



GARNER

A Great Place to Be

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

TOWN OF GARNER

North Carolina

For the fiscal year ended JUNE 30, 2012

Garner at a Glance

Government

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

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

History

Garner got its start with the coming of the railroad beginning in 1847.

In that year, after a tie-breaker vote by the Speaker of the State House of Representatives, what is now Garner was chosen as the location of a station of the North Carolina Railroad between Goldsboro and Charlotte. "Garner's Station" was established with the construction of a post office in 1878 and the Town of Garner's Station incorporated in 1883. In 1905, the Town applied for reincorporation as the Town of Garner rather than Garner's Station.

Public Utilities

The City of Raleigh owns and operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility which provide service to the Town.

Parks and Recreation

The Town makes available to its citizens six community parks and several neighborhood parks consisting, in total, of 365 acres. The Town uses a 60-acre parcel of land for a community park, the site of our annual Independence Day celebration. November 1st, 2009 the Town of Garner opened White Deer Park, 160 acre passive park and a 2,500 sq. ft. LEED® certified nature center.

Demographics

Population

1970 - 4,923
1980 - 10,073
1990 - 14,716
2000 - 17,787
2010 - 25,745

Male - 48%
Female - 52%
White - 67%
Non-white - 33%

Land Area

14.25 square miles

Employment Data

Total Employment - 12,497
Total Unemployment - 1,078
Civilian Labor Force - 13,575
Unemployment Rate - 8.2%

Economics

Major Employers (based on the number of employees)

Wake County Public School System
Pergo, Inc.
Target
Hamlin Companies
Walmart
LL Vann Electric
Lowe's Superstore
Laurel's of Forest Glen
Town of Garner
Home Depot
Ultratech
Food Lion

Climate

Normal Temperature

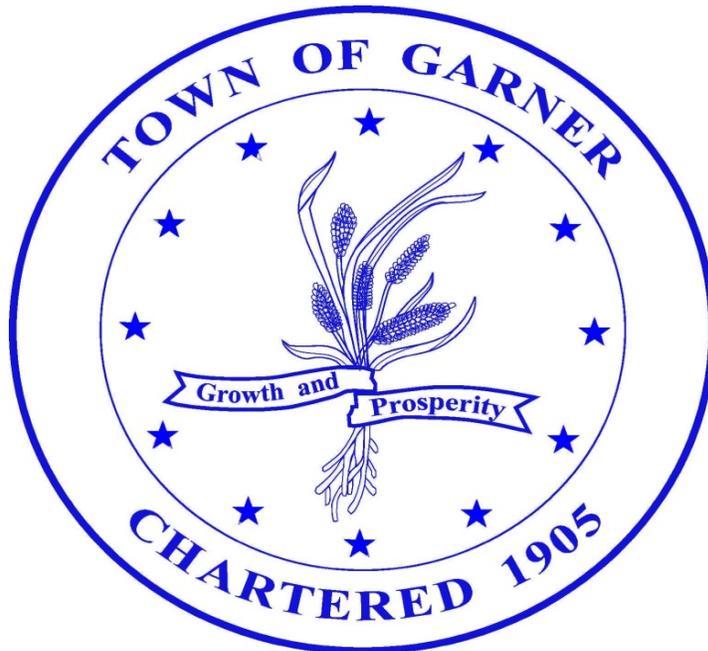
January	38.9	April	59
July	78.1	October	60.1



TOWN OF GARNER
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



PREPARED BY

THE DEPARTMENT OF FINANCE



INTRODUCTORY SECTION

TOWN OF GARNER

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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January 19, 2013

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 Comprehensive Annual Financial Report (CAFR) of the Town of Garner for the fiscal year ended June 30, 2012. This report includes financial statements and supplemental schedules audited by Cherry Bekaert LLP, the independent certified public accountants selected by the Town Council. The financial section of this document includes the auditor's report conveying their unqualified opinion regarding the accuracy of the basic financial statements. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All necessary disclosures to enable the reader to obtain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations* and the *North Carolina Single Audit Implementation Act*. Information related to this single audit, including the schedule of federal and State financial assistance, findings and questioned cost, the auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

The CAFR 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 Garner Emergency Medical and Rescue Service. 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 located in Wake County, in north central North Carolina on the Piedmont Plateau. It is adjacent to the City of Raleigh, the State Capital, which forms one point of the Research Triangle Park. The Research Triangle Park was developed in 1959 and is nationally recognized for industrial, governmental and scientific research, with Chapel Hill and Durham at the other two points. The Town's location, within easy commuting distance of Raleigh and the Research Triangle Park, offers widely diversified employment opportunities for its residents. These employment opportunities are in areas ranging from financial, educational, and governmental to industrial and research activities. 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 the City of Raleigh.

Industrial and economic development within the Town increased during the fiscal year. Construction permits issued during the 2011-2012 fiscal year totaled 1,023 permits, representing an increase of 16.8% from the previous year. The value of construction permits issued reflected a 105.6% increase. Construction activity represented both new construction and expansion of existing facilities. The Town expects construction to reflect slow growth during the next fiscal year. The Town's unemployment rate at June 30, 2012 was 7.8% compared with 8.7% at June 30, 2011.

Garner continues to offer many excellent industrial and commercial sites. Interstate 40, which crosses U.S. Highway 70 at the Town's eastern boundary, has had a significant positive impact on the development. It provides a combination of access to interstate highways and railroads and, therefore, improves the attractiveness of this area for industrial growth and visitor services. Garner is establishing itself as the Gateway to the Triangle for a major portion of Eastern North Carolina.

The weak national and state economy played a major role in the Town's 2012-2013 budget preparation. Projected revenues increased by small percentages. Property tax values for real property were reduced to loss of approximately \$42.0 million value when the ConAgra plan discontinued operations, while tax values for personal property were reduced to recognize reduced purchases and value of equipment by businesses. Sales tax revenues were increased 1.0% over the projected 2011-2012 amounts to reflect continuing lackluster retail sales. Expenditures increased slightly. Capital outlay expenditures were limited and reflect only 2.1% of the total budget, employee merit pay increases were maintained at fifty

percent of pre-recession amounts, vacant staff positions were. Fund balance of \$191,000 was appropriated in the budget.

MAJOR INITIATIVES

The Town continues to provide facilities and programs to improve the quality of life for its citizens and pursue initiatives to improve the economic development within the Town.

Strategic Behavioral Health broke ground on a 92-bed facility. The company will bring 250 much-needed jobs and millions of dollars in investment to the community. The facility should open sometime in late summer 2012.

The Garner Revitalization Association, a partner of the Town of Garner, was designated an accredited **National Main Street Program** for meeting commercial district revitalization performance standards set by the National Trust Main Street Center.

The Garner Optimist Club and Town of Garner hosted the **2011 East Zone PONY National Girls Fast-Pitch Softball Tournament**. Over 200 teams came to Wake County for the national tournament, and up to 10,000 people attended an opening ceremony at Lake Benson Park. The tournament had an economic impact of approximately \$1 million for the community.

The North Carolina Parks and Recreation Association presented the Parks, Recreation and Cultural Resources Department with **the 2011 Arts and Humanities Award** for communities with populations of 25,000 to 74,999. The award was presented to the department in recognition of the Town's effort to embrace the importance of arts and cultural resources, including the addition of cultural resources to the department's name; the Town's investment in expanding performing arts programming by providing funding for the Garner Performing Arts Center's first performance arts series and the collaborative efforts of the Town, Chamber of commerce, local businesses and arts advocates to bring the first successful season of Broadway Voices to Garner.

The Town completed an extension of South Garner Greenway that includes a paved trail and bridge over a wetlands area in White Deer Park. The greenway extension connects to new sidewalks along Timber Drive and to a paved loop that links both White Deer and Lake Benson parks.

The Town of Garner was named a **2011 North Carolina Outstanding Traffic Safe Community** by the AAA Carolinas Foundation for Traffic Safety. Garner was among the top five municipalities with populations between 10,000 and 30,000. The foundation's criteria for selecting "traffic safe communities" include crash statistics,

number of law enforcement officers per capita and the existence of a formal traffic safety program or special traffic division.

The **Timber Drive extension** officially opened approximately 10 months ahead of schedule. The long-awaited roadway extension is providing a much-needed east-west thoroughfare and relief for U.S. 70 traffic. A bridge along the roadway is named in honor of former Mayor Don Rohrbaugh.

The **G Squad**, a dance group for seniors organized by the Garner Senior Center, won first place in a national online competition sponsored by SeniorsGuideOnline.com called “Seniors Got Talent”.

The Town won a first-place award from the North Carolina City and County Communicators in the category of **Most Creative Activity with Least Dollars Spent** for the Scotty McCreery “American Idol” homecoming parade and concert on May 14, 2011, at Lake Benson Park. Approximately 30,000 people attended the free event. The Town’s subsidy of the \$61,400 event was only \$8,100.

Garner’s White Deer Park was awarded a GOLD Stewardship Development Award from the Greater Triangle Stewardship Development Awards Program. The park and LEED Gold-certified Nature Center were cited for their greenways, interpretive trails, harvested rainwater and numerous green building features.

The Research Triangle area continues to be one of the most desirable places to live and work in the United States. National accolades received recently by the Triangle area include:

#1 Best Place to Live (Raleigh-Wake County, NC) Bloomberg-Businessweek.com
America’s Best Cities January 2012

#5 Most Cost-Attractive Business Location (Raleigh, NC) KPMG, March 2012

#2 Best Place for Business and Careers (Raleigh, NC) Forbes.com, June 2012

#1 Healthiest County in NC (Wake County, NC) CountyHealthRankings.org,
March 2012

#1 Real Estate Market to Watch in 2012 (Raleigh-Cary, NC) Inman News,
February 2012

#7 Metro with Most College-Educated Residents (Raleigh-Cary, NC) Brookings
Metropolitan Policy Program, May 2012

The Town continues to receive inquiries from industries interested in expanding or relocating in the area. In preparation for this growth, the Town established a comprehensive development plan for the Interstate 40 area and, through bond funding, has extended water and sewer mains to the Interstate 40 area. To resolve constraints imposed by its water and wastewater treatment capacity, the Town has transferred operation of the water and sewer system to the City of Raleigh.

A renewed partnership and enhanced cooperation with the Garner Chamber of Commerce and Greater Raleigh Chamber of Commerce are key components of a new focus on economic development.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The Town's Town Council selected the accounting firm of Cherry Bekaert LLP. Besides meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the *Federal Single Audit Act Amendments of 1996* and related OMB Circular A-133 and the *State Single Audit Implementation Act*. 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 auditor's reports related specifically to the single audit are included in a separate 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 comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Garner has received a Certificate of Achievement for the last twenty-three 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.

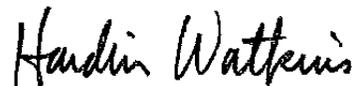
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Garner for its annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document 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. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Acknowledgments. The preparation of the comprehensive annual financial report represents the efforts of the entire Finance Department, with special thanks due to Marcey Hubbell for her assistance. We also express our appreciation to the Town Council and Mayor for their continued support and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

In Conclusion. The Town's management team stands ready to review this document with the Council and public in the coming weeks. We hope a thorough understanding of the Town's financial activities for fiscal year 2011-2012 will allow us to make fiscal year 2012-2013 an even more productive year for the Town of Garner.

Respectfully submitted,



F. Hardin Watkins
Town Manager



Linwood C. Jones, Jr. CPA
Finance Director

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Egan

Executive Director

Town of Garner Organizational Structure

Citizens

Town Council

Town Manager

Town Attorney

Assistant
Town Manager

Mgmt. Analyst/
Internal Auditor

**Economic
Development
Department**

- Business Recruiting & Retention
- Marketing
- Public Relations & Information
- Neighborhood Improvement

**Engineering
Department**

- Community Engineering
- Stormwater Engineering
- Construction Management
- Project Coordination

**Finance
Department**

- Accounting & Payroll
- Purchasing
- Budgeting
- Collections

**Human
Resources
Department**

- Recruiting
- Compliance
- Benefits
- Safety

**Information
Technology
Department**

- Computer Systems
- Communication
- Networking
- Programming

**Inspections
Department**

- Permitting
- Inspections
- Enforcement

**Parks &
Recreation
Department**

- Administration
- Arts & Cultural Resources
- Marketing & Special Events
- Sports & Fitness
- Outdoor Adventure
- Program Partners

**Planning
Department**

- Land Use Permits & Enforcement
- Community Planning & Appearance
- Downtown Liaison

**Police
Department**

- Community Service
- School Crossing
- Criminal Investigations
- Patrol Services
- Animal Control

**Public
Works
Department**

- Streets & Sidewalks
- Public Grounds
- Solid Waste
- Public Facilities
- Fleet Management

**Town
Clerk**

- Records Custodian
- Meeting Agenda & Minutes
- Elections Liaison

TOWN OF GARNER, NORTH CAROLINA

List of Principal Officials

June 30, 2012

<u>Title</u>	<u>Name</u>
<i>Mayor</i>	Ronnie S. Williams
Mayor Pro Tem	Jackie Johns, Sr.
Council Member	J. Graham Singleton, Jr.
Council Member	Kathy Behringer
Council Member	Arthur L. Kennedy
Council Member	Ken Marshburn
<i>Attorney</i>	William E. Anderson
<i>Town Manager</i>	F. Hardin Watkins
Assistant Town Manager/IT Director	Rodney Dickerson
Town Clerk	Judy Bass
Human Resources Director	Mary Beth Manville
Town Engineer	Frank H. Powell, Jr.
Planning Director	Michael B. Bass
Finance Director	Linwood C. Jones, Jr.
Building Codes Administrator	Bruce S. Teal
IT Director	Bret Kelly
Police Chief	Brandon Zuidema
Parks, Recreation & Cultural Resources Director	Sonya Shaw
Public Works Director	Paul E. Cox
Economic Development Director	Tony Beasley



FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Garner, North Carolina (the "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary financial information as listed in the table of contents 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 financial 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Channing R. Smith LLP

Raleigh, North Carolina
January 19, 2013

Management's Discussion and Analysis

As management of the Town of Garner, North Carolina (the "Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the fiscal year by \$84.2 million (net assets). Of this amount \$17.0 million (unrestricted net assets) may be used to meet the government's ongoing obligations to the citizens and creditors.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$25.6 million, or a decrease of \$1.9 million.

