

***TOWN OF APEX***  
***NORTH CAROLINA***

***COMPREHENSIVE ANNUAL***  
***FINANCIAL REPORT***



***FOR THE FISCAL YEAR***  
***ENDED JUNE 30, 2016***



***TOWN OF APEX***  
***NORTH CAROLINA***

***COMPREHENSIVE ANNUAL***  
***FINANCIAL REPORT***



***FOR THE FISCAL YEAR***  
***ENDED JUNE 30, 2016***

**THIS PAGE INTENTIONALLY**

**LEFT BLANK**

**Town of Apex, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016**

**TABLE OF CONTENTS**

	<u>Pages</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	1-4
Certificate of Achievement for Excellence In Financial Reporting.....	5
Elected Officials.....	6
Appointed and Administrative Staff.....	7
Organizational Chart.....	8
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	9-10
Management's Discussion and Analysis.....	11-19
 <b><u>Exhibit</u></b>	
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Entity-Wide Financial Statements</u>	
1 Statement of Net Position.....	22
2 Statement of Activities.....	23
 <b><u>Exhibit</u></b>	
<u>Governmental Fund Financial Statements</u>	
3 Balance Sheet – Governmental Funds .....	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	25

**Exhibit**

4	Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	26
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental funds to the Statement of Activities.....	27
5	Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual.....	28

**Proprietary Fund Financial Statements**

6	Statement of Net Position – Proprietary Funds .....	29
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	30
8	Statement of Cash Flows – Proprietary Funds.....	31
	Notes to the Financial Statements.....	32-61

**Required Supplementary Information**

	Law Enforcement Officers’ Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress.....	62
	Retirement Health Care Plan Required Supplementary Information - Schedule of Employer Contributions.....	63
	Retirement Health Care Plan Required Supplementary Information - Schedule of Funding Progress.....	64
	Local Government Employees Retirement System Required Supplementary Information - Schedule of Employer Contributions.....	65
	Local Government Employees Retirement System Required Supplementary Information - Proportionate Share of Net Pension Liability (Asset).....	66

## Combining and Individual Fund Statements and Schedules

### Statement / Schedule

1	General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	69-73
2	Fire Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	74
3	Nonmajor Governmental Funds - Combining Balance Sheet.....	76-77
4	Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	78-79
<u>Special Revenue Fund</u>		
5	Special Revenue Fund – Perry Library Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	80
<u>Capital Project Funds</u>		
6	Capital Project Fund - Street Improvements Fund Schedule of Revenues and Expenditures - Budget and Actual.....	81
7	Capital Project Fund – Recreation Projects Fund Schedule of Revenues and Expenditures – Budget and Actual .....	82
8	Capital Project Fund – Recreation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	83
9	Capital Project Fund – Transportation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	84
10	Capital Project Fund – General Projects Fund Schedule of Revenues and Expenditures – Budget and Actual .....	85
<u>Permanent Fund</u>		
11	Permanent Fund – Cemetery Fund Schedule of Revenues and Expenditures – Budget and Actual .....	86

12	Electric Operations – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP) .....	88-89
13	Water and Sewer Fund – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP) .....	90-91
14	Electric Substation Project - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP) .....	92
15	Water/Sewer Project Fund - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP) .....	93
16	Wastewater Treatment Plant Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP) .....	94
17	Water/Sewer Capital Reserve Fund - Schedule of Revenues and Expenditures – and Changes in Fund Balance - Budget and Actual (NON-GAAP) .....	95
 <u>Internal Service Fund</u>		
18	Health and Dental Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Financial Plan and Actual (NON-GAAP) .....	96
 <u>Supplemental Financial Data</u>		
19	General Fund - Schedule of Ad Valorem Taxes Receivable.....	98
20	Analysis of Current Tax Levy.....	99
21	General Obligation Debt Service Requirements and Maturity Schedule .....	100

**STATISTICAL SECTION (Unaudited)**

**Table**

1	Net Position by Component .....	103
2	Changes in Net Position .....	104-105
3	Governmental Activities Tax Revenues by Source .....	106
4	Fund Balances of Governmental Funds .....	107

**Table**

5	Changes in Fund Balances of Governmental Funds .....	108
6	Assessed Value and Estimated Actual Value of Taxable Property .....	109
7	Property Tax Rates - Direct and Overlapping Governments .....	110
8	Property Tax Levies and Collections .....	111
9	Principal Property Taxpayers and Electric Ratepayers .....	112-113
10	Ratios of Outstanding Debt by Type .....	114
11	Ratios of General Bonded Debt Outstanding .....	115
12	Direct and Overlapping Governmental Activities Debt .....	116
13	Legal Debt Margin Information .....	117
14	Demographic and Economic Statistics.....	118
15	Principal Employers .....	119
16	Employee Position Authorization by Department .....	120-121
17	Operating Indicators by Function .....	122
18	Capital Asset Statistics by Function .....	123

**COMPLIANCE SECTION**

**Federal and State Awards Compliance**

Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	127-128
Report on Compliance for the Major Federal Programs; Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act .....	129-130
Report on Compliance for the Major State Program; Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act .....	131-132
Schedule of Findings and Questioned Costs .....	133-134
Summary Schedule of Prior Audit Items .....	135
Schedule of Expenditures of Federal and State Awards .....	136

**THIS PAGE INTENTIONALLY**

**LEFT BLANK**

## INTRODUCTORY SECTION





October 20, 2016

TO THE CITIZENS OF THE TOWN OF APEX:

We are pleased to present the Comprehensive Annual Financial Report of the Town of Apex for the fiscal year ended June 30, 2016. This report is issued to fulfill the requirement of North Carolina state law that every local government has an annual audit of its financial statements performed by a certified public accountant.

The Town of Apex management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control it has established for this purpose. The concept of internal controls assumes their costs should not exceed their anticipated benefits, and their objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Joyce and Company, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Town of Apex's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report in the Financial Section. MD&A provides a narrative overview and analysis of the basic financial statements.

### PROFILE OF THE GOVERNMENT

The Town of Apex, incorporated in 1873, is located in central North Carolina, less than 10 miles from Raleigh, the state capital. From its humble beginnings as a small railroad stop (the name "Apex" comes from being the highest point on the rail line), the Town has grown to a population of 47,165 and a land area of 20.59 square miles.

The Town operates under a Council-Manager form of government. Policy-making and legislative authority rest with the Town Council, consisting of the mayor and five other members. All are elected on a town-wide basis to a four year term, with three members elected every two years. The Council appoints the Town Manager, who is responsible for hiring department heads and managing day to day operations.

---

TOWN OF APEX

*The Peak of Good Living*

PO Box 250 Apex, NC 27502 | (919) 249-3400 | [www.apexnc.org](http://www.apexnc.org)

The Town provides a full range of services including police, fire and EMS protection, sanitation, water, sewer, and electric services, construction and maintenance of streets and infrastructure, and recreational activities and events. Various other local entities such as The Wake County Public School System, WakeMed Apex Healthplex, and The Wake County Public Libraries do not meet established criteria for inclusion as part of the Town as a reporting entity and are therefore excluded from this report.

State law requires that the Town Council approve an annual budget prior to July 1. The budget ordinance authorizes all financial transactions of the Town except those authorized by a project ordinance or conducted through a trust or agency fund. The budget is prepared by fund and department. Department heads may transfer resources within a department and the Town Manager may transfer between departments, but any change which increases or decreases a fund's overall budget requires approval of the Council.

### LOCAL ECONOMY

Economic activity and the construction industry remain very strong. Revenues for building permits were up approximately 35% over the preceding year. The Town issued 882 permits for new residential construction this year, an increase of 188 permits or 27.1% from the previous year, and the total construction value for those permits was up 43%. Commercial construction remained steady. The Town issued 33 commercial building permits, one less than the previous year, and the total value of those permits increased from \$40.9 million to \$43.9 million. Overall, new construction (residential and commercial) totaled 915 permits with a value of \$230.1 million, compared with 728 and \$170.5 million in the preceding year.

Due to the residential growth in Apex, property taxes have come to provide a greater share of the Town's revenues. In 2006, total ad valorem tax revenue was \$10.2 million as compared to \$20.7 million in 2016. The 2016 fiscal year tax rate was less, at .39 cents per \$100, as compared to .40 cents this time 10 years ago but our tax revenue has nearly doubled. Construction and development within the Town is continuing to support the growth in tax base and thus the tax revenue. The appraised value of the Town's tax base as of January 1, 2016 was nearly \$6 billion compared to \$2.7 billion ten years earlier.

Other economically sensitive revenues were also strong. Sales tax collections increased by 10% for the second consecutive year and other state collected local revenues continued to increase. Within all major revenue categories, compared to 2006 results, there has been a significant increase.

Apex continues to benefit from its location, which makes it a residential and retail center for employees of Research Triangle Park (RTP). RTP is primarily dependent on firms in relatively stable, growing industries such as technology, healthcare, and financial services. In addition, the Town's proximity to Raleigh, with several universities and the state government complex, also serves to provide a stable employment base. Because of the presence of these major employers, the local unemployment rate has stayed below the state and national figures.

Looking back over the past 10 years, the Town's total General Fund revenues and expenditures have almost doubled. Much of this increase is understandable, as the Town's population has grown 52% in the same period. The most obvious trend during this timeframe has been the continued emphasis on public safety. The costs to provide these services have climbed from \$8.1 million in 2006 to \$15.5 million today.

Since moving from largely volunteer departments to Town provided services, the Town has assumed a greater responsibility for Fire Protection and EMS using more full time employees. This increase is supported by the Town's steady population growth and commitment for citizen's safety and wellbeing. In September 2015 Money Magazine named Apex the best place to live in America.

### LONG-TERM FINANCIAL PLANNING

The Town, for many years now, has maintained solid cash reserves and fairly modest debt levels. This has enabled it to proceed with some major projects financed by various types of long-term debt despite the current economic climate. During the past year construction on the wastewater plant and a number of street and parks projects was completed. The Town has also entered into an agreement with Cary to expand a jointly owned water plant and undertake a number of water and sewer projects.

In the fall of 2015 the Town incurred \$4.5 million of debt to construct a public safety station in a growing area of the Town. The Town continues to have needs in a number of areas due to growth. In November 2016 voters approved \$15 million of general obligation bonds for street and sidewalk improvements. The Town's goal is to maintain a minimum of 25% of expenditures in unassigned fund balance. Funds in excess of that amount are available to be used for one time expenditures, such as smaller improvements or construction projects. At June 30, 2016, the Town's unassigned fund balance was \$15.5 million, or roughly 38% of the year's expenditures.

### MAJOR INITIATIVES

In addition to addressing major needs in the Water and Sewer Fund, the Town is also evaluating its options to finance park and recreation projects and street and sidewalk improvements.

### AWARDS AND ACKNOWLEDGEMENTS

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 Apex for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for

a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was made possible by the dedicated service and cooperation of Joyce and Company CPA, and the Town's Finance, Planning, and Construction Management departments. We would like to extend special thanks to Suzanne Parmentier for her work and to the Mayor and Town Council for their support for maintaining the highest standards of professionalism in the management of the Town's finances.



Drew Havens  
Town Manager



Vance Holloman  
Finance Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Apex  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

ELECTED OFFICIALS

Lance Olive	Mayor
Nicole L. Dozier	Mayor Pro-Tem
Eugene J. Schulze	Councilman
William S. Jensen	Councilman
Wesley M. Moyer	Councilman
Denise C. Wilkie	Councilwoman

APPOINTED OFFICIALS

Drew Havens  
Town Manager

Laurie L. Hohe  
Town Attorney

ADMINISTRATIVE STAFF

Tim Donnelly  
Assistant Town Manager

Donna Hosch  
Town Clerk

John M. Brown  
Director of Parks, Recreation  
and Cultural Resources

David Hughes  
Director of Public Works  
and Utilities

Eleanor Green  
Director of Human Resources

(Vacant)  
Director of Construction  
Management

John W. Letteney  
Chief of Police

Marty Mitchell  
Facilities and Fleet Services  
Manager

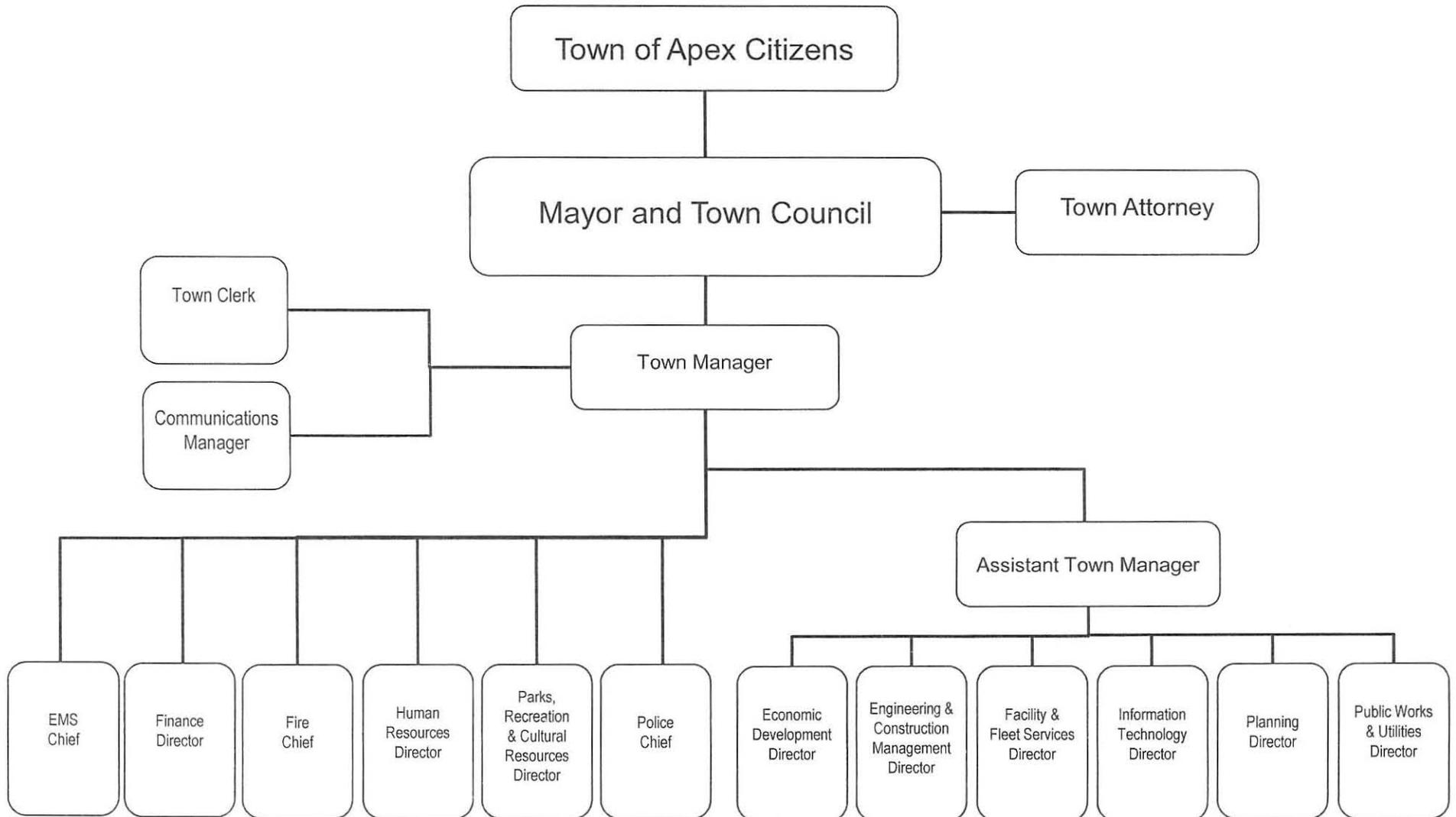
Dianne Khin  
Director of Planning

Vance Holloman  
Finance Director

Keith M. McGee  
Fire Chief

Randall L. Heath  
EMS Chief

# Town of Apex Organizational Chart



## **FINANCIAL SECTION**





104 Brady Court, Cary, North Carolina 27511  
Phone 919-466-0946 Fax 919-466-0947

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Apex, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

### Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Apex, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions be presented to supplement the basic financial statements. Such information, although not a required 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Apex, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying 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 Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2016 on our consideration of Town of Apex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Apex's internal control over financial reporting and compliance.

