Town of Garner

Popular Annual Financial Report

For the fiscal year ended June 30, 2014

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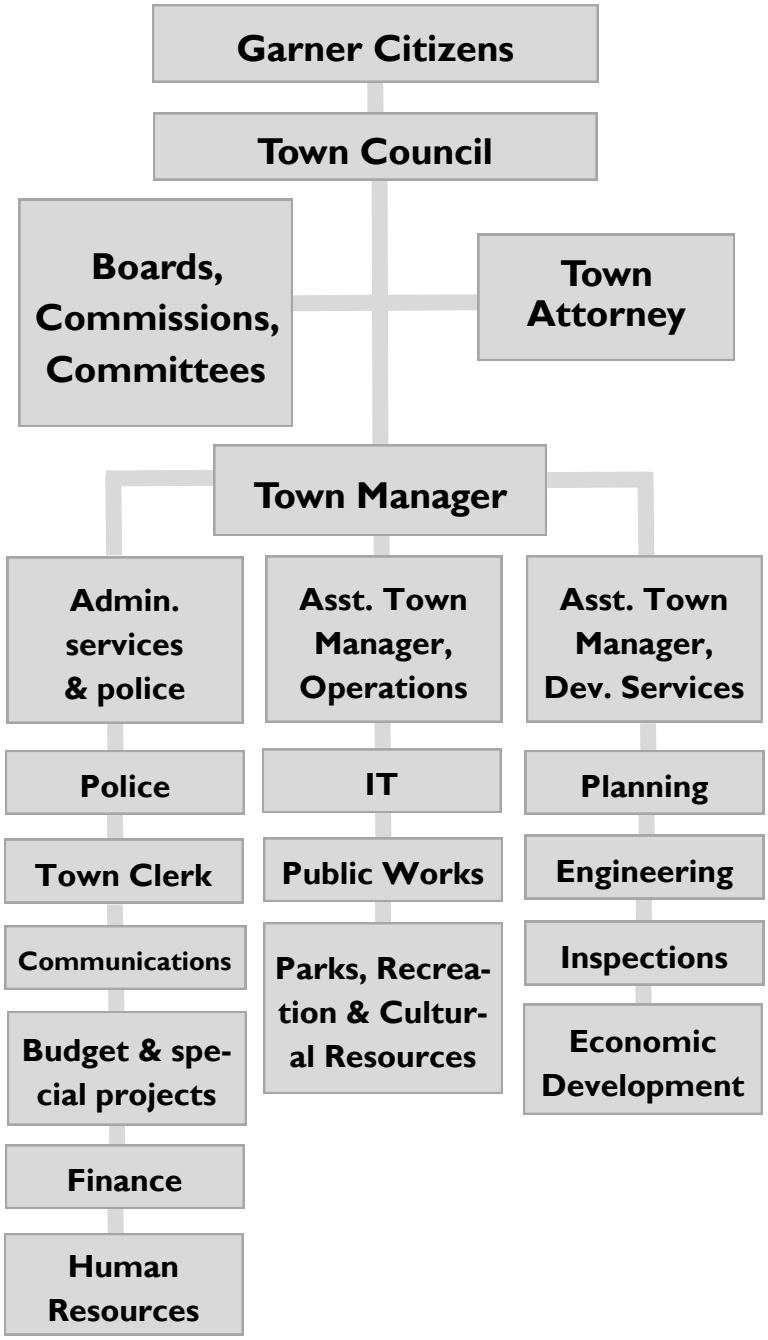


Elected Officials

Garner has a council-manager form of government and the Council sets policies, enacts ordinances, and appoints the Town Manager.

