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Town of Garner, NC

# Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2021

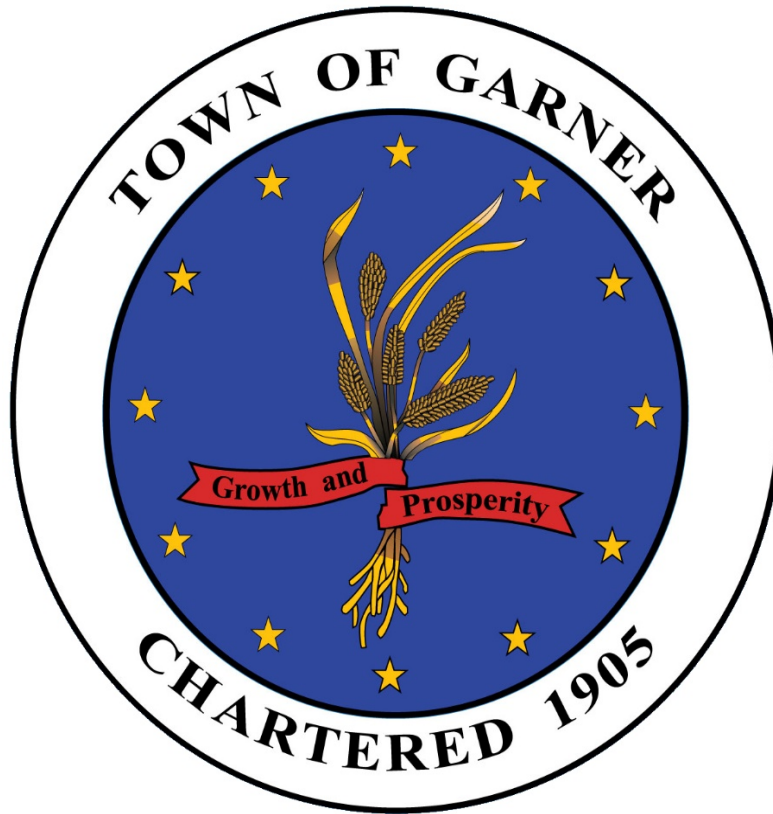
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**GARNER**  
*A Great Place to Be.*

# TOWN OF GARNER

NORTH CAROLINA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY:  
FINANCE DEPARTMENT

# TOWN OF GARNER, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

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# TOWN OF GARNER, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

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**TOWN OF GARNER, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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## INTRODUCTORY SECTION

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## Town of Garner

900 7<sup>th</sup> Avenue, Garner, North Carolina 27529  
Phone (919) 773-4412 Fax (919) 662-8874 [www.GarnerNC.gov](http://www.GarnerNC.gov)

December 29, 2021

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, 2021. 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 ACFR 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, 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, 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 comfortable residential community with close proximity to Raleigh. The Town's unemployment rate on June 30, 2021, was 4.1% compared with 7.6% on June 30, 2020, as the rate came back down to pre-pandemic levels.

The unprecedented growth in recent years has created additional demand for services. The Town has been preparing for a November 2021 bond referendum that would fund among other things new parks, street improvements, and a new fire station. The Town's primary revenue source, property taxes, is projected to increase by 8.8 percent in FY 2022 due to a 1.5 cents tax increase to meet operating needs and growth in the tax base. Natural growth in the tax base comes primarily from the construction of new residential and commercial properties which is a good indicator of the Town's economic climate.

Growth is anticipated to continue as many of the Town's development related indicators continue to trend upwards. One area this is reflected is in the number of building permits issued by the Town. The FY 2021 total of 1,929 permits was a 19% increase over the prior year and should increase even more in coming years.

An additional indicator of continued economic growth is seen in sales tax revenues. Year-to-date revenue is up 17% over the prior year which was the best year on record for this revenue category. This is driven by community confidence in the local economy and the addition of new residents to the area.

Several new business park ventures are underway including The Beacon Commerce Park across Jones Sausage Road from the Amazon Distribution Center which should be completed in early 2022. The park will add over 670,000 square feet of new industrial space to the Garner market. Amazon has also constructed a 165,000 square foot Amazon Delivery Station in the Greenfield North Park, fully building out the business park. The new delivery station is one of three in the Triangle and will create hundreds of new jobs in Garner.

The ongoing pandemic has not slowed down the rapid growth Garner is experiencing. As part of the FY 2022 Adopted Budget, Town Council approved several new positions in the Police and Public Works Departments to meet the demand for services. This will allow the Town to maintain its high-quality service level to citizens. The Town continues to perform an annual in-depth review of long-term operating and capital requirements to ensure resources are available. This work will help to ensure that the Town is positioned to meet future growth.

## MAJOR INITIATIVES

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

- Infrastructure upgrades as part of the 2013 bond referendums continue town-wide, including a new recreation center, new sidewalks, and street improvements.
- The Town is in the process of a comprehensive review and update of its Unified Development Ordinance to ensure development regulations meet growth needs and goals.
- Commercial development continues to be strong as several new business parks and business park expansions were approved in FY 2021.
- Town staff provide an industry recognized high level of service to citizens through nationally accredited departments like Public Works and Parks, Recreation, and Cultural Resources.
- The Town maintained its AAA bond rating from Standard and Poor's Financial Services.

## OTHER INFORMATION

**Independent Audit.** State statutes require an annual audit by independent certified public accountants. Town 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, 2021, 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 (ACFR) for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

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 ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement for a ACFR is valid for a period of one year only. The Town of Garner has received a Certificate of Achievement for the CAFR for 32 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, 2020. The Certificate of Achievement is a prestigious national award, recognizing a local government's ability to extract information from their ACFR 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 seven 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, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. The Town has received a Distinguished Budget Award for 24 years.

**Acknowledgments.** The preparation of the comprehensive annual financial report represents the work of the entire Finance Department as well as assistance from other Town departments. Special thanks go to Mrs. Gini Schacker who serves as the Town's Accounting Services Manager for her efforts to compile this report. We also express our appreciation to the Town Council for their continued support and advice 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 2020-21 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, 2021**

**Ken Marshburn**

Mayor

**Phil Matthews**

Council Member

**Kathy Behringer**

Mayor Pro Tem

**J. Graham "Gra" Singleton, Jr.**

Council Member

**Demian Dellinger**

Council Member

**Elmo Vance**

Council Member

**Terri Jones**

Town Attorney

**Rodney Dickerson**

Town Manager

**John Hodges**

Assistant Town Manager  
Development Services

**Vacant**

Assistant Town Manager  
Operations

**Stella Gibson**

Town Clerk

**David C. Beck**

Finance Director

**Joe Binns**

Police Chief

**Vacant**

Budget & Special Projects

**María Muñoz-Blanco**

Parks, Recreation & Cultural  
Resources

**Joseph Stallings**

Economic Development

**B.D. Sechler**

Human Resources

**Rick Mercier**

Communications

**Mari Howe**

Downtown Development

**Chris Johnson**

Engineering

**Jeff Triezenberg**

Planning

**Tony Beasley**

Inspections

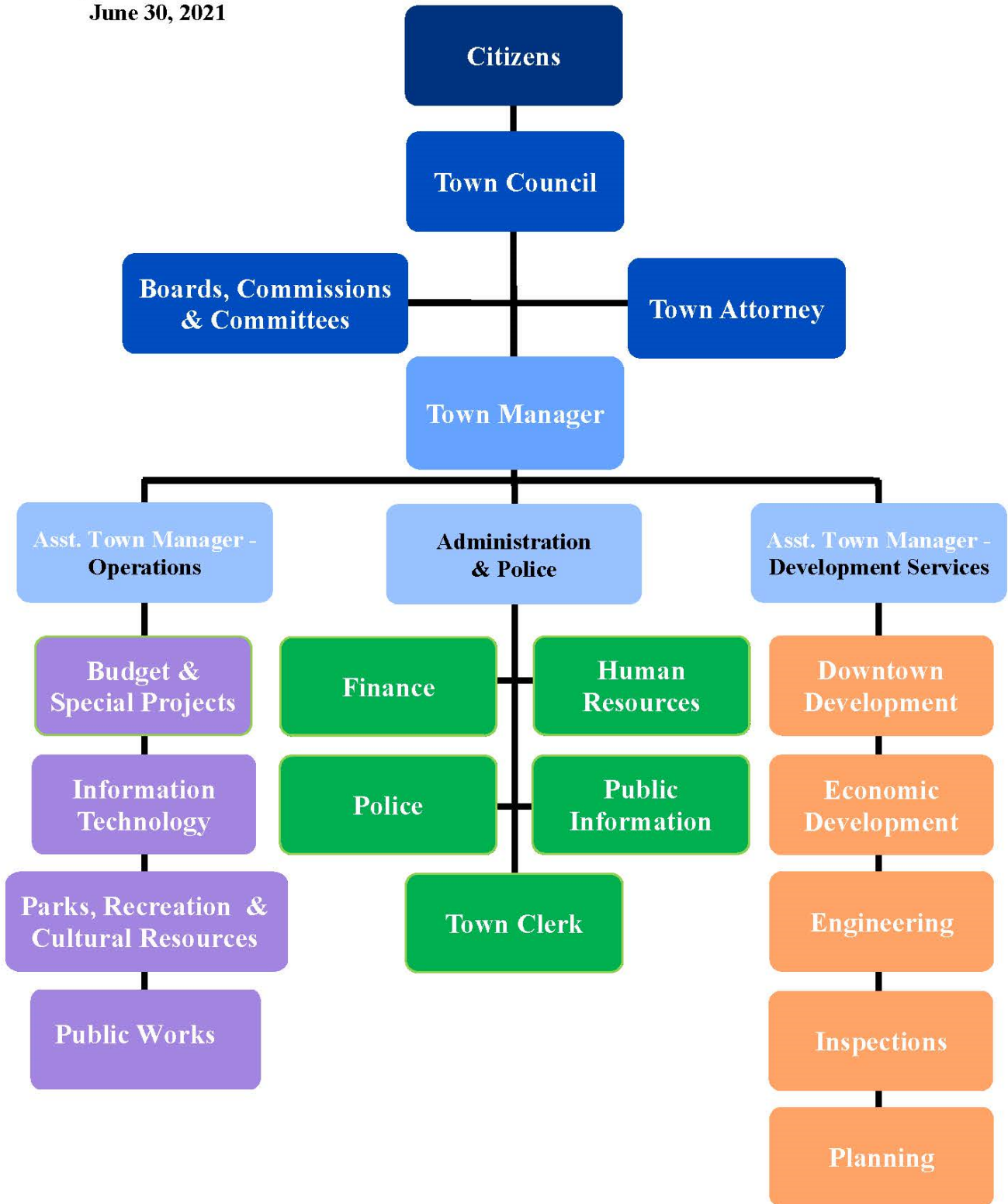
**Forrest Jones**

Public Works

**Eric Rucker**

Information Technology

**Town of Garner, North Carolina  
Organizational Chart  
June 30, 2021**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Garner  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Garner, North Carolina as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis, the Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance, the Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance, the Schedule of Changes in Total OPEB Liability, the Town of Garner's Proportionate Share of Net Pension Liability (Asset), and the Schedule of the Town of Garner's Contributions on pages 4-10, 47, 48, 49, 50, 51 and 52, respectively, be presented to supplement the basic financial statements. Such information, 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.

***Other 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, as listed in the table of contents, 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* (Uniform Guidance) and the State Single Audit Implementation Act, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

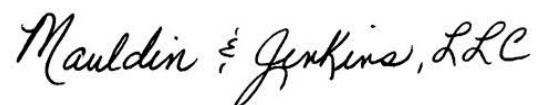
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The individual fund statements and schedules and the schedule of expenditures of federal and state awards (collectively, “the supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 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 the Town’s internal control over financial reporting and compliance.



Columbia, South Carolina  
December 29, 2021

## 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, 2021. 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 \$71,644,468 (net position).
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$34,650,306 or a decrease of \$3,243,164.
- As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$13,446,655, or 33.3%, 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 two 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, 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 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.

**Fiduciary Funds.** During the fiscal year, the Town implemented GASB Statement No. 84, Fiduciary Activities. The implementation of this standard resulted in the consolidation of the Water and Sewer Fees Fund with the Town's General Fund. The Town has no fiduciary funds to 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 18-46 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 47-52 of this report.



