

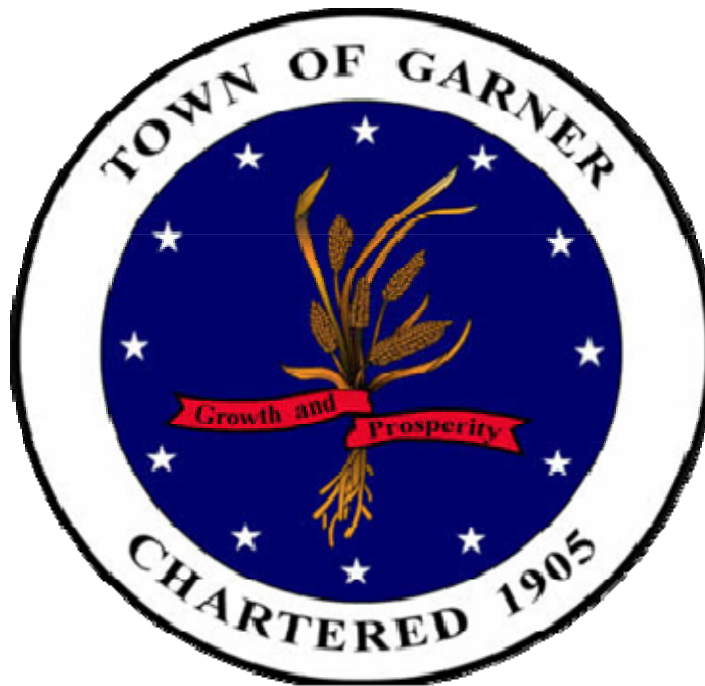


TOWN OF GARNER | NORTH CAROLINA
**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2024

TOWN OF GARNER

NORTH CAROLINA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared by:
Finance Department

TOWN OF GARNER, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION



Town of Garner

900 7th Avenue, Garner, North Carolina 27529
Phone (919) 773-4412 Fax (919) 662-8874 www.GarnerNC.gov

November 22, 2024

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

On behalf of the entire management team, we are pleased to present for your review the Annual Comprehensive Financial Report (ACFR) of the Town of Garner for the fiscal year ended June 30, 2024. This report includes financial statements and supplemental schedules audited by Mauldin & Jenkins, PLLC, the independent certified public accountants selected by the Town Council. The financial section of this document includes the auditor's report conveying their unmodified opinion regarding the accuracy of the basic financial statements.

The Annual Comprehensive Financial Report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect Town assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. The Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All necessary disclosures to enable the reader to obtain an understanding of the Town's financial activities have been included.

The Annual Comprehensive Financial Report encompasses all funds of the Town including all activities considered controlled by or dependent on the Town's governing body. Control by or dependence on the Town was determined by the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The Town provides a full range of services to its residents. These services include planning and community development; building inspections; police protection; contracted fire and rescue services; the construction and maintenance of streets and infrastructure; recreational activities and events; and contracted solid waste collection. Other governmental-type entities within the Town that are legally separate entities and for which the Town is not financially accountable are the Garner Volunteer Fire Rescue Department and the Downtown Garner Association. These entities have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Accounting principles generally accepted in the United States of America specify that management provide a narrative introduction, overview, and analysis to accompany the basic financial

statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The Town's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITIONS AND OUTLOOK

The Town of Garner is in Wake County, located in central North Carolina. It is adjacent to Raleigh, the State capital, which forms one point of an area of the State known as the Triangle. The other points are Durham and Chapel Hill. Located within the Triangle is the Research Triangle Park (RTP), nationally recognized for industrial, governmental, and scientific research. The Town's location, within easy commuting distance of all areas of the Triangle, offers widely diversified employment opportunities for its residents. Its proximity to these employment centers has encouraged the Town's steady growth over the years, primarily as a desirable residential community with close proximity to Raleigh. The Town's unemployment rate on June 30, 2024 was 3.0% compared with 3.1% on June 30, 2023, reflecting the strength of the local economy.

The Town's primary revenue source, property taxes, is projected to increase 32.8 percent in FY 2025. This large increase is attributable to several factors including a town-wide property revaluation that resulted in property values increasing by an average of 54% as well as an 8.5 cents tax rate increase. The tax increase funds several priorities including new positions and equipment for public safety as well as employee pay increases to attract and retain top talent. Natural growth in the tax base comes primarily from the construction of new residential and commercial properties which is a good indicator of the Town's economic climate.

Garner has experienced rapid growth which is expected to continue in future years. One area this is reflected in is the value of new construction permits issued by the Town. The FY 2024 construction value almost doubled growing to \$508 million compared to \$268 million in the prior year.

Another development driven economic indicator is permitting activity. Year-to-date revenue associated with building permit fees is at nearly 50% of the fiscal year budgeted total. This indicates that the development community continues to be bullish on the Garner market and plans to continue construction related activity in the future.

Garner continues to develop as a regional economic hub. A number of new business parks have been built in Garner in recent years due to the town's ideal location. Companies such as Lowe's, MD Logistics, UPS, and Uniphar have located facilities in the new business parks. Plans continue to move forward on Garner's E-District, a mixed-use development anchored by a new WakeMed integrated whole-person health campus, and with the U.S. Department of Veterans Affairs Clinic and the Metro 201 project in downtown.

Garner is a thriving community. New residents are moving to Town each month as factors like a strong jobs market and quality of life draw people to the area. Town Council and staff work hard to meet the demands of the community. The FY 2025 budget builds upon the successes of prior year budgets and positions the Town to meet current and future needs.

MAJOR INITIATIVES

The Town's Vision Statement is "to nurture hometown charm and natural environment for residents and businesses while encouraging new economic, recreational, and cultural opportunities through wise planning and investment." Initiatives geared towards this pursuit include the following:

- Several major capital projects are in design or construction including an expansion of the Town Hall campus, Jones Sausage Road improvements, sidewalks along Bryan and Vandora Springs roads, the development of Yeargan Park, and an extension of the South Garner Greenway.
- Town Council will begin a process to review and refresh the Town's Strategic Plan in FY 2025.
- Town staff provides an industry recognized high level of service to citizens through nationally accredited departments like Public Works, Parks, Recreation, and Cultural Resources, Police Department, and Garner Fire-Rescue Department.
- The Town maintained its AAA bond rating from Standard and Poor's Financial Services along with a rating of Aa1 from Moody's Investors Services.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. Town Council selected the accounting firm of Mauldin & Jenkins, PLLC. The auditor's report of the basic financial statements and individual fund statements and schedules are included in the financial section of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2024, are free of material misstatement. The independent auditor's report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Garner for its annual comprehensive financial report for the fiscal year ended June 30, 2023. 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 annual comprehensive financial report, whose contents conform to program standards. Such Annual Comprehensive Financial Report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Comprehensive Financial Report for 34 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to GFOA for consideration once again.

The GFOA awarded a Certificate of Achievement in Popular Annual Financial Reporting to the Town for its popular annual financial report (PAFR) for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award, recognizing a local government's ability to extract information from their Annual Comprehensive Financial Report into a report designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

A Certificate of Achievement for a PAFR is valid for a period of one year only. The Town of Garner has received a Certificate of Achievement for the PAFR for 10 consecutive years. We believe our current report will continue to conform to the Certificate of Achievement program requirements, and we will be submitting it to GFOA for consideration once again.

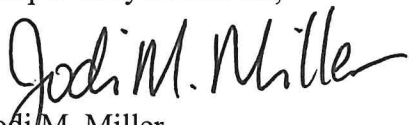
The GFOA also presented a Distinguished Budget Presentation Award to the Town of Garner for its annual budget for the fiscal year beginning July 1, 2024. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. The Town of Garner has received a Distinguished Budget Presentation Award for three consecutive years.

Acknowledgments. The preparation of an annual comprehensive financial report represents a cooperative effort of the entire Finance Department. We thank the Finance Department staff as well as our fellow departments directors for their diligence in ensuring the Town is financially stable. We also express our appreciation to the Mayor and Town Council for their continued support and guidance in planning and conducting the financial activities of the Town in a responsible and progressive manner.

CONCLUSION

The Town's management team is prepared to review this document with Town Council and the public in the coming weeks. We hope this report provides a thorough understanding of the Town's financial activities for FY 2023-2024 and will allow us to make informed decisions going forward for the Town of Garner.

Respectfully submitted,


Jodi M. Miller
Town Manager


David C. Beck
Finance Director

Town of Garner, North Carolina
List of Principal Officials
June 30, 2024

Buddy Gupton

Mayor

Phil Matthews

Council Member

Elmo Vance

Mayor Pro Tem

J. Graham "Gra" Singleton, Jr.

Council Member

Demian Dellinger

Council Member

Kathy Behringer

Council Member

Terri Jones

Town Attorney

Jodi Miller

Town Manager

John Hodges

Assistant Town Manager

Development Services

Vacant

Assistant Town Manager

Operations

Stella Gibson

Clerk

Lorie Smith

Police Chief

David Beck

Finance

Sara Warren

Budget

Nate Groover

Economic Development

María Muñoz-Blanco

Parks, Recreation & Cultural

Resources

Vacant

Human Resources

Rick Mercier

Communications

Shayla Douglas

Downtown Development

Leah Harrison

Engineering

Paul Padgett

Inspections

Jeff Triezenberg

Planning

Mari Howe

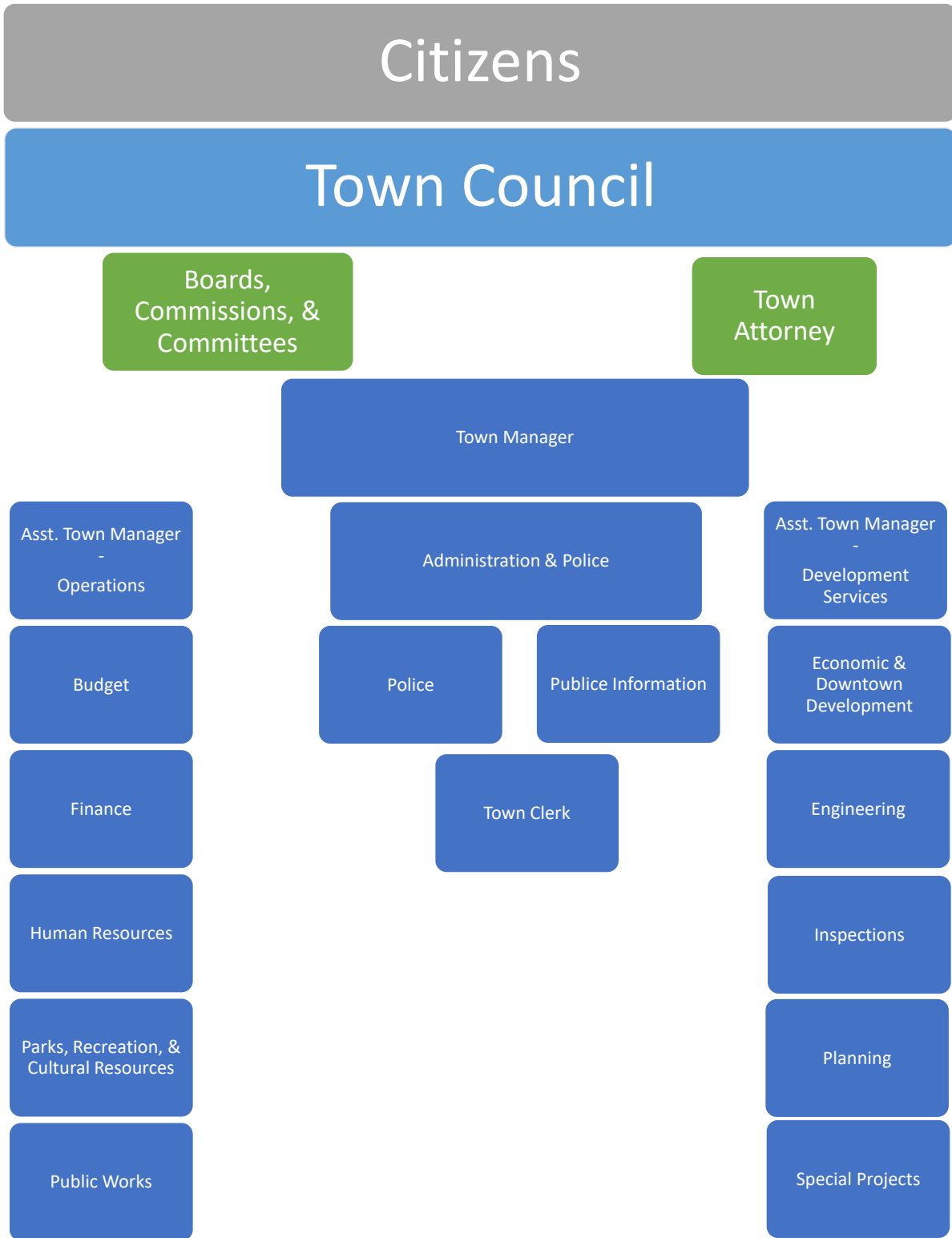
Special Projects

Forrest Jones

Public Works

Tom Howley

Information Technology





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Garner
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the **Town of Garner, North Carolina** (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Town, as of June 30, 2024, and the respective changes in financial position, and the budgetary comparison statements for the General Fund and the ARPA Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the Town's pensions and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund statements and schedules, the schedule of ad valorem taxes receivable, the analysis of current tax levy, the detailed analysis of current tax levy, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 15, 2024

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Town of Garner (the "Town") we offer readers of the Town's financial statements this overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$94,939,911 (net position).
- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$72,181,671 or an increase of \$8,677,209.
- As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$24,828,254, or 43.7%, of total General Fund expenditures for the fiscal year. This amount is considered available for spending at the government's discretion.
- The Town maintained its bond rating of AAA with Standard and Poor's Corporation and its Aa1 rating with Moody's Investor's Service.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements are on pages 12 and 13 of this report.

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

Fund Financial Statements

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

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

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

The Town adopts an annual appropriated budget for its General Fund as required by General Statutes. The budget is a legally adopted document that incorporates input from citizens, management, and Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The Town has elected to include all funds as major in the governmental funds. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. This statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by Council; 2) the final budget as amended by Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 14 - 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 - 56 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 and OPEB benefits to its employees. Required supplementary information can be found on pages 57 - 62 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 63 - 70 of this report.

The Statistical Section presents detailed data on financial trends, revenue capacity, debt capacity, demographic and economic information as well as operating statistics. The statistical section can be found on pages 71 - 90.

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

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

As noted earlier, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94,939,911 as of June 30, 2024. Approximately 74.4% of the Town's net position reflects the Town's net investment in capital assets. The net investment in capital assets category is defined as the Town's investment in Town owned capital assets (e.g. land, buildings, water and sewer capacity rights, vehicles, equipment and infrastructure) less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional 5.9% portion of net position is restricted. This category represents resources that are subject to specific external legal restrictions that limit the Town's ability to access and use these funds beyond the purpose for which they are provided.

**Town of Garner Net Position
Figure 1**

	Governmental Activities	
	2024	2023
ASSETS		
Current and other assets	\$ 76,657,073	\$ 70,036,105
Capital assets	109,299,051	107,053,675
Total assets	<u>185,956,124</u>	<u>177,089,780</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB deferrals	11,375,494	11,494,431
LIABILITIES		
Long-term debt outstanding	85,979,159	86,634,653
Other liabilities	11,887,245	13,660,219
Total liabilities	<u>97,866,404</u>	<u>100,294,872</u>
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB deferrals	4,469,139	5,222,531
Leases	6,387	9,477
Prepaid taxes	49,777	80,933
Total deferred inflows of resources	<u>4,525,303</u>	<u>5,312,941</u>
NET POSITION		
Net investment in capital assets	70,881,304	63,400,753
Restricted	5,614,362	6,949,593
Unrestricted	18,444,245	12,626,054
Total net position	<u>\$ 94,939,911</u>	<u>\$ 82,976,400</u>

The Town's net position increased by \$11,963,511 while unrestricted net position increased by \$5,818,191 resulting in unrestricted net position of \$18,444,245. The following are some of the items that influenced the change in unrestricted net position:

- Sales tax revenues exceeded budget estimates by \$981,982.
- Property tax revenues exceeded budget estimates by \$1,317,888.
- Building permit fees were \$1.25 million higher than original budget projections.