Mayor Ronnie Williams

Term:	4 years
Contact Info:	919-772-5783
	rwilliams@garnernc.gov

Town Council Members

Term: 4 years, at-large elections staggered every two years

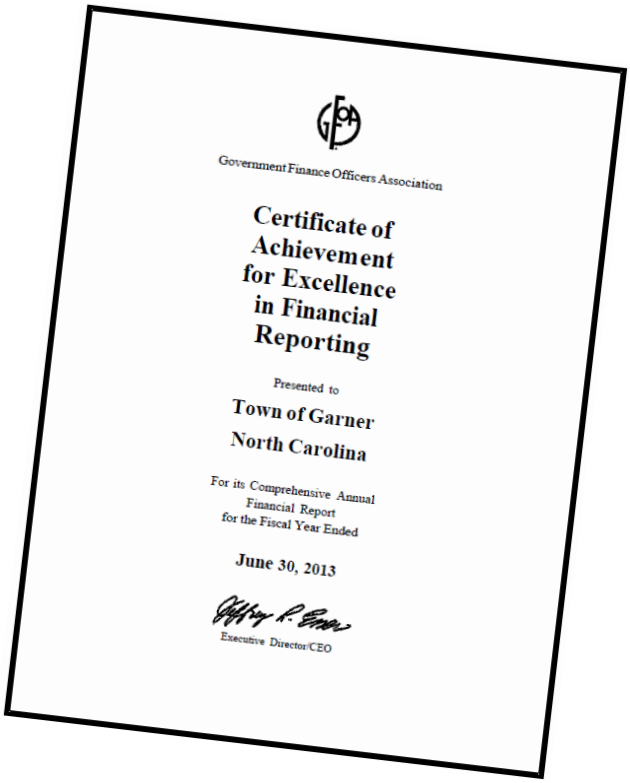
Council Member	Phone
Ken Marshburn, Mayor Pro Tem	919-662-0902
Jackie Johns Sr.	919-772-0929
Arthur "Buck" Kennedy	919-624-3696
Kathy Behringer	919-772-3515
Gra Singleton	919-772-0924

Message to the citizens of Garner

Garner
All-America City
2013

AS MAYOR OF GARNER, I strongly believe that maintaining good communication with our residents is vital in order to have a successful and responsive government.

The Town of Garner (the "Town") is pleased to present the 2014 Popular Annual Financial Report (PAFR) for the year ended June 30, 2014. The PAFR summarizes the financial activities of the Town's government and is intended to increase awareness throughout the community regarding the Town's fiscal operations. This publication also sheds valuable light on what makes Garner a great place to be.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Garner
North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

This report includes a condensed presentation of the Town's Comprehensive Annual Financial Report (CAFR). As a condensed report, the presentation of financial information in this PAFR does not conform to established generally accepted accounting principles (GAAP) and related reporting standards as only selected information is presented. This simplified version of the financial data does utilize the same basis of accounting as the CAFR for presenting information.

This report is not intended to replace the CAFR. The Town's CAFR complies with GAAP and has received a Certificate of Excellence for Financial Reporting for the 24th consecutive year and is available at Town Hall and on the Town website, garnernc.gov.

Please review this report and let me know if you have any feedback or comments on it.

Sincerely,

Ronnie S. Williams

Ronnie S. Williams

Garner at a Glance

Quick Facts

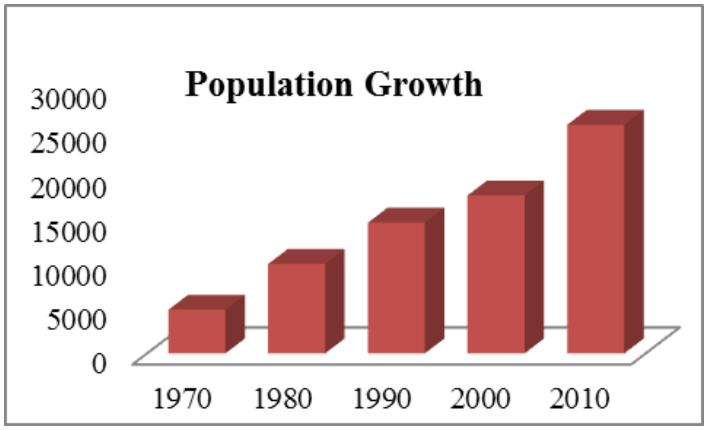
Population:	26,253
Land Area:	15.02 sq. miles
Total Employment:	13,629
Civilian Labor Force:	14,722
Unemployment Rate:	7.4%
Male:	46%
Female:	54%
White:	57%
Non-white:	43%

Government

The Town of Garner has a council-manager form of government with a Mayor and five member Town Council. Elections for the office of Council are held at two-year intervals in the November of odd-numbered years. Elections are non-partisan, and all members of Council are elected for four-year terms. The Mayor is elected for a four-year term at the same time elections for Town Council are held.

