

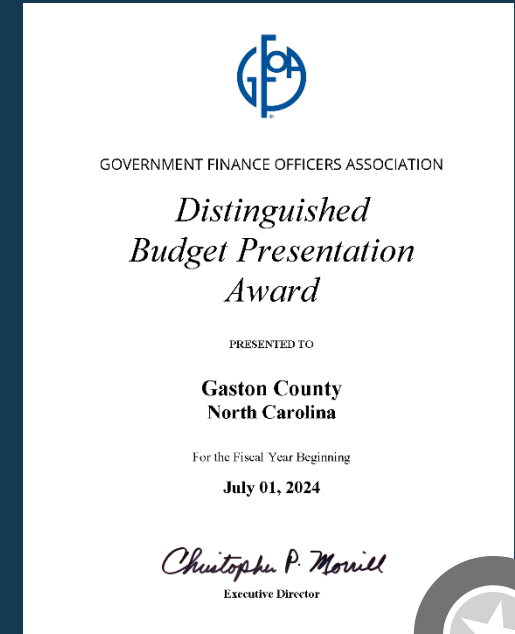
Gaston County FY 2026 Recommended Budget

County Manager's Recommendations
May 13, 2025



Outline

- ❖ Budget Context
- ❖ FY 2026 Budget Summary
- ❖ FY 2026 Capital Investment
- ❖ Looking Forward



Budget Context

FY 2026 Budget Process

More **Board involvement** than ever before:



Organizational Priorities

Leadership

- Increased board involvement and policy discussions
- Emphasis on transparency, accountability, and citizen engagement

Service Provision

- Prioritize initiatives to save taxpayer dollars and explore ways to be more effective and efficient with service delivery
- Strengthen recruitment and retention of the County's workforce and reinforce a culture that places citizen engagement and service at the heart of everything we do

Economic Development & Capital Investments

- Strengthen relationships with municipal, regional and community partners
- Continued focus on bringing new industries to Gaston County and necessary capital infrastructure projects

Financial Stability

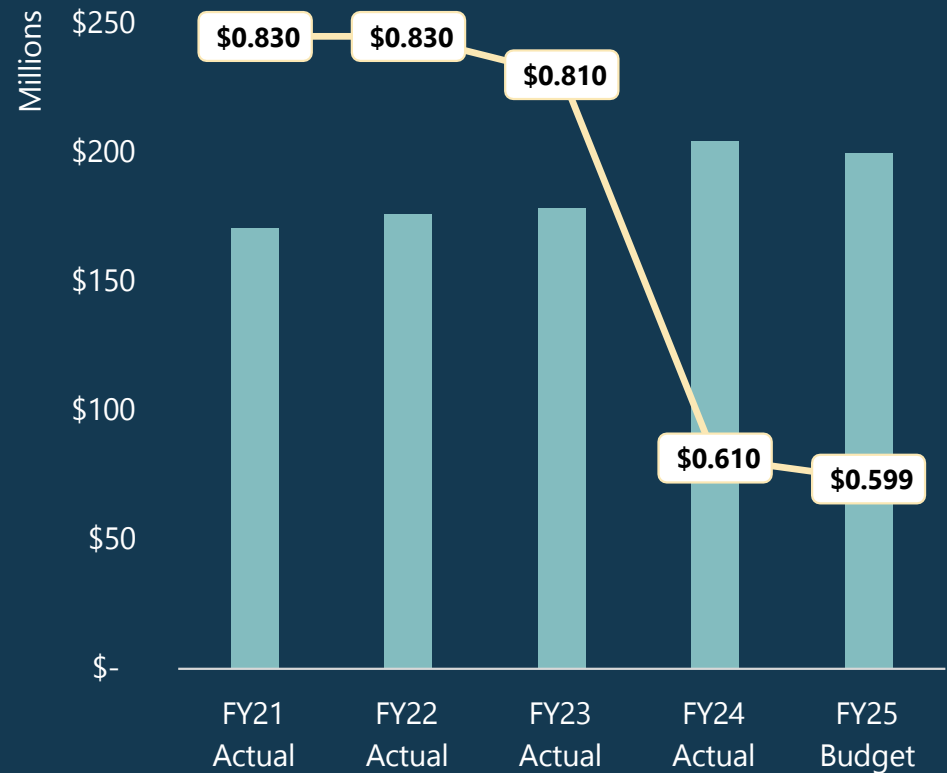
- Maintain financial stability ahead of planned capital investments and debt issuances
- **Recommend a structurally balanced budget that prioritizes smart financial stewardship of taxpayer dollars**

Property Tax

In past 5 years...

- 23.1¢ reduction* in tax rate
 - Most significant reduction compared to surrounding counties
- Stability is crucial in light of sales tax decline

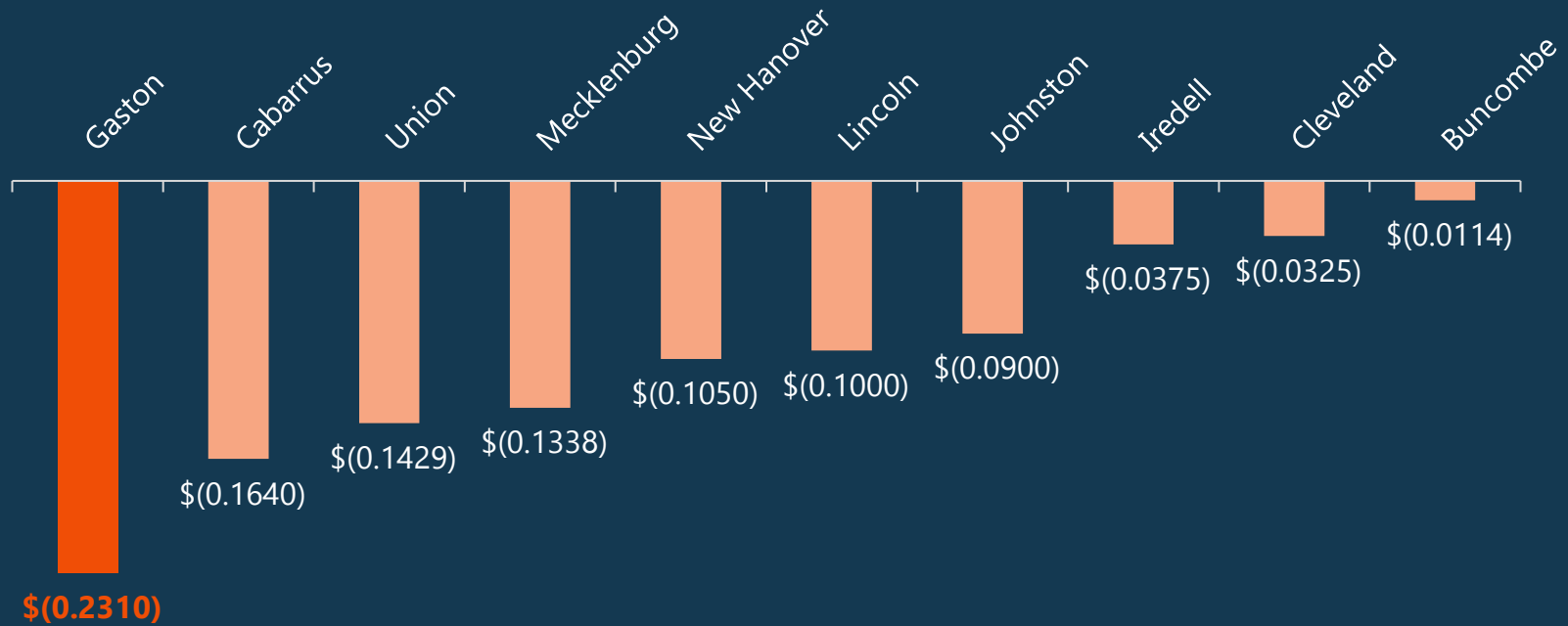
Property Tax Revenue vs. Tax Rate



Property Tax

Five-Year Reduction in Tax Rate (FY21-FY25)

Gaston and Peer Counties



Year of Last
Reappraisal

2023

2024

2021

2023

2021

2023

2019

2023

2021

2021

Property Tax

Since the 2019 revaluation...