## Town of Garner, North Carolina

### Management Discussion and Analysis

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 53-61 of this report.

The Statistical Section presents detailed information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. The statistical section can be found on pages 62-88.

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

### Government-wide Financial Analysis

As noted earlier, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,644,468 as of June 30, 2021. Approximately 93.9% 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 (7.2%) 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**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current and other assets	\$ 37,932,952	\$ 39,921,392
Capital assets	103,428,836	99,043,840
Total assets	<u>141,361,788</u>	<u>138,965,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension and OPEB deferrals	8,651,086	4,274,644
<b>LIABILITIES</b>		
Long-term debt outstanding	68,686,359	65,213,782
Other liabilities	4,244,889	5,906,943
Total liabilities	<u>72,931,248</u>	<u>71,120,725</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension and OPEB deferrals	2,450,621	1,870,179
Prepaid taxes	45,443	9,991
Total deferred inflows of resources	<u>2,496,064</u>	<u>1,880,170</u>

**Town of Garner, North Carolina**

Management Discussion and Analysis

**NET POSITION**

Net investment in capital assets	67,261,755	65,504,868
Restricted	5,172,033	4,196,004
Unrestricted	(789,320)	538,109
Total net position	\$ 71,644,468	\$ 70,238,981

The Town's net position increased by \$1,405,487, while unrestricted net position decreased by \$1,327,429, resulting in a negative unrestricted net position of \$4,054,051. The following are some of the items that influenced the change in unrestricted net position:

- Net OPEB liability increased by \$2,919,362.
- Net pension liability increased by \$1,396,035.
- The Town financed \$927,692 of installment loans for vehicles in October of 2020, increasing its long-term debt outstanding.

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

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 3,341,437	\$ 2,844,388
Operating grants & contributions	1,770,598	992,323
Capital grants & contributions	2,771,870	439,688
General revenues		
Property taxes	24,228,277	21,495,503
Other taxes	10,851,818	9,531,391
Other	398,000	1,202,927
Total Revenues	43,362,000	36,506,220
<b>EXPENSES</b>		
General government	10,040,000	9,592,933
Public safety	14,917,299	13,441,817
Transportation	9,419,303	6,375,777
Environmental protection	2,277,683	2,170,760
Cultural & recreational	4,057,142	4,213,447
Interest on long-term debt	1,245,086	1,310,482
Total expenses	41,956,513	37,105,216
<b>Change in net position</b>	1,405,487	(598,996)
Net position, beginning of year	70,238,981	70,837,977
<b>Net position, end of year</b>	\$ 71,644,468	\$ 70,238,981

## Town of Garner, North Carolina

### Management Discussion and Analysis

**Governmental Activities.** The Town's net position increased by \$1,405,487 during the current fiscal year. Key elements of this increase included:

- While property tax revenues increased \$2,732,774 due to a revaluation and a rate increase, these gains were somewhat offset by increasing operating costs and certain one-time expenses.
- Other taxes were also up \$1,320,427 driven by sales tax revenues that soared to all-time highs during the pandemic.
- Expenses increased 13.1% from the prior year partially attributable to increases in the Town's personnel costs, including continued increases from the State in the pension contributions and salary increases as a result of a pay study.

Total revenues were \$43.4 million. Charges for services, which go directly against expenses, accounted for 7.7% of revenues.

The total cost of all programs and services was \$42.0 million. Cost of public safety programs (building inspections, police and contracted fire services) accounted for 35.6% of expenses, followed by general government expenses at 23.9%. The Town also spent an additional 9.7% 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, 2021, the Town's governmental funds reported a combined ending fund balance of \$34,650,306 an increase of (8.6)% from the previous fiscal year attributed to a general obligation bond sale of \$7.19 million. Approximately \$13.4 million (38.8%) 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 (\$2.2 million), committed by the governing body for future capital projects (\$8.8 million), or restricted by external parties (\$10.2 million).

The General Fund is the chief operating fund of the Town. As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$13,446,655, or 33.3%, of total General Fund expenditures for the fiscal year. The governing body of the Town has determined that the Town should maintain unassigned fund balance equal to at least 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town.

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

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

The fund balance of the Town's General Fund increased \$0.5 million during the current fiscal year. The key factor for this increase is strong revenues that overall exceeded General Fund expenditures.

Per the Town's Revenue Savings Plan policy, a portion of revenue growth each year is set aside for future capital needs. The Town set aside \$1.9 million in FY21 as additional committed fund balance.

## Town of Garner, North Carolina

### Management Discussion and Analysis

**Capital Projects Fund Highlights.** Fund balance of the Capital Projects Fund decreased \$3.7 million. The decrease is due to project funds being spent down during the year. The new Recreation Center was completed and the Town has several street and sidewalk improvement projects that are underway. All of the bonds from the 2013 referendum have been sold.

#### Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets as of June 30, 2021, amounts to \$103,428,836 (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 \$4,384,996.

Major capital asset investments of \$16.2 million during the fiscal year include: land purchases for future expansion of town facilities and parks, construction of the new Recreation Center finished, and starting several street and sidewalk improvement projects that are underway.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 18,262,636	\$ 15,969,886
Buildings	29,096,268	17,655,618
Intangible assets	17,485,081	17,485,081
Improvements	4,477,339	3,767,614
Equipment	3,195,199	2,016,202
Infrastructure	25,303,712	26,664,309
Construction in Progress	5,608,601	15,485,131
Total	<u>\$ 103,428,836</u>	<u>\$ 99,043,841</u>

Additional information on the Town's capital assets can be found on page 30 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, 2021. The Town entered into a \$927,692 installment purchase contract for vehicles and equipment. At the end of the fiscal year, the Town had total debt outstanding of \$39,526,223. Of this, \$35.2 million is backed by the full faith and credit of the Town; the remainder is secured by interest in property, vehicles, or equipment.

The Town's total debt decreased by \$1,796,999 during the fiscal year.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
General obligation bonds	\$ 35,167,000	\$ 36,525,000
Installment financing agreements	4,359,223	4,798,222
Total	<u>\$ 39,526,223</u>	<u>\$ 41,323,222</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 \$381.2 million. This is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 31-33 of this report.

## Town of Garner, North Carolina

### Management Discussion and Analysis

#### Economic Factors and Next Year's Budget

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

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

#### Budget Highlights for the Fiscal Year Ending June 30, 2022

**Governmental Activities:** The FY 2021-2022 budget increased by \$2,547,268, or 6.3 percent, over the FY 2020-2021 budget. This budget was developed following a comprehensive review of current and future requirements. As part of this review, it was determined that a combination of market forces, increasing service demands, and unfunded mandates has significantly impacted the Town's ability to fund critical operating requirements. As a result, the Town's property tax rate was raised by 1.5 cents to 51.21 cents per \$100 of assessed value. This will allow the Town to continue to fund critical services and to meet core requirements. The tax increase also funds several new positions related to managing proposed projects that are part of a 2021 bond referendum. These new positions will come online if the referendum is passed by voters.

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

The Town took a very conservative approach to budget development for fiscal year 2021 as a result of uncertainty about the potential impacts on our local economy due to the COVID-19 pandemic. The Town has weathered the financial impacts of the pandemic very well so far. Revenues for fiscal year 2022 were budgeted in the traditional manner based on growth trends and projections as the local economy returns to a more normal state.

Revenue growth is expected to occur in multiple categories. Property tax revenues are anticipated to increase by 8.8 percent based on the tax rate increase and growth in the tax base. Sales tax revenues are estimated to match last year's record-setting numbers. Several categories related to development are anticipated to increase as additional residential and commercial investments continue. The one revenue stream that is likely to continue to be impacted by the ongoing pandemic is investment earnings.

With these additional resources the Town will be able to address several needs in the upcoming year. The Town allocated \$350,000 to fund critical facility maintenance needs. The Town funded costs associated with new staff including a budget analyst, construction inspection supervisor, and two project managers needed to manage projects that are part of a proposed bond referendum. Several Public Works positions were converted from part-time to full-time due to increasing service demands. Finally, four new patrol officer positions were added in the Police Department to allow for better service levels as population and service area growth have increased demands.

The Town has chosen to appropriate fund balance in the fiscal year 2022 budget. These appropriations of fund balance (totaling \$2,434,685) will be used to make one-time investments in equipment and infrastructure.

#### Requests for Information

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

# TOWN OF GARNER, NORTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government	
	Governmental Activities	
<b>ASSETS</b>		
Cash and cash equivalents	\$	24,121,734
Investments		10,070,616
Taxes receivable, net of allowances		56,799
Intergovernmental receivables		3,571,740
Other receivables		30,093
Inventories		33,137
Prepaid items		48,833
Capital assets:		
Non-depreciable		41,356,318
Depreciable, net of accumulated depreciation		62,072,518
Total assets		141,361,788
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pension items		4,564,177
Deferred outflows - OPEB items		4,086,909
Total deferred outflows of resources		8,651,086
<b>LIABILITIES</b>		
Accounts payable		2,702,826
Accrued interest payable		499,151
Payroll withholdings		233,941
Customer deposits		235,349
Installment notes, due within one year		951,449
Installment notes, due in more than one year		3,407,774
Bonds payable, due within one year		1,822,000
Bonds payable, due in more than one year		34,884,747
Compensated absences, due within one year		741,267
Compensated absences, due in more than one year		741,267
Total Pension Liability (LEOSSA), due in more than one year		4,591,706
Net pension liability (LGERs), due in more than one year		5,863,277
Net OPEB liability, due in more than one year		19,197,588
Total liabilities		75,872,342
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension items		149,865
Deferred inflows - OPEB items		2,300,756
Prepaid taxes		45,443
Total deferred inflows of resources		2,496,064
<b>NET POSITION</b>		
Net investment in capital assets		67,261,755
Restricted for:		
Stabilization by State statute		5,156,144
Public safety - law enforcement		15,889
Unrestricted		(789,320)
Total net position	\$	71,644,468

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, 2021

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	\$ 10,040,000	\$ 900,357	\$ -	\$ -	\$ (9,139,643)
Public safety	14,917,299	1,573,922	999,736	-	(12,343,641)
Transportation	9,419,303	608,447	759,697	1,970,470	(6,080,689)
Environmental protection	2,277,683	98,326	-	-	(2,179,357)
Culture and recreation	4,057,142	160,385	11,165	801,400	(3,084,192)
Interest on long-term debt	1,245,086	-	-	-	(1,245,086)
Total governmental activities	<u>41,956,513</u>	<u>3,341,437</u>	<u>1,770,598</u>	<u>2,771,870</u>	<u>(34,072,608)</u>
Total primary government	<u>\$ 41,956,513</u>	<u>\$ 3,341,437</u>	<u>\$ 1,770,598</u>	<u>\$ 2,771,870</u>	<u>\$ (34,072,608)</u>
General revenues:					
Property taxes, levied for general purposes					24,228,277
Local option sales tax					8,327,689
Other taxes					2,524,129
Miscellaneous					360,193
Unrestricted investment earnings					37,807
Total general revenues and transfers					<u>35,478,095</u>
Change in net position					1,405,487
Net position, beginning of year					<u>70,238,981</u>
Net position, end of year					<u>\$ 71,644,468</u>

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

# TOWN OF GARNER, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	Capital Project Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,243,959	\$ 5,877,775	\$ 24,121,734
Investments	10,070,616	-	10,070,616
Taxes receivable, net	56,799	-	56,799
Intergovernmental receivable	3,484,745	86,995	3,571,740
Other receivables	30,093	-	30,093
Inventory	33,137	-	33,137
Prepaid items	48,833	-	48,833
<b>Total assets</b>	<b>\$ 31,968,182</b>	<b>\$ 5,964,770</b>	<b>\$ 37,932,952</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,723,940	\$ 978,886	\$ 2,702,826
Payroll withholdings	233,941	-	233,941
Deposits payable	235,349	-	235,349
<b>Total liabilities</b>	<b>2,193,230</b>	<b>978,886</b>	<b>3,172,116</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	56,798	-	56,798
Unavailable revenue - other	8,289	-	8,289
Advance collection of property tax	45,443	-	45,443
<b>Total deferred inflows of resources</b>	<b>110,530</b>	<b>-</b>	<b>110,530</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	48,833	-	48,833
Inventories	33,137	-	33,137
Restricted:			
Stabilization by State Statute	5,156,144	-	5,156,144
Public safety - law enforcement	15,889	-	15,889
Capital projects	-	4,985,884	4,985,884
Committed:			
Capital projects	2,436,284	-	2,436,284
Other	6,376,805	-	6,376,805
Assigned for:			
Subsequent year expenditure	2,150,675	-	2,150,675
Unassigned	13,446,655	-	13,446,655
<b>Total fund balances</b>	<b>29,664,422</b>	<b>4,985,884</b>	<b>34,650,306</b>
<b>Total liabilities, deferred inflows of resources, and und balances</b>	<b>\$ 31,968,182</b>	<b>\$ 5,964,770</b>	<b>\$ 37,932,952</b>

