

TOWN OF GARNER, NC

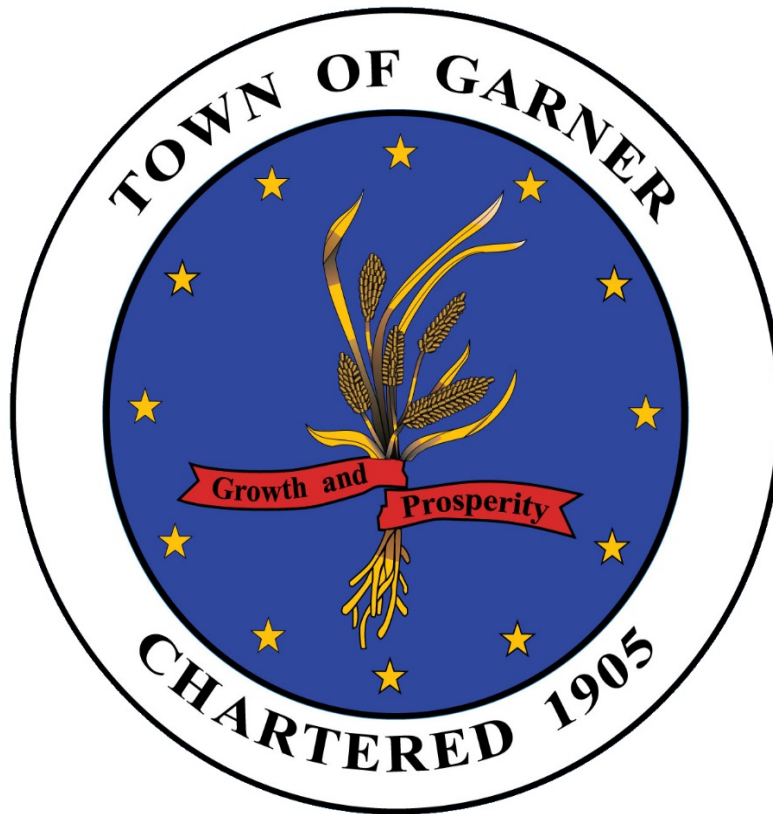
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2023



TOWN OF GARNER

NORTH CAROLINA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY:
FINANCE DEPARTMENT

TOWN OF GARNER, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

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Town of Garner

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December 15, 2023

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, 2023. 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, 2023 was 3.1% compared with 3.4% on June 30, 2022, reflecting the strength of the local economy.

The Town's primary revenue source, property taxes, is projected to increase 21.4 percent in FY 2024 due to a 7.49 cents tax rate increase and growth in the tax base. The tax increase funds several priorities including new positions and equipment for public safety as well as employee pay increases to attract and retain top talent. 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 is in the value of new construction permits issued by the Town. The FY 2023 construction value increased by \$18.5 million 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 Building Permit Fees is already at 69 percent of the fiscal year budgeted total. This indicates that the development community continues to be bullish on the Garner market and plans to continue construction related activity in the future.

Commercial development and investment have continued to flourish as well. The build out of Garner Business Park 70 and Beacon Commerce Park have been created a much-needed inventory of light industrial and warehouse space. We have also recently had significant health care related announcements including WakeMed's plans for an integrated whole-person health campus in Garner's E-District and the US Department of Veterans Affairs medical clinic that is currently under construction.

The Town has taken advantage of the current period of economic growth to address critical workforce issues, recreational amenities, infrastructure, and service needs. The Town continues to perform an annual in-depth review of long-term operating and capital requirements. As such, the FY2024 adopted budget enables the Town to meet current needs and positions it for future success.

MAJOR INITIATIVES

The Town strives to provide exceptional service and raise the quality of life for all of its citizens. Initiatives geared towards this pursuit include the following:

- Planning or construction is underway on a number of critical infrastructure improvements including a new fire station in rapidly growing south Garner, development of the new Yeargan Park, and improvements to Jones Sausage Road.
- Town Council commissioned and recently adopted a new comprehensive land use plan to guide future growth in a smart and thoughtful manner.
- 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, 2023, 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, 2022. 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 33 consecutive years. 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, 2022. 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 nine consecutive years. 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. We are awaiting GFOA review results for the Town's budget for the year beginning July 1, 2023 and expect to receive a Certificate of Achievement. 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.

Acknowledgments. The preparation of the annual comprehensive financial report represents a cooperative effort of the entire Finance Department. We thank the entire staff of the Finance Department as well as our fellow departments for their diligence in ensuring the Town is financially stable. We also express our appreciation to the Mayor and 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 2022-23 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, 2023

Buddy Gupton

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

Leah Harrison

Engineering

Jeff Triezenberg

Planning

Paul Padgett

Inspections

Mari Howe

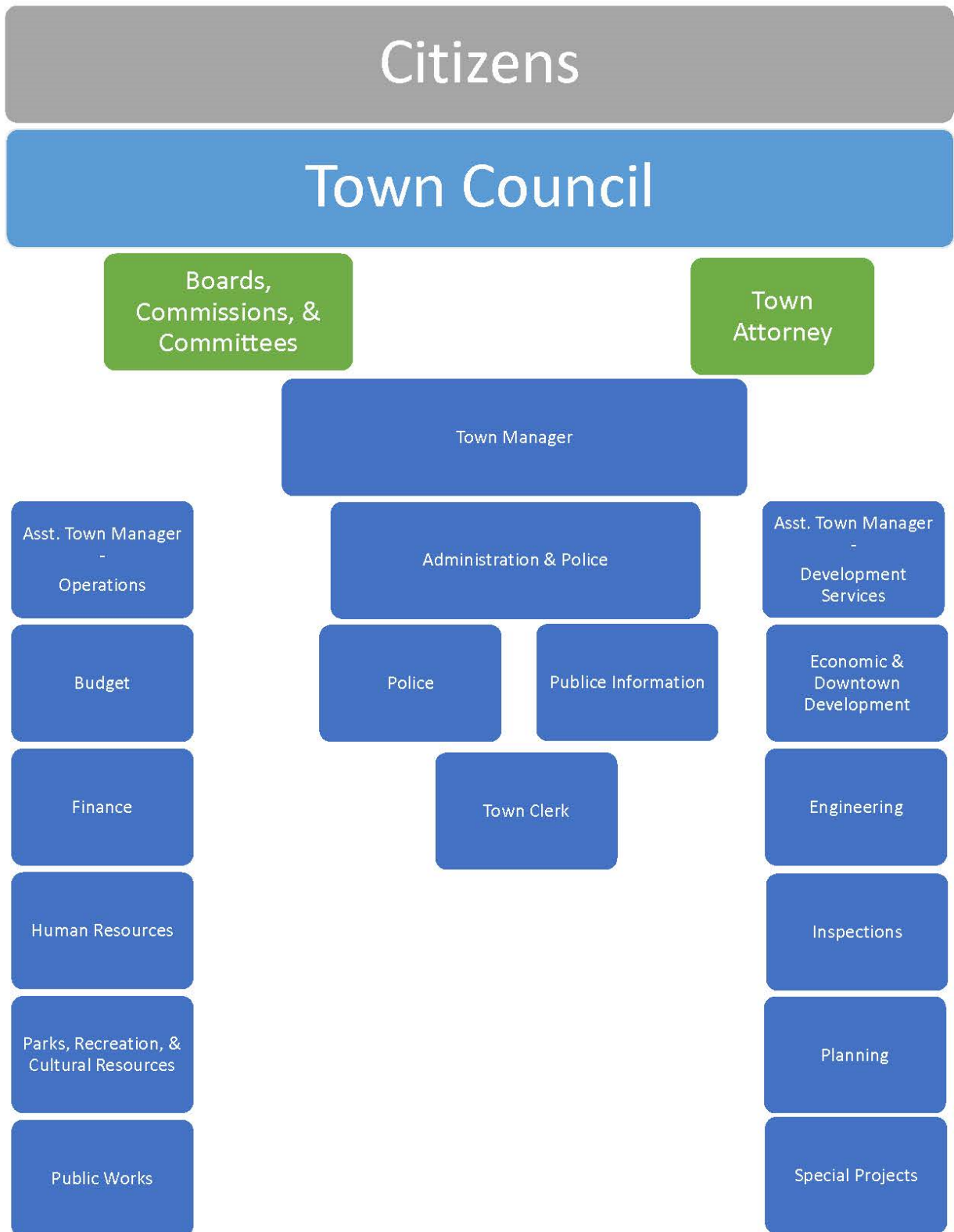
Special Projects Manager

Forrest Jones

Public Works

Tom Howley

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, 2022

Christopher P. Morill

Executive Director/CEO



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, 2023, 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, 2023, 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. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, 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
December 15, 2023

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, 2023. 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 \$82,976,400 (net position).
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$63,504,462 or a increase of \$29,175,900.
- As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$16,458,656, or 34.9%, 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 19-45 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 46-51 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 52-57 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 as well as operating information. The statistical section can be found on pages 61-84.

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 \$82,976,400 as of June 30, 2023. Approximately 76.4% 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 (8.4%) 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	
	2023	2022
ASSETS		
Current and other assets	\$ 70,036,105	\$ 42,809,713
Capital assets	107,053,675	105,877,805
Total assets	177,089,780	148,687,518
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB deferrals	11,494,431	8,689,878
LIABILITIES		
Long-term debt outstanding	86,634,653	63,240,576
Other liabilities	13,660,219	13,164,872
Total liabilities	100,294,872	76,405,448
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB deferrals	5,222,531	5,587,389
Leases	9,477	12,567
Prepaid taxes	80,933	34,296
Total deferred inflows of resources	5,312,941	5,634,252
NET POSITION		
Net investment in capital assets	63,400,753	68,089,913
Restricted	6,949,593	4,408,818
Unrestricted	12,626,054	2,838,965
Total net position	\$ 82,976,400	\$ 75,337,696

Town of Garner, North Carolina

Management Discussion and Analysis

The Town's net position increased by \$7,638,704, while unrestricted net position increased by \$9,787,089, resulting in unrestricted net position of \$12,626,054. The following are some of the items that influenced the change in unrestricted net position:

- Sales tax revenues increased by \$1,104,300.
- The Town freed up \$10,000,000 of funding under the ARPA revenue replacement guidelines.
- Building permit fees increased by \$899,304.

Town of Garner Changes in Net Position

Figure 2

	Governmental Activities	
	2023	2022
REVENUES		
Program revenues		
Charges for services	\$ 6,506,054	\$ 6,077,978
Operating grants & contributions	11,242,385	1,200,602
Capital grants & contributions	783,438	2,181,760
General revenues		
Property taxes	30,528,827	26,831,857
Other taxes	13,231,893	11,978,629
Other	1,881,398	292,977
Total Revenues	64,173,995	48,563,803
EXPENSES		
General government	12,231,637	10,489,244
Public safety	26,994,751	16,154,858
Transportation	6,771,795	9,712,901
Environmental protection	2,789,690	2,428,722
Cultural & recreational	6,976,588	5,016,458
Interest on long-term debt	770,830	1,068,392
Total expenses	56,535,291	44,870,575
Change in net position	7,638,704	3,693,228
Net position, beginning of year	75,337,696	71,644,468
Net position, end of year	\$ 82,976,400	\$ 75,337,696

Governmental Activities. The Town's net position increased by \$7,638,704 during the current fiscal year. Key elements of this increase included:

- While property tax revenues increased \$3,696,970 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 \$1,253,264 driven by unprecedented sales tax revenues.
- Expenses increased 26.0% from the prior year partially attributable to increases in the Town's share of personnel costs for staffing a new fire station as well as the Town's share of construction expenses for the station.

Town of Garner, North Carolina

Management Discussion and Analysis

Total revenues were \$64.2 million. Charges for services, which go directly against expenses, accounted for 10.1% of revenues.