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 21, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Apex, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report and the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

### Financial Highlights

- The Town's assets exceeded its liabilities at the close of the fiscal year by approximately \$457.8 million (*net position*). Of this amount, \$57.8 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$70.4 million from the prior year. Of that amount \$39.1 million resulted from governmental activities and \$31.3 million resulted from business-type activities. Approximately \$66.8 million of street related and utility infrastructure was donated by developers with a value of \$38 million for street and sidewalk related infrastructure and \$28.8 million for utility infrastructure.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$35.5 million, an increase of \$6.6 million compared to the prior year. The total fund balance in the General Fund increased 3.6 million while the total fund balance in other governmental funds increased \$3 million primarily due to continuing public safety projects.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$15.5 million, or 38% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt decreased by \$.1 million during the current fiscal year. The Town made principal payments \$5.5 million on previously issued debt and added \$5.4 million of new debt for water system improvements and the construction of a public safety station.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Apex's basic financial statements. The Town's basic financial statements consist of three components: 1) entity-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 entity-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 of Apex.

### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Entity-wide Financial Statements**. The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. The **Required Supplemental Information** contains additional information required by generally accepted accounting principles. After the notes and the required supplemental information, additional **Supplemental Information** is provided. The other supplemental information shows details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

## Entity-wide Financial Statements

The entity-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 entity-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the entity-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, environmental protection, and cultural and recreational. The business-type activities of the Town are utility system services, specifically electricity and water and sewer.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Apex has no component units that must be included in this report.

The entity-wide financial statements are on Exhibits 1 and 2 of this report.

## Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet (Exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit 4) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

During the past fiscal year, the Town of Apex maintained eight individual governmental funds: the General Fund, one special revenue fund (to account for revenues which are restricted to a specific purpose), five

capital projects funds (to account for construction projects spanning more than one annual budget year or funds set aside for future projects), and one permanent fund (to account for funds reserved for perpetual care of a cemetery). The General Fund is the only governmental funds considered to be a major fund. The other governmental funds are considered to be nonmajor and their information is presented in the aggregate.

The Town of Apex adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This budgetary statement includes both original and final amended budgets.

The basic governmental fund financial statements can be found on Exhibits 3 through 5. Governmental funds considered to be nonmajor are presented as a single column in these statements.

**Proprietary Funds:** The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the entity-wide financial statements, only in more detail. The Town uses enterprise funds to account for its electric and water and sewer related activities. Both the Electric Fund and the Water and Sewer Fund are classified as major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. Apex uses an internal service fund to account for its self-insurance for health and dental claims. Because this fund predominately benefits the governmental rather than business-type functions, it has been included within governmental activities in the entity-wide statements.

The basic proprietary fund financial statements can be found on Exhibits 6 through 8 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 entity-wide and fund financial statements. The notes to the financial statements are on pages 32-61 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligations to provide pension benefits to police officers under the Law Enforcement Officers Special Separation Allowance, retiree health insurance under GASB 45 and pension benefits to its employees through the Local Government Employees' Retirement System. Required supplementary information can be found on pages 62-66 of this report.

### **Entity-Wide Financial Analysis**

Entity-wide financial statements can provide an excellent overall view of the Town's transactions for the year and its financial condition at year end. In particular, comparing current year amounts with the previous year's figures can highlight areas in which the Town's finances are improving or deteriorating.

As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. At the end of the current fiscal year, the Town had a positive balance in both its governmental and business-type activities. Governmental activities net position increased by \$39.1 million to \$232.2 million during the year while business-type net assets increased by \$31.3 million to \$225.6 million.

**The Town of Apex**  
**Net Position**  
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		2016	2015
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$39.3	\$34.4	\$54.6	\$57.5	\$93.9	\$91.9
Capital Assets	233.2	197.9	244.0	212.6	477.2	410.5
Total Assets	272.5	232.3	298.6	270.1	571.1	502.4
Deferred Outflows	1.1	1.1	0.4	0.4	1.5	1.5
Long-Term Liabilities	32.0	28.4	63.2	64.5	95.2	92.9
Other Liabilities	8.6	8.2	10.0	10.4	18.6	18.6
Total Liabilities	40.6	36.6	73.2	74.9	113.8	111.5
Deferred Inflows	0.8	4.2	0.2	1.4	1.0	5.6
<b>Net Position:</b>						
Net Investment in Capital Assets	208.4	172.2	181.2	147.8	389.6	320.0
Restricted	10.4	6.2	-	-	10.4	6.2
Unrestricted	13.4	14.2	44.4	46.4	57.8	60.6
Total Net Position	\$232.2	\$192.6	\$225.6	\$194.2	\$457.8	\$386.8

As is the case for many entities, the largest portion of the Town's net position (\$389.6 million or 85%) is represented by its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those assets. These capital assets are used to provide services to citizens; consequently, they are *not* available for future spending. And although the Town's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to pay these related liabilities.

Approximately \$66.8 million of street related and utility infrastructure assets were donated from developers, valued at \$38 million for street and sidewalk related infrastructure and \$28.8 million for utility infrastructure. Most of the remainder of the Town's net assets (\$57.8 million or 13%) are unrestricted, meaning they may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town of Apex implemented Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, this year. The Town reclassified the Law Enforcement Officers' Special Separation Allowance Fund to the General Fund because the assets were not held in an irrevocable trust. Reclassification of those assets increased beginning net position by \$.6 million for Governmental Activities.

**The Town of Apex  
Changes in Net Position  
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$9.8	\$8.3	\$46.7	\$45.6	\$56.5	\$53.9
Operating Grants and Contributions	3.1	3.0	---	---	3.1	3.0
Capital Grants and Contributions	38.5	23.1	34.1	15.0	72.6	38.1
General Revenues:						
Property Taxes	20.7	19.5	---	---	20.7	19.5
Other Taxes	9.0	8.3	---	---	9.0	\$8.3
Investment Earnings	0.1	-	0.1	0.1	0.2	\$0.1
Other	3.2	3.3	0.1	---	3.3	\$3.3
Total Revenues	<u>84.4</u>	<u>65.5</u>	<u>81.0</u>	<u>60.7</u>	<u>165.4</u>	<u>126.2</u>
<b>Expenses:</b>						
General Government	9.9	9.2	---	---	9.9	9.2
Public Safety	16.6	15.5	---	---	16.6	15.5
Public Works	8.7	8.9	---	---	8.7	8.9
Environmental Protection	4.0	3.8	---	---	4.0	3.8
Cultural and Recreation	5.3	4.8	---	---	5.3	4.8
Interest on Long-Term Debt	0.8	1.0	---	---	0.8	1.0
Water and Sewer	---	---	18.5	15.5	18.5	15.5
Electric	---	---	31.2	31.7	31.2	31.7
Total Expenses	<u>45.3</u>	<u>43.2</u>	<u>49.7</u>	<u>47.2</u>	<u>95.0</u>	<u>90.4</u>
Change in Net Assets	<u>39.1</u>	<u>22.3</u>	<u>31.3</u>	<u>13.5</u>	<u>70.4</u>	<u>35.8</u>
Net Position - Beginning of year	192.5	172.9	194.2	181.5	386.7	354.4
Restatement GASB #68	0.6	(2.3)	-	(0.8)	0.6	(3.1)
Prior Period Adjustment	-	(0.3)	-	-	-	(0.3)
Net Position - Beginning of year as restated	<u>193.1</u>	<u>170.3</u>	<u>194.2</u>	<u>180.7</u>	<u>387.3</u>	<u>351.0</u>
Net Position - End of year	<u>\$232.2</u>	<u>\$192.6</u>	<u>\$225.5</u>	<u>\$194.2</u>	<u>\$457.7</u>	<u>\$386.8</u>

**Governmental activities:** Revenues related to governmental activities increased \$18.9 million, or 28.9%. The great majority of this increase came from Capital Grants and Contributions which increased by \$15.4 million due entirely to increased developer contributions. Tax revenues also increased by \$1.2 million. Property valuation has increased 3.2% since last year. Total expenses were up by 4.9%. While most departments experiencing higher operating costs, the largest part of the increase can be traced to Public Safety. Expenses increased 7.1%, representing \$1.1 million of the \$2.1 million total increase in expenses. The change was due to increased spending for operations and capital outlay. The Town made no major changes to its service levels or additions of new services.

**Business-type activities:** Business-type activity revenues increased by \$20.3 million (33.4%). Like the governmental activities, the business-type activities saw an increase in capital contributions of water and sewer lines from developers, increasing from \$9.5 million to 28.8 million, or 203%. Revenue growth was positive for the Town's water and sewer and electric operations at 2.4%. The number of customers increased around 6% during the course of the year. There were no changes in water and sewer rates and electric rates. Spending for business-type activities increased 5.3%. The greatest changes being increases in depreciation expense for water and sewer operations due to expansion of town facilities and developer donated assets.

## Financial Analysis of the Town's Funds

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

**Governmental Funds:** The focus of the Town of Apex's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, *unassigned fund balance* can be a useful measure of the Town's net resources available for spending at the end of the fiscal year. This is the portion of fund balance remaining after subtracting the amounts that have been *restricted* (usually by NC state law) or *assigned* (designated for a specific purpose by the Town's management).

The General Fund is the chief operating fund of the Town of Apex. At the end of the fiscal year, unassigned fund balance of the General Fund was \$15.5 million, while total fund balance increased to \$25.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2016, unassigned fund balance was 38.2% of the year's expenditures (compared to 38.9% last year), while total fund balance represents 62.5% of that same amount (55.6% in 2015).

The Town strives to maintain an unassigned fund balance of 25% of expenditures. Amounts in excess of this minimum may be used for construction projects when the Town wishes to avoid the issuance of additional debt, for emergency work needed after natural disasters, or for maintaining a stable tax rate when economically dependent revenues (i.e. sales taxes) are less than budgeted amounts. The Town budgeted \$3.5 million of fund balance for the 2015-16 fiscal year to help meet the needs of a fast growing community for vehicles, equipment and street improvements. Again, revenues ended better than anticipated and expenditures were less than anticipated and total fund balance changed by \$3 million as a result of fiscal year operations and \$.6 million as the result of an adjustment to beginning fund balance for the implementation of GASB 73. Total revenues were \$1.8 million more than the final budget, primarily because higher than expected revenues from utility franchise taxes, property taxes, sales taxes, and building permits. In addition, total departmental expenditures ended the year \$4.6 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$35.5 million, an increase of \$6.0 million from the prior year. For nonmajor governmental funds revenues and financing sources increased by \$1.3 million, due to debt of \$4.5 million incurred for the construction of a public safety station and increased subdivision recreation fees. During the year the Town spent \$1.9 million for public safety projects, \$1.5 million for streets projects and \$1.1 million for recreation projects. The General Fund, special revenue fund, and capital projects funds are included in this combined fund balance amount.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants, or to increase appropriations that become necessary to maintain or expand services.

Overall, General Fund revenues increased by \$3.3 million from the prior year, an increase of 8.2%. This increase came from improvements in three major sources of revenue. Property taxes, sales taxes, building permit and inspections fees increased by approximately \$1.1 million, \$.8 million and \$.9 million respectively due to growth of the Town. No major revenue sources decreased significantly during the year.

General Fund expenditures rose by \$1.4 million, or 3.6%. The majority of the increase came in expenditures for Public Safety and Debt Service. The major initiatives of note were increased operating costs and capital outlay in public safety.

**Proprietary Funds:** The Town of Apex's proprietary fund financial statements provide the same type of information found in the entity-wide statements but with each of the two funds broken out separately.

Unrestricted net positions of the Electric and Water and Sewer Funds at the end of the fiscal year were \$8.6 million and \$35.7 million, respectively. The change in net position for both funds was an increase of \$2.2 million in the Electric Fund and an increase of \$29.2 million in the Water and Sewer Fund. The increase in the Water and Sewer Fund was due predominately to capital contributions from developers.

In the Electric Fund, operating revenues increased by \$.6 million or 1.8 % . The number of electric customers increased by 4% during the course of the fiscal year. Operating expenses decreased by \$.5 million (down 1.6%), due to a reduction in the cost of purchased power as a result of the sale of electric power generation assets by the NC Eastern Municipal Power Agency (NCEMPA) to Duke Energy. The costs of power the Town purchases was reduced as a result of the reduction in NCEMPA's debt service costs. Proceeds of the sale were used to retire the majority of the Agency's outstanding debt.

In the Water and Sewer Fund, operating revenues increased by \$.4 million (3.1%) from the previous year. Operating expenses increased by \$2.9 million (20.9%) due primarily to increases in depreciation expense. The Fund produced positive cash flow operations of \$1.9 million

### Capital Asset and Debt Administration

**Capital assets:** The Town of Apex's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$477.2 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities, utility plants, electric and water distribution systems, and wastewater collection systems.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Construction in the governmental-type activities and additions of \$44.9 million,
- Electric distribution system improvements, additions, and other capital assets of \$3.2 million,
- Water and sewer system improvements, additions, and other capital assets of \$37.5 million.