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, 2021**

Fund balances- Governmental Funds		\$ 34,650,306
<b>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Assets not being depreciated	41,356,318	
Assets being depreciated, net of accumulated depreciation	<u>62,072,518</u>	103,428,836
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		65,087
Net pension liability for the LGERS is not recorded on the fund financial statements		(5,863,277)
Total OPEB liability is not recorded on the fund financial statements		(19,197,588)
Total pension liability for the Special Separation Allowance LEO is not recorded on the fund financial statements		(4,591,706)
Deferred inflows and outflows of resources related to pensions and OPEB which are not current financial resources and, therefore, not reported in the funds.		6,200,465
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Bonds payable	(35,167,000)	
Premium on bonds	(1,539,747)	
Installment notes	(4,359,223)	
Compensated absences	(1,482,534)	
Accrued interest payable	<u>(499,151)</u>	<u>(43,047,655)</u>
Net position of governmental activities		<u>\$ 71,644,468</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF GARNER, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 24,227,212	\$ -	\$ 24,227,212
Other taxes and licenses	8,519,512	-	8,519,512
Intergovernmental revenues	4,103,224	1,969,500	6,072,724
Permits and fees	2,339,338	-	2,339,338
Sales and services	470,445	-	470,445
Investment earnings	35,463	2,344	37,807
Miscellaneous	317,642	510,000	827,642
Total revenues	<u>40,012,836</u>	<u>2,481,844</u>	<u>42,494,680</u>
<b>EXPENDITURES</b>			
Current:			
General government	9,349,738	-	9,349,738
Public safety	15,643,025	-	15,643,025
Transportation	5,435,599	-	5,435,599
Environmental protection	2,277,683	-	2,277,683
Culture and recreation	3,624,123	-	3,624,123
Capital outlays	-	6,406,323	6,406,323
Debt service:			
Principal retirement	2,724,691	-	2,724,691
Interest and fiscal charges	1,269,740	869	1,270,609
Total expenditures	<u>40,324,599</u>	<u>6,407,192</u>	<u>46,731,791</u>
Deficiency of revenues over expenditures	<u>(311,763)</u>	<u>(3,925,348)</u>	<u>(4,237,111)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term debt	927,692	-	927,692
Transfers in	-	200,000	200,000
Transfers out	(200,000)	-	(200,000)
Sale of capital assets	66,255	-	66,255
Total other financing sources (uses)	<u>793,947</u>	<u>200,000</u>	<u>993,947</u>
Net change in fund balances	482,184	(3,725,348)	(3,243,164)
Fund balances, beginning of year	<u>29,182,238</u>	<u>8,711,232</u>	<u>37,893,470</u>
Fund balances, end of year	<u>\$ 29,664,422</u>	<u>\$ 4,985,884</u>	<u>\$ 34,650,306</u>

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

**TOWN OF GARNER, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances- total governmental funds \$ (3,243,164)

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

Capital outlay	\$ 7,861,839	
Capital contributions	800,000	
Depreciation expense	<u>(4,276,843)</u>	
Net adjustment to increase fund balance-governmental fund to arrive at net position of governmental activities		4,384,996

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.

Proceeds from issuance of debt	(927,692)	
Interest expense	24,653	
Amortization of bond premium	104,572	
Principal repayments	<u>2,724,691</u>	

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

Taxes receivable	1,070
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences (i.e., vacation)	(82,776)
Net pension liability - LGERS and related deferred outflows and inflows of resources	(775,304)
Total pension liability - LEO Special Separation Allowance and related deferred outflows and inflows of resources	(180,534)
Total OPEB liability - and related deferred outflows and inflows of resources	<u>(625,025)</u>

Change in net position of governmental activities	<u><u>\$ 1,405,487</u></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, 2021

	Budget		Actual Amounts	Variance with Actual and Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 23,805,723	\$ 23,838,223	\$ 24,227,212	\$ 388,989
Other taxes and licenses	5,834,338	6,889,338	8,519,512	1,630,174
Intergovernmental revenues	3,288,318	4,181,862	4,103,224	(78,638)
Permits and fees	1,857,080	2,228,837	2,339,338	110,501
Sales and services	589,710	589,710	470,445	(119,265)
Investment earnings	450,000	125,000	35,463	(89,537)
Miscellaneous	202,500	260,804	317,642	56,838
Total revenues	36,027,669	38,113,774	40,012,836	1,899,062
<b>Expenditures</b>				
Current:				
General government	8,253,820	11,190,023	9,349,738	1,840,285
Public safety	14,926,671	16,068,737	15,643,025	425,712
Transportation	4,689,258	5,856,479	5,435,599	420,880
Environmental protection	2,321,786	2,321,786	2,277,683	44,103
Culture and recreation	4,149,667	5,027,186	3,624,123	1,403,063
Debt service:				
Principal retirement	2,696,516	2,696,516	2,724,691	(28,175)
Interest and fiscal charges	1,399,342	1,399,342	1,269,740	129,602
Total expenditures	38,437,060	44,560,069	40,324,599	4,235,470
Deficiency of revenues over expenditures	(2,409,391)	(6,446,295)	(311,763)	6,134,532
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	972,692	972,692	927,692	(45,000)
Transfers in	689,009	583,805	-	(583,805)
Transfers out	(2,502,959)	(2,112,269)	(200,000)	1,912,269
Sale of capital assets	45,000	45,000	66,255	21,255
Fund balance appropriated	3,205,649	6,957,067	-	(6,957,067)
Total other financing sources (uses)	2,409,391	6,446,295	793,947	(5,652,348)
Net change in fund balances	-	-	482,184	482,184
<b>Fund balances, beginning of year</b>	29,182,238	29,182,238	29,182,238	-
<b>Fund balances, end of year</b>	\$ 29,182,238	\$ 29,182,238	\$ 29,664,422	\$ 482,184

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

**TOWN OF GARNER, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**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 and Capital Projects Fund as major funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town reports the following major governmental funds:

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **D. Budgets**

Annual appropriated budgets are adopted for all funds. The amounts shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2021. The Town adopts annual budgets, prepared on the modified accrual basis for all funds except the capital project fund, which has a project budget adopted. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital project budget appropriations do not lapse until the completion of the project. The Town Council may amend the budget throughout the year.

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

#### **E. Deposits**

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

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **F. Restricted cash and cash equivalents**

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

#### **G. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

#### **H. Allowances**

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

#### **I. Interfund Receivables and Payables**

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. 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.

#### K. Capital Assets

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

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

Buildings	40 years
Vehicles and Motorized Equipment	5 years
Machinery and Equipment	3 years
Improvements	20 years
Infrastructure	25 years

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town currently has two items, pension and OPEB deferrals, that meet this criterion.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **L. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net 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 position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several items under the modified accrual basis of accounting which meet the criterion for this category - prepaid taxes and unavailable revenues. Additionally, the Town reports two items, pension and OPEB deferrals, which are reported only in the governmental activities.

#### **M. 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.

#### **N. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Long-Term Obligations (Continued)

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.

#### O. Fund Equity

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

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

Fund balances are classified as follows:

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

*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.

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

*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).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Fund Equity (Continued)

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

*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.

*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 park improvements* - portion of fund balance that has been committed by Council for construction of new park facilities or improvements to existing facilities.

*Committed for Veteran's Memorial* – portion of fund balance that has been committed by Council for the future maintenance of the Town's veteran's memorial at Lake Benson Park.

*Committed for regional storm water retention facilities* - portion of fund balance that has been committed by Council for construction or improvements to storm water retention facilities.

*Committed for improvements to Lake Benson Park* - portion of fund balance that has been committed by Council for improvements to Lake Benson Park.

*Committed for purchase of park equipment* - portion of fund balance that has been committed by Council for purchase of equipment in Town parks.

*Committed for Community Center* - portion of fund balance that has been committed by Council for outfitting of future community/recreation center.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Fund Equity (Continued)

*Committed for purchase of additional water and sewer capacity* - portion of fund balance that has been committed by Council for purchase of additional water and sewer capacity from the City of Raleigh and for debt service on debt to purchase additional capacity if fees are not adequate to pay debt service cost.

*Committed for greenways* - portion of fund balance that has been budgeted by Council for construction of greenways.

*Committed for insurance* – portion of fund balance that has been committed by Council to offset future employee and retiree insurance expenses.

*Committed for public safety* – portion of fund balance that has been committed by Council to offset future public safety operating and capital expenses.

*Committed for roadway improvements* – portion of fund balance that has been committed by Council for the purpose of roadway construction.

*Committed for revenue savings plan* – portion of fund balance that has been committed by Council to offset future debt service needs.

*Committed for storm water retention ponds* – portion of fund balance that has been committed by Council for construction or maintenance of storm water retention ponds.

*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. The assigned fund balance of the General Fund includes \$1,649,594 of outstanding encumbrances.

*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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Fund Equity (Continued)

**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.

#### P. 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.

#### Q. Management Estimates

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2021 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$	24,121,734
Investments		10,070,616
	\$	34,192,350

Cash and investments deposited with financial institutions	\$	12,064,956
Cash deposited with NCCMT		22,127,394
	\$	34,192,350

**Credit risk.** State statutes and the Town's policies authorize the Town to invest in obligations of the state of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The Town does not have a credit rating policy which provides restrictions or limitations on credit ratings for the Town's investments. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2021.

At June 30, 2021, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value 6/30/21	Duration	Rating
Commercial Paper	Fair Value-Level 2	\$ 1,004,217	12 months	A-1
US Treasury	Fair Value-Level 1	9,066,399	12 months	AA+
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	22,127,394	N/A	AAAm
		\$ 32,198,010		

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

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

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

**Custodial credit risk – deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the Town's deposits are insured or collateralized as required by state law.