The total cost of all programs and services was \$56.5 million. Cost of public safety programs (building inspections, police and contracted fire services) accounted for 47.7% of expenses, followed by general government expenses at 21.6%. The Town also spent an additional 12.3% 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, 2023, the Town's governmental funds reported a combined ending fund balance of \$63,504,462 an increase of 85.0% from the previous fiscal year. Approximately \$16.5 million (25.9%) 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 (\$3.5 million), committed by the governing body for future capital projects (\$10.6 million), or restricted by external parties (\$25.0 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 \$16,458,656, or 34.9%, 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 \$16.4 million during the current fiscal year. The key factor for this increase is the flow of ARPA dollars into the General Fund under ARPA revenue replacement guidelines.

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 approximately \$300,000 in FY23 as additional committed fund balance.

ARPA Fund Highlights. The Town received over \$10,000,000 in federal funds through the American Rescue Plan Act (ARPA). Town Council elected to utilize this funding under the ARPA revenue replacement guidelines. These funds were used to support general government services for the Town's public safety and public works functions. The Town has \$95,498 remaining to be used under the provisions of a different ARPA spending category.

Capital Projects Fund Highlights. Fund balance of the Capital Projects Fund increased \$12.7 million. The increase is due to the issuance of general obligation bonds approved by voters in 2021. The Town sold \$21.6

Town of Garner, North Carolina

Management Discussion and Analysis

million in bonds out of an authorized amount of \$69.0 million in fiscal year 2022-23. Over 50% of the bonds sold in 2023 will be utilized for street and sidewalk improvements throughout the Town. Proposed projects include a roundabout on White Oak Road, improvements to Jones Sausage Road, and sidewalk improvements on both Bryan Road and Aversboro Road. Another significant use of 2023 bond proceeds is the Town's share of construction costs for a new fire station. The new station is a joint effort between the Town and Wake County. Finally, almost \$3.6 million of the bonds sold in 2023 are for park development and improvements. The signature project planned for this funding is phase 1 development of the Yeargan Park site.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2023, amounts to \$107,053,675 (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 \$1,175,870.

Major capital asset investments of \$5.3 million during the fiscal year include: street and sidewalk improvement projects, future park development, and intangible lease and subscription assets.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 20,520,774	\$ 20,520,774
Buildings	29,373,700	30,256,550
Intangible assets	18,532,723	17,578,569
Improvements	4,208,764	4,166,639
Equipment	3,972,859	4,015,667
Infrastructure	26,991,576	26,970,604
Construction in Progress	3,453,279	2,369,003
Total	<u>\$ 107,053,675</u>	<u>\$ 105,877,806</u>

Additional information on the Town's capital assets can be found on pages 29-32 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, 2023. The Town sold \$21,620,000 worth of general obligation bonds. At the end of the fiscal year, the Town had total debt outstanding of \$55,767,691. Of this, \$53.1 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 increased by \$17,915,448 during the fiscal year.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
General obligation bonds	\$ 53,142,000	\$ 33,345,000
Installment financing agreements	2,625,691	4,507,243
Total	<u>\$ 55,767,691</u>	<u>\$ 37,852,243</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 \$435.8 million. This is significantly more than the Town's outstanding general obligation debt.

Town of Garner, North Carolina

Management Discussion and Analysis

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 32-34 of this report.

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 2022-2023 exceeding the previous high by \$1.1 million.
- An unemployment rate of 3.1% shows the strength of the local economy.
- The average home sale price is up 22.1% over the prior 12 month period.
- The value of new construction permits issued by the Garner Inspections Department exceeded \$268 million which was an increase over the prior year of \$18 million and exceeds the five year average by over \$80 million.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The FY 2023-2024 budget increased by \$11,421,131 or 23.1 percent over FY 2022-2023. The budget includes a tax rate increase of 7.49 cents over the FY 2022-2023 rate. The budget targets critical needs of the Town with a focus on improving Town employee pay to retain and attract top talent. To ensure the Town of Garner can recruit and retain great staff the new budget funds a salary and class update to bring employee salaries more in line with what peers earn in neighboring communities. It also aims to anticipate and manage growth so as to ensure Town residents and staff are safe and secure in their everyday lives. In total, nine new full time positions are funded in the new budget.

Public safety remains a top priority for the Town. The FY 2023-2024 budget includes four new police officers to maintain service levels as the town grows, an upgrade to the FLOCK camera system, and three fire battalion chiefs for the opening of Garner Fire-Rescue station #5. Nearly half of the overall tax rate increase directly supports public safety functions.

This budget addresses critical workforce issues, recreational amenities, infrastructure and service needs in our growing community and positions the Town for success. To ensure this, Council allocated a penny of the tax increase for parks and facility maintenance so residents can continue to enjoy outstanding parks and recreational facilities. The budget positions to Town to be able to continue to offer the level of high quality services that our citizens have come to expect.

Revenue growth is expected to occur in multiple categories. Property tax revenues are anticipated to increase by 21.4 percent based on a tax rate increase and growth in the tax base. Locally, consumer spending remains strong so sales tax revenue growth is expected and is budgeted at 4.6 percent. Several categories related to development are anticipated to increase as additional residential and commercial investments continue. Earnings on investments and deposits are expected to be significant due to recent interest rate hikes.

The Town has chosen to appropriate fund balance in the fiscal year 2024 budget. These appropriations of fund balance (totaling \$6,666,539) will be used to make one-time investments in equipment and infrastructure. Included in the total appropriation, the Town is utilizing one-time dollars from the Revenue Savings Plan and funds supplanted by American Rescue Plan funding for vehicle replacements and facilities maintenance/repair.

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, 2023

	Primary Government	
	Governmental Activities	
ASSETS		
Cash and cash equivalents	\$	65,789,842
Taxes receivable, net of allowances		39,984
Intergovernmental receivables		4,044,239
Other receivables		39,974
Accrued interest receivable on leases		93
Inventories		22,014
Prepaid items		90,559
Lease receivable		9,400
Capital assets:		
Non-depreciable		41,459,134
Depreciable, net of accumulated depreciation		64,546,899
Intangible right to use lease assets, net of amortization		577,999
Intangible right to use subscription assets, net of amortization		469,643
Total assets		177,089,780
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension items		8,344,943
Deferred outflows - OPEB items		3,149,488
Total deferred outflows of resources		11,494,431
LIABILITIES		
Accounts payable		5,799,428
Accrued interest payable		978,350
Payroll withholdings		476,683
Deposits payable		116,849
Unearned revenue		48,273
Leases payable, due within one year		149,112
Leases payable, due in more than one year		412,925
Subscriptions payable, due within one year		262,520
Subscriptions payable, due in more than one year		103,265
Installment notes, due within one year		779,072
Installment notes, due in more than one year		1,846,619
Bonds payable, due within one year		2,904,000
Bonds payable, due in more than one year		53,639,200
Compensated absences, due within one year		848,967
Compensated absences, due in more than one year		848,966
Total pension liability (LEOSSA), due within one year		413,083
Total pension liability (LEOSSA), due in more than one year		3,988,436
Net pension liability (LGERs), due in more than one year		10,264,014
Total OPEB liability, due within one year		367,690
Total OPEB liability, due in more than one year		16,047,418
Total liabilities		100,294,870
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension items		620,239
Deferred inflows - OPEB items		4,602,292
Deferred inflows - leases		9,477
Prepaid taxes		80,933
Total deferred inflows of resources		5,312,941
NET POSITION		
Net investment in capital assets		63,400,753
Restricted for:		
Stabilization by State statute		5,991,472
Streets - Powell Bill		771,000
COVID-19 Recovery		95,498
Public safety - law enforcement		91,623
Unrestricted		12,626,054
Total net position	\$	82,976,400

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, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 12,231,637	\$ 2,098,518	\$ 10,009,330	\$ -	\$ (123,789)
Public safety	26,994,751	3,466,512	305,109	-	(23,223,130)
Transportation	6,771,795	42,019	894,245	776,558	(5,058,973)
Environmental protection	2,789,690	150,205	1,500	-	(2,637,985)
Culture and recreation	6,976,588	748,800	32,201	6,880	(6,188,707)
Interest on long-term debt	770,830	-	-	-	(770,830)
Total governmental activities	<u>56,535,291</u>	<u>6,506,054</u>	<u>11,242,385</u>	<u>783,438</u>	<u>(38,003,414)</u>
Total primary government	<u>\$ 56,535,291</u>	<u>\$ 6,506,054</u>	<u>\$ 11,242,385</u>	<u>\$ 783,438</u>	<u>\$ (38,003,414)</u>
General revenues:					
Property taxes, levied for general purposes					30,528,827
Local option sales tax					10,266,274
Other taxes					2,965,619
Miscellaneous					476,880
Unrestricted investment earnings					<u>1,404,518</u>
Total general revenues					45,642,118
Change in net position					7,638,704
Net position, beginning of year					<u>75,337,696</u>
Net position, end of year					<u>\$ 82,976,400</u>

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

TOWN OF GARNER, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 44,910,360	\$ 95,498	\$ 20,783,984	\$ 65,789,842
Taxes receivable, net	39,984	-	-	39,984
Intergovernmental receivable	3,993,798	-	50,441	4,044,239
Other receivables	39,974	-	-	39,974
Inventory	22,014	-	-	22,014
Interest receivable	93	-	-	93
Lease Receivable	9,400	-	-	9,400
Prepaid items	90,559	-	-	90,559
Total assets	<u>\$ 49,106,182</u>	<u>\$ 95,498</u>	<u>\$ 20,834,425</u>	<u>\$ 70,036,105</u>
LIABILITIES				
Accounts payable	\$ 1,459,238	\$ -	\$ 4,340,190	\$ 5,799,428
Payroll withholdings	476,683	-	-	476,683
Deposits payable	116,849	-	-	116,849
Total liabilities	<u>2,052,770</u>	<u>-</u>	<u>4,340,190</u>	<u>6,392,960</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	39,984	-	-	39,984
Unavailable revenue - other	8,289	-	-	8,289
Advance collection of property tax	80,933	-	-	80,933
Lease related	9,477	-	-	9,477
Total deferred inflows of resources	<u>138,683</u>	<u>-</u>	<u>-</u>	<u>138,683</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	90,559	-	-	90,559
Inventories	22,014	-	-	22,014
Leases	24	-	-	24
Restricted:				
Stabilization by State Statute	5,991,472	-	-	5,991,472
Public safety - law enforcement	91,623	-	-	91,623
Powell Bill projects	771,000	-	-	771,000
Capital projects	1,650,365	-	16,494,235	18,144,600
Committed:				
Capital projects	1,609,771	-	-	1,609,771
COVID-19 Recovery	7,759,416	95,498	-	7,854,914
Other	9,018,831	-	-	9,018,831
Assigned for:				
Subsequent year expenditure	3,450,998	-	-	3,450,998
Unassigned	16,458,656	-	-	16,458,656
Total fund balances	<u>46,914,729</u>	<u>95,498</u>	<u>16,494,235</u>	<u>63,504,462</u>
Total liabilities, deferred inflows of resources, and und balances	<u>\$ 49,106,182</u>	<u>\$ 95,498</u>	<u>\$ 20,834,425</u>	<u>\$ 70,036,105</u>

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, 2023

Fund balances- Governmental Funds		\$ 63,504,462
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	41,459,134	
Assets being depreciated, net of accumulated depreciation	64,546,899	106,006,033
Right to use lease assets are not financial resources and therefore are not reported in the funds		
Right to use lease assets, net of amortization		577,999
Right to use subscription assets are not financial resources and therefore are not reported in the funds		
Right to use subscription assets, net of amortization		469,643
Net pension liability for the LGERS is not recorded on the fund financial statements		
		(10,264,014)
Total OPEB liability is not recorded on the fund financial statements		
		(16,415,108)
Total pension liability for the Special Separation Allowance LEO is not recorded on the fund financial statements		
		(4,401,519)
Deferred inflows and outflows of resources related to pensions and OPEB which are not current financial resources and, therefore, not reported in the funds.		
		6,271,900
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Bonds payable	(53,142,000)	
Premium on bonds	(3,401,200)	
Promissory Notes	(2,625,691)	
Leases payable	(562,037)	
Subscriptions payable	(365,785)	
Compensated absences	(1,697,933)	
Accrued interest payable	(978,350)	(62,772,996)
Net position of governmental activities		\$ 82,976,400

