

TOWN OF GARNER, NC

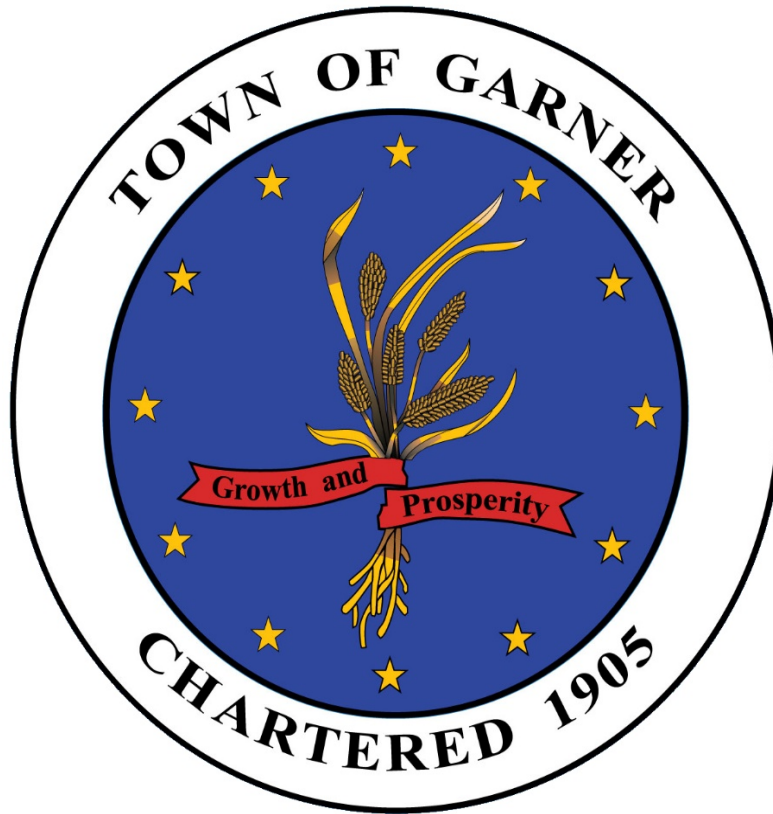
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2022



TOWN OF GARNER

NORTH CAROLINA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY:
FINANCE DEPARTMENT

TOWN OF GARNER, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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FOR THE YEAR ENDED JUNE 30, 2022

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November 30, 2022

The Honorable Mayor, Town Council and Citizens
Town of Garner, North Carolina

Speaking for the entire management team, we are pleased to present for your review the Annual Comprehensive Financial Report (ACFR) of the Town of Garner for the fiscal year ended June 30, 2022. This report includes financial statements and supplemental schedules audited by Mauldin & Jenkins, PLLC, the independent certified public accountants selected by the Town Council. The financial section of this document includes the auditor's report conveying their unmodified opinion regarding the accuracy of the basic financial statements. The Annual Comprehensive Financial Report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect Town assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. The Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All necessary disclosures to enable the reader to obtain an understanding of the Town's financial activities have been included.

The Annual Comprehensive Financial Report encompasses all funds of the Town including all activities considered controlled by or dependent on the Town's governing body. Control by or dependence on the Town was determined by the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity. The Town provides a full range of services to its residents. These services include planning and community development; building inspections; police protection; contracted fire and rescue services; the construction and maintenance of streets and infrastructure; recreational activities and events; and sanitation collection. Other governmental-type entities within the Town that are legally separate entities and for which the Town is not financially accountable are the Garner Volunteer Fire Rescue Department and the Downtown Garner Association. These entities have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report. Accounting principles generally accepted in the United States of America specify that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The Town's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITIONS AND OUTLOOK

The Town of Garner is in Wake County, located in central North Carolina. It is adjacent to Raleigh, the State capital, which forms one point of an area of the State known as the Triangle. The other points are Durham and Chapel Hill. Located within the Triangle is the Research Triangle Park (RTP), nationally recognized for industrial, governmental, and scientific research. The Town's location, within easy commuting distance of all areas of the Triangle, offers widely diversified employment opportunities for its residents. Its proximity to these employment centers has encouraged the Town's steady growth over the years, primarily as a desirable residential community with close proximity to Raleigh. The Town's unemployment rate on June 30, 2022 was 3.4% compared with 4.1% at June 30, 2021, reflecting the strength of the local job market.

In November 2021, town voters overwhelmingly passed bond referendums that will fund new parks, street improvements, and a new fire station among other things. The Town's primary revenue source, property taxes, is projected to increase 14.2 percent in FY 2023 due to a 4.0 cents tax increase to meet operating needs and growth in the tax base. Natural growth in the tax base comes primarily from the construction of new residential and commercial properties which is a good indicator of the Town's economic climate.

Growth is anticipated to continue as many of the Town's development related indicators continue to trend upwards. One area this is reflected in is the value of new construction permits issued by the Town. The FY 2022 value increased by 72.6% over the prior year and should increase even more in coming years.

Additional indicators of continued economic growth are seen in permitting activity. Year-to-date revenue associated with Subdivision Fees is already nearly half of the previous fiscal year total. This indicates that the development community is confident in the market and plans to continue construction related activity in the future.

Commercial development and investment have continued to flourish as well. Several business parks including Garner Business Park 70 and Beacon Commerce Park have been created or expanded. Another exciting project is INQ 4300 which involves the redevelopment of a former big box retail store into a facility for the life sciences industry. This will be the first redevelopment specifically targeting the life science industry in Garner. At completion, this project stands to bring a significant amount of new jobs and investment to the community. In addition, plans have been announced by Wycliff Development for a large medical-anchored mixed-use district on 225 acres within the town limits. The development will include a wide variety of residential, shopping, medical, and employment opportunities. This project will bring an urban, mixed-use style of development to Garner that has not been seen on this scale.

The current period of economic growth offers the town a unique opportunity to invest in the infrastructure required to facilitate growth. As part of the FY 2023 adopted budget, Town Council approved an increase to the property tax rate of 4.0 cents. This will allow the Town to continue to fund critical services and to meet core requirements. The Town continues to perform an annual

in-depth review of long-term operating and capital requirements to ensure resources are available. This work will help to ensure that the Town is positioned to meet future growth.

MAJOR INITIATIVES

The Town continues to focus on enhancements to improve the quality of life for its citizens and pursue impactful economic development opportunities within the Town.

- Infrastructure upgrades as part of the 2021 bond referendums will begin town-wide, including a new fire/EMS station, new parks, street and sidewalk improvements, and stormwater upgrades.
- Town Council has commissioned a character and land use study along with a cost of municipal services study to guide future land use and budget decisions.
- Town staff provide an industry recognized high level of service to citizens through nationally accredited departments like Public Works, Parks, Recreation, and Cultural Resources, Police Department, and Garner Fire-Rescue Department.
- The Town maintained its AAA bond rating from Standard and Poor's Financial Services along with a rating of Aa1 from Moody's Investors Services.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The Town's Council selected the accounting firm of Mauldin & Jenkins, PLLC. The auditor's report of the basic financial statements and individual fund statements and schedules are included in the financial section of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2022, are free of material misstatement. The independent auditor's report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Garner for its annual comprehensive financial report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such Annual Comprehensive Financial Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement for an Annual Comprehensive Financial Report is valid for a period of one year only. The Town of Garner has received a Certificate of Achievement for the Annual

Comprehensive Financial Report for 31 consecutive years. We are awaiting GFOA review results for the Town's ACFR for the year ended June 30, 2021 but expect to receive a Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration once again.

The GFOA awarded a Certificate of Achievement in Popular Annual Financial Reporting to the Town for its popular annual financial report (PAFR) for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award, recognizing a local government's ability to extract information from their Annual Comprehensive Financial Report into a report designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

A Certificate of Achievement for a PAFR is valid for a period of one year only. The Town of Garner has received a Certificate of Achievement for the PAFR for six consecutive years. We are awaiting GFOA review results for the Town's PAFR for the year ended June 30, 2021 but expect to receive a Certificate of Achievement. We believe our current report will continue to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration once again.

The GFOA also presented a Distinguished Budget Presentation Award to the Town of Garner for its annual budget for the fiscal year beginning July 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. The Town has received a Distinguished Budget Award for 24 years.

Acknowledgments. The preparation of the annual comprehensive financial report represents the efforts of the entire Finance Department as well as assistance from other Town departments. Special thanks to Mrs. Gini Schacker who serves as the Town's Accounting Services Manager for her steadfast effort towards compilation of the ACFR. We also express our appreciation to the Town Council for their continued support and guidance in planning and conducting the financial activities of the Town in a responsible and progressive manner.

CONCLUSION

The Town's management team is prepared to review this document with Town Council and the public in the coming weeks. We hope this report provides a thorough understanding of the Town's financial activities for FY 2021-22 and will allow us to make informed decisions going forward for the Town of Garner.

Respectfully submitted,



Rodney Dickerson
Town Manager



David C. Beck
Finance Director

**Town of Garner, North Carolina
List of Principal Officials
June 30, 2022**

Ken Marshburn

Mayor

Phil Matthews

Council Member

Kathy Behringer

Mayor Pro Tem

J. Graham "Gra" Singleton, Jr.

Council Member

Demian Dellinger

Council Member

Elmo Vance

Council Member

Terri Jones

Town Attorney

Rodney Dickerson

Town Manager

John Hodges

Assistant Town Manager
Development Services

Jodi Miller

Assistant Town Manager
Operations

Stella Gibson

Town Clerk

David Beck

Finance Director

Lorie Smith

Police Chief

Sara Warren

Budget Manager

María Muñoz-Blanco

Parks, Recreation & Cultural
Resources

Nate Groover

Economic Development

Sabrina MacDonald

Human Resources

Rick Mercier

Communications

Shayla Douglas

Downtown Development

Vacant

Engineering

Jeff Triezenberg

Planning

Tony Beasley

Inspections

Mari Howe

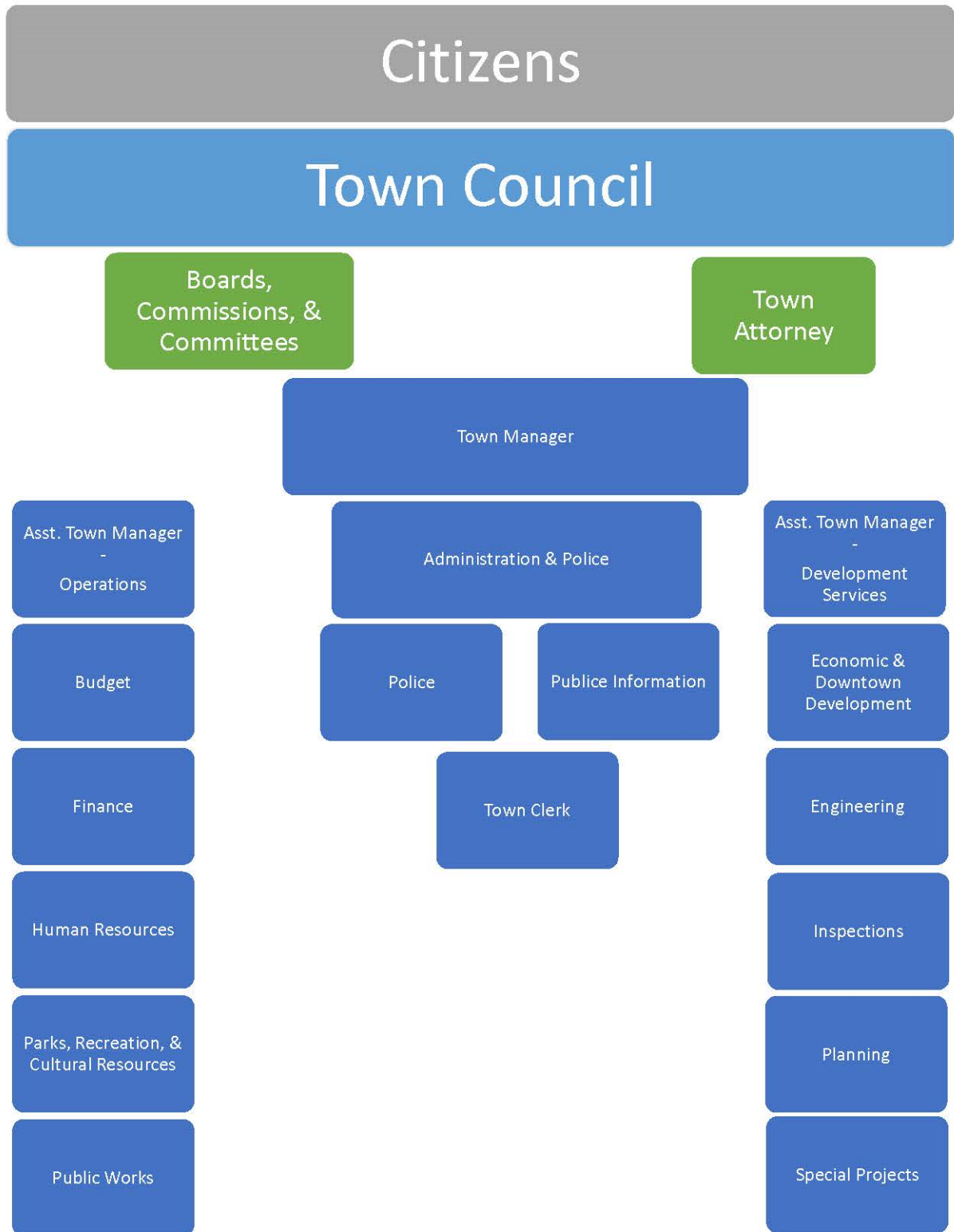
Special Projects Manager

Forrest Jones

Public Works

Vacant

Information Technology





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Garner
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of Town Council
Town of Garner, North Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the **Town of Garner, North Carolina** (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Town, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison statements for the General Fund and the ARPA Fund, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinion. 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the Town's pensions and other post-employment benefits, 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 Town's basic financial statements. The individual fund statements and schedules, the schedule of ad valorem taxes receivable, the analysis of current tax levy, the detailed analysis of current tax levy, and the 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 of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") are presented for purposes of additional analysis and are not a required part of the 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 supplementary 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

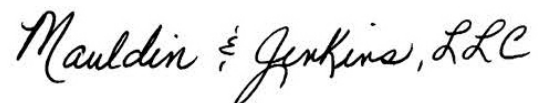
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and statistical section, but does not include the basic financial statements and our auditor's report thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.



Raleigh, North Carolina
November 30, 2022

Town of Garner, North Carolina

Management Discussion and Analysis

As management of the Town of Garner (the "Town") we offer readers of the Town's financial statements this overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$75,337,696 (net position).
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$34,328,562 or a decrease of \$(321,744).
- As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$13,690,424, or 30.8%, of total General Fund expenditures for the fiscal year. This amount is considered available for spending at the government's discretion.
- The Town maintained its bond rating of AAA with Standard and Poor's Corporation and its Aa1 rating with Moody's Investor's Service.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the Notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes and Required Supplementary Information for pensions can also be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources.