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. RECEIVABLES**

Taxes receivables at June 30, 2021, for the Town's General Fund amounted to a balance of \$259,424, with an offsetting allowance for doubtful accounts of \$202,625.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 15,969,886	\$ 2,292,750	\$ -	\$ 18,262,636
Construction In progress	15,485,131	4,541,630	(14,418,160)	5,608,601
Intangible Assets	17,485,081	-	-	17,485,081
	<u>48,940,098</u>	<u>6,834,380</u>	<u>(14,418,160)</u>	<u>41,356,318</u>
<b>Total capital assets not being depreciated</b>				
<b>Capital assets being depreciated:</b>				
Buildings	22,531,359	11,978,774	-	34,510,133
Improvements	10,333,972	1,051,887	-	11,385,859
Equipment	7,770,982	1,759,658	(465,999)	9,064,641
Infrastructure	94,260,377	1,455,300	-	95,715,677
	<u>134,896,690</u>	<u>16,245,619</u>	<u>(465,999)</u>	<u>150,676,310</u>
<b>Total capital assets being depreciated</b>				
<b>Less accumulated depreciation for:</b>				
Buildings	(4,875,741)	(538,124)	-	(5,413,865)
Improvements	(6,566,359)	(342,161)	-	(6,908,520)
Equipment	(5,754,780)	(580,661)	465,999	(5,869,442)
Infrastructure	(67,596,068)	(2,815,897)	-	(70,411,965)
	<u>(84,792,948)</u>	<u>\$ (4,276,843)</u>	<u>\$ 465,999</u>	<u>(88,603,792)</u>
<b>Total accumulated depreciation</b>				
Total capital assets being depreciated, net	<u>50,103,742</u>			<u>62,072,518</u>
Governmental activity capital assets, net	<u>\$ 99,043,840</u>			<u>\$ 103,428,836</u>

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

Governmental activities:	
General government	\$ 381,289
Public safety	383,624
Transportation	3,015,822
Culture and recreation	496,108
	<u>\$ 4,276,843</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2021 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Direct placement - General obligation bonds	\$ 36,525,000	\$ -	\$ 1,358,000	\$ 35,167,000	\$ 1,822,000
Premium on bonds	1,644,319	-	104,572	1,539,747	-
Total bonds	<u>38,169,319</u>	<u>-</u>	<u>1,462,572</u>	<u>36,706,747</u>	<u>1,822,000</u>
Direct borrowing - Promissory notes	4,798,222	927,692	1,366,691	4,359,223	951,449
Compensated absences	1,399,758	631,562	548,786	1,482,534	741,267
Net pension liability (LGERS)	4,467,242	1,396,035	-	5,863,277	-
Total pension liability (LEO)	3,530,245	1,324,678	263,217	4,591,706	-
Total OPEB liability	16,278,226	4,409,112	1,489,750	19,197,588	-
Total	<u>\$ 68,643,012</u>	<u>\$ 8,689,079</u>	<u>\$ 5,131,016</u>	<u>\$ 72,201,075</u>	<u>\$ 3,514,716</u>

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

**Direct Placement - Bonds Payable**

The outstanding balances for direct placement bonds as of June 30, 2021 are as follows:

	<b>Balance as of June 30, 2021</b>
<b>General obligation bonds</b>	
\$14,670,000 2015 Public improvement bonds due in annual installments of \$565,000 to \$1,710,000 through August 2036; interest varying from 2.0 to 5.0 percent.	\$ 11,765,000
\$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.	8,050,000
\$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.	3,810,000
\$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.	7,005,000
\$4,740,000 2020 Refunding of Public improvements 2010 bonds due in annual installments of \$203,000 to \$428,000 through August 1, 2031; interest of 1.81 percent.	<u>4,537,000</u>
Total General Obligation Bonds	<u>\$ 35,167,000</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

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

	Principal	Interest	Total
Year Ending June 30,			
2022	\$ 1,822,000	\$ 1,136,795	\$ 2,958,795
2023	1,823,000	1,071,377	2,894,377
2024	1,819,000	1,003,756	2,822,756
2025	1,820,000	936,082	2,756,082
2026	1,820,000	868,290	2,688,290
2027-2031	11,123,000	3,239,775	14,362,775
2032-2036	11,700,000	1,365,319	13,065,319
2037-2040	3,240,000	149,944	3,389,944
Total	\$ 35,167,000	\$ 9,771,338	\$ 44,938,338

**Direct Borrowing - Promissory notes and installment purchase contracts:**

	Balance as of June 30, 2021
<b><i>Governmental activities</i></b>	
\$927,692 installment purchase contract for vehicles and equipment due in annual installments through October 1, 2024; interest at 1.093%.	927,692
\$660,000 installment purchase contract for vehicles and equipment due in annual installments of \$162,000 to \$168,000 through March 1, 2022; interest at 1.41%	168,531
\$5,519,000 installment loan for refinancing and for the purchase of a parcel of property due in annual installments of \$532,000 to \$564,000 through September 1, 2026; interest at 1.84%	3,263,000
Total promissory notes and installment purchase contracts	\$ 4,359,223

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**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 951,449	\$ 67,047	\$ 1,018,496
2023	781,552	52,401	833,953
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>\$ 4,358,692</u>	<u>\$ 206,090</u>	<u>\$ 4,564,782</u>

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 200,000

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

## NOTES TO FINANCIAL STATEMENTS

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### 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](http://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, 2021, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$1,239,767 for the year ended June 30, 2021.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (Continued)**

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

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

At June 30, 2021, the Town reported a liability of \$5,863,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.16408%, which was an increase of 0.00050% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$2,015,071. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 740,429	\$ -
Changes in plan assumptions	436,343	-
Net difference between projected and actual earnings on pension plan investments	825,100	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,231	13,877
Town contributions subsequent to the measurement date	1,239,767	-
Total	\$ 3,254,870	\$ 13,877

Town contributions made subsequent to the measurement date of \$1,239,767 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>		
2022	\$	559,225
2023		752,069
2024		445,745
2025		244,187
2026		-
Thereafter		-
	\$	2,001,226

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 3.00%. All rates of return and inflation are annualized.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (Continued)**

**Discount rate.** The discount rate used to measure the total pension liability was 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 11,895,951	\$ 5,863,277	\$ 849,701

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

**B. Law Enforcement Officers Special Separation Allowance**

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

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

Retirees receiving benefits	12
Active plan members	65
Total	77

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



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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 \$293,421 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, 2021, the Town reported a total pension liability of \$4,591,706. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021 the Town recognized pension expense of \$473,955.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 107,784	\$ 79,909
Changes of assumptions	1,038,129	56,079
Town benefit payments made subsequent to the measurement date	163,394	-
Total	<u>\$ 1,309,307</u>	<u>\$ 135,988</u>

The Town reported \$163,394 as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2022	\$ 249,702
2023	230,166
2024	200,752
2025	193,159
2026	136,146
Total	<u>\$ 1,009,925</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**Changes in the Total Pension Liability.** The changes in total pension liability of the Town for the fiscal year ended June 30, 2021 were as follows:

	<b>2021</b>
Beginning balance	\$ 3,530,245
Service cost	118,951
Interest on the total pension liability	110,796
Differences between expected and actual experience in the measurement of the total pension liability	(45,402)
Changes of assumptions or other inputs	1,140,333
Benefit payments	(263,217)
Ending balance of the total pension liability	\$ 4,591,706

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 Town's total pension liability calculated using the discount rate of 1.93%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	<b>1% Decrease (0.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	\$ 4,921,179	\$ 4,591,706	\$ 4,287,391

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. PENSION PLANS (CONTINUED)

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

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

	LGERS	LEOSSA	Total
Pension Expense	2,015,071	473,955	2,489,026
Pension Liability	5,863,277	4,591,706	10,454,983
Proportionate share of the net pension liability	0.16408%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	740,429	107,784	848,213
Changes of assumptions	436,343	1,038,129	1,474,472
Net difference between projected and actual earnings on plan investments	825,100	-	825,100
Changes in proportion and differences between contributions and proportionate share of contributions	13,231	-	13,231
Benefit payments and administrative costs paid subsequent to the measurement date	1,239,767	163,394	1,403,161
	3,254,870	1,309,307	4,564,177
 Deferred Inflows of Resources			
Differences between expected and actual experience	-	79,909	79,909
Changes of assumptions	-	56,079	56,079
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,877	-	13,877
	13,877	135,988	149,865

#### 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, 2021 were \$415,390 which consisted of \$234,095 from the Town and \$181,295 from the law enforcement officers.

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7. PENSION PLANS (CONTINUED)**

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

All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement Income Plan, a defined contribution pension plan as described previously. The Plan is a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$679,559, which consisted of \$383,798 from the Town and \$295,761 from the employees.

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

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

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

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

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

Active participants	178	
Retirees and beneficiaries currently receiving benefits	49	
Total	227	

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, 2021, the Town contributed \$331,337 for the pay as you go benefits for the HCB Plan.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

***Total OPEB Liability***

The Town's total OPEB liability of \$19,197,588 was measured as of June 30, 2020 by an actuarial valuation as of June 30, 2020.

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

Inflation rate	2.50 %	
Real wage growth	1.00%	
Wage inflation	3.50%	
Salary increases, including wage inflation		
General employees	3.50% - 7.75%	
Law Enforcement Officers	3.50% - 7.35%	
Municipal Bond Index Rate		
Prior measurement date	3.50%	
Measurement date	2.21%	
Health care cost trends		
Pre-medicare	7.00% - 4.50%	Ultimate Trend in 2030
Medicare	5.25% - 4.50%	Ultimate Trend in 2024

The discount rate is based on the Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by the Bond Buyer, and the Municipal Bond Index Rate as of the measurement date.

**Changes in the Total OPEB Liability.** The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2021 were as follows:

	<b>Total OPEB Liability</b>	
<b>Balance at June 30, 2020</b>	\$	16,278,226
Service cost		358,612
Interest		574,837
Experience differences		(1,060,211)
Assumption changes		3,475,663
Benefit payments		(429,539)
<b>Balance at June 30, 2021</b>	\$	19,197,588

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%. The current mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 valuation.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB Liability	\$ 23,165,560	\$ 19,197,588	\$ 16,144,677

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the Town, as well as what the Town's 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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 16,017,480	\$ 19,197,588	\$ 23,344,162

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

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

For the year ended June 30, 2021 the Town recognized OPEB expense of \$956,362. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,943	\$ 1,105,835
Changes in plan assumptions	3,752,629	1,194,921
Town contributions subsequent to the measurement date	331,337	-
Total	\$ 4,086,909	\$ 2,300,756

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Town contributions made subsequent to the measurement date of \$331,337 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Period Ending June 30:</b>	
2022	\$ 112,218
2023	112,218
2024	112,218
2025	134,501
2026	333,670
Thereafter	649,991
	<u>\$ 1,454,816</u>

**NOTE 9. OTHER EMPLOYMENT BENEFITS**

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

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

## NOTES TO FINANCIAL STATEMENTS

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### 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 selffunded risk-financing pools administered by the North Carolina League of Municipalities. Through this pool, the Town obtains workers' compensation coverage up to statutory limits. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. This pool is audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

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

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

### NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

#### Litigation:

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

#### Grant Contingencies:

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the Statement, the Town performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. The Water and Sewer Fees fund that was previously accounted for in a fiduciary fund has had no revenues or expenditures for the years ending June 30, 2020 and June 30, 2021, and the remaining balance is immaterial. Therefore, the fund has been consolidated with the Town's General Fund for reporting purposes. This resulted in an increase of \$21,731 in other receivables, and an increase of \$21,731 in accounts payable.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF GARNER, NORTH CAROLINA**

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

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

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  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAST FIVE FISCAL YEARS**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668
Covered payroll	4,281,081	4,318,057	4,183,629	4,117,105	4,363,230
Total pension liability as a percentage of covered payroll	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**

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

**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 EIGHT FISCAL YEARS\***

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	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) (\$)	\$ 5,863,277	\$ 4,467,242	\$ 3,780,327	\$ 2,454,898	\$ 3,506,311	\$ 717,174	\$ (950,671)	\$ 1,991,294
Town's covered payroll	\$ 11,192,219	\$ 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	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	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**TOWN OF GARNER, NORTH CAROLINA**

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

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

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

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

**TOWN OF GARNER, NORTH CAROLINA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2019
Actuarial cost method	Frozen Entry age
Amortization method	Level dollar, closed
Remaining amortization period	12 years
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 (and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	3.50 – 8.10%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation



**SUPPLEMENTARY INFORMATION**

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# 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, 2021

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Ad valorem taxes:				
Current year	\$ 23,701,223	\$ 23,733,723	\$ 24,119,154	\$ 385,431
Prior year	60,500	60,500	63,863	3,363
Penalties and interest	44,000	44,000	44,195	195
Total ad valorem taxes	23,805,723	23,838,223	24,227,212	388,989
Other taxes and licenses:				
ABC mixed beverage	150,000	150,000	167,709	17,709
Local option sales tax	5,664,338	6,719,338	8,327,689	1,608,351
Solid waste disposal tax	20,000	20,000	24,114	4,114
Total other taxes and licenses	5,834,338	6,889,338	8,519,512	1,630,174
Intergovernmental revenues:				
Beer and wine tax	135,000	135,000	134,564	(436)
Utility franchise tax	1,925,000	1,825,000	1,905,376	80,376
Video programming fees	249,000	249,000	236,676	(12,324)
Powell Bill allocation	773,682	773,682	759,697	(13,985)
PEG channel funds	79,500	79,500	52,902	(26,598)
Federal asset forfeiture	-	-	4,224	4,224
Controlled substance tax	-	-	2,788	2,788
Federal grants	-	983,029	889,376	(93,653)
State grants	-	10,515	10,515	-
Wake County grant - school resource officer	126,136	126,136	107,106	(19,030)
Total intergovernmental revenues	3,288,318	4,181,862	4,103,224	(78,638)
Sales and services:				
Recreation fees	274,160	274,160	78,015	(196,145)
Facility rentals	186,825	186,825	82,370	(104,455)
Sanitation fees	53,775	53,775	98,326	44,551
Dental insurance fees	-	-	111,101	111,101
Third-party bill collection	4,950	4,950	2,186	(2,764)
Street repairs	40,000	40,000	68,447	28,447
Right of way mowing	30,000	30,000	30,000	-
Total sales and service	589,710	589,710	470,445	(119,265)