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, 2023

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 30,528,827	\$ -	\$ -	\$ 30,528,827
Other taxes and licenses	10,582,534	-	-	10,582,534
Intergovernmental revenues	3,883,395	10,009,330	776,558	14,669,283
Permits and fees	4,752,262	-	-	4,752,262
Sales and services	1,067,396	-	-	1,067,396
Investment earnings	877,131	370,990	156,397	1,404,518
Miscellaneous	376,485	-	-	376,485
Total revenues	52,068,030	10,380,320	932,955	63,381,305
EXPENDITURES				
Current:				
General government	10,666,184	-	-	10,666,184
Public safety	19,061,406	-	8,157,193	27,218,599
Transportation	4,468,398	-	-	4,468,398
Environmental protection	2,789,690	-	-	2,789,690
Culture and recreation	5,076,795	-	-	5,076,795
Capital outlays	-	-	4,026,804	4,026,804
Debt service:				
Principal retirement	3,929,711	-	-	3,929,711
Interest and fiscal charges	1,123,453	-	191,880	1,315,333
Total expenditures	47,115,637	-	12,375,877	59,491,514
Excess (deficiency) of revenues over expenditures	4,952,393	10,380,320	(11,442,922)	3,889,791
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	21,620,000	21,620,000
Premium on bonds	-	-	2,179,574	2,179,574
Transfers in	10,292,808	-	358,476	10,651,284
Transfers out	(358,476)	(10,292,808)	-	(10,651,284)
Sale of capital assets	155,061	-	-	155,061
Issuance of leases	693,844	-	-	693,844
Issuance of subscriptions	637,630	-	-	637,630
Total other financing sources (uses)	11,420,867	(10,292,808)	24,158,050	25,286,109
Net change in fund balances	16,373,260	87,512	12,715,128	29,175,900
Fund balances, beginning of year	30,541,469	7,986	3,779,107	34,328,562
Fund balances, end of year	\$ 46,914,729	\$ 95,498	\$ 16,494,235	\$ 63,504,462

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, 2023**

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

Net change in fund balances- total governmental funds \$ 29,175,900

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	\$ 4,769,462	
Depreciation expense	(4,983,690)	
Intangible right to use lease asset capital outlay expenditures which were capitalized	693,843	
Amortization expense - leases	(209,332)	
Intangible right to use subscription asset expenditures which were capitalized	480,467	
Amortization expense - subscriptions	(169,987)	580,763

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.

Debt issued or incurred:		
General obligation debt		(23,799,573)
Leases		(693,844)
IT subscriptions		(478,467)
Principal repayments:		
General obligation debt		2,036,550
Promissory notes		781,552
Installment notes		1,100,000
Leases		225,295
IT subscriptions		271,845

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		(44,792)
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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.

Accrued interest expense		(122,544)
Compensated absences (i.e., vacation)		(182,985)
Net pension liability - LGERS and related deferred outflows and inflows of resources		(1,187,668)
Total pension liability - LEO Special Separation Allowance and related deferred outflows and inflows of resources		(58,424)
Total OPEB liability - and related deferred outflows and inflows of resources		35,096

Change in net position of governmental activities		<u>\$ 7,638,704</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, 2023

	Budget		Actual Amounts	Variance with Actual and Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 30,376,439	\$ 30,376,439	\$ 30,528,827	\$ 152,388
Other taxes and licenses	9,591,770	10,187,270	10,582,534	395,264
Intergovernmental revenues	3,323,312	3,417,701	3,883,395	465,694
Permits and fees	2,627,425	3,302,425	4,752,262	1,449,837
Sales and services	610,210	628,080	1,067,396	439,316
Investment earnings	150,000	445,945	877,131	431,186
Miscellaneous	214,775	342,324	376,485	34,161
Total revenues	46,893,931	48,700,184	52,068,030	3,367,846
Expenditures				
Current:				
General government	10,223,387	11,622,964	10,666,184	956,780
Public safety	18,668,326	19,775,011	19,061,406	713,605
Transportation	5,428,389	6,545,999	4,468,398	2,077,601
Environmental protection	2,560,144	2,874,144	2,789,690	84,454
Culture and recreation	5,748,364	6,217,366	5,076,795	1,140,571
Debt service:				
Principal retirement	2,604,552	3,704,552	3,929,711	(225,159)
Interest and fiscal charges	1,123,778	1,123,778	1,123,453	325
Total expenditures	46,356,940	51,863,814	47,115,637	4,748,177
Excess (deficiency) of revenues over expenditures	536,991	(3,163,630)	4,952,393	8,116,023
Other financing sources (uses)				
Transfers in	223,385	1,241,420	10,292,808	9,051,388
Transfers out	(3,094,130)	(3,227,230)	(358,476)	2,868,754
Sale of capital assets	95,000	145,000	155,061	10,061
Issuance of leases	-	-	693,844	693,844
Issuance of subscriptions	-	-	637,630	637,630
Fund balance appropriated	2,238,754	5,004,440	-	(5,004,440)
Total other financing sources (uses)	(536,991)	3,163,630	11,420,867	8,257,237
Net change in fund balances	-	-	16,373,260	16,373,260
Fund balances, beginning of year	30,541,469	30,541,469	30,541,469	-
Fund balances, end of year	\$ 30,541,469	\$ 30,541,469	\$ 46,914,729	\$ 16,373,260

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

TOWN OF GARNER, NORTH CAROLINA

**ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual Amounts	Variance with Actual and Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 10,009,330	\$ 10,009,330
Investment earnings	-	283,477	370,990	87,513
Total revenues	-	283,477	10,380,320	10,096,843
EXPENDITURES				
Professional services	-	283,477	-	283,477
Total expenditures	-	283,477	-	283,477
Deficiency of revenues over expenditures	-	-	10,380,320	10,380,320
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(10,292,808)	(10,292,808)
Total other financing sources (uses)	-	-	(10,292,808)	(10,292,808)
Net change in fund balance	\$ -	\$ -	87,512	\$ 87,512
FUND BALANCE, beginning of year			7,986	
FUND BALANCE, end of year			\$ 95,498	

NOTES TO FINANCIAL STATEMENTS

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.

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

NOTES TO FINANCIAL STATEMENTS

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 and IT subscriptions 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.

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.

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, 2023. The Town had \$1,965,997 of fund balance assigned for encumbrances at June 30, 2023. 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

NOTES TO FINANCIAL STATEMENTS

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.

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, 2022.

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.

NOTES TO FINANCIAL STATEMENTS

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. Lease receivable

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.

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

NOTES TO FINANCIAL STATEMENTS

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 or amortized 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

Intangible Right to Use Assets - The Town's capital assets also include certain intangible right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (where the Town serves as lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with GAAP requirements.

The intangible 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 at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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 2023 fiscal year. In addition to liabilities, the statement of

NOTES TO FINANCIAL STATEMENTS

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, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds) 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. Lease and IT subscription liabilities are reduced over the life of the remaining agreements.

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.

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

NOTES TO FINANCIAL STATEMENTS

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 year-end 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.

Restricted for public safety - law enforcement - portion of fund balance that is restricted by revenue source for purchases related to public safety.

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

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits. All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the

NOTES TO FINANCIAL STATEMENTS

inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's balance in operating accounts had a carrying amount of \$834,523 and a bank balance of \$1,189,854. Of the bank balance, \$250,000 was covered by federal depository insurance, \$939,854 in non-interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2023, the Town's petty cash fund totaled \$2,045.

Total deposits as of June 30, 2023 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 65,789,842
	\$ 65,789,842
Cash and investments deposited with financial institutions	\$ 11,774,691
Cash deposited with NCCMT	54,015,151
	\$ 65,789,842

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 (S&P) and AAA-mf by Moody's Investment Services as of June 30, 2023.

Investments. At June 30, 2023, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Fair Value 6/30/23	Duration	Rating
US Treasury	Fair Value-Level 2	\$ 4,260,006	36 months	AA+
Federal Agencies	Fair Value-Level 2	5,641,539	24 months	AA+
Local Government Investment Pool	Fair Value-Level 1	1,039,225	12 months	AAAm
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	54,015,151	N/A	AAAm
		\$ 64,955,921		

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

NOTES TO FINANCIAL STATEMENTS

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, 2023, the Town's deposits are insured or collateralized as required by state law.

NOTE 3. RECEIVABLES

Taxes Receivable

Taxes receivable at June 30, 2023 for the Town's General Fund amounted to a balance of \$204,669, with an offsetting allowance for doubtful accounts of \$164,685.

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 06/30/2023, the value of the lease receivable is \$9,400. 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 06/30/2023 was \$9,477, 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, 2023 was as follows:

	Balance 6/30/2022, restated	Increases	Decreases	Balance 6/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 20,520,774	\$ -	\$ -	\$ 20,520,774
Construction In progress	2,369,003	3,938,081	(2,853,805)	3,453,279
Intangible Assets	17,485,081	-	-	17,485,081
Total capital assets not being depreciated	40,374,858	3,938,081	(2,853,805)	41,459,134
Capital assets being depreciated/amortized:				
Buildings	36,531,172	-	-	36,531,172
Improvements	11,435,074	405,911	-	11,840,985
Equipment	9,810,317	909,591	(304,208)	10,415,700
Lease assets	171,926	693,843	(151,760)	714,009
Subscription assets	159,163	480,467	-	639,630
Infrastructure	100,046,358	2,837,182	-	102,883,540
Total capital assets being depreciated	158,154,010	5,326,994	(455,968)	163,025,036
Less accumulated depreciation and amortization for:				
Buildings	(6,274,622)	(882,850)	-	(7,157,472)
Improvements	(7,268,436)	(363,785)	-	(7,632,221)
Equipment	(5,794,650)	(920,845)	272,654	(6,442,841)
Lease assets	(78,438)	(209,332)	151,760	(136,010)
Subscription assets	-	(169,987)	-	(169,987)
Infrastructure	(73,075,754)	(2,816,210)	-	(75,891,964)
Total accumulated depreciation and amortization	(92,491,900)	\$ (5,363,009)	\$ 424,414	(97,430,495)
Total capital assets being depreciated, net	65,662,110			65,594,541
Governmental activity capital assets, net	\$ 106,036,968			\$ 107,053,675

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities:	
General government	\$ 510,125
Public safety	805,777
Transportation	3,106,315
Culture and recreation	940,792
	\$ 5,363,009

INTANGIBLE RIGHT TO USE ASSETS

Intangible right to use asset activity for the year ended June 30, 2023, was as follows:

Leases

At the end of Fiscal Year 2023 the Town's 23-month lease as lessee for the use of copying and printing equipment expired and has not been renewed or replaced. The Town continues to use the equipment on a month-to-month basis until a new lease agreement is in place.

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 06/30/2023, the value of the lease liability is \$13,527. 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 06/30/2023 of \$20,166 with accumulated amortization of \$6,074 is included in the table below.

On 07/20/2022, Town of Garner, NC entered into a 60-month lease as Lessee for the use of Laptops. An initial lease liability was recorded in the amount of \$447,020. As of 06/30/2023, the value of the lease liability is \$353,387. Town of Garner, NC is required to make annual fixed payments of \$93,634. The lease has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 of \$447,020 with accumulated amortization of \$84,685 is included in the table below.