Town of Garner, North Carolina

Management Discussion and Analysis

The governmental activities include most of the Town's basic services such as public safety, public works, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The Town has no business-type activities or component units.

The government-wide financial statements are on pages 11 and 12 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Garner, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town are classified as governmental funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for each of these funds.

The Town adopts an annual appropriated budget for its General Fund and ARPA Fund, as required by General Statutes. The budget is a legally adopted document that incorporates input from citizens, management, and Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The Town has elected to include all funds as major in the governmental funds. The budgetary statement provided for the General Fund and ARPA Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. This statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by Council; 2) the final budget as amended by Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-49 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Garner's progress in funding its obligation to provide pension benefits to its employees and healthcare benefits for retirees. Required supplementary information can be found on pages 50-55 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on pensions and healthcare benefits. The individual fund statements and schedules can be found on pages 56-61 of this report.

Town of Garner, North Carolina

Management Discussion and Analysis

The Statistical Section presents detailed information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. The statistical section can be found on pages 65-88.

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

Government-wide Financial Analysis

As noted earlier, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,337,696 as of June 30, 2022. Approximately 90.4% of the Town's net position reflects the Town's net 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; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of net position (5.8%) is restricted. This category represents resources that are subject to specific external legal restrictions that limit the Town's ability to access and use these funds beyond the purpose for which they are provided.

**Town of Garner Net Position
Figure 1**

	Governmental Activities	
	2022	2021
ASSETS		
Current and other assets	\$ 42,809,713	\$ 37,932,952
Capital assets	105,877,805	103,428,836
Total assets	148,687,518	141,361,788
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB deferrals	8,689,878	8,651,086
LIABILITIES		
Long-term debt outstanding	63,240,576	68,686,359
Other liabilities	8,160,207	4,244,889
Total liabilities	71,400,783	72,931,248
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB deferrals	5,587,389	2,450,621
Leases	12,567	-
Prepaid taxes	34,296	45,443
Total deferred inflows of resources	5,634,252	2,496,064
NET POSITION		
Net investment in capital assets	68,089,913	67,261,755
Restricted	4,400,832	5,172,033
Unrestricted	2,838,965	(789,320)
Total net position	\$ 75,329,710	\$ 71,644,468

Town of Garner, North Carolina

Management Discussion and Analysis

The Town's net position increased by \$3,693,228, while unrestricted net position increased by \$3,628,285, resulting in unrestricted net position of \$6,965,804. The following are some of the items that influenced the change in unrestricted net position:

- Sales tax revenues increased by \$914,262.
- Fees in lieu of parkland increased by \$955,197.
- Building permit fees increased by \$758,382.
- The Town received American Rescue Plan Act revenues of \$5,004,665.

**Town of Garner Changes in Net Position
Figure 2**

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues		
Charges for services	\$ 6,077,976	\$ 3,341,439
Operating grants & contributions	1,200,602	1,770,598
Capital grants & contributions	2,181,760	2,771,870
General revenues		
Property taxes	26,831,857	24,228,277
Other taxes	11,978,629	10,851,818
Other	292,979	397,998
Total Revenues	<u>48,563,803</u>	<u>43,362,000</u>
EXPENSES		
General government	10,489,244	10,040,000
Public safety	16,154,858	14,917,299
Transportation	9,712,901	9,419,303
Environmental protection	2,428,722	2,277,683
Cultural & recreational	5,016,458	4,057,142
Interest on long-term debt	1,068,392	1,245,086
Total expenses	<u>44,870,575</u>	<u>41,956,513</u>
Change in net position	3,693,228	1,405,487
Net position, beginning of year	<u>71,644,468</u>	<u>70,238,981</u>
Net position, end of year	<u>\$ 75,337,696</u>	<u>\$ 71,644,468</u>

Governmental Activities. The Town's net position increased by \$3,693,228 during the current fiscal year. Key elements of this increase included:

- While property tax revenues increased \$2,603,580 due to a rate increase and growth in the tax base, these gains were somewhat offset by increasing operating costs and certain one-time expenditures.
- Other taxes were also up \$1,126,811 driven by unprecedented sales tax revenues.
- Expenses increased 6.9% from the prior year partially attributable to increases in the Town's personnel costs for a number of new positions added to address growing service demands.

Town of Garner, North Carolina

Management Discussion and Analysis

Total revenues were \$48.6 million. Charges for services, which go directly against expenses, accounted for 12.5% of revenues.

The total cost of all programs and services was \$44.9 million. Cost of public safety programs (building inspections, police and contracted fire services) accounted for 36.0% of expenses, followed by general government expenses at 23.4%. The Town also spent an additional 11.2% for cultural and recreational expenses.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$34,328,562 an increase of (0.9)% from the previous fiscal year. Approximately \$13.7 million (39.9%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been assigned for other purposes (\$1.3 million), committed by the governing body for future capital projects (\$11.1 million), or restricted by external parties (\$8.2 million).

The General Fund is the chief operating fund of the Town. As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$13,690,424, or 30.8%, of total General Fund expenditures for the fiscal year. The governing body of the Town has determined that the Town should maintain unassigned fund balance equal to at least 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

There were several reasons the Town revised its budget throughout the year though overall expenditures were held in check to comply with its budgetary requirements and only miscellaneous adjustments were made otherwise.

The fund balance of the Town's General Fund increased \$0.9 million during the current fiscal year. The key factor for this increase is strong revenues that overall exceeded General Fund expenditures.

Per the Town's Revenue Savings Plan policy, a portion of revenue growth each year is set aside for future capital needs. The Town set aside \$1.99 million in FY22 as additional committed fund balance.

ARPA Fund Highlights. The Town received over \$5,000,000 in federal funds through the American Rescue Plan Act (ARPA). Town Council is still deliberating on a variety of possible uses for these funds and none of the funds had been spent by June 30, 2022. As such, the funds have been presented as unearned revenue in this report.

Capital Projects Fund Highlights. Fund balance of the Capital Projects Fund decreased \$1.2 million. The decrease is due to project funds being spent down during the year. The Town has several street and sidewalk improvements that are underway at various stages including Jones Sausage Road, New Rand Road, Vandora Springs sidewalks, and the White Oak roundabout project. In addition, the Town purchased a commercial building

Town of Garner, North Carolina

Management Discussion and Analysis

adjacent to Town Hall to accommodate staff growth and IT infrastructure demands. None of the bonds from the 2021 referendum have been sold.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2022, amounts to \$105,877,804 (net of accumulated depreciation). This investment in capital assets includes land, buildings, intangible assets, improvements, equipment and infrastructure. The total increase in the Town's investment in capital assets for the current year was \$2,448,967.

Major capital asset investments of \$8.2 million during the fiscal year include: land purchases for future expansion of town facilities and parks, and several street and sidewalk improvement projects.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 20,520,774	\$ 18,262,636
Buildings	30,256,550	29,096,268
Intangible assets	17,485,081	17,485,081
Improvements	4,166,638	4,477,340
Equipment	93,488	-
Infrastructure	26,970,604	25,303,712
Construction in Progress	2,369,003	5,608,601
Total	<u>\$ 101,862,138</u>	<u>\$ 100,233,638</u>

Additional information on the Town's capital assets can be found on page 31 of the notes to the financial statements of this report.

Long-term Debt. The Town issued long-term debt during the fiscal year ended June 30, 2022. The Town entered into a \$1,100,000 installment purchase contract for land. At the end of the fiscal year, the Town had total debt outstanding of \$37,852,243. Of this, \$33.3 million is backed by the full faith and credit of the Town; the remainder is secured by interest in property, vehicles, or equipment.

The Town's total debt decreased by \$1,673,980 during the fiscal year.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
General obligation bonds	\$ 33,345,000	\$ 35,167,000
Installment financing agreements	4,507,243	4,359,223
Total	<u>\$ 37,852,243</u>	<u>\$ 39,526,223</u>

As mentioned in the financial highlights section of this document, the Town of Garner maintained its Aa1 from Moody's Investors Service and has a AAA rating from Standard and Poor's Financial Services. This bond rating is a clear indication of the sound financial condition of Town. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt a governmental entity may issue to 8% of the total assessed value of taxable property. The current debt limitation for the Town is \$406.5 million. This is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 33-35 of this report.

Town of Garner, North Carolina

Management Discussion and Analysis

Economic Factors and Next Year's Budget

The following key economic indicators reflect the growth and prosperity of the Town and the region.

- The Town experienced its best year of sales tax revenues ever in FY 2021-2022.
- Unemployment rates have come back down to pre-pandemic levels.
- The average home sale price is up 5.9%.
- Permits issued by the Garner Inspections Department were up 19% over last year and 33% above the previous five year average.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The FY 2022-2023 budget increased by \$6,208,268 or 14.4 percent over the FY 2021-2022 budget. This budget was developed following a comprehensive review of current and future requirements. As part of this review, it was determined that a combination of macroeconomic factors, increasing service demands, and public safety staffing needs has significantly impacted the Town's ability to fund critical operating requirements. As a result, the Town's property tax rate was raised by 4.0 cents to 55.21 cents per \$100 of assessed value. This will allow the Town to continue to fund critical needs and to meet core requirements. The tax increase enables the hiring and training of 15 firefighters to staff the new Fire Station 5 that will be constructed in FY 2022-2023. It also will allow the Town to make other investments in public safety, including life safety equipment and fire inspections staffing.

As part of the decision to raise taxes, staff performed a review to determine the impact on Town residents and the Town's regional competitiveness. During this review, it was determined that Garner households will continue to have the lowest cost for municipal services in Wake County, even after the approved tax increase.

The Town took a conservative approach to budget development for fiscal year 2023 as a result of macro level economic uncertainties such as inflation. The Town has weathered the financial impacts of the Covid-19 pandemic very well so far. Revenues for fiscal year 2023 were budgeted in the traditional manner based on growth trends and projections for the local economy with a cautious eye on national economic trends.

Revenue growth is expected to occur in multiple categories. Property tax revenues are anticipated to increase by 14.2 percent based on the tax rate increase and growth in the tax base. The sales tax revenue growth rate is expected to return closer to a historically normal range and is budgeted at 4 percent. Several categories related to development are anticipated to increase as additional residential and commercial investments continue. Earnings on investments and deposits is expected to be significantly higher than the prior two years due to rising interest rates.

The additional 2023 revenues will allow the Town to continue to provide the high level of service that Garner residents have come to expect and enjoy. A second year of sidewalk maintenance is funded which improves sidewalk safety and eliminates hazards. Parks, Recreation, and Cultural Resources is funded at a level to continue existing programs and part-time staffing levels. The Police and Parks, Recreation, and Cultural Resources departments received funding for staff reorganizations which strengthen their operations. Finally, the additional revenues will offset rising operational costs due to inflation and other factors that have impacted expense areas such as fuel, health care, and the cost of goods and services.

The Town has chosen to appropriate fund balance in the fiscal year 2023 budget. These appropriations of fund balance (totaling \$2,462,139) will be used to make one-time investments in equipment and infrastructure.

Requests for Information

This financial report is designed to provide a general overview of the Town of Garner's finances for anyone that is interested. Questions concerning the information provided in this report or a request for additional financial information should be addressed to the Finance Director, Town of Garner, 900 7th Avenue, Garner, North Carolina, 27529, or visit our website at www.garnernc.gov.

TOWN OF GARNER, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Government	
	Governmental Activities	
ASSETS		
Cash and cash equivalents	\$	26,921,899
Investments		9,840,321
Taxes receivable, net of allowances		84,776
Intergovernmental receivables		5,802,270
Other receivables		30,093
Accrued interest receivable on leases		123
Inventories		50,743
Prepaid items		67,020
Lease receivable		12,468
Capital assets:		
Non-depreciable		40,374,858
Depreciable, net of accumulated depreciation		65,409,459
Right to use lease assets, net of amortization		93,488
Total assets		148,687,518
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension items		4,985,125
Deferred outflows - OPEB items		3,704,753
Total deferred outflows of resources		8,689,878
LIABILITIES		
Accounts payable		2,698,178
Accrued interest payable		468,273
Payroll withholdings		463,218
Customer deposits		175,162
Unearned revenue - COVID-19 Recovery		5,004,665
Leases payable, due within one year		79,823
Leases payable, due in more than one year		13,527
Installment notes, due within one year		1,681,552
Installment notes, due in more than one year		2,825,691
Bonds payable, due within one year		1,823,000
Bonds payable, due in more than one year		32,957,177
Compensated absences, due within one year		757,474
Compensated absences, due in more than one year		757,474
Total Pension Liability (LEOSSA), due in more than one year		4,415,901
Net pension liability (LGERs), due in more than one year		2,528,745
Net OPEB liability, due in more than one year		19,755,588
Total liabilities		76,405,448
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension items		3,735,216
Deferred inflows - OPEB items		1,852,173
Deferred inflows - leases		12,567
Prepaid taxes		34,296
Total deferred inflows of resources		5,634,252
NET POSITION		
Net investment in capital assets		68,089,913
Restricted for:		
Stabilization by State statute		4,333,751
Streets - Powell Bill		67,081
COVID-19 Recovery		7,986
Unrestricted		2,838,965
Total net position	\$	75,337,696

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

TOWN OF GARNER, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 10,489,244	\$ 2,809,875	\$ -	\$ -	\$ (7,679,369)
Public safety	16,154,858	2,580,349	153,281	-	(13,421,228)
Transportation	9,712,901	34,269	879,177	2,180,760	(6,618,695)
Environmental protection	2,428,722	130,773	3,500	-	(2,294,449)
Culture and recreation	5,016,458	522,710	164,644	1,000	(4,328,104)
Interest on long-term debt	1,068,392	-	-	-	(1,068,392)
Total governmental activities	44,870,575	6,077,976	1,200,602	2,181,760	(35,410,237)
Total primary government	\$ 44,870,575	\$ 6,077,976	\$ 1,200,602	\$ 2,181,760	\$ (35,410,237)
General revenues:					
Property taxes, levied for general purposes					26,831,857
Local option sales tax					9,321,926
Other taxes					2,656,703
Miscellaneous					426,557
Unrestricted investment earnings					(133,578)
Total general revenues					39,103,465
Change in net position					3,693,228
Net position, beginning of year					71,644,468
Net position, end of year					\$ 75,337,696