*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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Permits and fees:</b>				
Police outside employment	225,000	225,000	192,162	(32,838)
Animal licenses	800	800	270	(530)
Planning and zoning fees	189,100	189,100	122,291	(66,809)
Inspection fees	1,391,480	1,391,480	1,418,074	26,594
Business registration	30,000	30,000	23,600	(6,400)
Fee in lieu of park land	-	371,757	577,061	205,304
Special event permit	700	700	-	(700)
Retention pond fees	-	-	3,000	3,000
False alarms charges	20,000	20,000	2,850	(17,150)
Taxi cab inspection fees	-	-	30	30
Total permits and fees	1,857,080	2,228,837	2,339,338	110,501
Investment earnings	450,000	125,000	35,463	(89,537)
Land use charges	15,000	15,000	112,640	97,640
Insurance proceeds	-	58,304	58,553	249
Miscellaneous	24,500	24,500	40,326	15,826
Assessments	4,000	4,000	-	(4,000)
Interest on assessments	700	700	-	(700)
Code enforcement	25,000	25,000	15,056	(9,944)
Officers' fees	7,500	7,500	3,758	(3,742)
Parking violations	800	800	2,980	2,180
Landfill reimbursement	125,000	125,000	82,279	(42,721)
Contributions	-	-	2,050	2,050
Total revenues	36,027,669	38,113,774	40,012,836	1,899,062
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government:</b>				
Governing body:				
Salaries and employee benefits	128,715	128,715	127,493	1,222
Operating expenditures	78,188	78,188	65,742	12,446
Professional services	26,200	26,200	25,415	785
Contracted services	4,300	5,800	4,376	1,424
Capital outlay	-	1,270,000	1,267,906	2,094
Total	237,403	1,508,903	1,490,932	17,971
Administration:				
Salaries and employee benefits	1,283,276	1,283,276	1,216,781	66,495
Operating expenditures	433,864	1,111,364	582,935	528,429
Insurance	610,000	717,500	692,765	24,735
Professional services-legal	208,617	211,052	192,468	18,584
Total	2,535,757	3,323,192	2,684,949	638,243
Finance:				
Salaries and employee benefits	637,631	637,631	585,782	51,849
Operating expenditures	114,550	117,702	131,359	(13,657)
Professional services	73,200	87,650	65,239	22,411
Contracted services	116,911	154,026	108,601	45,425
Total	942,292	997,009	890,981	106,028
Economic development:				
Salaries and employee benefits	230,334	230,334	216,258	14,076
Operating expenditures	141,844	141,844	128,411	13,433
Contracted services	10,200	10,200	8,676	1,524
Total	382,378	382,378	353,345	29,033

*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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Planning:</b>				
Salaries and employee benefits	849,020	849,020	866,191	(17,171)
Operating expenditures	61,255	266,820	200,192	66,628
Professional services	14,700	14,700	1,000	13,700
Total	924,975	1,130,540	1,067,383	63,157
<b>Engineering:</b>				
Salaries and employee benefits	798,221	798,221	737,902	60,319
Operating expenditures	28,538	100,742	23,412	77,330
Capital outlay	-	139,281	44,340	94,941
Total	826,759	1,038,244	805,654	232,590
<b>Information Technology:</b>				
Salaries and employee benefits	452,121	452,121	359,896	92,225
Operating expenditures	132,613	145,573	120,550	25,023
Contracted services	212,080	212,080	192,542	19,538
Total	796,814	809,774	672,988	136,786
<b>Building maintenance:</b>				
Salaries and employee benefits	454,258	454,258	426,745	27,513
Operating expenditures	485,553	517,544	368,252	149,292
Contracted services	287,454	326,004	189,374	136,630
Capital outlay	-	-	28,969	(28,969)
Total	1,227,265	1,297,806	1,013,340	284,466
<b>Vehicle maintenance:</b>				
Salaries and employee benefits	324,451	324,451	325,575	(1,124)
Operating expenditures	45,705	45,705	38,456	7,249
Contracted services	10,021	10,021	6,135	3,886
Total	380,177	380,177	370,166	10,011
Total general government	8,253,820	10,868,023	9,349,738	1,518,285
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and employee benefits	7,196,373	7,332,223	7,268,452	63,771
Retirees insurance	329,284	329,284	331,337	(2,053)
Separation allowance	251,684	306,684	315,321	(8,637)
Operating expenditures	406,129	432,810	453,603	(20,793)
Professional services	13,600	13,600	13,897	(297)
Contracted services	580,703	583,463	556,243	27,220
Capital outlay	505,760	737,242	561,972	175,270
Total	9,283,533	9,735,306	9,500,825	234,481
<b>Inspections:</b>				
Salaries and employee benefits	1,273,467	1,273,467	1,212,114	61,353
Operating expenditures	103,733	119,531	86,808	32,723
Capital outlay	-	330,000	329,666	334
Total	1,377,200	1,722,998	1,628,588	94,410

*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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Fire Department:</b>				
Contracted services	4,265,938	4,610,433	4,513,612	96,821
Total	4,265,938	4,610,433	4,513,612	96,821
Total public safety	14,926,671	16,068,737	15,643,025	425,712
<b>Transportation:</b>				
Transportation:				
Salaries and employee benefits	396,147	401,147	395,272	5,875
Operating expenditures	25,855	25,855	17,544	8,311
Total	422,002	427,002	412,816	14,186
Street repair and construction:				
Salaries and employee benefits	1,100,111	1,100,111	1,005,286	94,825
Operating expenditures	1,485,779	2,210,639	2,265,704	(55,065)
Contracted services	961,146	1,398,507	768,027	630,480
Capital outlay	720,220	1,042,220	983,766	58,454
Total	4,267,256	5,751,477	5,022,783	728,694
Total Transportation	4,689,258	6,178,479	5,435,599	742,880
<b>Environmental Protection:</b>				
Sanitation:				
Operating expenditures	513,246	513,246	476,202	37,044
Contracted services	1,808,540	1,808,540	1,801,481	7,059
Total	2,321,786	2,321,786	2,277,683	44,103
<b>Cultural and Recreation:</b>				
Administration:				
Salaries and employee benefits	289,398	289,398	148,042	141,356
Operating expenditures	65,012	65,012	31,944	33,068
Capital outlay	-	224,750	224,614	136
Total	354,410	579,160	404,600	174,560
Recreational programs:				
Salaries and employee benefits	1,414,043	1,414,043	1,138,468	275,575
Operating expenditures	449,586	458,465	245,852	212,613
Contracted services	463,361	947,612	295,861	651,751
Total	2,326,990	2,820,120	1,680,181	1,139,939

*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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
Parks maintenance and development:				
Salaries and employee benefits	1,046,748	1,143,748	1,152,632	(8,884)
Operating expenditures	174,906	174,906	144,710	30,196
Contracted services	246,613	309,252	242,000	67,252
Total	<u>1,468,267</u>	<u>1,627,906</u>	<u>1,539,342</u>	<u>88,564</u>
Total cultural and recreation	4,149,667	5,027,186	3,624,123	1,403,063
<b>Debt Service:</b>				
Principal retirement	2,696,516	2,696,516	2,724,691	(28,175)
Interest and fees	1,399,342	1,399,342	1,269,740	129,602
Total debt service	<u>4,095,858</u>	<u>4,095,858</u>	<u>3,994,431</u>	<u>101,427</u>
Total Expenditures	<u>38,437,060</u>	<u>44,560,069</u>	<u>40,324,599</u>	<u>4,235,470</u>
Deficiency of revenues over expenditures	(2,409,391)	(6,446,295)	(311,763)	6,134,532
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	45,000	45,000	66,255	21,255
Issuance of debt	972,692	972,692	927,692	(45,000)
From (To) Capital Projects Fund	(1,813,950)	(1,528,464)	(200,000)	1,328,464
Fund balance appropriated	3,205,649	6,957,067	-	(6,957,067)
Total other financing sources (uses)	<u>2,409,391</u>	<u>6,446,295</u>	<u>793,947</u>	<u>(5,652,348)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	482,184	<u>\$ 482,184</u>
<b>Fund balance, beginning of year</b>			<u>29,182,238</u>	
<b>Fund balance, end of year</b>			<u>\$ 29,664,422</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, 2021**

	Project Budget	Actual		Total
		Prior Years	Current Year	
<b>REVENUES</b>				
Intergovernmental revenues	\$ 10,989,855	\$ 3,635,857	\$ 1,969,500	\$ 5,605,357
Investment earnings	218,595	511,132	2,344	513,476
Miscellaneous	529,234	198,449	510,000	708,449
Total revenues	<u>11,737,684</u>	<u>4,345,438</u>	<u>2,481,844</u>	<u>6,827,282</u>
<b>EXPENDITURES</b>				
Parks and Recreation Improvements	2,489,612	1,383,647	-	1,383,647
Town Hall/Police Station	15,223,315	14,704,910	18,360	14,723,270
Sewer Outfall Project	1,668,357	672,279	48,395	720,674
Timber Drive	1,844,410	1,857,971	-	1,857,971
Vandora/Buffalo Roundabout	333,825	333,824	-	333,824
US 70 Highway Improvements	11,556,313	6,295,480	1,597,606	7,893,086
Recreation Center	10,902,140	11,633,987	274,972	11,908,959
Redevelopment	2,166,087	1,984,349	154,190	2,138,539
Street & Sidewalk Improvements	15,447,760	6,873,931	4,292,800	11,166,731
2021 Bonds Fund	200,000	-	20,000	20,000
Interest and fiscal charges	711,306	716,804	869	717,673
Total expenditures	<u>62,543,125</u>	<u>46,457,182</u>	<u>6,407,192</u>	<u>52,864,374</u>
Deficiency of revenues over expenditures	(50,805,441)	(42,111,744)	(3,925,348)	(46,037,092)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	38,566,000	38,565,000	-	38,565,000
Premium on bonds	1,427,131	2,117,717	-	2,117,717
Transfers in	13,946,669	12,667,887	200,000	12,867,887
Transfers out	(3,134,359)	(2,527,628)	-	(2,527,628)
Total other financing sources (uses)	<u>50,805,441</u>	<u>50,822,976</u>	<u>200,000</u>	<u>51,022,976</u>
Net change in fund balance	\$ -	\$ 8,711,232	(3,725,348)	\$ 4,985,884
<b>FUND BALANCE, beginning of year</b>			<u>8,711,232</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 4,985,884</u>	

**TOWN OF GARNER, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**JUNE 30, 2021**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 24,239,378	\$ 24,147,164	\$ 92,214
2019-2020	107,032	-	61,523	45,509
2018-2019	19,207	-	3,134	16,073
2017-2018	8,692	-	430	8,262
2016-2017	6,368	-	293	6,075
2015-2016	3,665	-	99	3,566
2014-2015	17,334	-	5	17,329
2013-2014	28,395	-	228	28,167
2012-2013	42,455	-	226	42,229
2011-2012	32,180	-	32,180	-
	<u>\$ 265,328</u>	<u>\$ 24,239,378</u>	<u>\$ 24,245,282</u>	<u>259,424</u>
Less: allowance for uncollectible accounts:				
	General Fund			<u>(202,625)</u>
Ad valorem taxes receivable - net				<u>\$ 56,799</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 24,227,212
Reconciling items:				
	Interest collected			(44,195)
	Change in allowance for doubtful accounts			(6,972)
	Payment in lieu of taxes			-
	Releases and write-offs			69,237
Total collections and credits				<u>\$ 24,245,282</u>



**TOWN OF GARNER, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**  
**JUNE 30, 2021**

	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	\$ 4,776,783,923	0.4971	\$ 23,745,392	\$ 22,004,635	\$ 1,740,757
Vehicle Fee			826,245	26,955	799,290
Penalties			19,280	19,280	-
Total original levy			<u>24,590,917</u>	<u>22,050,870</u>	<u>2,540,047</u>
Discoveries:					
Current year levy	61,654,289	0.4971	12,147	12,147	-
Adjustments:					
Current year levy	<u>(73,161,758)</u>	0.4971	<u>(363,687)</u>	<u>(363,687)</u>	<u>-</u>
Total property valuation	<u>\$ 4,765,276,454</u>				
Net levy			24,239,378	21,699,331	2,540,047
Uncollected taxes at June 30, 2021			<u>92,214</u>	<u>92,214</u>	<u>-</u>
Current year's taxes collected			<u>\$ 24,147,164</u>	<u>\$ 21,607,117</u>	<u>\$ 2,540,047</u>
Current levy collection percentage			<u>99.62%</u>	<u>99.58%</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, 2021

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Secondary Market Disclosure

Assessed Valuation:

Assessment Ratio (1)		100%
Real Property	\$	3,979,499,872
Personal Property		636,724,269
Public Service Companies (2)		149,052,313
Total Assessed Valuation	\$	4,765,276,454
Tax Rate per \$100		0.4971
Levy (includes discoveries, releases and abatements) (3)	\$	24,239,378

(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.