#### Town of Apex Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$52.1	\$46.3	\$34.9	\$19.6	\$87.0	\$65.9
Construction in Progress	7.2	6.1	45.0	90.9	52.2	97.0
<b>Total Non-Depreciable Assets</b>	<b>59.3</b>	<b>52.4</b>	<b>79.9</b>	<b>110.5</b>	<b>139.2</b>	<b>162.9</b>
Buildings and Improvements	41.1	40.8	15.1	15.1	56.2	55.9
Machinery and Equipment	6.1	5.6	3.5	3.0	9.6	8.6
Vehicles	8.6	8.0	3.8	3.9	12.4	11.9
Infrastructure	226.9	190.5	238.9	168.4	465.8	358.9
<b>Total Depreciable</b>	<b>282.7</b>	<b>244.9</b>	<b>261.3</b>	<b>190.4</b>	<b>544.0</b>	<b>435.3</b>
Accumulated Depreciation	(108.8)	(99.4)	(97.2)	(88.3)	(206.0)	(187.7)
<b>Total Depreciable Assets, Net</b>	<b>173.9</b>	<b>145.5</b>	<b>164.1</b>	<b>102.1</b>	<b>338.0</b>	<b>247.6</b>
<b>Total</b>	<b>\$233.2</b>	<b>\$197.9</b>	<b>\$244.0</b>	<b>\$212.6</b>	<b>\$477.2</b>	<b>\$410.5</b>

Additional information on the Town's capital assets can be found in Note 4 of the Notes to the Financial Statements starting on page 42.

**Long-term Debt:** As of June 30, 2016, the Town of Apex had total general obligation bonded debt outstanding of \$50.5 million, including \$2.1 million of deferred premium, electric revenue bonds outstanding of \$4.4 million, and installment purchase related debt of \$35.3 million. Of the general obligation bonds, \$33 million, plus \$1.6 million of deferred premium, is being repaid from utility system revenues. The remainder of the Town's general obligation bonds, are being repaid from the General Fund. During the year, the Town issued \$4.5 million of installment purchase debt to be repaid from the General Fund for the construction of a public safety station. The Water and Sewer Fund incurred additional debt of \$875,000 under a revolving loan agreement with the State of North Carolina to pay a portion of the Town's cost of construction of a regional waste water treatment plant jointly owned with the Town of Cary. Debt of \$5.6 million was retired.

**Town of Apex Outstanding Debt  
(in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$16.0	\$17.5	\$34.5	\$35.2	\$50.5	\$52.7
Revenue Bonds	-	-	4.4	4.9	4.4	4.9
Installment Purchases	11.4	8.1	24.1	24.6	35.5	32.7
<b>Total</b>	<b>\$27.4</b>	<b>\$25.6</b>	<b>\$63.0</b>	<b>\$64.7</b>	<b>\$90.4</b>	<b>\$90.3</b>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that Town's boundaries. The legal debt margin for Apex is \$395 million. However, this statutory limit far exceeds the Town's realistic debt capacity.

In November, 2015 the citizens of Apex overwhelmingly approved a \$15 million general obligation bond referendum for street and sidewalk improvements. Those bonds are yet to be issued. Additional information regarding the Town of Apex's long-term debt can be found in Note 9 of this report.

**Economic Factors and Next Year's Budgets and Rates**

At June 30, 2016, Apex's population was estimated at 47,525. The residential construction was up over 43% for the fiscal year compared to the prior year based upon construction value. Construction activity remains strong in the area. The Town's current 2016-17 budget projects construction and development related revenues to be lower than the final figures for 2015-16 contained in this report. The Town's economic outlook will largely be dependent on the overall national economy.

Employment opportunities are derived from within the Town as well as from Raleigh, the state capital, and RTP, which employs over 50,000 in high-technology fields. In addition, the Raleigh-Durham area also contains several colleges and universities and major health care facilities. These employers have historically been relatively stable and less sensitive to economic downturns. As a result, the unemployment rate has historically been lower than the state and national averages. At year end the rate for Apex was 4.2% versus the statewide rate of 4.9% and the U.S. rate of 4.9%. Because of the highly specialized nature of many of the citizens' employment, income levels in Wake County have also have been historically above the state and national averages.

## **Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Funds:** The General Fund's budget is \$49.1 million. All property in Wake County was subject to reappraisal as of January 1, 2016. The Town's tax base increased from \$5.2 billion to \$5.9 billion as a result of growth and the reappraisal. The Town's revenue neutral tax rate was 36 cents per \$100 of property for the 2016-17 budget year. The Town elected to implement a tax rate of 38 cents per \$100 in order to address capital needs. Revenues estimates for property taxes are 9% above the prior year. Most other revenues were estimated to continue at or slightly below the levels seen during 2015-16. Sales tax collected for the 2015-16 fiscal year were 10% higher than the prior year and the budget projects a 5% increase over that amount. There were modest changes in other charges and fees. The budget includes 17 new positions, 9 of those positions are in public safety and 3 are in planning and construction management. Total revenues were up 9% to \$45.9 million. The final budget also projected using up to \$1.8 million of fund balance for capital needs such as equipment purchases and infrastructure that had been deferred previously.

**Proprietary Funds:** The Town expects modest growth in the number of customers and there were no change in rates for electric or water and sewer service. Revenues in both funds are expected to grow modestly from the prior year. The budget for the Electric Fund is \$35 million which is a slight decrease from the prior year. The Water and Sewer Fund's budget is at \$18.5 million which is a slight increase from the prior year. Apex remains committed to construct a water plant with the Town of Cary (currently under construction) as well as a number of water and sewer system improvements over the next several years. Annually, the Town reviews revised estimates of the costs of these projects and the projected revenues and expenses of the Water and Sewer Fund's to identify that sufficient capital will be available for project completion.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Apex, Post Office Box 250, Apex, North Carolina 27502.

**THIS PAGE INTENTIONALLY**

**LEFT BLANK**

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

**Exhibit 1**

	2016		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 31,159,162	\$ 45,289,510	\$ 76,448,672
Taxes receivables (net)	616,610	-	616,610
Accounts receivable (net)	354,088	7,015,490	7,369,578
Due from other governments	3,276,039	875,000	4,151,039
Internal balances	(50,247)	50,247	-
Prepaid items	99,308	-	99,308
Security deposits	35,100	-	35,100
Inventories	92,681	1,369,732	1,462,413
Restricted cash and cash equivalents	3,597,913	-	3,597,913
Non-current assets:			
Net pension asset	53,036	-	53,036
Note receivable	75,000	-	75,000
Capital assets:			
Land, improvements, and construction in progress	59,290,000	79,840,608	139,130,608
Other capital assets, net of depreciation	173,888,253	164,163,656	338,051,909
Total assets	272,486,943	298,604,243	571,091,186
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	1,124,131	378,669	1,502,800
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	4,356,668	6,136,585	10,493,253
Accrued interest payable	261,743	164,390	426,133
Customer deposits	-	633,091	633,091
Current portion of long-term liabilities	3,960,072	3,060,105	7,020,177
Total current liabilities	8,578,483	9,994,171	18,572,654
Long-term liabilities:			
Due in more than one year	32,059,642	63,203,214	95,262,856
Total liabilities	40,638,125	73,197,385	113,835,510
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	25,543	-	25,543
Pension deferrals	703,940	255,187	959,127
Total deferred inflows of resources	729,483	255,187	984,670
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	208,351,762	181,185,520	389,537,282
Restricted for:			
Nonexpendable			
Perpetual Care	712,268	-	712,268
Expendable			
Stabilization by State Statute	6,887,923	-	6,887,923
Public Safety	2,791,522	-	2,791,522
Street improvements	94,123	-	94,123
Unrestricted	13,405,868	44,344,820	57,750,688
Total net position	\$ 232,243,466	\$ 225,530,340	\$ 457,773,806

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

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

Exhibit 2

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 9,851,122	\$ 3,500,649	\$ -	\$ -	\$ (6,350,473)	\$ -	\$ (6,350,473)
Public safety	16,622,899	15,061	1,973,244	-	(14,634,594)	-	(14,634,594)
Public works	8,697,016	322,808	1,100,031	38,468,534	31,194,357	-	31,194,357
Environmental protection	4,006,466	2,952,862	-	-	(1,053,604)	-	(1,053,604)
Cultural and recreation	5,335,527	3,028,811	-	-	(2,306,716)	-	(2,306,716)
Interest on long-term debt	821,514	-	-	-	(821,514)	-	(821,514)
Total governmental activities	<u>45,334,544</u>	<u>9,820,191</u>	<u>3,073,275</u>	<u>38,468,534</u>	<u>6,027,456</u>	<u>-</u>	<u>6,027,456</u>
<b>Business-type activities:</b>							
Water and sewer	18,484,984	13,374,077	-	34,121,558	-	29,010,651	29,010,651
Electric	31,179,306	33,298,712	-	-	-	2,119,406	2,119,406
Total business-type activities	<u>49,664,290</u>	<u>46,672,789</u>	<u>-</u>	<u>34,121,558</u>	<u>-</u>	<u>31,130,057</u>	<u>31,130,057</u>
Total	<u>\$ 94,998,834</u>	<u>\$ 56,492,980</u>	<u>\$ 3,073,275</u>	<u>\$ 72,590,092</u>	<u>6,027,456</u>	<u>31,130,057</u>	<u>37,157,513</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					20,676,291	-	20,676,291
Other taxes							
Local option sales					8,752,692	-	8,752,692
Motor vehicle licenses					175,763	-	175,763
Miscellaneous					56,331	-	56,331
Unrestricted intergovernmental					2,971,096	-	2,971,096
Unrestricted investment earnings					95,221	132,672	227,893
Miscellaneous					363,693	54,398	418,091
Total general revenues					<u>33,091,087</u>	<u>187,070</u>	<u>33,278,157</u>
Change in net position					<u>39,118,543</u>	<u>31,317,127</u>	<u>70,435,670</u>
Net position-beginning of year (as previously stated)					192,537,106	194,213,213	386,750,319
Adjustment to beginning net position					587,817	-	587,817
Net position-beginning of year (as restated)					<u>193,124,923</u>	<u>194,213,213</u>	<u>387,338,136</u>
Net position-ending					<u>\$ 232,243,466</u>	<u>\$ 225,530,340</u>	<u>\$ 457,773,806</u>

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

**TOWN OF APEX, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

**Exhibit 3**

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,043,903	\$ 7,115,259	\$ 31,159,162
Restricted cash	290,656	3,307,257	3,597,913
Receivables, net:			
Taxes	616,611	-	616,611
Accounts	334,673	-	334,673
Due from other governments	3,212,244	63,795	3,276,039
Due from other funds	423,512	-	423,512
Prepaid items	73,031	-	73,031
Inventories	92,681	-	92,681
Total assets	<u>\$ 29,087,311</u>	<u>\$ 10,486,311</u>	<u>\$ 39,573,622</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,634,633	\$ 346,935	\$ 3,981,568
Deferred inflows of resources:			
Property taxes receivable	112,538	-	112,538
Prepaid taxes	25,543	-	25,543
Total deferred inflows of resources	<u>138,081</u>	<u>-</u>	<u>138,081</u>
Fund balances:			
Nonspendable			
Perpetual care	-	712,268	712,268
Prepaid items	73,031	-	73,031
Inventories	92,681	-	92,681
Restricted			
Stabilization by State Statute	6,887,923	-	6,887,923
Public Safety	196,533	2,594,989	2,791,522
Street improvements	94,123	-	94,123
Committed			
Library maintenance	-	115,539	115,539
Street improvements	-	1,650,132	1,650,132
Recreation improvements	-	623,535	623,535
Public Safety improvements	-	1,223,954	1,223,954
Perpetual care	-	385,847	385,847
LEO pension obligation	676,804	-	676,804
Assigned			
Subsequent year's expenditures	1,826,200	-	1,826,200
Recreation improvements	-	2,545,261	2,545,261
Street improvements	-	287,851	287,851
Unassigned			
Total fund balances	<u>25,314,597</u>	<u>10,139,376</u>	<u>35,453,973</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,087,311</u>	<u>\$ 10,486,311</u>	<u>\$ 39,573,622</u>

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

**TOWN OF APEX, NORTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**

June 30, 2016

**Exhibit 3**

Fund balances-total governmental funds \$ 35,453,973

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 governmental funds

Governmental capital assets	\$ 342,006,733	
Less accumulated depreciation	<u>(108,828,480)</u>	233,178,253

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,124,131
--	--	-----------

Net pension asset		53,036
-------------------	--	--------

Notes receivable are not reported in the funds		75,000
--	--	--------

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds

Government bonds and notes payable	(26,905,520)	
Premiums on refunding bonds	(515,960)	
Other post employment benefits	(6,007,280)	
Compensated absences	(1,229,722)	
Net pension liability	<u>(1,361,232)</u>	(36,019,714)

An internal service fund is used by the Town to charge the costs of insurance to individual funds. The assets and liabilities of this fund are included in governmental activities in the Statement of Net Position		(768,067)
---	--	-----------

Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		112,538
---	--	---------

Deferred inflows of resources related to pensions are not reported in the funds		(703,940)
---	--	-----------

Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Accrued interest payable		<u>(261,744)</u>
--------------------------	--	------------------

Net position of governmental activities		<u>\$ 232,243,466</u>
---	--	-----------------------

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

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

Exhibit 4

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>			
Ad valorem taxes	\$ 20,708,708	\$ -	\$ 20,708,708
Other taxes and licenses	8,988,837	-	8,988,837
Unrestricted intergovernmental	2,971,096	-	2,971,096
Restricted intergovernmental	3,073,275	481,734	3,555,009
Permits and fees	3,498,404	2,446,370	5,944,774
Sales and services	3,875,316	(850)	3,874,466
Investment earnings	71,183	24,038	95,221
Miscellaneous	397,366	-	397,366
Total revenues	<u>43,584,185</u>	<u>2,951,292</u>	<u>46,535,477</u>
<b>EXPENDITURES</b>			
Current:			
General government	8,863,544	-	8,863,544
Public safety	15,533,689	-	15,533,689
Public works	2,593,306	-	2,593,306
Environmental protection	3,887,428	-	3,887,428
Cultural and recreational	3,681,739	-	3,681,739
Capital outlay	2,434,333	4,493,789	6,928,122
Debt service:			
Principal	2,667,080	-	2,667,080
Interest	817,558	-	817,558
Total expenditures	<u>40,478,677</u>	<u>4,493,789</u>	<u>44,972,466</u>
Excess of revenues over (under) expenditures	<u>3,105,508</u>	<u>(1,542,497)</u>	<u>1,563,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	1,197,483	2,531,132	3,728,615
Transfers to other funds	(1,222,422)	(2,506,193)	(3,728,615)
Loan to Capital Area Preservation, Inc.	(75,000)	-	(75,000)
Issuance of debt	-	4,500,000	4,500,000
Total other financing sources (uses)	<u>(99,939)</u>	<u>4,524,939</u>	<u>4,425,000</u>
Net change in fund balances	<u>3,005,569</u>	<u>2,982,442</u>	<u>5,988,011</u>
Fund balances-beginning of year			
(as previously stated)	21,721,211	7,156,934	28,878,145
Adjustment to beginning fund balance	587,817	-	587,817
Fund balances-beginning of year (as restated)	<u>22,309,028</u>	<u>7,156,934</u>	<u>29,465,962</u>
Fund balances-end of year	<u>\$ 25,314,597</u>	<u>\$ 10,139,376</u>	<u>\$ 35,453,973</u>

