cluster</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture			
National School Lunch Program			
	10.555	PRC 035	\$ 1,375,351
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
School Breakfast Program			
	10.553	PRC 035	4,594,267
National School Lunch Program			
	10.555	PRC 035	14,586,016
Summer Food Service Program for Children			
	10.559	PRC 050	549,712
Total Cash Assistance			
			19,729,995
Total Child Nutrition Cluster			
			21,105,346
Child Nutrition Discretionary Grants Limited Availability			
	10.579	PRC 053	93,820
Child and Adult Food Care Program			
	10.558	PRC 035	138,447
Total U.S. Department of Agriculture			
			21,337,613
U.S. Department of Education			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)			
	84.010	PRC 050	9,215,358
School Improvement - Title I			
	84.010	PRC 105 & 115	519,133
			9,734,491
Special Education Cluster			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped			
	84.027	PRC 060	7,640,005
Children with Disabilities - Risk Pool			
	84.027	PRC 114	610,733
Special Needs Target Assistance			
	84.027	PRC 118	18,954
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped			
	84.173	PRC 049	161,998
Preschool Targeted Assistance			
	84.173	PRC 119	10,464
Total Special Education Cluster			
			8,442,154
Career and Technical Education - Capacity Building Grant			
	84.048	PRC 017	559,165
State Personnel Development			
	84.323	PRC 082	23,210
English Language Acquisition Grant			
	84.365	PRC 104/111	551,171
Supporting Effective Instruction State Grants			
	84.367	PRC 103	983,945
Education for Homeless Children and Youth			
	84.196	PRC 026	127,504
21st Century Community Learning Centers			
	84.287	PRC 110	378,350
Student Support and Academic Enrichment Program			
	84.424	PRC 108	538,285
COVID-19 Education Stabilization Fund			
ESSER III - Homeless I			
	84.425W	PRC 183	8,225
ESSER III - Homeless II			
	84.425W	PRC 184	7,542
ESSER III - Math Enrichment Programs			
	84.425U	PRC 189	234,654
Total COVID-19 Education Stabilization Fund			
	84.425		250,421
Total U.S. Department of Education			
			21,588,696
U.S. Department of Defense			
Direct Program			
ROTC			
	12.000	PRC 031	202,345
Total Federal Assistance			
			\$ 43,128,654

**Board of Education of Gaston County Schools
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2025**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Expenditures</u>
State Grants			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 224,636,254
Driver Training - SPSF		PRC 012	689,415
School Technology Fund - SPSF		PRC 015	549,333
Career and Technical Education			
- State Months of Employment		PRC 013	9,537,110
- Program Support Funds		PRC 014	1,281,310
Passed-through Gaston County			
Public School Building R&R Fund			<u>88,010</u>
Total N.C. Department of Public Instruction			<u>236,781,432</u>
<u>N.C. Department of Agriculture</u>			
State Kindergarten Breakfast Funds			<u>2,154</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Public Health:			
State School Nurse Initiative			96,931
Division of Child Development			
NC Pre-Kindergarten Program			<u>5,655,095</u>
Total N.C. Department of Health and Human Services			<u>5,752,026</u>
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		PRC 120	<u>295,342</u>
Total State Assistance			<u>242,830,954</u>
Total Federal and State Assistance			<u>\$ 285,959,608</u>

**Board of Education of Gaston County Schools
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025**

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of the Board of Education of Gaston County Schools (the "Board") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this Schedule 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 Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2: Summary of Significant Account Policies

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

Note 3: Indirect Cost Rate

The Board has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Non-Cash Assistance

Included in the amounts reported on the Schedule, the Board received non-cash assistance in the form of food commodities and school buses. Non-cash items with a fair value of \$1,670,693 were received during the year ended June 30, 2025. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30, 2025.