As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$13.6 million or 56.8% of total General Fund expenditures and transfers out for the fiscal year. \$191,000 has been designated for subsequent year expenditures. This amount is considered available for spending at the government's discretion.

The Town's total debt remained unchanged during the current fiscal year.

The Town bond rating remained at AA with Standard and Poor's Corporation and Aa2 with Moody's Investor's Service.

On a government-wide basis for governmental activities, the Town had expenses, net of program revenues of \$21.6 million, which were \$0.1 million less than the general revenues of \$21.7 million.

Overview of the Financial Statements

This comprehensive annual financial report consists of three sections: introductory, financial, and statistical. The financial section has four components, management's discussion and analysis (this section), the basic financial statements, required supplementary information and a section that presents individual fund statements. The basic financial statements include two kinds of statements that present different views of the Town.

Government-wide financial statements

The first two statements are government-wide financial statements that provide both short and long-term information about the Town's financial status, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The two government-wide statements report the Town's net assets and how they have changed. Net assets reported on the Statement of Net Assets are the difference between the Town's total assets and total liabilities. The Statement of Activities presents information showing how the Town's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow.

The governmental activities on the two government-wide statements include the Town's basic services such as public safety, transportation, environmental protection, cultural and recreational and general government services. Property, sales and other taxes finance most of these activities. The Town does not have business type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements

Traditional users of governmental fund financial statements will find the fund financial statements presentation more familiar. 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 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, such as the general statutes, or the Town's budget ordinance. All funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 has elected to include all funds as major in the governmental funds.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Agency Funds. Agency funds are used to account for assets the Town holds on behalf of others. The Town maintains one agency fund that is used to account for utility-based fees collected for and remitted to the City of Raleigh.

The Agency Fund financial statements can be found on page 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-43 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 law enforcement officers and healthcare benefits for retirees. Required supplementary information can be found on pages 44-45 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on pensions and healthcare benefits. The individual fund statements and schedules can be found on pages 46-55 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 59-80.

Government-wide Financial Analysis

As noted earlier, the Town's net assets exceeded liabilities by \$84.2 million as of June 30, 2012.

The invested in capital assets, net of related debt 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 category of net assets is restricted net assets. 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.

The following table reflects the condensed Statement of Net Assets.

Town of Garner's Net Assets

	June 30, 2012 Governmental <u>Activities</u>	June 30, 2011 Governmental <u>Activities</u>
Current and other assets	\$28,713,886	\$29,346,115
Capital Assets	<u>75,743,120</u>	<u>73,612,624</u>
Total assets	<u>104,457,006</u>	<u>102,958,739</u>
Long-term debt outstanding	13,482,924	14,406,253
Other liabilities	<u>6,758,258</u>	<u>4,425,297</u>
Total liabilities	<u>20,241,182</u>	<u>18,831,550</u>
Net assets:		
Invested in capital assets, net of related debt	64,781,668	65,859,876
Restricted	2,449,915	1,617,008
Unrestricted	<u>16,984,241</u>	<u>16,650,305</u>
Total net assets	<u>\$84,215,824</u>	<u>\$84,127,189</u>

At the end of the current fiscal year, the Town was able to report positive balances in all categories of net assets.

The Town's net assets increased by \$89,000 during the current fiscal year. The following table summarized the changes in net assets.

Town of Garner's Changes in Net Assets

	For the Year Ended	
	June 30, 2012 Governmental <u>Activities</u>	June 30, 2011 Governmental <u>Activities</u>
Revenues		
Program revenues		
Charges for services	\$1,235,459	\$1,078,780
Operating grants and contributions	1,043,468	946,980
Capital grants and contributions	2,559,425	55,132
General Revenues		
Property taxes	14,770,016	14,786,084
Other taxes	6,253,135	6,286,609
Other	<u>690,167</u>	<u>616,688</u>
Total revenues	<u>26,551,670</u>	<u>23,770,273</u>

Expenses		
General government	6,132,147	6,681,939
Public Safety	9,743,696	9,538,923
Transportation	5,326,310	5,229,693
Environmental protection	1,744,989	1,663,545
Cultural and recreational	2,933,020	2,964,727
Interest on long-term debt	<u>582,873</u>	<u>384,113</u>
Total expenses	<u>26,463,035</u>	<u>26,462,940</u>
Increase (decrease) in net assets	88,635	(2,692,667)
Net assets, beginning of year	<u>84,127,189</u>	<u>86,819,856</u>
Net assets, end of year	<u>\$84,215,824</u>	<u>\$84,127,189</u>

Changes in net assets – Governmental activities. The Town’s total revenues were \$26.5 million. Fifty-six percent of the Town’s revenue comes from property taxes, with an additional twenty-four percent being provided by other taxes.

The property tax rate of \$0.49 was unchanged in fiscal year 2012. Property tax values increased \$23.7 million. Property tax revenues were unchanged due to decreases in prior year property taxes and adjustments for discoveries and abatements. Other taxes unchanged from prior year revenues.

The total cost of all programs and services was \$26.5 million. Cost of public safety programs (building inspections, police and contracted fire services) accounted for thirty-six percent of expenses, general government was twenty-three percent; transportation was twenty percent; environmental protection was seven percent and cultural and recreational was eleven percent.

The following table presents the cost of each of the Town’s programs, as well as each programs net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial support provided by the Town’s taxpayers.

Net Cost of Town’s Governmental Programs

	<u>Year Ended June 30, 2012</u>		<u>Year Ended June 30, 2011</u>	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
General Government	\$6,132,147	\$5,928,822	\$6,681,939	\$6,553,282
Public Safety	9,743,696	8,870,656	9,538,923	8,788,692
Transportation	5,326,310	4,552,720	5,229,693	4,514,241
Environmental Protection	1,744,989	1,640,561	1,663,545	1,469,316
Cultural and Recreational	2,933,020	152,985	2,964,727	2,690,800

The reported results for the fiscal year show that:

The cost of all governmental activities this year was \$26.5 million.

The amounts paid by those benefiting from the program or other governments and organizations that subsidized certain programs were \$4.8 million. Capital grants and contributions for Cultural/Recreational represented 52% of these revenues.

Amounts paid from property taxes and other non-program revenues totaled \$21.7 million.

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.

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.

As of the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$25.6 million, a decrease of \$1.9 million from the previous fiscal year. Approximately \$13.6 million (52.7%) 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 to liquidate contracts and purchase orders of the prior period (\$0.7 million), assigned for other purposes (\$7.3 million), restricted for unexpended bond proceeds (\$2.2 million), restricted for street expenditures (\$0.4 million), and restricted for stabilization by State statute (\$1.4 million)..

General Fund

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 \$13.6 million or 56.8% of total General Fund expenditures and transfers out for the fiscal year. \$191,000 has been designated for subsequent year expenditures resulting in \$13.4 million being reported as unassigned. This amount is considered available for spending at the government's discretion.

The fund balance of the Town's general fund increased approximately \$2.8 million during the current fiscal year. Key factors in this increase are as follows:

Revenues were \$0.6 million over budget (102.3%).

Permits and fees exceeded budget by \$0.3 million (134.6%) and sales and service revenues were \$0.1 million over budget (124.0%)

Expenditures were 94.1% of budgeted amounts representing a savings of \$1.5 million.

General Government expenditures were 87.2% of budget representing a savings of \$0.9 million. Savings were related to unused amounts budgeted for changes in information

technology services of \$0.1 million, uncompleted contracts in planning \$0.2 million and unexpended economic incentives in economic development \$0.1 million.

Transportation expenditures were 86.7% of budget with a savings of \$0.3 million. Savings were related to delayed spending on a street resurfacing project (\$0.3 million)

The difference between the original budget and the final amended budget was \$7.2 million. The major changes in the budget were amounts budgeted for the following:

Amounts committed to liquidate contracts and purchase orders of the prior period (\$0.3 million)

Purchase of land (\$0.4 million)

Transfers to Capital Projects Fund (\$6.0 million)

The final positive budget variance of revenues over expenditures prior to other financing sources and uses was \$2.8 million. Actual revenues were \$0.6 million more than anticipated. Revenue items exceeding expectations were permits and fees (\$0.3 million) and sales and services (\$0.1 million). Actual expenditures were \$1.4 million less than appropriated. This amount represented unused amounts budgeted for changes in information technology services (\$0.1 million), delayed street resurfacing project that will be completed in a subsequent year (\$0.4 million) and uncompleted contracts in planning (\$0.2 million).

Capital Projects Fund

Fund balance of the Capital Projects Fund decreased \$4.7 million. This decrease was due to project expenditures (\$5.2 million) and transfer from General Fund (\$0.5 million).

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2012, amounts to \$75.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, intangible assets, improvements, equipment and infrastructure. The total increase in the Town's investment in capital assets for the current year was \$2.1 million. The primary increase represented expenditures for capital projects (\$5.2 million). The primary decrease represented current year depreciation charges (\$3.8 million).

Major capital asset investments of \$5.2 million during the fiscal year were for capital projects including additional water and sewer capacity (\$3.0 million) and highway construction (\$2.0 million).

Town of Garner's Capital Assets
(net of accumulated depreciation)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$7,840,473	\$7,433,319
Buildings	6,300,741	2,335,952
Intangible Assets	17,485,081	14,447,081
Improvements	4,655,524	4,835,936
Equipment	193,343	256,827
Infrastructure	37,254,977	40,280,291
Construction in Progress	<u>2,012,981</u>	<u>4,023,218</u>
Total	<u>\$75,743,120</u>	<u>\$73,612,624</u>

Additional information on the Town's capital assets can be found on pages 31-32 of the notes to the financial statements of this report.

Long-term debt. The Town did not issue long-term debt during the fiscal year ended June 30, 2012. At the end of the fiscal year the Town had total debt outstanding of \$13.9 million. Debt issued for water and sewer operations represented \$0.2 million of this amount. Payments of debt service cost related to the water and sewer debt is being reimbursed by the City of Raleigh following the transfer of water and sewer operations to the City of Raleigh on March 1, 2001.

The Town's total debt decreased by \$0.7 million (5.0%) during the fiscal year.

Town of Garner's Long-Term Debt

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
General obligation bonds	\$6,160,000	\$6,375,000
Installment financing agreements	<u>7,775,807</u>	<u>8,290,424</u>
Total	<u>\$13,935,807</u>	<u>\$14,665,424</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of the total assessed value of taxable property. The current debt limitation for the Town is \$240 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 40-42 of this report.

Economic Factors and Next Year's Budget

Significant factors considered in preparing the Town of Garner's budget for the 2012-2013 fiscal year were:

Ad Valorem tax values were decreased by \$74.0 million (2.44%). The decrease was due to loss of tax value from discontinued operation of the ConAgra plant ((\$42.0 million) and the area wide decline in personal property tax values (\$80.0 million)

Other taxes were increased \$219,800 (4.9%). This includes a \$210,000 (4.9%) increase in sales tax.

Intergovernmental revenues were increased \$123,000 (20.1%). Utility franchise tax decreased \$55,000 (4.1%), Beer and wine tax increased \$88,500 (252.9%) and Peg Channel revenues increased \$47,000 (\$261.2%)

Permit and fee income increased \$123,000 (20.8%). Inspection fees increased \$53,800 (23.9%) and water and sewer capacity replacement fees increased \$52,000 (173.3%).

Investment income was reduced by \$15,800 (46.7%) to reflect continuing decreased returns.

The budget was balanced by using \$191,000 in appropriated fund balance.

Request for Information

This financial report is designed to provide a general overview of the Town of Garner's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, Town of Garner, 900 7th Avenue, Garner, North Carolina. 27529.