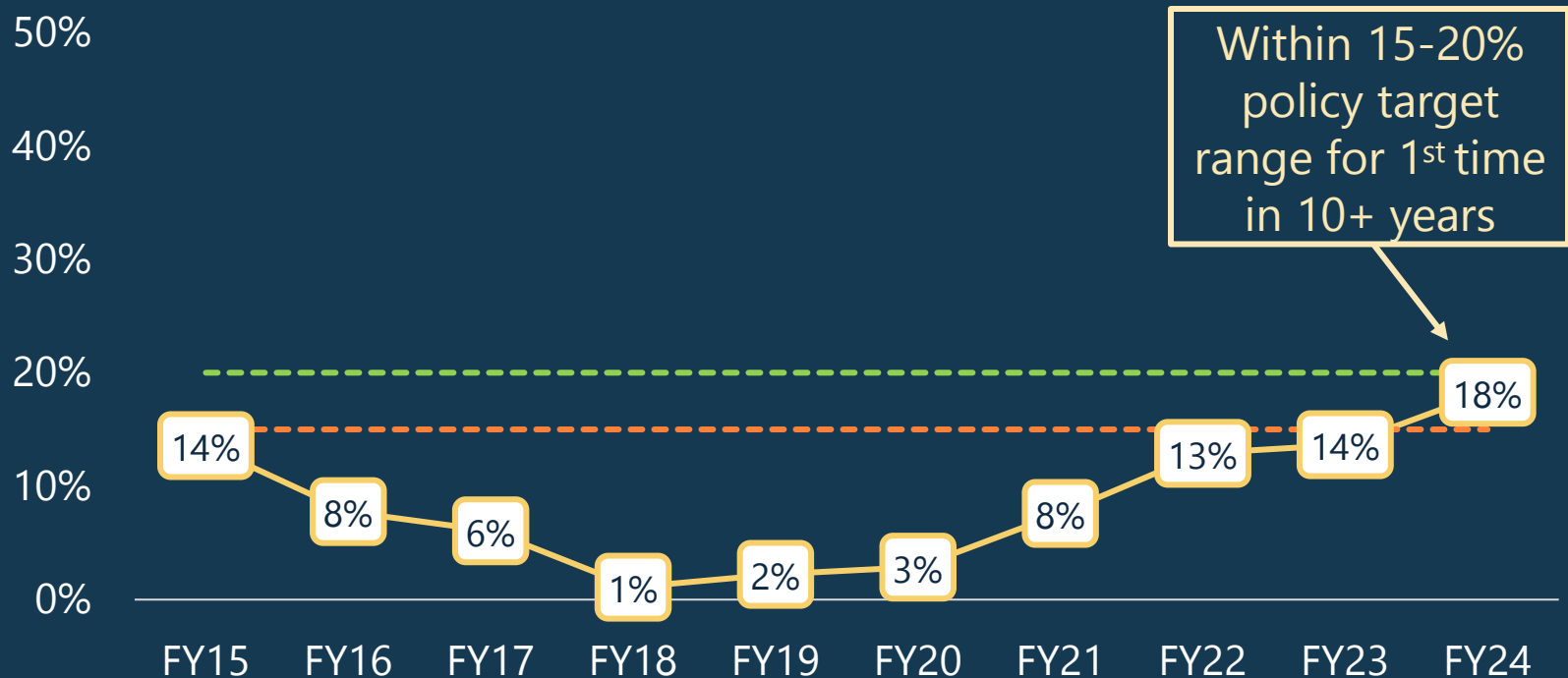
- Gaston County reduced its tax rate by **31%**, from 87¢ to 59.9¢
- Municipalities in the County reduced their tax rates by an average of **2%**, or **0.8¢** on average
- Changes in tax rates significantly impact the County's share of sales tax revenue



General Fund - Fund Balance

Unassigned Fund Balance as a % of Total Revenue

Actual vs. Policy Range



Ongoing Cost-Saving Initiatives

Implemented cost-savings **equivalent to 2¢ (\$6.6m)** to date throughout FY25

- **Renegotiate and Reconsider Existing Contractual Obligations**
- **Revenue Analysis**
 - Cost Allocation Plan – Fund Reimbursements
 - Cost Recovery and Fee Analysis
- **Process Improvement**
 - In-House Solutions
 - Improved Resource Allocation
 - Freezing or Reallocating Existing Vacant Positions
- **Financial Management, Processes, and Policy**
 - Procurement Policy
 - Risk Management