The Town Council sets Town policies, enacts ordinances and appoints the Town Manager. The Town Manager administers the daily operations and programs of the municipal government through the department heads, other staff members and employees.

The City of Raleigh's Public Utilities Department operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility that provides service to Garner.



The Town has six community parks and several neighborhood parks totaling 350 acres. The system includes White Deer Park, a 96-acre passive park with a 2,500-square-foot LEED Gold-certified Nature Center. Special annual events include an Independence Day celebration, Carnaval Latino, Trick-or-Treat the Trails, Light Up Main, the Christmas Parade, Spring Eggstravaganza and a Groundhog Day celebration.

Major Employers

1. Wake County Public School System
2. Food Lion
3. Walmart
4. Pergo, Inc.
5. Golden State Foods
6. F & D Huebner, LLC.
7. Target
8. Kroger
9. Strategic Behavioral Health
10. Town of Garner

2014 Milestones

- The Town began work on several projects related to the approved 2013 bond referendums, including a new police station, road improvements on U.S. 70 near Jessup Drive, the Town's first indoor recreation center and several new sidewalks providing connectivity to business centers and parks.
- Cabela's, one of the country's largest outdoor retailers, started construction on a 100,000- square-foot retail site in Garner. This store, expected to open in spring 2015, will be the first Cabela's location in North Carolina. As a result of this development, the Town received over $2.5 million in grant funding from the NC Department of Transportation to complete approximately $6 million in roadway improvements along U.S. 70 near White Oak Road and the Interstate 40 interchange.
- The Town funded new firefighter personnel for Garner Volunteer Fire & Rescue, Inc., to assist with improving services to citizens and new planning and inspections personnel to improve the efficiency of the development process.
- The Garner Police Department earned its seventh accreditation award from the Commission on Accreditation for Law Enforcement Agencies. The Garner Police Department is one of only 34 agencies in North Carolina, out of approximately 500, to achieve this status.
- The Town updated its Parks, Recreation and Cultural Resources online registration program to improve efficiency for citizens registering for programs, renting facilities and attending events at the Garner Performing Arts Center.
- The Town continues to promote its designation as an All-America City, which was awarded in June 2013. Promotional items have been displayed throughout Town, and entrance and roadway signage placed throughout Garner.
- The Town received grants totaling over $275,000 for parks and recreation improvements and public safety personnel.
- The Town earned four statewide communications awards from N.C. City and County Communicators and the N.C. Association of Government Information Officers.
- Garner's Public Works Department became the first such agency in North Carolina — and only the 95th in North America — to earn accreditation from the American Public Works Association.
- Garner was named a 2014 Playful City USA by KaBOOM!, a national nonprofit that promotes easy access to balanced and active play for all of America's children, especially the 16 million children in this country living in poverty.
- The Garner Senior Center was recertified as a Center of Excellence by the N.C. Division of Aging and Adult Services. The designation was the culmination of a five-year process that involved documenting achievement in five operational areas: outreach and access to services; programs and activities; planning evaluation and input from older adults; staffing and operations.

2014 Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by $85.65 million (net position). Of this amount $15.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of $35.1 million, or an increase of $10.5 million.
- As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was $14.6 million, or 41.6% of total General Fund expenditures and transfers out for the fiscal year. This amount is considered available for spending at the Town Council's discretion.
- The Town's total debt increased by $9.4 million during the fiscal year.
- The Town's bond rating was upgraded to AA+ with Standard and Poor's Corp. and remained at Aa2 with Moody's Investor's Service.

General Fund Budgetary Highlights

- The fund balance of the Town's General Fund decreased $2.55 million during the current fiscal year. Key factors in this decrease are as follows:

1) Approximately $6.5 million was transferred to the capital projects fund to assist with funding in various facility and infrastructure improvements and projects associated with the 2013 bonds.

2) The Town entered into a refunding agreement on its 2006 debt in order to capture future savings through lower interest rates. This resulted in a 1% prepayment penalty on the balance of the existing debt.

3) The Town continues to recognize low investment earnings on its idle funds.