Town of Garner, North Carolina

Statement of Net Assets

June 30, 2012

	2012 Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,557,229
Taxes receivable - net	72,402
Special assessments - net	30,287
Accounts receivable	1,455,981
Sales tax refund receivable	66,354
Accrued interest receivable	13,235
Inventories	32,416
Prepaid items	9,248
Bond issuance cost - net	188,184
Current portion of long-term receivables	100,000
Non-current portion of long-term receivables	125,000
Restricted assets	
Cash and cash equivalents	4,063,550
Capital assets not being depreciated	27,338,535
Capital assets being depreciated - net	48,404,585
Total assets	<u>104,457,006</u>
LIABILITIES	
Accounts payable and accrued liabilities	2,066,273
Accrued interest payable	131,877
Payroll withholdings payable	158,793
Deposits	97,764
Unearned revenue	132,763
Current portion of accrued vacation	450,000
Non-current portion of accrued vacation	445,926
Police separation allowance	563,709
Healthcare benefits	2,207,095
Current portion of long-term obligations	949,985
Non-current portion of long-term obligations	13,036,997
Total liabilities	<u>20,241,182</u>
NET ASSETS	
Invested in capital assets, net of related debt	64,781,668
Restricted	
Stabilization by state statute	1,360,720
Streets	405,797
Capital projects	683,398
Unrestricted	16,984,241
Total net assets	<u>\$ 84,215,824</u>

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Statement of Activities

For the Year Ended June 30, 2012

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets	
FUNCTIONS/PROGRAMS					
Government activities:					
General government	\$ 6,132,147	\$ 181,811	\$ -	\$ 21,514	\$ (5,928,822)
Public safety	9,743,696	576,322	268,890	27,828	(8,870,656)
Transportation	5,326,310	88,269	675,238	10,083	(4,552,720)
Environmental protection	1,744,989	104,428	-	-	(1,640,561)
Cultural/recreational	2,933,020	267,830	12,205	2,500,000	(152,985)
Interest on long-term debt	582,873	16,799	87,135	-	(478,939)
Total governmental activities	\$ 26,463,035	\$ 1,235,459	\$ 1,043,468	\$ 2,559,425	(21,624,683)
General Revenues:					
Property taxes					14,770,016
Local option sales tax					4,324,449
Other taxes					1,928,686
Grants and contributions not restricted to specific programs					9,500
Unrestricted investment earnings					17,852
Other					662,815
Total general revenues					21,713,318
Change in net assets					88,635
Net assets, beginning of year					84,127,189
Net assets, end of year					\$ 84,215,824

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Balance Sheet--Governmental Funds

June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 22,557,229	\$ -	\$ 22,557,229
Taxes receivable (net)	72,401	-	72,401
Street assessments receivable (net)	30,287	-	30,287
Accounts receivable	1,448,236	-	1,448,236
Sales tax refunds receivable	66,354	-	66,354
Restricted assets			
Cash and cash equivalents	405,797	3,657,753	4,063,550
Inventories	32,416	-	32,416
Prepaid items	16,994	-	16,994
Total assets	<u>\$ 24,629,714</u>	<u>\$ 3,657,753</u>	<u>\$ 28,287,467</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 565,011	\$ 1,501,260	\$ 2,066,271
Payroll withholdings payable	158,793	-	158,793
Deposits	97,764	-	97,764
Deferred revenues	389,322	-	389,322
Total liabilities	<u>1,210,890</u>	<u>1,501,260</u>	<u>2,712,150</u>
Fund balances:			
Nonspendable			
Inventories	32,416	-	32,416
Prepays	16,994	-	16,994
Restricted			
Stabilization by State statute	1,360,720	-	1,360,720
Streets	405,797	-	405,797
Capital projects	-	2,156,493	2,156,493
Assigned			
Contract liquidation	722,219	-	722,219
Subsequent year expenditure	191,000	-	191,000
Other (Note 1M)	7,307,212	-	7,307,212
Unassigned	13,382,466	-	13,382,466
Total fund balances	<u>23,418,824</u>	<u>2,156,493</u>	<u>25,575,317</u>
Total liabilities and fund balances	<u>\$ 24,629,714</u>	<u>\$ 3,657,753</u>	<u>\$ 28,287,467</u>

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2012

Fund balances - Governmental Funds	\$ 25,575,317
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	75,743,120
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Deferred due to availability	256,559
Long-term receivables	238,235
Bond issuance costs	188,184
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(17,785,591)</u>
Net assets of governmental activities	<u><u>\$ 84,215,824</u></u>

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2012

	General	Capital Projects	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 14,793,235	\$ -	\$ 14,793,235
Other taxes and licenses	4,573,911	-	4,573,911
Intergovernmental revenues	2,918,028	-	2,918,028
Permits and fees	1,079,702	-	1,079,702
Sales and services	501,335	-	501,335
Investment earnings	15,982	1,869	17,851
Other revenues	2,730,840	-	2,730,840
Total revenues	26,613,033	1,869	26,614,902
EXPENDITURES			
Current			
General government	5,989,612	-	5,989,612
Public safety	9,554,279	-	9,554,279
Transportation	2,289,221	-	2,289,221
Environmental protection	1,742,909	-	1,742,909
Cultural and recreational	2,471,480	-	2,471,480
Capital projects	-	5,244,596	5,244,596
Debt service			
Principal retirement	729,617	-	729,617
Interest and fees	542,177	-	542,177
Total expenditures	23,319,295	5,244,596	28,563,891
Revenues over (under) expenditures	3,293,738	(5,242,727)	(1,948,989)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	35,202	-	35,202
Transfers in	-	541,284	541,284
Transfers out	(541,284)	-	(541,284)
Total other financing sources (uses)	(506,082)	541,284	35,202
Net change in fund balances	2,787,656	(4,701,443)	(1,913,787)
FUND BALANCES			
Beginning of year--July 1	20,631,168	6,857,936	27,489,104
End of year--June 30	\$ 23,418,824	\$ 2,156,493	\$ 25,575,317

The accompanying notes are an integral part of this statement.

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, 2012

Net change in fund balances - total governmental funds	\$ (1,913,787)
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 exceeded depreciation in the current period.	2,130,500
The issuance 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 assets. Also, governmental funds report the effect of issuance cost, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	732,408
The establishment of long term receivables consumes current financial resources of governmental funds, while the collection of principal on long-term receivables provides current financial resources to governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term receivables.	(101,401)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	172
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.	<u>(759,257)</u>
Change in net assets of governmental activities	<u>\$ 88,635</u>

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual--General Fund
For the Year Ended June 30, 2012

REVENUES	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Ad valorem taxes	\$ 14,701,600	\$ 14,701,600	\$ 14,793,235	\$ 91,635
Other taxes and licenses	4,492,500	4,492,500	4,573,911	81,411
Intergovernmental revenues	2,825,699	2,882,126	2,918,028	35,902
Permits and fees	742,150	802,150	1,079,702	277,552
Sales and services	403,800	404,300	501,335	97,035
Investment earnings	18,000	18,000	15,982	(2,018)
Other revenues	169,350	2,706,045	2,730,840	24,795
	<u>23,353,099</u>	<u>26,006,721</u>	<u>26,613,033</u>	<u>606,312</u>
EXPENDITURES				
Current				
General government	5,976,441	6,870,346	5,989,612	880,734
Public safety	9,548,692	9,641,218	9,554,279	86,939
Transportation	2,543,722	2,639,204	2,289,221	349,983
Environmental protection	1,760,538	1,760,538	1,742,909	17,629
Cultural and recreational	2,553,387	2,588,092	2,471,480	116,612
Debt service				
Principal retirement	743,601	743,601	729,617	13,984
Interest and fees	539,863	539,863	542,177	(2,314)
	<u>23,666,244</u>	<u>24,782,862</u>	<u>23,319,295</u>	<u>1,463,567</u>
Revenues over (under) expenditures	<u>(313,145)</u>	<u>1,223,859</u>	<u>3,293,738</u>	<u>2,069,879</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	7,500	32,500	35,202	2,702
Transfers out	-	(6,101,300)	(541,284)	5,560,016
Fund balance appropriated	305,645	4,844,941	-	(4,844,941)
	<u>313,145</u>	<u>(1,223,859)</u>	<u>(506,082)</u>	<u>717,777</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,787,656</u>	<u>\$ 2,787,656</u>
FUND BALANCES				
Beginning of year--July 1			<u>20,631,168</u>	
End of year--June 30			<u>\$ 23,418,824</u>	

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Statement of Net Assets

Fiduciary Fund

June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 14,244</u>
LIABILITIES	
Due to other governmental units	<u>\$ 14,244</u>

The accompanying notes are an integral part of this statement.

Town of Garner, North Carolina

Notes To The Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Garner (“the Town”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB Statements have been implemented. The following is a summary of the more significant accounting policies:

(A) Reporting Entity

The Town is a municipal corporation, which is governed by an elected mayor and a five-member council. The financial statements of the Town include all funds of the Town. The criteria used in the evaluation of component units focuses on the financial accountability of potential component units including the ability of the Town to impose its will on an organization, appointment of the organization’s governing board, and financial benefits or burdens on the Town as well as other unique relationships between the Town and organization. There are no component units included in the Town’s reporting entity.

(B) Government-wide and Fund Financial Statements

Government-wide Statements

The government wide financial statements, including the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the Town. Most of the interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town does not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Town of Garner, North Carolina

(B) Government-wide and Fund Financial Statements (continued)

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Town reports all funds as major funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of 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 when 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 the liabilities of the current period. For this purpose, the Town considers all revenues to be available if they are collected within 90 days after year-end, except for property taxes. Expenditures are recognized when a liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which are recognized when due.

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. All other revenue items are considered to be measurable and available only when received in cash.

The Town reports the following major governmental funds:

General Fund--The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general government services.

Capital Projects Fund--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. Budget to actual comparison is not presented for the Capital Projects Fund because the budget is adopted on a multi year basis for the life of the project.

Town of Garner, North Carolina

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

Agency Fund--The Agency Fund is used to account for assets held by the Town as an agent for other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The Town maintains one agency fund: the Utility Collection Fund.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then use unrestricted, as they are needed. Unrestricted assets are used in the order of committed, assigned and then unassigned.

All funds of the Town are accounted for during the year on the modified accrual basis of accounting in accordance with North Carolina General Statutes.

The Town recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Various intergovernmental revenues, sales taxes, property taxes and most donations are examples of nonexchange transactions.

(D) Budgetary Data

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the Town adopts balanced budget ordinances for all funds, except the trust and agency fund, which is not budgeted. 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, 2012. The Town adopts annual budgets, prepared on the modified accrual basis for all funds except capital project and special revenue funds, which have project budgets adopted. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital project and special revenue budget appropriations do not lapse until the completion of the project. The Town Council may amend the budget throughout the year. At June 30, 2012 the effect of such amendments, less eliminating transfers, was as follows:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Budget June 30, 2012</u>
General Fund	\$23,666,244	\$7,217,918	\$30,884,162
Capital Project Fund	12,086,830	614,300	12,701,130

Town of Garner, North Carolina

(D) Budgetary Data (continued)

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) Encumbrances

As required by North Carolina statutes, the Town maintains encumbrance accounts, which are considered to be budgetary accounts. Current year's appropriations are charged for encumbrances when commitments for the expenditure of money are issued. Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. These encumbrances outstanding are reported as reservation of fund balance since the commitments will be honored through subsequent years' budget appropriations.

(F) Deposits and Investments

All deposits of the Town are made in council designated official depositories and are secured as required by State law ("G.S.") 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. The Town may also establish time deposits in the form of NOW accounts, SuperNOW and money market accounts, and certificates of deposit.

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 with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at amortized cost.

The Town pools cash and investments resources from several funds to facilitate disbursement and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Town of Garner, North Carolina

(G) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from” other funds.

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year and are due on September 1 (lien date); however, no penalties or interest are assessed until the following January 6. Property tax on certain registered motor vehicles are assessed and collected throughout the year. The taxes are based on the assessed values as of January 1.

Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable included in deferred revenue. At June 30, property taxes receivable are materially past due and, consequently, cannot be considered a resource which can be used to finance government operations for the current period, although the amount due is measurable.

In addition, property taxes collected in advance of the fiscal year to which they apply are recorded as deferred revenue.

Other accounts receivable which are reported in governmental funds and which represent amounts considered measurable and available are recorded as revenue but, in accordance with state law, are reflected as restricted fund balance at year-end.

Any other accounts receivable, which represent amounts not subject to accrual as earned revenue, are recorded as assets and are offset by deferred revenue.

(H) Allowances for Doubtful Accounts

Allowances for doubtful accounts are maintained on all types of receivables, which historically experience uncollectible accounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

(I) Inventories

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 a fund balance reserve, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets.

Town of Garner, North Carolina

(J) 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 are valued at their estimated fair market value on the date received. The Town defines capital assets as assets with an individual cost of more than \$5,000 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.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles and Motorized Equipment	5
Machinery and Equipment	3
Improvements	20
Infrastructure	25

(K) 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. 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. All vacation pay is accrued when incurred in the government-wide financial statements. The liability for these amounts is being funded in the General Fund and reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

(L) Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Town of Garner, North Carolina

(L) Long-Term Debt (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 are reported as debt expenditures.

(M) Net Assets/Fund Equity

Net Assets

Net assets in government-wide statements are classified as invested in capital assets, net of related debt: restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributor, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either not in spendable form or are 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 year-end balance of prepaid expenses, which are not spendable resources.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute.

Capital Projects - portion of fund balance that represents proceeds from debt issuance and other amounts that has not been spent for the designated project.

Town of Garner, North Carolina

(M) Net Assets/Fund Equity (continued)

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

Committed Fund Balance - 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. Any changes or a removal of specific purpose requires majority action by the governing body.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes, imposed by majority vote by quorum of Town of Garner's governing body. Any changes or a removal of specific purpose requires majority action by the governing body

Assigned for contract liquidation - portion of fund balance that has already been committed to liquidated contracts and purchase orders of the prior period.

Assigned for other:

Assigned for transportation improvements - portion of fund balance that has been budgeted by Council for improvements to transportation infrastructure	\$5,708
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Assigned for park improvements - portion of fund balance that has been budgeted by Council for construction of new park facilities or improvements to existing facilities	889,853
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Assigned for regional storm water retention facilities - portion of fund balance that has been budgeted by Council for construction or improvements to storm water retention facilities	736,422
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Assigned for improvements to Lake Benson Park - portion of fund balance that has been budgeted by Council for improvements to Lake Benson Park	150,439
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Assigned for purchase of park equipment - portion of fund balance that has been budgeted by Council for purchase of equipment in Town parks	37,949
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Assigned for Community Center - portion of fund balance that has been budgeted by Council for planning of future community center	56,345
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Assigned for purchase of additional water and sewer capacity - portion of fund balance that has been budgeted 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	336,185
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Town of Garner, North Carolina

Assigned for other purposes: (continued)

Assigned for Greenways - portion of fund balance that has been budgeted by Council for construction of greenways	80,195
Assigned for Future Capital Projects - portion of fund balance that has been budgeted by Council for capital projects to be identified at a future date	11,379
Assigned for Recreation Center – portion of fund balance budgeted for construction of future recreation center	2,501,307
Assigned for improvements to Highway 70 intersection – Portion of fund balance budgeted by Council for improvements to intersection of U.S. Highway 70 and White Oak Road	<u>2,501,430</u>
	<u>\$7,307,212</u>

Unassigned fund balance - the portion of fund balance that has not been restricted committed, or assigned to specific purposes or other funds.