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

TOWN OF GARNER, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 19,872,263	\$ 5,012,651	\$ 2,036,985	\$ 26,921,899
Investments	9,840,321	-	-	9,840,321
Taxes receivable, net	84,776	-	-	84,776
Intergovernmental receivable	3,616,041	-	2,186,229	5,802,270
Other receivables	30,093	-	-	30,093
Inventory	50,743	-	-	50,743
Interest receivable	123	-	-	123
Lease Receivable	12,468	-	-	12,468
Prepaid items	67,020	-	-	67,020
Total assets	\$ 33,573,848	\$ 5,012,651	\$ 4,223,214	\$ 42,809,713
LIABILITIES				
Accounts payable	\$ 2,254,071	\$ -	\$ 444,107	\$ 2,698,178
Payroll withholdings	463,218	-	-	463,218
Deposits payable	175,162	-	-	175,162
Unearned revenue - COVID-19 Recovery	-	5,004,665	-	5,004,665
Total liabilities	2,892,451	5,004,665	444,107	8,341,223
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	84,776	-	-	84,776
Unavailable revenue - other	8,289	-	-	8,289
Advance collection of property tax	34,296	-	-	34,296
Lease related	12,567	-	-	12,567
Total deferred inflows of resources	139,928	-	-	139,928
FUND BALANCES				
Nonspendable:				
Prepaid items	67,020	-	-	67,020
Inventories	50,743	-	-	50,743
Leases	24	-	-	24
Restricted:				
Stabilization by State Statute	4,333,751	-	-	4,333,751
Powell Bill projects	67,081	-	-	67,081
COVID-19 Recovery	-	7,986	-	7,986
Capital projects	-	-	3,779,107	3,779,107
Committed:				
Capital projects	3,523,452	-	-	3,523,452
Other	7,537,912	-	-	7,537,912
Assigned for:				
Subsequent year expenditure	1,271,062	-	-	1,271,062
Unassigned	13,690,424	-	-	13,690,424
Total fund balances	30,541,469	7,986	3,779,107	34,328,562
Total liabilities, deferred inflows of resources, and und balances	\$ 33,573,848	\$ 5,012,651	\$ 4,223,214	\$ 42,809,713

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

TOWN OF GARNER, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balances- Governmental Funds		\$ 34,328,562
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Assets not being depreciated	40,374,858	
Assets being depreciated, net of accumulated depreciation	<u>65,409,459</u>	105,784,317
Right to use leased assets are not financial resources and therefore are not reported in the funds		
Right to use leased assets, net of amortization		93,488
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		
		93,065
Net pension liability for the LGERS is not recorded on the fund financial statements		
		(2,528,745)
Total OPEB liability is not recorded on the fund financial statements		
		(19,755,588)
Total pension liability for the Special Separation Allowance LEO is not recorded on the fund financial statements		
		(4,415,901)
Deferred inflows and outflows of resources related to pensions and OPEB which are not current financial resources and, therefore, not reported in the funds.		
		3,102,489
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Bonds payable	(33,345,000)	
Premium on bonds	(1,435,177)	
Promissory Notes	(3,407,243)	
Installment Notes	(1,100,000)	
Leases payable	(93,350)	
Compensated absences	(1,514,948)	
Accrued interest payable	<u>(468,273)</u>	
		<u>(41,363,991)</u>
Net position of governmental activities		<u>\$ 75,337,696</u>

The accompanying notes are an integral part of these financial statements

TOWN OF GARNER, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 26,803,879	\$ -	\$ -	\$ 26,803,879
Other taxes and licenses	9,550,714	-	-	9,550,714
Intergovernmental revenues	3,624,180	-	2,180,022	5,804,202
Permits and fees	4,788,172	-	-	4,788,172
Sales and services	806,313	-	-	806,313
Investment earnings	(149,032)	7,986	7,468	(133,578)
Miscellaneous	795,324	-	-	795,324
Total revenues	<u>46,219,550</u>	<u>7,986</u>	<u>2,187,490</u>	<u>48,415,026</u>
EXPENDITURES				
Current:				
General government	9,544,324	-	-	9,544,324
Public safety	16,573,982	-	-	16,573,982
Transportation	5,858,366	-	-	5,858,366
Environmental protection	2,428,722	-	-	2,428,722
Culture and recreation	6,030,107	-	-	6,030,107
Capital outlays	-	-	5,619,133	5,619,133
Debt service:				
Principal retirement	2,846,203	-	-	2,846,203
Interest and fiscal charges	1,204,470	-	24,190	1,228,660
Total expenditures	<u>44,486,174</u>	<u>-</u>	<u>5,643,323</u>	<u>50,129,497</u>
Deficiency of revenues over expenditures	<u>1,733,376</u>	<u>7,986</u>	<u>(3,455,833)</u>	<u>(1,714,471)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	1,100,000	-	-	1,100,000
Transfers in	-	-	2,249,056	2,249,056
Transfers out	(2,249,056)	-	-	(2,249,056)
Sale of capital assets	120,799	-	-	120,799
Issuance of leases	171,928	-	-	171,928
Total other financing sources (uses)	<u>(856,329)</u>	<u>-</u>	<u>2,249,056</u>	<u>1,392,727</u>
Net change in fund balances	877,047	7,986	(1,206,777)	(321,744)
Fund balances, beginning of year	<u>29,664,422</u>	<u>-</u>	<u>4,985,884</u>	<u>34,650,306</u>
Fund balances, end of year	<u>\$ 30,541,469</u>	<u>\$ 7,986</u>	<u>\$ 3,779,107</u>	<u>\$ 34,328,562</u>

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

TOWN OF GARNER, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Net change in fund balances- total governmental funds \$ (321,744)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation in the current period.

Capital outlay	\$ 7,031,957	
Net book value of deletions	(32,909)	
Depreciation expense	(4,643,568)	
Right to use leased asset capital outlay expenditures which were capitalized	171,928	
Amortization expense	(78,440)	
Net adjustment to increase fund balance-governmental fund to arrive at net position of governmental activities		2,448,968

The issuance of long-term debt and the refunding of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Decrease in accrued interest payable		30,881
New long-term debt issued		(1,271,928)
Amortization of bond premium		104,570
Principal payments on long-term debt		2,852,558

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in unavailable revenue for tax revenues		27,976
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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 the governmental funds.

Compensated absences (i.e., vacation)		(32,414)
Net pension liability - LGERS and related deferred outflows and inflows of resources		400,988
Total pension liability - LEO Special Separation Allowance and related deferred outflows and inflows of resources		(55,054)
Total OPEB liability - and related deferred outflows and inflows of resources		(491,573)

Change in net position of governmental activities		<u>\$ 3,693,228</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF GARNER, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual Amounts	Variance with
	Original	Final		Actual and Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 25,813,363	\$ 26,110,110	\$ 26,803,879	\$ 693,769
Other taxes and licenses	8,495,500	9,218,512	9,550,714	332,202
Intergovernmental revenues	3,230,068	3,549,958	3,624,180	74,222
Permits and fees	1,941,480	2,658,765	4,788,172	2,129,407
Sales and services	719,710	719,710	806,313	86,603
Investment earnings	185,496	185,496	(149,032)	(334,528)
Miscellaneous	377,500	422,150	795,324	373,174
Total revenues	40,763,117	42,864,701	46,219,550	3,354,849
Expenditures				
Current:				
General government	8,834,940	10,478,786	9,544,324	934,462
Public safety	15,655,820	16,776,435	16,573,982	202,453
Transportation	5,543,080	6,710,845	5,858,366	852,479
Environmental protection	2,481,967	2,440,967	2,428,722	12,245
Culture and recreation	4,650,995	6,454,566	6,030,107	424,459
Debt service:				
Principal retirement	2,773,449	2,773,981	2,846,203	(72,222)
Interest and fiscal charges	1,203,902	1,203,923	1,204,470	(547)
Total expenditures	41,144,153	46,839,503	44,486,174	2,353,329
Excess (deficiency) of revenues over expenditures	(381,036)	(3,974,802)	1,733,376	5,708,178
Other financing sources (uses)				
Issuance of long-term debt	-	-	1,100,000	1,100,000
Transfers in	760,693	899,585	-	(899,585)
Transfers out	(2,583,111)	(4,573,111)	(2,249,056)	2,324,055
Sale of capital assets	45,000	120,000	120,799	799
Issuance of leases	-	-	171,928	171,928
Fund balance appropriated	2,158,454	7,528,328	-	(7,528,328)
Total other financing sources (uses)	381,036	3,974,802	(856,329)	(4,831,131)
Net change in fund balances	-	-	877,047	877,047
Fund balances, beginning of year	29,664,422	29,664,422	29,664,422	-
Fund balances, end of year	\$ 29,664,422	\$ 29,664,422	\$ 30,541,469	\$ 877,047

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

TOWN OF GARNER, NORTH CAROLINA

**ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual Amounts	Variance with Actual and Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 10,009,331	\$ 10,009,331	\$ -	\$ (10,009,331)
Investment earnings	-	-	7,986	7,986
Total revenues	<u>10,009,331</u>	<u>10,009,331</u>	<u>7,986</u>	<u>(10,001,345)</u>
EXPENDITURES				
Professional services	<u>10,009,331</u>	<u>10,009,331</u>	-	<u>10,009,331</u>
Total expenditures	<u>10,009,331</u>	<u>10,009,331</u>	-	<u>10,009,331</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,986	<u>\$ 7,986</u>
FUND BALANCE, beginning of year			-	
FUND BALANCE, end of year			<u>\$ 7,986</u>	

TOWN OF GARNER, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Garner, North Carolina (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standardsetting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. Reporting Entity

Incorporated in 1905, under the laws of the State of North Carolina, the Town of Garner, North Carolina is governed by an elected mayor and a five-member council. The government provides such services as police protection, cultural and recreational activities, and public works services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets.

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

The fund financial statements provide information about the Town's governmental funds. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Town reports the General Fund, ARPA Fund, and Capital Projects Fund as major funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, leases, compensated absences and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **ARPA Fund** is used to account for financial resources received through the American Rescue Plan Act of 2021.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Town has one capital project fund within the governmental fund types.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for all funds. The amounts shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2022. The Town had \$670,249 of fund balance assigned for encumbrances at June 30, 2022. The Town adopts annual budgets, prepared on the modified accrual basis for all funds except the capital project fund, which has a project budget adopted. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital project budget appropriations do not lapse until the completion of the project. The Town Council may amend the budget throughout the year.

The annual budgets are adopted at the departmental level and multi-year budgets are adopted at the project level. The Town maintains administrative control over its operations through a more detailed line item budget. The Town Manager may transfer amounts between line items, however any revision to a salary line item must be reported to the governing council. The governing council must approve any amendment, which alters the total budget of a department.

E. Deposits

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town. The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, the Town classifies its holdings in the NCCMT as cash equivalents for financial statement purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Restricted cash and cash equivalents

Asset forfeitures funds and funds received as a distribution of the NC Controlled substance tax are restricted for law enforcement purposes. Powell Bill funds also are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021.

H. Allowances

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

J. Leases

Lessee: The Town of Garner is a lessee for two non-cancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The town recognizes lease liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases (Continued)

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, or the cancellable period of the lease if the Town is reasonably certain that the cancellation option will not be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The Town is a lessor for a non-cancellable lease of land. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The inventory of the General Fund consists of expendable supplies and is recorded as an expenditure when consumed. The General Fund inventory reported on the fund balance sheet is offset by non-spendable fund balance, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets.

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

L. Capital Assets

All purchased or constructed capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at estimated acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town defines capital assets as assets with an individual cost of more than \$10,000 and an estimated useful life of more than two years. Infrastructure assets include all assets over the capitalization threshold of \$150,000 for streets and \$10,000 for sidewalks that have been acquired since July 1, 1980. Intangible assets include all assets over the capitalization threshold of \$100,000. Intangible assets have an indefinite life; therefore, they are not amortized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Infrastructure	25 years
Improvements	15-20 years
Heavy Trucks and Equipment	10-15 years
Maintenance and Construction Equipment	8-10 years
Automobiles and Light Trucks	5-10 years
Furniture and Small Equipment	3-10 years
Software and Other Intangible Assets	Based on the useful life of the asset

M. Right to Use Assets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, leases, and pension and OPEB deferrals.

O. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to two hundred eighty-eight (288) hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

P. 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 statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

Prepaid items – portion of fund balance that is not an available resource because it represents the yearend balance of prepaid expenses, which are not spendable resources.

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

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

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Restricted for Stabilization by State statute – portion of fund balance that is restricted by North Carolina General Statute 159-8(a).

Restricted for streets-Powell Bill – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. The amount represents the balance of unexpended Powell Bill funds.

Restricted for COVID-19 recovery – portion of fund balance that is restricted by revenue source for purchases related to the American Rescue Plan Act .

Restricted for capital projects – portion of fund balance that represents proceeds from debt issuance and other amounts that have not been spent for the designated project.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

Committed – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Garner's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for capital projects - portion of fund balance that has been committed by Council for construction of new facilities or infrastructure, or improvements to existing facilities or infrastructure.

Committed-other - portion of fund balance that has been committed by Council, primarily to fund future debt service on capital improvements.

Assigned – fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town Council, through Town Ordinance, has expressly delegated to the Town Manager or his/her designee, the authority to assign funds for particular purposes.

Assigned for subsequent year expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. The Town, by resolution, has created a minimum fund balance policy to be no less than 30% of the next fiscal year's budgeted expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Management 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, deferred outflows of resources, deferred inflows of resources, and liabilities, the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2022 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$	26,921,899
Investments		9,840,321
	\$	36,762,220
Cash and investments deposited with financial institutions	\$	11,535,916
Cash deposited with NCCMT		25,226,304
	\$	36,762,220

Credit risk. State statutes and the Town's policies authorize the Town to invest in obligations of the state of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The Town does not have a credit rating policy which provides restrictions or limitations on credit ratings for the Town's investments. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2022.

At June 30, 2022, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Fair Value 6/30/22	Duration	Rating
Commercial Paper	Fair Value-Level 2	\$ 1,747,919	12 months	A-1
US Treasury	Fair Value-Level 2	3,035,484	12 months	AA+
Federal Agencies	Fair Value-Level 2	5,056,918	24 months	AA+
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	25,226,304	N/A	AAAM
		\$ 35,066,625		

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

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

Interest rate risk: The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2022, the Town's deposits are insured or collateralized as required by state law.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Taxes Receivable

Taxes receivable at June 30, 2022 for the Town's General Fund amounted to a balance of \$211,542, with an offsetting allowance for doubtful accounts of \$126,766.