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2024	2023
REVENUES		
Program revenues		
Charges for services	\$ 7,346,169	\$ 6,506,054
Operating grants and contributions	1,422,640	11,242,385
Capital grants and contributions	2,428,670	783,438
General revenues		
Property taxes	38,005,603	30,528,827
Other taxes	14,001,140	13,231,893
Other	3,890,187	1,881,398
Total Revenues	67,094,409	64,173,995
EXPENSES		
General government	12,860,438	12,231,637
Public safety	22,574,301	26,994,751
Transportation	8,609,167	6,771,795
Environmental protection	3,104,241	2,789,690
Cultural and recreational	6,721,025	6,976,588
Interest on long-term debt	1,261,726	770,830
Total expenses	55,130,898	56,535,291
Change in net position	11,963,511	7,638,704
Net position, beginning of year	82,976,400	75,337,696
Net position, end of year	\$ 94,939,911	\$ 82,976,400

Governmental Activities. The Town's net position increased by \$11,963,511 during the current fiscal year. Key elements of this increase included:

- Property tax revenues increased \$7,372,840 due to a rate increase and growth in the tax base. This additional revenue funded several operating cost increases including nine full time employees, staffing for a new fire station, and funds parks maintenance.
- Other taxes were also up \$981,982 driven by continued historically high sales tax growth.
- Investment earnings were boosted by high interest rates and exceeded the budget by \$932,774.
- Expenses increased 21.0% from the prior year partially attributable to increasing personnel costs from implementing a new pay plan as well as a mid-year market adjustment for employees.

Total revenues were \$67.0 million. Charges for services, which go directly against expenses, accounted for 11.0% of revenues.

The total cost of all programs and services was \$55.1 million. Cost of public safety programs (building inspections, police and contracted fire services) accounted for 40.9% of expenses, followed by general government expenses at 23.3%. The Town also spent an additional 12.2% for cultural and recreational expenses.

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis of the Town's Funds

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

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

At June 30, 2024, the Town's governmental funds reported a combined ending fund balance of \$72,181,671 an increase of 13.7% from the previous fiscal year. Approximately \$24.8 million (34.4%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been assigned for other purposes (\$1.8 million), committed by the governing body for future capital projects (\$13.3 million), or restricted by external parties (\$26.6 million).

The General Fund is the chief operating fund of the Town. As of the close of the fiscal year, the Town's unassigned fund balance for the General Fund was \$24,828,254, or 43.7%, of total General Fund expenditures for the fiscal year. The governing body of the Town has determined that the Town should maintain unassigned fund balance equal to at least 30% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town.

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

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

The fund balance of the Town's General Fund increased \$6.2 million during the current fiscal year. The key factor for this increase is revenues exceeding projections while expenses held closer to budget estimates.

Per the Town's Revenue Savings Plan policy, a portion of revenue growth each year is set aside for future capital needs. The Town set aside approximately \$3.2 million in FY24 as additional committed fund balance.

ARPA Fund Highlights. The Town has approximately \$9,331 remaining to be used under the ARPA spending provisions. It is anticipated the remaining funds will be obligated or spent by the end of calendar year 2024.

Capital Projects Fund Highlights. Fund balance of the Capital Projects Fund increased \$2.3 million. The increase is primarily due to lower liabilities than at the end of the previous fiscal year. This is a result of the timing of certain projects ending and a gap before others begin. Some of the capital projects in progress during FY24 include the addition of an annex building to the Town Hall campus, design for Jones Sausage Road improvements, property acquisition for the White Oak Roundabout, design on the South Garner Greenway Extension, and design of the future Yeagan Park.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2024, amounts to \$109,299,051 (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 \$2,245,376.

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

Major capital asset investments of \$4.7 million during the fiscal year include: street and sidewalk improvement projects, future park development, and intangible lease and subscription assets.

	<u>June 30, 2024</u>		<u>June 30, 2023</u>
Land	\$ 20,520,774	\$	20,520,774
Buildings	28,465,166		29,373,700
Intangible assets	19,642,715		18,532,723
Improvements	4,785,915		4,208,764
Equipment	4,989,464		3,972,859
Infrastructure	25,216,741		26,991,576
Construction in progress	5,678,276		3,453,279
Total	<u>\$ 109,299,051</u>	\$	<u>107,053,675</u>

Additional information on the Town's capital assets can be found on pages 29 and 33 of the notes to the financial statements of this report.

Long-term Debt. As of June 30, 2024, the Town had total debt outstanding of \$92,693,853. Of this, \$50.2 million is backed by the full faith and credit of the Town; the remainder is secured by interest in property, vehicles, or equipment.

The Town's total debt decreased by \$181,434 during the fiscal year.

	<u>June 30, 2024</u>		<u>June 30, 2023</u>
General obligation bonds	\$ 50,204,847	\$	53,142,000
Premium on bonds	3,187,651		3,401,200
Installment financing agreements	1,846,619		2,625,691
Leases	1,603,714		562,037
IT subscription liabilities	281,390		365,785
Compensated absences	2,293,941		1,697,933
Net pension liability (LGERS)	12,486,970		10,264,014
Total pension liability (LEO)	4,383,198		4,401,519
Total OPEB liability	16,405,523		16,415,108
Total	<u>\$ 92,693,853</u>	\$	<u>92,875,287</u>

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

North Carolina General Statutes limit the amount of general obligation debt a governmental entity may issue to 8% of the total assessed value of taxable property. The current debt limitation for the Town is \$472.6 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 37- 40 of this report.

Economic Factors and Next Year's Budget

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

- The Town experienced its best year of sales tax revenues ever in FY 2023-2024 exceeding the previous high by \$522,000.
- An unemployment rate of 3.0% shows the strength of the local economy.
- The average home sale price is up 6.8% over the prior 12 month period.

TOWN OF GARNER, NORTH CAROLINA

MANAGEMENT DISCUSSION AND ANALYSIS

- The value of new construction permits issued by the Garner Inspections Department exceeded \$508 million which was an increase over the prior year of \$240 million. The department also issued 2,865 permits for the year compared to 2,088 in the prior year.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The FY 2024-2025 budget increased by \$13.7 million or 22.5 percent over FY 2023-2024. The budget includes a tax rate increase of 8.5 cents over the calculated revenue neutral rate. The budget targets critical needs of the Town with a focus on improving Town employee pay to retain and attract top talent. It includes a 3% mid-year market adjustment as well as the return of performance merit increases for full time employees. Additionally the new budget provides an hourly rate increase for supplemental and seasonal workers. This continues the Town's total compensation strategy which began in FY24 with the implementation of a new pay and classification plan.

Garner is a thriving community that is rapidly growing and adding new residents. Demand for services continues to increase and the FY25 budget reflects that. Fifteen new full time positions are funded in the new budget. Seven of the new positions are in the development services departments which is a direct reflection of the Town's growth. These positions meet current needs while also positioning the Town for success in the future.

Public safety remains a top priority for the Town. The FY 2024-2025 budget includes the addition of four new police corporals. The additional corporals will allow greater span of control for patrol services needed for a growing community and the safety of its residents. An additional FTE for Garner Fire-Rescue will support training efforts required to provide exceptional fire and first responder services across the Town.

This budget continues several initiatives that began in FY24. It includes a half penny of the tax rate dedicated to supporting public safety technology needs and one penny dedicated to small capital projects, repairs, and maintenance at the Town's park facilities. Additionally, the Town modernized its Revenue Savings Plan as part of the FY25 budget. The Revenue Savings Plan is the Town's strategy for setting aside revenues to put towards current and future debt service as well as capital needs. The new plan is known as the Debt Service Fund and the Town has dedicated 8.5 cents of the tax rate towards this purpose.

Revenues are expected to increase in multiple categories with the largest being property taxes. Property tax revenues are anticipated to increase by 28.1 percent. This is due to all property within Garner being revalued by Wake County Tax Administration which resulted in an average value increase of 54% across town. Additional revenue growth comes from an adopted tax rate which is 8.5 cents above the revenue neutral rate as well as natural growth in the tax base. Several line items related to development are anticipated to increase as additional residential and commercial investments continue. Even as interest rates begin to slowly come down, earnings on investments and deposits are still expected to be significant.

The Town has chosen to appropriate fund balance in the fiscal year 2025 budget. These appropriations of fund balance (totaling \$7,584,353) will be used to make one-time investments in equipment and infrastructure. Included in the total appropriation, the Town is drawing down \$6.3 million from the Debt Service Fund to meet debt service obligations as the fund is designed to do.

Requests for Information

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

TOWN OF GARNER, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 60,911,981
Investments	10,225,480
Taxes receivable, net of allowances	27,705
Intergovernmental receivables	4,545,153
Other receivables	25,920
Lease receivables	6,300
Accrued interest receivable on leases	87
Inventories	31,551
Prepaid items	132,896
Note receivables	750,000
Capital assets:	
Nondepreciable	43,684,131
Depreciable, net of accumulated depreciation	63,457,286
Intangible right to use lease assets, net of accumulated amortization	1,693,137
Intangible right to use subscription assets, net of accumulated amortization	464,497
Total assets	185,956,124
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension items	8,831,515
Deferred outflows - OPEB items	2,543,979
Total deferred outflows of resources	11,375,494
LIABILITIES	
Accounts payable and accrued expenses	2,801,680
Accrued interest payable	810,010
Payroll withholdings	569,544
Deposits payable	991,317
Leases payable, due within one year	413,202
Leases payable, due in more than one year	1,190,512
Subscriptions payable, due within one year	177,903
Subscriptions payable, due in more than one year	103,487
Installment notes, due within one year	777,619
Installment notes, due in more than one year	1,069,000
Bonds payable, due within one year	2,905,000
Bonds payable, due in more than one year	50,487,498
Compensated absences, due within one year	1,146,971
Compensated absences, due in more than one year	1,146,970
Total pension liability (LEOSSA), due in more than one year	4,383,198
Net pension liability (LGERS), due in more than one year	12,486,970
Total OPEB liability, due in more than one year	16,405,523
Total liabilities	97,866,404
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension items	494,509
Deferred inflows - OPEB items	3,974,630
Deferred inflows - leases	6,387
Prepaid taxes	49,777
Total deferred inflows of resources	4,525,303
NET POSITION	
Net investment in capital assets	70,881,304
Restricted for:	
Stabilization by State Statute	4,916,321
Public safety - law enforcement	112,292
Streets - Powell Bill	585,749
Unrestricted	18,444,245
Total net position	\$ 94,939,911

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

TOWN OF GARNER, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 12,860,438	\$ 2,300,496	\$ -	\$ -	\$ (10,559,942)
Public safety	22,574,301	4,029,888	401,588	-	(18,142,825)
Transportation	8,609,167	26,846	1,009,007	2,428,670	(5,144,644)
Environmental protection	3,104,241	211,842	-	-	(2,892,399)
Culture and recreation	6,721,025	777,097	12,045	-	(5,931,883)
Interest on long-term debt	1,261,726	-	-	-	(1,261,726)
Total governmental activities	<u>55,130,898</u>	<u>7,346,169</u>	<u>1,422,640</u>	<u>2,428,670</u>	<u>(43,933,419)</u>
Total primary government	<u>\$ 55,130,898</u>	<u>\$ 7,346,169</u>	<u>\$ 1,422,640</u>	<u>\$ 2,428,670</u>	<u>(43,933,419)</u>
General revenues:					
					38,005,603
					10,788,447
					3,212,693
					536,841
					3,353,346
					<u>55,896,930</u>
					11,963,511
					82,976,400
					<u>\$ 94,939,911</u>

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

TOWN OF GARNER, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2024

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 41,598,166	\$ 238,645	\$ 19,075,170	\$ 60,911,981
Investments	10,225,480	-	-	10,225,480
Taxes receivable, net	27,705	-	-	27,705
Intergovernmental receivable	4,417,049	-	128,104	4,545,153
Other receivables	25,920	-	-	25,920
Inventory	31,551	-	-	31,551
Interest receivable	87	-	-	87
Lease receivable	6,300	-	-	6,300
Prepaid items	132,896	-	-	132,896
Notes receivable	750,000	-	-	750,000
Total assets	57,215,154	238,645	19,203,274	76,657,073
LIABILITIES				
Accounts payable and accrued expenditures	2,432,984	-	368,696	2,801,680
Payroll withholdings	569,544	-	-	569,544
Deposits payable	991,317	-	-	991,317
Total liabilities	3,993,845	-	368,696	4,362,541
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	48,408	-	-	48,408
Unavailable revenue - other	8,289	-	-	8,289
Advance collection of property tax	49,777	-	-	49,777
Lease related	6,387	-	-	6,387
Total deferred inflows of resources	112,861	-	-	112,861
FUND BALANCES				
Nonspendable:				
Prepaid items	132,896	-	-	132,896
Inventory	31,551	-	-	31,551
Notes receivable	750,000	-	-	750,000
Restricted:				
Stabilization by State Statute	4,916,321	-	-	4,916,321
Public safety - law enforcement	112,292	-	-	112,292
Powell bill projects	585,749	-	-	585,749
Capital projects	2,159,057	-	18,834,578	20,993,635
Committed:				
Capital projects	1,482,158	-	-	1,482,158
COVID-19 recovery	4,466,188	238,645	-	4,704,833
Other	11,862,353	-	-	11,862,353
Assigned for:				
Subsequent year expenditure	1,781,629	-	-	1,781,629
Unassigned	24,828,254	-	-	24,828,254
Total fund balances	53,108,448	238,645	18,834,578	72,181,671
Total liabilities, deferred inflows of resources, and fund balances	\$ 57,215,154	\$ 238,645	\$ 19,203,274	\$ 76,657,073

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

TOWN OF GARNER, NORTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2024

Fund balances-Governmental funds	\$	72,181,671
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Assets not being depreciated	\$ 43,684,131	
Assets being depreciated, net of accumulated depreciation	63,457,286	107,141,417
Right-to-use lease assets are not financial resources and, therefore, are not reported in the funds.		
Right-to-use lease assets, net of accumulated amortization		1,693,137
Right-to-use subscription assets are not financial resources and, therefore, are not financial resources and, therefore, are not reported in the funds		
Right-to-use subscription assets, net of accumulated amortization		464,497
Net pension liability for the LGERS is not recorded on the fund financial statements.		
		(12,486,970)
Total OPEB liability is not recorded on the fund financial statements.		
		(16,405,523)
Total pension liability for the Special Separation Allowance LEO is not recorded on the fund financial statement.		
		(4,383,198)
Deferred inflows and outflows of resources related to pensions and OPEB which are not current financial resources and, therefore, not reported in the funds.		
		6,906,355
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		56,697
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds.		
Bonds payable	\$ (50,204,847)	
Premium on bonds	(3,187,651)	
Promissory notes	(1,846,619)	
Leases payable	(1,603,714)	
Subscriptions payable	(281,390)	
Compensated absences	(2,293,941)	
Accrued interest	(810,010)	(60,228,172)
Net position of governmental activities		\$ 94,939,911

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

TOWN OF GARNER, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	ARPA Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 37,957,195	\$ -	\$ -	\$ 37,957,195
Other taxes and licenses	11,073,560	-	-	11,073,560
Intergovernmental revenues	4,340,979	-	2,428,670	6,769,649
Permits and fees	6,290,315	-	-	6,290,315
Sales and services	1,019,630	-	-	1,019,630
Investment earnings	2,206,724	143,147	1,003,475	3,353,346
Miscellaneous	528,325	-	45,692	574,017
Total revenues	<u>63,416,728</u>	<u>143,147</u>	<u>3,477,837</u>	<u>67,037,712</u>
Expenditures				
Current:				
General government	13,163,990	-	-	13,163,990
Public safety	23,257,923	-	-	23,257,923
Transportation	5,556,123	-	-	5,556,123
Environmental protection	3,104,241	-	-	3,104,241
Culture and recreation	5,607,900	-	-	5,607,900
Capital outlays	-	-	3,411,587	3,411,587
Debt service:				
Principal retirements	4,496,273	-	-	4,496,273
Interest and fiscal charges	1,643,615	-	-	1,643,615
Total expenditures	<u>56,830,065</u>	<u>-</u>	<u>3,411,587</u>	<u>60,241,652</u>
Excess of revenues over expenditures	<u>6,586,663</u>	<u>143,147</u>	<u>66,250</u>	<u>6,796,060</u>
Other financing sources (uses)				
Transfers in	-	-	2,274,093	2,274,093
Transfers out	(2,274,093)	-	-	(2,274,093)
Sale of capital assets	143,819	-	-	143,819
Issuance of leases	1,481,563	-	-	1,481,563
Issuance of subscriptions	255,767	-	-	255,767
Total other financing sources (uses)	<u>(392,944)</u>	<u>-</u>	<u>2,274,093</u>	<u>1,881,149</u>
Net change in fund balances	6,193,719	143,147	2,340,343	8,677,209
Fund balances, beginning of year	<u>46,914,729</u>	<u>95,498</u>	<u>16,494,235</u>	<u>63,504,462</u>
Fund balances, end of year	<u>\$ 53,108,448</u>	<u>\$ 238,645</u>	<u>\$ 18,834,578</u>	<u>\$ 72,181,671</u>

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

TOWN OF GARNER, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

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

Net change in fund balances - total governmental funds	\$	8,677,209
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributions exceeded depreciation in the current period.