The Town has adopted a minimum fund balance policy for the general fund which establishes a target of unassigned fund balance equal to at least 30% of the General Fund operating budget. Unassigned fund balances in excess of the targeted 30% of General Fund operating budget may be appropriated for pay-as-you-go capital and other one-time uses.

(N) Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as Transfers out in the General Fund and Transfers In, in the receiving fund.

(O) Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and change in net assets of governmental activities.

Town of Garner, North Carolina

(O) Reconciliation of Government-wide and Fund Financial Statements (continued)

- (a) One element of that reconciliation explains, “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.” The details of the \$2,130,500 difference are as follows:

Capital outlay	\$ 5,968,798
Depreciation and amortization expense	<u>(3,838,298)</u>
Net adjustment to reduce fund balance - governmental funds to arrive at net assets of governmental activities	\$ <u>2,130,500</u>

- (b) Another element of that reconciliation states “The issuance 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 assets. Also, governmental funds report the effect of issuance cost, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$732,408 difference are as follows:

Debt issued and incurred	\$ -
Principal repayments	<u>732,408</u>
Net adjustment to decrease the net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>732,408</u>

(P) Reclassifications

Certain amounts related to the prior year have been reclassified to conform to the current year presentation. The reclassifications have no effect on previously recorded net earnings.

(Q) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Town of Garner, North Carolina

2. DEPOSITS AND INVESTMENTS

All of the Town's deposits are either insured or collateralized by using one of two options. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The depositories of the Town use the pooling method to collateralize the Town's excess deposits.

At year-end, the Town's deposits had a carrying amount of \$3,895,979 and a bank balance of \$4,077,477. Of the bank balance, \$500,000 was covered by federal depository insurance and \$3,577,477 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2012, the Town had \$1,955 cash on hand.

At June 30, 2012, the Town had \$22,737,089 with the North Carolina Capital Management Trust's cash portfolio, which carried a credit rating of AAAM by Standard & Poor's. All investments in the North Carolina Capital Management Trust are exempt from categorization because the Town does not own any identifiable securities, but are shareholders of a percentage of the fund.

Interest Rate Risk. As a means of managing its exposure to fair value losses from increasing interest rates, the Town has an informal investment policy that limits investment maturities to a maximum of two years. As of June 30, 2012 the Town had no investments that were subject to Interest Rate Risk.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Town had no formal policy on managing credit risk. As of June 30, 2012 the Town's only investments were with the North Carolina Capital Management Trust's cash portfolio.

Town of Garner, North Carolina

3. RECEIVABLES

Allowances for Doubtful Accounts

The amounts presented on the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts.

	June 30, <u>2012</u>
General Fund	
Taxes Receivable	\$369,000
Special Assessments	<u>15,060</u>
Total	<u>\$384,060</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Transfers	Deletions	Balance June 30, 2012
Governmental Activities					
Capital assets not being depreciated					
Land	\$7,433,317	\$ 407,156	\$ -	\$ -	\$ 7,840,473
Construction in Progress	4,023,217	5,234,597	(7,244,833)	-	2,012,981
Intangible Assets	<u>14,447,081</u>	-	<u>3,038,000</u>	-	<u>17,485,081</u>
Total Capital Assets not being depreciated	<u>25,903,615</u>	<u>5,641,753</u>	<u>(4,206,833)</u>	-	<u>27,338,535</u>
Capital Assets being depreciated					
Buildings	4,734,088	-	4,206,833	-	8,940,921
Improvements	8,661,695	143,360	-	-	8,805,055
Equipment	6,036,338	146,181	-	(295,415)	5,887,104
Infrastructure	<u>82,189,911</u>	<u>37,504</u>	-	-	<u>82,227,415</u>
Total Capital Assets being depreciated	<u>101,622,032</u>	<u>327,045</u>	<u>4,206,833</u>	<u>(295,415)</u>	<u>105,860,495</u>
Less Accumulated Depreciation for					
Buildings	2,398,136	242,044	-	-	2,640,180
Improvements	3,825,759	323,772	-	-	4,149,531
Equipment	5,779,512	209,664	-	(295,415)	5,693,761
Infrastructure	<u>41,909,620</u>	<u>3,062,818</u>	-	-	<u>44,972,438</u>
Total accumulated depreciation	<u>53,913,027</u>	<u>3,838,298</u>	-	<u>(295,415)</u>	<u>57,455,910</u>
Total Capital Assets being depreciated - net	<u>47,709,005</u>	<u>(3,511,253)</u>	-	-	<u>48,404,585</u>
Governmental activities Capital Assets - net					
	<u>\$73,612,620</u>	<u>\$2,130,500</u>	\$ -	\$ -	<u>\$75,743,120</u>

Town of Garner, North Carolina

4. CAPITAL ASSETS (continued)

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

General government	\$ 92,720
Public safety	158,952
Transportation	3,086,264
Environmental protection	2,080
Cultural/recreational	<u>498,282</u>
 Total	 <u>\$3,838,298</u>

Commitments – Construction Projects

At June 30, 2012 the Town had contractual commitments of approximately \$1,130,900 for various capital improvements projects. These projects are being funded primarily through current revenues and transfers from Capital Reserve Funds

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers:

<u>TRANSFER FROM</u>	<u>Capital Projects Fund</u>
General Fund	\$541,284

Amounts transferred from the General Fund to the Capital Projects Fund represent the Town's funding of projects.

6. PENSION PLAN OBLIGATIONS

(A) North Carolina Local Governmental Employees' Retirement System

Plan Description

All permanent full-time Town of Garner employees participate in the statewide Local Governmental Employees' Retirement System (LGERS), a multiple-employer, cost-sharing defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of North Carolina G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the LGERS. The 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.

Town of Garner, North Carolina

(A) North Carolina Local Governmental Employees' Retirement System (continued)

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.43% and 6.41%, respectively, of the annual covered payroll. The contribution requirements of members and of Town of Garner are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$619,375 \$586,717, and \$448,586 respectively. The contributions made by the Town equaled the required contributions for each year.

(B) Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Garner administers a public employee retirement system (the "Separation Allowance"), a single-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 North Carolina G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Separate financial statements are not issued for this plan.

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>65</u>
Total	<u>72</u>

Summary of Significant Accounting Policies

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.

Town of Garner, North Carolina

(B) Law Enforcement Officers Special Separation Allowance (continued)

Method Used to Value Investments

No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The Town is required by Article 12D of North Carolina 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. There were no contributions made by employees.

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. Actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was \$2,041,879, and the ratio of the UAAL to the covered payroll was 50.22%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) amortization method is level percent of pay, closed (b) 5.00% investment rate of return and (c) projected salary increases ranging from 4.25% to 7.85% per year and (d) with a remaining amortization period of 20 years. Item (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 199,610
Interest on net pension obligations	24,849
Adjustment to annual required contribution	<u>(29,648)</u>
Annual pension cost	194,811
Contributions made	<u>(128,084)</u>
Increase in net pension obligation	66,727
Net pension obligation beginning of year	<u>496,982</u>
Net pension obligation end of year	<u>\$ 563,709</u>

Town of Garner, North Carolina

(B) Law Enforcement Officers Special Separation Allowance (continued)

Fiscal Year <u>Ended</u>	Trend Information		Net Pension <u>Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
6/30/10	\$ 166,580	71.04%	\$ 425,526
6/30/11	195,379	63.43%	496,982
6/30/12	194,811	65.75%	563,709

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,041,879. The covered payroll (annual payroll of active employees covered by the plan) was \$4,066,111, and the ratio of the UAAL to the covered payroll was 50.22 percent.

(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 North Carolina G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

Article 12E of North Carolina 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, 2012 were \$269,241, which consisted of \$201,213 from the Town and \$68,028 from the law enforcement officers.

(D) Supplemental Retirement Income Plan for Non-Law Enforcement Personnel

Plan Description

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Town. The Plan provides retirement benefits to non-law enforcement officers employed by the Town. Authority to establish and amend benefit provisions is assigned to the Town Council.

Town of Garner, North Carolina

(D) Supplemental Retirement Income Plan for Non-Law Enforcement Personnel (continued)

Funding Policy

The adopted plan requires the Town to contribute each month an amount equal to five percent of each non-law enforcement employee's salary working forty hours per week. Participation begins ninety days after employment and all amounts contributed are vested immediately. Also, the employee may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$367,951, which consisted of \$239,074 from the Town and \$128,877 from the employees.

7. POST-EMPLOYMENT BENEFITS

(A) Healthcare Benefits

Plan Description

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). The Town pays the full cost of coverage for these benefits through private insurers. Health insurance coverage is also available to employees eligible to retire at age sixty-two (62) after five (5) years of service with the Town provided the employee pays the monthly premium. The retiree may continue dependent coverage at the Town's group rate if enrolled in dependent health coverage at the time of retirement.

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. The Town will contribute 50% of the July 1, 2010 employee-only health plan monthly premium (\$222.49). Health insurance coverage is also available to employees eligible to retire at age sixty-two (62) after five (5) years of service with the Town provided the employee pays the monthly premium. The retiree may continue dependent coverage at the Town's group rate if enrolled in dependent health coverage at the time of retirement.

A separate report was not issued for the plan.

Town of Garner, North Carolina

(A) Healthcare Benefits (continued)

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	26
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>161</u>
Total	<u>187</u>

Funding Policy

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. Retiree's electing to provide dependent coverage pay a pro-rated amount of the group rate. Dependent coverage terminates upon the dependent attaining age 65, or upon the retiree's death. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 7.03% of annual covered payroll. For the current year, the Town contributed \$109,125 or 1.20% of annual covered payroll. The Town obtains healthcare coverage through private insurers. There were no contributions made by employees. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Town of Garner, North Carolina

(A) Healthcare Benefits (continued)

Annual required contribution	\$ 704,685
Interest on net pension obligations	64,346
Adjustment to annual required contribution	<u>(61,471)</u>
Annual pension cost	707,560
Contributions made	<u>(109,125)</u>
Increase in net pension obligation	598,435
Net pension obligation beginning of year	<u>1,608,660</u>
Net pension obligation end of year	<u>\$2,207,095</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year <u>Ended</u>	Trend Information		Net Pension <u>Obligation</u>
	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	
6/30/10	\$658,975	12.8%	\$1,130,279
6/30/11	584,889	18.2%	1,608,660
6/30/12	707,560	15.4%	2,207,095

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$7,538,579. The covered payroll (annual payroll of active employees covered by the plan) was \$9,085,701, and the ratio of the UAAL to the covered payroll was 83.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

Town of Garner, North Carolina

(A) Healthcare Benefits (continued)

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5% to 5.0% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

8. 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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town also provides 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.

9. 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 is a participant in a self-funded risk pool administered by the North Carolina League of Municipalities, which provides workers' compensation coverage. This pool is self-sustaining through member premiums and provides coverage up to statutory limits. The pool has reinsured through commercial companies for claims in excess of \$250,000 up to \$5 million.

The Town carries commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

A \$50,000 fidelity bond is maintained on the Town Finance Director.

Town of Garner, North Carolina

10. LONG-TERM OBLIGATIONS

(A) Bonds Payable

The Town has issued general obligation bonds for acquisition and construction of major capital improvements. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system were reclassified as governmental activities debt effective with the transfer of water and sewer operations to the City of Raleigh on March 1, 2001. The Town has no revenue bond issues; all bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2012 are comprised of the following individual issues:

General obligation bonds:

\$1,250,000 1996 Water serial bonds due in annual installments of \$25,000 to \$100,000 through April 1, 2015 interest varying from 5.4 to 5.6 percent.	\$ 225,000
\$6,050,000 2011 Taxable Public Improvements bonds due in annual installments of \$115,000 to \$450,000 through February 1, 2031; interest varying from 1.05 to 5.25 percent	<u>5,935,000</u>
Total General Obligation Bonds	<u>6,160,000</u>

Promissory notes and installment purchase contracts

The Town has entered into agreements to finance certain land and equipment purchases. Promissory notes and installment purchase agreements are comprised of the following:

\$7,242,800 installment purchase contract (Water and Sewer Capacity and various capital projects) due in annual installments from \$763,464 to \$497,122 through June 23, 2021; interest at 3.94%	4,345,680
\$3,400,000 installment purchase contract (Water and Sewer Capacity and improvements to the Public Works facility) due in annual installments of \$226,667 through September 1, 2026; interest at 3.79%	3,400,000

Town of Garner, North Carolina

Promissory notes and installment purchase contracts (continued)

\$20,678 installment purchase contract (Computer Equipment); interest at 9.23%	1,820
\$54,663 installment purchase contract (Computer Equipment); interest at 2.344%	<u>28,307</u>
Total promissory notes and installment purchase contract	<u>7,775,807</u>
Total long-term debt	<u>\$13,935,807</u>

At June 30, 2012, the Town of Garner had no authorized but unissued bonds and had a legal debt margin of \$226,461,342.