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

**TOWN OF APEX, 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, 2016**

**Exhibit 4**

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

Net changes in fund balances - total governmental funds	\$	5,988,011
<p>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.</p>		
Expenditures for capital assets	\$ 6,928,122	
Less current year depreciation	<u>(9,573,135)</u>	(2,645,013)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		1,028,482
Loan receivable is not a current expenditure in the Statement of Activities		75,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Developer's contributed capital		37,986,800
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(33,673)
<p>The issuance of debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long term debt issued	(4,500,000)	
Amortization of bond premium	50,867	
Principal payments	2,667,080	
Change in accrued interest payable	<u>(54,823)</u>	(1,836,876)
Net gain of internal service funds determined to be governmental-type		308,854
<p>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.</p>		
Change in deferred revenues	(35,517)	
Change in other postemployment benefits	(1,027,507)	
Change in net LEO pension benefit	(2,174)	
Pension expense	(610,213)	
Change in compensated absences	<u>(77,631)</u>	(1,753,042)
Total changes in net position of governmental activities	\$	<u>39,118,543</u>

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

**TOWN OF APEX, NORTH CAROLINA**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2016**

**Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES:</b>				
Ad valorem taxes	\$ 20,544,244	\$ 20,544,244	\$ 20,708,708	\$ 164,464
Other taxes and licenses	8,836,524	8,836,524	8,988,837	152,313
Unrestricted intergovernmental	2,516,010	2,516,010	2,971,096	455,086
Restricted intergovernmental	3,344,989	3,627,013	3,073,275	(553,738)
Permits and fees	2,273,600	2,273,600	3,498,404	1,224,804
Sales and services	3,615,195	3,615,195	3,875,316	260,121
Investment earnings	15,076	15,076	70,897	55,821
Miscellaneous	267,780	360,636	397,366	36,730
Total revenues	41,413,418	41,788,298	43,583,899	1,795,601
<b>EXPENDITURES:</b>				
Current:				
General government	9,504,999	9,780,778	9,170,360	610,418
Public safety	18,157,576	18,652,683	16,978,295	1,674,388
Public works	3,745,876	4,619,253	2,963,598	1,655,655
Environmental protection	4,112,955	4,086,217	3,940,235	145,982
Cultural and recreation	4,283,936	4,437,186	3,941,551	495,635
Debt service:				
Principal	2,493,250	2,683,565	2,667,080	16,485
Interest and fees	775,988	825,282	817,558	7,724
Total expenditures	43,074,580	45,084,964	40,478,677	4,606,287
Revenues over (under) expenditures	(1,661,162)	(3,296,666)	3,105,222	6,401,888
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan to Capital Area Preservation, Inc.	-	(75,000)	(75,000)	-
Transfer from other funds	755,333	1,197,483	1,197,483	-
Transfer to other funds	-	(1,222,422)	(1,222,422)	-
Contingency	(106,171)	(106,171)	-	106,171
Fund balance appropriated	1,012,000	3,502,776	-	(3,502,776)
Total other financing sources (uses)	1,661,162	3,296,666	(99,939)	(3,396,605)
Net change in fund balance	\$ -	\$ -	3,005,283	\$ 3,005,283
Fund balance - beginning of year (as previously stated)			21,616,883	
Adjustment to beginning fund balance			587,817	
Fund balance - beginning of year (as restated)			22,204,700	
Fund balance - end of year			25,209,983	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			286	
Fund balance - beginning of year			104,328	
Fund balance - end of year (Exhibit 4)			\$ 25,314,597	

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

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2016**

**Exhibit 6**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,975,255	\$ 37,314,255	\$ 45,289,510	\$ -
Accounts receivable (net) - billed	2,840,468	1,317,400	4,157,868	19,415
Accounts receivable - unbilled	2,116,220	741,402	2,857,622	-
Due from other governments	-	875,000	875,000	-
Due from other funds	33,503	16,744	50,247	-
Inventories	1,234,311	135,421	1,369,732	-
Prepaid items	-	-	-	26,277
Total current assets	<u>14,199,757</u>	<u>40,400,222</u>	<u>54,599,979</u>	<u>45,692</u>
Noncurrent assets:				
Deposit	-	-	-	35,100
Capital assets:				
Land and construction in progress	3,197,110	76,643,498	79,840,608	-
Other capital assets, net of depreciation	31,326,178	132,837,478	164,163,656	-
Capital assets (net of accumulated depreciation)	<u>34,523,288</u>	<u>209,480,976</u>	<u>244,004,264</u>	<u>-</u>
Total noncurrent assets	<u>34,523,288</u>	<u>209,480,976</u>	<u>244,004,264</u>	<u>35,100</u>
Total assets	<u>48,723,045</u>	<u>249,881,198</u>	<u>298,604,243</u>	<u>80,792</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to pension plan	<u>172,311</u>	<u>206,358</u>	<u>378,669</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,263,771	2,872,814	6,136,585	375,099
Due to other funds	-	-	-	473,760
Customer deposits	633,091	-	633,091	-
Accrued interest payable	19,891	144,499	164,390	-
Bonds and notes payable	481,000	2,385,116	2,866,116	-
Compensated absences	96,186	97,803	193,989	-
Total current liabilities	<u>4,493,939</u>	<u>5,500,232</u>	<u>9,994,171</u>	<u>848,859</u>
Noncurrent liabilities:				
Compensated absences	65,096	114,499	179,595	-
Other post employment benefits	1,337,013	1,313,808	2,650,821	-
Bonds and notes payable	3,891,000	56,061,628	59,952,628	-
Net pension liability	190,686	229,484	420,170	-
Total noncurrent liabilities	<u>5,483,795</u>	<u>57,719,419</u>	<u>63,203,214</u>	<u>-</u>
Total liabilities	<u>9,977,734</u>	<u>63,219,651</u>	<u>73,197,385</u>	<u>848,859</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	<u>117,260</u>	<u>137,927</u>	<u>255,187</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	30,151,288	151,034,232	181,185,520	-
Unrestricted	8,649,074	35,695,746	44,344,820	(768,067)
Total net position	<u>\$ 38,800,362</u>	<u>\$ 186,729,978</u>	<u>\$ 225,530,340</u>	<u>\$ (768,067)</u>

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

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2016**

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 30,327,658	\$ 12,972,881	\$ 43,300,539	\$ 4,429,391
Water and sewer taps	-	189,460	189,460	-
Other operating revenues	2,971,054	211,736	3,182,790	-
Total operating revenues	<u>33,298,712</u>	<u>13,374,077</u>	<u>46,672,789</u>	<u>4,429,391</u>
<b>OPERATING EXPENSES</b>				
Electric operations	6,629,627	-	6,629,627	-
Electric power purchases	22,100,335	-	22,100,335	-
Water and sewer operations	-	9,741,564	9,741,564	-
Depreciation	2,276,392	7,025,552	9,301,944	-
Health and dental claims	-	-	-	3,330,355
Health and dental administrative fees	-	-	-	790,182
Total operating expenses	<u>31,006,354</u>	<u>16,767,116</u>	<u>47,773,470</u>	<u>4,120,537</u>
Operating income (loss)	<u>2,292,358</u>	<u>(3,393,039)</u>	<u>(1,100,681)</u>	<u>308,854</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	20,979	111,693	132,672	-
Interest expense	(172,952)	(1,715,425)	(1,888,377)	-
Acreage and capacity fees	-	5,289,863	5,289,863	-
Gain on sale of capital assets	25,314	29,084	54,398	-
Debt issuance costs	-	(2,443)	(2,443)	-
Total nonoperating revenues (expenses)	<u>(126,659)</u>	<u>3,712,772</u>	<u>3,586,113</u>	<u>-</u>
Income (loss) before transfers and contributions	<u>2,165,699</u>	<u>319,733</u>	<u>2,485,432</u>	<u>308,854</u>
Capital contributions	-	28,831,695	28,831,695	-
Change in net position	<u>2,165,699</u>	<u>29,151,428</u>	<u>31,317,127</u>	<u>308,854</u>
Total net position - beginning	<u>36,634,663</u>	<u>157,578,550</u>	<u>194,213,213</u>	<u>(1,076,921)</u>
Total net position - ending	<u>\$ 38,800,362</u>	<u>\$ 186,729,978</u>	<u>\$ 225,530,340</u>	<u>\$ (768,067)</u>

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

**TOWN OF APEX, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit 8

	Business-Type Activities			
	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 33,687,236	\$ 12,432,855	\$ 46,120,091	\$ 4,460,225
Cash paid for goods and services	(24,794,706)	(6,409,701)	(31,204,407)	(4,255,797)
Cash paid to or on behalf of employees for services	(3,436,311)	(4,119,042)	(7,555,353)	-
Decrease in customer deposits	(9,769)	-	(9,769)	-
Net cash provided (used) by operating activities	<u>5,446,450</u>	<u>1,904,112</u>	<u>7,350,562</u>	<u>204,428</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund loan repayment	<u>36,731</u>	<u>52,090</u>	<u>88,821</u>	<u>(204,428)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(3,230,646)	(8,698,371)	(11,929,017)	-
Sale of capital assets	25,314	29,084	54,398	-
Acreage and capacity fees	-	5,289,863	5,289,863	-
Issuance of debt	-	875,000	875,000	-
Principal paid on bond maturities and equipment contracts	(464,000)	(2,242,870)	(2,706,870)	-
Debt issuance costs	-	(2,443)	(2,443)	-
Interest paid on bond maturities and equipment contracts	(175,063)	(1,763,069)	(1,938,132)	-
Net cash used by capital and related financing activities	<u>(3,844,395)</u>	<u>(6,512,806)</u>	<u>(10,357,201)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	<u>20,979</u>	<u>111,693</u>	<u>132,672</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,659,765	(4,444,911)	(2,785,146)	-
Balances-beginning of the year	6,315,490	41,759,166	48,074,656	-
Balances-end of the year	<u>\$ 7,975,255</u>	<u>\$ 37,314,255</u>	<u>\$ 45,289,510</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,292,358	\$ (3,393,039)	\$ (1,100,681)	\$ 308,854
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,276,392	7,025,552	9,301,944	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	388,524	(941,222)	(552,698)	30,834
Increase in prepaid expenses	-	-	-	(26,277)
Decrease in inventory	64,379	53,232	117,611	-
Decrease in net pension asset	253,301	302,406	555,707	-
Increase in deferred outflows of resources for pensions	(3,798)	(4,550)	(8,348)	-
Increase in net pension liability	190,686	229,484	420,170	-
Decrease in deferred inflows of resources for pensions	(500,721)	(599,854)	(1,100,575)	-
Increase (decrease) in accounts payable and accrued liabilities	368,288	(897,984)	(529,696)	(108,983)
Increase in accrued compensated absences	2,607	13,325	15,932	-
Increase in other postemployment benefits	124,203	116,762	240,965	-
Decrease in customer deposits	(9,769)	-	(9,769)	-
Total adjustments	<u>3,154,092</u>	<u>5,297,151</u>	<u>8,451,243</u>	<u>(104,426)</u>
Net cash provided (used) by operating activities	<u>\$ 5,446,450</u>	<u>\$ 1,904,112</u>	<u>\$ 7,350,562</u>	<u>\$ 204,428</u>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ 28,831,695	\$ 28,831,695	\$ -
Acquisition of capital assets through capital contributions	-	(28,831,695)	(28,831,695)	-
Net effect of non-cash contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Apex have been prepared in conformity with generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

(a) Reporting Entity

The Town, a political subdivision of Wake County, is a municipal corporation governed by an elected mayor and a five member Town Council. There are no component units which are required to be included in these financial statements.

(b) Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities include all the nonfiduciary activities of the overall government. All fiduciary activities are reported only in the fund financial statements. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds, including the internal service and pension trust funds. Separate statements for each fund category- governmental, proprietary, and fiduciary- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are from ancillary activities such as investment earnings. In addition, acreage and capacity fees are considered non-operating revenues and are restricted until used for capital improvements.

*The Town reports the following major governmental fund:*

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state-shared revenues, grants, building permits and fees, refuse collection charges and various other taxes and fees. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services. Additionally, the Town has legally adopted a Fire Capital Reserve Fund. Under GASB 54 guidance the Fire Capital Reserve Fund is consolidated in the General Fund.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

The budgetary comparison for the Fire Capital Reserve Fund has been included in the supplemental information.

*The Town reports the following major proprietary funds:*

Electric Fund – The Electric Fund is used to account for electric operations. The Electric Fund is composed of two sub-funds: Electric Operations and the Electric Substation Project Fund, which are consolidated for financial reporting purposes.

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and sewer operations. The Water and Sewer Fund is composed of four sub-funds: Water and Sewer Operations, Water and Sewer Project Fund, Wastewater Treatment Plant Project Fund, and Water and Sewer Capital Reserve Fund, which are consolidated for financial reporting purposes.

*The Town reports the following nonmajor governmental funds:*

Special Revenue Fund – The Eva Perry Library Fund is used to account for resources that are set aside to be used for future specific purposes.

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary funds). The Town has five non-major Capital Project Funds: the Street Improvements Capital Project Fund, the Recreation Capital Project Fund, the Recreation Capital Project Reserve Fund, the Transportation Capital Project Reserve Fund and the General Capital Projects Fund.

Permanent Fund – The Cemetery Permanent Fund is used to account for perpetual care of the municipal cemetery.

*Additionally, the Town reports the following fund type:*

Internal Service Fund – The Health and Dental Fund is used to account for health and dental claims of employees and certain retirees.

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

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Apex because the tax is levied by Wake County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

(d) Budgetary Data

Budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General, special revenue, permanent, capital reserve capital projects and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances, which may cover more than one year, are adopted for the remaining capital project funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. The Town's Health and Dental Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time the Town's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

TOWN OF APEX, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds and at the object level for the multi-year funds. The Town Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund. Any revisions that alter total expenditures of any fund must be approved by the Town Council. During the year several amendments to the original budget became necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(e) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by G.S. 159-31. The Town may designate as an official depository any bank or savings association whose principal office is located in North Carolina. The Town may also establish time deposits in the form of NOW accounts, Super NOW and money market accounts, and certificates of deposits.

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 banker's acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unspent debt proceeds of the General Capital Projects Fund issued by the Town are classified as restricted assets for the Governmental Funds because their use is completely restricted to the purpose for which the debt was originally issued. Certain police and fire safety moneys are classified as restricted because its use is restricted by donors or state and federal law. Money from the sale of cemetery plots is restricted for use in cemetery perpetual care. Unspent Powell Bill funds are also classified as restricted cash because then can be expended only for the purposes outlined in G.S. 1136-41.1 through 136-41.4.