Leases Receivable

On 07/01/2021, the Town entered into a 60-month lease as Lessor for land for the use of Google Fiber. An initial lease receivable was recorded in the amount of \$15,657. As of 06/30/2022, the value of the lease receivable is \$12,468. The lessee is required to make annual fixed payments of \$3,200. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of 06/30/2022 was \$12,567, and Town of Garner recognized lease revenue of \$3,090 during the fiscal year. The lessee has a right to termination with 1-month's notice that was effective as of the lease commencement.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance 6/30/2021	Increases	Decreases	Balance 6/30/2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,262,636	\$ 2,258,138	\$ -	\$ 20,520,774
Construction In progress	5,608,601	1,546,302	(4,785,901)	2,369,003
Intangible Assets	17,485,081	-	-	17,485,081
Total capital assets not being depreciated	<u>41,356,318</u>	<u>3,804,440</u>	<u>(4,785,901)</u>	<u>40,374,858</u>
Capital assets being depreciated:				
Buildings	34,510,133	2,021,039	-	36,531,172
Improvements	11,385,859	49,215	-	11,435,074
Equipment	9,064,641	1,612,485	(866,809)	9,810,317
Lease assets	-	171,926	-	171,926
Infrastructure	95,715,677	4,330,681	-	100,046,358
Total capital assets being depreciated	<u>150,676,310</u>	<u>8,185,346</u>	<u>(866,809)</u>	<u>157,994,847</u>
Less accumulated depreciation for:				
Buildings	(5,413,865)	(860,757)	-	(6,274,622)
Improvements	(6,908,520)	(359,916)	-	(7,268,436)
Equipment	(5,869,442)	(759,108)	833,900	(5,794,650)
Lease assets	-	(78,438)	-	(78,438)
Infrastructure	(70,411,965)	(2,663,789)	-	(73,075,754)
Total accumulated depreciation	<u>(88,603,792)</u>	<u>\$ (4,722,008)</u>	<u>\$ 833,900</u>	<u>(92,491,900)</u>
Total capital assets being depreciated, net	<u>62,072,518</u>			<u>65,502,947</u>
Governmental activity capital assets, net	<u>\$ 103,428,836</u>			<u>\$ 105,877,805</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 423,636
Public safety	535,072
Transportation	2,898,032
Culture and recreation	865,268
	\$ 4,722,008

RIGHT TO USE LEASED ASSETS

Right to use asset activity for the year ended June 30, 2022, was as follows:

As of 07/01/2021, the Town held a 23-month lease as Lessee for the use of copying and printing equipment. An initial lease liability was recorded in the amount of \$151,760. As of 06/30/2022, the value of the lease liability is \$76,042. Town of Garner is required to make 12 monthly fixed payments of \$6,355. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2022 of \$151,760 with accumulated amortization of \$76,197 is included in the table below.

On 12/01/2021, the Town entered into a 63-month lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$20,167. As of 06/30/2022, the value of the lease liability is \$17,306. Town of Garner is required to make 18 quarterly fixed payments of \$984. The lease has an interest rate of 0.9800%. The value of the right to use asset as of 06/30/2022 of \$20,166 with accumulated amortization of \$2,241 is included in the table below.

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Right to use assets				
Leased copiers and printers	\$ 151,760	\$ -	\$ -	\$ 151,760
Leased postage machine	-	20,166	-	20,166
Total right to use assets	\$ 151,760	\$ 20,166	\$ -	\$ 171,926
Less Accumulated Amortization for:				
Leased copiers and printers	\$ -	\$ 76,197	\$ -	\$ 76,197
Leased postage machine	-	2,241	-	2,241
Total accumulated amortization	-	78,438	-	78,438
Right to use assets, net	\$ -	\$ (58,272)	\$ -	\$ 93,488

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Direct placement - General obligation bonds	\$ 35,167,000	\$ -	\$ 1,822,000	\$ 33,345,000	\$ 1,823,000
Premium on bonds	1,539,747	-	104,570	1,435,177	-
Total bonds	<u>36,706,747</u>	<u>-</u>	<u>1,926,570</u>	<u>34,780,177</u>	<u>1,823,000</u>
Direct borrowing - Promissory notes	4,359,223	-	951,980	3,407,243	781,552
Installment Notes	-	1,100,000	-	1,100,000	900,000
Lease liability	-	171,928	78,578	93,350	79,823
Compensated absences	1,482,534	703,331	670,917	1,514,948	757,474
Net pension liability (LGERS)	5,863,277	-	3,334,532	2,528,745	-
Total pension liability (LEO)	4,591,706	208,103	383,908	4,415,901	-
Total OPEB liability	19,197,588	988,278	430,278	19,755,588	-
Total	<u>\$ 72,201,075</u>	<u>\$ 3,171,640</u>	<u>\$ 7,776,763</u>	<u>\$ 67,595,952</u>	<u>\$ 4,341,849</u>

Compensated absences, total OPEB liability, total pension liability, and net pension liabilities for governmental activities have typically been liquidated in the General Fund.

Direct Placement - Bonds Payable

The outstanding balances for direct placement bonds as of June 30, 2022 are as follows:

	Balance as of June 30, 2022
General obligation bonds	
\$14,670,000 2015 Public improvement bonds due in annual installments of \$565,000 to \$1,710,000 through August 2036; interest varying from 2.0 to 5.0 percent.	\$ 11,155,000
\$9,805,000 2014 Public improvements bonds due in annual installments of \$250,000 to \$1,000,000 through August 1, 2034; interest varying from 2.0 to 4.0 percent.	7,620,000
\$4,050,000 2018 Public improvements bonds due in annual installments of \$120,000 to \$480,000 through August 1, 2032; interest varying from 3.0 to 5.0 percent.	3,685,000
\$7,190,000 2019 Public improvements bonds due in annual installments of \$185,000 to \$450,000 through August 1, 2038; interest varying from 3.0 to 5.0 percent.	6,820,000
\$4,740,000 2020 Refunding of Public improvements 2010 bonds due in annual installments of \$203,000 to \$428,000 through August 1, 2031; interest of 1.81 percent.	<u>4,065,000</u>
Total General Obligation Bonds	<u>\$ 33,345,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

The debt service to maturity on the bonds payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,823,000	\$ 1,071,377	\$ 2,894,377
2024	1,819,000	1,003,756	2,822,756
2025	1,820,000	936,082	2,756,082
2026	1,820,000	868,290	2,688,290
2027	1,819,000	801,264	2,620,264
2028-2032	11,644,000	2,867,211	14,511,211
2033-2037	10,290,000	1,010,026	11,300,026
2038-2040	2,310,000	76,538	2,386,538
Total	<u>\$ 33,345,000</u>	<u>\$ 8,634,544</u>	<u>\$ 41,979,544</u>

Direct Borrowing - Promissory notes and installment purchase contracts:

Governmental activities	Balance as of June 30, 2022
\$927,692 installment purchase contract for vehicles and equipment due in annual installments through October 1, 2024; interest at 1.093%.	\$ 699,243
\$5,519,000 installment loan for refinancing and for the purchase of a parcel of property due in annual installments of \$532,000 to \$564,000 through September 1, 2026; interest at 1.84%	2,708,000
\$1,100,000 installment loan for purchase of property, due in installments of \$900,000 at 12/8/2022, and \$200,000 at 12/8/2023.	1,100,000
Total promissory notes and installment purchase contracts	<u>\$ 4,507,243</u>

The notes above are secured by the underlying assets being financed. If the Town fails to make the required debt service payments, the creditors have the authority to seize the financed assets and hold a sale of the asset to generate the necessary repayment.

The debt service to maturity on the promissory notes and installment purchase contracts is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,681,552	\$ 52,401	\$ 1,733,953
2024	979,072	39,788	1,018,860
2025	777,619	27,231	804,850
2026	537,000	14,729	551,729
2027	532,000	4,894	536,894
Total	<u>\$ 4,507,243</u>	<u>\$ 139,043</u>	<u>\$ 4,646,286</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

LEASES

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

The first agreement was executed on 06/28/2018 to lease copying and printing equipment and as of 6/30/2022 there were 12 remaining monthly payments of \$6,355. There are no variable payment components of the lease. The lease has an interest rate of .5140%. As a result of the lease, the Town has recorded a right to use asset with a book value of \$75,563 at June 30, 2022.

The second agreement was executed on 12/01/2021 to lease copying and printing equipment and requires 18 quarterly payments of \$984. There are no variable payment components of the lease. The lease has an interest rate of .9800%. As a result of the lease, the Town has recorded a right to use asset with a book value of \$17,926 at June 30, 2022.

The right to use leased assets are discussed in more detail in Note 4 Capital Assets - Right to Use Leased Assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 79,823	\$ 368	\$ 80,191
2024	3,817	119	3,936
2025	3,855	81	3,936
2026	3,893	43	3,936
2027	1,961	7	1,968
	\$ 93,349	\$ 618	\$ 93,967

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2022 is as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 2,249,056

Transfers are used to move revenues from the General Fund to the Capital Projects Fund for capital project matching purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS

A. Local Governmental Employees' Retirement System

Plan Description. The Town of Garner is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report of the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. 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. 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are 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 128-30 and may be amended only by the North Carolina General Assembly. The Town of Garner employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Garner's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Garner were \$1,504,078 for the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Refunds of Contributions. Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members 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 LGERS.

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

At June 30, 2022, the Town reported a liability of \$2,528,745 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the Town's proportion was 0.16489%, which was an increase of 0.00081% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,103,090. At June 30, 2022, the Town 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	\$ 804,485	\$ -
Changes in plan assumptions	1,588,699	-
Net difference between projected and actual earnings on pension plan investments	-	3,612,819
Changes in proportion and differences between Town contributions and proportionate share of contributions	26,927	3,921
Town contributions subsequent to the measurement date	1,504,078	-
Total	\$ 3,924,189	\$ 3,616,740

Town contributions made subsequent to the measurement date of \$1,504,078 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2023	\$	242,388
2024		(65,467)
2025		(268,005)
2026		(1,105,545)
2027		-
Thereafter		-
	\$	(1,196,629)

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 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 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2022 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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 2.50%. All rates of return and inflation are annualized.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 Town's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 9,816,383	\$ 2,528,745	\$(3,468,555)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

B. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Garner administers a public employee retirement system (the "Separation Allowance"), an agent multiple-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the Plan.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Active plan members	65
Total	77

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.3 to 7.8 percent, including inflation and productivity factor
Discount rate	2.06 percent

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$345,531 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$4,415,901. The total pension liability was measured as of December 31, 2021 based on a December 31, 2019 actuarial valuation. For the year ended June 30, 2022 the Town recognized pension expense of \$451,084.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,640	\$ 59,397
Changes of assumptions	790,403	59,079
Town benefit payments made subsequent to the measurement date	213,893	-
Total	\$ 1,060,936	\$ 118,476

The Town reported \$213,893 as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30:	
2023	\$ 223,445
2024	194,031
2025	186,438
2026	129,425
2027	(4,772)
Total	\$ 728,567

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Changes in the Total Pension Liability. The changes in total pension liability of the Town for the fiscal year ended June 30, 2022 were as follows:

	2022
Beginning balance	\$ 4,591,706
Service cost	122,817
Interest on the total pension liability	85,286
Changes of assumptions or other inputs	(38,377)
Benefit payments	(345,531)
Ending balance of the total pension liability	\$ 4,415,901

The required schedule of changes in the Town's total pension liability and related ratios immediately following the notes to the Financial statements present multiyear trend information.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Total Pension Liability calculated using the discount rate of 2.06%, as well as what the Total Pension 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 rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total pension liability	\$ 4,732,760	\$ 4,415,901	\$ 4,123,237

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

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

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

	LGERS	LEOSSA	Total
Pension Expense	1,103,090	451,084	1,554,174
Pension Liability	2,528,746	4,415,901	6,944,647
Proportionate share of the net pension liability	0.16489%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	804,485	56,640	861,125
Changes of assumptions	1,588,699	790,403	2,379,102
Changes in proportion and differences between contributions and proportionate share of contributions	26,927	-	26,927
Benefit payments and administrative costs paid subsequent to the measurement date	1,504,078	213,893	1,717,971
	3,924,189	1,060,936	4,985,125
Deferred Inflows of Resources			
Differences between expected and actual experience	-	59,397	59,397
Changes of assumptions	-	59,079	59,079
Net difference between projected and actual earnings on plan investments	3,612,819	-	3,612,819
Changes in proportion and differences between contributions and proportionate share of contributions	3,921	-	3,921
	3,616,740	118,476	3,735,216

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state’s Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$448,246 which consisted of \$246,386 from the Town and \$201,860 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

D. Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement Income Plan, a defined contribution pension plan as described previously. The Plan is a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$751,580, which consisted of \$399,586 from the Town and \$351,994 from the employees.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). This plan provides postemployment healthcare benefits to retirees of the Town, provided they retire from the North Carolina Local Governmental Employees' Retirement System with an unreduced retirement benefit, and are actively employed with the Town at the time of retirement.

Retirees hired prior to May 1, 2011 must have at least twenty (20) years of service with the Town, or have at least fifteen (15) years of service with the Town and have attained age sixty-two (62). Health care, prescription drug, and vision benefits, are provided in the town's group health program to retirees under age 65. Post-65 retirees are provided with a Medicare supplemental plan coverage as well as Medicare Part D coverage.

Retirees hired on or after May 1, 2011 must have completed twenty-five (25) years of continuous full-time service with the Town immediately prior to retirement and retire with an unreduced retirement benefit from the NCLGERS in order to receive a Town contribution of the lesser of \$222.49 (not indexed) or 50% of the medical premium paid for by the Town.

Retirees not meeting the 25 years of service requirement who retire after attaining age 62 with 5 years of service may continue group coverage at their own expense.

The retiree may continue dependent coverage at the Town's group rate if enrolled in dependent health coverage at the time of retirement. Dependent coverage terminates upon the dependent attaining age 65, or upon the retiree's death.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following as of the June 30, 2020 valuation date:

Active participants	178
Retirees and beneficiaries currently receiving benefits	49
Total	<u>227</u>

The plan was closed to new entrants on August 22, 2014.

Contributions. The Town Council has elected to fund the HCB Plan on a "pay as you go" basis. Per the Town resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by Town contributions. For the fiscal year ended June 30, 2022, the Town contributed \$345,916 for the pay as you go benefits for the HCB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The Town's total OPEB liability of \$19,755,588 was measured as of June 30, 2021 by an actuarial valuation as of June 30, 2020.

Key actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Discount rate - 2.16%. Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 2.16% on June 30, 2021. A discount rate of 2.21% was used at the prior measurement date.

Payroll Growth Assumption - 3.50%

Inflation rate - 2.50%

Leave Conversion - Creditable service for unreduced retirement from NCLGERS has been increased by one year.

Spouse Age Difference - Wives are assumed to be four years younger than husbands.

Actuarial Funding Method - Entry Age Normal, level percent of payroll.