On 08/01/2022, Town of Garner, NC entered into a 60-month lease as Lessee for the use of Tasers. An initial lease liability was recorded in the amount of \$246,823. As of 06/30/2023, the value of the lease liability is \$195,123. Town of Garner, NC is required to make annual fixed payments of \$51,700. The lease has an interest rate of 2.3660%. The value of the right to use assets as of 06/30/2023 of \$246,823 with accumulated amortization of \$45,251 is included in the following table:

INTANGIBLE RIGHT TO USE LEASE ASSETS:

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Intangible right to use lease assets				
Copiers and printers	\$ 151,760	\$ -	\$ (151,760)	\$ -
Postage machine	20,166	-	-	20,166
Tasers	-	246,823	-	246,823
Laptops	-	447,020	-	447,020
Total intangible right to use assets	\$ 171,926	\$ 693,843	\$ (151,760)	\$ 714,009
Less Accumulated Amortization for:				
Copiers and printers	\$ 76,197	\$ 75,563	\$ (151,760)	\$ -
Postage machine	2,241	3,833	-	6,074
Tasers	-	45,251	-	45,251
Laptops	-	84,685	-	84,685
Total accumulated amortization	78,438	209,332	(151,760)	136,010
Intangible right to use lease assets, net	\$ 93,488	\$ 484,511	\$ -	\$ 577,999

NOTES TO FINANCIAL STATEMENTS

Subscriptions

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, the Town entered into a 15 month subscription for the use of Tyler ERP. An initial subscription liability was recorded in the amount of \$41,425. As of 06/30/2023, the value of the subscription liability is \$20,537. The Town is required to make annual fixed payments of \$20,888. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 07/01/2022, the Town entered into a 24 month subscription for the use of OneSolution Software. An initial subscription liability was recorded in the amount of \$53,795. As of 06/30/2023, the value of the subscription liability is \$26,669. The Town is required to make annual fixed payments of \$27,126. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 07/01/2022, the Town entered into a 24 month subscription for the use of NeoGov Software. An initial subscription liability was recorded in the amount of \$16,994. As of 06/30/2023, the value of the subscription liability is \$8,425. The Town is required to make annual fixed payments of \$8,569. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 07/01/2022, the Town entered into a 24 month subscription for the use of Brightly DS - PRF Module. An initial subscription liability was recorded in the amount of \$20,178. As of 06/30/2023, the value of the subscription liability is \$10,003. The Town is required to make annual fixed payments of \$10,174. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 07/01/2022, the Town entered into a 24 month subscription for the use of Brightly DS - FPP Module. An initial subscription liability was recorded in the amount of \$26,772. As of 06/30/2023, the value of the subscription liability is \$13,273. The Town is required to make annual fixed payments of \$13,500. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 08/01/2022, the Town entered into a 24 month subscription for the use of Brightly - Asset Essentials Software. An initial subscription liability was recorded in the amount of \$11,758. As of 06/30/2023, the value of the subscription liability is \$5,829. The Town is required to make annual fixed payments of \$5,929. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 08/22/2022, the Town entered into a 24 month subscription for the use of Brightly - Map Connector. An initial subscription liability was recorded in the amount of \$6,594. As of 06/30/2023, the value of the subscription liability is \$3,269. The Town is required to make annual fixed payments of \$3,325. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 09/21/2022, the Town entered into a 24 month subscription for the use of Brightly - Financial Connector. An initial subscription liability was recorded in the amount of \$24,492. As of 06/30/2023, the value of the subscription liability is \$12,142. The Town is required to make annual fixed payments of \$12,350. The subscription has an interest rate of 1.71%. The Town has 1 extension option for 12 months.

On 10/31/2022, the Town entered into a 24 month subscription for the use of Brightly - 15288. An initial subscription liability was recorded in the amount of \$42,422. As of 06/30/2023, the value of the subscription liability is \$20,883. The Town is required to make annual fixed payments of \$21,539. The subscription has an interest rate of 3.144%. The Town has 1 extension option for 12 months.

On 10/31/2022, the Town entered into a 24 month subscription for the use of Brightly - Workflow Software.

NOTES TO FINANCIAL STATEMENTS

An initial subscription liability was recorded in the amount of \$5,613. As of 06/30/2023, the value of the subscription liability is \$2,763. The Town is required to make annual fixed payments of \$2,850. The subscription has an interest rate of 3.144%. The Town has 1 extension option for 12 months.

On 01/01/2023, the Town entered into a 24 month subscription for the use of Brightly - SmartGov Software. An initial subscription liability was recorded in the amount of \$52,516. As of 06/30/2023, the value of the subscription liability is \$25,883. The Town is required to make annual fixed payments of \$26,632. The subscription has an interest rate of 2.894%. The Town has 1 extension option for 12 months.

On 02/14/2023, the Town entered into a 24 month subscription for the use of Brightly - BlueBeam Software. An initial subscription liability was recorded in the amount of \$2,248. As of 06/30/2023, the value of the subscription liability is \$1,108. The Town is required to make annual fixed payments of \$1,140. The subscription has an interest rate of 2.894%. The Town has 1 extension option for 12 months.

On 03/14/2023, the Town entered into a 24 month subscription for the use of Brightly - Portal Software. An initial subscription liability was recorded in the amount of \$22,948. As of 06/30/2023, the value of the subscription liability is \$11,310. The Town is required to make annual fixed payments of \$11,638. The subscription has an interest rate of 2.894%. The Town has 1 extension option for 12 months.

On 03/27/2023, the Town entered into a 36 month subscription for the use of LiftOff - Office 365. An initial subscription liability was recorded in the amount of \$271,769. As of 06/30/2023, the value of the subscription liability is \$178,583. The Town is required to make annual fixed payments of \$93,186. The subscription has an interest rate of 2.894%.

On 04/14/2023, the Town of Garner, NC entered into a 36 month subscription for the use of DebtBook - Software. An initial subscription liability was recorded in the amount of \$38,107. As of 06/30/2023, the value of the subscription liability is \$25,107. The Town is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.363%.

INTANGIBLE RIGHT TO USE SUBSCRIPTION ASSETS:

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 639,630	\$ 169,987
Total Subscriptions	\$ 639,630	\$ 169,987

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Direct placement - General obligation bonds	\$ 33,345,000	\$ 21,620,000	\$ 1,823,000	\$ 53,142,000	\$ 2,904,000
Premium on bonds	1,435,177	2,179,573	213,550	3,401,200	-
Total bonds	<u>34,780,177</u>	<u>23,799,573</u>	<u>2,036,550</u>	<u>56,543,200</u>	<u>2,904,000</u>
Direct borrowing - Promissory notes	3,407,243	-	781,552	2,625,691	779,072
Installment Notes	1,100,000	-	1,100,000	-	-
Lease liability	93,488	693,844	225,295	562,037	149,112
Subscription liability	159,163	478,467	271,845	365,785	262,520
Compensated absences	1,514,948	1,089,991	907,006	1,697,933	848,967
Net pension liability (LGERS)	2,528,745	7,735,269	-	10,264,014	-
Total pension liability (LEO)	4,415,901	1,048,482	1,062,864	4,401,519	413,083
Total OPEB liability	19,755,588	-	3,340,480	16,415,108	367,690
Total	<u>\$ 67,755,253</u>	<u>\$ 34,845,626</u>	<u>\$ 9,725,592</u>	<u>\$ 92,875,287</u>	<u>\$ 5,724,444</u>

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

NOTES TO FINANCIAL STATEMENTS

Direct Placement - Bonds Payable

The outstanding balances for direct placement bonds as of June 30, 2023 are as follows:

	<u>Balance as of June 30, 2023</u>
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.	\$ 10,545,000
\$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.	7,190,000
\$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.	3,560,000
\$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.	6,630,000
\$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.	3,597,000
\$21,620,000 2023 Public improvements bonds due in annual installments of \$1,080,000 to \$1,085,000 through February 1, 2043; interest varying from 4.0 to 5.0 percent.	<u>21,620,000</u>
Total General Obligation Bonds	<u><u>\$ 53,142,000</u></u>

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

	Principal	Interest	Total
Year Ending June 30,			
2024	2,904,000	1,637,967	\$ 4,541,967
2025	2,905,000	1,919,632	4,824,632
2026	2,905,000	1,797,590	4,702,590
2027	2,904,000	1,676,314	4,580,314
2028	3,414,000	1,550,198	4,964,198
2029-2033	17,050,000	5,784,812	22,834,812
2034-2038	14,280,000	2,649,514	16,929,514
2039-2043	6,780,000	686,850	7,466,850
Total	<u>\$ 53,142,000</u>	<u>\$ 17,702,877</u>	<u>\$ 70,844,877</u>

Direct Borrowing

	<u>Balance as of June 30, 2023</u>
Governmental activities	
\$927,692 promissory note for vehicles and equipment due in annual installments through October 1, 2024; interest at 1.093%.	\$ 468,691
\$5,519,000 promissory note 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%	<u>2,157,000</u>
Total promissory notes	<u><u>\$ 2,625,691</u></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.

NOTES TO FINANCIAL STATEMENTS

The debt service to maturity on the promissory notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 779,072	\$ 39,788	\$ 818,860
2025	777,619	27,231	804,850
2026	537,000	14,729	551,729
2027	532,000	4,894	536,894
Total	<u>\$ 2,625,691</u>	<u>\$ 86,642</u>	<u>\$ 2,712,333</u>

LEASE LIABILITY

The intangible right to use lease assets are discussed in more detail in Note 4 Capital Assets - Intangible Right to Use Lease Assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	\$ 136,173	\$ 13,097	\$ 149,270
2025	139,343	9,927	\$ 149,270
2026	142,586	6,684	\$ 149,270
2027	143,935	3,366	\$ 147,301
	<u>\$ 562,037</u>	<u>\$ 33,074</u>	<u>\$ 595,111</u>

SUBSCRIPTIONS LIABILITY

The intangible right to use subscription assets are discussed in more detail in Note 4 Capital Assets - Intangible Right to Use Subscription Assets.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2023, were as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	\$ 262,520	\$ 9,326	\$ 271,846
2025	103,265	2,921	106,186
	<u>\$ 365,785</u>	<u>\$ 12,247</u>	<u>\$ 378,032</u>

NOTE 6. INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

Transfers In	Transfers Out	Amount
General Fund	ARPA Fund	\$ 10,292,808
Capital Projects Fund	General Fund	\$ 358,476

Transfers are used to move revenues from the General Fund to the Capital Projects Fund for capital project matching purposes, and from the ARPA Fund to the General Fund for the provision of public safety and public works services under the ARPA revenue replacement guidelines.

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, 2023, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$1,808,240 for the year ended June 30, 2023.

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

NOTES TO FINANCIAL STATEMENTS

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, 2023, the Town reported a liability of \$10,264,014 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 (measurement date), the Town's proportion was 0.18194%, which was an increase of 0.01705% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$2,995,904. At June 30, 2023, 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	\$ 442,267	\$ 43,362
Changes in plan assumptions	1,024,118	-
Net difference between projected and actual earnings on pension plan investments	3,392,364	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	231,423	-
Town contributions subsequent to the measurement date	1,808,240	-
Total	\$ 6,898,412	\$ 43,362

Town contributions made subsequent to the measurement date of \$1,808,240 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 1,600,064
2025	1,377,038
2026	453,523
2027	1,616,185
2028	-
	\$ 5,046,810

Actuarial Assumptions. The total pension liability in the December 31, 2021 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.

NOTES TO FINANCIAL STATEMENTS

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of 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>Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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.

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:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 18,525,224	\$ 10,264,014	\$ 3,456,298

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.