Restricted assets at June 30, 2016 consists of:

General Fund		
Public Safety	\$	196,533
Street improvements (Powell Bill)		94,123
General Capital Project		
Public Safety Improvements		2,594,989
Cemetery Fund		
Enviromental Services		712,268
Total Restricted Cash	\$	<u>3,597,913</u>

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

4. Ad Valorem Taxes Receivable

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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of the previous January 1<sup>st</sup>.

5. Allowances for Doubtful Accounts

An allowance for doubtful accounts is maintained on the ad valorem taxes receivable in the General Fund and on utility receivables in the Electric Fund and the Water and Sewer Fund. This amount is estimated by analyzing the percentage of receivables that are written off in prior years. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectible at June 30, 2016 have been charged against operations.

6. Inventories and Prepaid Items

The inventories of the Town are valued at cost (weighted average), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets and Water and Sewer, as well as Electric assets that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. Other costs incurred for repairs and maintenance is expensed as incurred.

Capital assets are depreciated on a straight-line basis as follows:

<u>Item</u>	<u>Life</u>
Infrastructure	30 years
Vehicles and Motorized Equipment	3-10 years
Electric, Water and Sewer Systems	30-40 years
Buildings and Improvements	10-30 years
Land improvements	10 to 33 years
Equipment and Furniture	5 to 8 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category – prepaid taxes and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 net proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town allows employees to carry forward each December 31 of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Town's policy for compensatory time provides for an unlimited accumulation of earned compensatory time, which is vested. For the Town's government-wide and proprietary 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 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 purposes. Since the Town has no obligation for the sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net position/Fund Balances

Net position

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

Fund Balances

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

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Cemetery perpetual care* – Cemetery resources that are required to be retained in perpetuity for maintenance of the cemetery.

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

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

Restricted Fund Balance

This classification includes amounts of fund balance restricted by or subject to externally enforceable legal restrictions, including, but not limited to creditors, grantors, contributors, or other governments through enabling legislation.

*Restricted for Stabilization by State Statute* - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

*Restricted for public safety* – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

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

Committed Fund Balance

This classification includes amounts of fund balance that can only be used for specific purposes imposed by a resolution approved by majority vote of a quorum of the Town of Apex's Town Council (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 cemetery perpetual care* – portion of fund balance committed by the Council for maintenance of the cemetery.

*Committed for street improvements* – portion of fund balance committed by the Council for street capital improvements.

*Committed for recreation improvements* – portion of fund balance committed by the Council for recreational capital improvements.

*Committed for public safety improvements* – portion of fund balance committed by the Council for general capital improvements.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

*Committed for library maintenance* – portion of fund balance committed by the Council for Perry Library expenditures.

*Committed for LEO pension obligation* – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Assigned Fund Balance

This classification includes amounts of fund balance that reflect a government's intended use of resources. Assignments are created, amended, or eliminated by the Town Council through budget ordinances or amendments to previously approved budget ordinances.

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

*Assigned for recreation improvements* – portion of fund balance budgeted by the Council for recreation capital improvements.

*Assigned for street improvements* - portion of fund balance that has been budgeted by the Council for street improvements.

Unassigned Fund Balance

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

The Town has adopted a minimum fund balance policy for the General Fund which states unassigned fund balance will be at least 25% of expenditures. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed, then assigned, and lastly unassigned. For programs with multiple revenue sources, the Town uses the following hierarchy; bond proceeds first, then federal funds, State funds, local non-town funds, and finally Town funds. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

Pensions

For purposes of measuring the net pension asset, 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, plan member contributions are recognized in the period in which the contributions are due. The Town of Apex's employer contributions are recognized when due and the Town of Apex has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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 exceeding 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

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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, 2016, the carrying amount of the Town's deposits was \$26,630,013 and the bank balance was \$27,977,102. Of the bank balance, \$980,756 was covered by Federal depository insurance and \$26,996,346 was covered by collateral held under the pooling method. At June 30, 2016, the Town had \$1,925 of petty cash on hand.

Investments – at June 30, 2016, the Town's investments consisted of the following:

Investments by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust				
Cash Portfolio	Amortized Cost	\$ 25,792,022	N/A	AAAm
NC Capital Management Trust				
Term Portfolio	Fair Value Level 1	27,622,625	51 days	Unrated
Total		\$ 53,414,647		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk:* The Town manages its exposure to fair value losses arising from increasing interest rates by limiting maturities of investments to three years or less from the date of purchase.

*Credit Risk:* The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a rating of AAAm by Standard and Poor's as of June 30, 2016. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

*Custodial Credit Risk:* For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the Town's name.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Note 3 – RECEIVABLES - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The amounts shown on the Balance Sheet and the Statement of Net Position for receivables for the year ended June 30, 2016 are net of the following allowances for doubtful accounts:

Fund	Allowance for Uncollectible:	
General Fund	Property Taxes receivable	\$ 67,718
Electric Fund	Utility Receivables	21,532
Water and Sewer Fund	Utility Receivables	13,046
	Total	102,296

The Town entered into a loan agreement with Capital Area Preservation, Inc. (CAP) on September 9, 2015 for the purpose of establishing a loan with CAP for the preservation of a historical house in the amount is \$75,000. The loan is a period of two years, with an extension for an additional one year at the sole discretion of the Town and is payable and due at the end of the loan term or upon sale of the property to a third party, whichever comes first. The loan is non-interest bearing for the initial term of the loan and if the loan is still outstanding, then interest shall accrue at four percent per year.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 46,299,371	\$ 5,749,600	\$ -	\$ 52,048,971
Construction in progress	6,057,112	4,963,541	3,779,624	7,241,029
Total capital assets not being depreciated	<u>52,356,483</u>	<u>10,713,141</u>	<u>3,779,624</u>	<u>59,290,000</u>
Capital assets being depreciated:				
Buildings	40,843,570	219,278	-	41,062,848
Other improvements	190,490,306	36,380,942	-	226,871,248
Equipment and furniture	5,612,232	540,523	10,571	6,142,184
Vehicles and motorized equipment	7,980,131	851,236	190,914	8,640,453
Total capital assets being depreciated	<u>244,926,239</u>	<u>37,991,979</u>	<u>201,485</u>	<u>282,716,733</u>
Less accumulated depreciation for:				
Buildings	13,788,265	1,344,232	-	15,132,497
Other improvements	75,931,769	7,169,635	-	83,101,404
Equipment and furniture	3,525,972	388,161	-	3,914,133
Vehicles and motorized equipment	6,166,577	671,107	157,238	6,680,446
Total accumulated depreciation	<u>99,412,583</u>	<u>\$ 9,573,135</u>	<u>\$ 157,238</u>	<u>108,828,480</u>
Total capital assets being depreciated, net	<u>145,513,656</u>			<u>173,888,253</u>
Governmental activity capital assets, net	<u>\$ 197,870,139</u>			<u>\$ 233,178,253</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 881,196
Public safety	874,845
Public works	6,090,652
Environmental protection	101,740
Cultural and recreational	<u>1,624,702</u>
Total	<u>\$ 9,573,135</u>

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

<b>Business activities</b>	Beginning			Ending
<b>ELECTRIC FUND</b>	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 2,290,508	\$ 281,347	\$ -	\$ 2,571,855
Construction in progress	8,752	616,503	-	625,255
	<u>2,299,260</u>	<u>897,850</u>	<u>-</u>	<u>3,197,110</u>
Capital assets being depreciated:				
Utility improvements	40,799,801	2,239,291	-	43,039,092
Building and land improvements	6,780,804	-	-	6,780,804
Equipment and furniture	849,796	93,504	-	943,300
Vehicles and motorized equipment	2,257,733	-	308,875	1,948,858
	<u>50,688,134</u>	<u>2,332,795</u>	<u>308,875</u>	<u>52,712,054</u>
Less accumulated depreciation for:				
Utility improvements	16,520,196	1,419,339	-	17,939,535
Building and land improvements	548,557	640,894	-	1,189,451
Equipment and furniture	701,042	40,325	-	741,367
Vehicles and motorized equipment	1,648,564	175,834	308,875	1,515,523
	<u>19,418,359</u>	<u>2,276,392</u>	<u>308,875</u>	<u>21,385,876</u>
Total capital assets being depreciated, net	<u>31,269,775</u>	<u>\$ 56,403</u>	<u>\$ -</u>	<u>31,326,178</u>
Capital assets, net	<u>\$ 33,569,035</u>			<u>\$ 34,523,288</u>
<b>WATER AND SEWER FUND</b>	Beginning			Ending
<b>WATER AND SEWER FUND</b>	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	17,322,113	14,966,863	-	32,288,976
Construction in progress	90,860,155	6,952,614	53,458,247	44,354,522
	<u>108,182,268</u>	<u>21,919,477</u>	<u>53,458,247</u>	<u>76,643,498</u>
Capital assets being depreciated:				
Utility improvements	124,101,233	68,319,676	43,725	192,377,184
Building and land improvements	8,280,776	53,873	-	8,334,649
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	2,211,236	421,397	52,386	2,580,247
Vehicles and motorized equipment	1,647,572	273,889	69,002	1,852,459
	<u>139,730,817</u>	<u>69,068,835</u>	<u>165,113</u>	<u>208,634,539</u>
Less accumulated depreciation for:				
Utility improvements	62,315,258	6,480,157	43,725	68,751,690
Building and land improvements	419,030	272,442	-	691,472
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,289,041	170,112	52,386	1,406,767
Vehicles and motorized equipment	1,423,293	102,841	69,002	1,457,132
	<u>68,936,622</u>	<u>7,025,552</u>	<u>165,113</u>	<u>75,797,061</u>
Total capital assets being depreciated, net	<u>70,794,195</u>	<u>62,043,283</u>	<u>-</u>	<u>132,837,478</u>
Capital assets, net	<u>\$ 178,976,463</u>			<u>\$ 209,480,976</u>

TOWN OF APEX, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Construction Commitments

At June 30, 2016, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Project	\$ 824,979	\$ 325,088
Recreation Capital Project	3,782,938	130,050
General Capital Projects	1,905,011	30,186
Wastewater Treatment Plant Project	27,238,487	143,234
Water/Sewer Capital Project	17,116,034	2,629,354

Note 5 – PENSION PLAN OBLIGATIONS

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Apex 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 government entities. Article 3 of North Carolina 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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. Town of Apex employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Apex's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.73% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Apex were \$1,502,800 for the year ended June 30, 2016.

*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, 2016, the Town reported a liability of \$1,781,398 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Town's proportion was 0.39693%, which was an increase of 0.01330% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$804,313. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 418,730
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	507,158
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	33,239
Town contributions subsequent to the measurement date	1,502,800	-
Total	\$ 1,502,800	\$ 959,127

\$1,502,800 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Year ended June 30:**

	2017	\$	(599,933)
	2018		(599,933)
	2018		(599,278)
	2020		840,017
Total			(959,127)

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 12,421,937	\$ 1,781,398	\$ (7,183,020)

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

(b) Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	71
Total	73

2. Summary of Significant Accounting Policies

*Basis of Accounting:* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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 following criteria which are outlined in GASB Statements 67 and 68: (a) contributions to the pension plan and earnings on those contributions are irrevocable; (b) pension plan assets are dedicated to providing benefits to plan members; (c) pension plan assets are legally protected from the creditors or employers.

At June 30, 2016, \$676,804 of committed net position was available to pay Separation Allowance obligations.

3. Contributions

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return and (b) projected salary increases ranging from 3.50% to 7.35% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2015 was 15 years.

4. Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 127,174
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>127,174</u>
Contributions made	<u>125,000</u>
Increase (decrease) in net pension obligation	2,174
Net pension obligation – Beginning of year	<u>(55,210)</u>
Net pension obligation – End of year	<u><u>\$ (53,036)</u></u>

3 Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/16	\$ 127,714	98.29%	\$ (53,036)
06/30/15	119,148	100.72%	(55,210)
06/30/14	101,829	108.02%	(54,358)

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

5. Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was 32.19 percent funded. The actuarial accrued liability for benefits was \$1,825,900, and the actuarial value of assets was \$587,817, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,238,083. The covered payroll (annual payroll of active employees covered by the plan) was \$4,527,103, and the ratio of the covered payroll was 40.33 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

2. 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, 2016 were \$315,459, which consisted of \$211,716 from the Town and \$103,743 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for all Other Employees

All other employees of the Town (excludes Law Enforcement Officers) are members of the Town's 401(k) plan, a defined contribution pension plan as described above. Participation begins six months after the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Town contributes each month an amount equal to five percent of eligible employees' salary. Contributions for the year ended June 30, 2016 were \$1,279,301 which consisted of \$891,523 from the Town and \$387,778 from employees.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

(e) Other Post Employment Benefit

***Healthcare Benefits***

1. Plan Description

The Town administers a single-employer defined healthcare benefit (HCB) plan to cover retirees of the Town who participate in the North Carolina Local Government Employees' Retirement System and have met the minimum 15 year service requirement with the Town. Employees who have 15-19 years of service at retirement will receive 50% of the benefits. Employees with 20-24 years of continuous creditable service with the Town will receive 75% of the benefits and those who have 25 or more years of continuous creditable service with the Town at the time of their retirement will receive full benefits. The Town's retirees can also purchase coverage for their dependents at the Town's group rates as long as they had dependent coverage at the time of retirement. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

<u>Retired Employees' Years of Creditable Service</u>	<u>Coverage Offered</u>
Less than 15 years	Not eligible for coverage
15 – 20 years	50% employee coverage
20 – 24 years	75% employee coverage
25+ years	100% employee coverage

At December 31, 2015, the date of the last actuarial valuation (used in these calculations), membership of the plan consisted of the following:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	24	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	295	68
Total	319	72

Funding Policy

The Town Council established the contribution requirements of plan members and this may be amended by the Council. The Town pays \$141 - \$647 per month for retiree health coverage, and retirees who choose to purchase coverage for dependents pay \$509 - \$1079 per month. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current annual required contribution (ARC) rate is 9.30% of annual covered payroll. For the current year, the Town contributed \$313,781 or 1.26% of annual covered payroll. Contributions made by employees totaled \$21,112, which includes dependent coverage as well as amounts required as per plan service requirements. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

2. Summary of Significant Accounting Policies

Postemployment expenditures are made from the General Fund, the Electric Fund and the Water and Sewer Fund based on proportionate salaries of each fund. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	1,569,043
Interest on OPEB obligation		295,585
Adjustment to annual required contribution		(282,376)
Annual OPEB cost		1,582,252
Contributions made		(313,781)
Increase in net OPEB obligation		1,268,471
Net OPEB obligation beginning of year		7,389,629
Net OPEB obligation end of year	\$	8,658,100

3 Year Trend Information

		Percentage of Annual	
For Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 1,582,252	19.8%	\$ 8,658,100
6/30/15	1,758,953	14.8%	7,389,629
6/30/14	1,431,987	20.4%	5,890,257

4. Funded Status and Funding Progress

As of December 31, 2015 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,163,893. The covered payroll (annual payroll of active employees covered by the plan) was \$20,891,558 and the ratio of the UAAL to the covered payroll was 91.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of

TOWN OF APEX, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.0 percent annually. The investment rate included a 3.0% inflation assumption. The actuarial value, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

(f) 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. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Trust Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2016, the Town made contributions to the State for death benefits in the amount of \$16,627. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .06% and .14% of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount

Note 6 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred outflows of resources of \$1,502,800 is the current fiscal year pension plan contribution.