Capital outlay	\$	6,049,688	
Depreciation expense		(4,914,111)	
Intangible right-to-use lease asset capital outlay expenditures which were capitalized		1,481,563	
Amortization expense - leases		(366,425)	
Intangible right-to-use subscription asset expenditures which were capitalized		300,267	
Amortization expense - subscriptions		(305,413)	
Loss on disposed capital assets		<u>(193)</u>	2,245,376

The issuance of long-term debt and the refunding of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the repayments of the principal of long-term debt.

Debt issued or incurred:			
General obligation debt			-
Leases			(1,481,563)
IT subscriptions			(255,767)
Principal repayments:			
General obligation debt			3,150,702
Promissory notes			779,072
Leases			439,886
IT subscriptions			340,162

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

Change in unavailable revenue for tax revenues		56,697
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense		168,340	
Compensated absences (i.e., vacation)		(596,008)	
Pension expense - LGERS		(1,440,857)	
Pension expense - LEO Special Separation Allowance		(151,476)	
Total OPEB liability - and related deferred outflows and inflows of resources		<u>31,738</u>	

Change in net position of governmental activities	\$	<u>11,963,511</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual Amounts	Variance with Actual and Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 36,628,397	\$ 36,628,397	\$ 37,957,195	\$ 1,328,798
Other taxes and licenses	10,029,941	10,099,841	11,073,560	973,719
Intergovernmental revenues	3,396,215	3,505,308	4,340,979	835,671
Permits and fees	2,790,283	4,080,283	6,290,315	2,210,032
Sales and services	670,051	816,251	1,019,630	203,379
Investment earnings	400,000	1,273,950	2,206,724	932,774
Miscellaneous	215,775	318,567	528,325	209,758
Total revenues	<u>54,130,662</u>	<u>56,722,597</u>	<u>63,416,728</u>	<u>6,694,131</u>
Expenditures				
Current:				
General government	12,513,179	17,880,638	13,163,990	4,716,648
Public safety	21,419,613	23,480,642	23,257,923	222,719
Transportation	5,987,070	7,479,542	5,556,123	1,923,419
Environmental protection	2,968,979	3,223,979	3,104,241	119,738
Culture and recreation	5,574,184	7,028,363	5,607,900	1,420,463
Debt service:				
Principal retirements	4,895,797	4,290,797	4,496,273	(205,476)
Interest and fiscal charges	1,043,545	1,648,545	1,643,615	4,930
Total expenditures	<u>54,402,367</u>	<u>65,032,506</u>	<u>56,830,065</u>	<u>8,202,441</u>
Excess (deficiency) of revenues over (under) expenditures	(271,705)	(8,309,909)	6,586,663	14,896,572
Other financing sources (uses):				
Transfers out	(6,254,221)	(4,597,504)	(2,274,093)	2,323,411
Sale of capital assets	75,000	135,000	143,819	8,819
Issuance of leases	-	-	1,481,563	1,481,563
Issuance of subscriptions	-	-	255,767	255,767
Fund balance appropriated	6,450,926	12,772,413	-	(12,772,413)
Total other financing sources (uses)	<u>271,705</u>	<u>8,309,909</u>	<u>(392,944)</u>	<u>(8,702,853)</u>
Net change in fund balances	-	-	6,193,719	6,193,719
Fund balances, beginning of year	<u>46,914,729</u>	<u>46,914,729</u>	<u>46,914,729</u>	<u>-</u>
Fund balances, end of year	<u>\$ 46,914,729</u>	<u>\$ 46,914,729</u>	<u>\$ 53,108,448</u>	<u>\$ 6,193,719</u>

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

TOWN OF GARNER, NORTH CAROLINA

**ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2024**

	Project Budget	Actual		Total
		Prior Years	Current Year	
Revenues				
Intergovernmental revenues	\$ 10,009,331	\$ 10,009,330	\$ -	\$ 10,009,330
Investment earnings	283,477	378,976	143,147	522,123
Total revenues	<u>10,292,808</u>	<u>10,388,306</u>	<u>143,147</u>	<u>10,531,453</u>
Other financing uses:				
Transfers out	(10,292,808)	(10,292,808)	-	(10,292,808)
Total other financing uses	<u>(10,292,808)</u>	<u>(10,292,808)</u>	<u>-</u>	<u>(10,292,808)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 95,498</u>	143,147	<u>\$ 238,645</u>
Fund balances, beginning of year			<u>95,498</u>	
Fund balances, end of year			<u>\$ 238,645</u>	

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

TOWN OF GARNER, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town reports the following major governmental funds:

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

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

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

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

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

D. Budgets

Annual appropriated budgets are adopted for all funds. The amounts shown in the financial statements reflect amounts adopted by the budget ordinances as amended and approved at the close of the day on June 30, 2024. The Town had \$502,344 of fund balance assigned for encumbrances at June 30, 2024. The Town adopts annual budgets, prepared on the modified accrual basis for only the General Fund. The Capital Project Fund and ARPA Fund have project budgets adopted. Appropriations for funds with annual budgets lapse at the end of the budget year. Capital project budget appropriations do not lapse until the completion of the project. The Town Council may amend the budget throughout the year.

The annual budgets are adopted at the departmental level and multi-year budgets are adopted at the project level. The Town maintains administrative control over its operations through a more detailed line item budget. The Town Manager may transfer amounts between line items, however any revision to a salary line item must be reported to the governing council. The governing council must approve any amendment, which alters the total budget of a department. Within the General Fund, the Police Department and Debt Service had expenditures in excess of the budget by \$406,354 and \$200,546, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits

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

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

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

G. Allowances

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

H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Lease Receivable

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

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

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

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

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

J. Inventories and Prepaid Items

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

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

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

L. Intangible Right-to-Use Assets

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

The intangible right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Intangible Right-to-Use Assets (Continued)

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

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The Town currently has two items that meet this criterion, pension and OPEB deferrals for the 2024 fiscal year.

In addition to liabilities, the statement of net position and the Governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, and pension and OPEB deferrals.

N. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance. Lease and IT subscription liabilities are reduced over the life of the remaining agreements.

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

P. Fund Balance

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

Fund balances are classified as follows:

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

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

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

Note Receivables – portion of fund balance that is not an available resource because it represents the year-end balance of note receivables, which are not spendable resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

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

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

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

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

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

Q. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Management Estimates

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

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits. All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and thus risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Town's balance in operating accounts had a carrying amount of \$4,795,646 and a bank balance of \$5,182,764. Of the bank balance, \$250,000 was covered by federal depository insurance, \$4,932,764 in non-interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2024, the Town's petty cash fund totaled \$1,656.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Total deposits as of June 30, 2024, are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 60,911,981
Investments	10,225,480
	\$ 71,137,461

Cash and investments deposited with financial institutions	\$ 4,797,302
Cash deposited with NCCMT	55,017,561
Cash deposited with NCIP	1,097,118
Investments	10,225,480
	\$ 71,137,461

Credit risk. State statutes and the Town's policies authorize the Town to invest in obligations of the state of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S.

Government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The Town does not have a credit rating policy which provides restrictions or limitations on credit ratings for the Town's investments. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investments Services as of June 30, 2024.

As of June 30, 2024, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Fair Value June 30, 2024	Duration	Rating
US Treasury	Fair Value-Level 1	\$ 8,968,620	24 months	AA+
U.S. Government Sponsored Entities	Fair Value-Level 2	1,256,860	12 months	AA+
Local Government Investment Pool	Fair Value-Level 1	1,097,118	12 months	AAAm
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	55,017,561	N/A	AAAm
		\$ 66,340,159		

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2024, the Town's deposits are insured or collateralized as required by state law.

NOTE 3. RECEIVABLES

Taxes receivable at June 30, 2024, for the Town's General Fund amounted to a balance of \$244,952, with an offsetting allowance for doubtful accounts of \$217,247.

Note Receivable. The Town entered into a note receivable during fiscal year 2024 relating to a community housing project on Creech Road. The note was for \$750,000 with an interest rate of 1.0%. Annual interest only payments until the maturity date in March 2054, at which the note and remaining interest will be paid. The first interest payment of \$1,856 is due March 2025 and the balance on this note as of June 30, 2024, is \$750,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Town for the year ended June 30, 2024, is as follows:

	Balance 6/30/2023	Increases	Decreases	Transfers	Balance 6/30/2024
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 20,520,774	\$ -	\$ -	\$ -	\$ 20,520,774
Construction in progress	3,453,279	3,104,581	-	(879,584)	5,678,276
Intangible assets	17,485,081	-	-	-	17,485,081
Total capital assets not being depreciated	41,459,134	3,104,581	-	(879,584)	43,684,131
Capital assets being depreciated/amortized:					
Buildings	36,531,172	-	(1,211)	-	36,529,961
Improvements	11,840,985	960,151	-	-	12,801,136
Equipment	10,415,700	1,917,621	(406,737)	37,867	11,964,451
Lease Assets	714,009	1,481,563	-	-	2,195,572
Subscription assets	639,630	300,267	(159,164)	-	780,733
Infrastructure	102,883,540	67,335	-	841,717	103,792,592
Total capital assets being depreciated	163,025,036	4,726,937	(567,112)	879,584	168,064,445
Less accumulated depreciation and amortization for:					
Buildings	(7,157,472)	(908,341)	1,018	-	(8,064,795)
Improvements	(7,632,221)	(383,000)	-	-	(8,015,221)
Equipment	(6,442,841)	(938,883)	406,737	-	(6,974,987)
Lease Assets	(136,010)	(366,425)	-	-	(502,435)
Subscription assets	(169,987)	(305,413)	159,164	-	(316,236)
Infrastructure	(75,891,964)	(2,683,887)	-	-	(78,575,851)
Total	(97,430,495)	(5,585,949)	566,919	-	(102,449,525)
Total capital assets, being depreciated, net	65,594,541	(859,012)	(193)	879,584	65,614,920
Governmental activities capital assets, net	\$ 107,053,675				\$ 109,299,051

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

Governmental activities:	
General government	\$ 1,140,158
Public safety	611,439
Transportation	2,911,472
Culture and recreation	922,880
	922,880
Total depreciation and amortization expense	\$ 5,585,949

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTANGIBLE RIGHT-TO-USE ASSETS

Leases: Intangible right-to-use asset activity for the year ended June 30, 2024, was as follows:

At the end of fiscal year 2024 the Town's 23-month lease as lessee for the use of copying and printing equipment expired and has not been renewed or replaced. The Town continues to use the equipment on a month-to-month basis until a new lease agreement is in place.

On December 1, 2021, the Town entered into a 63-month lease as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$20,167. As of June 30, 2024, the value of the lease liability is \$10,275. The Town is required to make 18 quarterly fixed payments of \$984. The lease has an interest rate of 0.9800%. The value of the right-to-use asset as of June 30, 2024, of \$20,166 with accumulated amortization of \$9,891 is included in the table below.

On July 20, 2022, the Town entered into a 60-month lease as lessee for the use of laptops. An initial lease liability was recorded in the amount of \$447,020. As of June 30, 2024, the value of the lease liability is \$272,931. The Town is required to make annual fixed payments of \$93,634. The lease has an interest rate of 2.3660%. The value of the right-to-use asset as of June 30, 2024, of \$447,020 with accumulated amortization of \$174,089 is included in the table below.

On August 1, 2022, the Town entered into a 60-month lease as lessee for the use of tasers. An initial lease liability was recorded in the amount of \$246,823. As of June 30, 2024, the value of the lease liability is \$152,207. The Town is required to make annual fixed payments of \$51,700. The lease has an interest rate of 2.3660%. The value of the right-to-use assets as of June 30, 2024, of \$246,823 with accumulated amortization of \$94,616 is included in the table below.

On August 1, 2021, the Town entered into a 60-month lease as lessee for the use of body-worn cameras. An initial lease liability was recorded in the amount of \$498,074. As of June 30, 2024, the value of the lease liability is \$406,760. The Town is required to make annual fixed payments of \$104,904. The lease has an interest rate of 2.6560%. The value of the right-to-use asset as of June 30, 2024, of \$498,074 with accumulated amortization of \$91,314 is included in the table below.

On September 27, 2023, the Town entered into a 72-month lease as lessee for the use of a turf tank robot. An initial lease liability was recorded in the amount of \$90,004. As of June 30, 2024, the value of the lease liability is \$78,697. The Town is required to make annual fixed payments of \$15,000. The lease has an interest rate of 5.3578%. The value of the right-to-use asset as of June 30, 2024, of \$90,004 with accumulated amortization of \$11,307 is included in the table below.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTANGIBLE RIGHT-TO-USE ASSETS (CONTINUED)

On October 1, 2023, the Town entered into a 60-month lease as lessee for the use of Axon cameras - interview rooms. An initial lease liability was recorded in the amount of \$125,216. As of June 30, 2024, the value of the lease liability is \$106,434. The Town is required to make annual fixed payments of \$26,771. The lease has an interest rate of 3.4510%. The value of the right-to-use asset as of June 30, 2024, of \$125,216 with accumulated amortization of \$18,782 is included in the table below.

On November 1, 2023, the Town entered into a 60-month lease as lessee for the use of Axon cameras - in car. An initial lease liability was recorded in the amount of \$768,269. As of June 30, 2024, the value of the lease liability is \$665,833. The Town is required to make annual fixed payments of \$166,142. The lease has an interest rate of 3.4510%. The value of the right-to-use asset as of June 30, 2024, of \$768,269 with accumulated amortization of \$102,436 is included in the table below.