FY 2026 Budget Summary

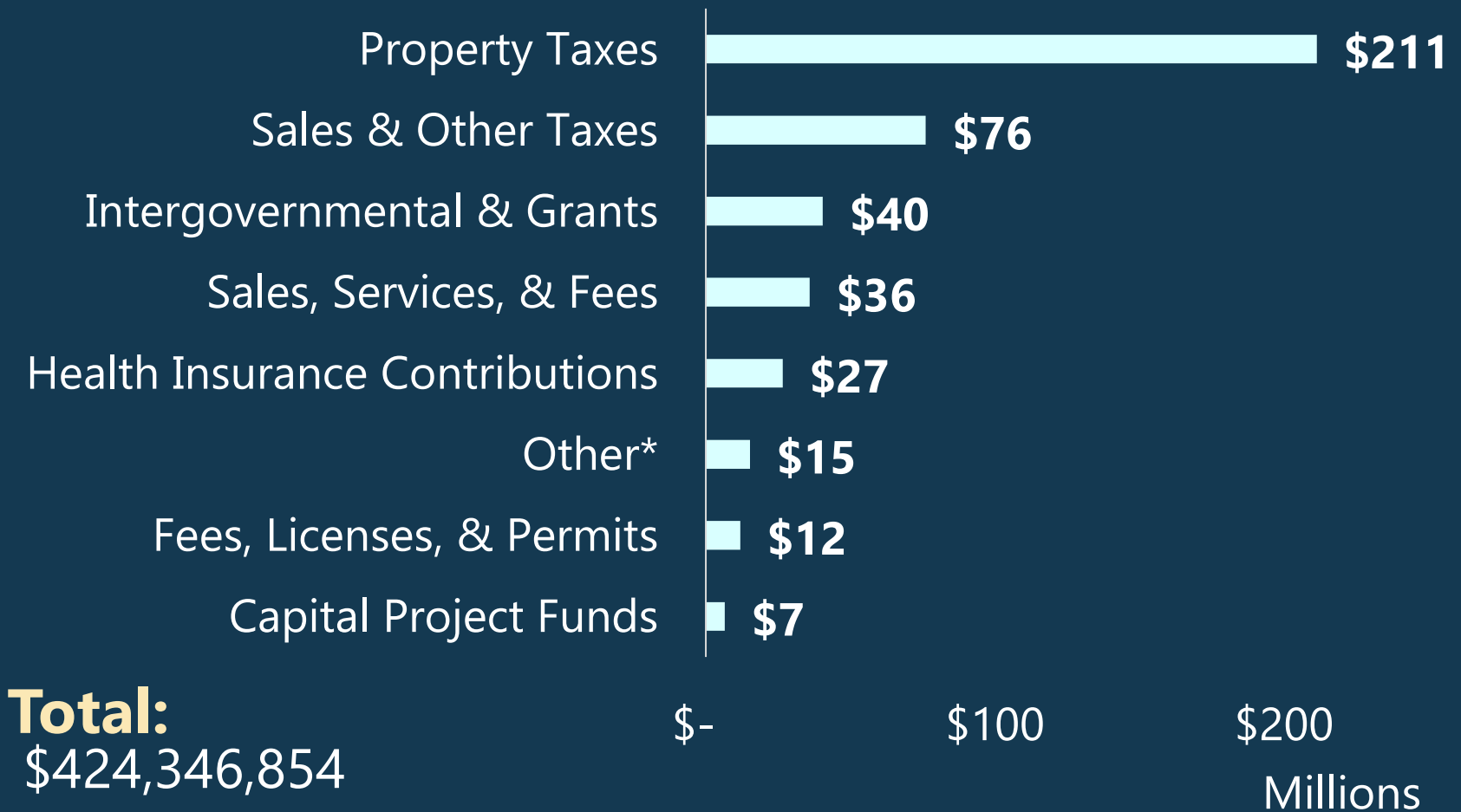


Overview of Recommendations

- 59.9¢ tax rate; flat rate and flat General Fund expenditures
 - 0.2% increase in net budget of all funds
- No appropriation of General Fund fund balance or transfers from other funds to balance the General Fund
- Absorbed more than \$31 million of increases in expenses
 - Includes \$16 million new school debt