Assumed Participation Rates

Years of Service with Town & NCLGERS at retirement	Minimum Age at Retirement	Participation
<u>Hired prior to May 1, 2011</u>		
5 - 14	62	10%
15 - 19	62	100%*
20 or more	any age	100%*
Spouse Coverage		10%
<u>Hired on or after May 1, 2011</u>		
5 - 24	62	10%
25 or more	any age	75%*
Spouse Coverage		10%

*Must retire from NCLGERS with unreduced benefits

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual Rates of Salary Increase

General Employees

Service	<u>0</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>
Rate	7.75%	6.00%	4.95%	4.20%	3.75%	3.50%	3.50%

Law Enforcement Officers

Service	<u>0</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>	<u>40</u>
Rate	7.35%	6.15%	5.15%	4.45%	4.02%	3.90%	3.80%	3.70%	3.50%

Annual Health Care Trend Rates

<u>Year</u>	<u>Pre 65</u>	<u>Post 65</u>
2020	7.00%	5.25%
2021	6.75%	5.13%
2022	6.50%	5.00%
2023	6.25%	4.75%
2024	6.00%	4.50%
2025	5.75%	4.50%
2026	5.50%	4.50%
2027	5.25%	4.50%
2028	5.00%	4.50%
2029	4.75%	4.50%
>=2030	4.50%	4.50%

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2022 were as follows:

	Total OPEB Liability
Balance at June 30, 2021	\$ 19,197,588
Service cost	366,537
Interest	419,664
Experience differences	(13,741)
Assumption changes	202,077
Benefit payments	(416,537)
Balance at June 30, 2022	<u>\$ 19,755,588</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%, resulting in an outflow due to assumption changes. There were no plan changes as of the measurement date.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, calculated using the current discount rate, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 23,838,890	\$ 19,755,588	\$ 16,613,936

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the Total OPEB Liability, as well as what the Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 16,483,055	\$ 19,755,588	\$ 24,022,696

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2020 and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended June 30, 2022 the Town recognized OPEB expense of \$837,489. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,187	\$ 944,042
Changes in plan assumptions	3,356,650	908,131
Town contributions subsequent to the measurement date	345,916	-
Total	\$ 3,704,753	\$ 1,852,173

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town contributions made subsequent to the measurement date of \$345,916 are reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 598,812	\$ (462,324)
2024	598,812	(462,324)
2025	598,731	(439,960)
2026	598,056	(240,116)
2027	578,197	(140,498)
Thereafter	386,229	(106,951)
	\$ 3,358,837	\$ (1,852,173)

NOTE 9. OTHER EMPLOYMENT BENEFITS

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

The Town also provides an additional death benefit which provides the beneficiaries of those employees who die in active service a lump sum death benefit equal to the employee's salary, but the benefit may not exceed \$100,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in one self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through this pool, the Town obtains workers' compensation coverage up to statutory limits. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. This pool is audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss, including general liability, property coverage, and employee health and accident insurance. The Town obtains general liability, cyber liability, and auto liability coverage of \$1 million per occurrence, and property coverage up to the total insured values of the property policy. The Town also carries \$1 million in excess or umbrella liability. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance for various properties at a coverage level of \$500,000 per structure. Most of the current property making up the Town's jurisdiction has been mapped and designated as "Zone X" area (areas determined to be outside the 0.2% annual chance and futures conditions 1% annual chance); a majority of the streams running through the Town have FEMA flood hazard zones along the lower reaches near Lake Benson and Swift Creek.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director, Assistant Finance Officer, Town Manager, and tax collector are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grant Contingencies:

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As part of implementing the Statement, the Town performed a comprehensive review of its lease activities and applied the criteria within the guidance. This resulted in an increases in leases receivable, leases payable, deferred inflows, and right to use leased assets.

TOWN OF GARNER, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST SIX FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668	\$ 3,414,080
Service cost	122,817	118,951	109,737	117,732	99,562	110,693
Interest on the total pension liability	85,286	110,796	123,813	105,519	122,858	117,231
Difference between expected and actual experience	-	(45,402)	(67,580)	226,443	42,785	-
Changes of assumptions or other inputs	(38,377)	1,140,333	87,457	(115,183)	169,607	(67,766)
Benefit payments	(345,531)	(263,217)	(249,252)	(295,280)	(261,641)	(260,570)
Ending balance of the total pension liability	<u>\$ 4,415,901</u>	<u>\$ 4,591,706</u>	<u>\$ 3,530,245</u>	<u>\$ 3,526,070</u>	<u>\$ 3,486,839</u>	<u>\$ 3,313,668</u>

Notes:

Pursuant to GASB 73, a 10-year history of the above information is required. However, until a full 10-year history is compiled, information for those years which are available may be presented.

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

TOWN OF GARNER, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST SIX FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 4,415,901	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668
Covered payroll	4,281,081	4,281,081	4,318,057	4,183,629	4,117,105	4,363,230
Total pension liability as a percentage of covered payroll	103.15%	107.26%	81.76%	84.28%	84.69%	75.95%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF GARNER, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

OPEB HEALTHCARE BENEFIT PLAN

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

AND RELATED RATIOS

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 366,537	\$ 358,612	\$ 320,685	\$ 388,709	\$ 444,708
Interest	419,664	574,837	569,704	535,824	484,665
Differences between expected and actual experience	(13,741)	(1,060,211)	(19,595)	(271,569)	5,967
Changes of assumptions	202,077	3,475,663	973,101	(654,520)	(1,604,076)
Benefit payments	(416,537)	(429,539)	(418,035)	(391,179)	(373,205)
Net change in total OPEB liability	558,000	2,919,362	1,425,860	(392,735)	(1,041,941)
Total OPEB liability - beginning	19,197,588	16,278,226	14,852,366	15,245,101	16,287,042
Total OPEB liability - ending	\$ 19,755,588	\$ 19,197,588	\$ 16,278,226	\$ 14,852,366	\$ 15,245,101
Covered-employee payroll	\$ 11,552,579	\$ 11,552,579	\$ 9,675,324	\$ 9,675,324	\$ 8,878,383
Total OPEB liability as a percentage of covered-employee payroll	171.01%	166.18%	168.24%	153.51%	171.71%

Notes to the Schedule:

The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The Town is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

TOWN OF GARNER, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF GARNER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST NINE FISCAL YEARS***

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.16489%	0.16408%	0.16358%	0.15935%	0.16069%	0.16521%	0.15980%	0.16120%	0.16520%
Town's proportion of the net pension liability (asset) (\$)	\$ 2,528,745	\$ 5,863,277	\$ 4,467,242	\$ 3,780,327	\$ 2,454,898	\$ 3,506,311	\$ 717,174	\$ (950,671)	\$ 1,991,294
Town's covered payroll	\$ 11,915,938	\$ 11,192,219	\$ 10,490,544	\$ 10,004,274	\$ 9,946,981	\$ 9,447,504	\$ 9,229,581	\$ 9,063,665	\$ 8,685,568
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.22%	52.39%	42.58%	37.79%	24.68%	37.11%	7.77%	(10.49)%	22.93%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF GARNER, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN OF GARNER'S CONTRIBUTIONS
LAST NINE FISCAL YEARS*

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,504,078	\$ 1,239,767	\$ 1,032,242	\$ 787,467	\$ 782,069	\$ 756,263	\$ 651,988	\$ 669,335	\$ 648,964
Contributions in relation to the contractually required contribution	<u>1,504,078</u>	<u>1,239,767</u>	<u>1,032,242</u>	<u>787,467</u>	<u>782,069</u>	<u>756,263</u>	<u>651,988</u>	<u>669,335</u>	<u>648,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 12,975,206	\$ 11,915,938	\$ 11,192,219	\$ 10,490,544	\$ 10,004,274	\$ 9,946,981	\$ 9,447,504	\$ 9,229,581	\$ 9,063,665
Contributions as a percentage of covered payroll	11.59%	10.40%	9.22%	7.51%	7.82%	7.60%	6.90%	7.25%	7.16%

* Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF GARNER, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2021 reported in that schedule:

Valuation date	December 31, 2020
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	12 year closed periods
Asset valuation method	Assets return in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	2.50%
Salary increases	3.25 – 8.25%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

TOWN OF GARNER, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues				
Ad valorem taxes:				
Current year	\$ 25,708,863	\$ 26,005,610	\$ 26,607,255	\$ 601,645
Prior year	60,500	60,500	137,108	76,608
Penalties and interest	44,000	44,000	59,516	15,516
Total ad valorem taxes	25,813,363	26,110,110	26,803,879	693,769
Other taxes and licenses:				
ABC mixed beverage	168,300	205,183	205,184	1
Local option sales tax	8,307,000	8,993,129	9,321,926	328,797
Solid waste disposal tax	20,200	20,200	23,604	3,404
Total other taxes and licenses	8,495,500	9,218,512	9,550,714	332,202
Intergovernmental revenues:				
Beer and wine tax	137,000	137,000	124,247	(12,753)
Utility franchise tax	1,877,750	1,877,750	1,967,418	89,668
Video programming fees	235,000	235,000	228,153	(6,847)
Powell Bill allocation	773,682	879,176	879,177	1
PEG channel funds	80,500	80,500	51,780	(28,720)
Federal asset forfeiture	-	-	5,493	5,493
Controlled substance tax	-	-	56,317	56,317
Federal grants	-	133,703	102,778	(30,925)
State grants	-	10,693	10,693	-
Wake County grant - school resource officer	126,136	126,136	127,874	1,738
Total intergovernmental revenues	3,230,068	3,479,958	3,553,930	73,972
Sales and services:				
Recreation fees	339,160	339,160	210,863	(128,297)
Facility rentals	251,825	251,825	311,847	60,022
Sanitation fees	53,775	53,775	130,773	76,998
Dental insurance fees	-	-	114,864	114,864
Third-party bill collection	4,950	4,950	2,921	(2,029)
Street repairs	40,000	40,000	12,430	(27,570)
Right of way mowing	30,000	30,000	21,839	(8,161)
Total sales and service	719,710	719,710	805,537	85,827

continued

TOWN OF GARNER, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Permits and fees:				
Police outside employment	225,000	225,000	292,919	67,919
Animal licenses	800	800	465	(335)
Planning and zoning fees	208,500	208,500	267,018	58,518
Inspection fees	1,461,480	2,061,480	2,648,537	587,057
Business registration	25,000	25,000	17,290	(7,710)
Fee in lieu of park land	150,000	267,285	1,970,913	1,703,628
Special event permit	700	700	25	(675)
Retention pond fees	-	-	11,360	11,360
False alarms charges	20,000	20,000	18,300	(1,700)
Total permits and fees	2,091,480	2,808,765	5,226,827	2,418,062
Investment earnings (loss)	185,496	185,496	(149,032)	(334,528)
Land use charges	20,000	20,000	17,890	(2,110)
Insurance proceeds	-	42,650	94,081	51,431
Miscellaneous	29,500	101,500	203,351	101,851
Rent	-	-	3,090	3,090
Assessments	4,000	4,000	-	(4,000)
Interest on assessments	700	700	-	(700)
Code enforcement	25,000	25,000	34,445	9,445
Officers' fees	7,500	7,500	4,922	(2,578)
Parking violations	800	800	4,400	3,600
Landfill reimbursement	140,000	140,000	65,516	(74,484)
Total revenues	40,763,117	42,864,701	46,219,550	3,354,849
Expenditures				
Current:				
General government:				
Governing body:				
Salaries and employee benefits	124,838	124,838	121,539	3,299
Operating expenditures	78,188	129,183	160,823	(31,640)
Professional services	26,200	26,200	31,635	(5,435)
Contracted services	164,238	164,238	121,120	43,118
Total	393,464	444,459	435,117	9,342
Administration:				
Salaries and employee benefits	1,452,225	1,417,225	1,249,755	167,470
Operating expenditures	184,991	1,049,589	840,449	209,140
Capital Outlay	-	100,000	563,316	(463,316)
Insurance	615,000	690,000	458,127	231,873
Professional services-legal	223,065	248,065	221,580	26,485
Total	2,475,281	3,504,879	3,333,227	171,652
Finance:				
Salaries and employee benefits	611,678	611,678	565,194	46,484
Operating expenditures	130,133	181,633	146,537	35,096
Professional services	73,500	80,000	81,454	(1,454)
Contracted services	122,574	120,074	121,590	(1,516)
Total	937,885	993,385	914,775	78,610
Economic development:				
Salaries and employee benefits	225,874	225,874	199,419	26,455
Operating expenditures	133,989	133,989	124,238	9,751
Contracted services	10,200	10,200	5,841	4,359
Total	370,063	370,063	329,498	40,565

continued

TOWN OF GARNER, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			Variance With Final Budget
	Original	Final	Actual	
Planning:				
Salaries and employee benefits	961,896	961,896	786,453	175,443
Operating expenditures	80,704	184,940	135,762	49,178
Professional services	23,700	23,700	4,681	19,019
Total	1,066,300	1,170,536	926,896	243,640
Engineering:				
Salaries and employee benefits	918,148	918,148	839,265	78,883
Operating expenditures	25,543	254,840	179,684	75,156
Capital outlay	-	3,000	2,500	500
Total	943,691	1,175,988	1,021,449	154,539
Information Technology:				
Salaries and employee benefits	510,361	519,361	520,689	(1,328)
Operating expenditures	233,113	245,163	161,892	83,271
Contracted services	221,530	239,954	232,992	6,962
Total	965,004	1,004,478	915,573	88,905
Building maintenance:				
Salaries and employee benefits	457,823	469,823	471,173	(1,350)
Operating expenditures	493,955	570,991	472,226	98,765
Contracted services	260,436	290,646	280,569	10,077
Total	1,212,214	1,331,460	1,223,968	107,492
Vehicle maintenance:				
Salaries and employee benefits	412,084	424,584	382,956	41,628
Operating expenditures	48,933	40,473	44,358	(3,885)
Contracted services	10,021	18,481	16,507	1,974
Total	471,038	483,538	443,821	39,717
Total general government	8,834,940	10,478,786	9,544,324	934,462
Public Safety:				
Police:				
Salaries and employee benefits	7,449,516	7,829,516	8,019,907	(190,391)
Retirees insurance	329,284	369,284	345,916	23,368
Separation allowance	272,886	436,886	439,516	(2,630)
Operating expenditures	514,168	795,726	651,283	144,443
Professional services	14,100	14,100	1,116	12,984
Contracted services	637,934	641,559	595,275	46,284
Capital outlay	-	49,778	-	49,778
Total	9,217,888	10,136,849	10,053,013	83,836
Inspections:				
Salaries and employee benefits	1,344,041	1,344,041	1,323,218	20,823
Operating expenditures	109,486	159,784	149,630	10,154
Total	1,453,527	1,503,825	1,472,848	30,977

continued

TOWN OF GARNER, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Fire Department:				
Contracted services	4,984,405	5,135,761	5,048,121	87,640
Total	4,984,405	5,135,761	5,048,121	87,640
Total public safety	15,655,820	16,776,435	16,573,982	202,453
Transportation:				
Transportation:				
Salaries and employee benefits	414,738	420,738	413,371	7,367
Operating expenditures	31,435	28,909	30,430	(1,521)
Capital Outlay	661,540	789,589	696,554	93,035
Total	1,107,713	1,239,236	1,140,355	98,881
Street repair and construction:				
Salaries and employee benefits	1,068,730	1,073,730	1,001,555	72,175
Operating expenditures	1,560,427	2,592,299	2,129,953	462,346
Contracted services	991,310	987,715	928,700	59,015
Capital outlay	814,900	817,865	657,803	160,062
Total	4,435,367	5,471,609	4,718,011	753,598
Total Transportation	5,543,080	6,710,845	5,858,366	852,479
Environmental Protection:				
Sanitation:				
Operating expenditures	552,702	511,702	487,240	24,462
Contracted services	1,929,265	1,929,265	1,941,482	(12,217)
Total	2,481,967	2,440,967	2,428,722	12,245
Cultural and Recreation:				
Administration:				
Salaries and employee benefits	251,743	251,743	189,579	62,164
Operating expenditures	58,895	56,899	32,155	24,744
Capital outlay	-	1,226,294	1,484,528	(258,234)
Total	310,638	1,534,936	1,706,262	(171,326)
Recreational programs:				
Salaries and employee benefits	1,544,260	1,646,260	1,351,477	294,783
Operating expenditures	446,848	517,427	379,149	138,278
Contracted services	391,152	539,783	425,837	113,946
Capital outlay	274,251	316,251	289,901	26,350
Total	2,656,511	3,019,721	2,446,364	573,357

continued

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Parks maintenance and development:				
Salaries and employee benefits	1,304,595	1,427,795	1,411,494	16,301
Operating expenditures	211,462	249,462	254,756	(5,294)
Contracted services	167,789	222,652	211,231	11,421
Total	<u>1,683,846</u>	<u>1,899,909</u>	<u>1,877,481</u>	<u>22,428</u>
Total cultural and recreation	4,650,995	6,454,566	6,030,107	424,459
Debt Service:				
Principal retirement	2,773,449	2,773,981	2,846,203	(72,222)
Interest and fees	1,203,902	1,203,923	1,204,470	(547)
Total debt service	<u>3,977,351</u>	<u>3,977,904</u>	<u>4,050,673</u>	<u>(72,769)</u>
Total Expenditures	<u>41,144,153</u>	<u>46,839,503</u>	<u>44,486,174</u>	<u>2,353,329</u>
Excess (deficiency) of revenues over expenditures	(381,036)	(3,974,802)	1,733,376	5,708,178
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	45,000	120,000	120,799	799
Issuance of debt	-	-	1,100,000	1,100,000
From (To) Capital Projects Fund	(1,822,418)	(3,673,526)	(2,249,056)	1,424,470
Issuance of leases	-	-	171,928	171,928
Fund balance appropriated	2,158,454	7,528,328	-	(7,528,328)
Total other financing sources (uses)	<u>381,036</u>	<u>3,974,802</u>	<u>(856,329)</u>	<u>(4,831,131)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	877,047	<u>\$ 877,047</u>
Fund balance, beginning of year			<u>29,664,422</u>	
Fund balance, end of year			<u>\$ 30,541,469</u>	