(B) Changes in Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2012, net of bond premium:

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>	<u>Due within One Year</u>
<u>By Type of Debt</u>					
General Obligation Bonds	\$ 6,375,000	\$ -	\$ 215,000	\$ 6,160,000	\$ 220,000
Premium on bonds	53,966	-	2,791	51,175	-
Promissory notes	8,290,424	-	514,617	7,775,807	729,985
Vacation pay	839,766	498,347	442,187	895,926	450,000
Police separation allowance	496,982	66,727	-	563,709	-
Healthcare Benefits	<u>1,608,660</u>	<u>598,435</u>	<u>-</u>	<u>2,207,095</u>	<u>-</u>
Total	<u>\$17,664,798</u>	<u>\$1,163,509</u>	<u>\$1,174,595</u>	<u>\$17,653,712</u>	<u>\$1,399,985</u>

Town of Garner, North Carolina

(C) Debt Service Requirements

The following table summarizes the annual requirements to amortize all long-term obligations outstanding (excluding bond premium, vacation pay, police separation allowance and healthcare benefits).

Governmental Activities

	<u>General Obligation Bonds</u>		<u>Installment Purchase Agreements and Promissory Notes</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 220,000	\$ 260,347	\$ 729,985	\$ 292,080	\$ 949,985	\$ 552,427
2014	220,000	253,247	719,181	263,587	939,181	516,834
2015	185,000	245,847	709,520	235,799	894,520	481,646
2016	175,000	241,248	709,520	208,183	884,520	449,431
2017	175,000	237,310	709,520	180,568	884,520	417,878
2018-2022	1,145,000	1,104,213	3,064,747	493,370	4,209,747	1,597,583
2023-2027	2,240,000	758,738	1,133,334	107,383	3,373,334	866,121
2028-2031	<u>1,800,000</u>	<u>230,850</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>230,850</u>
Total	<u>\$6,160,000</u>	<u>\$3,331,800</u>	<u>\$7,775,807</u>	<u>\$1,780,970</u>	<u>\$13,935,807</u>	<u>\$5,112,770</u>

Water and Sewer debt service requirements are funded by the City of Raleigh. Annual requirements, net of amounts funded by the City of Raleigh, are as follows:

	<u>Total Debt</u>		<u>Funded City of Raleigh</u>		<u>Net Requirement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 949,985	\$ 552,427	\$100,000	\$12,600	\$ 849,985	\$ 539,827
2014	939,181	516,834	100,000	7,000	839,181	509,834
2015	894,520	481,646	25,000	1,400	869,520	480,246
2016	884,520	449,431	-	-	884,520	449,431
2017	884,520	417,878	-	-	884,520	417,878
2018-2022	4,209,747	1,597,583	-	-	4,209,747	1,597,583
2023-2027	3,373,334	866,121	-	-	3,373,334	866,121
2028-2031	<u>1,800,000</u>	<u>230,850</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>230,850</u>
Total	<u>\$13,935,807</u>	<u>\$5,112,770</u>	<u>\$225,000</u>	<u>\$21,000</u>	<u>\$13,710,807</u>	<u>\$5,091,770</u>

Town of Garner, North Carolina

11. DEFERRED UNEARNED REVENUES

The balance of deferred revenue in the fund financials statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the financial statements at year end are comprised of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Taxes receivable – net (General Fund)	\$226,272	\$ -
Special Assessments – net (General Fund)	30,287	-
Prepaid property taxes (General Fund)	-	41,794
Prepaid privilege license (General Fund)	-	39,938
Other prepaid amounts (General Fund)	<u>-</u>	<u>51,031</u>
Total	<u>\$256,559</u>	<u>\$132,763</u>

12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

The Town has received proceeds from several federal, state, and county grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds of this nature would be immaterial. No provision has been made in the accompanying financial statements for potential audit disallowance of grant moneys.

The Town and Wake County have entered into cost sharing partnership to development an additional fire station to improve response time within the Town limits. The County contracted for the design and construction of the project. The Town agrees to share in the cost for the project based upon 15.5% of the design and construction costs attributed to the Fire Department portion of the shared facility. The Town will reimburse the County for its share of project cost over a period not to exceed ten years at an annual interest equal to the County's investment rate or borrowing rate, not to exceed 5.0%. The Town's share of project cost is estimated to be \$380,000.

13. SUSEQUENT EVENTS

The Town has evaluated all other subsequent events through January 19, 2013, in connection with the preparation of these financial statements which is the date the financial statements are available to be issued.

Town of Garner, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/02	\$ -0-	\$878,208	\$878,208	0%	\$2,360,324	37.21%
12/31/03	-0-	957,455	957,455	0%	2,537,420	37.73%
12/31/04	-0-	1,333,355	1,333,355	0%	2,661,289	50.10%
12/31/05	-0-	1,125,217	1,125,217	0%	2,830,589	39.75%
12/31/06	-0-	1,347,077	1,347,077	0%	3,222,771	41.80%
12/31/07	-0-	1,472,446	1,472,446	0%	3,413,727	43.13%
12/31/08	-0-	1,580,574	1,580,574	0%	3,719,325	42.50%
12/31/09	-0-	2,008,542	2,008,542	0%	3,677,562	54.62%
12/31/10	-0-	1,882,501	1,882,501	0%	4,021,972	46.81%
12/31/11	-0-	2,041,879	2,041,879	0%	4,066,111	50.22%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2003	\$90,653	52.9%
2004	98,266	61.9%
2005	106,030	93.7%
2006	136,009	77.2%
2007	117,358	85.8%
2008	135,979	76.3%
2009	162,994	64.4%
2010	166,580	71.0%
2011	195,379	63.4%
2012	194,811	65.8%

Notes to the Required Schedules

Valuation date	12/31/11	Actuarial assumptions:	
Actuarial cost method	Projected unit credit	Investment rate of return	5.00%
Amortization method	Level percent of pay closed	Projected salary increases	4.25% to 7.85%
Remaining amortization period	19 years	Includes inflation at	3.00%
Asset valuation method	Market value	Cost-of-living adjustments	N/A

Town of Garner, North Carolina

Healthcare Benefits
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
12/31/07	\$ -0-	\$ 7,264,975	\$ 7,264,975	0.00%	\$ 8,096,690	89.7%
12/31/09	-0-	6,852,899	6,852,899	0.00%	9,012,872	76.0%
12/31/10	-0-	8,096,518	8,096,518	0.00%	8,983,205	90.1%
12/31/11	-0-	7,538,579	7,583,579	0.00%	9,085,701	83.0%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 632,216	12.1%
2010	658,975	12.8%
2011	584,889	18.2%
2012	707,560	15.4%

Notes to the Required Schedules

Valuation date	12/31/11	Actuarial assumptions:	
Actuarial cost method	Projected unit credit	Investment rate of return	4.00%
Amortization method	Level percent of pay open	Medical cost trend rate	
		Pre-Medicare trend rate	9.5% - 5.0%
		Post-Medicare trend rate	7.0% - 5.0%
		Year of ultimate trend rate	2018
Remaining amortization period	30 years	Includes inflation at	3.00%
Asset valuation method	Market value of assets	Cost-of-living adjustments	N/A

Town of Garner, North Carolina

Comparative Balance Sheets

General Fund

June 30, 2012 and June 30, 2011

	June 30, 2012	June 30, 2011
ASSETS		
Cash and cash equivalents	\$ 22,557,229	\$ 20,192,880
Taxes receivable (net)	72,401	104,026
Street assessments receivable (net)	30,287	8,101
Accounts receivable	1,448,236	1,409,476
Sales tax refunds receivable	66,354	77,446
Restricted assets		
Cash and cash equivalents	405,797	-
Inventories	32,416	33,125
Prepaid items	16,994	80,752
Total assets	<u>\$ 24,629,714</u>	<u>\$ 21,905,806</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ 565,011	\$ 604,484
Payroll withholdings payable	158,793	179,097
Deposits	97,764	101,491
Deferred revenues	389,322	389,566
Total liabilities	<u>1,210,890</u>	<u>1,274,638</u>
Fund balances:		
Nonspendable fund balance		
Inventories	32,416	33,125
Prepays	16,994	80,752
Restricted fund balance		
Stabilization by state statute	1,360,720	1,345,242
Streets	405,797	271,766
Assigned		
Contract liquidation	722,219	296,986
Subsequent year expenditure	191,000	-
Other	7,307,212	5,107,413
Unassigned	13,382,466	13,495,884
Total fund balances	<u>23,418,824</u>	<u>20,631,168</u>
Total liabilities and fund balances	<u>\$ 24,629,714</u>	<u>\$ 21,905,806</u>

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--

Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	<u>2012</u>		Variance Positive (Negative)	<u>2011</u>
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes:				
Current year	\$ 14,406,600	\$ 14,577,110	\$ 170,510	\$ 14,582,579
Prior years	230,000	163,124	(66,876)	227,858
Penalties and interest	65,000	53,001	(11,999)	66,104
Total	<u>14,701,600</u>	<u>14,793,235</u>	<u>91,635</u>	<u>14,876,541</u>
Other taxes and licenses:				
ABC mixed beverage	70,000	78,348	8,348	71,483
Local option sales tax	4,250,000	4,324,449	74,449	4,344,010
Privilege licenses	65,000	63,632	(1,368)	74,015
Rental vehicles	90,500	89,770	(730)	78,561
Solid waste disposal tax	17,000	17,712	712	18,315
Total	<u>4,492,500</u>	<u>4,573,911</u>	<u>81,411</u>	<u>4,586,384</u>
Intergovernmental revenues:				
Beer and wine tax	43,300	112,395	69,095	119,079
Utility franchise tax	1,330,000	1,267,153	(62,847)	1,312,628
Cablevision franchise tax	278,000	317,388	39,388	286,833
Powell bill allocation	670,000	675,238	5,238	679,474
Police equipment grant	46,500	62,391	15,891	47,796
School resource officer	68,299	77,298	8,999	68,298
Drug forfeiture funds	12,730	10,422	(2,308)	7,799
GHSP traffic officer grant	135,792	84,180	(51,612)	82,585
Recovery act Ed Byrne JAG grant	-	-	-	26,280
COPS grant 2010	50,000	33,486	(16,514)	54,192
GHSP accident reconstruction grant	30,000	28,940	(1,060)	-
Development grant-senior center	12,205	12,205	-	12,244
Build America bond - interest reimbursement	87,100	87,135	35	22,994
ARRA grant - lighting retrofit	-	21,514	21,514	450
DOT - sidewalk grant	-	10,083	10,083	-
City of Raleigh - debt service	118,200	118,200	-	123,800
Total	<u>2,882,126</u>	<u>2,918,028</u>	<u>35,902</u>	<u>2,844,452</u>

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

REVENUES (continued)	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Permits and fees:				
Motor vehicle tags	\$ 297,000	\$ 316,386	\$ 19,386	\$ 310,871
Dog licenses	2,500	2,685	185	2,745
Subdivision fees	500	1,575	1,075	6,002
Rezoning fees	-	1,288	1,288	2,262
Board of Adjustment fees	200	250	50	625
Inspection fees	225,050	370,488	145,438	243,180
Fee in lieu of park land	60,000	37,800	(22,200)	4,100
Site plan permits	2,000	3,550	1,550	3,250
Sign permits	5,000	7,350	2,350	5,350
Special event permit	200	1,297	1,097	620
Retention pond fees	-	-	-	145
Rental property registration fees	11,000	5,895	(5,105)	11,493
False alarms charges	18,000	11,902	(6,098)	20,550
Taxi cab inspection fees	150,200	167,667	17,467	175,693
Sewer capacity replacement fees	30,000	151,294	121,294	79,126
Annexation and street closing	500	275	(225)	900
Total	802,150	1,079,702	277,552	866,912
Sales and services:				
Recreation fees	257,500	230,030	(27,470)	257,333
Facility rentals	115,000	165,417	50,417	131,080
Special refuse fees	1,300	723	(577)	1,372
Refuse cart fees	3,500	7,860	4,360	4,435
City of Raleigh fees	27,000	97,080	70,080	59,610
Rain Barrel Sales	-	225	225	85
Total	404,300	501,335	97,035	453,915
Investment revenues:				
Investment earnings	18,000	15,982	(2,018)	26,241

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES (continued)				
Other revenues:				
Land use charges	\$ 30,529	\$ 14,514	\$ (16,015)	\$ 27,263
Miscellaneous	31,374	64,399	33,025	57,998
Assessments	31,200	36,396	5,196	20,039
Interest on assessments	1,500	1,353	(147)	2,631
Officers' fees	11,092	13,515	2,423	13,641
Animal control violations	200	50	(150)	650
Parking violations	5,000	12,700	7,700	10,284
Check service fees	150	225	75	125
Promote Garner sales	5,000	9,555	4,555	13,850
Landfill reimbursement	90,000	78,133	(11,867)	143,107
Conagra contributions	2,500,000	2,500,000	-	-
Total	2,706,045	2,730,840	24,795	289,588
Total revenues	26,006,721	26,613,033	606,312	23,944,033
EXPENDITURES				
General government				
Governing body				
Salaries and employee benefits	94,406	92,025	2,381	92,049
Operating expenses	290,941	236,862	54,079	149,075
Professional services	84,000	84,000	-	84,000
Capital outlay	407,580	407,155	425	544,229
Total	876,927	820,042	56,885	869,353
Administration				
Salaries and employee benefits	928,416	809,001	119,415	824,106
Operating expenses	627,198	590,454	36,744	523,680
Total	1,555,614	1,399,455	156,159	1,347,786
Finance				
Salaries and employee benefits	520,117	509,459	10,658	553,525
Operating expenses	303,135	258,680	44,455	281,462
Total	823,252	768,139	55,113	834,987