Deferred inflows of resources at year-end are comprised of the following:

	Unavailable Revenue	Unearned Revenue	Total
Prepaid taxes not yet earned	\$ -	\$ 25,543	\$ 25,543
Taxes receivable	74,153	-	74,153
Vehicle licenses receivable	36,072	-	36,072
Sanitation receivables	2,313	-	2,313
Total	112,538	\$ 25,543	\$ 138,081

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Note 7 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains. In accordance with G.S. 159-29, the Town’s employees that have access to \$100 or more at any given time of the Town’s funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$100,000. The payroll specialist is bonded for \$10,000 and the remaining employees that have access to funds are bonded under a blanket bond for \$50,000. Other risks are mitigated through various means as detailed below.

Workers’ Compensation - The Town is a participant in an insurance pool administered by the North Carolina League of Municipalities. This pool is self-sustaining through member premiums and has reinsured through commercial companies for claims in excess of the amounts covered through the pool. The Town retains a portion of the risk through deductibles up to \$25,000.

Property and general liability – The Town maintains commercial insurance with deductibles up to \$25,000. 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.

Health and Dental Claims – The Town self-funds health and dental coverage for all permanent employees. Employees can add dependents to this coverage by paying a portion of the premium. All claims are administered by a third party, BlueCross and BlueShield of North Carolina. As of June 30, 2016, a reserve of \$287,168 for health and \$28,511 for dental was calculated for claims incurred but not reported and items reported but not paid. This total liability is expected to be paid within the next fiscal year. Settlements have not exceeded coverages for the past three fiscal years. Changes in the balances of claims liabilities during the past three years are as:

	Health Claims	Dental Claims	Total
Balance-June 30, 2013	\$ 387,428	\$ 35,649	\$ 423,077
Claims reported and changes in estimates for FY 2014	2,735,727	288,816	3,024,543
Claims paid in FY 2014	(2,819,874)	(292,288)	(3,112,162)
Balance-June 30, 2014	303,281	32,177	335,458
Claims reported and changes in estimates for FY 2015	2,821,646	294,167	3,115,813
Claims paid in FY 2015	(2,792,777)	(294,587)	(3,087,364)
Balance-June 30, 2015	332,150	31,757	363,907
Claims reported and changes in estimates for FY 2016	3,338,937	355,325	3,694,262
Claims paid in FY 2016	(3,051,769)	(326,814)	(3,378,583)
Balance-June 30, 2016	\$ 287,168	\$ 28,511	\$ 315,679

Note 8 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2016, the Town was a defendant to various lawsuits. In the opinion of the Town’s management and the Town’s attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town’s financial position.

The North Carolina Supreme Court recently issued a ruling holding that certain fees assessed on new development for prospective services are not authorized under N.C.G.S. §160A-314. The Supreme Court has remanded the case back to the Court of Appeals for consideration of unresolved issues, including the applicable statute of limitations period and defenses which may be raised. To date no claims for refund of fees have been submitted to the Town and the Town is not aware of any party considering the submission of a claim. The Town believes it has defenses to any such claims of refund.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

However, depending upon subsequent court rulings on this matter, the Town could potentially be required to refund some portion of these fees. The amount of any future refunds cannot be determined at this time due to the unresolved issues in this case.

Note 9 – LONG-TERM DEBT

(a) General Obligation Bonds

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition of parks and recreation facilities and construction of streets and sidewalks. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2016 are comprised of the following individual issues:

***Serviced by the General Fund:***

\$2,500,000 June 24, 2008 Parks and Recreational Facility serial bonds, due in annual installments of \$125,000 through June 1, 2028, interest at varying rates from 3.0-4.3%.	\$ 1,500,000
--	--------------

\$2,970,000 June 25, 2009 General Refunding serial bonds, due in annual installments of varying amounts from \$85,000 to \$405,000 through June 1, 2018, interest at varying rates from 2.0-3.0%.	415,000
---	---------

\$6,500,000 June 25, 2009 Street and Sidewalk Improvements serial bonds, due in annual installments of varying amounts from \$305,000 to \$330,000 through June 1, 2029, interest at varying rates from 3.0-4.125%.	4,225,000
---	-----------

\$4,670,000 March 26, 2013 Parks and Recreation refunding bonds, due in annual installments of varying amounts from \$15,000 to \$515,000 through February 1, 2025, interest at varying rates from 2.0-3.0%.	4,275,000
--	-----------

\$6,000,000 March 26, 2013 Parks and Recreational serial bonds, due in annual installments of \$300,000 through February 1, 2033, interest at varying rates from 2.0-5.0%.	5,100,000
--	-----------

***Serviced by the Water and Sewer Fund:***

\$35,000,000 June 19, 2012 Wastewater System, Series 2012 due in annual installments of varying amounts from \$685,000-\$2,740,000 through June 1, 2037, interest at varying rates from 2.0-5.0%.	32,945,000
	\$ 48,460,000

At June 30, 2016, the Town of Apex had a legal debt margin of \$395,141.494.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Annual debt service requirements to maturity for general obligation bonds at June 30, 2016 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,420,000	\$ 483,938	\$ 740,000	\$ 1,154,675
2018	1,275,000	440,088	795,000	1,139,875
2019	1,265,000	400,587	855,000	1,123,975
2020	1,260,000	361,275	915,000	1,106,875
2021	1,255,000	321,725	980,000	1,061,125
2022-2026	5,715,000	1,045,763	5,945,000	4,808,725
2027-2031	2,725,000	320,930	8,275,000	3,603,025
2032-2036	600,000	27,000	11,700,000	1,887,075
2037	-	-	2,740,000	95,900
Total	\$ 15,515,000	\$ 3,401,306	\$ 32,945,000	\$ 15,981,250

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2016 are as follows:

***Serviced by the General Fund:***

\$2,225,600 installment obligation to The Conservation Fund due in annual installments of varying amounts of \$294,520 - \$730,080 through 2018 plus interest of 4% secured by land. \$ 1,495,520

\$6,424,000 installment obligation to the Bank of North Carolina due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 plus interest of 2.7% secured by land and buildings. 5,395,000

\$4,500,000 installment obligation to the Bank of North Carolina due in annual installments of varying amounts from \$125,000 to \$340,000 through 2031 secured by land and buildings. 4,500,000

***Serviced by the Water and Sewer Fund:***

\$1,159,825 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$57,991 through 2027 plus interest of 2.205%, secured by land. 634,730

\$8,045,000 installment obligation to the Bank of America for Water and Sewer Improvements due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 plus interest of 2.7%, secured by water improvements. 7,066,000

\$355,059 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$17,753 through 2031. plus interest of 2.205%, secured by land. 266,295

\$ 19,357,545

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Annual debt service requirements to maturity for installment notes at June 30, 2016 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,608,562	\$ 373,786	\$ 581,455	\$ 210,650
2018	1,137,958	271,565	595,455	195,323
2019	630,000	234,234	609,455	179,620
2020	812,000	217,194	624,455	163,538
2021	804,000	195,202	638,455	147,051
2022-2026	3,888,000	654,122	3,431,273	473,781
2027-2031	2,510,000	171,390	1,486,477	61,656
Total	\$ 11,390,520	\$ 2,117,493	\$ 7,967,025	\$ 1,431,619

(c) Revolving Fund Loans

The Town has a promissory notes issued by the North Carolina Department of Environment, Health, and Natural Resources for the construction of a regional wastewater treatment plant and for water system improvements. Future revenues of the sanitary sewer system and the water system collateralize the notes. These debts are recorded as long-term debt in the water and sewer fund with principal and interest requirements appropriated when due.

The Town's promissory notes outstanding at June 30, 2016 are as follows:

Serviced by the Water and Sewer Fund:

\$17,500,000 promissory note issued for the construction of a regional wastewater treatment plant. Future revenues of the sanitary sewer system collateralize the note due in annual installments of \$875,000 beginning May 1, 2015 through May 1, 2034 plus interest at 2.22%. \$ 15,750,000

\$805,000 promissory note issued for water system improvements with current amounts borrowed totaling \$665,276. Future revenues of the water system collateralize the note due in annual installments of \$161,000 beginning May 1, 2014 through May 1, 2018 with no interest. 228,850

Total \$ 15,978,850

Annual debt service requirements to maturity for promissory notes at June 30, 2016 are as follow:

Year Ending June 30:	Principal	Interest
2017	\$ 989,425	\$ 349,650
2018	989,425	330,225
2019	875,000	310,800
2020	875,000	291,375
2021	875,000	271,950
2022-2026	4,375,000	1,068,375
2027-2031	4,375,000	582,750
2032-	2,625,000	116,550
Total	\$ 15,978,850	\$ 3,321,675

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

As of June 30, 2016, \$139,724 of the \$805,000 promissory note had not been distributed although repayments had begun with \$576,150 repaid to date. In the changes in long term liabilities, this is shown as undistributed revolving loan funds.

(d) Revenue Bond

\$7,300,000 Electric Revenue Bond, Series 2009, issued for electrical system improvements, due in annual installments of varying amounts from \$375,000 to \$617,000 through 2024, interest at 3.62% \$ 4,372,000

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Electric Revenue Bonds, Series 2009, since its adoption in 2009. Section 704(a) of the Bond Order requires that income available for debt service plus 15% of Electric Fund Unrestricted Net position as of the last day of the prior fiscal year will not be less than 120% of the long term debt service requirement for the current fiscal year.

The debt service requirement coverage ratio calculation for the year ended June 30, 2016 is as follows:

Current revenues	\$ 33,345,005
Current expenses	<u>28,605,759</u>
Subtotal	4,739,246
15% of Unrestricted Net Assets, 6-30-15	<u>1,185,244</u>
Income available for debt service	<u>\$ 3,554,002</u>
Debt service, principal and interest paid (Revenue Bond only)	<u>\$ 639,063</u>
Debt Service Coverage Ratio	<u>556%</u>

Per rate covenants, current expenses do not include depreciation expense of \$2,276,392, debt service interest of \$172,952 and the increase in other post-employment benefits of \$124,203.

The Town has pledged future electric customer revenues, net of specified operating expenses, to repay \$7,300,000 in electric system revenue bonds issued in May 2009. Proceeds from the bonds provided financing for electrical system improvements. The bonds are payable solely from electric customer net revenues and are payable through 2024. The total principal and interest remaining to be paid on the bonds is \$5,113,772. Principal and interest paid for the current year and the income available for debt service was \$639,063 and \$3,554,002 respectively.

Annual debt service requirements to maturity for the revenue bond at June 30, 2016 are as follows:

Year Ending June 30:	Principal	Interest
2017	\$ 481,000	\$ 158,266
2018	498,000	140,854
2019	516,000	122,827
2020	535,000	104,147
2021	555,000	84,780
2022-2024	<u>1,787,000</u>	<u>130,898</u>
Total	<u>\$ 4,372,000</u>	<u>\$ 741,772</u>

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning		Ending		Amounts Due
	Balance	Increases	Decreases	Balance	Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 16,950,000	\$ -	\$ 1,435,000	\$ 15,515,000	\$ 1,420,000
Plus deferred premium	566,827	-	50,867	515,960	50,868
Total bonds payable	17,516,827	-	1,485,867	16,030,960	1,470,868
Installment notes	8,122,600	4,500,000	1,232,080	11,390,520	1,608,562
Compensated absences	1,152,090	902,679	825,047	1,229,722	880,642
Net pension liability (LGERS)	-	3,314,677	1,953,445	1,361,232	-
Other post employment benefit	4,979,774	1,294,659	267,153	6,007,280	-
Governmental activity long-term liabilities	\$ 31,771,291	\$ 10,012,015	\$ 5,763,592	\$ 36,019,714	\$ 3,960,072
<b>Business-type activities:</b>					
General obligation bonds	\$ 33,630,000	\$ -	\$ 685,000	\$ 32,945,000	\$ 740,000
Plus deferred premium	1,630,105	-	74,236	1,555,869	74,236
Total bonds payable	35,260,105	-	759,236	34,500,869	814,236
Installment notes	25,643,469	875,000	2,432,870	24,085,599	1,570,880
Less: Undistributed revolving loan funds	(1,014,724)	-	(875,000)	(139,724)	-
Total installment notes payable	24,628,745	875,000	1,557,870	23,945,875	1,570,880
Revenue bond	4,836,000	-	464,000	4,372,000	481,000
Compensated absences	357,651	202,228	186,295	373,584	193,989
Net pension liability (LGERS)	-	1,084,972	664,802	420,170	-
Other post employment benefit	2,409,856	287,593	46,628	2,650,821	-
Business-type activity long-term liabilities	\$ 67,492,357	\$ 2,449,793	\$ 3,678,831	\$ 66,263,319	\$ 3,060,105

Compensated absences, other post-employment benefits and net pension obligation for governmental activities typically have been liquidated in the General Fund.

Note 10 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	\$ 233,178,253	\$ 244,004,264
Less: Long-term debt	(27,421,480)	(62,818,744)
Add: Unspent debt	2,594,989	-
Net investment in capital assets	\$ 208,351,762	\$ 181,185,520

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Note 11 – FUND BALANCE

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$	25,314,597
Less:		
Inventories		(92,681)
Prepaid items		(73,031)
Stabilization by State Statute		(6,887,923)
Restricted for public safety		(196,533)
Restricted for street improvements		(94,123)
Committed for LEO pension obligation		(676,804)
Assigned for subsequent year's expenditures		(1,826,200)
Remaining fund balance	\$	15,467,302

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances – General Fund	\$	2,413,421
Encumbrances – Electric Fund		742,829
Encumbrances – Water and Sewer Fund		4,839,871

Note 12 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2016, consist of the following:

Due to General Fund by the Internal Service Fund	\$	355,320
Due to Electric Fund by the Internal Service Fund		56,852
Due to Water and Sewer Fund by the Internal Service Fund		61,588
Due to General Fund by the Electric Fund		18,574
Due to General Fund by the Water and Sewer Fund		49,618

The Internal Service Fund balances are the result of health claims and administrative costs exceeding transfers into the Fund. The other balances result from software postings of utility and sanitation fee transactions.