	Balance as of July 1, 2023	Additions	Reductions	Balances as of June 30, 2024
Intangible right-to-use lease assets				
Postage machine	\$ 20,166	\$ -	\$ -	\$ 20,166
Tasers	246,823	-	-	246,823
Body cameras	-	498,074	-	498,074
Cameras	-	768,269	-	768,269
Interview rooms	-	125,216	-	125,216
Tank robot	-	90,004	-	90,004
Laptops	447,020	-	-	447,020
Total intangible right to use assets	<u>714,009</u>	<u>1,481,563</u>	<u>-</u>	<u>2,195,572</u>
Less accumulated amortization for:				
Postage machine	6,074	3,817	-	9,891
Tasers	45,251	49,365	-	94,616
Body cameras	-	91,314	-	91,314
Cameras	-	102,436	-	102,436
Interview rooms	-	18,782	-	18,782
Tank robot	-	11,307	-	11,307
Laptops	84,685	89,404	-	174,089
Total accumulated amortization	<u>136,010</u>	<u>366,425</u>	<u>-</u>	<u>502,435</u>
Intangible right to use lease assets, net	<u>\$ 577,999</u>	<u>\$ 1,115,138</u>	<u>\$ -</u>	<u>\$ 1,693,137</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTANGIBLE RIGHT-TO-USE ASSETS (CONTINUED)

Subscriptions: The Town accounts for its IT subscriptions in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, the Town is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below:

On March 27, 2023, the Town entered into a 36-month subscription for the use of LiftOff - Office 365. An initial subscription liability was recorded in the amount of \$271,769. As of June 30, 2024, the value of the subscription liability is \$90,565. The Town is required to make annual fixed payments of \$93,186. The subscription has an interest rate of 2.894%.

On April 14, 2023, the Town entered into a 36-month subscription for the use of DebtBook - software. An initial subscription liability was recorded in the amount of \$38,107. As of June 30, 2024, the value of the subscription liability is \$12,700. The Town is required to make annual fixed payments of \$13,000. The subscription has an interest rate of 2.363%.

On August 30, 2023, the Town entered into a 24-month subscription for the use of Flock Crime Center. An initial subscription liability was recorded in the amount of \$64,571. As of 06/30/2024, the value of the subscription liability is \$31,851. The Town is required to make annual fixed payments of \$32,800. The subscription has an interest rate of 2.9780%. The Town has 2 extension options, each for 24 months.

On February 23, 2024, the Town entered into a 36-month subscription for the use of Lomali Budget Book. An initial subscription liability was recorded in the amount of \$43,646. As of June 30, 2024, the value of the subscription liability is \$28,950. The Town is required to make annual fixed payments of \$15,000. The subscription has an interest rate of 2.4090%. The Town has 2 extension options, each for 12 months.

On February 6, 2024, the Town entered into a 60-month subscription for the use of Questica - Budget Software. An initial subscription liability was recorded in the amount of \$147,550. As of June 30, 2024, the value of the subscription liability is \$117,323. The Town is required to make annual variable principal and interest payments of \$29,500 based on a CPI index of 5.00%. The subscription has an interest rate of 2.2820%.

Intangible Right-to-Use Subscription Assets

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	780,733	316,236
Total Subscriptions	780,733	316,236

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2024, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Direct placement - general obligation bonds	\$ 53,142,000	\$ -	\$ 2,937,153	\$ 50,204,847	\$ 2,905,000
Premium on bonds	3,401,200	-	213,549	3,187,651	-
Total bonds	<u>56,543,200</u>	<u>-</u>	<u>3,150,702</u>	<u>53,392,498</u>	<u>2,905,000</u>
Direct borrowing - promissory notes	2,625,691	-	779,072	1,846,619	777,619
Lease liability	562,037	1,481,563	439,886	1,603,714	413,202
Subscription liability	365,785	255,767	340,162	281,390	177,903
Compensated absences	1,697,933	1,458,387	862,379	2,293,941	1,146,971
Net pension liability (LGERS)	10,264,014	2,222,956	-	12,486,970	-
Total pension liability (LEO)	4,401,519	383,499	401,820	4,383,198	-
Total OPEB liability	16,415,108	918,175	927,760	16,405,523	-
Total	<u>\$ 92,875,287</u>	<u>\$ 6,720,347</u>	<u>\$ 6,901,781</u>	<u>\$ 92,693,853</u>	<u>\$ 5,420,695</u>

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Direct Placement - Bonds Payable

The outstanding balances for direct placement bonds as of June 30, 2024, are as follows:

	<u>Balance as of June 30, 2024</u>
General obligation bonds	
\$14,670,000 2015 Public improvement bonds due in annual installments of \$565,000 to \$1,710,000 through August 2036; interest varying from 2.0 to 5.0 percent.	\$ 9,935,000
\$9,805,000 2014 Public improvements bonds due in annual installments of \$250,000 to \$1,000,000 through August 1, 2034; interest varying from 2.0 to 4.0 percent.	6,760,000
\$4,050,000 2018 Public improvements bonds due in annual installments of \$120,000 to \$480,000 through August 1, 2032; interest varying from 3.0 to 5.0 percent.	3,435,000
\$7,190,000 2019 Public improvement bonds due in annual installments of \$185,000 to \$450,000 through August 1, 2038; interest varying from 3.0 to 5.0 percent.	6,440,000
\$4,740,000 2020 Refunding of Public improvements 2010 bonds due in annual installments of \$203,000 to \$428,000 through August 1, 2031; interest of 1.81 percent.	3,133,000
\$21,620,000 2023 Public improvements bonds due in annual installments of \$1,080,000 to \$1,085,000 through February 1, 2043; interest varying from 4.0 to 5.0 percent.	<u>20,501,847</u>
Total general obligation bonds	<u>\$ 50,204,847</u>

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

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 2,905,000	\$ 1,919,632	\$ 4,824,632
2026	2,905,000	1,797,590	4,702,590
2027	2,904,000	1,676,314	4,580,314
2028	3,414,000	1,550,198	4,964,198
2029	3,407,000	1,412,646	4,819,646
2030-2034	17,063,000	5,146,267	22,209,267
2035-2039	12,870,000	2,125,201	14,995,201
2040-2043	4,736,847	437,062	5,173,909
Total	<u>\$ 50,204,847</u>	<u>\$ 16,064,910</u>	<u>\$ 66,269,757</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Direct Borrowing Notes Payable

	<u>Balance as of June 30, 2024</u>
Governmental activities	
\$927,692 promissory note for vehicles and equipment due in annual installments through October 1, 2024; interest at 1.093%	\$ 235,619
\$5,519,000 promissory note for refinancing and for the purchase of a parcel of property due in annual installments of \$532,000 to \$564,000 through September 1, 2026; interest at 1.84%	<u>1,611,000</u>
Total promissory notes	<u><u>\$ 1,846,619</u></u>

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year			
2025	\$ 777,619	\$ 27,231	\$ 804,850
2026	537,000	14,729	551,729
2027	532,000	4,894	536,894
Total	<u><u>\$ 1,846,619</u></u>	<u><u>\$ 46,854</u></u>	<u><u>\$ 1,893,473</u></u>

Lease Liabilities

The intangible right to use lease assets are discussed in more detail in Note 5 Intangible Right to Use Assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year			
2025	\$ 413,202	\$ 48,884	\$ 462,086
2026	425,355	36,732	462,087
2027	435,912	24,207	460,119
2028	301,494	11,324	312,818
2029	13,513	1,487	15,000
2030	14,238	763	15,001
Total	<u><u>\$ 1,603,714</u></u>	<u><u>\$ 123,397</u></u>	<u><u>\$ 1,727,111</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Subscription Liabilities

The intangible right-to-use subscription assets are discussed in more detail in Note 5 Intangible Right-to-Use Assets.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2025	\$ 177,903	\$ 7,058	\$ 184,961
2026	43,595	2,380	45,975
2027	29,608	1,367	30,975
2028	30,284	691	30,975
Total	<u>\$ 281,390</u>	<u>\$ 11,496</u>	<u>\$ 292,886</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 2,274,093

Transfers are used to move revenues from the Capital Projects Fund to the General Fund to fund the capital reserve projects.

NOTE 8. PENSION PLANS

A. Local Governmental Employees' Retirement System

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2024, was 15.24% of compensation for law enforcement officers and 13.63% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$2,241,126 for the year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Town reported a liability of \$12,486,970 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.18854%, which was a decrease of 0.00660% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$3,681,983. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,391,418	\$ 29,995
Changes in plan assumptions	530,624	-
Net difference between projected and actual earnings on pension plan investments	3,342,060	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	212,416	50,500
Town contributions subsequent to the measurement date	2,241,126	-
Total	\$ 7,717,644	\$ 80,495

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). Town contributions made subsequent to the measurement date of \$2,241,126 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2025	\$ 1,986,963
2026	1,030,181
2027	2,237,559
2028	141,320
	<u>\$ 5,396,023</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued). The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024, are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 21,633,184	\$ 12,486,970	\$ 4,956,949

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

B. Law Enforcement Officers Special Separation Allowance

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At June 30, 2022, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	20	
Active plan members	69	
Total	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 0 10px;">89</td> </tr> </table>	89
89		

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

Actuarial Assumptions. The entry age actuarial cost method was used in the June 30, 2022 valuation. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.3 to 7.8 percent, including inflation and productivity factor
Discount rate	3.77 percent

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$401,820 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Town reported a total pension liability of \$4,383,198. The total pension liability was measured as of December 31, 2023, based on a June 30, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$553,296.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	\$ 496,717	\$ 18,373
Change in assumptions	410,245	395,641
Town benefit payments made subsequent to the measurement date.	206,909	-
Total	\$ 1,113,871	\$ 414,014

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). The Town reported \$206,909 as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2025	\$	243,493
2026		186,480
2027		48,219
2028		14,756
2029		-
		\$ 492,948

Changes in the Total Pension Liability. The changes in the total pension liability of the Town for the fiscal year ended June 30, 2024, were as follows:

		Total Pension Liability
Balance at June 30, 2023	\$	4,401,519
Service cost		132,987
Interest		170,160
Experience differences		1,742
Assumption changes		78,610
Benefit payments		(401,820)
Balance at June 30, 2024	\$	4,383,198

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

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 3.77 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77 percent) or 1-percentage-point higher (4.77 percent) than the current rate:

	1% Decrease	Current	1% Increase
	(2.77%)	(3.77%)	(4.77%)
Total pension liability	\$ 4,771,525	\$ 4,383,198	\$ 4,178,953

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

	LGERS	LEOSSA	Total
Pension expense	\$ 3,681,983	\$ 553,296	\$ 4,235,279
Pension liability	12,486,970	4,383,198	16,870,168
Proportionate share of the net pension liability	0.18854%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	1,391,418	496,717	1,888,135
Changes of assumptions	530,624	410,245	940,869
Net differences between projected and actual earnings on pension plan investments	3,342,060	-	3,342,060
Changes in proportionate and differences between contributions and proportionate share of contributions	212,416	-	212,416
Benefit payments and administrative costs paid subsequent to the measurement date	2,241,126	206,909	2,448,035
	\$ 7,717,644	\$ 1,113,871	\$ 8,831,515
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 29,995	\$ 18,373	\$ 48,368
Changes of assumptions	-	395,641	395,641
Changes in proportionate and differences between contributions and proportionate share of contributions	50,500	-	50,500
	\$ 80,495	\$ 414,014	\$ 494,509

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

C. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were \$566,438 which consisted of \$285,202 from the Town and \$281,236 from the law enforcement officers.

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

All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement income Plan, a defined contribution pension plan as described previously. The Plan is a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes each month an amount equal to 5% of each employee's salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were \$966,873, which consisted of \$538,515 from the Town and \$428,358 from the employees.

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

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

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

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

Retirees hired on or after May 1, 2011, must have completed twenty-five (25) years of continuous full-time service with the Town immediately prior to retirement and retire with an unreduced retirement benefit from the NCLGERS in order to receive a Town contribution of the lesser of \$222.49 (not indexed) or 50% of the medical premium paid for by the Town. Retirees not meeting the 25 years of service requirement who retire after attaining age 62 with 5 years of service may continue group coverage at their own expense.

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

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

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Active participants	192
Retirees and beneficiaries currently receiving benefits	58
Total	<u>250</u>

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

Contributions. The Town Council has elected to fund the HCB Plan on a “pay as you go” basis. Per the Town resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by Town contributions. For the fiscal year ended June 30, 2024, the Town contributed \$382,766 for the pay as you go benefits for the HCB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The Town's total OPEB liability of \$16,405,523 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Key Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Discount Rate - 3.86%. Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 3.86% on June 30, 2023. A discount rate of 3.69% was used at the prior measurement date.

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

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

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

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

Actuarial Funding Method. Entry age normal, level percent of payroll.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Assumed Participation Rates

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

*Must retire from NCLGERS with unreduced benefits.

Annual Health Care Trend Rates

The table below shows the assumed annual trend for medical and prescription drug costs.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2024, were as follows:

	Total OPEB Liability
Balance at June 30, 2023	\$ 16,415,108
Service cost	322,271
Interest	595,904
Experience differences	(13,817)
Assumption changes	(395,884)
Benefit payments	(518,059)
Balance at June 30, 2024	\$ 16,405,523

There was an inflow due to the differences between actual and expected experience due to fewer benefits paid than expected. There was an inflow due to assumption changes because the discount rate changed from 3.69% to 3.86%.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current discount rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	\$ 19,063,316	\$ 16,405,523	\$ 14,284,076

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 14,270,246	\$ 16,405,523	\$ 19,087,547

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2023, and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$351,028. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 675	\$ (653,452)
Changes in plan assumptions	2,160,538	(3,321,178)
Town contributions subsequent to the measurement date	382,766	-
Total	\$ 2,543,979	\$ (3,974,630)

Town contributions made subsequent to the measurement date of \$382,766 are reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year			
2025	\$	(416,268)	
2026		(218,099)	
2027		(137,340)	
2028		(314,207)	
2029		(556,593)	
Thereafter		(170,910)	
	\$	(1,813,417)	

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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 month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

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

NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The bond for the finance officer "may not be less than the greater of the following: (1) Fifty thousand dollars (\$50,000). (2) An amount equal to ten percent (10%) of the unit's annually budgeted funds, up to one million dollars (\$1,000,000)."