Capital Projects Fund Budgetary Highlights

Fund balance of the Capital Projects Fund increased $13.1 million. The rise was due to issuance of approximately $9.8 million in general obligation bonds, entering into grant agreements with state agencies to offset expenditures and transfers from the General Fund.

The Town as a Whole

	Garner Net Position	
	Governmental Activities	
	2013	2014
Total Assets	$100,840,516	$115,696,899
Total Liabilities	$18,348,708	$30,042,889
Deferred inflows of resources	$96,897	$3,957
Net Position		
Net investment in capital assets	$63,035,753	$65,505,673
Restricted	$2,445,243	$4,412,162
Unrestricted	$16,913,915	$15,732,218
Total Net Position	$82,394,911	$85,650,053

THE STATEMENT of Net Position looks at the Town as a whole and is a useful indicator of the Town's financial position. The table below provides a summary of the Town for fiscal years 2013 and 2014.

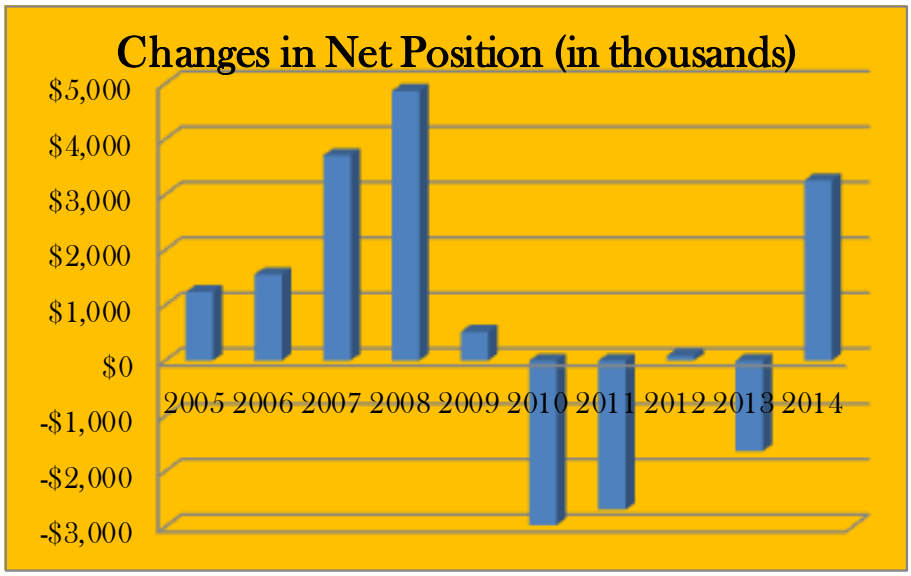
The Town's net position exceeded liabilities by $85,650,053 as of June 30, 2014. Approximately 76% of the Town's net position reflects the Town's investment in capital assets. The net investment in capital assets category is defined as the Town's investment in Town owned capital assets (e.g. land, buildings, water and sewer capacity rights, vehicles, equipment and infrastructure) less any related debt still outstanding that was issued to acquire those items. The Town uses

these capital assets to provide services to citizens.

The Town's total net position increased by $3,255,142 for the fiscal year ended June 30, 2014. Capital grants and contributions fueled the increase as the Town received funding for various road improvement projects.

The Town's Net Position

A POSITIVE NET POSITION means that the Town's assets exceed liabilities and a negative net position means that the Town's liabilities exceed its assets. The Town has maintained a positive net position and has grown its net position from $20,034,615 in 2005 to $85,650,053 in 2014 through good fiscal management and establishment of fiscal policies by the Town Council.



Changes in the net position of the Town are representative of the total annual revenues compared to the total expenses of the Town. When revenue exceeds expenses, the Town's net position improves.

For example, in fiscal year 2014, the Town saw additional permit revenues due to growth in the community. In fiscal years 2010 and 2011, during the economic downturn, expenditures remained steady while revenues declined.