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
General Fund	Street Improvements Project Fund	\$ 55,000	Fund improvements
General Fund	General Capital Projects Fund	1,167,422	Fund improvements
Recreation Capital Project Fund-Capital Reserve	General Fund	1,037,881	Fund improvements
Recreation Capital Project Fund-Capital Reserve	Recreation Capital Projects Fund	873,710	Fund improvements
Transportation Capital Project Fund-Capital	General Fund	159,602	Fund improvements
Transportation Capital Project Fund-Capital	Street Improvements Project Fund	435,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Fund	3,200,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	309,622	Fund improvements
Electric Fund	Electric Substation Project Fund	1,500,000	Fund improvements

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

Note 13 – JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the “Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a .7056% interest in the Agency, with the balance being shared by the thirty-two (32) other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s gross purchases of power for the fiscal year ended June 30, 2016 were \$22,100,335.

On July 31, 2015, the Agency completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the Agency’s outstanding revenue bonds. The Agency entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the Agency will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, Agency members will make payments for their share of the debt service on the Agency’s new revenue bonds.

Note 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures of grant monies by the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Note 15 – JOINTLY OWNED FACILITIES

The Towns of Apex and Cary jointly own and operate a water treatment plant. An advisory committee, consisting of the Mayors of Apex and Cary and the Town Managers of Apex and Cary, advise the Operating Agency on all policy matters and select the independent consultants for the project. The Town of Cary is the Operating Agency and operates the plant, hires employees, accounts for revenues and expenditures, and provides all administrative and executive management of the plant. The water treatment plant is not a separate legal entity and does not prepare separate financial statements. The Town’s share of capital costs of the plant and its operating expenses are included in the Town of Apex’s reporting entity.

All costs associated with the construction and improvements to the plant are allocated to each party based on its share of the water treatment capacity of the plant. The Towns of Apex and Cary have a 23% and 77% share of the facility’s capacity, respectively. Both parties make payments sufficient to amortize their share of the capital costs regardless of the amount of water actually used. Both parties meet their share of all other costs in proportion to their actual use of water from the facility.

The Towns of Apex and Cary are jointly constructing a wastewater treatment plant. The Town of Apex will own approximately from 29-31% considering the entire plant including outfall facilities. The plant has a total budgeted cost of \$300,000,000 and the Town of Apex’s portion of this is \$82,656,483. As of June 30, 2016, the plant was complete and in operations with final anticipated completion date of related ancillary projects in fiscal year 2016/2017. At June 30, 2016, the Town capitalized the wastewater treatment plant and related land at a total cost of \$52,432,335 and has remaining construction costs of \$27,238,491 as well as remaining construction commitments of \$143,234.

TOWN OF APEX, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

Note 16-CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, the Town reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by \$587,817.

**TOWN OF APEX, NORTH CAROLINA  
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
2006	\$ 352,927	\$ 544,403	\$ 191,476	64.83%	\$ 2,525,023	7.58%
2007	402,508	618,593	216,085	65.07%	2,878,585	7.51%
2008	425,751	647,962	222,211	65.71%	3,086,922	7.20%
2009	436,556	984,376	547,820	44.35%	3,328,084	16.46%
2010	433,338	900,498	467,160	48.12%	3,141,265	14.87%
2011	464,525	920,251	455,726	50.48%	3,150,983	14.46%
2012	501,913	968,009	466,096	51.85%	3,608,185	12.92%
2013	538,971	1,039,221	500,250	51.86%	3,795,996	13.43%
2014	611,384	1,122,996	511,612	54.44%	3,878,152	13.19%
2015	690,474	1,825,900	1,135,426	37.82%	4,527,103	40.33%

**TOWN OF APEX, NORTH CAROLINA  
RETIREMENT HEALTH CARE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 985,699	4.20%
2010	1,028,292	4.20%
2011	1,028,292	8.10%
2012	1,066,853	12.77%
2013	1,066,853	28.44%
2014	1,423,496	20.49%
2015	1,523,343	17.04%
2016	1,582,252	19.80%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

Actuarial assumptions:

Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75 - 5.00%
Post-Medicare trend rate	5.75 - 5.00%
Year of ultimate trend rate	2022
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**TOWN OF APEX, NORTH CAROLINA  
RETIREMENT HEALTH CARE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actual Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	\$ -	\$ 7,320,657	\$ 7,320,657	0.00%	\$ 14,757,992	49.60%
2009	-	8,431,473	8,431,473	0.00	16,615,669	50.74%
2009	-	8,431,473	8,431,473	0.00	16,420,320	51.35%
2011	-	11,658,526	11,658,526	0.00	17,144,995	68.00%
2011	-	11,658,526	11,658,526	0.00	17,533,703	66.49%
2013	-	13,577,385	13,577,385	0.00	18,834,141	72.09%
2013	-	13,577,385	13,577,385	0.00	20,583,626	65.96%
2015	-	19,163,893	19,163,893	0.00	20,891,558	91.73%

Note: The Town of Apex obtains an actuarial valuation bi-annually.

**TOWN OF APEX, NORTH CAROLINA  
TOWN OF APEX'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS**

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,502,800	\$ 1,468,206	\$ 1,380,271
Contributions in relation to the contractually required contributions	<u>1,502,800</u>	<u>1,468,206</u>	<u>1,380,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Apex's covered-employee payroll	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804
Contributions as a percentage of covered-employee payroll	6.81%	7.13%	7.11%

Note: Additional year's information will be disclosed as it becomes available.

**TOWN OF APEX, NORTH CAROLINA  
TOWN OF APEX'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS\***

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Apex's proportion of the net pension liability (asset) (%)	0.39693%	0.38363%	0.37310%
Apex's proportion of the net pension liability (asset) (\$)	\$ 1,781,398	\$ (2,262,443)	\$ 4,497,288
Apex's covered-employee payroll	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804
Apex's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.07%	-11.00%	23.16%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Note: Additional year's information will be disclosed as it becomes available.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**THIS PAGE INTENTIONALLY**

**LEFT BLANK**

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 1**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>REVENUES</b>				
Ad valorem taxes				
Current year	\$ 20,444,244	\$ 20,645,326	\$ 201,082	\$ 19,482,708
Prior years	60,000	30,806	(29,194)	57,009
Penalties and interest	40,000	32,576	(7,424)	38,025
Total	<u>20,544,244</u>	<u>20,708,708</u>	<u>164,464</u>	<u>19,577,742</u>
Other taxes and licenses				
Local option sales tax	8,602,174	8,752,692	150,518	7,959,043
Motor vehicle licenses	185,300	179,814	(5,486)	176,038
Rental vehicles tax	49,050	56,331	7,281	51,335
Total	<u>8,836,524</u>	<u>8,988,837</u>	<u>152,313</u>	<u>8,186,416</u>
Unrestricted intergovernmental revenues				
Utility franchise tax	2,162,400	2,567,708	405,308	2,471,056
Beer and wine tax	192,600	187,787	(4,813)	195,187
Solid waste rebates - Wake County	160,000	215,022	55,022	191,851
Payments in lieu of taxes	1,010	579	(431)	654
Total	<u>2,516,010</u>	<u>2,971,096</u>	<u>455,086</u>	<u>2,858,748</u>
Restricted intergovernmental				
Powell Bill	1,090,827	1,100,031	9,204	1,059,055
EMS allocation - Wake County	1,341,957	1,100,067	(241,890)	1,124,530
Fire district allocation - Wake County	730,192	756,149	25,957	732,942
Federal grant	377,237	112,918	(264,319)	89,603
Wake County grant	86,800	4,110	(82,690)	40,991
Total	<u>3,627,013</u>	<u>3,073,275</u>	<u>(553,738)</u>	<u>3,047,121</u>
Permits and fees				
Building permits and inspection fees	2,057,600	3,222,218	1,164,618	2,304,191
Subdivision approval fee	105,000	139,568	34,568	123,392
Application fees	111,000	130,468	19,468	124,660
Vendor permits	-	3,350	3,350	-
Fines and penalties	-	2,800	2,800	3,075
Total	<u>2,273,600</u>	<u>3,498,404</u>	<u>1,224,804</u>	<u>2,555,318</u>
Sales and services				
Refuse collection fees	2,562,000	2,535,304	(26,696)	2,425,261
Emergency services	16,500	15,061	(1,439)	11,108
Recreation fees	635,495	905,249	269,754	864,102
Recycling revenue	400,000	417,457	17,457	392,346
Planning documents	1,200	2,245	1,045	1,511
Total	<u>3,615,195</u>	<u>3,875,316</u>	<u>260,121</u>	<u>3,694,328</u>
Investment earnings	<u>15,076</u>	<u>70,897</u>	<u>55,821</u>	<u>18,668</u>

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 1**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Miscellaneous				
ABC revenue	\$ 157,500	\$ 191,018	\$ 33,518	\$ 166,468
Sale of fixed assets	64,335	17,261	(47,074)	16,607
Miscellaneous	81,000	107,626	26,626	125,592
Donations	9,000	19,443	10,443	19,410
Insurance Refund	34,521	47,953	13,432	39,555
Court costs and officer fees	14,280	14,065	(215)	16,105
Total	<u>360,636</u>	<u>397,366</u>	<u>36,730</u>	<u>383,737</u>
Total revenues	<u>41,788,298</u>	<u>43,583,899</u>	<u>1,795,601</u>	<u>40,322,078</u>
<b>EXPENDITURES</b>				
General government				
Governing body				
Personnel services	59,131	55,223	3,908	54,888
Operations	157,202	151,536	5,666	93,041
Total	<u>216,333</u>	<u>206,759</u>	<u>9,574</u>	<u>147,929</u>
Administration				
Personnel services	1,777,803	1,720,417	57,386	1,422,300
Operations	1,440,831	1,237,907	202,924	1,355,722
Capital outlay	2,000	43,008	(41,008)	49,940
Total	<u>3,220,634</u>	<u>3,001,332</u>	<u>219,302</u>	<u>2,827,962</u>
Finance				
Personnel services	344,560	325,229	19,331	284,759
Operations	526,834	480,530	46,304	446,656
Capital outlay	19,000	19,090	(90)	-
Total	<u>890,394</u>	<u>824,849</u>	<u>65,545</u>	<u>731,415</u>
Facility Services				
Personnel services	292,532	279,588	12,944	223,011
Operations	510,102	439,110	70,992	484,095
Capital outlay	267,453	210,189	57,264	544,678
Total	<u>1,070,087</u>	<u>928,887</u>	<u>141,200</u>	<u>1,251,784</u>
Planning				
Personnel services	1,396,641	1,360,131	36,510	1,280,166
Operations	185,710	135,796	49,914	112,646
Downtown Development	18,898	17,719	1,179	12,587
Capital Outlay	13,000	11,155	1,845	-
Total	<u>1,614,249</u>	<u>1,524,801</u>	<u>89,448</u>	<u>1,405,399</u>

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 1**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Construction Management				
Personnel services	\$ 2,462,149	\$ 2,395,565	\$ 66,584	\$ 2,238,185
Operations	240,432	223,399	17,033	212,997
Capital outlay	25,000	23,374	1,626	26,220
Total	<u>2,727,581</u>	<u>2,642,338</u>	<u>85,243</u>	<u>2,477,402</u>
Special Appropriations				
Wake County Programs	20,000	20,000	-	20,000
Chamber of Commerce	1,500	1,394	106	-
Downtown Merchants	20,000	20,000	-	10,000
Total	<u>41,500</u>	<u>41,394</u>	<u>106</u>	<u>30,000</u>
Total general government	<u>9,780,778</u>	<u>9,170,360</u>	<u>610,418</u>	<u>8,871,891</u>
Public safety				
Police				
Personnel services	7,593,253	7,168,904	424,349	6,547,445
Operations	1,427,686	1,184,911	242,775	1,323,976
Capital outlay	769,207	704,093	65,114	830,382
Total	<u>9,790,146</u>	<u>9,057,908</u>	<u>732,238</u>	<u>8,701,803</u>
Fire and Rescue				
Personnel services	4,979,338	4,895,548	83,790	4,643,067
Operations	677,845	558,989	118,856	560,378
HAZMAT program	17,747	17,747	-	17,773
Capital outlay	1,384,099	719,768	664,331	474,979
Total	<u>7,059,029</u>	<u>6,192,052</u>	<u>866,977</u>	<u>5,696,197</u>
EMS				
Personnel services	1,565,756	1,497,954	67,802	1,217,681
Operations	217,007	209,636	7,371	176,220
Capital outlay	20,745	20,745	-	44,967
Total	<u>1,803,508</u>	<u>1,728,335</u>	<u>75,173</u>	<u>1,438,868</u>
Total public safety	<u>18,652,683</u>	<u>16,978,295</u>	<u>1,674,388</u>	<u>15,836,868</u>
Public Works				
Administration				
Personnel services	188,894	166,380	22,514	175,876
Operations	166,892	154,315	12,577	141,147
Total	<u>355,786</u>	<u>320,695</u>	<u>35,091</u>	<u>317,023</u>

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

Schedule 1

	2016			2015
	Budget	Actual	Variance Positive (Negative)	Actual
Streets				
Personnel services	\$ 620,985	\$ 578,175	\$ 42,810	\$ 533,965
Operations	2,622,928	1,349,214	1,273,714	2,376,110
Capital outlay	614,031	353,143	260,888	190,238
Total	<u>3,857,944</u>	<u>2,280,532</u>	<u>1,577,412</u>	<u>3,100,313</u>
Fleet Services				
Personnel services	263,517	248,931	14,586	255,117
Operations	100,106	73,830	26,276	65,453
Capital outlay	18,900	17,149	1,751	-
Total	<u>382,523</u>	<u>339,910</u>	<u>42,613</u>	<u>320,570</u>
Cemetery				
Operations	23,000	22,461	539	29,847
Total public works	<u>4,619,253</u>	<u>2,963,598</u>	<u>1,655,655</u>	<u>3,767,753</u>
Environmental Protection				
Sanitation				
Personnel services	1,176,355	1,125,862	50,493	1,008,777
Operations	2,854,862	2,761,566	93,296	2,671,367
Capital outlay	55,000	52,807	2,193	150,118
Total environmental protection	<u>4,086,217</u>	<u>3,940,235</u>	<u>145,982</u>	<u>3,830,262</u>
Cultural and Recreational				
Personnel services	2,122,072	2,033,900	88,172	1,880,654
Operations	1,931,730	1,647,839	283,891	1,674,172
Capital outlay	383,384	259,812	123,572	327,984
Total cultural and recreation	<u>4,437,186</u>	<u>3,941,551</u>	<u>495,635</u>	<u>3,882,810</u>
Debt service				
Principal	2,683,565	2,667,080	16,485	2,134,495
Interest	751,866	751,866	-	732,094
Bond issuance cost	73,416	65,692	7,724	-
Total debt service	<u>3,508,847</u>	<u>3,484,638</u>	<u>24,209</u>	<u>2,866,589</u>
Total expenditures	<u>45,084,964</u>	<u>40,478,677</u>	<u>4,606,287</u>	<u>39,056,173</u>
Revenues over (under) expenditures	<u>(3,296,666)</u>	<u>3,105,222</u>	<u>6,401,888</u>	<u>1,265,905</u>