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

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

Grant Contingencies:

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GARNER, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST EIGHT FISCAL YEARS

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,401,519	\$ 4,415,901	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668	\$ 3,414,080
Service cost	132,987	124,956	122,817	118,951	109,737	117,732	99,562	110,693
Interest on the total pension liability	170,160	86,589	85,286	110,796	123,813	105,519	122,858	117,231
Difference between expected and actual experience	1,742	836,937	-	(45,402)	(67,580)	226,443	42,785	-
Changes of assumptions or other inputs	78,610	(637,721)	(38,377)	1,140,333	87,457	(115,183)	169,607	(67,766)
Benefit payments	<u>(401,820)</u>	<u>(425,143)</u>	<u>(345,531)</u>	<u>(263,217)</u>	<u>(249,252)</u>	<u>(295,280)</u>	<u>(261,641)</u>	<u>(260,570)</u>
Ending balance of the total pension liability	<u>\$ 4,383,198</u>	<u>\$ 4,401,519</u>	<u>\$ 4,415,901</u>	<u>\$ 4,591,706</u>	<u>\$ 3,530,245</u>	<u>\$ 3,526,070</u>	<u>\$ 3,486,839</u>	<u>\$ 3,313,668</u>

Notes to the Schedule:

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

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

TOWN OF GARNER, NORTH CAROLINA

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

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 4,383,198	\$ 4,401,519	\$ 4,415,901	\$ 4,591,706	\$ 3,530,245	\$ 3,526,070	\$ 3,486,839	\$ 3,313,668
Covered-employee payroll	\$ 4,593,136	\$ 4,593,136	\$ 4,281,081	\$ 4,281,081	\$ 4,318,057	\$ 4,183,629	\$ 4,117,105	\$ 4,363,230
Total pension liability as a percentage of covered payroll	95.43%	95.83%	103.15%	107.26%	81.76%	84.28%	84.69%	75.95%

Notes to the Schedule:

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

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

TOWN OF GARNER, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB HEALTHCARE BENEFIT PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 322,271	\$ 379,181	\$ 366,537	\$ 358,612	\$ 320,685	\$ 388,709	\$ 444,708
Interest	595,904	422,056	419,664	574,837	569,704	535,824	484,665
Difference between expected and actual experience	(13,817)	(67,266)	(13,741)	(1,060,211)	(19,595)	(271,569)	5,967
Changes of assumptions	(395,884)	(3,663,313)	202,077	3,475,663	973,101	(654,520)	(1,604,076)
Benefit payments	(518,059)	(411,138)	(416,537)	(429,539)	(418,035)	(391,179)	(373,205)
Net change in total OPEB liability	(9,585)	(3,340,480)	558,000	2,919,362	1,425,860	(392,735)	(1,041,941)
Total OPEB liability - beginning	16,415,108	19,755,588	19,197,588	16,278,226	14,852,366	15,245,101	16,287,042
Total OPEB liability - ending	\$ 16,405,523	\$ 16,415,108	\$ 19,755,588	\$ 19,197,588	\$ 16,278,226	\$ 14,852,366	\$ 15,245,101
Covered-employee payroll	\$ 12,492,196	\$ 12,492,196	\$ 11,552,579	\$ 11,552,579	\$ 9,675,324	\$ 9,675,324	\$ 8,878,383
Total OPEB liability as a percentage of covered-employee payroll	131.3%	131.4%	171.0%	166.2%	168.2%	153.5%	171.7%

Notes to the Schedule:

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

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

TOWN OF GARNER, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST TEN FISCAL YEARS

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset) (%)	0.18854%	0.18194%	0.16489%	0.16408%	0.16358%	0.15935%	0.16069%	0.16521%	0.15980%	0.16120%
Town's proportion of the net pension liability (asset) (\$)	\$ 12,486,970	\$ 10,264,014	\$ 2,528,745	\$ 5,863,277	\$ 4,467,242	\$ 3,780,327	\$ 2,454,898	\$ 3,506,311	\$ 717,174	\$ (950,671)
Town's covered payroll	\$ 16,523,396	\$ 14,523,502	\$ 12,975,206	\$ 11,915,938	\$ 11,192,219	\$ 10,490,544	\$ 10,004,274	\$ 9,946,981	\$ 9,447,504	\$ 9,229,581
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.57%	70.67%	19.49%	49.21%	39.91%	36.04%	24.54%	35.25%	7.59%	(10.30%)
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

Notes to the Schedule:

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

TOWN OF GARNER, NORTH CAROLINA

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

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,241,126	\$ 1,808,240	\$ 1,504,078	\$ 1,239,767	\$ 1,032,242	\$ 787,467	\$ 782,069	\$ 756,263	\$ 651,988	\$ 669,335
Contributions in relation to the contractually required contribution	2,241,126	1,808,240	1,504,078	1,239,767	1,032,242	787,467	782,069	756,263	651,988	669,335
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 16,523,396	\$ 14,523,502	\$ 12,975,206	\$ 11,915,938	\$ 11,192,219	\$ 10,490,544	\$ 10,004,274	\$ 9,946,981	\$ 9,447,504	\$ 9,229,581
Contributions as a percentage of covered payroll	13.56%	12.45%	11.59%	10.40%	9.22%	7.51%	7.82%	7.60%	6.90%	7.25%

TOWN OF GARNER, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2024, reported in that schedule:

Valuation date	December 31, 2022
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	12 year closed periods
Asset valuation method	Assets return in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	2.50%
Salary increases	3.25 to 8.25 percent, including inflation and productivity
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 36,523,097	\$ 36,523,097	\$ 37,840,985	\$ 1,317,888
Prior year	60,500	60,500	43,059	(17,441)
Penalties and interest	44,800	44,800	73,151	28,351
Total ad valorem taxes	<u>36,628,397</u>	<u>36,628,397</u>	<u>37,957,195</u>	<u>1,328,798</u>
Other taxes and licenses:				
ABC mixed beverage	198,536	198,536	187,026	(11,510)
Local option sales taxes	9,806,465	9,806,465	10,788,447	981,982
Solid waste disposal tax	24,940	24,940	26,120	1,180
Heavy equipment rental tax	-	69,900	71,967	2,067
Total other taxes and licenses	<u>10,029,941</u>	<u>10,099,841</u>	<u>11,073,560</u>	<u>973,719</u>
Intergovernmental revenues:				
Beer and wine tax	135,000	135,000	163,080	28,080
Utility franchise tax	1,900,000	1,900,000	2,383,157	483,157
Video programming fees	225,000	225,000	155,345	(69,655)
Powell Bill allocation	910,795	1,008,795	1,009,007	212
PEG channel funds	54,000	54,000	38,710	(15,290)
Federal asset forfeiture	-	-	170,957	170,957
Controlled substances tax	-	11,093	11,093	-
Federal grants	-	-	2,496	2,496
State grants	2,500	2,500	179,352	176,852
School resource officer	168,920	168,920	227,782	58,862
Total intergovernmental revenues	<u>3,396,215</u>	<u>3,505,308</u>	<u>4,340,979</u>	<u>835,671</u>
Sales and service:				
Recreation fees	251,700	267,900	394,471	126,571
Facility rentals	225,000	355,000	382,626	27,626
Sanitation fees	137,351	137,351	211,842	74,491
Third-party bill collection	6,000	6,000	3,845	(2,155)
Street repairs	20,000	20,000	26,846	6,846
Right of way mowing	30,000	30,000	-	(30,000)
Total sales and service	<u>670,051</u>	<u>816,251</u>	<u>1,019,630</u>	<u>203,379</u>
Permits and fees:				
Police outside employment	245,816	335,816	373,879	38,063
Animal licenses	400	400	400	-
Planning and zoning fees	45,000	45,000	39,222	(5,778)
Inspection fees	2,452,720	3,652,720	4,028,990	376,270
Business registration	20,000	20,000	8,760	(11,240)
Fee in lieu of park land	-	-	1,836,664	1,836,664
Special event permits	500	500	-	(500)
Retention pond fees	9,000	9,000	2,400	(6,600)
False alarm charges	16,827	16,827	-	(16,827)
Taxi cab inspection fees	20	20	-	(20)
Total permits and fees	<u>2,790,283</u>	<u>4,080,283</u>	<u>6,290,315</u>	<u>2,210,032</u>
Investment earnings (loss)	400,000	1,273,950	2,206,724	932,774
Land use charges	20,000	20,000	14,375	(5,625)
Insurance proceeds	20,000	101,766	103,073	1,307
Miscellaneous	39,975	61,001	213,861	152,860
Rent	3,200	3,200	3,200	-
Assessments	-	-	3,638	3,638
Interest on assessments	100	100	188	88
Code enforcement	25,000	25,000	22,488	(2,512)
Officers' fees	4,000	4,000	5,386	1,386
Parking violations	3,500	3,500	8,350	4,850
Landfill reimbursement	100,000	100,000	153,766	53,766
Total revenues	<u>54,130,662</u>	<u>56,722,597</u>	<u>63,416,728</u>	<u>6,694,131</u>

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Current:				
General government:				
Governing body:				
Salaries and employee benefits	\$ 130,004	\$ 130,004	\$ 127,793	\$ 2,211
Operating expenditures	77,388	827,388	80,277	747,111
Professional services	26,200	39,665	37,694	1,971
Contract services	310,300	319,425	229,903	89,522
Total	<u>543,892</u>	<u>1,316,482</u>	<u>475,667</u>	<u>840,815</u>
Administration:				
Salaries and employee benefits	2,193,441	2,500,441	2,323,715	176,726
Operating expenditures	848,348	1,267,868	914,826	353,042
Professional services - legal	367,413	367,413	32,363	335,050
Capital outlays	5,880	92,623	245,210	(152,587)
Insurance	639,105	754,105	716,755	37,350
Total	<u>4,054,187</u>	<u>4,982,450</u>	<u>4,232,869</u>	<u>749,581</u>
Finance:				
Salaries and employee benefits	820,371	798,671	753,454	45,217
Operating expenditures	255,703	315,703	286,938	28,765
Professional services	53,500	63,500	53,699	9,801
Contract services	139,129	139,129	129,911	9,218
Total	<u>1,268,703</u>	<u>1,317,003</u>	<u>1,224,002</u>	<u>93,001</u>
Economic development:				
Salaries and employee benefits	300,350	300,350	302,261	(1,911)
Operating expenditures	161,242	161,242	130,126	31,116
Contract services	14,700	164,700	6,309	158,391
Total	<u>476,292</u>	<u>626,292</u>	<u>438,696</u>	<u>187,596</u>
Planning:				
Salaries and employee benefits	1,192,078	1,092,078	878,513	213,565
Operating expenditures	55,162	86,829	49,576	37,253
Professional services	23,700	23,700	1,375	22,325
Contract services	31,524	34,568	29,065	5,503
Capital outlays	-	15,000	12,645	2,355
Total	<u>1,302,464</u>	<u>1,252,175</u>	<u>971,174</u>	<u>281,001</u>
Engineering:				
Salaries and employee benefits	1,376,195	1,376,195	1,327,495	48,700
Operating expenditures	42,768	46,052	36,622	9,430
Contract services	8,000	19,947	19,738	209
Total	<u>1,426,963</u>	<u>1,442,194</u>	<u>1,383,855</u>	<u>58,339</u>
Information Technology:				
Salaries and employee benefits	738,014	688,014	537,134	150,880
Operating expenditures	217,452	247,452	181,006	66,446
Contract services	341,962	461,962	375,484	86,478
Capital outlays	-	550,816	50,196	500,620
Total	<u>1,297,428</u>	<u>1,948,244</u>	<u>1,143,820</u>	<u>804,424</u>
Building maintenance:				
Salaries and employee benefits	626,365	651,365	637,188	14,177
Operating expenditures	597,053	634,200	563,661	70,539
Contract services	303,997	327,522	271,515	56,007
Capital outlays	46,500	46,500	-	46,500
Total	<u>1,573,915</u>	<u>1,659,587</u>	<u>1,472,364</u>	<u>187,223</u>

(continued)

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued):				
General government (Continued):				
Vehicle maintenance:				
Salaries and employee benefits	\$ 496,450	\$ 526,450	\$ 507,994	\$ 18,456
Operating expenditures	64,127	64,160	47,687	16,473
Contract services	8,758	8,758	9,214	(456)
Capital outlays	-	52,573	-	52,573
Total	<u>569,335</u>	<u>651,941</u>	<u>564,895</u>	<u>87,046</u>
Public works:				
Professional services	-	434,198	122,935	311,263
Capital outlays	-	2,250,072	1,133,713	1,116,359
Total public works	<u>-</u>	<u>2,684,270</u>	<u>1,256,648</u>	<u>1,427,622</u>
Total general government	<u>12,513,179</u>	<u>17,880,638</u>	<u>13,163,990</u>	<u>4,716,648</u>
Public Safety:				
Police:				
Salaries and employee benefits	10,583,368	10,753,368	10,446,405	306,963
Operating expenditures	943,590	1,083,931	389,885	694,046
Professional services	6,500	6,500	4,178	2,322
Contract services	902,683	1,206,213	1,160,642	45,571
Capital outlays	140,000	231,766	1,687,022	(1,455,256)
Total	<u>12,576,141</u>	<u>13,281,778</u>	<u>13,688,132</u>	<u>(406,354)</u>
Inspections:				
Salaries and employee benefits	1,712,633	1,859,738	1,769,132	90,606
Operating expenditures	88,738	108,138	76,224	31,914
Contract services	88,720	128,720	127,329	1,391
Capital outlays	-	217,000	210,253	6,747
Total	<u>1,890,091</u>	<u>2,313,596</u>	<u>2,182,938</u>	<u>130,658</u>
Fire Department:				
Operating expenditures	168,382	293,382	192,941	100,441
Contract services	6,784,999	6,842,744	6,603,860	238,884
Capital outlays	-	749,142	590,052	159,090
Total	<u>6,953,381</u>	<u>7,885,268</u>	<u>7,386,853</u>	<u>498,415</u>
Total public safety	<u>21,419,613</u>	<u>23,480,642</u>	<u>23,257,923</u>	<u>222,719</u>
Transportation:				
Transportation:				
Salaries and employee benefits	512,098	519,098	504,257	14,841
Operating expenditures	33,012	33,012	25,284	7,728
Total	<u>545,110</u>	<u>552,110</u>	<u>529,541</u>	<u>22,569</u>
Street repair and construction:				
Salaries and employee benefits	1,401,004	1,351,004	1,191,511	159,493
Operating expenditures	2,798,974	3,938,452	2,328,551	1,609,901
Contract services	1,241,982	1,637,976	1,506,520	131,456
Total	<u>5,441,960</u>	<u>6,927,432</u>	<u>5,026,582</u>	<u>1,900,850</u>
Total transportation	<u>5,987,070</u>	<u>7,479,542</u>	<u>5,556,123</u>	<u>1,923,419</u>
Environmental Protection:				
Sanitation:				
Operating expenditures	603,452	778,452	724,995	53,457
Contract services	2,365,527	2,445,527	2,379,246	66,281
Total environmental protection	<u>2,968,979</u>	<u>3,223,979</u>	<u>3,104,241</u>	<u>119,738</u>

(continued)

TOWN OF GARNER, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued):				
Culture and Recreation:				
Administration:				
Salaries and employee benefits	\$ 326,220	\$ 351,220	\$ 331,330	\$ 19,890
Operating expenditures	41,521	157,164	123,219	33,945
Contract services	20,800	20,800	27,778	(6,978)
Capital outlays	-	20,183	-	20,183
Total	<u>388,541</u>	<u>549,367</u>	<u>482,327</u>	<u>67,040</u>
Recreation programs:				
Salaries and employee benefits	2,231,158	2,554,079	2,086,220	467,859
Operating expenditures	508,738	547,375	410,616	136,759
Contract services	254,593	426,762	301,894	124,868
Capital outlays	-	-	90,004	(90,004)
Total	<u>2,994,489</u>	<u>3,528,216</u>	<u>2,888,734</u>	<u>639,482</u>
Park maintenance and development:				
Salaries and employee benefits	1,733,192	1,833,192	1,689,753	143,439
Operating expenditures	291,470	299,502	262,398	37,104
Contract services	166,492	244,992	192,115	52,877
Capital outlays	-	573,094	92,573	480,521
Total	<u>2,191,154</u>	<u>2,950,780</u>	<u>2,236,839</u>	<u>713,941</u>
Total culture and recreation	<u>5,574,184</u>	<u>7,028,363</u>	<u>5,607,900</u>	<u>1,420,463</u>
Debt Service:				
Principal retirement	4,895,797	4,290,797	4,496,273	(205,476)
Interest and fees	1,043,545	1,648,545	1,643,615	4,930
Total debt service	<u>5,939,342</u>	<u>5,939,342</u>	<u>6,139,888</u>	<u>(200,546)</u>
Total expenditures	<u>54,402,367</u>	<u>65,032,506</u>	<u>56,830,065</u>	<u>8,202,441</u>
Excess (deficiency) of revenues over (under) expenditures	(271,705)	(8,309,909)	6,586,663	14,896,572
Other financing sources (uses)				
Sale of capital assets	75,000	135,000	143,819	8,819
Transfer to Capital Projects Fund	(6,254,221)	(4,597,504)	(2,274,093)	2,323,411
Issuance of leases	-	-	1,481,563	1,481,563
Issuance of subscriptions	-	-	255,767	255,767
Fund balance appropriated	6,450,926	12,772,413	-	(12,772,413)
Total other financing sources (uses)	<u>271,705</u>	<u>8,309,909</u>	<u>(392,944)</u>	<u>(8,702,853)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,193,719</u>	<u>\$ 6,193,719</u>
Fund balance, beginning of year			<u>46,914,729</u>	
Fund balance, end of year			<u>\$ 53,108,448</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2024**