**TOWN OF GARNER, NORTH CAROLINA
CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PROJECT LIFE AS OF JUNE 30, 2022**

	Project Budget	Actual			Variance with Final Budget
		Prior Years	Current Year	Total	
REVENUES					
Intergovernmental revenues	\$ 10,989,855	\$ 5,605,357	\$ 2,180,022	\$ 7,785,379	\$ (3,204,476)
Investment earnings	218,595	513,476	7,468	520,944	302,349
Miscellaneous	529,234	708,449	-	708,449	179,215
Total revenues	11,737,684	6,827,282	2,187,490	9,014,772	(2,722,912)
EXPENDITURES					
Parks and Recreation Improvements	37,989,612	1,383,647	2,210	1,385,857	36,603,755
Town Hall/Police Station	15,223,315	14,723,270	94,397	14,817,667	405,648
Forest Hill Building	2,300,000	-	2,249,055	2,249,055	50,945
Sewer Outfall Project	1,668,357	720,674	-	720,674	947,683
Timber Drive	1,844,410	1,857,972	-	1,857,972	(13,562)
Vandora/Buffaloe Roundabout	333,825	333,824	-	333,824	1
US 70 Highway Improvements	11,556,313	7,893,086	2,154,037	10,047,123	1,509,190
Recreation Center	10,902,140	11,908,959	(294,957)	11,614,002	(711,862)
Redevelopment	2,166,087	2,138,539	97,611	2,236,150	(70,063)
Stormwater Improvements	2,950,000	-	119,208	119,208	2,830,792
Street & Sidewalk Improvements	39,497,760	11,166,730	1,173,780	12,340,510	27,157,250
Firestation	6,700,000	20,000	23,792	43,792	6,656,208
Interest and fiscal charges	711,306	717,673	24,190	741,863	(30,557)
Total expenditures	133,843,125	52,864,374	5,643,323	58,507,697	75,335,428
Deficiency of revenues over expenditures	(122,105,441)	(46,037,092)	(3,455,833)	(49,492,925)	72,612,516
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	107,566,000	38,565,000	-	38,565,000	(69,001,000)
Premium on bonds	1,427,131	2,117,717	-	2,117,717	690,586
Transfers in	16,246,669	12,867,887	2,249,056	15,116,943	(1,129,726)
Transfers out	(3,134,359)	(2,527,628)	-	(2,527,628)	606,731
Total other financing sources (uses)	122,105,441	51,022,976	2,249,056	53,272,032	(68,833,409)
Net change in fund balance	\$ -	\$ 4,985,884	(1,206,777)	\$ 3,779,107	\$ 3,779,107
FUND BALANCE, beginning of year			4,985,884		
FUND BALANCE, end of year			\$ 3,779,107		

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2022

Fiscal Year	Uncollected Balance 6/30/2021	Additions	Collections And Credits	Uncollected Balance 6/30/2022
2021-2022	\$ -	\$ 26,662,851	\$ 26,589,497	\$ 73,354
2020-2021	92,214	-	56,503	35,711
2019-2020	45,509	-	17,464	28,045
2018-2019	16,073	-	3,679	12,394
2017-2018	8,262	-	172	8,090
2016-2017	6,075	-	236	5,839
2015-2016	3,566	-	184	3,382
2014-2015	17,329	-	157	17,172
2013-2014	28,167	-	612	27,555
2012-2013	42,229	-	42,229	-
	<u>\$ 259,424</u>	<u>\$ 26,662,851</u>	<u>\$ 26,710,733</u>	<u>211,542</u>
Less: allowance for uncollectible accounts:				
	General Fund			<u>(126,766)</u>
Ad valorem taxes receivable - net				<u>\$ 84,776</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 26,803,879
Reconciling items:				
	Interest collected			(59,516)
	Change in allowance for doubtful accounts			(75,859)
	Payment in lieu of taxes			-
	Releases and write-offs			42,229
Total collections and credits				<u>\$ 26,710,733</u>

TOWN OF GARNER, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
JUNE 30, 2022

	City - Wide			Total Levy	
	Total Property Valuation	Rate per \$ 100	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 5,071,108,209	0.5121	\$ 25,969,145	\$ 24,105,490	\$ 1,863,655
Vehicle Fee			832,185	33,030	799,155
Penalties			21,549	21,549	-
Total original levy			<u>26,822,879</u>	<u>24,160,069</u>	<u>2,662,810</u>
Discoveries:					
Current year levy	43,757,545	0.5121	15,085	15,085	-
Adjustments:					
Current year levy	<u>(34,195,134)</u>	0.5121	<u>(175,113)</u>	<u>(175,113)</u>	<u>-</u>
Total property valuation	<u>\$ 5,080,670,620</u>				
Net levy			26,662,851	24,000,041	2,662,810
Uncollected taxes at June 30, 2022			<u>73,354</u>	<u>73,354</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,589,497</u>	<u>\$ 23,926,687</u>	<u>\$ 2,662,810</u>
Current levy collection percentage			<u>99.72%</u>	<u>99.69%</u>	<u>100.00%</u>

TOWN OF GARNER, NORTH CAROLINA

DETAILED ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022

Secondary Market Disclosure

Assessed Valuation:

Assessment Ratio (1)		100%
Real Property	\$	4,125,209,494
Personal Property		798,432,834
Public Service Companies (2)		157,028,293
Total Assessed Valuation	\$	5,080,670,621
Tax Rate per \$100		0.5121
Levy (includes discoveries, releases and abatements) (3)	\$	26,662,851

- (1) Percentage of appraised value has been established by statute.
(2) Valuation of railroads, telephone companies and other utilities is determined by the North Carolina Property Tax Commission.
(3) The levy includes interest and penalties.

This part of the Town of Garner's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	66-71
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	72-77
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	78-81
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	82-84
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	85-88

Town of Garner, North Carolina
Governmental Net Position
Last Ten Fiscal Years
(Unaudited)

Table 1

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 63,035,753	\$ 65,505,673	\$ 63,979,719	\$ 61,370,282	\$ 61,066,119	\$ 60,841,862	\$ 63,713,621	\$ 65,504,868	\$ 67,261,755	\$ 68,089,913
Restricted										
Stabilization by state statute	1,940,597	3,761,936	3,974,251	2,943,559	3,508,572	3,358,985	3,688,276	4,181,675	5,156,144	4,333,751
COVID-19 recovery	-	-	-	-	-	-	-	-	-	7,986
Streets	484,250	615,932	662,812	570,628	836,096	773,055	117,777	-	-	67,081
Law enforcement	20,396	34,294	95,480	100,429	37,002	40,479	47,095	14,329	15,889	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,913,915	15,732,218	16,977,444	21,214,333	18,423,099	6,371,951	3,271,208	538,109	(789,320)	2,838,965
Total governmental activities net position	\$ 82,394,911	\$ 85,650,053	\$ 85,689,706	\$ 86,199,231	\$ 83,870,888	\$ 71,386,332	\$ 70,837,977	\$ 70,238,981	\$ 71,644,468	\$ 75,337,696

Town of Garner, North Carolina
Changes in Governmental Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 2

Page 1 of 2

FUNCTIONS/PROGRAMS	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Government activities:					
General government	\$ 6,552,537	\$ 6,766,914	\$ 5,483,946	\$ 6,855,255	\$ 7,021,774
Public safety	9,803,267	10,216,257	10,746,853	11,011,804	12,208,004
Transportation	4,836,477	4,834,011	4,671,100	5,612,182	5,435,823
Environmental protection	1,729,033	1,736,723	1,768,301	1,853,286	1,888,478
Cultural/recreational	3,037,853	2,951,491	3,597,114	3,044,810	3,338,441
Interest on long-term debt	567,914	637,528	756,985	1,136,933	1,312,239
Total governmental activities	<u>26,527,081</u>	<u>27,142,924</u>	<u>27,024,299</u>	<u>29,514,270</u>	<u>31,204,759</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	347,772	2,225,404	775,755	1,760,641	1,130,793
Public safety	586,925	805,086	686,758	1,000,264	1,153,200
Transportation	46,688	31,812	28,254	37,794	59,122
Environmental protection	109,500	31,980	28,600	31,157	20,679
Cultural & recreational	504,361	811,357	419,433	657,107	1,002,668
Interest on long-term debt	11,199	-	-	-	-
Operating grants and contributions	1,016,612	965,124	1,054,284	876,610	1,009,068
Capital grants and contributions	263,678	1,578,562	1,245,652	129,726	36,311
Total program revenues	<u>2,886,735</u>	<u>6,449,325</u>	<u>4,238,736</u>	<u>4,493,299</u>	<u>4,411,841</u>
Total Governmental net (expense)/revenue	<u>(23,640,346)</u>	<u>(20,693,599)</u>	<u>(22,785,563)</u>	<u>(25,020,971)</u>	<u>(26,792,918)</u>
Revenues					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 14,804,481	\$ 15,426,294	\$ 15,439,837	\$ 17,072,956	\$ 17,817,253
Sales taxes	4,470,661	4,858,268	5,284,843	5,826,797	6,064,218
Other taxes	2,208,444	1,841,516	2,570,214	2,167,490	2,573,786
Grants and contributions not restricted to specific programs	799	500	-	148,479	-
Unrestricted investment earnings	11,189	6,992	13,044	314,774	244,541
Other	512,043	1,815,171	859,609	-	146,312
Total general revenues	<u>22,007,617</u>	<u>23,948,741</u>	<u>24,167,547</u>	<u>25,530,496</u>	<u>26,846,110</u>
Changes in net position	<u>(1,632,729)</u>	<u>3,255,142</u>	<u>1,381,984</u>	<u>509,525</u>	<u>53,192</u>
Net position, beginning of year	84,215,824	82,394,911	85,650,053	85,689,706	86,199,231
Prior period adjustment	<u>(188,184)</u>	<u>-</u>	<u>(1,342,331)</u>	<u>-</u>	<u>(2,381,553)</u>
Net position, end of year	<u>\$ 82,394,911</u>	<u>\$ 85,650,053</u>	<u>\$ 85,689,706</u>	<u>\$ 86,199,231</u>	<u>\$ 83,870,870</u>

Town of Garner, North Carolina
Changes in Governmental Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 2

Page 2 of 2

FUNCTIONS/PROGRAMS	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses					
Government activities:					
General government	\$ 7,748,861	\$ 8,235,521	\$ 9,592,933	\$ 10,040,000	\$ 10,489,244
Public safety	12,726,953	13,479,474	13,441,817	14,917,299	16,154,858
Transportation	6,078,817	6,203,524	6,375,777	9,419,303	9,712,901
Environmental protection	1,895,800	2,041,794	2,170,760	2,277,683	2,428,722
Culture and recreation	3,539,484	4,129,671	4,213,447	4,057,142	5,016,458
Interest on long-term debt	1,153,007	1,146,684	1,310,482	1,245,086	1,068,392
 Total governmental activities	 <u>33,142,922</u>	 <u>35,236,668</u>	 <u>37,105,216</u>	 <u>41,956,513</u>	 <u>44,870,575</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	380,906	595,942	799,013	900,357	2,809,875
Public safety	1,316,971	1,925,344	1,600,270	1,573,922	2,580,349
Transportation	49,897	71,171	65,746	608,447	34,269
Environmental protection	35,070	46,659	57,830	98,326	130,773
Culture and recreation	1,107,134	518,124	321,527	160,385	522,710
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	1,095,356	881,239	992,323	1,770,598	1,200,602
Capital grants and contributions	152,143	331,504	439,688	2,771,870	2,181,760
 Total program revenues	 <u>4,137,477</u>	 <u>4,369,983</u>	 <u>4,276,397</u>	 <u>7,883,905</u>	 <u>9,460,338</u>
 Total Governmental net (expense)/revenue	 <u>(29,005,445)</u>	 <u>(30,866,685)</u>	 <u>(32,828,819)</u>	 <u>(34,072,608)</u>	 <u>(35,410,237)</u>
Revenues					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 18,368,348	\$ 19,526,681	\$ 21,495,503	\$ 24,228,277	\$ 26,831,857
Sales taxes	6,208,086	6,881,083	7,137,293	8,327,689	9,321,926
Other taxes	2,384,651	2,626,260	2,394,098	2,524,129	2,656,703
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	456,212	832,311	671,126	37,807	(133,578)
Other	275,925	451,995	531,803	360,193	426,557
 Total general revenues	 <u>27,693,222</u>	 <u>30,318,330</u>	 <u>32,229,823</u>	 <u>35,478,095</u>	 <u>39,103,465</u>
 Changes in net position	 (1,312,223)	 (548,355)	 (598,996)	 1,405,487	 3,693,228
 Net position, beginning of year	 83,870,888	 71,386,332	 70,238,981	 70,238,981	 71,644,468
 Prior period adjustment	 <u>(11,172,333)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net position, end of year	 <u>\$ 71,386,332</u>	 <u>\$ 70,837,977</u>	 <u>\$ 69,639,985</u>	 <u>\$ 71,644,468</u>	 <u>\$ 75,337,696</u>