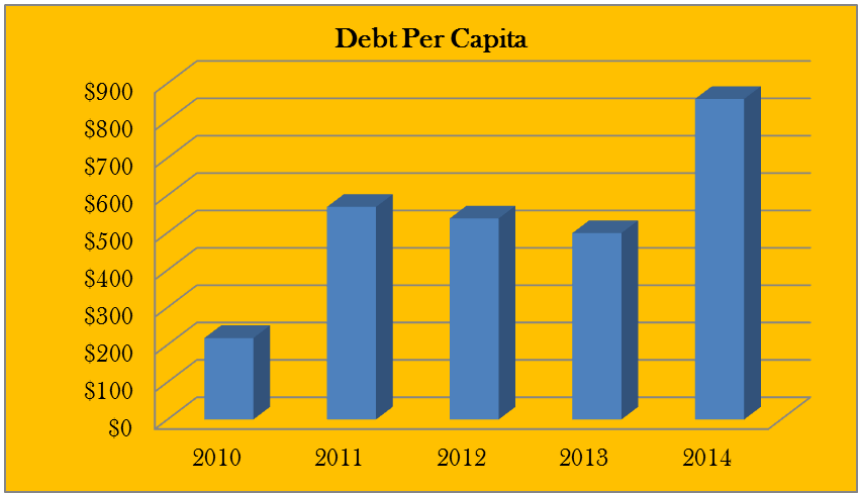
Bond Activity

THE TOWN HAD its first bond sale as a result of the 2013 referendum and issued approximately $9.8 million out of the $35.716 million approved debt for public facilities, streets, sidewalks, redevelopment and park enhancements. Overall, Town debt increased $9.4 million.

Town of Garner's Long-Term Debt

	30-Jun-14	30-Jun-13
General obligation bonds	$15,525,000	$5,940,000
Installment financing agreements	6,900,751	7,045,820
Total	**$22,425,751**	**$12,985,820**

Detailed information on the status of projects funded by the Town's voter-approved Bond Program can be found at garnerbonds.com.



Road improvements at Jessup Drive and U.S. 70.

Architectural representation of the Town's future police station. Expected opening is summer 2015.

The Town has two governmental funds—the General Fund and Capital Projects Fund. When analyzing financial information for the Town, we focus on the Town's General Fund. The General Fund is the chief operating fund of the Town. It is used to account for most of the Town's financial resources.

Sources of Revenue

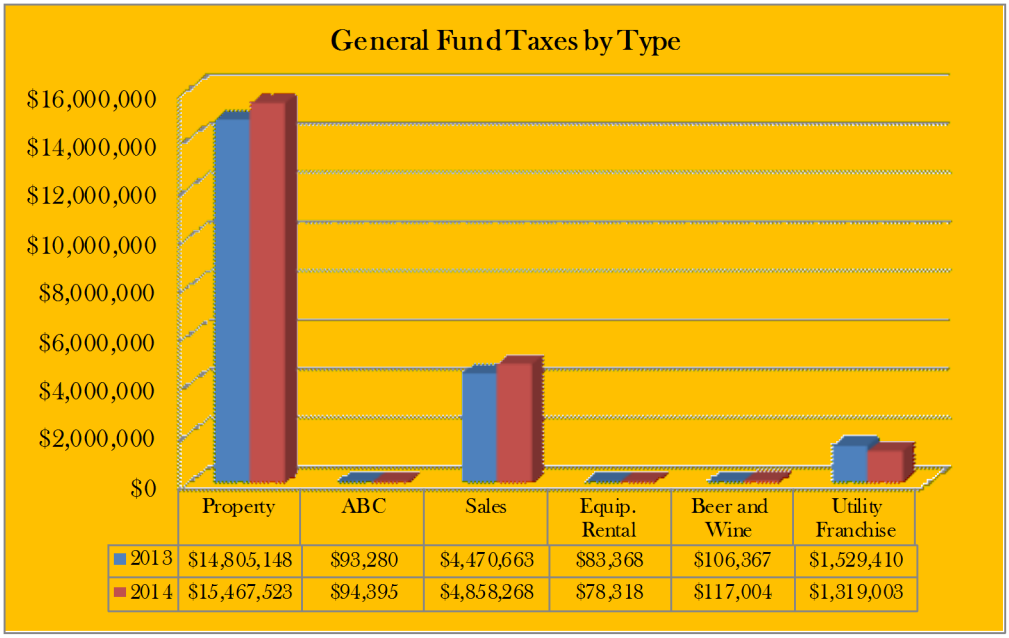
TOTAL REVENUES were $28.1 million. The property tax rate of $0.49 was unchanged in FY 2013-14. Property tax values increased $51 million due to the one-time overlap of property tax billing for motor vehicles as a result of North Carolina's new Tag & Tax Together program. Property tax revenues account for 51% of all revenues. Property taxes are assessed and collected by Wake County and remitted to the Town throughout the year.