	Project Budget	Actual		Total
		Prior Years	Current Year	
REVENUES				
Intergovernmental revenues	\$ 16,582,337	\$ 8,561,937	\$ 2,428,670	\$ 10,990,607
Investment earnings	217,670	677,341	1,003,475	1,680,816
Miscellaneous	529,234	708,449	45,692	754,141
Total revenues	<u>17,329,241</u>	<u>9,947,727</u>	<u>3,477,837</u>	<u>13,425,564</u>
EXPENDITURES				
Parks and recreation improvements	41,256,232	1,795,716	1,159,939	2,955,655
Town Hall/Police Station	15,223,315	14,817,667	5,290	14,822,957
Forest Hill building	2,300,000	2,249,055	-	2,249,055
Sewer outfall project	1,668,357	720,674	-	720,674
Timber Drive	-	1,857,972	-	1,857,972
Vandors/Buffaloe Roundabout	-	333,824	-	333,824
US 70 Highway improvements	11,556,313	10,047,123	-	10,047,123
Recreation center	10,902,140	11,687,104	42,932	11,730,036
Redevelopment	2,166,087	2,236,150	-	2,236,150
Stormwater Improvements	3,350,000	505,668	796,929	1,302,597
Street & sidewalk improvements	40,876,722	15,412,613	1,004,607	16,417,220
Firestation	7,607,193	8,200,985	20,524	8,221,509
Town Hall Annex	3,655,000	83,780	353,921	437,701
Public Works expansion	-	1,500	-	1,500
Interest and fiscal charges	679,303	933,743	27,445	961,188
Total expenditures	<u>141,240,662</u>	<u>70,883,574</u>	<u>3,411,587</u>	<u>74,295,161</u>
Excess (deficiency) of revenues over (under) expenditures	(123,911,421)	(60,935,847)	66,250	(60,869,597)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	109,399,100	60,185,000	-	60,185,000
Premium on bonds	1,400,831	4,297,291	-	4,297,291
Transfers in	13,111,490	15,475,419	2,274,093	17,749,512
Transfers out	-	(2,527,628)	-	(2,527,628)
Total other financing sources	<u>123,911,421</u>	<u>77,430,082</u>	<u>2,274,093</u>	<u>79,704,175</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,494,235</u>	<u>2,340,343</u>	<u>\$ 18,834,578</u>
FUND BALANCE, beginning of year			<u>16,494,235</u>	
FUND BALANCE, end of year			<u>\$ 18,834,578</u>	

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections And Credits	Uncollected Balance June 30, 2024
2023 - 2024	\$ -	\$ 37,968,095	\$ 37,861,367	\$ 106,728
2022 - 2023	78,455	-	35,751	42,704
2021 - 2022	33,267	-	8,141	25,126
2020 - 2021	27,107	-	2,448	24,659
2019 - 2020	23,517	-	1,617	21,900
2018 - 2019	10,970	-	640	10,330
2017 - 2018	6,371	-	288	6,083
2016 - 2017	5,019	-	379	4,640
2015 - 2016	2,803	-	21	2,782
2014 - 2015	17,160	-	17,160	-
	\$ 204,669	\$ 37,968,095	\$ 37,927,812	244,952
Less: allowance for uncollectible accounts General fund				217,247
Ad valorem taxes receivable - net				\$ 27,705
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 37,957,195
Reconciling items:				
Interest collected				(66,806)
Discounts allowed				20,263
Taxes written off				17,160
Subtotal				(29,383)
Total collections and credits				\$ 37,927,812

TOWN OF GARNER, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
JUNE 30, 2024**

				Total Levy	
	Property Valuation	Town-wide Rate per \$ 100	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 5,908,894,099	0.627	\$ 37,048,766	\$ 34,201,526	\$ 2,847,240
Vehicle Fee			903,240	28,080	875,160
Penalties			22,159	22,159	-
Total	5,908,894,099		37,974,165	34,251,765	3,722,400
Discoveries:					
Current year levy	6,314,035	0.627	39,589	39,589	-
Adjustments:					
Current year levy	(7,282,137)	0.627	(45,659)	(45,659)	-
Total property valuation	\$ 5,907,925,997				
Net levy			37,968,095	34,245,695	3,722,400
Uncollected taxes at June 30, 2024			106,728	106,728	-
Current year's taxes collected			\$ 37,861,367	\$ 34,138,967	\$ 3,722,400
Current levy collection percentage			99.72%	99.69%	100.00%

TOWN OF GARNER, NORTH CAROLINA

DETAILED ANALYSIS OF CURRENT TAX LEVY TOWN-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2024

Secondary Market Disclosure

Assessed Valuation:

Assessment Ratio (1)	64.68%
Real Property	\$ 4,828,477,495
Personal Property	892,370,567
Public Service Companies (2)	<u>187,077,935</u>
Total Assessed Valuation	\$ <u>5,907,925,997</u>
Tax Rate per \$100	<u>0.6270</u>
Levy (includes discoveries, releases and abatements) (3)	<u>\$ 37,968,095</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

Table 1

Town of Garner, North Carolina

Governmental Net Position
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 63,979,719	\$ 61,370,282	\$ 61,066,119	\$ 60,841,862	\$ 63,713,621	\$ 65,504,868	\$ 67,261,755	\$ 68,089,913	\$ 63,400,753	\$ 70,881,304
Restricted										
Stabilization by state statute	3,974,251	2,943,559	3,508,572	3,358,985	3,688,276	4,181,675	5,156,144	4,333,751	5,991,472	4,916,321
COVID-19 recovery	-	-	-	-	-	-	-	7,986	95,498	-
Streets	662,812	570,628	836,096	773,055	117,777	-	-	67,081	771,000	585,749
Law enforcement	95,480	100,429	37,002	40,479	47,095	14,329	15,889	-	91,623	112,292
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,977,444	21,214,333	18,423,099	6,371,951	3,271,208	538,109	(789,320)	2,838,965	12,626,054	18,684,837
Total governmental activities net position	<u>\$ 85,689,706</u>	<u>\$ 86,199,231</u>	<u>\$ 83,870,888</u>	<u>\$ 71,386,332</u>	<u>\$ 70,837,977</u>	<u>\$ 70,238,981</u>	<u>\$ 71,644,468</u>	<u>\$ 75,337,696</u>	<u>\$ 82,976,400</u>	<u>\$ 95,180,503</u>

Table 2

Town of Garner, North Carolina

**Changes in Governmental Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 5,483,946	\$ 6,855,255	\$ 7,021,774	\$ 7,748,861	\$ 8,235,521	\$ 9,592,933	\$ 10,040,000	\$ 10,489,244	\$ 12,231,637	\$ 12,860,438
Public safety	10,746,853	11,011,804	12,208,004	12,726,953	13,479,474	13,441,817	14,917,299	16,154,858	26,994,751	22,574,301
Transportation	4,671,100	5,612,182	5,435,823	6,078,817	6,203,524	6,375,777	9,419,303	9,712,901	6,771,795	8,609,167
Environmental protection	1,768,301	1,853,286	1,888,478	1,895,800	2,041,794	2,170,760	2,277,683	2,428,722	2,789,690	3,104,241
Cultural/recreational	3,597,114	3,044,810	3,338,442	3,539,484	4,129,671	4,213,447	4,057,142	5,016,458	6,976,588	6,721,025
Interest on long-term debt	756,985	1,136,933	1,312,239	1,153,007	1,146,684	1,310,482	1,245,086	1,068,392	770,830	1,261,726
Total governmental activities expenses	27,024,299	29,514,270	31,204,760	33,142,922	35,236,668	37,105,216	41,956,513	44,870,575	56,535,291	55,130,898
Program Revenues										
Governmental activities:										
Charges for services:										
General government	775,755	1,760,641	1,130,793	380,906	595,942	799,013	900,357	2,809,875	2,098,518	2,300,496
Public safety	686,758	1,000,264	1,153,200	1,316,971	1,925,344	1,600,270	1,573,922	2,580,349	3,466,512	4,029,888
Transportation	28,254	37,794	59,122	49,897	71,171	65,746	608,447	34,269	42,019	26,846
Environmental protection	28,600	31,157	20,679	35,070	46,659	57,830	98,326	130,773	150,205	211,842
Cultural/recreational	419,433	657,107	1,002,668	1,107,134	518,124	321,527	160,385	522,710	748,800	777,097
Operating grants and contributions	1,054,284	876,610	1,009,068	1,095,356	881,239	992,323	1,770,598	1,200,602	11,242,385	1,422,640
Capital grants and contributions	1,245,652	129,726	36,311	152,143	331,504	439,688	2,771,870	2,181,760	783,438	2,428,670
Total governmental activities program revenue	4,238,736	4,493,299	4,411,841	4,137,477	4,369,983	4,276,397	7,883,905	9,460,338	18,531,877	11,197,479
Total primary government net expense	(22,785,563)	(25,020,971)	(26,792,919)	(29,005,445)	(30,866,685)	(32,828,819)	(34,072,608)	(35,410,237)	(38,003,414)	(43,933,419)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	15,439,837	17,072,956	17,817,253	18,368,348	19,526,681	21,495,503	24,228,277	26,831,857	30,528,827	38,005,603
Sales taxes	5,284,843	5,826,797	6,064,218	6,208,086	6,881,083	7,137,293	8,327,689	9,321,926	10,266,274	10,788,447
Other taxes	2,570,214	2,167,490	2,573,785	2,384,651	2,626,260	2,394,098	2,524,129	2,656,703	2,965,619	3,212,693
Intergovernmental not restricted	-	148,479	-	-	-	-	-	-	-	-
Unrestricted investment earnings	13,044	314,774	244,541	456,212	832,311	671,126	37,807	(133,578)	1,404,518	3,353,346
Other	859,609	-	146,312	275,925	451,995	531,803	360,193	426,557	476,880	536,841
Total governmental activities	24,167,547	25,530,496	26,846,109	27,693,222	30,318,330	32,229,823	35,478,095	39,103,465	45,642,118	55,896,930
Change in net position	1,381,984	509,525	53,190	(1,312,223)	(548,355)	(598,996)	1,405,487	3,693,228	7,638,704	11,963,511
Net position, beginning of year	85,650,053	85,689,706	86,199,231	83,870,888	71,386,332	70,837,977	70,238,981	71,644,468	75,337,696	82,976,400
Prior period adjustment	(1,342,331)	-	(2,381,533)	(11,172,333)	-	-	-	-	-	-
Net position, end of year	\$ 85,689,706	\$ 86,199,231	\$ 83,870,888	\$ 71,386,332	\$ 70,837,977	\$ 70,238,981	\$ 71,644,468	\$ 75,337,696	\$ 82,976,400	\$ 94,939,911

Table 3

Town of Garner, North Carolina

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 84,259	\$ 27,685	\$ 43,342	\$ 45,752	\$ 111,008	\$ 27,359	\$ 81,970	\$ 117,787	\$ 112,597	\$ 914,447
Restricted	3,473,514	3,440,208	4,364,506	4,172,519	3,853,148	14,329	15,889	4,400,832	8,504,460	7,773,419
Committed	2,791,034	4,200,667	5,767,055	6,503,558	6,017,106	9,009,700	8,813,089	11,061,364	18,388,018	17,810,699
Assigned	978,865	1,052,211	1,707,136	2,145,498	2,888,904	2,667,376	2,150,675	1,271,062	3,450,998	1,781,629
Unassigned	16,405,277	17,940,081	18,065,140	17,726,861	15,559,536	13,281,799	13,446,655	13,690,424	16,458,656	24,828,254
Total General Fund	<u>\$ 23,732,949</u>	<u>\$ 26,660,852</u>	<u>\$ 29,947,179</u>	<u>\$ 30,594,188</u>	<u>\$ 28,429,702</u>	<u>\$ 25,000,563</u>	<u>\$ 24,508,278</u>	<u>\$ 30,541,469</u>	<u>\$ 46,914,729</u>	<u>\$ 53,108,448</u>
All Other Governmental Funds										
Restricted	\$ 20,944,933	\$ 15,405,693	\$ 6,626,985	\$ 934,509	\$ 2,814,402	\$ 8,711,232	\$ 4,985,884	\$ 3,787,093	\$ 16,494,235	\$ 18,834,578
Committed	3,019,673	4,633,993	3,183,529	1,727,623	986,067	-	-	-	95,498	238,645
Total All Other Governmental Funds	<u>\$ 23,964,606</u>	<u>\$ 20,039,686</u>	<u>\$ 9,810,514</u>	<u>\$ 2,662,132</u>	<u>\$ 3,800,469</u>	<u>\$ 8,711,232</u>	<u>\$ 4,985,884</u>	<u>\$ 3,787,093</u>	<u>\$ 16,589,733</u>	<u>\$ 19,073,223</u>