NOTES TO FINANCIAL STATEMENTS

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 June 30, 2022, the date of the most recent actuarial valuation the Separation Allowance’s membership consisted of:

Retirees receiving benefits	20	
Active plan members	69	
Total	89	

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.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the June 30, 2022 valuation. The total pension liability in the June 30, 2022 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	4.05 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 \$425,143 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, 2023, the Town reported a total pension liability of \$3,988,436. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. For the year ended June 30, 2023 the Town recognized pension expense of \$475,646.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 676,917	\$ 38,885
Changes of assumptions	563,642	537,992
Town benefit payments made subsequent to the measurement date	205,972	-
Total	\$ 1,446,531	\$ 576,877

The Town reported \$205,972 as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be

NOTES TO FINANCIAL STATEMENTS

recognized as a decrease of the total pension liability in the year ended June 30, 2024. 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:	
2024	\$ 234,687
2025	227,094
2026	170,081
2027	31,820
Total	\$ 663,682

Changes in the Total Pension Liability. The changes in total pension liability of the Town for the fiscal year ended June 30, 2023 were as follows:

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

	2023
Beginning balance	\$ 4,415,901
Service cost	124,956
Interest on the total pension liability	86,589
Differences between expected and actual experience	836,937
Changes of assumptions or other inputs	(637,721)
Benefit payments	(425,143)
Ending balance of the total pension liability	\$ 4,401,519

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 4.05%, 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 (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total pension liability	\$ 4,771,525	\$ 4,401,519	\$ 4,178,953

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 June 30, 2022 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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	2,995,904	475,646	3,471,550
Pension Liability	10,264,014	4,401,519	14,665,533
Proportionate share of the net pension liability	0.16489%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	442,267	676,917	1,119,184
Changes of assumptions	1,024,118	563,642	1,587,760
Net difference between projected and actual earnings on pension plan investments	3,392,364	-	3,392,364
Changes in proportion and differences between contributions and proportionate share of contributions	231,423	-	231,423
Benefit payments and administrative costs paid subsequent to the measurement date	1,808,240	205,972	2,014,212
	<u>6,898,412</u>	<u>1,446,531</u>	<u>8,344,943</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	43,362	38,885	82,247
Changes of assumptions	-	537,992	537,992
	<u>43,362</u>	<u>576,877</u>	<u>620,239</u>

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, 2023 were \$470,241 which consisted of \$263,889 from the Town and \$206,352 from the law enforcement officers.

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, 2023 were \$819,354 which consisted of \$452,495 from the Town and \$366,859 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

NOTES TO FINANCIAL STATEMENTS

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, 2022 valuation date:

Active participants	192	
Retirees and beneficiaries currently receiving benefits	58	
Total	250	

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, 2023, the Town contributed \$389,463 for the pay as you go benefits for the HCB Plan.

Total OPEB Liability

The Town's total OPEB liability of \$16,047,418 was measured as of June 30, 2022 by an actuarial valuation as of June 30, 2022.

Key actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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 - 3.69%. 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 Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 3.69% on June 30, 2022. A discount rate of 2.16% was used at the prior measurement date.

Payroll Growth Assumption - 3.25%. This assumption is from the North Carolina Local Governmental Employees' Retirement System experience study for the five year period January 1, 2015 through December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

Inflation rate - 2.50%. This assumption is from the North Carolina Local Governmental Employees' Retirement System experience study for the five year period January 1, 2015 through December 31, 2019.

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

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>	35	40
Rate	8.3%	6.0%	5.0%	4.3%	3.9%	3.8%	3.8%	3.3%	3.3%

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	7.8%	5.9%	5.1%	4.6%	4.4%	4.1%	3.9%	3.6%	3.3%

Annual Health Care Trend Rates

Year	Pre 65	Post 65
2022	7.50%	5.50%
2023	7.00%	5.50%
2024	6.50%	5.50%
2025	6.00%	5.50%
2026	5.50%	5.50%
2027	5.25%	5.25%
2028	5.00%	5.00%
2029	4.75%	4.75%
>=2030	4.50%	4.50%

NOTES TO FINANCIAL STATEMENTS

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2023 were as follows:

	Total OPEB Liability
Balance at June 30, 2022	\$ 19,755,588
Service cost	379,181
Interest	422,056
Experience differences	(67,266)
Assumption changes	(3,663,313)
Benefit payments	(411,138)
Balance at June 30, 2023	\$ 16,415,108

There was an inflow due to the differences between actual and expected experience primarily due to lower per capita claims costs than expected.

There was a net inflow due to assumption changes. The assumption changes are as follows:

- The discount rate was changed from 2.16% to 3.69% resulting in an inflow.
- The medical trend was updated resulting in an outflow.

The recommendations from the 2019 experience study for the NCLGERS pension plan were adopted. The following assumptions were updated for all groups (General and Law Enforcement Officers): salary increase rates, retirement rates, termination rates, disability rates, pre-retirement mortality and post-retirement mortality. Collectively, these assumptions changes resulted in a net inflow.

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 (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$ 19,074,462	\$ 16,415,108	\$ 14,292,425

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	\$ 14,278,579	\$ 16,415,108	\$ 19,098,699

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, 2022 and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

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

For the year ended June 30, 2023 the Town recognized OPEB expense of \$419,589. At June 30, 2023, 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	\$ 1,431	\$ 826,431
Changes in plan assumptions	2,758,594	3,775,861
Town contributions subsequent to the measurement date	389,463	-
Total	\$ 3,149,488	\$ 4,602,292

Town contributions made subsequent to the measurement date of \$389,463 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, 2024. 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:	Net Deferred Outflows and Inflows of Resources
2024	\$ (381,648)
2025	(359,365)
2026	(160,196)
2027	(80,437)
2028	(257,304)
Thereafter	(603,317)
	\$ (1,842,267)

Note: A negative deferred inflow total is a normal credit balance.

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.

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

NOTES TO FINANCIAL STATEMENTS

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.

NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022. The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

As part of implementing the Statement, the Town performed a comprehensive review of its subscriptions activities and applied the criteria within the guidance. This resulted in increases in right-to-use subscription assets and subscription liabilities.

TOWN OF GARNER, NORTH CAROLINA

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

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,415,901	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668	\$ 3,414,080
Service cost	124,956	122,817	118,951	109,737	117,732	99,562	110,693
Interest on the total pension liability	86,589	85,286	110,796	123,813	105,519	122,858	117,231
Difference between expected and actual experience	836,937	-	(45,402)	(67,580)	226,443	42,785	-
Changes of assumptions or other inputs	(637,721)	(38,377)	1,140,333	87,457	(115,183)	169,607	(67,766)
Benefit payments	(425,143)	(345,531)	(263,217)	(249,252)	(295,280)	(261,641)	(260,570)
Ending balance of the total pension liability	<u>\$ 4,401,519</u>	<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 SEVEN FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 4,401,519	\$ 4,415,901	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668
Covered-employee payroll	4,593,136	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-employee payroll	95.83%	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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 379,181	\$ 366,537	\$ 358,612	\$ 320,685	\$ 388,709	\$ 444,708
Interest	422,056	419,664	574,837	569,704	535,824	484,665
Differences between expected and actual experience	(67,266)	(13,741)	(1,060,211)	(19,595)	(271,569)	5,967
Changes of assumptions	(3,663,313)	202,077	3,475,663	973,101	(654,520)	(1,604,076)
Benefit payments	(411,138)	(416,537)	(429,539)	(418,035)	(391,179)	(373,205)
Net change in total OPEB liability	(3,340,480)	558,000	2,919,362	1,425,860	(392,735)	(1,041,941)
Total OPEB liability - beginning	19,755,588	19,197,588	16,278,226	14,852,366	15,245,101	16,287,042
Total OPEB liability - ending	\$ 16,415,108	\$ 19,755,588	\$ 19,197,588	\$ 16,278,226	\$ 14,852,366	\$ 15,245,101
Covered-employee payroll	\$ 12,492,196	\$ 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	131.40%	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 TEN FISCAL YEARS**

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.18194%	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) (\$)	\$ 10,264,014	\$ 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	\$ 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	\$ 8,685,568
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	79.10%	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	84.14%	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.

TOWN OF GARNER, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN OF GARNER'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,808,240	\$ 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	1,808,240	1,504,078	1,239,767	1,032,242	787,467	782,069	756,263	651,988	669,335	648,964
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 14,523,502	\$ 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	12.45%	11.59%	10.40%	9.22%	7.51%	7.82%	7.60%	6.90%	7.25%	7.16%

TOWN OF GARNER, NORTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2021
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, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues				
Ad valorem taxes:				
Current year	\$ 30,271,939	\$ 30,271,939	\$ 30,468,145	\$ 196,206
Prior year	60,500	60,500	7,438	(53,062)
Penalties and interest	44,000	44,000	53,244	9,244
Total ad valorem taxes	30,376,439	30,376,439	30,528,827	152,388
Other taxes and licenses:				
ABC mixed beverage	180,000	210,500	210,541	41
Local option sales tax	9,387,770	9,887,770	10,266,274	378,504
Solid waste disposal tax	24,000	24,000	26,114	2,114
Heavy equipment rental tax	-	65,000	79,605	14,605
Total other taxes and licenses	9,591,770	10,187,270	10,582,534	395,264
Intergovernmental revenues:				
Beer and wine tax	135,000	135,000	146,816	11,816
Utility franchise tax	1,900,000	1,900,000	2,219,798	319,798
Video programming fees	225,000	225,000	214,418	(10,582)
Powell Bill allocation	879,177	894,177	894,245	68
PEG channel funds	54,000	54,000	52,098	(1,902)
Federal asset forfeiture	-	6,488	68,280	61,792
Controlled substance tax	2,500	2,500	17,210	14,710
Federal grants	-	-	66,659	66,659
State grants	-	10,901	11,201	300
Wake County grant - school resource officer	127,635	168,635	168,420	(215)
Total intergovernmental revenues	3,323,312	3,396,701	3,859,145	462,444
Sales and services:				
Recreation fees	251,500	269,370	378,542	109,172
Facility rentals	207,460	207,460	370,258	162,798
Sanitation fees	94,500	94,500	150,205	55,705
Dental insurance fees	-	-	119,780	119,780
Third-party bill collection	6,000	6,000	5,188	(812)
Street repairs	20,000	20,000	22,019	2,019
Right of way mowing	30,000	30,000	20,000	(10,000)
Total sales and service	609,460	627,330	1,065,992	438,662

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, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
Permits and fees:				
Police outside employment	225,000	300,000	320,816	20,816
Animal licenses	400	400	485	85
Planning and zoning fees	200,700	200,700	147,834	(52,866)
Inspection fees	2,006,625	2,606,625	3,143,099	536,474
Business registration	20,180	20,180	8,145	(12,035)
Fee in lieu of park land	150,000	150,000	1,126,718	976,718
Special event permit	500	500	-	(500)
Retention pond fees	9,000	9,000	3,400	(5,600)
False alarms charges	15,000	15,000	1,750	(13,250)
Taxi cab inspection fees	20	20	15	(5)
Total permits and fees	2,627,425	3,302,425	4,752,262	1,449,837
Investment earnings (loss)	150,000	445,945	877,131	431,186
Land use charges	20,000	20,000	52,605	32,605
Insurance proceeds	20,000	131,000	122,723	(8,277)
Miscellaneous	35,550	73,099	84,453	11,354
Rent	3,200	3,200	3,090	(110)
Assessments	4,000	4,000	4,385	385
Interest on assessments	100	100	474	374
Code enforcement	25,175	25,175	29,054	3,879
Officers' fees	4,000	4,000	6,940	2,940
Parking violations	3,500	3,500	4,420	920
Landfill reimbursement	100,000	100,000	93,995	(6,005)
Total revenues	46,893,931	48,700,184	52,068,030	3,367,846
Expenditures				
Current:				
General government:				
Governing body:				
Salaries and employee benefits	126,874	126,874	125,103	1,771
Operating expenditures	77,388	77,388	379,256	(301,868)
Professional services	26,200	86,200	79,819	6,381
Contracted services	4,300	4,300	16,502	(12,202)
Total	234,762	294,762	600,680	(305,918)
Administration:				
Salaries and employee benefits	1,795,739	1,824,663	1,664,393	160,270
Operating expenditures	541,873	939,804	648,365	291,439
Capital Outlay	-	161,597	(32,352)	193,949
Insurance	639,105	639,105	650,003	(10,898)
Professional services-legal	257,153	260,897	241,990	18,907
Total	3,233,870	3,826,066	3,172,399	653,667
Finance:				
Salaries and employee benefits	634,710	642,796	597,321	45,475
Operating expenditures	189,085	219,085	304,029	(84,944)
Professional services	43,500	43,500	42,635	865
Contracted services	131,129	146,129	107,530	38,599
Total	998,424	1,051,510	1,051,515	(5)
Economic development:				
Salaries and employee benefits	237,094	237,094	219,558	17,536
Operating expenditures	161,242	161,242	125,743	35,499
Contracted services	14,700	14,700	6,009	8,691
Total	413,036	413,036	351,310	61,726