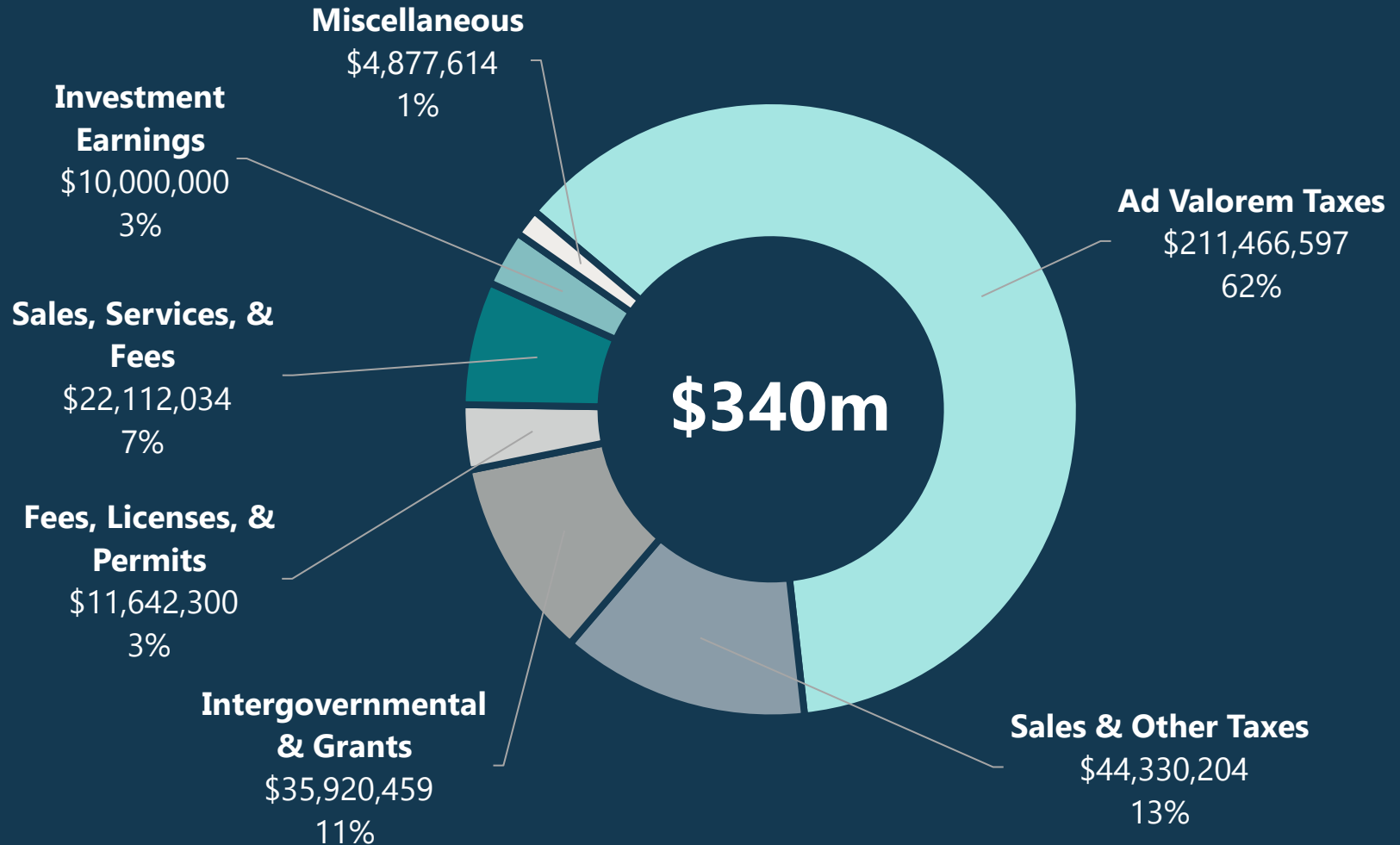
FY 2026 Budget Summary

Total Revenue for all Funds, Net of Internal Transfers



* Other includes investment interest and miscellaneous

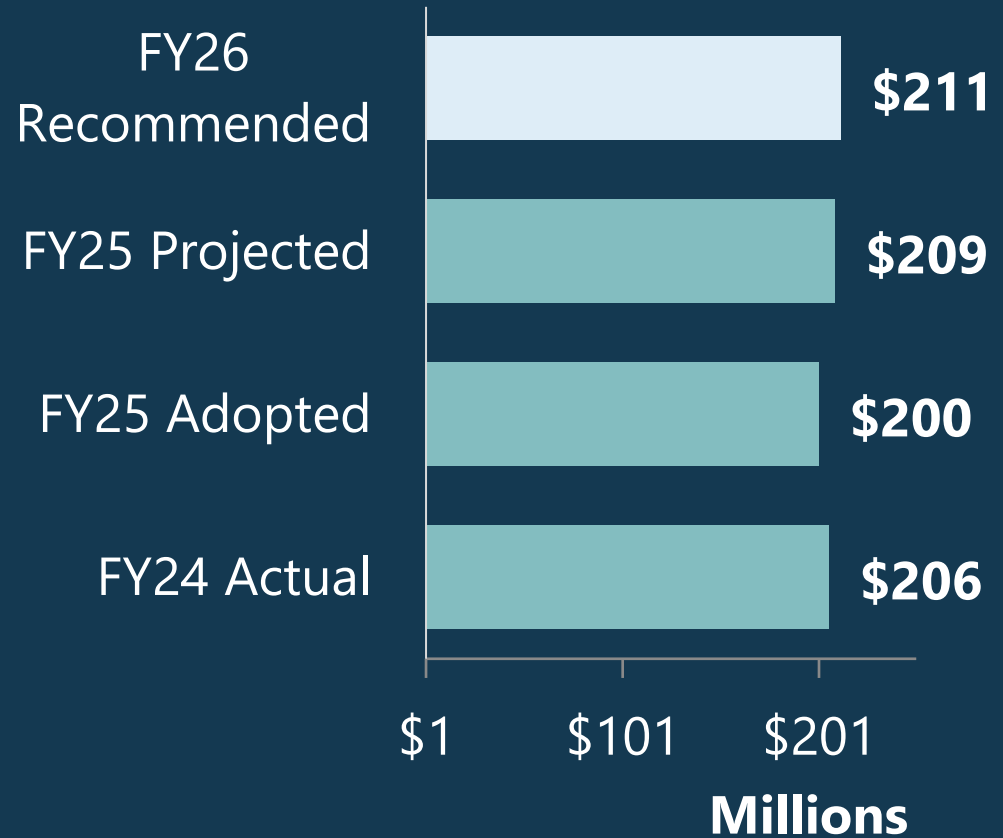
Summary of General Fund Revenue



Property Tax

- Recommending tax rate of 59.9¢ per \$100 in value
- Projected revenue = $\text{Total assessed value} / 100 \times \text{collection rate} \times \text{tax rate}$

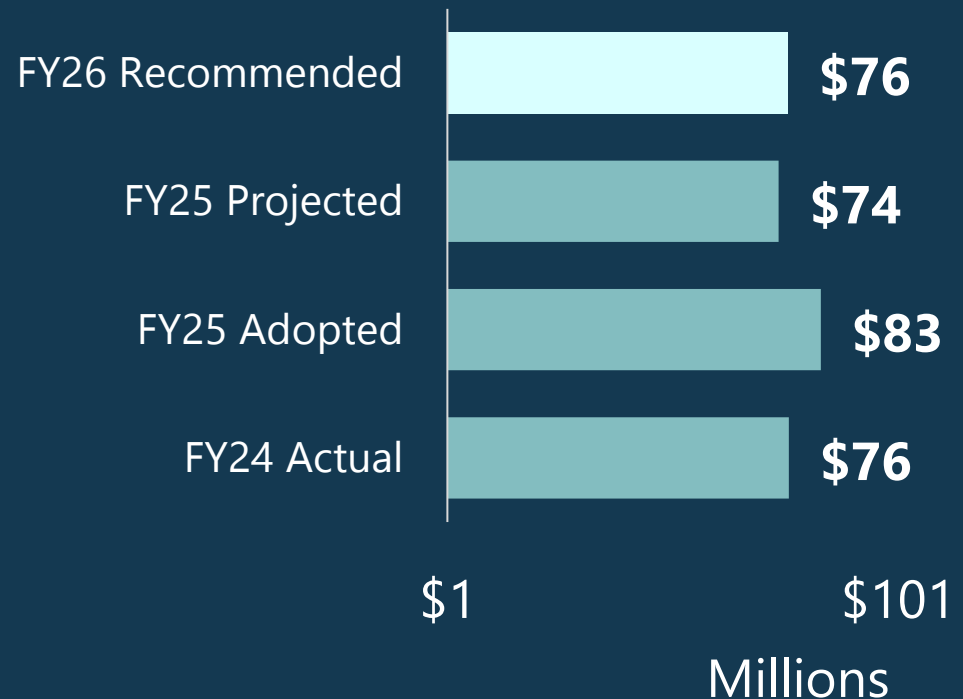
Property Tax Revenue



Sales & Other Tax

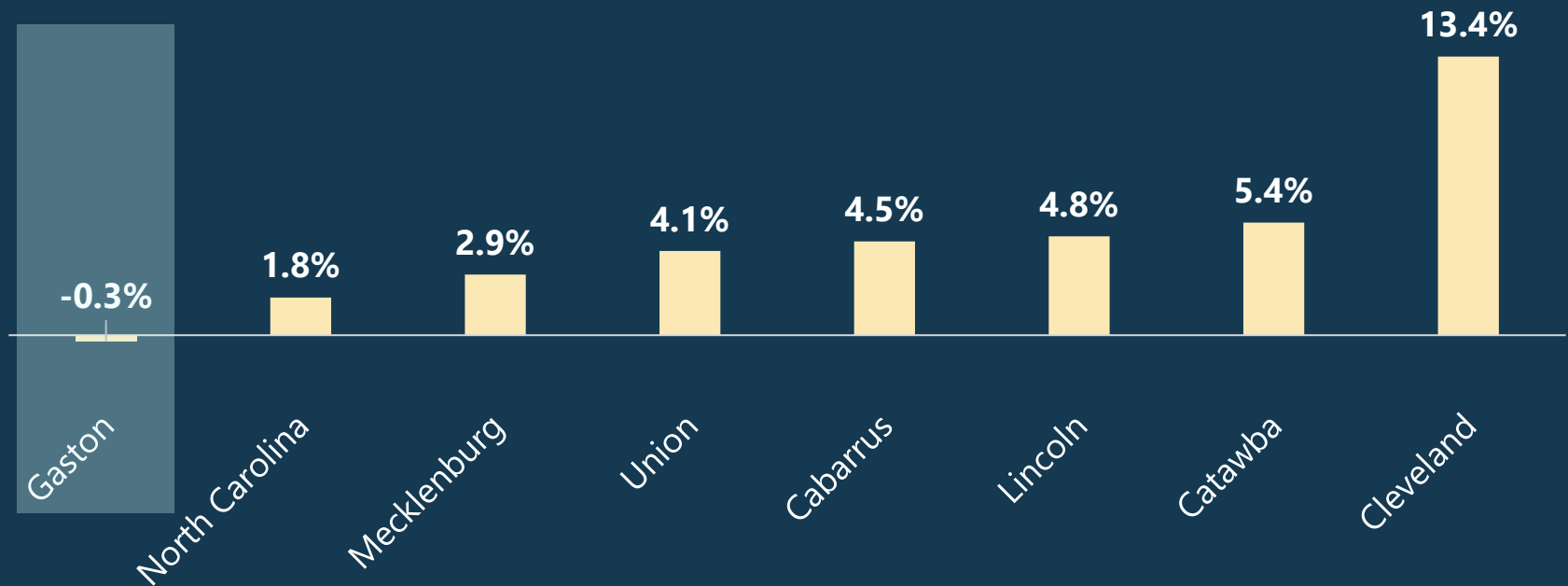
- Budget decrease of 9% across all funds due to unrealized revenue in FY25
- Budgeted in both General Fund and CIF
- Portion restricted for School capital and debt service

Sales & Other Tax Revenue*



Sales Tax

% Change in Net Collections
July-February 2024 vs. July-February 2025
Gaston vs. Surrounding Counties and State Average