Table 4

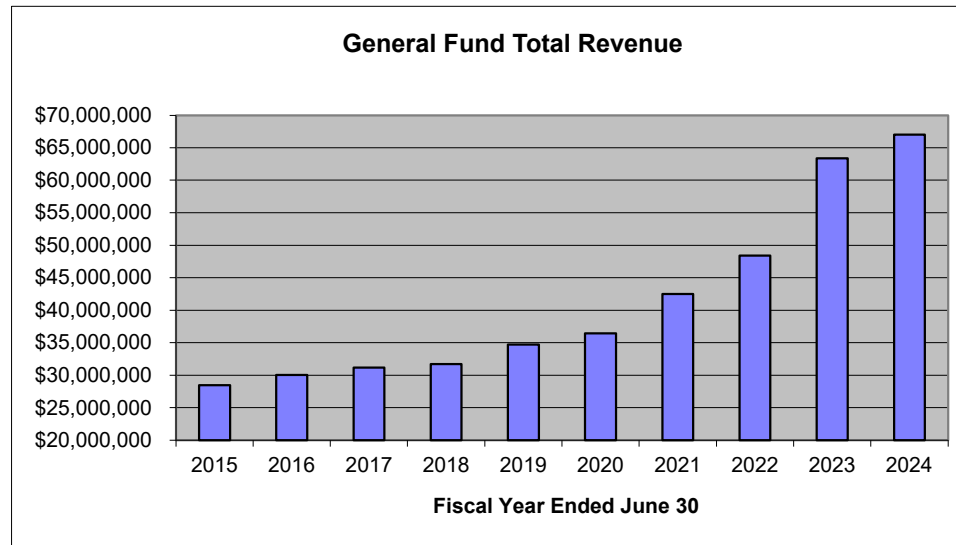
Town of Garner, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Ad valorem taxes	\$ 15,469,793	\$ 17,061,096	\$ 17,834,515	\$ 18,336,285	\$ 19,520,909	\$ 21,511,829	\$ 24,227,212	\$ 26,803,879	\$ 30,528,827	\$ 37,957,195
Other taxes and licenses	5,547,552	5,826,797	6,236,202	6,376,074	7,048,593	7,316,038	8,519,512	9,550,714	10,582,534	11,073,560
Intergovernmental revenues	4,696,851	3,247,530	3,298,717	3,468,976	3,774,353	3,805,194	6,072,724	5,804,202	14,669,283	6,769,649
Permits and fees	1,816,364	2,981,635	2,690,728	2,217,839	2,409,115	2,197,084	2,339,338	4,788,172	4,752,262	6,290,315
Sales and service	490,653	510,108	546,432	672,139	725,216	550,101	470,445	806,313	1,067,396	1,019,630
Investment income	15,360	127,477	244,541	456,212	832,311	671,126	37,807	(133,578)	1,404,518	3,353,346
Other revenues	441,378	285,490	325,818	180,654	401,000	-	827,642	795,324	376,485	574,017
Total revenues	<u>28,477,951</u>	<u>30,040,133</u>	<u>31,176,953</u>	<u>31,708,179</u>	<u>34,711,497</u>	<u>36,051,372</u>	<u>42,494,680</u>	<u>48,415,026</u>	<u>63,381,305</u>	<u>67,037,712</u>
Expenditures										
General government	5,688,444	6,780,440	6,212,951	6,960,076	7,578,884	7,970,199	9,349,738	9,544,324	10,666,184	13,163,990
Public safety	10,341,777	10,406,031	11,214,072	12,989,182	12,906,345	13,279,336	15,643,025	16,573,982	27,218,599	23,257,923
Transportation	2,350,138	2,708,200	2,374,446	2,899,718	3,564,911	3,622,653	5,435,599	5,858,366	4,468,398	5,556,123
Environmental protection	1,768,301	1,853,286	1,888,478	1,895,800	2,041,794	2,170,760	2,277,683	2,428,722	2,789,690	3,104,241
Cultural and recreational	2,620,696	2,795,777	2,759,364	2,936,533	5,558,172	3,466,375	3,624,123	6,030,107	5,076,795	5,607,900
Capital projects	7,184,635	4,389,939	14,273,161	7,493,450	4,551,899	4,179,246	6,406,323	5,619,133	4,026,804	3,411,587
Debt service										
Principal	1,495,425	1,625,841	2,150,627	2,520,206	2,548,501	7,170,395	2,724,691	2,846,203	3,929,711	4,496,273
Interest	775,391	1,166,804	1,285,042	1,227,800	1,224,605	1,548,254	1,270,609	1,228,660	1,315,333	1,643,615
Total expenditures	<u>32,224,807</u>	<u>31,726,318</u>	<u>42,158,141</u>	<u>38,922,765</u>	<u>39,975,111</u>	<u>43,407,218</u>	<u>46,731,791</u>	<u>50,129,497</u>	<u>59,491,514</u>	<u>60,241,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,746,856)</u>	<u>(1,686,185)</u>	<u>(10,981,188)</u>	<u>(7,214,586)</u>	<u>(5,263,614)</u>	<u>(7,355,846)</u>	<u>(4,237,111)</u>	<u>(1,714,471)</u>	<u>3,889,791</u>	<u>6,796,060</u>
Other Financing Sources (Uses)										
Sale of capital assets	39,262	59,168	101,066	53,213	29,748	96,141	66,255	120,799	155,061	143,819
Premium on bonds	1,061,816	-	-	-	157,717	618,389	-	-	2,179,574	-
Issuance of debt	15,204,200	63,000	6,229,000	660,000	4,050,000	11,930,000	927,692	1,271,928	22,951,474	1,737,330
Payment to escrow agent	-	-	(2,291,723)	-	-	-	-	-	-	-
Transfers in	250,360	118,456	-	-	1,031,464	823,881	200,000	2,249,056	10,651,284	2,274,093
Transfers out	(250,360)	(118,456)	-	-	(1,031,464)	(823,881)	(200,000)	(2,249,056)	(10,651,284)	(2,274,093)
Total other financing sources	<u>16,305,278</u>	<u>122,168</u>	<u>4,038,343</u>	<u>713,213</u>	<u>4,237,465</u>	<u>12,644,530</u>	<u>993,947</u>	<u>1,392,727</u>	<u>25,286,109</u>	<u>1,881,149</u>
Net change in fund balances	<u>\$ 12,558,422</u>	<u>\$ (1,564,017)</u>	<u>\$ (6,942,845)</u>	<u>\$ (6,501,373)</u>	<u>\$ (1,026,149)</u>	<u>\$ 5,288,684</u>	<u>\$ (3,243,164)</u>	<u>\$ (321,744)</u>	<u>\$ 29,175,900</u>	<u>\$ 8,677,209</u>
Debt service as a percentage of noncapital expenditures	9.07%	10.22%	12.32%	11.93%	10.65%	22.23%	9.91%	9.15%	9.46%	10.80%

Table 5

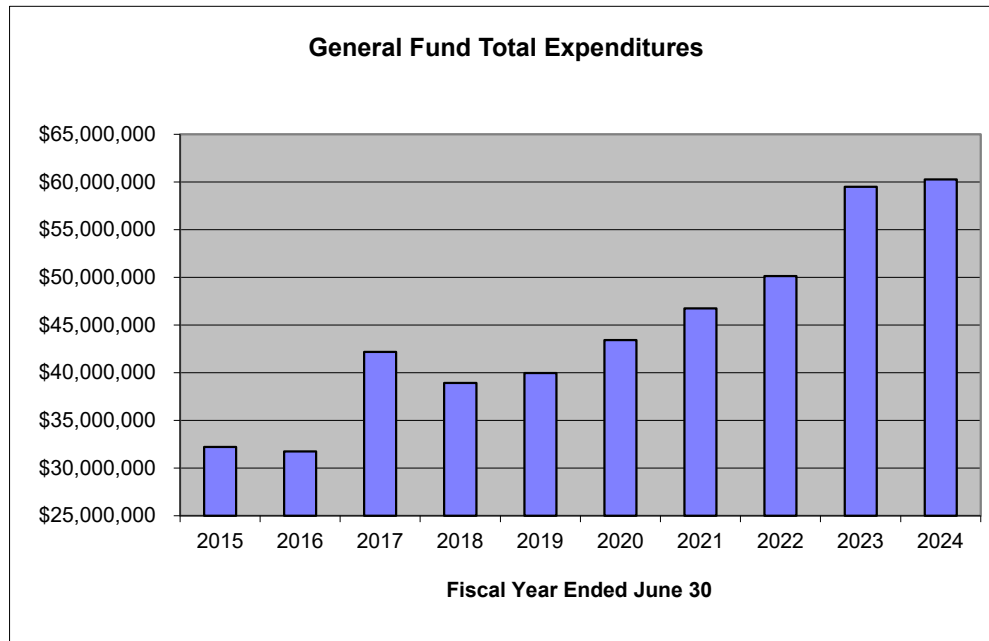
Town of Garner, North Carolina
General Governmental Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year Ended June 30,	Ad valorem Taxes	Other Taxes	Intergovernmental Revenues	Permits and Fees	Sales and Services	Investment Earnings	Other Revenues	Total
2015	\$ 15,469,793	\$ 5,547,552	\$ 4,696,851	\$ 1,816,364	\$ 490,653	\$ 15,360	\$ 441,378	\$ 28,477,951
2016	17,061,096	5,826,797	3,247,530	2,981,635	510,108	127,477	285,490	30,040,133
2017	17,834,515	6,236,202	3,298,718	2,690,728	546,432	244,541	325,818	31,176,954
2018	18,336,285	6,376,074	3,468,976	2,217,839	672,139	456,212	180,654	31,708,179
2019	19,520,909	7,048,593	3,774,353	2,409,115	725,216	832,311	401,000	34,711,497
2020	21,511,829	7,316,038	3,805,194	2,197,084	550,101	671,126	374,615	36,425,987
2021	24,227,212	8,519,512	6,072,724	2,339,338	470,445	37,807	827,642	42,494,680
2022	26,803,879	9,550,714	5,804,202	4,788,172	806,313	(133,578)	795,324	48,415,026
2023	30,528,827	10,582,534	14,669,283	4,752,262	1,067,396	1,404,518	376,485	63,381,305
2024	37,957,195	11,073,560	6,769,649	6,290,315	1,019,630	3,353,346	574,017	67,037,712



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

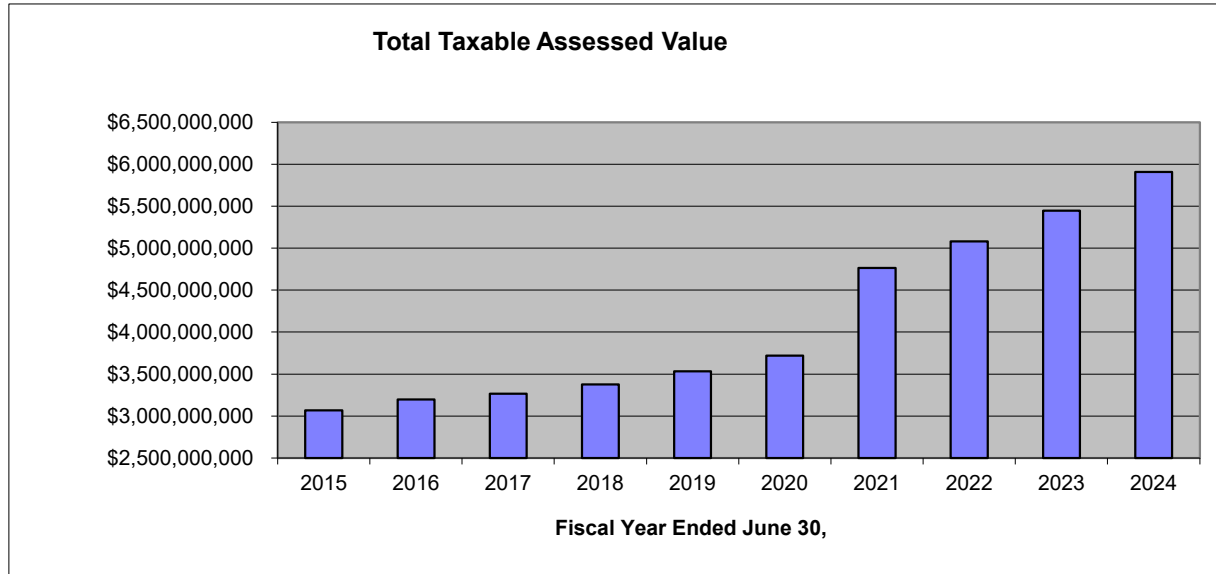
Fiscal Year Ended June 30,	General Government	Public Safety	Streets and Transportation	Environmental Protection	Cultural and Recreational	Capital Projects	Debt Service	Total
2015	\$ 5,688,444	\$ 10,341,777	\$ 2,350,138	\$ 1,768,301	\$ 2,620,696	\$ 7,184,635	\$ 2,270,816	\$ 32,224,807
2016	6,780,440	10,751,421	2,708,200	1,853,286	2,795,777	4,044,549	2,792,645	31,726,318
2017	6,212,951	11,605,337	2,656,663	1,888,478	6,045,833	10,313,209	3,435,669	42,158,140
2018	6,960,076	12,989,182	2,899,718	1,895,800	2,936,533	7,493,450	3,748,006	38,922,765
2019	7,578,884	12,906,345	3,564,911	2,041,794	5,558,172	4,551,899	3,773,106	39,975,111
2020	7,970,199	13,279,336	3,622,653	2,170,760	3,466,375	4,179,246	8,718,649	43,407,218
2021	9,349,738	15,643,025	5,435,599	2,277,683	3,624,123	6,406,323	3,995,300	46,731,791
2022	9,544,324	16,573,982	5,858,366	2,428,722	6,030,107	5,619,133	4,074,863	50,129,497
2023	10,666,184	27,218,599	4,468,398	2,789,690	5,076,795	4,026,804	5,245,044	59,491,514
2024	13,163,990	23,257,923	5,556,123	3,104,241	5,607,900	3,411,587	6,139,888	60,241,652



Town of Garner, North Carolina

**Assessed Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Real Property	Public Service Co. (1)	Personal Property		Total Taxable Assessed Value (2)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Motor Vehicle	Other				
2015	\$ 2,584,113,562	\$ 85,722,393	\$ 211,479,241	\$ 187,742,315	\$ 3,069,057,511	0.5000	\$ 3,045,001,995	100.79%
2016	2,665,301,113	114,535,800	242,511,731	172,973,961	3,195,322,605	0.5175	3,209,121,829	99.57%
2017	2,710,296,531	118,064,138	254,734,085	181,432,076	3,264,526,830	0.5325	3,461,852,418	94.30%
2018	2,777,319,789	132,723,662	262,102,482	203,739,029	3,375,884,962	0.5325	3,793,129,171	89.00%
2019	2,896,345,048	133,018,450	282,099,430	219,257,615	3,530,720,543	0.5325	4,181,336,503	84.44%
2020	(3) 3,041,603,671	148,748,820	292,189,233	235,061,706	3,717,603,430	0.5600	3,714,631,725	100.08%
2021	3,979,499,872	149,052,313	338,617,315	298,106,954	4,765,276,454	0.5600	4,977,829,786	95.73%
2022	4,125,209,494	157,028,293	434,328,929	364,103,905	5,080,670,621	0.5121	6,309,824,418	80.52%
2023	4,396,887,820	194,829,680	447,778,784	408,179,287	5,447,675,571	0.5521	8,422,503,975	64.68%
2024	(3) 4,828,477,495	187,077,935	441,576,241	450,794,326	5,907,925,997	0.6270	5,989,988,844	98.63%



(1) Valuation of railroads, telephone companies, and other utilities is determined by the North Carolina Property Tax Commission.
 (2) Assessed Value is established by Wake County Tax Administration.
 (3) A revaluation of real property is required by North Carolina General Statutes at least every eight years.

Town of Garner, North Carolina

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year Ended June 30,	Town of Garner	Wake County (1)	Total
2015	0.5175	0.6145	1.132
2016	0.5325	0.6005	1.133
2017	0.5325	0.6150	1.148
2018	0.5325	0.6544	1.187
2019	0.5600	0.7207	1.281
2020	(2) 0.4971	0.6000	1.097
2021	0.5121	0.6000	1.112
2022	0.5521	0.6195	1.172
2023	0.6270	0.6570	1.284
2024	(2) 0.5200	0.5135	1.034

(1) Data provided by Wake County Tax Administration

(2) A revaluation of real property is required by North Carolina General Statutes at least every eight years.