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, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
Planning:				
Salaries and employee benefits	1,045,192	1,023,325	904,746	118,579
Operating expenditures	79,176	428,541	382,832	45,709
Professional services	23,700	23,700	813	22,887
Total	1,148,068	1,475,566	1,288,391	187,175
Engineering:				
Salaries and employee benefits	1,217,846	1,245,300	1,011,886	233,414
Operating expenditures	50,817	101,347	67,911	33,436
Capital outlay	-	-	270	(270)
Total	1,268,663	1,346,647	1,080,067	266,580
Information Technology:				
Salaries and employee benefits	558,263	501,982	469,407	32,575
Operating expenditures	217,452	224,123	534,082	(309,959)
Contracted services	341,962	441,962	229,192	212,770
Total	1,117,677	1,168,067	1,232,681	(64,614)
Building maintenance:				
Salaries and employee benefits	490,165	519,803	497,757	22,046
Operating expenditures	528,068	561,720	579,443	(17,723)
Contracted services	288,659	328,659	252,986	75,673
Capital outlay	-	40,000	39,534	466
Total	1,306,892	1,450,182	1,369,720	80,462
Vehicle maintenance:				
Salaries and employee benefits	429,110	465,961	456,637	9,324
Operating expenditures	62,864	68,146	56,814	11,332
Contracted services	10,021	10,021	5,970	4,051
Capital Outlay	-	53,000	-	53,000
Total	501,995	597,128	519,421	77,707
Total general government	10,223,387	11,622,964	10,666,184	956,780
Public Safety:				
Police:				
Salaries and employee benefits	8,453,055	8,871,394	8,584,650	286,744
Retirees insurance	393,065	433,065	389,463	43,602
Separation allowance	475,813	475,813	449,785	26,028
Operating expenditures	785,696	818,976	1,267,329	(448,353)
Professional services	6,500	6,500	824	5,676
Contracted services	710,880	1,090,880	626,977	463,903
Capital outlay	94,075	121,520	75,873	45,647
Total	10,919,084	11,818,148	11,394,901	423,247
Inspections:				
Salaries and employee benefits	1,486,112	1,547,259	1,510,178	37,081
Operating expenditures	167,459	196,469	179,884	16,585
Capital outlay	35,000	35,000	23,310	11,690
Total	1,688,571	1,778,728	1,713,372	65,356

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, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
Fire Department:				
Contracted services	6,060,671	6,178,135	5,953,133	225,002
Total	6,060,671	6,178,135	5,953,133	225,002
Total public safety	18,668,326	19,775,011	19,061,406	713,605
Transportation:				
Transportation:				
Salaries and employee benefits	432,182	455,589	460,284	(4,695)
Operating expenditures	33,012	36,328	57,119	(20,791)
Capital Outlay	381,761	603,701	511,016	92,685
Total	846,955	1,095,618	1,028,419	67,199
Street repair and construction:				
Salaries and employee benefits	1,003,840	1,203,427	1,185,675	17,752
Operating expenditures	1,749,345	2,217,897	1,308,608	909,289
Contracted services	1,249,403	1,269,690	614,198	655,492
Capital outlay	578,846	759,367	331,498	427,869
Total	4,581,434	5,450,381	3,439,979	2,010,402
Total Transportation	5,428,389	6,545,999	4,468,398	2,077,601
Environmental Protection:				
Sanitation:				
Operating expenditures	523,452	631,452	633,063	(1,611)
Contracted services	2,036,692	2,242,692	2,156,627	86,065
Total	2,560,144	2,874,144	2,789,690	84,454
Cultural and Recreation:				
Administration:				
Salaries and employee benefits	280,915	289,338	291,621	(2,283)
Operating expenditures	96,905	149,789	71,363	78,426
Capital outlay	364,165	655,665	395,911	259,754
Total	741,985	1,094,792	758,895	335,897
Recreational programs:				
Salaries and employee benefits	2,099,173	2,125,512	1,891,934	233,578
Operating expenditures	453,372	549,592	420,030	129,562
Contracted services	245,548	370,181	228,443	141,738
Capital outlay	-	11,227	11,351	(124)
Total	2,798,093	3,056,512	2,551,758	504,754

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, 2023**

	Budget			Variance With Final Budget
	Original	Final	Actual	
Parks maintenance and development:				
Salaries and employee benefits	1,750,324	1,557,689	1,400,018	157,671
Operating expenditures	291,470	306,121	241,802	64,319
Contracted services	166,492	202,252	124,322	77,930
Total	<u>2,208,286</u>	<u>2,066,062</u>	<u>1,766,142</u>	<u>299,920</u>
Total cultural and recreation	5,748,364	6,217,366	5,076,795	1,140,571
Debt Service:				
Principal retirement	2,604,552	3,704,552	3,929,711	(225,159)
Interest and fees	1,123,778	1,123,778	1,123,453	325
Total debt service	<u>3,728,330</u>	<u>4,828,330</u>	<u>5,053,164</u>	<u>(224,834)</u>
Total Expenditures	<u>46,356,940</u>	<u>51,863,814</u>	<u>47,115,637</u>	<u>4,748,177</u>
Excess (deficiency) of revenues over expenditures	536,991	(3,163,630)	4,952,393	8,116,023
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	95,000	145,000	155,061	10,061
From (To) Capital Projects Fund	(2,870,745)	(1,985,810)	9,934,332	11,920,142
Issuance of leases	-	-	693,844	693,844
Issuance of Subscriptions	-	-	637,630	637,630
Fund balance appropriated	2,238,754	5,004,440	-	(5,004,440)
Total other financing sources (uses)	<u>(536,991)</u>	<u>3,163,630</u>	<u>11,420,867</u>	<u>8,257,237</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>16,373,260</u>	<u>\$ 16,373,260</u>
Fund balance, beginning of year			<u>30,541,469</u>	
Fund balance, end of year			<u>\$ 46,914,729</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, 2023**

	Project Budget	Actual			Variance with Final Budget
		Prior Years	Current Year	Total	
REVENUES					
Intergovernmental revenues	\$ 10,837,338	\$ 7,785,379	\$ 776,558	\$ 8,561,937	\$ (2,275,401)
Investment earnings	217,670	520,944	156,397	677,341	459,671
Miscellaneous	385,674	708,449	-	708,449	322,775
Total revenues	<u>11,440,682</u>	<u>9,014,772</u>	<u>932,955</u>	<u>9,947,727</u>	<u>(1,492,955)</u>
EXPENDITURES					
Parks and Recreation Improvements	38,522,712	1,385,857	409,859	1,795,716	36,726,996
Town Hall/Police Station	15,223,315	14,817,667	-	14,817,667	405,648
Forest Hill Building	2,300,000	2,249,055	-	2,249,055	50,945
Sewer Outfall Project	741,413	720,674	-	720,674	20,739
US 70 Highway Improvements	11,556,313	10,047,123	-	10,047,123	1,509,190
Recreation Center	10,902,140	11,614,002	73,102	11,687,104	(784,964)
Redevelopment	2,166,087	2,236,150	-	2,236,150	(70,063)
Stormwater Improvements	2,950,000	119,208	386,460	505,668	2,444,332
Street & Sidewalk Improvements	39,497,760	12,340,510	3,072,103	15,412,613	24,085,147
Firestation	6,700,000	43,792	8,157,193	8,200,985	(1,500,985)
Town Hall Annex	2,975,000	-	83,780	83,780	2,891,220
Public Works Expansion	-	-	1,500	1,500	(1,500)
Interest and fiscal charges	679,303	741,863	191,880	933,743	(254,440)
Total expenditures	<u>134,214,043</u>	<u>56,315,901</u>	<u>12,375,877</u>	<u>68,691,778</u>	<u>65,522,265</u>
Deficiency of revenues over expenditures	(122,773,361)	(47,301,129)	(11,442,922)	(58,744,051)	64,029,310
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	110,766,000	38,565,000	21,620,000	60,185,000	(50,581,000)
Premium on bonds	1,400,831	2,117,717	2,179,574	4,297,291	2,896,460
Transfers in	16,026,169	15,116,943	358,476	15,475,419	(550,750)
Transfers out	(5,419,639)	(2,527,628)	-	(2,527,628)	2,892,011
Total other financing sources (uses)	<u>122,773,361</u>	<u>53,272,032</u>	<u>24,158,050</u>	<u>77,430,082</u>	<u>(45,343,279)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>5,970,903</u>	<u>12,715,128</u>	\$ <u>18,686,031</u>	\$ <u>18,686,031</u>
FUND BALANCE, beginning of year			<u>3,779,107</u>		
FUND BALANCE, end of year			\$ <u><u>16,494,235</u></u>		

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2023

Fiscal Year	Uncollected Balance 6/30/2022	Additions	Collections And Credits	Uncollected Balance 6/30/2023
2022-2023	\$ -	\$ 30,638,556	\$ 30,560,101	\$ 78,455
2021-2022	73,354	-	40,087	33,267
2020-2021	35,711	-	8,605	27,107
2019-2020	28,045	-	4,529	23,517
2018-2019	12,394	-	1,424	10,970
2017-2018	8,090	-	1,719	6,371
2016-2017	5,839	-	820	5,019
2015-2016	3,382	-	579	2,803
2014-2015	17,172	-	11	17,160
2013-2014	27,555	-	27,555	-
	<u>\$ 211,542</u>	<u>\$ 30,638,556</u>	<u>\$ 30,645,430</u>	<u>204,669</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(164,685)</u>
Ad valorem taxes receivable - net				<u>\$ 39,984</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 30,528,827
Reconciling items:				
Interest collected				(53,244)
Change in allowance for doubtful accounts				37,918
Payment in lieu of taxes				-
Releases and write-offs				131,929
Total collections and credits				<u>\$ 30,645,430</u>

TOWN OF GARNER, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 5,434,705,062	0.5521	\$ 30,005,006	\$ 27,777,174	\$ 2,227,833
Vehicle Fee			874,620	32,670	841,950
Penalties			29,202	29,202	-
Total original levy			<u>30,908,828</u>	<u>27,839,046</u>	<u>3,069,783</u>
Discoveries:					
Current year levy	65,736,624	0.5521	21,050	21,050	-
Adjustments:					
Current year levy	<u>(52,766,115)</u>	0.5521	<u>(291,322)</u>	<u>(291,322)</u>	<u>-</u>
Total property valuation	<u>\$ 5,447,675,571</u>				
Net levy			30,638,556	27,568,774	3,069,783
Uncollected taxes at June 30, 2022			<u>78,455</u>	<u>78,455</u>	<u>-</u>
Current year's taxes collected			<u>\$ 30,560,101</u>	<u>\$ 27,490,319</u>	<u>\$ 3,069,783</u>
Current levy collection percentage			<u>99.74%</u>	<u>99.72%</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, 2023

Secondary Market Disclosure

Assessed Valuation:

Assessment Ratio (1)		100%
Real Property	\$	4,396,887,820
Personal Property		855,958,071
Public Service Companies (2)		194,829,680
Total Assessed Valuation	\$	5,447,675,571
Tax Rate per \$100		0.5521
Levy (includes discoveries, releases and abatements) (3)	\$	30,638,556

(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>	62-67
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	68-73
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>	74-77
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>	78-80
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>	81-84

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

Table 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 63,400,753
Restricted										
Stabilization by state statute	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	5,991,472
COVID-19 recovery	-	-	-	-	-	-	-	-	7,986	95,498
Streets	615,932	662,812	570,628	836,096	773,055	117,777	-	-	67,081	771,000
Law enforcement	34,294	95,480	100,429	37,002	40,479	47,095	14,329	15,889	-	91,623
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	12,626,054
Total governmental activities net position	\$ 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	\$ 82,976,400