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

EXPENDITURES (continued)	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Economic Development				
Salaries and employee benefits	\$ 237,630	\$ 229,201	\$ 8,429	\$ 212,910
Operating expenses	285,378	147,939	137,439	443,544
Total	523,008	377,140	145,868	656,454
Planning				
Salaries and employee benefits	466,563	464,509	2,054	457,772
Operating expenses	238,398	30,313	208,085	163,316
Total	704,961	494,822	210,139	621,088
Engineering				
Salaries and employee benefits	463,613	454,471	9,142	450,352
Operating expenses	19,598	10,262	9,336	124,828
Capital outlay	145,100	143,360	1,740	68,770
Total	628,311	608,093	20,218	643,950
Information technology				
Salaries and employee benefits	314,875	202,992	111,883	406,535
Operating expenses	369,338	443,982	(74,644)	432,275
Capital outlay	87,740	-	87,740	-
Total	771,953	646,974	124,979	838,810
Building maintenance				
Salaries and employee benefits	224,997	220,255	4,742	215,026
Operating expenses	453,043	370,731	82,312	397,647
Capital outlay	25,000	24,997	3	-
Total	703,040	615,983	87,057	612,673
Vehicle maintenance				
Salaries and employee benefits	253,337	232,678	20,659	262,399
Operating expenses	29,943	26,286	3,657	25,257
Total	283,280	258,964	24,316	287,656
Total General government	6,870,346	5,989,612	880,734	6,712,757

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

EXPENDITURES (continued)	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Public safety				
Police				
Salaries and employee benefits	\$ 5,972,401	\$ 5,900,231	\$ 72,170	\$ 5,897,175
Operating expenses	849,467	891,842	(42,375)	735,517
Capital outlay	105,648	65,674	39,974	98,194
Total	6,927,516	6,857,747	69,769	6,730,886
Inspections				
Salaries and employee benefits	669,200	661,715	7,485	721,496
Operating expenses	25,317	16,397	8,920	13,109
Total	694,517	678,112	16,405	734,605
Fire				
Donation to volunteer fire department	2,019,185	2,018,420	765	1,776,426
Rescue squad				
Donation to volunteer rescue squad	-	-	-	67,643
Total Public safety	9,641,218	9,554,279	86,939	9,309,560
Transportation				
Administration				
Salaries and employee benefits	393,834	394,015	(181)	385,838
Operating expenses	12,526	12,191	335	6,361
Total	406,360	406,206	154	392,199
Street repair and construction				
Salaries and employee benefits	707,695	648,130	59,565	655,608
Operating expenses	1,302,767	1,187,456	115,311	822,227
Capital outlay	222,382	47,429	174,953	-
Total	2,232,844	1,883,015	349,829	1,477,835
Total Transportation	2,639,204	2,289,221	349,983	1,870,034

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

EXPENDITURES (continued)	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Environmental protection				
Sanitation				
Contracted services	\$ 1,760,538	\$ 1,742,909	\$ 17,629	\$ 1,661,240
Total Environmental protection	1,760,538	1,742,909	17,629	1,661,240
Cultural and recreational				
Parks, recreation & cultural resources administration				
Salaries and employee benefits	184,116	184,976	(860)	183,452
Operating expenses	9,820	20,932	(11,112)	19,504
Total	193,936	205,908	(11,972)	202,956
Recreational programs				
Salaries and employee benefits	894,337	932,353	(38,016)	960,707
Operating expenses	588,888	432,977	155,911	537,863
Capital outlay	22,000	20,380	1,620	-
Total	1,505,225	1,385,710	119,515	1,498,570
Parks maintenance and development				
Salaries and employee benefits	675,137	706,811	(31,674)	676,718
Operating expenses	186,294	147,845	38,449	170,144
Capital outlay	27,500	25,206	2,294	19,553
Total	888,931	879,862	9,069	866,415
Total Cultural and recreational	2,588,092	2,471,480	116,612	2,567,941

Town of Garner, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	<u>2012</u>		Variance Positive (Negative)	<u>2011</u>
	Budget	Actual		Actual
Debt Service				
Principal retirement	\$ 743,601	\$ 729,617	\$ 13,984	\$ 951,123
Interest and fees	539,863	542,177	(2,314)	302,892
Total Debt service	<u>1,283,464</u>	<u>1,271,794</u>	<u>11,670</u>	<u>1,254,015</u>
Total Expenditures	<u>24,782,862</u>	<u>23,319,295</u>	<u>1,463,567</u>	<u>23,375,547</u>
Revenues over (under) expenditures	<u>1,223,859</u>	<u>3,293,738</u>	<u>2,069,879</u>	<u>568,486</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	32,500	35,202	2,702	345,000
Issuance of debt	-	-	-	379,554
Transfers--out				
To Capital Projects Fund	(6,101,300)	(541,284)	5,560,016	(203,800)
Fund balance appropriated	<u>4,844,941</u>	<u>-</u>	<u>(4,844,941)</u>	<u>-</u>
Total other financing sources (uses)--net	<u>(1,223,859)</u>	<u>(506,082)</u>	<u>717,777</u>	<u>520,754</u>
Net change in fund balance	<u>\$ -</u>	<u>2,787,656</u>	<u>\$ 2,787,656</u>	<u>1,089,240</u>
FUND BALANCE				
Beginning of year--July 1		<u>20,631,168</u>		<u>19,541,928</u>
End of year--June 30		<u>\$ 23,418,824</u>		<u>\$ 20,631,168</u>

Town of Garner, North Carolina

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

From Inception and for the Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Premium on bonds	55,830	55,828	-	55,828	(2)
Investment earnings	-	2,099	1,869	3,968	3,968
Total revenues	555,830	557,927	1,869	559,796	3,966
EXPENDITURES					
Town Hall Addition	1,286,000	58,602	-	58,602	1,227,398
White Deer Park	4,270,830	4,025,461	245,369	4,270,830	-
Regional Retention Facilities	368,000	355,961	-	355,961	12,039
Timber Drive	2,473,070	3,150	1,631,658	1,634,808	838,262
Vandora/Buffalo Roundabout	346,227	-	-	-	346,227
Water and Sewer Capacity	3,038,000	-	3,038,000	3,038,000	-
Public Works Improvements	283,547	-	-	-	283,547
US 70 Intersection Improvements	500,000	-	319,569	319,569	180,431
Debt Issuance Cost	135,456	125,456	10,000	135,456	-
Total expenditures	12,701,130	4,568,630	5,244,596	9,813,226	2,887,904
Revenues over (under) expenditures	(12,145,300)	(4,010,703)	(5,242,727)	(9,253,430)	2,891,870
OTHER FINANCING SOURCES (USES)--					
Issuance of debt	10,450,000	9,450,000	-	9,450,000	(1,000,000)
Transfers -- in	1,695,300	1,418,639	541,284	1,959,923	264,623
Total other financing sources (uses)	12,145,300	10,868,639	541,284	11,409,923	(735,377)
Net change in fund balance	\$ -	\$ 6,857,936	(4,701,443)	\$ 2,156,493	\$ 2,156,493
Fund balance:					
Beginning of year--July 1			6,857,936		
End of year--June 30			<u>\$ 2,156,493</u>		

Town of Garner, North Carolina
 Agency Fund
 Statement of Changes in Fiduciary Assets and Liabilities
 For the Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Utility Collection Fund				
Assets				
Cash and cash equivalents	\$ 6,592	\$ 202,931	\$ 195,279	\$ 14,244
	<u>6,592</u>	<u>202,931</u>	<u>195,279</u>	<u>14,244</u>
Liabilities				
Due to other governmental units	\$ 6,592	\$ 202,931	\$ 195,279	\$ 14,244
	<u>6,592</u>	<u>202,931</u>	<u>195,279</u>	<u>14,244</u>

Town of Garner, North Carolina

Schedule of Ad Valorem Taxes Receivable

For the Year Ended June 30, 2012

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2011</u>	Additions	Collections, Credits and Adjustments	Uncollected Balance <u>June 30, 2012</u>
2011-12	\$ -	\$ 14,783,275	\$ 14,575,719	\$ 207,556
2010-11	213,642	-	165,717	47,925
2009-10	41,510	-	10,117	31,393
2008-09	34,706	-	5,531	29,175
2007-08	42,994	-	6,417	36,577
2006-07	32,237	-	4,675	27,562
2005-06	21,984	-	2,215	19,769
2004-05	16,995	-	1,551	15,444
2003-04	15,589	-	1,467	14,122
2002-03	13,185	-	1,307	11,878
2001-02	11,384	-	11,384	-
	<u>\$ 444,226</u>	<u>\$ 14,783,275</u>	<u>\$ 14,786,100</u>	441,401
Less allowance for uncollectible ad valorem taxes receivable				<u>369,000</u>
Ad valorem taxes--net				<u>\$ 72,401</u>
Reconcilement with revenues:				
Taxes--ad valorem--General Fund				
Ad valorem tax --current			\$ 14,577,110	
Ad valorem tax--prior			163,124	
Ad valorem tax--payment in lieu			-	
Tax penalty & interest			<u>53,001</u>	\$ 14,793,235
Credits and adjustments				37,399
Amounts written off for tax year 2001-02 per statute of limitations				<u>11,384</u>
Subtotal				14,842,018
Less:				
Interest collected				53,001
Tax collected, previously written off				-
Deferred farm land tax collected				135
Payment in lieu				<u>2,782</u>
Total collections and credits				<u>\$ 14,786,100</u>

Town of Garner, North Carolina

Analysis of Current Tax Levy
For the Year Ended June 30, 2012

	Total Property Valuation	Rate per \$100	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	\$ 2,947,518,978	0.490	\$ 14,449,566	\$ 13,813,134	\$ 636,432
Registered motor vehicles taxed at prior year's rate	70,653,357	0.490	350,105	-	350,105
Penalties	-		9,239	9,239	-
Total	3,018,172,335		14,808,910	13,822,373	986,537
Discoveries					
Prior year taxes	-		39,084	17,799	21,285
Abatements	(13,207,978)		(64,719)	(64,719)	-
Total for year	<u>\$ 3,004,964,357</u>				
Net levy			14,783,275	13,775,453	1,007,822
Uncollected tax at June 30, 2012			207,556	59,947	147,609
Current year's taxes collected			<u>\$ 14,575,719</u>	<u>\$ 13,715,506</u>	<u>\$ 860,213</u>
Percent current year collected			<u>98.60%</u>	<u>99.56%</u>	<u>85.35%</u>

Town of Garner, North Carolina

Detailed Analysis of Current Tax Levy

Town-Wide Levy

For the Year Ended June 30, 2012

Secondary Market Disclosure

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 2,516,107,912
Personal Property	415,286,643
Public Service Companies (2)	73,569,802
Total Assessed Valuation	3,004,964,357
Tax Rate per \$100	<u>0.490</u>
Levy (includes discoveries, releases and abatements) (3)	<u>\$ 14,783,275</u>

(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

(Unaudited)

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	59-66
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	67-70
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>	71-74
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>	75-77
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>	78-80

Town of Garner, North Carolina

Governmental Net Assets

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ 5,677,717	\$ 5,742,449	\$ 8,551,907	\$ 6,461,277	\$ 55,415,289	\$ 58,707,607	\$ 60,976,743	\$ 73,287,732	\$ 65,859,876	\$ 64,781,668
Restricted	908,922	1,061,207	499,188	513,700	718,482	455,948	110,289	148,090		
Stabilization by state statute									1,345,242	1,360,720
Streets									271,766	405,797
Capital projects									-	683,398
Unrestricted	<u>13,584,458</u>	<u>11,991,513</u>	<u>10,983,520</u>	<u>14,615,651</u>	<u>15,689,368</u>	<u>17,527,181</u>	<u>16,120,920</u>	<u>15,250,782</u>	<u>16,650,305</u>	<u>16,984,241</u>
Total governmental activities net assets	<u>\$ 20,171,097</u>	<u>\$ 18,795,169</u>	<u>\$ 20,034,615</u>	<u>\$ 21,590,628</u>	<u>\$ 71,823,139</u>	<u>\$ 76,690,736</u>	<u>\$ 77,207,952</u>	<u>\$ 88,686,604</u>	<u>\$ 84,127,189</u>	<u>\$ 84,215,824</u>

Note:

The change in the classifications of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis.