**STATISTICAL SECTION**

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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.

<b>Contents</b>	<b>Page</b>
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>	63-68
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	69-74
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>	75-78
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>	81-83
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>	79-85

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

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 64,781,668	\$ 63,035,753	\$ 65,505,673	\$ 63,979,719	\$ 61,370,282	\$ 61,066,119	\$ 60,841,862	\$ 63,713,621	\$ 65,504,868	\$ 67,261,755
Restricted										
Stabilization by state statute	1,360,720	1,940,597	3,761,936	3,974,251	2,943,559	3,508,572	3,358,985	3,688,276	4,181,675	5,156,144
Streets	405,797	484,250	615,932	662,812	570,628	836,096	773,055	117,777	-	-
Law enforcement	-	20,396	34,294	95,480	100,429	37,002	40,479	47,095	14,329	15,889
Capital projects	683,398	-	-	-	-	-	-	-	-	-
Unrestricted	16,984,241	16,913,915	15,732,218	16,977,444	21,214,333	18,423,099	6,371,951	3,271,208	538,109	(789,320)
<b>Total governmental activities net position</b>	<b>\$ 84,215,824</b>	<b>\$ 82,394,911</b>	<b>\$ 85,650,053</b>	<b>\$ 85,689,706</b>	<b>\$ 86,199,231</b>	<b>\$ 83,870,888</b>	<b>\$ 71,386,332</b>	<b>\$ 70,837,977</b>	<b>\$ 70,238,981</b>	<b>\$ 71,644,468</b>

**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

<b>FUNCTIONS/PROGRAMS</b>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>					
Government activities:					
General government	\$ 6,132,147	\$ 6,552,537	\$ 6,766,914	\$ 5,483,946	\$ 6,855,255
Public safety	9,743,696	9,803,267	10,216,257	10,746,853	11,011,804
Transportation	5,326,310	4,836,477	4,834,011	4,671,100	5,612,182
Environmental protection	1,744,989	1,729,033	1,736,723	1,768,301	1,853,286
Cultural/recreational	2,933,020	3,037,853	2,951,491	3,597,114	3,044,810
Interest on long-term debt	582,873	567,914	637,528	756,985	1,136,933
Total governmental activities	<u>26,463,035</u>	<u>26,527,081</u>	<u>27,142,924</u>	<u>27,024,299</u>	<u>29,514,270</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services					
General government	181,811	347,772	2,225,404	775,755	1,760,641
Public safety	576,322	586,925	805,086	686,758	1,000,264
Transportation	88,269	46,688	31,812	28,254	37,794
Environmental protection	104,429	109,500	31,980	28,600	31,157
Cultural & recreational	267,830	504,361	811,357	419,433	657,107
Interest on long-term debt	16,799	11,199	-	-	-
Operating grants and contributions	1,043,468	1,016,612	965,124	1,054,284	876,610
Capital grants and contributions	2,559,425	263,678	1,578,562	1,245,652	129,726
Total program revenues	<u>4,838,353</u>	<u>2,886,735</u>	<u>6,449,325</u>	<u>4,238,736</u>	<u>4,493,299</u>
Total Governmental net (expense)/revenue	<u>(21,624,682)</u>	<u>(23,640,346)</u>	<u>(20,693,599)</u>	<u>(22,785,563)</u>	<u>(25,020,971)</u>
<b>Revenues</b>					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 14,770,016	\$ 14,804,481	\$ 15,426,294	\$ 15,439,837	\$ 17,072,956
Sales taxes	4,324,449	4,470,661	4,858,268	5,284,843	5,826,797
Other taxes	1,928,686	2,208,444	1,841,516	2,570,214	2,167,490
Grants and contributions					
not restricted to specific programs	9,500	799	500	-	148,479
Unrestricted investment earnings	17,852	11,189	6,992	13,044	314,774
Other	662,815	512,043	1,815,171	859,609	-
Total general revenues	<u>21,713,318</u>	<u>22,007,617</u>	<u>23,948,741</u>	<u>24,167,547</u>	<u>25,530,496</u>
Changes in net position	88,636	(1,632,729)	3,255,142	1,381,984	509,525
Net position, beginning of year	84,127,189	84,215,824	82,394,911	85,650,053	85,689,706
Prior period adjustment	-	(188,184)	-	(1,342,331)	-
Net position, end of year	<u>\$ 84,215,825</u>	<u>\$ 82,394,911</u>	<u>\$ 85,650,053</u>	<u>\$ 85,689,706</u>	<u>\$ 86,199,231</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

<b>FUNCTIONS/PROGRAMS</b>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Expenses</b>					
Government activities:					
General government	\$ 7,021,774	\$ 7,748,861	\$ 8,235,521	\$ 9,592,933	\$ 10,040,000
Public safety	12,208,004	12,726,953	13,479,474	13,441,817	14,917,299
Transportation	5,435,823	6,078,817	6,203,524	6,375,777	9,419,303
Environmental protection	1,888,478	1,895,800	2,041,794	2,170,760	2,277,683
Culture and recreation	3,338,441	3,539,484	4,129,671	4,213,447	4,057,142
Interest on long-term debt	1,312,239	1,153,007	1,146,684	1,310,482	1,245,086
Total governmental activities	<u>31,204,759</u>	<u>33,142,922</u>	<u>35,236,668</u>	<u>37,105,216</u>	<u>41,956,513</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services					
General government	1,130,793	380,906	595,942	799,013	900,357
Public safety	1,153,200	1,316,971	1,925,344	1,600,270	1,573,922
Transportation	59,122	49,897	71,171	65,746	608,447
Environmental protection	20,679	35,070	46,659	57,830	98,326
Culture and recreation	1,002,668	1,107,134	518,124	321,527	160,385
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	1,009,068	1,095,356	881,239	992,323	1,770,598
Capital grants and contributions	36,311	152,143	331,504	439,688	2,771,870
Total program revenues	<u>4,411,841</u>	<u>4,137,477</u>	<u>4,369,983</u>	<u>4,276,397</u>	<u>7,883,905</u>
Total Governmental net (expense)/revenue	<u>(26,792,918)</u>	<u>(29,005,445)</u>	<u>(30,866,685)</u>	<u>(32,828,819)</u>	<u>(34,072,608)</u>
<b>Revenues</b>					
Governmental Activities:					
General Revenues:					
Property taxes	\$ 17,817,253	\$ 18,368,348	\$ 19,526,681	\$ 21,495,503	\$ 24,228,277
Sales taxes	6,064,218	6,208,086	6,881,083	7,137,293	8,327,689
Other taxes	2,573,786	2,384,651	2,626,260	2,394,098	2,524,129
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	244,541	456,212	832,311	671,126	37,807
Other	146,312	275,925	451,995	531,803	360,193
Total general revenues	<u>26,846,110</u>	<u>27,693,222</u>	<u>30,318,330</u>	<u>32,229,823</u>	<u>35,478,095</u>
Changes in net position	53,192	(1,312,223)	(548,355)	(598,996)	1,405,487
Net position, beginning of year	86,199,231	83,870,888	71,386,332	70,238,981	70,238,981
Prior period adjustment	<u>(2,381,553)</u>	<u>(11,172,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 83,870,870</u>	<u>\$ 71,386,332</u>	<u>\$ 70,837,977</u>	<u>\$ 69,639,985</u>	<u>\$ 71,644,468</u>

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

Table 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General fund</b>										
Nonspendable	\$ 49,410	\$ 66,393	\$ 127,934	\$ 84,259	\$ 27,685	\$ 43,342	\$ 45,752	\$ 111,008	\$ 27,359	\$ 81,970
Restricted	1,766,517	2,445,243	2,858,365	3,473,514	3,440,208	4,364,506	4,172,519	3,853,148	14,329	5,172,033
Committed	-	6,868,750	2,717,555	2,791,034	4,200,667	5,767,055	6,503,558	6,017,106	9,009,700	8,813,089
Assigned	8,220,431	283,940	913,645	978,865	1,052,211	1,707,136	2,145,498	2,888,904	2,667,376	2,150,675
Unassigned	13,382,466	14,100,580	14,602,375	16,405,277	17,940,081	18,065,140	17,726,861	15,559,536	13,281,799	13,446,655
<b>Total general fund</b>	<b>\$ 23,418,824</b>	<b>\$ 23,764,906</b>	<b>\$ 21,219,874</b>	<b>\$ 23,732,949</b>	<b>\$ 26,660,852</b>	<b>\$ 29,947,179</b>	<b>\$ 30,594,188</b>	<b>\$ 28,429,702</b>	<b>\$ 25,000,563</b>	<b>\$ 29,664,422</b>
<b>All other governmental funds</b>										
Restricted	\$ 2,156,493	\$ 823,760	\$ 11,663,140	\$ 20,944,933	\$ 15,405,693	\$ 6,626,985	\$ 934,509	\$ 2,814,402	\$ 8,711,232	\$ 4,985,884
Committed	-	-	2,256,119	3,019,673	4,633,993	3,183,529	1,727,623	986,067	-	-
<b>Total all other governmental funds</b>	<b>\$ 2,156,493</b>	<b>\$ 823,760</b>	<b>\$ 13,919,259</b>	<b>\$ 23,964,606</b>	<b>\$ 20,039,686</b>	<b>\$ 9,810,514</b>	<b>\$ 2,662,132</b>	<b>\$ 3,800,469</b>	<b>\$ 8,711,232</b>	<b>\$ 4,985,884</b>



**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

	2012	2013	2014	2015	2016
<b>REVENUES</b>					
Ad valorem taxes	\$ 14,793,235	\$ 14,805,148	\$ 15,467,523	\$ 15,469,793	\$ 17,061,096
Other taxes and licenses	4,573,911	4,731,561	5,117,135	5,547,552	5,826,797
Intergovernmental revenues	2,918,028	3,356,940	4,408,193	4,696,851	3,247,530
Permits and fees	1,079,702	1,188,185	3,851,543	1,816,364	2,981,635
Sales and services	501,335	551,939	514,268	490,653	510,108
Investment earnings	17,851	11,189	8,092	15,360	127,477
Other revenues	2,730,840	298,156	335,835	441,378	285,490
<b>Total revenues</b>	<b>26,614,902</b>	<b>24,943,118</b>	<b>29,702,589</b>	<b>28,477,951</b>	<b>30,040,133</b>
<b>EXPENDITURES</b>					
Current					
General government	5,989,612	6,391,794	6,330,924	5,688,444	6,780,440
Public safety	9,554,279	9,797,725	10,646,438	10,341,777	10,406,031
Transportation	2,289,221	2,205,869	2,128,167	2,350,138	2,708,200
Environmental protection	1,742,909	1,726,953	1,736,723	1,768,301	1,853,286
Cultural and recreational	2,471,480	2,540,428	2,540,999	2,620,696	2,795,777
Capital projects	5,244,596	1,763,592	4,996,717	7,184,635	4,389,939
Debt service					
Principal retirement	729,617	952,021	4,698,123	1,495,425	1,625,841
Interest and fees	542,177	552,432	497,080	775,391	1,166,804
<b>Total expenditures</b>	<b>28,563,891</b>	<b>25,930,814</b>	<b>33,575,171</b>	<b>32,224,807</b>	<b>31,726,318</b>
Revenues over (under) expenditures	(1,948,989)	(987,696)	(3,872,582)	(3,746,856)	(1,686,185)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	\$ 35,202	\$ 1,045	\$ 31,500	\$ 39,262	\$ 59,168
Premium on bonds	-	-	253,495	1,061,816	-
Issuance of debt	-	-	14,138,054	15,204,200	63,000
Payment to escrow agent	-	-	-	-	-
Transfers in	541,284	431,354	6,477,132	250,360	118,456
Transfers out	(541,284)	(431,354)	(6,477,132)	(250,360)	(118,456)
<b>Total other financing sources (uses)</b>	<b>35,202</b>	<b>1,045</b>	<b>14,423,049</b>	<b>16,305,278</b>	<b>122,168</b>
<b>Net change in fund balance</b>	<b>\$ (1,913,787)</b>	<b>\$ (986,651)</b>	<b>\$ 10,550,467</b>	<b>\$ 12,558,422</b>	<b>\$ (1,564,017)</b>
Debt service as a percentage of non-capital expenditures	5.45%	6.23%	18.18%	9.07%	10.22%