Town of Garner, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 66,393	\$ 127,934	\$ 84,259	\$ 27,685	\$ 43,342	\$ 45,752	\$ 111,008	\$ 27,359	\$ 81,970	\$ 117,787
Restricted	2,445,243	2,858,365	3,473,514	3,440,208	4,364,506	4,172,519	3,853,148	14,329	15,889	4,400,832
Committed	6,868,750	2,717,555	2,791,034	4,200,667	5,767,055	6,503,558	6,017,106	9,009,700	8,813,089	11,061,364
Assigned	283,940	913,645	978,865	1,052,211	1,707,136	2,145,498	2,888,904	2,667,376	2,150,675	1,271,062
Unassigned	14,100,580	14,602,375	16,405,277	17,940,081	18,065,140	17,726,861	15,559,536	13,281,799	13,446,655	13,690,424
Total general fund	\$ 23,764,906	\$ 21,219,874	\$ 23,732,949	\$ 26,660,852	\$ 29,947,179	\$ 30,594,188	\$ 28,429,702	\$ 25,000,563	\$ 24,508,278	\$ 30,541,469
All other governmental funds										
Restricted	\$ 823,760	\$ 11,663,140	\$ 20,944,933	\$ 15,405,693	\$ 6,626,985	\$ 934,509	\$ 2,814,402	\$ 8,711,232	\$ 4,985,884	\$ 3,787,093
Committed	-	2,256,119	3,019,673	4,633,993	3,183,529	1,727,623	986,067	-	-	-
Total all other governmental funds	\$ 823,760	\$ 13,919,259	\$ 23,964,606	\$ 20,039,686	\$ 9,810,514	\$ 2,662,132	\$ 3,800,469	\$ 8,711,232	\$ 4,985,884	\$ 3,787,093

Town of Garner, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 4

Page 1 of 2

	2013	2014	2015	2016	2017
REVENUES					
Ad valorem taxes	\$ 14,805,148	\$ 15,467,523	\$ 15,469,793	\$ 17,061,096	\$ 17,834,515
Other taxes and licenses	4,731,561	5,117,135	5,547,552	5,826,797	6,236,202
Intergovernmental revenues	3,356,940	4,408,193	4,696,851	3,247,530	3,298,717
Permits and fees	1,188,185	3,851,543	1,816,364	2,981,635	2,690,728
Sales and services	551,939	514,268	490,653	510,108	546,432
Investment earnings	11,189	8,092	15,360	127,477	244,541
Other revenues	298,156	335,835	441,378	285,490	325,818
Total revenues	24,943,118	29,702,589	28,477,951	30,040,133	31,176,953
EXPENDITURES					
Current					
General government	6,391,794	6,330,924	5,688,444	6,780,440	6,212,951
Public safety	9,797,725	10,646,438	10,341,777	10,406,031	11,214,072
Transportation	2,205,869	2,128,167	2,350,138	2,708,200	2,374,446
Environmental protection	1,726,953	1,736,723	1,768,301	1,853,286	1,888,478
Cultural and recreational	2,540,428	2,540,999	2,620,696	2,795,777	2,759,364
Capital projects	1,763,592	4,996,717	7,184,635	4,389,939	14,273,161
Debt service					
Principal retirement	952,021	4,698,123	1,495,425	1,625,841	2,150,627
Interest and fees	552,432	497,080	775,391	1,166,804	1,285,042
Total expenditures	25,930,814	33,575,171	32,224,807	31,726,318	42,158,141
Revenues over (under) expenditures	(987,696)	(3,872,582)	(3,746,856)	(1,686,185)	(10,981,188)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ 1,045	\$ 31,500	\$ 39,262	\$ 59,168	\$ 101,066
Premium on bonds	-	253,495	1,061,816	-	-
Issuance of debt	-	14,138,054	15,204,200	63,000	6,229,000
Payment to escrow agent	-	-	-	-	(2,291,723)
Transfers in	431,354	6,477,132	250,360	118,456	-
Transfers out	(431,354)	(6,477,132)	(250,360)	(118,456)	-
Total other financing sources (uses)	1,045	14,423,049	16,305,278	122,168	4,038,343
Net change in fund balance	\$ (986,651)	\$ 10,550,467	\$ 12,558,422	\$ (1,564,017)	\$ (6,942,845)
Debt service as a percentage of non-capital expenditures	6.23%	18.18%	9.07%	10.22%	12.32%

Town of Garner, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 4

Page 2 of 2

	Fiscal Year				
	2018	2019	2020	2021	2022
REVENUES					
Ad valorem taxes	\$ 18,336,285	\$ 19,520,909	\$ 21,511,829	\$ 24,227,212	\$ 26,803,879
Other taxes and licenses	6,376,074	7,048,593	7,316,038	8,519,512	9,550,714
Intergovernmental revenues	3,468,976	3,774,353	3,805,194	6,072,724	5,804,202
Permits and fees	2,217,839	2,409,115	2,197,084	2,339,338	4,788,172
Sales and services	672,139	725,216	550,101	470,445	806,313
Investment earnings	456,212	832,311	671,126	37,807	(133,578)
Other revenues	180,654	401,000	-	827,642	795,324
Total revenues	31,708,179	34,711,497	36,051,372	42,494,680	48,415,026
EXPENDITURES					
Current					
General government	6,960,076	7,578,884	7,970,199	9,349,738	9,544,324
Public safety	12,989,182	12,906,345	13,279,336	15,643,025	16,573,982
Transportation	2,899,718	3,564,911	3,622,653	5,435,599	5,858,366
Environmental protection	1,895,800	2,041,794	2,170,760	2,277,683	2,428,722
Cultural and recreational	2,936,533	5,558,172	3,466,375	3,624,123	6,030,107
Capital projects	7,493,450	4,551,899	4,179,246	6,406,323	5,619,133
Debt service					
Principal retirement	2,520,206	2,548,501	7,170,395	2,724,691	2,846,203
Interest and fees	1,227,800	1,224,605	1,548,254	1,270,609	1,228,660
Total expenditures	38,922,765	39,975,111	43,407,218	46,731,791	50,129,497
Revenues over (under) expenditures	(7,214,586)	(5,263,614)	(7,355,846)	(4,237,111)	(1,714,471)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ 53,213	\$ 29,748	\$ 96,141	\$ 66,255	\$ 120,799
Premium on bonds	-	157,717	618,389	-	-
Issuance of debt	660,000	4,050,000	11,930,000	927,692	1,271,928
Payment to escrow agent	-	-	-	-	-
Transfers in	-	1,031,464	823,881	200,000	2,249,056
Transfers out	-	(1,031,464)	(823,881)	(200,000)	(2,249,056)
Total other financing sources (uses)	713,213	4,237,465	12,644,530	993,947	1,392,727
Net change in fund balance	\$ (6,501,373)	\$ (1,026,149)	\$ 5,288,684	\$ (3,243,164)	\$ (321,744)
Debt service as a percentage of non-capital expenditures	12.19%	11.45%	22.58%	10.28%	9.45%

Town of Garner, North Carolina
General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 5

Fiscal Year	Ad Valorem Taxes	Other Taxes	Intergovernmental Revenues	Permits and Fees	Sales and Services	Investment Earnings	Other Revenues	Total
2013	\$ 14,805,148	\$ 4,731,561	\$ 3,356,940	\$ 1,188,185	\$ 551,939	\$ 11,189	\$ 298,156	\$ 24,943,118
2014	15,467,523	5,117,135	4,408,193	3,851,543	514,268	8,092	335,835	29,702,589
2015	15,469,793	5,547,552	4,696,851	1,816,364	490,653	15,360	441,378	28,477,951
2016	17,061,096	5,826,797	3,247,530	2,981,635	510,108	127,477	285,490	30,040,133
2017	17,834,515	6,236,202	3,298,718	2,690,728	546,432	244,541	325,818	31,176,954
2018	18,336,285	6,376,074	3,468,976	2,217,839	672,139	456,212	180,654	31,708,179
2019	19,520,909	7,048,593	3,774,353	2,409,115	725,216	832,311	401,000	34,711,497
2020	21,511,829	7,316,038	3,805,194	2,197,084	550,101	671,126	374,615	36,425,987
2021	24,227,212	8,519,512	6,072,724	2,339,338	470,445	37,807	827,642	42,494,680
2022	26,803,879	9,550,714	5,804,202	4,788,172	806,313	(133,578)	795,324	48,415,026

(1) Includes General, ARPA, and Capital Projects Funds.

Town of Garner, North Carolina
General Governmental Expenditures by Source (1)
Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	General Government	Public Safety	Streets and Transportation	Environmental Protection	Cultural and Recreational	Capital Projects	Debt Service	Total
2013	\$ 6,391,794	\$ 9,797,725	\$ 2,205,869	\$ 1,726,953	\$ 2,540,428	\$ 1,763,592	\$ 1,504,453	\$ 25,930,814
2014	6,330,924	10,646,438	2,128,167	1,736,723	2,540,999	4,996,717	5,195,203	33,575,171
2015	5,688,444	10,341,777	2,350,138	1,768,301	2,620,696	7,184,635	2,270,816	32,224,807
2016	6,780,440	10,751,421	2,708,200	1,853,286	2,795,777	4,044,549	2,792,645	31,726,318
2017	6,212,951	11,605,337	2,656,663	1,888,478	6,045,833	10,313,209	3,435,669	42,158,140
2018	6,960,076	12,989,182	2,899,718	1,895,800	2,936,533	7,493,450	3,748,006	38,922,765
2019	7,578,884	12,906,345	3,564,911	2,041,794	5,558,172	4,551,899	3,773,106	39,975,111
2020	7,970,199	13,279,336	3,622,653	2,170,760	3,466,375	4,179,246	8,718,649	43,407,218
2021	9,349,738	15,643,025	5,435,599	2,277,683	3,624,123	6,406,323	3,995,300	46,731,791
2022	9,544,324	16,573,982	5,858,366	2,428,722	6,030,107	5,619,133	4,074,863	50,129,497

(1) Includes General and Capital Project Funds.

Town of Garner, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Table 7

Fiscal Year Ending	Real Property	Public Service Co. (1)	Personal Property		Total Assessed Value (2)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Motor Vehicle	Other				
2013	\$ 2,525,516,066	\$ 84,276,805	\$ 209,030,147	\$ 193,694,549	\$ 3,012,517,567	0.490	\$ 3,005,648,283	100.23%
2014	2,545,063,692	84,992,903	277,051,961	196,003,306	3,103,111,862	0.490	3,057,641,837	101.49%
2015	2,584,113,562	85,722,393	211,479,241	187,742,315	3,069,057,511	0.500	3,045,027,800	100.79%
2016	2,665,301,113	114,535,800	242,511,731	172,973,961	3,195,322,605	0.5175	3,209,121,829	99.57%
2017	2,710,296,531	118,064,138	254,734,085	181,432,076	3,264,526,830	0.5325	3,461,852,418	94.30%
2018	2,777,319,789	132,723,662	262,102,485	203,739,029	3,375,884,965	0.5325	3,793,129,175	89.00%
2019	2,896,345,048	133,018,450	282,099,430	219,257,615	3,530,720,543	0.5325	4,181,336,503	84.44%
2020 (3)	3,041,603,671	148,748,820	292,189,233	235,061,706	3,717,603,430	0.5600	3,714,631,725	100.08%
2021	3,979,499,872	149,052,313	338,617,315	298,106,954	4,765,276,454	0.5600	4,977,829,786	95.73%
2022	4,125,209,494	157,028,293	434,328,929	364,103,905	5,080,670,621	0.5121	6,309,824,418	80.52%

(1) Valuation of railroads, telephone companies and other utilities is determined by the North Carolina Property Tax Commission

(2) Assessed Value is established by Wake County Tax Administration.

(3) A revaluation of real property is required by North Carolina General Statutes at least every eight years. A revaluation was completed for tax year 2020.

Town of Garner, North Carolina
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$100 of assessed valuation)
(Unaudited)

Table 8

Fiscal Year Ending June	Town of Garner	Wake County (1)	Total
2013	0.4900	0.5340	1.024
2014	0.4900	0.5340	1.024
2015	0.5000	0.5780	1.078
2016	0.5175	0.6145	1.132
2017	0.5325	0.6005	1.133
2018	0.5325	0.6150	1.148
2019	0.5325	0.6544	1.187
2020	(2) 0.5600	0.7207	1.281
2021	0.4971	0.6000	1.097
2022	0.5121	0.6195	1.132

(1) Data provided by Wake County Tax Administration

(2) A revaluation of real property is required by North Carolina General Statutes at least every eight years. A revaluation was completed for tax year 2020.

Town of Garner, North Carolina
Principal Property Taxpayers
Ten Year Comparison
(Unaudited)

Table 9

Taxpayer	Fiscal Year 2022			Fiscal Year 2013		
	1/1/21 Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation	1/1/12 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Amazon.com Services LLC	\$ 153,977,364	1	3.15%			
Duke Energy Progress Inc (2)	129,643,259	2	2.66%	\$ 69,489,916	2	2.31%
BCORE MF Villages LLC	81,324,982	3	1.67%			
NC-Garner White-Northwood TIC LLC	76,137,280	4	1.56%			
Duke Realty LP	52,822,552	5	1.08%	25,647,846	5	0.85%
BCORE MF Timber Creek LP	51,612,231	6	1.06%			
Adeline at White Oak LLC	48,906,999	7	1.00%			
4851 JS Project LLC	47,940,673	8	0.98%			
Abberly Solaire LLC	47,325,408	9	0.97%			
Ashton Village LP	43,100,323	10	0.88%	22,169,484	8	0.74%
Inland American Garner White Oak				83,377,088	1	2.77%
Pergo				42,589,695	3	1.41%
Alltell Communications Inc				37,455,676	4	1.24%
Abberly Place Garner, LP				25,410,771	6	0.84%
Regency Center LP				23,543,605	7	0.78%
GA NS Station LLC				21,230,462	9	0.70%
Lennoxplace Apartments, LLC				17,197,070	10	0.57%
Totals	<u>\$ 732,791,071</u>		<u>15.01%</u>	<u>\$ 368,111,613</u>		<u>12.21%</u>

(1) Data provided by Wake County Tax Administration

(2) Formerly Progress Energy Carolinas

TOWN OF GARNER, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Table 10

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount Collections	Percentage of Adjusted Levy
2013	\$ 14,837,586	\$ 14,616,472	98.5%	\$ 221,114	\$ 14,837,586	100.0%
2014	15,293,124	15,179,014	99.3%	86,555	15,265,569	99.8%
2015	15,388,156	15,343,922	99.7%	27,062	15,370,984	99.9%
2016	16,900,584	16,849,516	99.7%	47,686	16,897,202	100.0%
2017	17,764,759	17,730,952	99.8%	27,968	17,758,920	100.0%
2018	18,314,301	18,280,317	99.8%	25,894	18,306,211	100.0%
2019	19,416,589	19,355,809	99.7%	48,386	19,404,195	99.9%
2020	21,577,752	21,470,720	99.5%	78,987	21,549,707	99.9%
2021	24,239,378	24,147,164	99.6%	56,503	24,203,667	99.9%
2022	26,662,851	26,589,497	99.7%	-	26,589,497	99.7%