Table 9

Town of Garner, North Carolina

Principal Property Taxpayers
Ten Year Comparison
(Unaudited)

Taxpayer	2024			2015		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress Inc	\$ 164,231,769	1	2.78%	\$ 68,573,057	2	2.23%
Amazon.com Services LLC	148,234,097	2	2.51%			
4851 JS Project LLC	119,472,292	3	2.02%			
BCORE MF Villages LLC	79,828,660	4	1.35%			
NC-Garner White-Northwood TIC LLC	76,137,280	5	1.29%			
Duke Realty Limited LP	55,178,888	6	0.93%	25,891,525	4	0.84%
BCORE MF Timber Creek LP	52,015,565	7	0.88%			
Adeline at White Oak LLC	48,907,001	8	0.83%			
Abberly Solaire LLC	47,439,858	9	0.80%			
Ashton Village LP	43,100,323	10	0.73%	22,185,839	8	0.72%
Inland American Garner White Oak				83,377,088	1	2.72%
Pergo, Inc				38,910,396	3	1.27%
Abberly Place Garner Phase I, LP				25,165,430	5	0.82%
GA NS Station, LLC				24,871,731	6	0.81%
BRE Thorne Garner Towne Square LLC				22,392,067	7	0.73%
Wal-Mart				17,992,289	9	0.59%
Lenoxplace Apartments Owner LLC				17,197,070	10	0.56%
Total	<u>\$ 834,545,733</u>		<u>14.12%</u>	<u>\$ 346,556,492</u>		<u>11.29%</u>

(1) Data provided by Wake County Tax Administration

Town of Garner, North Carolina

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2014	\$ 15,388,156	\$ 15,343,922	99.71%	\$ 44,234	\$ 15,388,156	100.00%
2016	2015	16,900,584	16,849,516	99.70%	48,286	16,897,802	99.98%
2017	2016	17,764,759	17,730,952	99.81%	29,167	17,760,119	99.97%
2018	2017	18,314,301	18,280,317	99.81%	27,901	18,308,218	99.97%
2019	2018	19,416,589	19,355,809	99.69%	50,450	19,406,259	99.95%
2020	2019	21,577,752	21,470,720	99.50%	85,132	21,555,852	99.90%
2021	2020	24,239,378	24,147,164	99.62%	67,555	24,214,719	99.90%
2022	2021	26,662,851	26,589,497	99.72%	48,228	26,637,725	99.91%
2023	2022	30,638,556	30,560,101	99.74%	35,751	30,595,852	99.86%
2024	2023	37,968,095	37,861,367	99.72%	-	37,861,367	99.72%

Source: Wake County Tax Administration

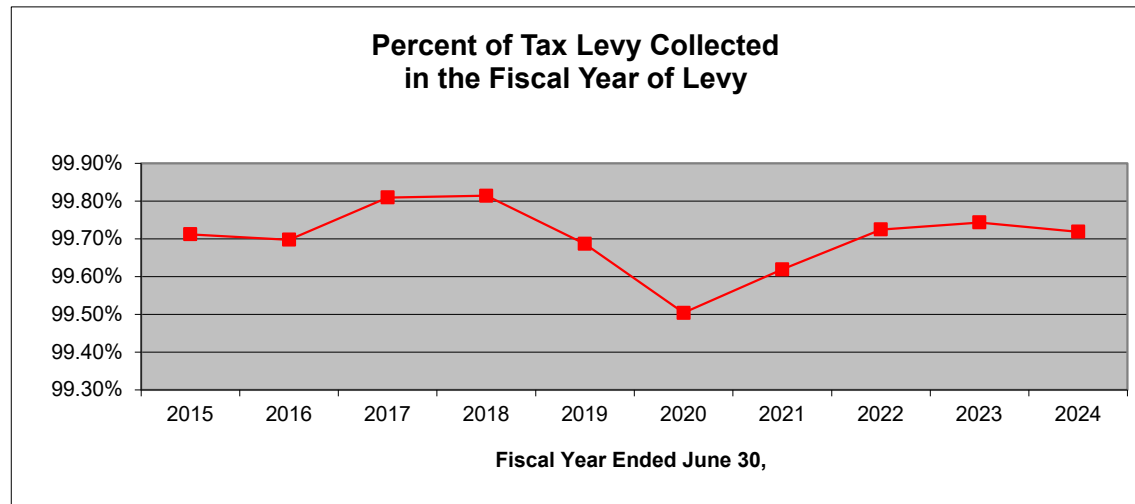


Table 11

Town of Garner, North Carolina

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Installment Purchases</u>	<u>Lease Liabilities</u>	<u>IT Subscription Liabilities</u>	<u>General Obligation Bonds</u>	<u>Total Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita Personal Income</u>
2015	\$ 6,374,526	\$ -	\$ -	\$ 31,039,675	\$ 37,414,201	4.80%	\$ 1,383
2016	5,803,685	-	-	29,335,000	35,138,685	4.45%	1,222
2017	8,577,324	-	-	28,345,000	36,922,324	4.56%	1,273
2018	7,717,118	-	-	27,345,000	35,062,118	4.18%	1,120
2019	6,173,617	-	-	31,520,501	37,694,118	3.99%	1,175
2020	4,798,222	-	-	38,169,319	42,967,541	4.05%	1,280
2021	4,359,223	-	-	36,706,747	41,065,970	3.80%	1,256
2022	4,507,243	93,350	-	34,780,177	39,380,770	3.31%	1,132
2023	2,625,691	562,037	365,785	56,543,200	60,096,713	4.55%	1,647
2024	1,846,619	1,603,714	281,390	53,392,498	57,124,221	3.38%	1,425

Note: Details regarding the Town's outstanding debt can be found in Note 6 in the financial statements.
See the schedule of Demographic and Economic Statistics for personal income and population data.

Town of Garner, North Carolina

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Estimate	Total Assessed Value	General Obligation Bonds	Percent of Net Bonded Debt to Assessed Value	Per Capita
2015	27,060	\$ 3,069,057,511	\$ 37,414,201	1.22%	\$ 1,383
2016	28,766	3,195,322,605	35,138,685	1.10%	1,222
2017	28,999	3,264,526,830	36,922,324	1.13%	1,273
2018	31,317	3,375,884,962	35,062,118	1.04%	1,120
2019	32,069	3,530,720,543	37,694,118	1.07%	1,175
2020	33,562	3,717,603,430	42,967,541	1.16%	1,280
2021	32,698	4,765,276,454	41,065,970	0.86%	1,256
2022	34,799	5,080,670,621	39,287,420	0.77%	1,129
2023	36,490	5,447,675,571	59,168,891	1.09%	1,622
2024	40,082	5,907,925,997	55,239,117	0.94%	1,378

Note: Details regarding the Town's outstanding debt can be found in footnote II in the financial statements.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
Population data can be found in the Schedule of Demographic and Economic Statistics.

Town of Garner, North Carolina

Computation of Direct and Overlapping Debt
As of June 30, 2024
(Unaudited)

Governmental Unit	Debt Outstanding	*Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Town of Garner - debt applicable to debt limit	\$ 57,124,221	100%	\$ 57,124,221
Wake County	<u>2,628,768,042 (1)</u>	2.84%	<u>74,568,657</u>
Total direct and overlapping debt	<u>\$2,685,892,263</u>		<u>\$ 131,692,878</u>

(1) Information provided by Wake County Finance Department. Of the total debt outstanding, \$1,118,205,141, or 42.5%, is for the Wake County Public School System.

* Determined by ratio of assessed valuation of taxable property within the Town to the assessed valuation of taxable property within the County.

Town of Garner, North Carolina

Computation of Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 245,365	\$ 255,626	\$ 261,162	\$ 270,071	\$ 282,458	\$ 297,408	\$ 381,222	\$ 406,454	\$ 435,814	\$ 472,634
Total net debt applicable to limit	<u>36,135</u>	<u>35,139</u>	<u>36,922</u>	<u>35,062</u>	<u>37,694</u>	<u>38,169</u>	<u>36,707</u>	<u>34,780</u>	<u>60,097</u>	<u>57,124</u>
Legal debt margin	<u>\$ 209,230</u>	<u>\$ 220,487</u>	<u>\$ 224,240</u>	<u>\$ 235,009</u>	<u>\$ 244,764</u>	<u>\$ 259,239</u>	<u>\$ 344,515</u>	<u>\$ 371,674</u>	<u>\$ 375,717</u>	<u>\$ 415,510</u>
Total net debt applicable to limit as a percentage of debt limit	14.73%	13.75%	14.14%	12.98%	13.34%	12.83%	9.63%	8.56%	13.79%	12.09%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 5,907,925,997
Debt limit 8% of assessed value	472,634,080
Amount of debt applicable to debt limit:	
Outstanding General Bonded Debt	53,392,498
Other outstanding debt	<u>3,731,723</u>
	<u>57,124,221</u>
Legal Debt Margin	<u>\$ 415,509,859</u>

Note: Under state finance law, the Town of Garner's outstanding general obligation debt should not exceed 8 percent of total assessed property value.
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Town of Garner, North Carolina

Demographic Statistics Last Ten Fiscal Years (Unaudited)

Calendar Year	Population (1)	Per Capita Personal Income (2)	Unemployment Rate (3)	Personal Income (Thousands of Dollars)
2015	27,060	\$ 28,829	4.9%	\$ 780,113
2016	28,766	27,436	4.6%	789,224
2017	28,999	27,926	3.7%	809,826
2018	31,317	26,779	3.6%	838,638
2019	32,069	29,436	4.0%	943,983
2020	33,562	31,583	7.6%	1,059,989
2021	32,698	33,071	4.1%	1,081,356
2022	34,799	34,236	3.4%	1,191,379
2023	36,490	36,163	3.1%	1,319,588
2024	40,082	42,165	3.0%	1,690,058

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

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

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

Table 16

Town of Garner, North Carolina

**Principal Employers
Fiscal Year 2024 and Ten Year Comparison
(Unaudited)**

Employer	2024		2015	
	Employees	Rank	Employees	Rank
Amazon	1000+	1		
Wake County Public Schools	1000+	2	800	1
Global Procurement Corporation	1000+	3		
Favorite Healthcare Staffing, Inc.	1000+	4		
Compass Group USA, Inc.	434	5		
Lithko Contracting, LLC	300	6		
Pergo, Inc	284	7	284	4
Martin Brower	265	8		
Pepsi Bottling Ventures LLC	235	9		
Tech Systems, Inc.	178	10		
Food Lion			360	2
Wal-Mart			150	3
Cabela's			277	5
Golden State Foods			265	6
F&D Huebner, LLC			258	7
Target			251	8
Strategic Behavioral Health			260	9
Kroger			200	10
	<u>5,696+</u>		<u>3,105</u>	

Source: NC Department of Commerce

Town of Garner, North Carolina

**Property Value and Construction
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Property Value	Construction (1)	
		Number of Permits	Construction Value
2015	\$ 3,069,057,511	1,297	\$ 46,549,862
2016	3,195,322,605	1,207	77,561,649
2017	3,264,526,830	1,324	90,196,870
2018	3,375,884,962	1,531	97,306,018
2019	3,530,720,543	1,547	107,095,626
2020	3,717,603,430	1,622	165,994,656
2021	4,765,276,454	1,929	145,136,704
2022	5,080,670,621	2,124	250,536,282
2023	5,447,675,571	2,088	268,947,978
2024	5,907,925,997	2,865	508,501,588

(1) From Town of Garner Inspections Department

Town of Garner, North Carolina

**Full-time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	40.5	43.0	43.5	41.6	45.6	52.0	53.0	64.0	64.0	67.0
Public Safety	78.5	81.5	83.5	86.5	89.5	90.5	90.5	97.0	98.0	89.0
Streets and Transportation	14.0	14.0	14.0	16.0	16.0	16.0	16.0	19.0	19.0	54.0
Cultural and Recreation	25.5	25.5	26.0	28.0	29.0	29.0	29.0	39.0	39.0	19.0
Total	<u>158.5</u>	<u>164.0</u>	<u>167.0</u>	<u>172.1</u>	<u>180.1</u>	<u>187.5</u>	<u>188.5</u>	<u>219.0</u>	<u>220.0</u>	<u>229.0</u>

Source: Town of Garner Annual Operating Budget document

Table 19

Town of Garner, North Carolina

Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Community Development Services (Inspections)										
Permits issued (all trade types)	1,297	1,207	1,324	1,531	1,547	1,622	1,929	2,124	2,088	2,865
Building inspections conducted	6,303	5,244	7,619	11,608	13,547	18,755	19,242	32,195	34,372	52,542
Public Works										
Miles of streets maintained	100.00	101.00	102.00	104.71	104.71	109.00	113.50	114.43	114.43	114.69
Traffic control signs repaired/replaced	140	142	122	113	134	123	90	129	129	44
Town parks maintained	14	14	11	11	11	11	11	11	11	11
Town athletic fields/courts maintained	36	36	14	19	19	20	20	20	20	20
Town building/grounds maintained	56	56	53	55	55	56	57	58	58	58
Police										
Calls for service	35,963	33,132	36,611	35,968	36,684	35,474	32,743	42,171	41,223	35,682
Accidents investigated	1,260	1,371	1,342	1,469	1,391	1,620	1,478	1,576	1,948	1,803
Arrests	1,330	1,082	1,156	1,122	1,170	1,140	934	923	1,463	984
Fire/Rescue										
Fire calls answered	1,654	1,790	1,829	1,827	1,827	2,019	2,162	2,459	2,459	2,602
EMS calls answered	3,141	3,315	3,407	3,355	3,491	3,537	3,684	4,344	4,344	4,522
Solid Waste										
Sanitation customers	8,952	8,957	9,023	9,186	9,434	9,642	10,132	10,715	11,622	12,434
% of solid waste stream reduction reported to the state	52%	50%	61%	61%	62%	62%	62%	62%	62%	62%
Spring and fall cleanups - tons collected	423	486	711	414	1,350	1,200	770	641	1,520	1,057
Leisure Services										
Parks & Recreation program registrations	4,200	4,025	4,011	4,312	4,339	1,878	1,116	4,002	6,848	8,050
Picnic shelter reservations	600	700	582	582	572	264	399	655	673	851
Auditorium event attendance	31,395	31,869	33,458	31,923	40,798	6,400	1,198	20,195	40,318	36,242
Independence Day attendance	17,000	10,000	8,500	15,000	14,000	9,000	-	9,000	10,000	11,000

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

Town of Garner, North Carolina

Capital Assets by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police stations	3	1	1	1	1	1	1	1	1	1
Patrol and investigative units	3	1	1	1	1	1	1	1	1	1
K-9 units	4	4	4	4	4	4	4	4	4	4
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire apparatus	15	15	15	15	15	15	15	15	15	15
Highway and Streets										
Streets (miles)	100.00	101.43	102.30	104.71	106.85	109.08	113.50	114.43	114.43	114.69
Sidewalks (feet)	332,640	323,180	355,208	361,385	361,385	387,719	406,174	409,904	409,904	555,879
Leisure Services										
Number of major parks	14	14	14	14	14	14	14	14	14	14
Total park acreage	350	350	350	375	375	375	375	375	375	375
Baseball fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	6	6	6	6	6	6	6	6	6	7
Basketball courts	2	2	2	2	2	2	2	2	2	5

Sources: Various Town of Garner departments

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the **Town of Garner, North Carolina** (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 15, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 15, 2024

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

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

Report on Compliance for Each Major State Program

Opinion of Each Major State Program

We have audited the **Town of Garner, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2024.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major state program.

Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiency.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 15, 2024

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Awarding Agency	AL Number	Pass-through Number	Federal	State
FEDERAL AWARDS				
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program	16.607	n/a	\$ 2,496	\$ -
<u>U.S. Federal Highway Administration</u>				
Passed through N.C. Department of Transportation Highway Planning and Construction	20.205	TIP # U-6225	95,858	-
<u>U.S. Department of Transportation</u>				
Passed through N.C. Governor's Highway Safety Program State and Community Highway Safety Cluster	20.600	PT-23-06-43	353	-
TOTAL FEDERAL AWARDS			98,707	-
STATE AWARDS				
<u>N.C. Department of Health and Human Services</u>				
Senior Center Development Grant	N/A	N/A	-	11,093
<u>N.C. Department of Transportation</u>				
Powell Bill	N/A	DOT-4	-	1,256,814
TOTAL STATE AWARDS			-	1,267,907
TOTAL FEDERAL AND STATE AWARDS			\$ 98,707	\$ 1,267,907

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of the Town of Garner (the "Town") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The Town did not utilize the 10% de Minimis indirect cost rate.

TOWN OF GARNER, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

yes no

Significant deficiencies identified?

yes no ne reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2024 due to the total amount expended being less than \$750,000.

State Awards

Internal control over major state programs:

Material weaknesses identified:

yes no

Significant deficiencies identified:

yes no ne reported

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

Unmodified

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

yes no

Auditee qualified as a low-risk audit?

yes no

Identification of major state program:

Program Name

Powell Bill

TOWN OF GARNER, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
STATE AWARD FINDINGS AND QUESTIONED COSTS

None noted.

TOWN OF GARNER, NORTH CAROLINA

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

None noted.