**Prior year amounts have not been restated for the implementation of Statement 54.

Town of Garner, North Carolina

Changes in Governmental Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

FUNCTIONS/PROGRAMS	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Government activities:										
General government	\$ 3,870,511	\$ 6,252,849	\$ 4,418,405	\$ 4,509,508	\$ 5,018,297	\$ 5,821,229	\$ 6,413,626	\$ 6,822,627	\$ 6,681,939	\$ 6,132,147
Public safety	5,899,738	7,210,653	7,047,334	7,586,030	8,429,748	8,576,041	9,071,950	9,476,699	9,538,923	9,743,696
Transportation	1,653,892	1,275,552	1,985,628	1,461,208	4,439,669	5,471,692	5,683,744	5,336,617	5,229,693	5,326,310
Environmental protection	1,319,663	3,041,845	1,091,372	1,185,574	1,317,954	1,427,511	1,540,954	1,920,656	1,663,545	1,744,989
Cultural/recreational	1,831,099	1,866,241	2,090,744	2,995,586	2,487,400	2,629,818	2,708,309	2,809,490	2,964,727	2,933,020
Interest on long-term debt	324,490	251,838	203,824	158,158	382,285	325,110	284,649	256,299	384,113	582,873
Total governmental activities	<u>14,899,393</u>	<u>19,898,978</u>	<u>16,837,307</u>	<u>17,896,064</u>	<u>22,075,353</u>	<u>24,251,401</u>	<u>25,703,232</u>	<u>26,622,388</u>	<u>26,462,940</u>	<u>26,463,035</u>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	41,549	64,938	42,309	83,703	1,013,822	328,113	243,088	244,097	128,207	181,811
Public safety	479,506	578,789	567,803	725,856	1,013,604	772,080	335,631	594,963	463,281	576,322
Transportation	-	33,478	28,371	59,108	17,659	67,740	81,334	85,991	35,978	88,269
Environmental protection	22,383	20,517	22,693	35,399	30,844	14,451	8,135	116,506	167,229	104,429
Cultural & recreational	239,054	264,671	407,980	372,412	253,110	622,385	255,992	273,510	261,683	267,830
Interest on long-term debt	-	-	125,641	-	81,210	47,862	35,377	27,999	22,402	16,799
Operating grants and contributions	1,221,298	1,014,885	714,390	932,030	880,670	933,098	849,089	866,550	946,980	1,043,468
Capital grants and contributions	143,788	1,336,500	188,754	146,877	3,449,470	5,669,476	2,905,371	132,427	55,132	2,559,425
Total program revenues	<u>2,147,578</u>	<u>3,313,778</u>	<u>2,097,941</u>	<u>2,355,385</u>	<u>6,740,389</u>	<u>8,455,205</u>	<u>4,714,017</u>	<u>2,342,043</u>	<u>2,080,892</u>	<u>4,838,353</u>
Total Governmental net (expense)/revenue	<u>(12,751,815)</u>	<u>(16,585,200)</u>	<u>(14,739,366)</u>	<u>(15,540,679)</u>	<u>(15,334,964)</u>	<u>(15,796,196)</u>	<u>(20,989,215)</u>	<u>(24,280,345)</u>	<u>(24,382,048)</u>	<u>(21,624,682)</u>

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

FUNCTIONS/PROGRAMS	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Governmental Activities:										
General Revenues:										
Property taxes	\$ 9,433,114	\$ 9,918,473	\$ 10,514,511	\$ 11,180,039	\$ 12,289,203	\$ 13,181,474	\$ 14,659,430	\$ 14,921,267	\$ 14,786,084	\$ 14,770,016
Sales taxes	2,792,882	3,561,092	3,588,830	3,991,127	4,444,080	4,646,190	4,270,224	4,045,884	4,344,010	4,324,449
Other taxes	1,039,936	1,069,669	1,126,405	1,186,319	1,306,745	1,442,679	1,805,252	1,782,096	1,942,599	1,928,686
Grants and contributions not restricted to specific programs	11,515	5,610	1,975	6,821	7,905	625	3,925	2,357	-	9,500
Unrestricted investment earnings	133,883	94,451	214,499	365,532	574,804	727,199	312,863	40,177	28,323	17,852
Other	871,624	559,977	532,592	366,854	419,041	665,626	454,737	520,135	574,615	662,815
Total general revenues	14,282,954	15,209,272	15,978,812	17,096,692	19,041,778	20,663,793	21,506,431	21,311,916	21,689,381	21,713,318
Changes in net assets	1,531,139	(1,375,928)	1,239,446	1,556,013	3,706,814	4,867,597	517,216	(2,968,429)	(2,692,667)	88,635
Net assets, beginning of year	18,639,958	20,171,097	18,795,169	20,034,615	21,590,628	71,823,139	76,690,736	77,207,952	88,686,604	84,127,189
Prior period adjustment	-	-	-	-	46,525,697	-	-	14,447,081	(1,866,748)	-
Net assets, end of year	\$ 20,171,097	\$ 18,795,169	\$ 20,034,615	\$ 21,590,628	\$ 71,823,139	\$ 76,690,736	\$ 77,207,952	\$ 88,686,604	\$ 84,127,189	\$ 84,215,824

Town of Garner, North Carolina

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 4,832,070	\$ 4,021,599	\$ 4,654,324	\$ 2,227,087	\$ 3,383,761	\$ 2,855,285	\$ 2,844,496	\$ 4,390,881		
Unreserved	6,578,904	7,220,909	7,488,352	10,921,073	12,501,341	14,622,672	15,529,798	15,151,047		
Nonspendable									\$ 113,877	\$ 49,410
Restricted									1,617,008	1,766,517
Assigned									5,404,399	8,220,431
Unassigned									13,495,884	13,382,466
Total general fund	<u>\$ 11,410,974</u>	<u>\$ 11,242,508</u>	<u>\$ 12,142,676</u>	<u>\$ 13,148,160</u>	<u>\$ 15,885,102</u>	<u>\$ 17,477,957</u>	<u>\$ 18,374,294</u>	<u>\$ 19,541,928</u>	<u>\$ 20,631,168</u>	<u>\$ 23,418,824</u>
All other governmental funds										
Reserved										
Unreserved:										
Capital projects	\$ 119,321	\$ (365,382)	\$ (2,203,278)	\$ 1,139,303	\$ 132,039	\$ 463,134	\$ (1,367,045)	\$ (2,522,694)		
Restricted									\$ 6,857,936	\$ 2,156,493
Total all other governmental funds	<u>\$ 119,321</u>	<u>\$ (365,382)</u>	<u>\$ (2,203,278)</u>	<u>\$ 1,139,303</u>	<u>\$ 132,039</u>	<u>\$ 463,134</u>	<u>\$ (1,367,045)</u>	<u>\$ (2,522,694)</u>	<u>\$ 6,857,936</u>	<u>\$ 2,156,493</u>

The change in the classifications of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis.

**Prior year amounts have not been restated for the implementation of Statement 54.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Ad valorem taxes	\$ 9,273,649	\$ 10,106,058	\$ 10,533,316	\$ 11,176,254	\$ 12,217,657	\$ 13,144,760	\$ 14,594,341	\$ 14,980,052	\$ 14,876,541	\$ 14,793,235
Other taxes and licenses	2,885,662	3,659,252	3,702,497	4,122,202	4,582,519	4,811,881	4,433,984	4,217,586	4,586,384	4,573,911
Intergovernmental revenues	2,807,716	2,719,673	2,544,588	2,657,476	2,826,691	3,072,339	3,195,971	2,756,568	2,844,452	2,918,028
Permits and fees	617,836	767,451	908,531	1,046,718	2,111,042	1,547,405	795,324	1,127,074	866,912	1,079,702
Sales and services	265,614	269,855	236,357	306,732	332,365	394,778	398,701	467,471	453,915	501,335
Investment earnings	133,882	1,218,670	223,427	365,532	574,803	727,199	312,863	40,177	28,324	17,851
Premium on bonds	-	-	-	-	-	-	-	-	55,828	-
Other revenues	416,657	501,548	465,143	376,934	462,525	301,449	241,231	239,584	289,588	2,730,840
Total revenues	16,401,016	19,242,507	18,613,859	20,051,848	23,107,602	23,999,811	23,972,415	23,828,512	24,001,944	26,614,902
EXPENDITURES										
Current										
General government	3,618,348	6,000,558	4,393,606	6,961,587	5,608,496	5,675,801	5,741,858	6,031,883	6,712,757	5,989,612
Public safety	5,881,560	6,496,573	6,814,654	7,425,424	8,155,882	8,498,765	8,965,706	9,415,377	9,309,560	9,554,279
Transportation	1,669,123	2,453,604	2,207,499	1,522,118	1,505,804	2,445,807	2,617,478	2,032,223	1,870,034	2,289,221
Environmental protection	1,319,662	1,069,540	1,091,372	1,278,457	1,316,802	1,425,232	1,546,994	1,916,298	1,661,240	1,742,909
Cultural and recreational	1,671,477	1,859,920	2,148,227	2,105,216	2,145,406	2,489,933	2,437,701	2,396,481	2,567,941	2,471,480
Capital projects	534,383	688,879	1,844,001	2,541,794	1,171,453	386,544	2,583,235	1,112,593	331,081	5,244,596
Debt service										
Principal retirement	1,066,016	1,069,589	970,408	976,094	1,258,924	1,028,215	789,413	682,611	951,123	729,617
Interest and fees	336,581	263,291	208,368	159,711	388,728	329,796	286,872	258,065	302,892	542,177
Total expenditures	16,097,150	19,901,954	19,678,135	22,970,401	21,551,495	22,280,093	24,969,257	23,845,531	23,706,628	28,563,891
Revenues over (under) expenditures	303,866	(659,447)	(1,064,276)	(2,918,553)	1,556,107	1,719,718	(996,842)	(17,019)	295,316	(1,948,989)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	\$ 9,085	\$ 6,278	\$ 66,547	\$ 2,437	\$ 59,981	\$ 40,851	\$ 251	\$ 29,004	\$ 345,000	\$ 35,202
Issuance of debt	-	-	-	7,264,181	113,590	163,381	62,749	-	9,829,554	-
Transfers in	184,423	252,758	356,480	1,847,362	2,219,790	2,465,867	1,283,927	727,925	203,800	541,284
Transfers out	(184,423)	(252,758)	(296,480)	(1,847,362)	(2,219,790)	(2,465,867)	(1,283,927)	(727,925)	(203,800)	(541,284)
Total other financing sources (uses)	<u>9,085</u>	<u>6,278</u>	<u>126,547</u>	<u>7,266,618</u>	<u>173,571</u>	<u>204,232</u>	<u>63,000</u>	<u>29,004</u>	<u>10,174,554</u>	<u>35,202</u>
Net change in fund balance	<u>\$ 312,951</u>	<u>\$ (653,169)</u>	<u>\$ (937,729)</u>	<u>\$ 4,348,065</u>	<u>\$ 1,729,678</u>	<u>\$ 1,923,950</u>	<u>\$ (933,842)</u>	<u>\$ 11,985</u>	<u>\$ 10,469,870</u>	<u>\$ (1,913,787)</u>
Debt service as a percentage of non-capital expenditures	<u>9.24%</u>	<u>7.64%</u>	<u>6.93%</u>	<u>6.73%</u>	<u>8.67%</u>	<u>6.51%</u>	<u>5.05%</u>	<u>4.85%</u>	<u>6.13%</u>	<u>4.81%</u>

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

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>	<u>Other Taxes and Licenses</u>	<u>Intergovernmental Revenues</u>	<u>Permits and Fees</u>	<u>Sales and Services</u>	<u>Investment Earnings</u>	<u>Premium on Bonds</u>	<u>Other Revenues</u>	<u>Total</u>
2003	\$ 9,273,649	\$ 2,885,662	\$ 2,807,716	\$ 617,836	\$ 265,614	\$ 133,882	\$ -	\$ 416,657	\$ 16,401,016
2004	10,106,058	3,659,252	2,719,673	767,451	269,855	1,218,670	-	501,548	19,242,507
2005	10,533,316	3,702,497	2,544,588	908,531	236,357	155,889	-	465,143	18,546,321
2006	11,176,254	4,122,202	2,657,476	1,046,718	306,732	365,532	-	376,934	20,051,848
2007	12,217,657	4,582,519	2,826,691	2,111,042	332,365	574,803	-	462,525	23,107,602
2008	13,144,760	4,811,881	3,072,339	1,547,405	394,778	727,199	-	301,449	23,999,811
2009	14,594,341	4,433,984	3,195,971	795,324	398,701	312,863	-	241,231	23,972,415
2010	14,980,052	4,217,586	2,756,568	1,127,074	467,471	40,177	-	239,584	23,828,512
2011	14,876,541	4,586,384	2,844,452	866,912	453,915	28,324	55,828	289,588	24,001,944
2012	14,793,235	4,573,911	2,918,028	1,079,702	501,335	17,851	-	2,730,840	26,614,902

(1) Includes General and Capital Project Funds.

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

Fiscal Year	General Government	Public Safety	Streets and Transportation	Environmental Protection	Cultural and Recreational	Capital Projects	Debt Service	Total
2003	\$ 3,618,348	\$ 5,881,560	\$ 1,669,123	\$ 1,319,662	\$ 1,671,477	\$ 534,383	\$ 1,402,597	\$ 16,097,150
2004	6,000,558	6,496,573	2,453,604	1,069,540	1,859,920	688,879	1,332,880	19,901,954
2005	4,393,606	6,814,654	2,207,499	1,091,372	2,148,227	1,844,002	1,178,776	19,678,136
2006	6,961,587	7,425,424	1,522,118	1,278,457	2,105,216	2,541,794	1,135,805	22,970,401
2007	5,608,496	8,155,882	1,505,804	1,316,802	2,145,406	1,171,453	1,647,652	21,551,495
2008	5,675,801	8,498,765	2,445,807	1,425,232	2,489,933	386,544	1,358,011	22,280,093
2009	5,741,858	8,965,706	2,617,478	1,546,994	2,437,701	2,583,235	1,076,285	24,969,257
2010	6,031,883	9,415,377	2,032,223	1,916,298	2,396,481	1,112,593	940,676	23,845,531
2011	6,712,757	9,309,560	1,870,034	1,661,240	2,567,941	331,081	1,254,015	23,706,628
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

(1) Includes General and Capital Project Funds.

Town of Garner, North Carolina

Assessed Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Personal Property				Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Public Service Co. (1)	Motor Vehicle	Other				
2003	\$ 1,329,017,814	\$ 66,804,845	\$ 161,929,895	\$ 134,671,516	\$ 1,692,424,070	0.560	\$ 1,813,799,953	93.31%
2004	1,409,919,143	72,887,530	156,334,085	120,458,299	1,759,599,057	0.560	1,937,535,857	90.82%
2005	1,487,184,792	74,505,130	177,565,761	118,088,996	1,857,344,679	0.560	2,133,310,018	87.06%
2006	1,550,238,391	69,942,361	202,591,976	161,253,096	1,984,025,824	0.560	2,361,328,464	84.02%
2007	1,659,119,409	74,221,122	202,194,608	181,536,447	2,117,071,586	0.575	2,615,538,642	80.94%
2008	1,770,103,434	61,216,927	222,612,062	219,890,761	2,273,823,184	0.575	2,982,726,510	76.23%
2009 (2)	2,405,039,709	76,650,226	217,860,146	241,741,480	2,941,291,561	0.490	3,000,028,860	98.04%
2010	2,469,678,054	77,711,846	192,675,880	262,907,169	3,002,972,949	0.490	2,756,005,144	108.96%
2011	2,463,484,759	75,237,723	188,077,390	254,503,481	2,981,303,353	0.490	2,808,859,420	106.14%
2012	2,516,107,912	73,569,802	198,944,121	216,342,522	3,004,964,357	0.490	2,879,158,961	104.37%

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

(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 2001 and 2009.