Reconciliation to revenues collected:

Total collected as stated above	\$ 26,589,497
Prior year collections in current year	121,236
Releases and write-offs	33,630
Penalties and interest collected	59,516
	<u>26,803,879</u>

Ad valorem taxes collected per general fund financial statements

\$ 26,803,879

Town of Garner, North Carolina
Ratio of Outstanding Debt
Governmental Activities
Last Ten Fiscal Years
(Unaudited)

Table 11

<u>Fiscal Year</u>	<u>Installment Purchase</u>	<u>Leases</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Per Capita (1)</u>	<u>Percentage of Personal Income (2)</u>
2013	\$ 7,045,820	\$ -	\$ 5,988,387	\$ 13,034,207	\$ 499	1.47%
2014	6,900,751	-	15,525,000	22,425,751	854	2.53%
2015	6,374,526	-	31,039,675	37,414,201	1,383	4.95%
2016	5,803,685	-	29,335,000	35,138,685	1,222	4.37%
2017	8,577,324	-	28,345,000	36,922,324	1,273	4.39%
2018	7,717,118	-	27,345,000	35,062,118	1,120	3.81%
2019	6,173,617	-	31,520,501	37,694,118	1,175	4.23%
2020	4,798,222	-	38,169,319	42,967,541	1,280	4.05%
2021	4,359,223	-	36,706,747	41,065,970	1,172	3.54%
2022	4,507,243	93,350	34,780,177	39,380,770	1,132	3.31%

(1) Population data provided by the Town of Garner Planning Department & State Data Center

(2) Personal income data provided by US Census Bureau and NC Home Town Locator

Town of Garner, North Carolina
 Computation of Direct and Overlapping Debt
 6/30/2022
 (Unaudited)

Table 12

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Town of Garner (2)</u>	<u>Amount Applicable to Town of Garner</u>
Wake County	\$ 2,527,207,613 (1)	2.62%	\$ 66,313,095
Town of Garner	39,380,770	100.00%	<u>39,380,770</u>
Total direct and overlapping debt			<u>\$ 105,693,865</u>

(1) Information provided by Wake County Finance Department. Of the total debt outstanding, \$1,235,390,929 or 48.88% is for the Wake County Public School System.

(2) The percentage of overlapping debt applicable to the Town is estimated using assessed property values. The applicable percentage represents the Town's total assessed value divided by Wake County's total assessed value.

Town of Garner, North Carolina
Ratio of Net General Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Table 13

Fiscal Year	Population Estimate ⁽¹⁾	Total Assessed Value	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	26,124	\$ 3,012,517,567	\$ 13,034,207	0.43%	\$ 498.94
2014	26,253	3,103,111,862	22,712,167	0.73%	865.13
2015	27,060	3,069,057,511	37,414,201	1.22%	1,382.64
2016	28,766	3,195,322,605	35,138,685	1.10%	1,221.54
2017	28,999	3,264,526,830	36,922,324	1.13%	1,273.23
2018	31,317	3,375,884,965	35,062,118	1.04%	1,119.59
2019	32,069	3,530,720,543	37,694,118	1.07%	1,175.41
2020	33,562	3,717,603,429	38,169,319	1.03%	1,137.28
2021	32,698	4,765,276,454	36,706,747	0.77%	1,122.60
2022	34,799	5,080,670,620	34,780,177	0.68%	999.46

(1) Estimates of Town of Garner Planning Department, as of June 30 of each year.

Town of Garner, North Carolina
 Computation of Legal Debt Margin
 Last Ten Fiscal Years
 (amounts expressed in thousands)
 (Unaudited)

Table 14

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 241,001	\$ 248,249	\$ 245,365	\$ 255,626	\$ 261,162	\$ 270,071	\$ 282,458	\$ 297,408	\$ 381,222	\$ 406,454
Total net debt applicable to limit	13,034	22,426	36,135	35,139	36,922	35,062	37,694	38,169	36,707	34,780
Legal debt margin	<u>\$ 227,967</u>	<u>\$ 225,823</u>	<u>\$ 209,230</u>	<u>\$ 220,487</u>	<u>\$ 224,240</u>	<u>\$ 235,009</u>	<u>\$ 244,764</u>	<u>\$ 259,239</u>	<u>\$ 344,515</u>	<u>\$ 371,673</u>

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 5,080,670,620
Debt Limit (8% of total assessed value)	406,453,650
Debt applicable to limit:	
Outstanding General Bonded Debt	<u>\$ 34,780,177</u>
Subtotal	34,780,177
Authorized and unissued debt	-
Total Gross Debt	<u>34,780,177</u>
Less: Statutory deductions	
Authorized and unissued debt	<u>-</u>
Total amount of debt applicable to debt limit	<u>34,780,177</u>
Legal debt margin	<u>\$ 371,673,473</u>

Town of Garner, North Carolina
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 15

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Unemployment Rate (3)	Personal Income (Thousands of Dollars)
2013	26,124	\$ 25,256	6.3%	\$ 659,788
2014	26,253	28,734	4.7%	754,354
2015	27,060	28,829	4.9%	780,113
2016	28,766	27,436	4.6%	789,224
2017	28,999	27,926	3.7%	809,826
2018	31,317	26,779	3.6%	838,638
2019	32,069	29,436	4.0%	943,983
2020	33,562	31,583	7.6%	1,059,989
2021	32,698	33,071	4.1%	1,081,356
2022	34,799	34,236	3.4%	1,191,379

(1) Estimates of Town of Garner Planning Department as of June 30 of each year.

(2) From US Census Bureau, American Community Survey for Town of Garner for previous year.

(3) From North Carolina Employment Security Commission for Wake County for June of each year.

Town of Garner, North Carolina
Principal Employers
Fiscal Year 2022 and Ten Year Comparison
(Unaudited)

Table 16

Employer	2022			2013		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Amazon	5,300	1	26.5%			
Wake County Public Schools	1,335	2	6.7%	604	2	4.9%
Wal-Mart	350	3	1.8%	188	5	1.5%
Lowe's Home Improvement	335	4	1.7%	150	9	1.2%
Pepsi Bottling Ventures	300	5	1.5%			
Sigma Electric Mfg Corp	300	5	1.5%			
Target	290	6	1.5%	205	4	1.7%
Cabela's	250	7	1.3%			
Hamlin Company	250	7	1.3%	75	10	0.6%
Food Lion	220	8	1.1%			
Ameri Gas	198	9	1.0%			
Town of Garner	176	10	0.9%	164	6	1.3%
Con Agra Foods				705	1	5.7%
Pergo, Inc.				154	8	1.3%
News & Observer				207	3	1.7%
K-Mart Corporation				160	7	1.3%
Totals	<u>9,304</u>		<u>46.52%</u>	<u>2,612</u>		<u>21.20%</u>

Data from the NC Department of Commerce and Town of Garner Economic Development.

Town of Garner, North Carolina
Property Value and Construction
Last Ten Fiscal Years
(Unaudited)

Table 17

Fiscal Year	Property Value	Construction (1)	
		Number of Permits	Construction Value
2013	\$ 3,012,517,567	833	\$ 34,770,509
2014	3,103,111,862	995	73,351,752
2015	3,081,432,283	1,297	46,549,862
2016	3,195,322,605	1,207	77,561,649
2017	3,264,526,830	1,324	90,196,870
2018	3,375,884,965	1,531	97,306,018
2019	3,530,720,543	1,547	107,095,626
2020	3,717,603,430	1,622	165,994,656
2021	4,765,276,454	1,929	145,136,704
2022	5,080,670,621	2,124	250,536,282

(1) From Town of Garner Inspections Department.

Town of Garner, North Carolina
Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years
(Unaudited)

Table 18

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	41.50	39.00	40.50	43.00	43.50	41.62	45.62	52.00	53.00	64.00
Public Safety	77.50	78.00	78.50	81.50	83.50	86.50	89.50	90.50	90.50	97.00
Streets and Transportation	12.00	13.00	14.00	14.00	14.00	16.00	16.00	16.00	16.00	19.00
Cultural & Recreation	25.00	25.00	25.50	25.50	26.00	28.00	29.00	29.00	29.00	39.00
Total	<u>156.00</u>	<u>155.00</u>	<u>158.50</u>	<u>164.00</u>	<u>167.00</u>	<u>172.12</u>	<u>180.12</u>	<u>187.50</u>	<u>188.50</u>	<u>219.00</u>

Source: Town of Garner Annual Operating Budget document

Town of Garner, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Table 19

Function	2013	2014	2015	2016	2017
Community Development Services					
Inspections:					
Permits issued (all trade types)	833	995	1,297	1,207	1,324
Building inspections conducted	3,856	5,971	6,303	5,244	7,619
Public Works					
Miles of streets maintained	99.00	99.00	100.00	101.00	102.00
Traffic control signs repaired/replaced	240	133	140	142	122
Town parks maintained	12	12	14	14	11
Town athletic fields/courts maintained	30	30	36	36	14
Town building/grounds maintained	44	55	56	56	53
Police					
Calls for service	31,959	31,913	35,963	33,132	36,611
Accidents investigated	1,147	1,249	1,260	1,371	1,342
Arrests	1,062	1,304	1,330	1,082	1,156
Fire/Rescue					
Fire call answered	1,544	1,564	1,654	1,790	1,829
EMS calls answered	3,169	3,131	3,141	3,315	3,407
Solid Waste					
Sanitation customers	8,802	8,852	8,952	8,957	9,023
% of solid waste stream reduction reported to the state	40%	40%	52%	50%	61%
Spring and fall cleanups - tons collected	320	401	423	486	711
Leisure Services					
Parks & Recreation program registrations	4,512	3,634	4,200	4,025	4,011
Picnic shelter reservations	652	708	600	700	582
Auditorium event attendance	37,642	35,844	31,395	31,869	33,458
Independence day attendance	20,000	17,000	17,000	10,000	8,500

Source:

Departmental performance indicators in the Town of Garner Budget Document, and Departmental staff.

Town of Garner, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Table 19

Page 2 of 2

Function	2018	2019	2020	2021	2022
Community Development Services					
Inspections:					
Permits issued (all trade types)	1,531	1,547	1,622	1,929	2,124
Building inspections conducted	11,608	13,547	18,755	19,242	32,195
Public Works					
Miles of streets maintained	104.71	104.71	109.00	113.50	114.43
Traffic control signs repaired/replaced	113	134	123	90	129
Town parks maintained	11	11	11	11	11
Town athletic fields/courts maintained	19	19	20	20	20
Town building/grounds maintained	55	55	56	57	58
Police					
Calls for service	35,968	36,684	35,474	32,743	42,171
Accidents investigated	1,469	1,391	1,620	1,478	1,576
Arrests	1,122	1,170	1,140	934	923
Fire/Rescue					
Fire calls answered	1,827	1,827	2,019	2,162	2,459
EMS calls answered	3,355	3,491	3,537	3,684	4,344
Solid Waste					
Sanitation customers	9,186	9,434	9,642	10,132	10,715
% of solid waste stream reduction reported to the state	61%	62%	62%	62%	62%
Spring and fall cleanups - tons collected	414	1,350	1,200	770	641
Leisure Services *					
Parks & Recreation program registrations	4,312	4,339	1,878 *	1,116 *	4,002
Picnic shelter reservations	582	572	264 *	399 *	655
Auditorium event attendance	31,923	40,798	6,400 *	1,198 *	20,195
Independence day attendance	15,000	14,000	9,000 *	0 *	9,000

* These activities were significantly impacted by the COVID-19 pandemic and related closures and restrictions.

Town of Garner, North Carolina
Capital Asset by Function
Last Ten Fiscal Years
(Unaudited)

Table 20

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police stations	3	3	3	1	1	1	1	1	1	1
Patrol and investigative units	3	3	3	1	1	1	1	1	1	1
K-9 Units	4	4	4	4	4	4	4	4	4	4
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire apparatus	15	15	15	15	15	15	15	15	15	15
Highways and Streets										
Streets (miles)	99.07	99.78	100.00	101.43	102.30	104.71	106.85	109.08	113.50	114.43
Sidewalks (feet)	309,921	318,892	332,640	323,180	355,208	361,385	361,385	387,719	406,174	409,904
Leisure Services										
Number of major parks	13	13	14	14	14	14	14	14	14	14
Total park acreage	350	350	350	350	350	375	375	375	375	375
Baseball fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	6	6	6	6	6	6	6	6	6	6
Basketball courts	2	2	2	2	2	2	2	2	2	2

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S 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

To the Honorable Mayor and Members
of Town Council
Town of Garner, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the **Town of Garner, North Carolina** (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 30, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF
THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE
AUDIT IMPLEMENTATION ACT**

**To the Honorable Mayor and Members
of Town Council
Town of Garner, North Carolina**

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited the **Town of Garner, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's state programs for the year ended June 30, 2022. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2022.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Town 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 reasonable basis for our opinion on compliance for the major state program.

Our audit does not provide a legal determination of the Town'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 Town's state programs.

Auditor's Responsibility 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 Town'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 Town's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Town'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 Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 30, 2022

TOWN OF GARNER, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
June 30, 2022

Awarding Agency	Federal Assistance Number	Pass-through Number	Federal	State
FEDERAL AWARDS				
<u>Dept of Justice</u>				
Bulletproof Vest Partnership Program	16.607	n/a	\$ 3,879	\$ -
<u>U.S Department of Transportation:</u>				
Passed through NC Governor's Highway Safety Program				
National Highway Traffic Safety Administration	20.600	PT-21-06-17	8,235	-
		PT-22-06-31	6,738	-
			<u>14,973</u>	<u>-</u>
<u>U.S. Small Business Administration</u>				
Shuttered Venue Operators Grant	59.075	SBAHQ21SV015455.2	83,926	-
TOTAL FEDERAL AWARDS			<u>102,778</u>	<u>-</u>
STATE AWARDS				
<u>N.C Department of Health and Human Services:</u>				
Senior Center Development Grant		M5HVE-2017-15-03	-	10,693
Powell Bill		DOT-4	-	898,306
TOTAL STATE AWARDS			<u>-</u>	<u>908,999</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 102,778</u>	<u>\$ 908,999</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Garner under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Garner, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Garner.

Note 2: Summary of Significant Account Policies

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

Note 3: Indirect Costs

The Town has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

There was not an audit of major federal programs as total expenditures of federal awards for the fiscal year ended June 30, 2022, did not exceed the \$750,000 threshold.

State Awards

Internal control over major state programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major state programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

Yes No

Identification of major State program:

Program Name

Non-State System Street-Aid Allocation (State Street-Aid to Municipalities "Powell Bill")

TOWN OF GARNER, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

SECTION IV
STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

TOWN OF GARNER, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None reported