**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				
	2017	2018	2019	2020	2021
<b>REVENUES</b>					
Ad valorem taxes	\$ 17,834,515	\$ 18,336,285	\$ 19,520,909	\$ 21,511,829	\$ 24,227,212
Other taxes and licenses	6,236,202	6,376,074	7,048,593	7,316,038	8,519,512
Intergovernmental revenues	3,298,717	3,468,976	3,774,353	3,805,194	6,072,724
Permits and fees	2,690,728	2,217,839	2,409,115	2,197,084	2,339,338
Sales and services	546,432	672,139	725,216	550,101	470,445
Investment earnings	244,541	456,212	832,311	671,126	37,807
Other revenues	325,818	180,654	401,000	-	827,642
<b>Total revenues</b>	<b>31,176,953</b>	<b>31,708,179</b>	<b>34,711,497</b>	<b>36,051,372</b>	<b>42,494,680</b>
<b>EXPENDITURES</b>					
Current					
General government	6,212,951	6,960,076	7,578,884	7,970,199	9,349,738
Public safety	11,214,072	12,989,182	12,906,345	13,279,336	15,643,025
Transportation	2,374,446	2,899,718	3,564,911	3,622,653	5,435,599
Environmental protection	1,888,478	1,895,800	2,041,794	2,170,760	2,277,683
Cultural and recreational	2,759,364	2,936,533	5,558,172	3,466,375	3,624,123
Capital projects	14,273,161	7,493,450	4,551,899	4,179,246	6,406,323
Debt service					
Principal retirement	2,150,627	2,520,206	2,548,501	7,170,395	2,724,691
Interest and fees	1,285,042	1,227,800	1,224,605	1,548,254	1,270,609
<b>Total expenditures</b>	<b>42,158,141</b>	<b>38,922,765</b>	<b>39,975,111</b>	<b>43,407,218</b>	<b>46,731,791</b>
Revenues over (under) expenditures	(10,981,188)	(7,214,586)	(5,263,614)	(7,355,846)	(4,237,111)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	\$ 101,066	\$ 53,213	\$ 29,748	\$ 96,141	\$ 66,255
Premium on bonds	-	-	157,717	618,389	-
Issuance of debt	6,229,000	660,000	4,050,000	11,930,000	927,692
Payment to escrow agent	(2,291,723)	-	-	-	-
Transfers in	-	-	1,031,464	823,881	200,000
Transfers out	-	-	(1,031,464)	(823,881)	(200,000)
<b>Total other financing sources (uses)</b>	<b>4,038,343</b>	<b>713,213</b>	<b>4,237,465</b>	<b>12,644,530</b>	<b>993,947</b>
<b>Net change in fund balance</b>	<b>\$ (6,942,845)</b>	<b>\$ (6,501,373)</b>	<b>\$ (1,026,149)</b>	<b>\$ 5,288,684</b>	<b>\$ (3,243,164)</b>
Debt service as a percentage of non-capital expenditures	12.32%	12.19%	11.45%	22.58%	10.28%

**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
2012	14,793,235	4,573,911	2,918,028	1,079,702	501,335	17,851	2,730,840	26,614,902
2013	14,805,148	4,731,561	3,356,940	1,188,185	551,939	11,189	298,156	24,943,118
2014	15,467,523	5,117,135	4,408,193	3,851,543	514,268	8,092	335,835	29,702,589
2015	15,469,793	5,547,552	4,696,851	1,816,364	490,653	15,360	441,378	28,477,951
2016	17,061,096	5,826,797	3,247,530	2,981,635	510,108	127,477	285,490	30,040,133
2017	17,834,515	6,236,202	3,298,718	2,690,728	546,432	244,541	325,818	31,176,954
2018	18,336,285	6,376,074	3,468,976	2,217,839	672,139	456,212	180,654	31,708,179
2019	19,520,909	7,048,593	3,774,353	2,409,115	725,216	832,311	401,000	34,711,497
2020	21,511,829	7,316,038	3,805,194	2,197,084	550,101	671,126	374,615	36,425,987
2021	24,227,212	8,519,512	6,072,724	2,339,338	470,445	37,807	827,642	42,494,680

(1) Includes General and Capital Project 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
2012	5,989,612	9,554,279	2,289,221	1,742,909	2,471,480	5,244,596	1,271,794	28,563,891
2013	6,391,794	9,797,725	2,205,869	1,726,953	2,540,428	1,763,592	1,504,453	25,930,814
2014	6,330,924	10,646,438	2,128,167	1,736,723	2,540,999	4,996,717	5,195,203	33,575,171
2015	5,688,444	10,341,777	2,350,138	1,768,301	2,620,696	7,184,635	2,270,816	32,224,807
2016	6,780,440	10,751,421	2,708,200	1,853,286	2,795,777	4,044,549	2,792,645	31,726,318
2017	6,212,951	11,605,337	2,656,663	1,888,478	6,045,833	10,313,209	3,435,669	42,158,140
2018	6,960,076	12,989,182	2,899,718	1,895,800	2,936,533	7,493,450	3,748,006	38,922,765
2019	7,578,884	12,906,345	3,564,911	2,041,794	5,558,172	4,551,899	3,773,106	39,975,111
2020	7,970,199	13,279,336	3,622,653	2,170,760	3,466,375	4,179,246	8,718,649	43,407,218
2021	9,349,738	15,643,025	5,435,599	2,277,683	3,624,123	6,406,323	3,995,300	46,731,791

(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				
2012	2,516,107,912	73,569,802	216,342,522	198,944,121	3,004,964,357	0.490	2,879,158,961	104.37%
2013	2,525,516,066	84,276,805	209,030,147	193,694,549	3,012,517,567	0.490	3,005,648,283	100.23%
2014	2,545,063,692	84,992,903	277,051,961	196,003,306	3,103,111,862	0.490	3,057,641,837	101.49%
2015	2,584,113,562	85,722,393	211,479,241	187,742,315	3,069,057,511	0.500	3,045,027,800	100.79%
2016	2,665,301,113	114,535,800	242,511,731	172,973,961	3,195,322,605	0.5175	3,209,121,829	99.57%
2017	2,710,296,531	118,064,138	254,734,085	181,432,076	3,264,526,830	0.5325	3,461,852,418	94.30%
2018	2,777,319,789	132,723,662	262,102,485	203,739,029	3,375,884,965	0.5325	3,793,129,175	89.00%
2019	2,896,345,048	133,018,450	282,099,430	219,257,615	3,530,720,543	0.5325	4,181,336,503	84.44%
2020 (3)	3,041,603,671	148,748,820	292,189,233	235,061,706	3,717,603,430	0.5600	3,714,631,725	100.08%
2021	3,979,499,872	149,052,313	338,617,315	298,106,954	4,765,276,454	0.5600	4,977,829,786	95.73%

(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
2012	0.4900	0.5340	1.024
2013	0.4900	0.5340	1.024
2014	0.4900	0.5340	1.024
2015	0.5000	0.5780	1.078
2016	0.5175	0.6145	1.132
2017	0.5325	0.6005	1.133
2018	0.5325	0.6150	1.148
2019	0.5325	0.6544	1.187
2020 (2)	0.5600	0.7207	1.281
2021	0.4971	0.6000	1.097

(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 2021			Fiscal Year 2012		
	1/1/20 Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation	1/1/11 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress Inc (2)	\$ 118,581,124	1	2.56%	\$ 59,357,440	2	1.9%
BCORE MF Villages LLC	79,058,255	2	1.71%			
NC-Garner White-Northwood TIC LLC	76,137,280	3	1.65%			
Amazon.co Services LLC	51,947,714	4	1.12%			
BCORE MF Timber Creek LP	51,611,840	5	1.12%			
Adeline at White Oak LLC	48,906,999	6	1.06%			
Ashton Village LP	46,514,451	7	1.01%	22,169,484	10	0.7%
Abberly Solaire LLC	45,210,050	8	0.98%			
Abberly Place Garner PH I LP	41,964,045	9	0.91%	25,456,547	8	0.8%
Duke Realty LP	37,908,293	10	0.82%			
Inland American Garner White Oak				76,408,024	1	2.5%
Pergo				42,218,689	3	1.4%
Con Agra Foods				34,185,599	4	1.1%
Alltell Communications				29,734,699	5	1.0%
Regency Center LP				27,033,933	6	0.9%
Greenfield North, LLC				26,643,556	7	0.9%
North South Station LLC				25,449,658	9	0.8%
<b>Totals</b>	<b>\$ 597,840,051</b>		<b>12.92%</b>	<b>\$ 368,657,629</b>		<b>12.1%</b>

(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
2012	14,792,108	14,575,719	98.5%	\$ 216,389	\$ 14,792,108	100.0%
2013	14,837,586	14,616,472	98.5%	178,885	14,795,357	99.7%
2014	15,293,124	15,179,014	99.3%	85,943	15,264,957	99.8%
2015	15,388,156	15,343,922	99.7%	26,905	15,370,827	99.9%
2016	16,900,584	16,849,516	99.7%	47,502	16,897,018	100.0%
2017	17,764,759	17,730,952	99.8%	27,728	17,758,680	100.0%
2018	18,314,301	18,280,317	99.8%	25,722	18,306,039	100.0%
2019	19,416,589	19,355,809	99.7%	44,707	19,400,516	99.9%
2020	21,577,752	21,470,720	99.5%	61,523	21,532,243	99.8%
2021	24,239,378	24,147,164	99.6%	-	24,147,164	99.6%

Reconciliation to revenues collected:

Total collected as stated above	\$ 24,147,164
Prior year collections in current year	98,120
Releases and write-offs	(62,267)
Penalties and interest collected	44,195
	<u>24,227,212</u>

Ad valorem taxes collected per general fund financial statements

\$ 24,227,212



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

Table 11

Fiscal Year	Installment Purchase	General Obligation Bonds	Total	Per Capita (1)	Percentage of Personal Income (2)
2012	7,775,807	6,211,175	13,986,982	538	1.67%
2013	7,045,820	5,988,387	13,034,207	499	1.47%
2014	6,900,751	15,525,000	22,425,751	854	2.53%
2015	6,374,526	31,039,675	37,414,201	1,383	4.95%
2016	5,803,685	29,335,000	35,138,685	1,222	4.37%
2017	8,577,324	28,345,000	36,922,324	1,273	4.39%
2018	7,717,118	27,345,000	35,062,118	1,120	3.81%
2019	6,173,617	31,520,501	37,694,118	1,175	4.23%
2020	4,798,222	38,169,319	42,967,541	1,280	4.05%
2021	4,359,223	36,706,747	41,065,970	1,172	3.54%

(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  
 June 30, 2021  
 (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	\$ 2,409,031,368 (1)	2.51%	\$ 60,550,685
Town of Garner	41,065,970	100.00%	<u>41,065,970</u>
Total direct and overlapping debt			<u>\$ 101,616,655</u>