Sales Tax

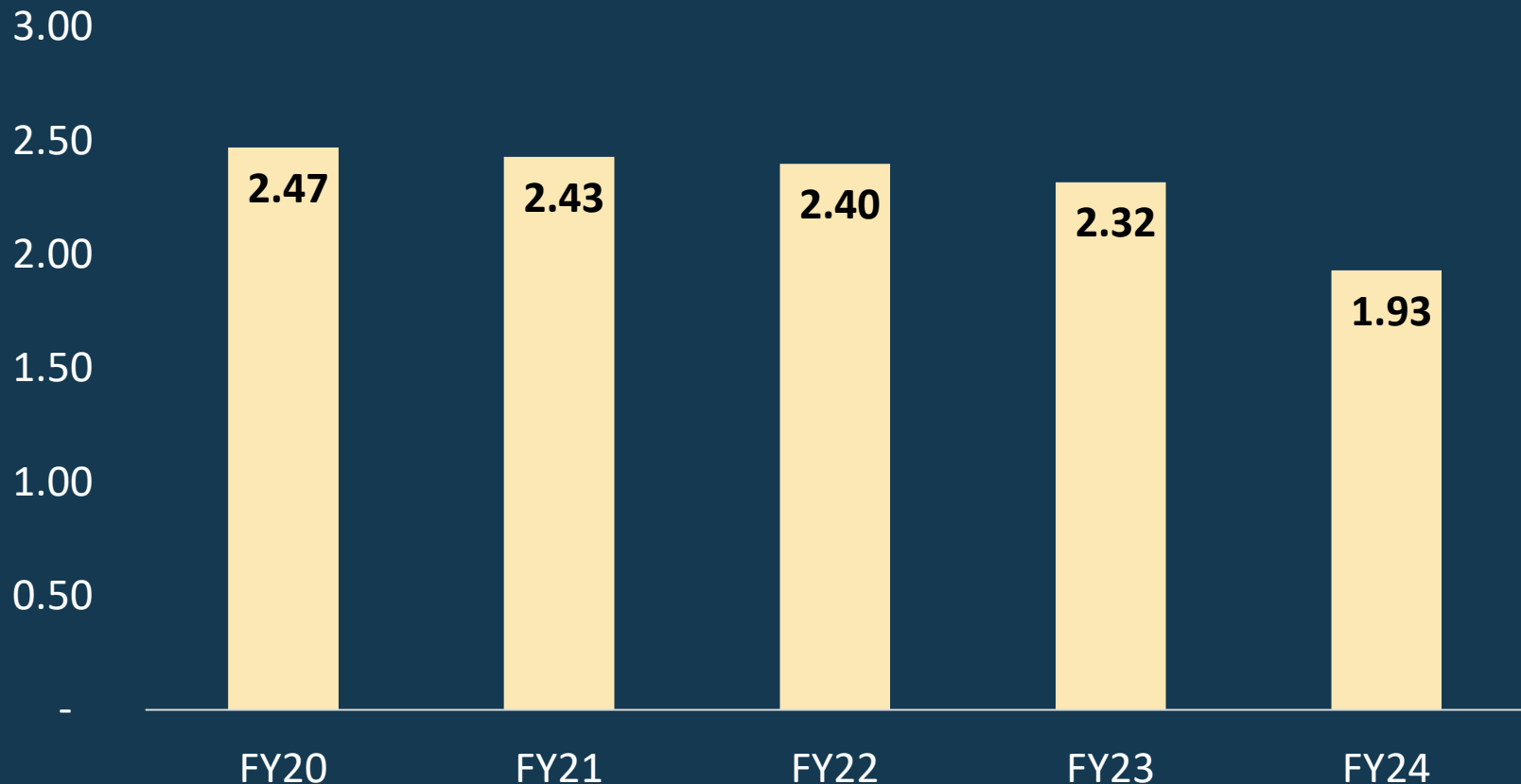
In Gaston County, sales tax is distributed **based on the proportion of County to municipal property tax levy.**

In recent years, municipal levies increased more than the County's. Correspondingly, **the County's share of sales tax decreased.**

Fiscal Year	County-wide Levy	City or Town Levies	Ratio, County to City	Percent Change
FY 2023	\$178m	\$77m	2.32	
FY 2024	\$206m	\$107m	1.93	-17%