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Government activities:					
General government	\$ 6,766,914	\$ 5,483,946	\$ 6,855,255	\$ 7,021,774	\$ 7,748,861
Public safety	10,216,257	10,746,853	11,011,804	12,208,004	12,726,953
Transportation	4,834,011	4,671,100	5,612,182	5,435,823	6,078,817
Environmental protection	1,736,723	1,768,301	1,853,286	1,888,478	1,895,800
Cultural/recreational	2,951,491	3,597,114	3,044,810	3,338,441	3,539,484
Interest on long-term debt	637,528	756,985	1,136,933	1,312,239	1,153,007
 Total governmental activities	 <u>27,142,924</u>	 <u>27,024,299</u>	 <u>29,514,270</u>	 <u>31,204,759</u>	 <u>33,142,922</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	2,225,404	775,755	1,760,641	1,130,793	380,906
Public safety	805,086	686,758	1,000,264	1,153,200	1,316,971
Transportation	31,812	28,254	37,794	59,122	49,897
Environmental protection	31,980	28,600	31,157	20,679	35,070
Cultural & recreational	811,357	419,433	657,107	1,002,668	1,107,134
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	965,124	1,054,284	876,610	1,009,068	1,095,356
Capital grants and contributions	1,578,562	1,245,652	129,726	36,311	152,143
 Total program revenues	 <u>6,449,325</u>	 <u>4,238,736</u>	 <u>4,493,299</u>	 <u>4,411,841</u>	 <u>4,137,477</u>
 Total Governmental net (expense)/revenue	 <u>(20,693,599)</u>	 <u>(22,785,563)</u>	 <u>(25,020,971)</u>	 <u>(26,792,918)</u>	 <u>(29,005,445)</u>
Revenues					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 15,426,294	\$ 15,439,837	\$ 17,072,956	\$ 17,817,253	\$ 18,368,348
Sales taxes	4,858,268	5,284,843	5,826,797	6,064,218	6,208,086
Other taxes	1,841,516	2,570,214	2,167,490	2,573,786	2,384,651
Grants and contributions not restricted to specific programs	500	-	148,479	-	-
Unrestricted investment earnings	6,992	13,044	314,774	244,541	456,212
Other	1,815,171	859,609	-	146,312	275,925
 Total general revenues	 <u>23,948,741</u>	 <u>24,167,547</u>	 <u>25,530,496</u>	 <u>26,846,110</u>	 <u>27,693,222</u>
 Changes in net position	 3,255,142	 1,381,984	 509,525	 53,192	 (1,312,223)
Net position, beginning of year	82,394,911	85,650,053	85,689,706	86,199,231	83,870,888
Prior period adjustment	-	(1,342,331)	-	(2,381,553)	(11,172,333)
 Net position, end of year	 <u>\$ 85,650,053</u>	 <u>\$ 85,689,706</u>	 <u>\$ 86,199,231</u>	 <u>\$ 83,870,870</u>	 <u>\$ 71,386,332</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses					
Government activities:					
General government	\$ 8,235,521	\$ 9,592,933	\$ 10,040,000	\$ 10,489,244	\$ 12,231,637
Public safety	13,479,474	13,441,817	14,917,299	16,154,858	26,994,751
Transportation	6,203,524	6,375,777	9,419,303	9,712,901	6,771,795
Environmental protection	2,041,794	2,170,760	2,277,683	2,428,722	2,789,690
Culture and recreation	4,129,671	4,213,447	4,057,142	5,016,458	6,976,588
Interest on long-term debt	1,146,684	1,310,482	1,245,086	1,068,392	770,830
 Total governmental activities	 <u>35,236,668</u>	 <u>37,105,216</u>	 <u>41,956,513</u>	 <u>44,870,575</u>	 <u>56,535,291</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	595,942	799,013	900,357	2,809,875	2,098,518
Public safety	1,925,344	1,600,270	1,573,922	2,580,349	3,466,512
Transportation	71,171	65,746	608,447	34,269	42,019
Environmental protection	46,659	57,830	98,326	130,773	150,205
Culture and recreation	518,124	321,527	160,385	522,710	748,800
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	881,239	992,323	1,770,598	1,200,602	11,242,385
Capital grants and contributions	331,504	439,688	2,771,870	2,181,760	783,438
 Total program revenues	 <u>4,369,983</u>	 <u>4,276,397</u>	 <u>7,883,905</u>	 <u>9,460,338</u>	 <u>18,531,877</u>
 Total Governmental net (expense)/revenue	 <u>(30,866,685)</u>	 <u>(32,828,819)</u>	 <u>(34,072,608)</u>	 <u>(35,410,237)</u>	 <u>(38,003,414)</u>
Revenues					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 19,526,681	\$ 21,495,503	\$ 24,228,277	\$ 26,831,857	\$ 30,528,827
Sales taxes	6,881,083	7,137,293	8,327,689	9,321,926	10,266,274
Other taxes	2,626,260	2,394,098	2,524,129	2,656,703	2,965,619
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	832,311	671,126	37,807	(133,578)	1,404,518
Other	451,995	531,803	360,193	426,557	476,880
 Total general revenues	 <u>30,318,330</u>	 <u>32,229,823</u>	 <u>35,478,095</u>	 <u>39,103,465</u>	 <u>45,642,118</u>
 Changes in net position	 (548,355)	 (598,996)	 1,405,487	 3,693,228	 7,638,704
 Net position, beginning of year	 71,386,332	 70,238,981	 70,238,981	 71,644,468	 75,337,696
 Prior period adjustment	 -	 -	 -	 -	 -
 Net position, end of year	 <u>\$ 70,837,977</u>	 <u>\$ 69,639,985</u>	 <u>\$ 71,644,468</u>	 <u>\$ 75,337,696</u>	 <u>\$ 82,976,400</u>

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

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 127,934	\$ 84,259	\$ 27,685	\$ 43,342	\$ 45,752	\$ 111,008	\$ 27,359	\$ 81,970	\$ 117,787	\$ 112,597
Restricted	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	8,504,460
Committed	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	18,388,018
Assigned	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	3,450,998
Unassigned	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	16,458,656
Total general fund	\$ 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	\$ 46,914,729
All other governmental funds										
Restricted	\$ 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	\$ 16,494,235
Committed	2,256,119	3,019,673	4,633,993	3,183,529	1,727,623	986,067	-	-	-	95,498
Total all other governmental funds	\$ 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	\$ 16,589,733

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

	2014	2015	2016	2017	2018
REVENUES					
Ad valorem taxes	\$ 15,467,523	\$ 15,469,793	\$ 17,061,096	\$ 17,834,515	\$ 18,336,285
Other taxes and licenses	5,117,135	5,547,552	5,826,797	6,236,202	6,376,074
Intergovernmental revenues	4,408,193	4,696,851	3,247,530	3,298,717	3,468,976
Permits and fees	3,851,543	1,816,364	2,981,635	2,690,728	2,217,839
Sales and services	514,268	490,653	510,108	546,432	672,139
Investment earnings	8,092	15,360	127,477	244,541	456,212
Other revenues	335,835	441,378	285,490	325,818	180,654
Total revenues	29,702,589	28,477,951	30,040,133	31,176,953	31,708,179
EXPENDITURES					
Current					
General government	6,330,924	5,688,444	6,780,440	6,212,951	6,960,076
Public safety	10,646,438	10,341,777	10,406,031	11,214,072	12,989,182
Transportation	2,128,167	2,350,138	2,708,200	2,374,446	2,899,718
Environmental protection	1,736,723	1,768,301	1,853,286	1,888,478	1,895,800
Cultural and recreational	2,540,999	2,620,696	2,795,777	2,759,364	2,936,533
Capital projects	4,996,717	7,184,635	4,389,939	14,273,161	7,493,450
Debt service					
Principal retirement	4,698,123	1,495,425	1,625,841	2,150,627	2,520,206
Interest and fees	497,080	775,391	1,166,804	1,285,042	1,227,800
Total expenditures	33,575,171	32,224,807	31,726,318	42,158,141	38,922,765
Revenues over (under) expenditures	(3,872,582)	(3,746,856)	(1,686,185)	(10,981,188)	(7,214,586)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ 31,500	\$ 39,262	\$ 59,168	\$ 101,066	\$ 53,213
Premium on bonds	253,495	1,061,816	-	-	-
Issuance of debt	14,138,054	15,204,200	63,000	6,229,000	660,000
Payment to escrow agent	-	-	-	(2,291,723)	-
Transfers in	6,477,132	250,360	118,456	-	-
Transfers out	(6,477,132)	(250,360)	(118,456)	-	-
Total other financing sources (uses)	14,423,049	16,305,278	122,168	4,038,343	713,213
Net change in fund balance	\$ 10,550,467	\$ 12,558,422	\$ (1,564,017)	\$ (6,942,845)	\$ (6,501,373)
Debt service as a percentage of non-capital expenditures	18.18%	9.07%	10.22%	12.32%	12.19%

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				
	2019	2020	2021	2022	2023
REVENUES					
Ad valorem taxes	\$ 19,520,909	\$ 21,511,829	\$ 24,227,212	\$ 26,803,879	\$ 30,528,827
Other taxes and licenses	7,048,593	7,316,038	8,519,512	9,550,714	10,582,534
Intergovernmental revenues	3,774,353	3,805,194	6,072,724	5,804,202	14,669,283
Permits and fees	2,409,115	2,197,084	2,339,338	4,788,172	4,752,262
Sales and services	725,216	550,101	470,445	806,313	1,067,396
Investment earnings	832,311	671,126	37,807	(133,578)	1,404,518
Other revenues	401,000	-	827,642	795,324	376,485
Total revenues	34,711,497	36,051,372	42,494,680	48,415,026	63,381,305
EXPENDITURES					
Current					
General government	7,578,884	7,970,199	9,349,738	9,544,324	10,666,184
Public safety	12,906,345	13,279,336	15,643,025	16,573,982	27,218,599
Transportation	3,564,911	3,622,653	5,435,599	5,858,366	4,468,398
Environmental protection	2,041,794	2,170,760	2,277,683	2,428,722	2,789,690
Cultural and recreational	5,558,172	3,466,375	3,624,123	6,030,107	5,076,795
Capital projects	4,551,899	4,179,246	6,406,323	5,619,133	4,026,804
Debt service					
Principal retirement	2,548,501	7,170,395	2,724,691	2,846,203	3,929,711
Interest and fees	1,224,605	1,548,254	1,270,609	1,228,660	1,315,333
Total expenditures	39,975,111	43,407,218	46,731,791	50,129,497	59,491,514
Revenues over (under) expenditures	(5,263,614)	(7,355,846)	(4,237,111)	(1,714,471)	3,889,791
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ 29,748	\$ 96,141	\$ 66,255	\$ 120,799	\$ 155,061
Premium on bonds	157,717	618,389	-	-	2,179,574
Issuance of debt	4,050,000	11,930,000	927,692	1,271,928	22,951,474
Payment to escrow agent	-	-	-	-	-
Transfers in	1,031,464	823,881	200,000	2,249,056	10,651,284
Transfers out	(1,031,464)	(823,881)	(200,000)	(2,249,056)	(10,651,284)
Total other financing sources (uses)	4,237,465	12,644,530	993,947	1,392,727	25,286,109
Net change in fund balance	\$ (1,026,149)	\$ 5,288,684	\$ (3,243,164)	\$ (321,744)	\$ 29,175,900
Debt service as a percentage of non-capital expenditures	12.19%	11.45%	10.28%	9.49%	9.80%

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
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
2023	30,528,827	10,582,534	14,669,283	4,752,262	1,067,396	1,404,518	376,485	63,381,305

(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
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
2023	10,666,184	27,218,599	4,468,398	2,789,690	5,076,795	4,026,804	5,245,044	59,491,514

(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				
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%
2023	4,396,887,820	194,829,680	447,778,784	408,179,287	5,447,675,571	0.5521	8,422,503,975	64.68%

(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
2014	0.5000	0.5780	1.078
2015	0.5175	0.6145	1.132
2016	0.5325	0.6005	1.133
2017	0.5325	0.6150	1.148
2018	0.5325	0.6544	1.187
2019	0.5600	0.7207	1.281
2020	(2) 0.4971	0.6000	1.097
2021	0.5121	0.6000	1.112
2022	0.5521	0.6195	1.172
2023	0.6270	0.6570	1.284