(1) Information provided by Wake County Finance Department. Of the total debt outstanding, \$1,200,872,196 or 49.85% 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 <sup>(1)</sup>	Total Assessed Value	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2012	25,999	3,004,964,357	13,986,982	0.47%	\$ 537.98
2013	26,124	3,012,517,567	13,034,207	0.43%	498.94
2014	26,253	3,103,111,862	22,712,167	0.73%	865.13
2015	27,060	3,069,057,511	37,414,201	1.22%	1,382.64
2016	28,766	3,195,322,605	35,138,685	1.10%	1,221.54
2017	28,999	3,264,526,830	36,922,324	1.13%	1,273.23
2018	31,317	3,375,884,965	35,062,118	1.04%	1,119.59
2019	32,069	3,530,720,543	37,694,118	1.07%	1,175.41
2020	33,562	3,717,603,429	38,169,319	1.03%	1,137.28
2021	32,698	4,765,276,454	36,706,747	0.77%	1,122.60

(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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 240,397	\$ 241,001	\$ 248,249	\$ 245,365	\$ 255,626	\$ 261,162	\$ 270,071	\$ 282,458	\$ 297,408	\$ 381,222
Total net debt applicable to limit	13,987	13,034	22,426	36,135	35,139	36,922	35,062	37,694	38,169	36,707
Legal debt margin	<u>\$ 226,410</u>	<u>\$ 227,967</u>	<u>\$ 225,823</u>	<u>\$ 209,230</u>	<u>\$ 220,487</u>	<u>\$ 224,240</u>	<u>\$ 235,009</u>	<u>\$ 244,764</u>	<u>\$ 259,239</u>	<u>\$ 344,515</u>

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 4,765,276,454
Debt Limit (8% of total assessed value)	381,222,116
Debt applicable to limit:	
Outstanding General Bonded Debt	<u>\$ 36,706,747</u>
Subtotal	36,706,747
Authorized and unissued debt	<u>-</u>
Total Gross Debt	36,706,747
Less: Statutory deductions	
Authorized and unissued debt	<u>-</u>
Total amount of debt applicable to debt limit	<u>36,706,747</u>
Legal debt margin	<u>\$ 344,515,369</u>

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

Table 15

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Unemployment Rate (3)	Personal Income (Thousands of Dollars)
2012	25,999	25,256	6.9%	656,631
2013	26,124	28,734	6.3%	750,647
2014	26,253	28,829	4.7%	756,848
2015	27,060	27,436	4.9%	742,418
2016	28,766	27,926	4.6%	803,319
2017	28,999	26,779	3.7%	776,564
2018	31,317	29,436	3.6%	921,847
2019	32,069	31,583	4.0%	1,012,835
2020	33,562	33,071	7.6%	1,109,929
2021	32,698	33,071 <sup>(4)</sup>	4.1%	1,081,356

(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.

(4) 2020/2021 per capita income not yet available.

**Town of Garner, North Carolina**  
Principal Employers  
Fiscal Year 2021 and Ten Year Comparison  
(Unaudited)

Table 15

Employer	2021			2012		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Amazon	3,500	1	17.5%			
Wake County Public Schools	1,337	2	6.7%	1,040	1	5.2%
Wal-Mart	350	3	1.8%	212	5	1.1%
Lowe's Home Improvement	335	4	1.7%			
Pepsi Bottling Ventures	300	5	1.5%			
Sigma Electric Mfg Corp	300	5	1.5%			
Target	290	6	1.5%	140	10	0.7%
Cabela's	250	7	1.3%			
Hamlin Company	250	7	1.3%	250	4	1.3%
Food Lion	220	8	1.1%			
Ameri Gas	198	9	1.0%			
Town of Garner	176	10	0.9%	158	8	0.8%
Con Agra Foods				600	2	3.0%
Pergo, Inc.				280	3	1.4%
Lowe's Food				200	6	1.0%
LL Vann Electric				200	6	1.0%
Laurel's of Forest Glen				160	7	0.8%
Ultratech				150	9	0.8%
Home Depot				150	9	0.8%
<b>Totals</b>	<u>7,506</u>		<u>37.80%</u>	<u>3,540</u>		<u>17.90%</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
2012	3,004,964,357	1,023	38,680,248
2013	3,012,517,567	833	34,770,509
2014	3,103,111,862	995	73,351,752
2015	3,081,432,283	1,297	46,549,862
2016	3,195,322,605	1,207	77,561,649
2017	3,264,526,830	1,324	90,196,870
2018	3,375,884,965	1,531	97,306,018
2019	3,530,720,543	1,547	107,095,626
2020	3,717,603,430	1,622	165,994,656
2021	4,765,276,454	1,929	145,136,704

(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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	42.00	41.50	40.50	42.50	46.00	46.00	48.62	49.62	53.62	53.62
Public Safety	77.00	77.50	77.50	78.00	78.50	81.50	83.50	86.50	89.50	90.50
Streets and Transportation	12.00	12.00	12.00	13.00	14.00	14.00	14.00	16.00	16.00	16.00
Cultural & Recreation	25.50	25.00	25.00	25.00	25.50	25.50	26.00	28.00	29.00	29.00
<b>Total</b>	<u>156.50</u>	<u>156.00</u>	<u>155.00</u>	<u>158.50</u>	<u>164.00</u>	<u>167.00</u>	<u>172.12</u>	<u>180.12</u>	<u>188.12</u>	<u>189.12</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	2012	2013	2014	2015	2016
<b>Community Development Services</b>					
Inspections:					
Permits issued (all trade types)	876	833	995	1,297	1,207
Building inspections conducted	3,519	3,856	5,971	6,303	5,244
<b>Public Works</b>					
Miles of streets maintained	99	99	99	100	101
Traffic control signs repaired/replaced	210	240	133	140	142
Town parks maintained	12	12	12	14	14
Town athletic fields/courts maintained	30	30	30	36	36
Town building/grounds maintained	44	44	55	56	56
<b>Police</b>					
Calls for service	27,272	31,959	31,913	35,963	33,132
Accidents investigated	1,125	1,147	1,249	1,260	1,371
Arrests	826	1,062	1,304	1,330	1,082
<b>Fire/Rescue (1)</b>					
Fire call answered	4,737	4,743	4,725	4,875	1,922
EMS calls answered	Not Available	Not Available	Not Available	Not Available	3,198
<b>Solid Waste</b>					
Sanitation customers	8,700	8,802	8,852	8,952	8,957
% of solid waste stream reduction reported to the state	40%	40%	40%	52%	50%
Spring and fall cleanups - tons collected	360	320	401	423	486
<b>Leisure Services</b>					
Parks & Recreation program registrations	3,220	4,512	3,634	4,200	4,025
Picnic shelter reservations	475	652	708	600	700
Auditorium event attendance	30,000	37,642	35,844	31,395	31,869
Independence day attendance	20,000	17,000	17,000	10,000	8,500

Source:

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

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

Table 19

Page 2 of 2

Function	2017	2018	2019	2020	2021
<b>Community Development Services</b>					
Inspections:					
Permits issued (all trade types)	1,324	1,531	1,547	1,622	1,929
Building inspections conducted	7,619	11,608	13,547	18,755	19,242
<b>Public Works</b>					
Miles of streets maintained	102	105	105	109	114
Traffic control signs repaired/replaced	122	113	134	123	90
Town parks maintained	11	11	11	11	11
Town athletic fields/courts maintained	14	19	19	20	20
Town building/grounds maintained	53	55	55	56	57
<b>Police</b>					
Calls for service	36,611	35,968	36,684	35,474	32,743
Accidents investigated	1,342	1,469	1,391	1,620	1,478
Arrests	1,156	1,122	1,170	1,140	934
<b>Fire/Rescue (1)</b>					
Fire call answered	2,078	2,438	2,472	2,678	2,887
EMS calls answered	1,835	2,761	2,860	2,890	2,961
<b>Solid Waste</b>					
Sanitation customers	9,023	9,186	9,434	9,642	10,132
% of solid waste stream reduction reported to the state	61%	61%	62%	62%	62%
Spring and fall cleanups - tons collected	711	414	1,350	1,200	770
<b>Leisure Services *</b>					
Parks & Recreation program registrations	4,011	4,312	4,339	1,878 *	1,116 *
Picnic shelter reservations	582	582	572	264 *	399 *
Auditorium event attendance	33,458	31,923	40,798	6,400 *	1,198 *
Independence day attendance	15,000	14,000	9,000	0 *	9,000 *

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

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

Table 20

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety</b>										
Police stations	3	3	3	3	1	1	1	1	1	1
Patrol and investigative units	3	3	3	3	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	14	15	15	15	15	15	15	15	15	15
<b>Highways and Streets</b>										
Streets (miles)	99.07	99.07	99.78	100.00	101.43	102.30	104.71	106.85	109.08	113.50
Sidewalks (feet)	277,207	309,921	318,892	332,640	323,180	355,208	361,385	361,385	387,719	436,174
<b>Leisure Services</b>										
Number of major parks	13	13	13	14	14	14	14	14	14	14
Total park acreage	350	350	350	350	350	350	375	375	375	375
Baseball fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	6	6	6	6	6	6	6	6	6	6
Basketball courts	2	2	2	2	2	2	2	2	2	2

**COMPLIANCE SECTION**

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**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***

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

We have audited, in accordance with the 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, 2021, 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 29, 2021.

**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 opinions 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 a 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 may exist that have not been identified.

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**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.



Columbia, South Carolina  
December 29, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

**Report on Compliance for Each 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, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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### ***Opinion on Each Major Federal Program***

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 each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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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. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
December 29, 2021



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

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

**Report on Compliance for Each Major State Program**

We have audited the **Town of Garner, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the *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 state programs for the year ended June 30, 2021. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections 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), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

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### ***Opinion on Each Major State Program***

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 each of its major state programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.



**TOWN OF GARNER, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AND STATE AWARDS**  
**June 30, 2021**

Awarding Agency	CFDA Number	Pass-through Number	Federal	State
<b>FEDERAL AWARDS</b>				
<b><u>Dept of Justice</u></b>				
Bulletproof Vest Partnership Program	16.607	n/a	\$ 8,524	\$ -
Passed through NC Department of Public Safety Byrne JAG Program - Mobile Field Force Grant	16.738	2018DJBX0041	15,635	-
<b><u>U.S. Department of Transportation:</u></b>				
Passed through NC Governor's Highway Safety Program National Highway Traffic Safety Administration	20.600	PT-20-06-29	69,457	-
<b><u>U.S. Department of the Treasury</u></b>				
Passed through Wake County, North Carolina, COVID-19 Coronavirus Relief Funds	21.019		793,260	-
<b>TOTAL FEDERAL AWARDS</b>			886,876	-
<b>STATE AWARDS</b>				
<b><u>N.C. Department of Health and Human Services:</u></b>				
Senior Center Development Grant		M5HVE-2017-15-03	-	10,515
<b><u>N.C. Department of Transportation:</u></b>				
Locally Administered Project - State Roadway Improvements Agreement		TIP: U-6099	-	85,420
Powell Bill		DOT-4	-	772,173
<b>TOTAL STATE AWARDS</b>			-	868,108
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 886,876	\$ 868,108

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Garner under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. 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 FISCAL YEAR ENDED JUNE 30, 2021

SECTION I
SUMMARY OF AUDITOR'S 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 weaknesses identified? \_\_\_ yes \_X\_ no
Significant deficiencies identified? \_\_\_ yes \_X\_ none reported
Noncompliance material to financial statements noted? \_\_\_ yes \_X\_ no

Federal Awards

Internal control over major federal programs:
Material weaknesses identified? \_\_\_ yes \_X\_ no
Significant deficiencies identified? \_\_\_ yes \_X\_ none reported
Type of auditor's report issued on compliance of major federal programs: Unmodified
Any audit findings disclosed that are required to be reported In accordance with 2 CFR 200.516(a)? \_\_\_ yes \_X\_ no

Identification of major federal program:
CFDA Number 21.019 COVID-19 Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? \_\_\_ yes \_X\_ no

State Awards

Internal control over major state programs:
Material weaknesses identified? \_\_\_ yes \_X\_ no
Significant deficiencies identified? \_\_\_ yes \_X\_ none reported
Type of auditor's report issued on compliance of major state programs: Unmodified
Any audit findings disclosed that are required to be reported In accordance with the State Single Audit Implementation Act? \_\_\_ yes \_X\_ no

Identification of major state program:
Program Name Powell Bill

**TOWN OF GARNER, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION II**

**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**TOWN OF GARNER, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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None reported