Town of Garner, North Carolina

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(PER \$100 OF ASSESSED VALUE)
(Unaudited)

<u>Fiscal Year</u>	<u>Town of Garner</u>	<u>Wake County</u>	<u>Total</u>
2003	\$ 0.560	\$ 0.604	\$ 1.164
2004	0.560	0.604	1.164
2005	0.560	0.604	1.164
2006	0.560	0.604	1.164
2007	0.575	0.634	1.209
2008	0.575	0.678	1.253
2009 (1)	0.490	0.534	1.024
2010	0.490	0.534	1.024
2011	0.490	0.534	1.024
2012	0.490	0.534	1.024

(1) A revaluation of real property is required by North Carolina General Statutes at least every eight years. A revaluation was completed for tax year 2009.

Town of Garner, North Carolina

Principal Property Taxpayers

Ten Year Comparison

(Unaudited)

Taxpayer	2012			2002		
	2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2002 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Inland American Garner White Oak	\$ 76,408,024	1	2.54%	\$ -		
Progress Energy	59,357,440	2	1.98%	39,234,460	1	2.43%
ConAgra Foods, LLC	42,311,920	3	1.41%	36,326,096	2	2.25%
Pergo, Inc.	42,218,689	4	1.40%	26,371,586	3	1.78%
Alltel Communications	29,734,699	5	0.99%			
Regency Center, LP	27,033,933	6	0.90%	25,894,815	4	1.60%
Greenfield North, LLC	26,643,356	7	0.89%			
Abberly Place Garner PH 1 L P	25,456,547	8	0.85%			
North South Station LLC	25,449,658	9	0.85%			
Ashton Village Ltd. Partnership	22,169,484	10	0.74%			
DIM Vastgoed NV				19,532,352	5	1.21%
Bellsouth Telephone				14,128,383	6	0.88%
Parker Raleigh Development				13,283,073	7	0.82%
K-Mart Corporation				13,046,343	8	0.81%
Cameron, Bessie Morgan ET AL				11,538,305	9	0.71%
Pinewinds Apartments Assoc				11,167,939	10	0.69%
Totals	<u>\$376,783,750</u>		<u>12.55%</u>	<u>\$210,523,352</u>		<u>13.18%</u>

Town of Garner, North Carolina

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

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
2003	\$ 9,413,198	\$ 9,022,610	95.9%	\$ 378,710	\$ 9,401,320	99.9%
2004	9,934,017	9,734,975	98.0%	184,919	9,919,894	99.9%
2005	10,478,602	10,269,510	98.0%	193,648	10,463,158	99.9%
2006	11,128,876	10,891,632	97.9%	217,474	11,109,106	99.8%
2007	12,259,185	11,964,705	97.6%	266,919	12,231,624	99.8%
2008	13,164,682	12,852,014	97.6%	276,090	13,128,104	99.7%
2009	14,620,367	14,269,780	97.6%	321,412	14,591,192	99.8%
2010	14,913,304	14,625,986	98.1%	255,925	14,881,911	99.8%
2011	14,792,939	14,579,297	98.6%	165,717	14,745,014	98.7%
2012	14,783,275	14,575,719	98.6%	-	14,575,719	98.6%

Reconciliation to revenues collected:

Total collected as stated above	\$ 14,577,110
Prior year collections in current year	163,124
Penalties and interest collected	<u>53,001</u>

Ad valorem taxes collected per general fund financial statements

\$ 14,793,235

Town of Garner, North Carolina

Ratio of Outstanding Debt
Governmental Activities
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Installment Purchase</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Per Capita (1)</u>	<u>Percentage of Personal Income (2)</u>
2003	\$ 759,645	\$ 4,138,700	\$ 4,898,345	\$ 188	0.51%
2004	500,856	3,327,900	3,828,756	156	0.44%
2005	759,645	2,522,200	3,281,845	111	0.31%
2006	7,535,235	1,671,200	9,206,435	385	1.21%
2007	7,021,702	1,039,400	8,061,102	324	0.88%
2008	6,516,268	680,000	7,196,268	279	0.75%
2009	5,944,606	525,000	6,469,606	246	0.80%
2010	5,361,993	425,000	5,786,993	218	0.71%
2011	8,290,424	6,375,000	14,665,424	566	1.83%
2012	7,775,807	6,160,000	13,935,807	536	1.29%

(1) Provided by the N.C. Department of Commerce. Latest information available is represented.

(2) 2012 and 2011 ratios are calculated using 2010 personal income.

Town of Garner, North Carolina
 Computation of Direct and Overlapping Debt
 General Obligation Bonds
 June 30, 2012
 (Unaudited)

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>(2) Percentage Applicable to Town of Garner</u>	<u>Amount Applicable to Town of Garner</u>
Direct Debt:			
Town of Garner	\$ 13,935,807	100.00%	\$ 13,935,807
Overlapping Debt: (1)			
Wake County	2,058,808,059	2.50%	51,470,201
Total direct and overlapping debt			<u><u>\$ 65,406,008</u></u>

(1) Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of airport revenues.

(2) Percentage of overlap based on assessed property values.

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)

<u>Fiscal Year</u>	<u>Population Estimate (1)</u>	<u>Total Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	21,995	\$ 1,692,424,070	\$ 4,138,700	0.24%	\$ 188.17
2004	21,326	1,759,599,057	3,327,900	0.19%	156.05
2005	22,722	1,857,344,679	2,522,200	0.14%	111.00
2006	23,906	1,984,025,824	9,206,435	0.46%	385.11
2007	24,877	2,117,071,586	8,061,102	0.38%	324.04
2008	25,753	2,273,823,184	7,196,268	0.32%	279.43
2009	26,341	2,941,291,561	6,469,606	0.22%	245.61
2010	26,523	3,002,972,949	5,786,995	0.19%	218.19
2011	25,891	2,981,303,353	14,665,424	0.49%	566.43
2012	26,000	3,004,964,357	13,935,807	0.46%	535.99

(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)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$135,394	\$140,768	\$148,588	\$158,722	\$169,366	\$181,906	\$235,303	\$240,238	\$ 238,504	\$ 240,397
Total net debt applicable to limit	<u>4,898</u>	<u>3,829</u>	<u>2,918</u>	<u>9,206</u>	<u>8,061</u>	<u>7,196</u>	<u>6,470</u>	<u>5,787</u>	<u>14,665</u>	<u>13,936</u>
Legal debt margin	<u>\$130,496</u>	<u>\$136,939</u>	<u>\$145,670</u>	<u>\$149,516</u>	<u>\$161,305</u>	<u>\$174,710</u>	<u>\$228,833</u>	<u>\$234,451</u>	<u>\$ 223,839</u>	<u>\$ 226,461</u>
Total net debt applicable to the limit as a percentage of debt limit										

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value	\$ 3,004,964,357
Debt Limit (8% of total assessed value)	240,397,149
Debt applicable to limit:	
Outstanding General Bonded Debt	\$ 6,160,000
Installment Purchase	<u>7,775,807</u>
Subtotal	13,935,807
Authorized and unissued debt	<u>-</u>
Total Gross Debt	13,935,807
Less: Statutory deductions	
Authorized and unissued debt	<u>-</u>
Total amount of debt applicable to debt limit	<u>13,935,807</u>
Legal debt margin	<u>\$ 226,461,342</u>

Town of Garner, North Carolina

Demographic Statistics

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>	<u>Personal Income (Thousands of Dollars) (4)</u>
2003	21,995	\$ 36,870	5.2%	\$ 810,956
2004	21,376	35,515	4.7%	759,169
2005	22,722	35,864	4.4%	814,902
2006	23,906	31,724	3.6%	758,394
2007	24,877	36,635	3.4%	911,369
2008	25,753	37,389	4.8%	962,879
2009	26,341	30,863	8.8%	812,962
2010	26,523	41,400	8.2%	818,579
2011	25,891	Not Available	8.4%	799,074
2012	26,000	Not Available	7.8%	799,074

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

(2) From Wake County Economic Development. Figures are for Wake County, Town not available.

(3) From North Carolina Employment Security Commission. Rates are for Wake County, separate data for the Town not available.

(4) 2012 and 2011 personal income amounts are calculated using 2010 personal income.

Town of Garner, North Carolina
Principal Employers
Fiscal Year 2008 and Five Year Comparison
(Unaudited)

Employer	2008 (1)			2003 (2)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Wake County Public Schools	1040	1	5.2%	200	6	1.3%
Con Agra Foods	600	2	3.0%	715	1	4.7%
Pergo, Inc.	280	3	1.4%			
Hamlin Company	250	4	1.3%	250	5	1.6%
Wal-mart	212	5	1.1%	300	3	2.0%
LL Vann Electric	200	6	1.0%	200	7	1.3%
Lowe's Superstore	200	6	1.0%	255	4	1.7%
Laurel's of Forest Glen	160	7	0.8%			
Town of Garner	158	8	0.8%			
Home Depot	150	9	0.8%	200	8	
Ultratech	150	9	1.0%			
Target	140	10	0.7%	170	10	1.1%
Kroger				180	9	
K-Mart Corporation				382	2	2.5%
Totals	<u>3,540</u>		<u>17.9%</u>	<u>2,852</u>		<u>16.2%</u>

(1) 2008 data from the Greater Raleigh Chamber of Commerce, current year data unavailable.

(1) First year of data available.

Town of Garner, North Carolina

Property Value and Construction

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Property Value	Construction (1)	
		Number of Permits	Value
2003	\$ 1,692,424,070	860	\$ 80,216,951
2004	1,759,599,057	808	62,758,376
2005	1,857,344,679	1004	87,395,619
2006	1,984,025,824	1025	123,062,464
2007	2,117,071,586	1104	189,073,566
2008	2,273,823,184	975	93,456,119
2009	2,941,291,561	804	37,758,767
2010	3,002,972,949	889	14,475,118
2011	2,981,303,353	875	18,816,144
2012	3,004,964,357	1023	38,680,248

(1) From Town of Garner Inspections Department.

Town of Garner, North Carolina

Full-time Town Employees by Function

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	33	33	33	35	43	43	44	43	40	41
Public Safety	68	69	66	71	77	78	76	77	75	73
Streets and Transportation	15	18	18	16	14	16	16	13	11	10
Cultural & Recreation	22	22	24	25	21	21	23	25	22	23
Total	<u>138</u>	<u>142</u>	<u>141</u>	<u>147</u>	<u>155</u>	<u>158</u>	<u>159</u>	<u>158</u>	<u>148</u>	<u>147</u>

Town of Garner, North Carolina

Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Development Services										
Inspections:										
Permits issued (all trade types)	884	884	884	884	1,105	1,105	780	889	875	876
Building inspections conducted	8,750	8,750	8,750	8,750	11,697	11,697	8,100	4,053	4,584	3,519
Public Works										
Miles of streets maintained	84	83	83	93	94	96	98	98	98	99
Traffic control signs repaired/replaced	56	67	131	212	65	529	174	223	411	210
Town parks maintained	10	11	11	11	11	11	12	12	12	12
Town athletic fields/courts maintained	20	30	30	30	30	30	33	30	30	30
Town building/grounds maintained	6	6	6	40	40	40	42	42	42	44
Police										
Calls for service	17,683	17,716	21,801	24,794	24,003	29,491	30,595	29,681	27,518	27,272
Accidents investigated	1,130	1,090	1,166	1,360	1,105	1,236	1,240	1,127	1,073	1,125
Arrests	1,818	2,325	2,104	1,800	1,695	1,511	1,420	1,288	936	826
Fire/Rescue (1)										
Fire call answered	Not Available	1,522	1,521	1,522	1,522	1,522	1,522	4,307	4,733	4,737
EMS calls answered	Not Available	3,860	3,948	3,860	3,860	3,860	3,860			
Patients transported	Not Available	1,944	1,944	Not Available						
Solid Waste										
Rollout containers in use	6,987	7,098	7,274	7,348	8,203	8,455	8,547	8,543	8,595	8,700
% of solid waste stream reduction reported to the state	47%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Spring and fall cleanups - tons collected	1,694	1,694	890	456	308	363	390	390	400	360
Leisure Services										
Parks & Recreation program registrations	1,300	1,300	1,878	1,878	1,878	1,878	1,750	1,878	1,750	3,220
Picnic shelter reservations	500	300	289	289	289	289	410	289	410	475
Auditorium event attendance	18,484	18,484	17,450	17,450	16,663	16,663	20,000	27,353	30,000	30,000
Independence day attendance	12,000	12,000	12,000	12,000	12,500	15,000	15,000	15,000	20,000	20,000

Source:

Departmental performance indicators in the Town of Garner Budget Document

(1) Fire and Rescue services merged in 2010.

Town of Garner, North Carolina

Capital Asset Statistics by Function

Last Ten Fiscal Years

(Unaudited)

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police stations	3	3	3	3	3	3	3	2	2	2
Fire stations	3	3	3	3	3	3	3	3	3	4
Highways and Streets										
Streets (miles)	31.05	31.05	44.75	44.75	44.75	44.75	44.75	44.75	46.15	46.15
Sidewalks (feet)	56,285	57,085	74,759	93,964	93,954	109,004	1,016,004	1,016,004	1,019,279	1,019,829
Leisure Services										
Number of major parks	3	4	4	5	5	5	6	6	6	6
Total park acreage	236	254	254	268	268	268	365	365	365	365

Note:

Capital asset indicators are not available for the general government function.

Source:

Various town departments.