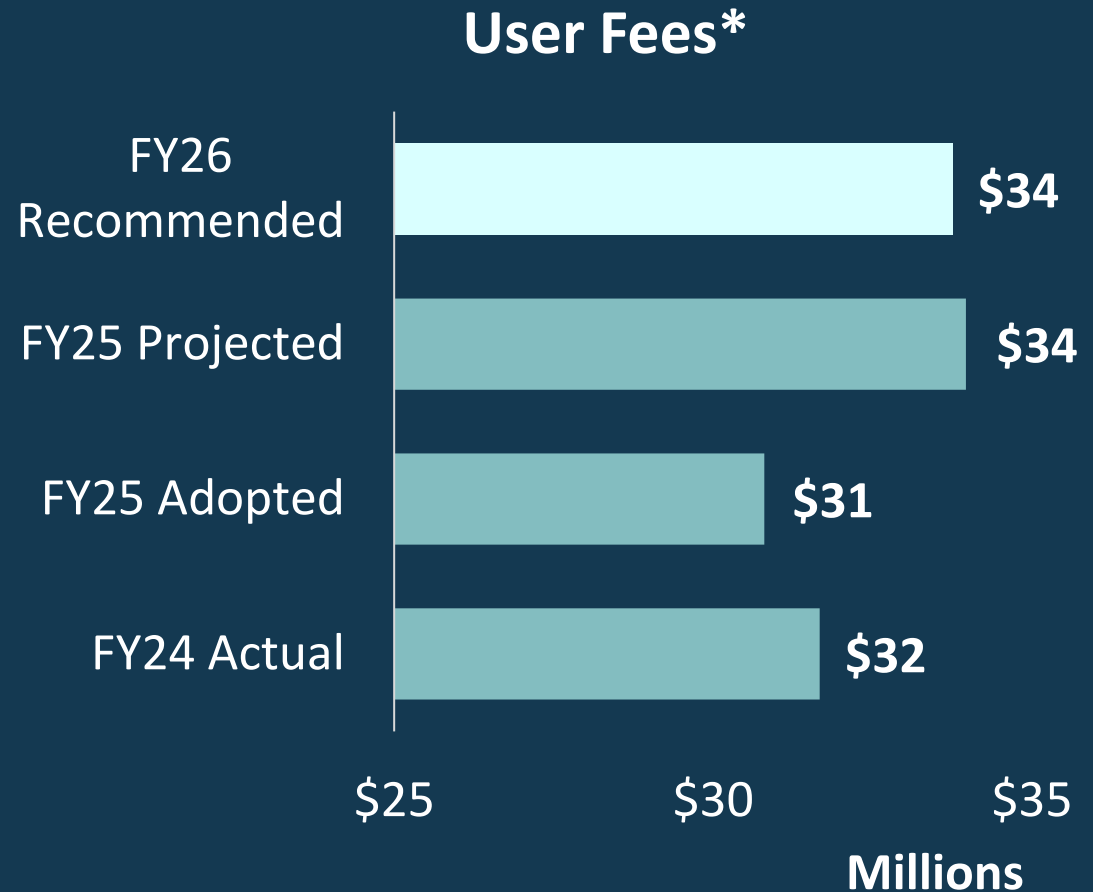
Sales Tax

Ratio of County to City Property Tax Levy



User Fees

- Ongoing departmental fee analysis
- Emphasis on cost recovery for user fees

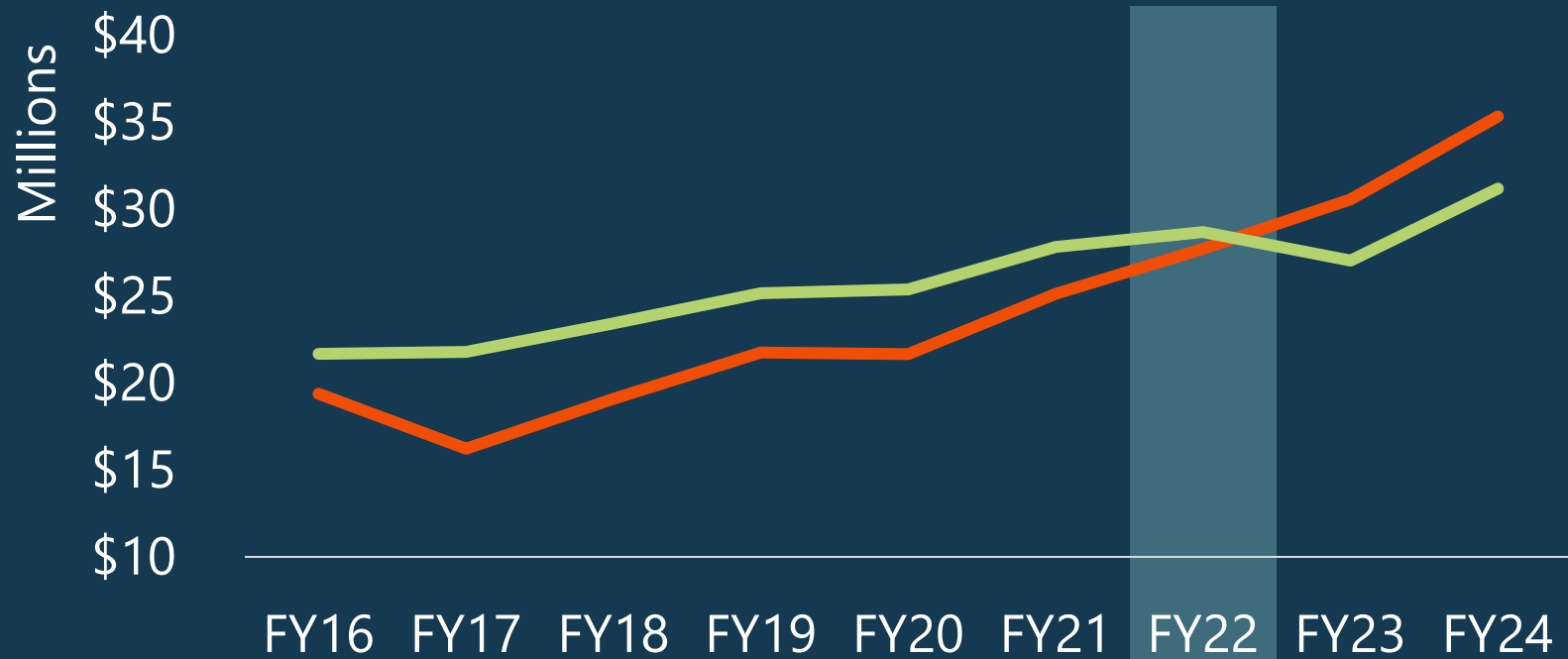


Inter-Fund Transfers

The General Fund is balanced without a transfer from the Self-Insurance Fund.

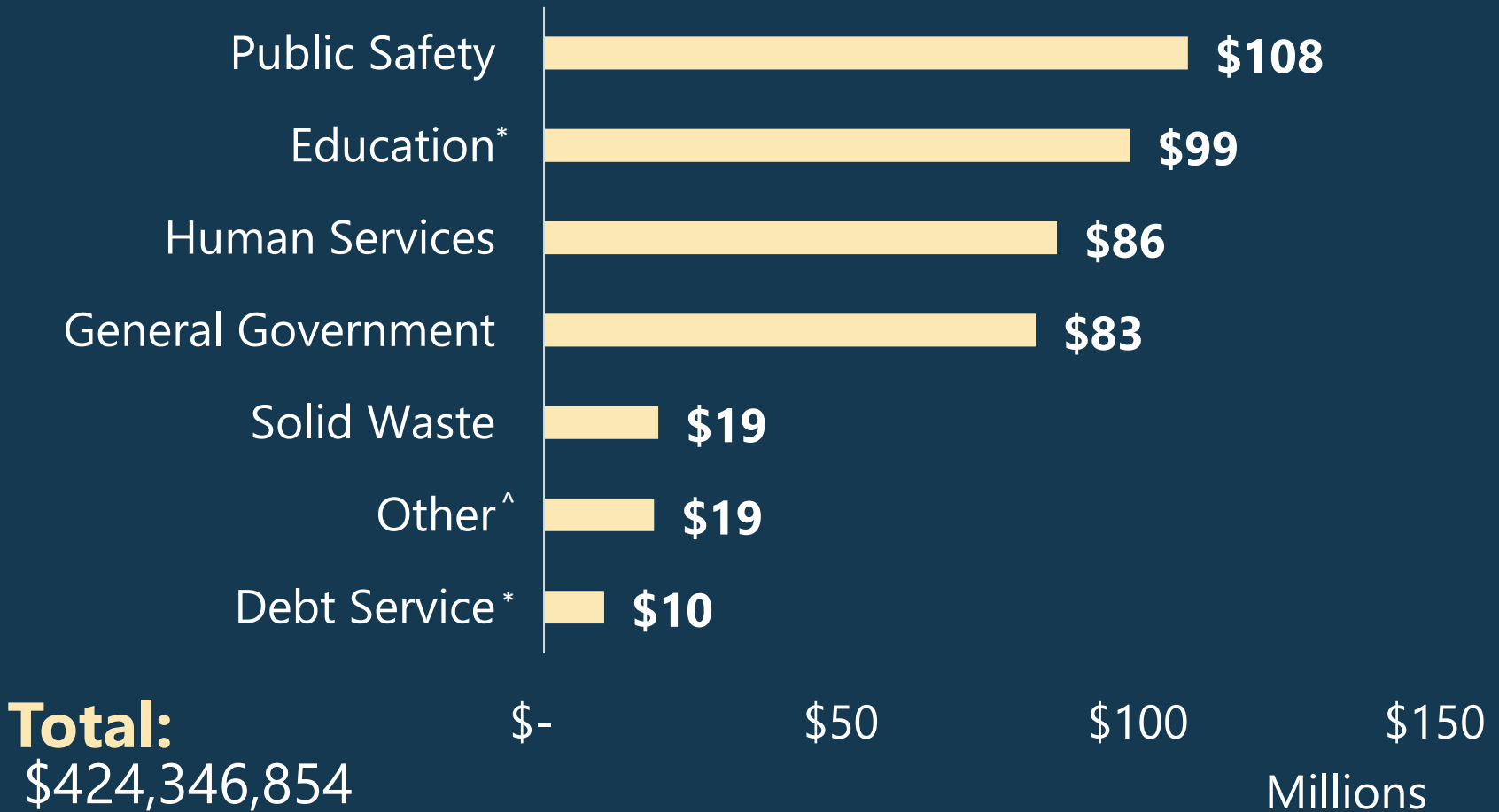
Self-Insurance Fund

— Expenditures — Revenues



FY 2026 Budget Summary

Total Expenditures for all Funds, Net of Internal Transfers



^ "Other" includes Cultural & Recreational, Economic & Physical Development, and Environmental Protection functions

* \$19 million in existing school debt is recoded from Debt Service to Education for the purposes of this presentation.