(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 2023			Fiscal Year 2014		
	1/1/22 Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation	1/1/13 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress Inc (2)	169,966,259	1	3.20%	69,241,773	2	2.27%
Amazon.com Services LLC	\$ 154,813,489	2	2.92%			
4851 JS Project LLC	87,680,461	3	1.65%			
BCORE MF Villages LLC	79,686,993	4	1.50%			
NC-Garner White-Northwood TIC LLC	76,137,280	5	1.43%			
Duke Realty LP	55,178,888	6	1.04%	25,762,678	5	0.84%
BCORE MF Timber Creek LP	52,360,359	7	0.99%			
Adeline at White Oak LLC	48,907,001	8	0.92%			
Abberly Solaire LLC	47,439,858	9	0.89%			
Ashton Village LP	43,100,323	10	0.81%	22,185,839	9	0.73%
Inland American Garner White Oak				83,377,088	1	2.73%
Pergo				36,876,158	3	1.21%
Alltell Communications Inc				29,402,385	4	0.96%
Abberly Place Garner, LP				25,165,430	6	0.82%
GA NS Station LLC				24,871,731	7	0.81%
BRE Throne Garner Towne Square LLC				22,392,067	8	0.73%
Wal-Mart Stores East LP				18,316,251	10	0.60%
Totals	<u>\$ 815,270,911</u>		<u>15.36%</u>	<u>\$ 357,591,400</u>		<u>11.71%</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
2014	15,293,124	15,179,014	99.3%	\$ 114,110	\$ 15,293,124	100.00%
2015	15,388,156	15,343,922	99.7%	27,074	15,370,996	99.89%
2016	16,900,584	16,849,516	99.7%	48,265	16,897,781	99.98%
2017	17,764,759	17,730,952	99.8%	28,788	17,759,740	99.97%
2018	18,314,301	18,280,317	99.8%	27,613	18,307,930	99.97%
2019	19,416,589	19,355,809	99.7%	49,810	19,405,619	99.94%
2020	21,577,752	21,470,720	99.5%	83,515	21,554,235	99.89%
2021	24,239,378	24,147,164	99.6%	65,107	24,212,271	99.89%
2022	26,662,851	26,589,497	99.7%	40,087	26,629,584	99.88%
2023	30,638,556	30,560,101	99.7%	-	30,560,101	99.74%

Reconciliation to revenues collected:

Total collected as stated above	\$ 30,560,101
Prior year collections in current year	85,328
Releases and write-offs	(169,846)
Penalties and interest collected	53,244
	<u>30,528,827</u>

Ad valorem taxes collected per general fund financial statements

\$ 30,528,827

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>Subscriptions</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Per Capita (1)</u>	<u>Percentage of Personal Income (2)</u>
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%
2023	2,625,691	562,037	365,785	56,543,200	60,096,713	1,647	4.55%

(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
 6/30/2023
 (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	\$ 2,630,348,368 (1)	2.72%	\$ 71,635,995
Town of Garner	60,096,713	100.00%	<u>60,096,713</u>
Total direct and overlapping debt			<u><u>\$ 131,732,708</u></u>

(1) Information provided by Wake County Finance Department. Of the total debt outstanding, \$1,292,280,986 or 49.13% 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
2014	26,253	\$ 3,103,111,862	\$ 22,712,167	0.73%	\$ 865
2015	27,060	3,069,057,511	37,414,201	1.22%	1,383
2016	28,766	3,195,322,605	35,138,685	1.10%	1,222
2017	28,999	3,264,526,830	36,922,324	1.13%	1,273
2018	31,317	3,375,884,965	35,062,118	1.04%	1,120
2019	32,069	3,530,720,543	37,694,118	1.07%	1,175
2020	33,562	3,717,603,429	38,169,319	1.03%	1,137
2021	32,698	4,765,276,454	36,706,747	0.77%	1,123
2022	34,799	5,080,670,620	34,780,177	0.68%	999
2023	36,490	5,447,675,571	56,543,200	1.04%	1,550

(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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 248,249	\$ 245,365	\$ 255,626	\$ 261,162	\$ 270,071	\$ 282,458	\$ 297,408	\$ 381,222	\$ 406,454	\$ 435,814
Total net debt applicable to limit	22,426	36,135	35,139	36,922	35,062	37,694	38,169	36,707	34,780	60,097
Legal debt margin	<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>\$ 371,674</u>	<u>\$ 375,717</u>

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	\$ 5,447,675,571
Debt Limit (8% of total assessed value)	435,814,046

Debt applicable to limit:

Outstanding General Bonded Debt	\$ 56,543,200
Other outstanding debt	<u>3,553,513</u>
Total amount of debt applicable to debt limit	<u>60,096,713</u>

Legal debt margin \$ 375,717,333

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)
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
2023	36,490	36,163	3.1%	1,319,588

(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 2023 and Ten Year Comparison
(Unaudited)

Table 16

Employer	2023			2014		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Amazon	5,300	1	26.5%			
Wake County Public Schools	1,366	2	6.8%	1,000	1	4.9%
Compass Group USA, Inc.	434	3	2.2%	350	3	1.5%
Wal-Mart	350	4	1.8%			1.2%
Lowe's Home Improvement	335	5	1.7%			
Lithko Contracting, LLC	300	6	1.5%			
Pepsi Bottling Ventures	300	6	1.5%			
Sigma Electric Mfg Corp	300	6	1.5%	251	7	1.7%
Target	290	7	1.5%			
Cabela's	250	8	1.3%			0.6%
Hamlin Company	250	8	1.3%	358	2	
Food Lion	220	9	1.1%			
Ameri Gas	198	10	1.0%			
Town of Garner				160	10	1.3%
Golden State Foods				268	5	5.7%
Pergo, Inc.				299	4	1.3%
F&D Huebner, LLC				258	6	1.7%
Kroger				200	8	1.3%
Strategic Behavioral Health				190	9	1.3%
Totals	<u>9,893</u>		<u>46.68%</u>	<u>2,976</u>		<u>22.50%</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
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
2023	5,447,675,571	2,088	268,947,978

(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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	39.00	40.50	43.00	43.50	41.62	45.62	52.00	53.00	64.00	64.00
Public Safety	78.00	78.50	81.50	83.50	86.50	89.50	90.50	90.50	97.00	98.00
Streets and Transportation	13.00	14.00	14.00	14.00	16.00	16.00	16.00	16.00	19.00	19.00
Cultural & Recreation	25.00	25.50	25.50	26.00	28.00	29.00	29.00	29.00	39.00	39.00
Total	<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>	<u>220.00</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	2014	2015	2016	2017	2018
Community Development Services					
Inspections:					
Permits issued (all trade types)	995	1,297	1,207	1,324	1,531
Building inspections conducted	5,971	6,303	5,244	7,619	11,608
Public Works					
Miles of streets maintained	99.00	100.00	101.00	102.00	104.71
Traffic control signs repaired/replaced	133	140	142	122	113
Town parks maintained	12	14	14	11	11
Town athletic fields/courts maintained	30	36	36	14	19
Town building/grounds maintained	55	56	56	53	55
Police					
Calls for service	31,913	35,963	33,132	36,611	35,968
Accidents investigated	1,249	1,260	1,371	1,342	1,469
Arrests	1,304	1,330	1,082	1,156	1,122
Fire/Rescue					
Fire call answered	1,564	1,654	1,790	1,829	1,827
EMS calls answered	3,131	3,141	3,315	3,407	3,355
Solid Waste					
Sanitation customers	8,852	8,952	8,957	9,023	9,186
% of solid waste stream reduction reported to the state	40%	52%	50%	61%	61%
Spring and fall cleanups - tons collected	401	423	486	711	414
Leisure Services					
Parks & Recreation program registrations	3,634	4,200	4,025	4,011	4,312
Picnic shelter reservations	708	600	700	582	582
Auditorium event attendance	35,844	31,395	31,869	33,458	31,923
Independence day attendance	17,000	17,000	10,000	8,500	15,000

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	2019	2020	2021	2022	2023
Community Development Services					
Inspections:					
Permits issued (all trade types)	1,547	1,622	1,929	2,124	2,088
Building inspections conducted	13,547	18,755	19,242	32,195	34,372
Public Works					
Miles of streets maintained	104.71	109.00	113.50	114.43	114.43
Traffic control signs repaired/replaced	134	123	90	129	129
Town parks maintained	11	11	11	11	11
Town athletic fields/courts maintained	19	20	20	20	20
Town building/grounds maintained	55	56	57	58	58
Police					
Calls for service	36,684	35,474	32,743	42,171	41,223
Accidents investigated	1,391	1,620	1,478	1,576	1,948
Arrests	1,170	1,140	934	923	1,463
Fire/Rescue					
Fire calls answered	1,827	2,019	2,162	2,459	2,459
EMS calls answered	3,491	3,537	3,684	4,344	4,344
Solid Waste					
Sanitation customers	9,434	9,642	10,132	10,715	11,622
% of solid waste stream reduction reported to the state	62%	62%	62%	62%	62%
Spring and fall cleanups - tons collected	1,350	1,200	770	641	1,520
Leisure Services *					
Parks & Recreation program registrations	4,339	1,878 *	1,116 *	4,002 *	6,848
Picnic shelter reservations	572	264 *	399 *	655 *	673
Auditorium event attendance	40,798	6,400 *	1,198 *	20,195 *	40,318
Independence day attendance	14,000	9,000 *	0 *	9,000 *	10,000

* 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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police stations	3	3	1	1	1	1	1	1	1	1
Patrol and investigative units	3	3	1	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)	99.78	100.00	101.43	102.30	104.71	106.85	109.08	113.50	114.43	114.43
Sidewalks (feet)	318,892	332,640	323,180	355,208	361,385	361,385	387,719	406,174	409,904	409,904
Leisure Services										
Number of major parks	13	14	14	14	14	14	14	14	14	14
Total park acreage	350	350	350	350	375	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



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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 15, 2023.

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
December 15, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL 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 Federal Program

Opinion on the Major Federal 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 major federal programs for the year ended June 30, 2023. The Town's major federal 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 federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal 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 federal 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 federal 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.

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
December 15, 2023

TOWN OF GARNER, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
June 30, 2023

Awarding Agency	Federal Assistance Number	Pass-through Number	Federal	State
FEDERAL AWARDS				
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program	16.607	n/a	\$ 2,349	\$ -
<u>U.S. Department of Transportation</u>				
Passed through NC Department of Transportation Highway Planning and Construction	20.205	TIP # U-6225	181,500	-
<u>U.S. Department of Transportation:</u>				
Passed through NC Governor's Highway Safety Program National Highway Traffic Safety Administration	20.600	PT-22-06-14	26,808	-
		PT-22-06-31	15,176	-
		PT-23-06-43	27,445	-
			69,429	-
<u>U.S. Department of the Treasury:</u>				
Passed through NC Department of State Treasurer Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0171	10,000,000	-
TOTAL FEDERAL AWARDS			10,253,278	-
STATE AWARDS				
<u>N.C. Department of Health and Human Services:</u>				
Senior Center Development Grant			-	10,901
<u>N.C. Department of Transportation:</u>				
Powell Bill		DOT-4	-	265,576
TOTAL STATE AWARDS			-	276,477
TOTAL FEDERAL AND STATE AWARDS			\$ 10,253,278	\$ 276,477

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 fiscal year ended June 30, 2023. 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, 2023

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

Internal control over major state programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

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

Federal Assistance Listing Number

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish Type A and Type B federal programs?

\$750,000

Auditee qualified as a low-risk auditee?

Yes No

State Awards

There was not an audit of major state programs as total expenditures of state awards did not exceed the \$500,000 threshold established by the State Single Audit Implementation Act for the fiscal year ended June 30, 2023.

TOWN OF GARNER, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
STATE AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

TOWN OF GARNER, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

None reported.