Other taxes (which include the Town's share of statewide sales taxes, ABC revenue, solid waste disposal tax, privilege license taxes and heavy equipment rental taxes) constitute 17% of total revenues. All 100 counties in the state levy two half-cent sales taxes and one full-cent sales tax on sales. The state collects the tax and Wake County distributes these taxes to the Town based on the total county valuation.

The Town also received 10% of its revenue through intergovernmental programs, including beer and wine tax, utility franchise tax and a number of grants. Charges for services, which go directly against expenses, accounted for 13% of revenues.

General Fund Revenues

	2013	2014
Property Taxes	$14,805,148	$15,467,523
Other Taxes and Licenses	$4,731,561	$5,117,135
Intergovernmental Revenues	$3,356,940	$2,918,900
Permits and Fees	$1,188,185	$3,851,543
Sales and Services	$551,939	$514,268
Investment Earnings	$10,006	$5,302
Other Revenues	$298,156	$271,329
	$24,941,935	$28,146,000



The Town collects a variety of revenues and taxes. The primary revenue sources are ad valorem (property) taxes and state-shared revenues. The major tax and revenue categories are shown in the above graphics.

Where the Money Goes

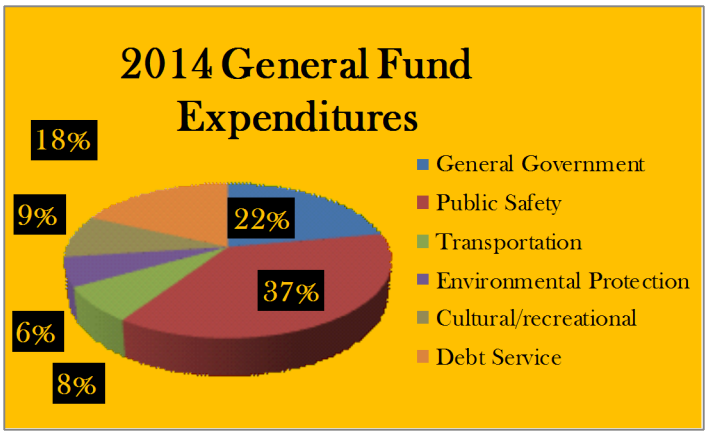
General Fund Expenditures	Total		Per Capita*	
	2013	2014	2013	2014
General Government	$6,391,794	$6,330,924	$243	$241
Public Safety	$9,797,725	$10,646,438	$373	$406
Transportation	$2,205,869	$2,128,167	$84	$81
Environmental Protection	$1,726,953	$1,736,723	$66	$66
Cultural/recreational	$2,540,428	$2,540,999	$97	$97
Debt Service	$1,504,453	$5,195,203	$57	$198
Total	**$24,167,222**	**$28,578,454**	**$921**	**$1,089**

*Per capita is calculated by taking total expenditures and dividing by Town's population (26,253).

THE TOTAL COST of General Fund programs and services was $28.6 million. The cost of public safety programs (building inspections, police and contracted fire services) accounted for 37% of expenses, followed by general government expenses at 22%. General government includes the governing body, administration, finance, economic development, planning, engineering, information technology, building maintenance and vehicle maintenance.

The Town transferred $6.5 million to the Capital Projects Funds. These were funds previously reserved and committed by the Town Council to help complete the various 2013 bond-approved projects and road improvements along U.S. 70 and White Oak.

Even though expenditures exceeded revenues, the Town borrowed funds to purchase much-needed replacement vehicles. The Town refinanced an existing loan to cover the excess expenditures, resulting in future savings of over $200,000.



After the Town collects taxes and other revenues, the funds are spent to provide services to citizens and businesses within Town limits. Typically, the largest expenditures involve public safety.

GARNER

A Great Place to Be®

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