Absorbed \$31m in Expenditure Priorities

Major expenditure increases:

Existing Personnel: ↑ \$10m

- FY25 Compensation Study including funding for night shift differential pay
- Mandatory increases in retirement contribution rates
- No increases to employee health insurance contribution rates* despite rising cost of healthcare

Education: ↑ \$17m

- \$500,000 additional intended for teacher supplements
- \$250,000 additional is allocated for Gaston College
- More than \$16m in new principal and interest payments associated with the 2025 GO Bond issuance

Inflationary Increases: ↑ \$3m

- Unavoidable cost escalations: janitorial services, software rental, vehicle-related expenses, risk insurance, and medication

Recommended new positions: ↑ \$698k

* No increases for participants in the County's wellness program

Absorbed \$31m in Expenditure Priorities

Expense reductions in other areas enable absorption:

General Fund Line-Item Decreases: ↓ \$14m

- Line-items with major decreases include public assistance payments, professional services, equipment purchases, transfer out to CIF fund, and dues and subscriptions

Existing Debt Falling Off: ↓ \$2m

- Interest payments decrease annually on existing debt service

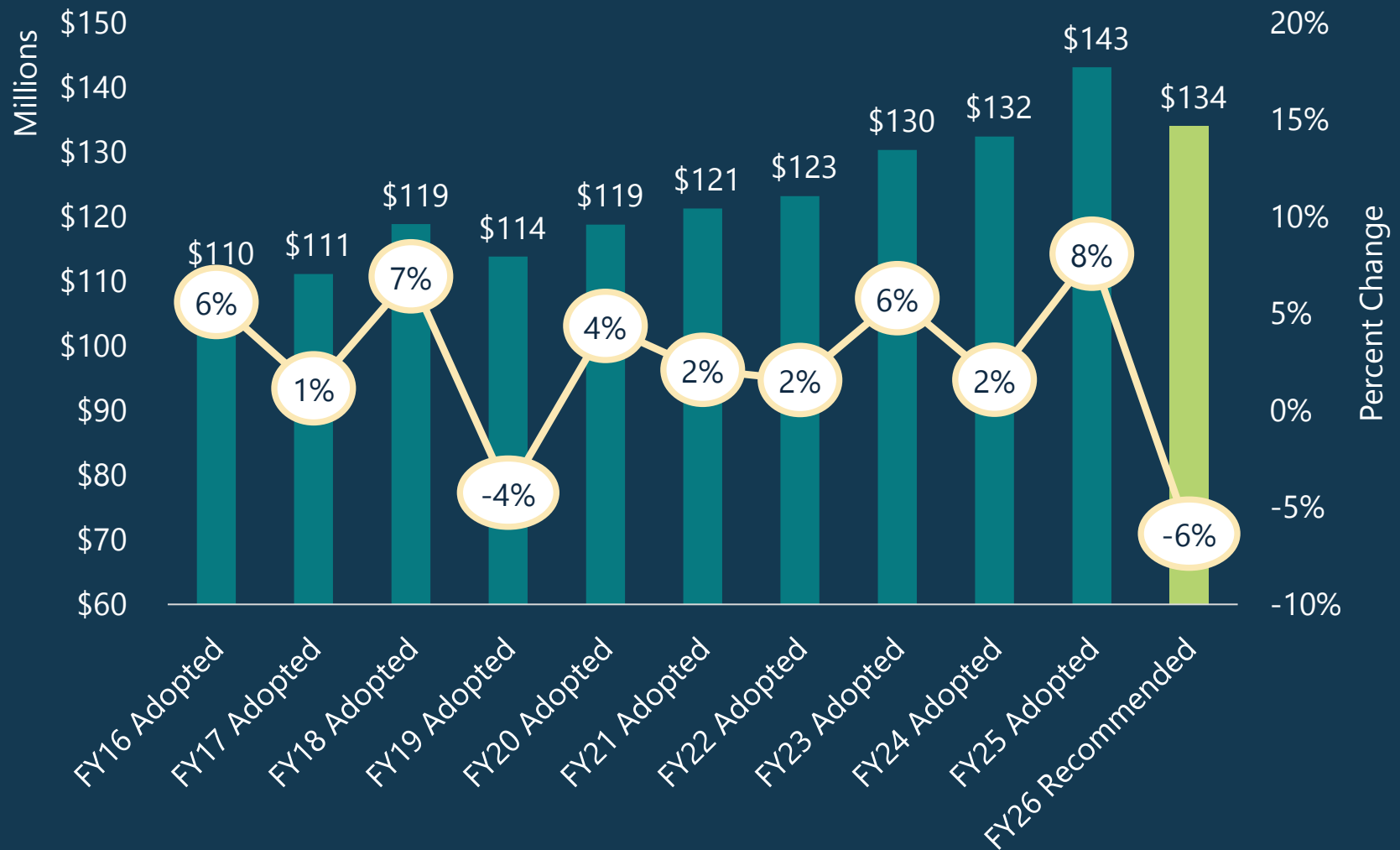
Education Pay-Go: ↓ \$4m

- \$4m in BAN interest earnings available to the Schools

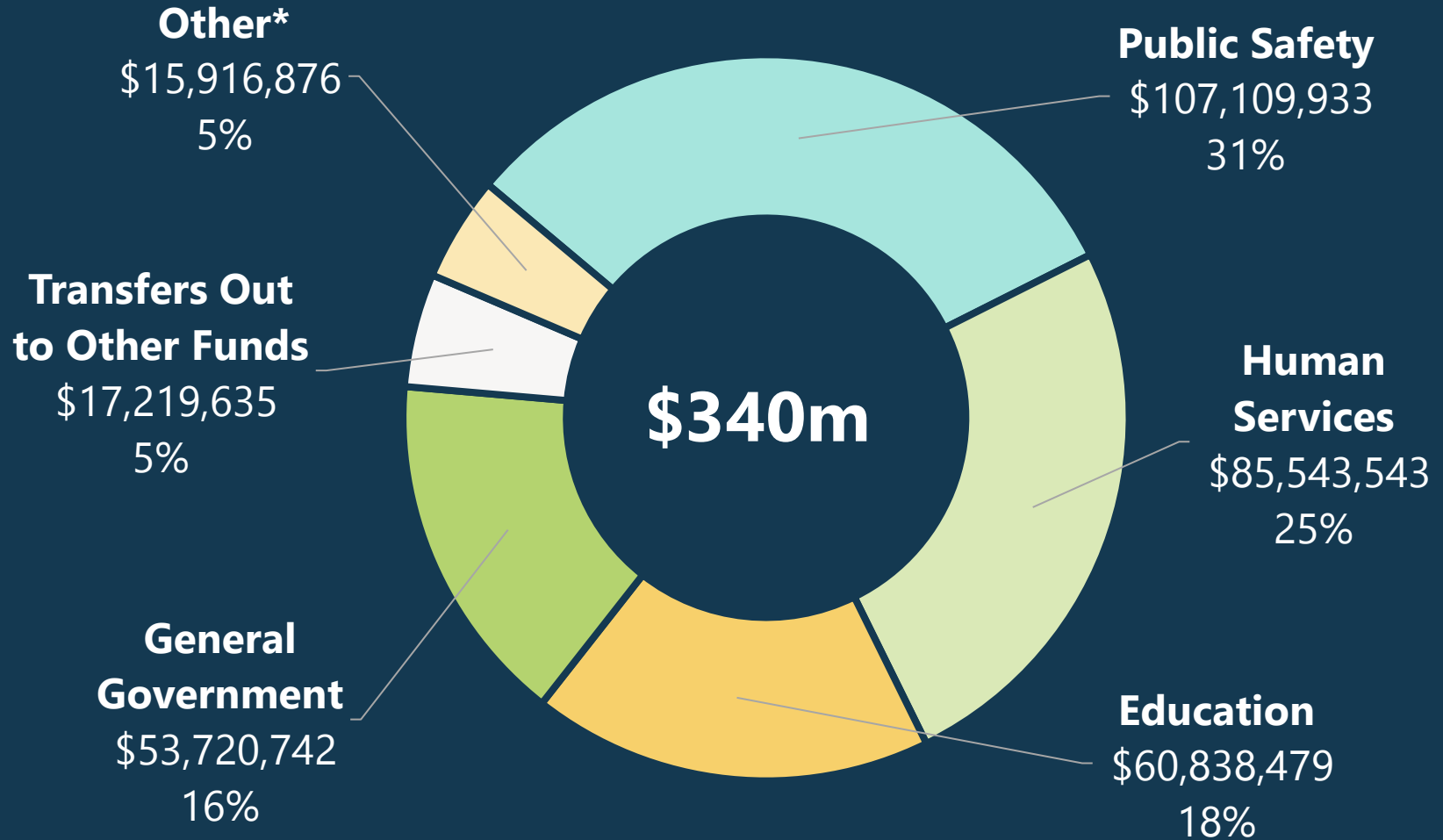
County Pay-Go: ↓ \$11m

- Reallocated County pay-go to absorb new debt service payments

General Fund Operating Expenditures



Summary of General Fund Expenditures



Personnel



- 5 new Sheriff's Office positions to support two new courtrooms (funded mid-year)
- 2 Fleet positions for quick-change station
- 1 Accountant II position 50% funded through unified fire tax revenue
- 2 Elections positions converted from part-time to full-time
- Moving to 3% full-year COLA (July 1st) for eligible employees

Education Allocations



Gaston County Schools	FY 2025 Adopted	FY 2026 Request	FY 2026 Recommendation
Operating	\$ 53,501,704	\$ 60,056,704	\$ 54,001,704
Capital	\$ 4,327,000	\$ 2,227,000	\$ -
Debt Service	\$ 23,006,140	\$ 35,361,046	\$ 35,361,046
School Resource Officers	\$ 2,539,888	\$ 2,302,623	\$ 2,302,623
Commissioners School of Excellence	\$ 65,000	\$ 65,000	\$ 65,000
Total Allocation	\$ 83,439,732	\$ 100,012,373	\$ 91,730,373



Gaston College	FY 2025 Adopted	FY 2026 Request	FY 2026 Recommendation
Operating	\$ 6,021,775	\$ 8,035,863	\$ 6,271,775
Capital	\$ 797,219	\$ 9,432,850	\$ 797,219
Debt Service	\$ 1,481,700	\$ 1,376,554	\$ 1,376,554
Total Allocation	\$ 8,300,694	\$ 18,845,267	\$ 8,445,548

FY 2026 Capital Investments



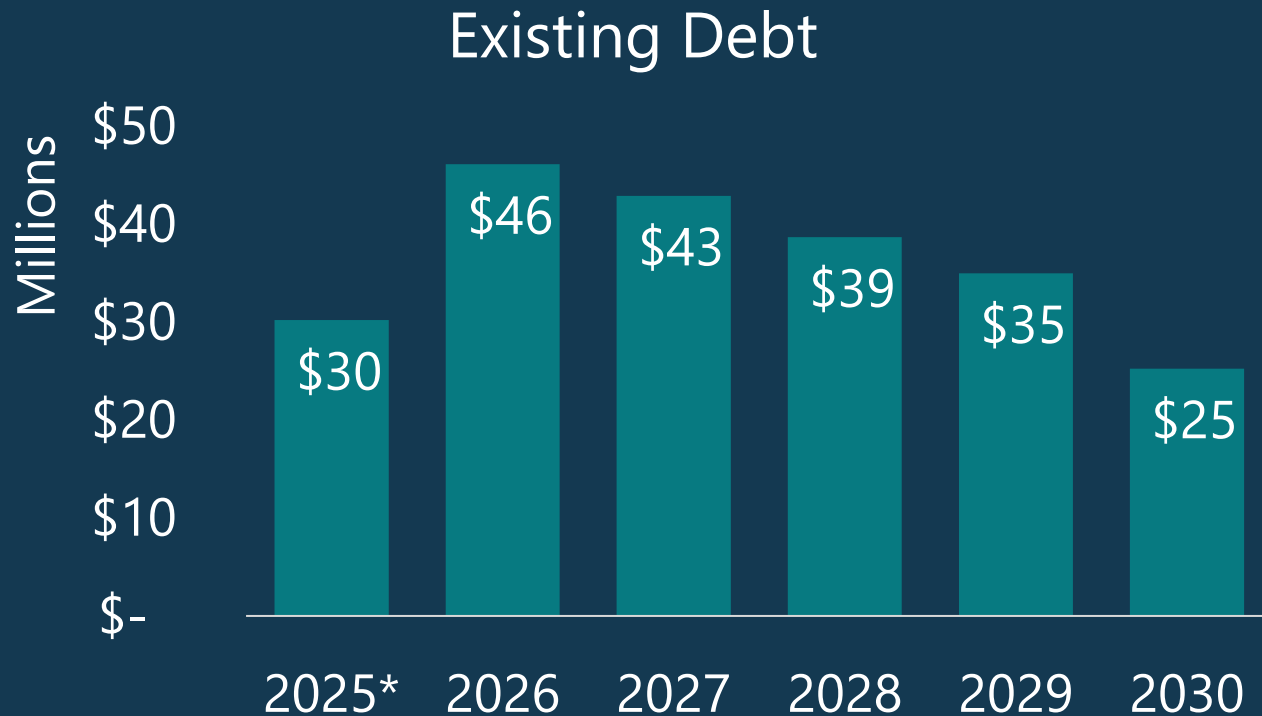
FY 2026 Capital Investments

\$55m Recommended:

- **\$36m new & existing school debt and capital**
 - \$19m existing debt service
 - \$16m new (2025 GO Bond)
 - \$797k pay-go
- **\$1.7m County Pay-Go**
 - \$500k Public Safety Boat House (partially grant-funded)
 - \$460k Poston Park Wingwall Repair
 - \$760k Departmental Equipment Replacements
- **\$11m County Debt Service**
 - \$10m existing debt service & vehicle financing
 - <\$1m Three-Year Jail Video Storage
- **\$653k Tourism Fund (Southpoint Access Phase IV)**
- **\$5.5m Enterprise Fund**

FY 2026 Capital Investments

Limited capacity for new capital investments until existing debt falls off



Looking Forward

Priorities for Future Work



- ✓ **Process Improvement**
 - Ongoing analysis of process efficiency and cost recovery
 - Risk management
 - Funding of mandated services
- ✓ **Long-term Planning**
 - Capital Improvement Plan
 - Self-Insurance Fund sustainability
- ✓ **Economic Development**
 - Feedback from recent bond rating
 - Planning for future infrastructure needs
- ✓ **Strategic Plan Realignment**
 - Ground-up feedback

Next Steps

May 13-27th

FY 2026 Budget
available for public
review online and
in person

May 27th

Public hearing and
FY 2026 Budget
adoption

July 1st

FY 2026 begins

Thank You



County Commissioners
Budget and Finance staff
Organization/Departmental Leadership
Human Resources staff
Communications staff
Budget contacts in departments

Gaston County FY 2026 Recommended Budget

County Manager's Recommendations
May 13, 2025