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 1**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out				
General Capital Project	\$ (1,167,422)	\$ (1,167,422)	-	\$ -
Street Project	(55,000)	(55,000)	-	(605,300)
Recreation Project	-	-	-	(400,000)
Operating transfers in				
Recreation Reserve Fund	1,037,881	1,037,881	-	-
Transportation Reserve Fund	159,602	159,602	-	-
Loan to Capital Area Preservation, Inc.	(75,000)	(75,000)	-	-
Refunding bonds issued	-	-	-	6,424,000
Payment to refund debt	-	-	-	(6,421,025)
Contingency	(106,171)	-	106,171	-
Fund balance appropriated	<u>3,502,776</u>	<u>-</u>	<u>(3,502,776)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,296,666</u>	<u>(99,939)</u>	<u>(3,396,605)</u>	<u>(1,002,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,005,283</u>	<u>\$ 3,005,283</u>	<u>263,580</u>
FUND BALANCE - Beginning of Year (as previously stated)		21,616,883		21,622,573
Adjustment to beginning fund balance		<u>587,817</u>		<u>(269,270)</u>
FUND BALANCE - Beginning of Year (as restated)		<u>22,204,700</u>		<u>21,353,303</u>
FUND BALANCE - End of Year		<u>\$ 25,209,983</u>		<u>\$ 21,616,883</u>

**TOWN OF APEX, NORTH CAROLINA  
 FIRE CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL**

**For the year ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 2**

	<u>2016</u>		Variance Positive (Negative)	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>REVENUES</b>				
Investment earnings	\$ 75	\$ 286	\$ 211	\$ 108
<b>EXPENDITURES</b>	-	-	-	-
Revenues over expenditures	75	286	211	108
<b>OTHER FINANCING USES</b>				
Operating transfers out				
General Capital Projects	-	-	-	(50,000)
Reserved for future expenditures	(75)	-	75	-
Net change in fund balance	<u>\$ -</u>	286	<u>\$ 286</u>	(49,892)
FUND BALANCE - Beginning of year		<u>104,328</u>		<u>154,220</u>
FUND BALANCE - End of year		<u>\$ 104,614</u>		<u>\$ 104,328</u>

# NONMAJOR GOVERNMENTAL FUNDS

## **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Perry Library Fund - used to account for funds restricted for improvement and maintenance of Eva Perry Library building.

## **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Street Improvements Projects Fund - used to account for construction and improvements to streets and sidewalks.

Recreation Projects Fund - used to account for construction of parks and greenway facilities.

Recreation Reserve - used to account for development fees restricted for construction and improvement of parks and recreation facilities.

Transportation Reserve - used to account for development fees restricted for construction and improvement of streets.

## **Permanent Fund**

Permanent funds are used to report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

Cemetery Fund - used to account for money received from sales of plots and related interest income. Only the interest portion of the fund can be used to maintain the cemetery.

**TOWN OF APEX, NORTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

**Statement 3**

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>Perry Library</u>	<u>Street Improvements Project</u>	<u>Recreation Projects</u>	<u>Recreation Reserve</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 115,539	\$ 1,623,650	\$ 638,735	\$ 2,545,261
Restricted cash	-	-	-	-
Grants receivable	-	63,795	-	-
Total assets	<u>\$ 115,539</u>	<u>\$ 1,687,445</u>	<u>\$ 638,735</u>	<u>\$ 2,545,261</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 37,313	\$ 15,200	\$ -
Retainage	-	-	-	-
Total liabilities	<u>-</u>	<u>37,313</u>	<u>15,200</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Committed	115,539	1,650,132	623,535	-
Assigned	-	-	-	2,545,261
Total fund balance	<u>115,539</u>	<u>1,650,132</u>	<u>623,535</u>	<u>2,545,261</u>
Total liabilities and fund balances	<u>\$ 115,539</u>	<u>\$ 1,687,445</u>	<u>\$ 638,735</u>	<u>\$ 2,545,261</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 287,851	\$ 1,518,376	\$ 6,613,873	\$ 385,847	\$ 7,115,259
-	2,594,989	2,594,989	712,268	3,307,257
-	-	63,795	-	63,795
<u>\$ 287,851</u>	<u>\$ 4,113,365</u>	<u>\$ 9,272,657</u>	<u>\$ 1,098,115</u>	<u>\$ 10,486,311</u>
\$ -	\$ 198,991	\$ 251,504	\$ -	\$ 251,504
-	95,431	95,431	-	95,431
-	294,422	346,935	-	346,935
-	2,594,989	2,594,989	712,268	3,307,257
-	1,223,954	3,497,621	385,847	3,999,007
287,851	-	2,833,112	-	2,833,112
<u>287,851</u>	<u>3,818,943</u>	<u>8,925,722</u>	<u>1,098,115</u>	<u>10,139,376</u>
<u>\$ 287,851</u>	<u>\$ 4,113,365</u>	<u>\$ 9,272,657</u>	<u>\$ 1,098,115</u>	<u>\$ 10,486,311</u>

**TOWN OF APEX, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2016**

Statement 4

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	Perry Library	Street Improvements Project	Recreation Project	Recreation Reserve
<b>REVENUES</b>				
Subdivision recreation fees	\$ -	\$ -	\$ -	\$ 2,123,562
Transportation impact fees	-	-	-	-
Payments in lieu of streets	-	49,315	-	-
Intergovernmental	-	481,734	-	-
Sales and services	-	-	-	-
Investment earnings	317	4,435	2,490	5,604
Total revenues	<u>317</u>	<u>535,484</u>	<u>2,490</u>	<u>2,129,166</u>
<b>EXPENDITURES</b>				
Capital outlay-improvements	-	1,496,913	1,118,251	-
Revenues over (under) expenditures	<u>317</u>	<u>(961,429)</u>	<u>(1,115,761)</u>	<u>2,129,166</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	490,000	873,710	-
Transfers out	-	-	-	(1,911,591)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>490,000</u>	<u>873,710</u>	<u>(1,911,591)</u>
Net change in fund balances	317	(471,429)	(242,051)	217,575
FUND BALANCES - Beginning of year	<u>115,222</u>	<u>2,121,561</u>	<u>865,586</u>	<u>2,327,686</u>
FUND BALANCES - End of year	<u>\$ 115,539</u>	<u>\$ 1,650,132</u>	<u>\$ 623,535</u>	<u>\$ 2,545,261</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ -	\$ -	\$ 2,123,562	\$ -	\$ 2,123,562
273,493	-	273,493	-	273,493
-	-	49,315	-	49,315
-	-	481,734	-	481,734
-	-	-	(850)	(850)
1,653	6,532	20,714	3,007	24,038
<u>275,146</u>	<u>6,532</u>	<u>2,948,818</u>	<u>2,157</u>	<u>2,951,292</u>
-	1,878,625	4,493,789	-	4,493,789
<u>275,146</u>	<u>(1,872,093)</u>	<u>(1,544,971)</u>	<u>2,157</u>	<u>(1,542,497)</u>
-	1,167,422	2,531,132	-	2,531,132
(594,602)	-	(2,506,193)	-	(2,506,193)
-	4,500,000	4,500,000	-	4,500,000
<u>(594,602)</u>	<u>5,667,422</u>	<u>4,524,939</u>	<u>-</u>	<u>4,524,939</u>
(319,456)	3,795,329	2,979,968	2,157	2,982,442
<u>607,307</u>	<u>23,614</u>	<u>5,945,754</u>	<u>1,095,958</u>	<u>7,156,934</u>
<u>\$ 287,851</u>	<u>\$ 3,818,943</u>	<u>\$ 8,925,722</u>	<u>\$ 1,098,115</u>	<u>\$ 10,139,376</u>

**TOWN OF APEX, NORTH CAROLINA  
SPECIAL REVENUE FUND  
PERRY LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

**For the year ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 5**

	2016			2015
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Investment earnings	\$ 50	\$ 317	\$ 267	\$ 92
<b>EXPENDITURES</b>				
Building maintenance and repair	50	-	50	-
Net change in fund balance	<u>\$ -</u>	317	<u>\$ (317)</u>	92
FUND BALANCE - Beginning of year		<u>115,222</u>		<u>115,130</u>
FUND BALANCE - End of year		<u>\$ 115,539</u>		<u>\$ 115,222</u>

**TOWN OF APEX, NORTH CAROLINA**  
**CAPITAL PROJECT FUND**  
**STREET IMPROVEMENTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From inception to June 30, 2016**

Schedule 6

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
<b>REVENUES</b>				
Developer reimbursements	\$ 133,000	\$ 91,148	\$ -	\$ 91,148
Payments in lieu of streets	34,000	468,550	49,315	517,865
Intergovernmental	3,626,611	1,243,060	481,734	1,724,794
Investment earnings	97,000	153,032	4,435	157,467
Sub-total revenues	3,890,611	1,955,790	535,484	2,491,274
Less closed projects	1,559,611	910,728	320,918	1,231,646
Total revenues	<u>2,331,000</u>	<u>1,045,062</u>	<u>214,566</u>	<u>1,259,628</u>
<b>EXPENDITURES</b>				
Capital outlay-improvements	6,046,058	1,551,356	1,496,913	3,048,269
Less closed projects	2,259,264	1,369,379	853,911	2,223,290
Total expenditures	<u>3,786,794</u>	<u>181,977</u>	<u>643,002</u>	<u>824,979</u>
Revenues over (under) expenditures	<u>(1,455,794)</u>	<u>863,085</u>	<u>(428,436)</u>	<u>434,649</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
General Fund	718,800	679,694	55,000	734,694
Transportation Capital Reserve	1,262,326	827,414	435,000	1,262,414
Electric Fund	50,000	50,000	-	50,000
Water and Sewer Reserve	350,000	350,000	-	350,000
Electric Fund	(50,000)	(50,000)	-	(50,000)
Water and Sewer Reserve	(350,000)	(350,000)	-	(350,000)
Bonds issued	113,116	148,814	-	148,814
Bond premium	61,205	61,205	-	61,205
Sub-total other financing sources (uses)	2,155,447	1,717,127	490,000	2,207,127
Less closed projects	699,653	991,644	-	991,644
Total other financing sources (uses)	<u>1,455,794</u>	<u>725,483</u>	<u>490,000</u>	<u>1,215,483</u>
Net change in fund balance	\$ -	\$ 1,588,568	\$ 61,564	\$ 1,650,132

**TOWN OF APEX, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**RECREATION FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From inception to June 30, 2016**

**Schedule 7**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 1,573	\$ 2,490	\$ 4,063
Donations	28,000	28,000	-	28,000
Miscellaneous	89,518	94,518	-	94,518
Sub-total revenues	<u>117,518</u>	<u>124,091</u>	<u>2,490</u>	<u>126,581</u>
Less closed projects	116,318	116,231	-	116,231
Total revenues	<u>1,200</u>	<u>7,860</u>	<u>2,490</u>	<u>10,350</u>
<b>EXPENDITURES</b>				
Capital outlay-improvements	5,930,200	4,221,023	1,118,251	5,339,274
Less closed projects	1,557,388	756,853	799,483	1,556,336
Total expenditures	<u>4,372,812</u>	<u>3,464,170</u>	<u>318,768</u>	<u>3,782,938</u>
Revenues under expenditures	<u>(4,371,612)</u>	<u>(3,456,310)</u>	<u>(316,278)</u>	<u>(3,772,588)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
Recreation reserve	3,127,846	2,254,136	873,710	3,127,846
General fund	400,000	400,000	-	400,000
Bonds issued	59,236	77,658	-	77,658
Issuance of debt	2,225,600	2,225,600	-	2,225,600
Premium on bonds issued	-	5,124	-	5,124
Sub-total other financing sources	<u>5,812,682</u>	<u>4,962,518</u>	<u>873,710</u>	<u>5,836,228</u>
Less closed projects	1,441,070	806,726	633,379	1,440,105
Total other financing sources	<u>4,371,612</u>	<u>4,155,792</u>	<u>240,331</u>	<u>4,396,123</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 699,482</u>	<u>\$ (75,947)</u>	<u>\$ 623,535</u>

**TOWN OF APEX, NORTH CAROLINA  
RECREATION CAPITAL PROJECT FUND - CAPITAL RESERVE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

**For the year ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 8**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>REVENUES</b>				
Subdivision recreation fees	\$ 1,200,000	\$ 2,123,562	\$ 923,562	\$ 1,460,160
Investment earnings	1,000	5,604	4,604	1,776
Total revenues	<u>1,201,000</u>	<u>2,129,166</u>	<u>928,166</u>	<u>1,461,936</u>
<b>EXPENDITURES</b>				
Reserved for future expenditures	696,319	-	(696,319)	-
Revenues over expenditures	<u>504,681</u>	<u>2,129,166</u>	<u>1,624,485</u>	<u>1,461,936</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				
General Fund	(1,037,881)	(1,037,881)	-	-
Recreation Project	(873,710)	(873,710)	-	(1,617,136)
Fund Balance Appropriated	<u>1,406,910</u>	<u>-</u>	<u>1,406,910</u>	<u>-</u>
Total other financing sources (uses)	<u>(504,681)</u>	<u>(1,911,591)</u>	<u>1,406,910</u>	<u>(1,617,136)</u>
Net change in fund balance	<u>\$ -</u>	<u>217,575</u>	<u>\$ 217,575</u>	<u>(155,200)</u>
FUND BALANCE - Beginning of year		<u>2,327,686</u>		<u>2,482,886</u>
FUND BALANCE - End of year		<u>\$ 2,545,261</u>		<u>\$ 2,327,686</u>

**TOWN OF APEX, NORTH CAROLINA**  
**TRANSPORTATION CAPITAL PROJECT FUND - CAPITAL RESERVE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**

**For the year ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 9**

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>REVENUES</b>				
Transportation impact fees	\$ 269,000	\$ 273,493	\$ 4,493	\$ 399,495
Investment earnings	350	1,653	1,303	602
Total revenues	<u>269,350</u>	<u>275,146</u>	<u>5,796</u>	<u>400,097</u>
<b>EXPENDITURES</b>				
Reserved for future expenditures	-	-	-	-
Revenues over expenditures	<u>269,350</u>	<u>275,146</u>	<u>5,796</u>	<u>400,097</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out				
General Fund	(159,602)	(159,602)	-	-
Street Project Fund	(435,000)	(435,000)	-	(447,564)
Fund balance appropriated	325,252	-	(325,252)	-
Total other financing sources (uses)	<u>(269,350)</u>	<u>(594,602)</u>	<u>(325,252)</u>	<u>(447,564)</u>
Net change in fund balance	<u>\$ -</u>	(319,456)	<u>\$ (319,456)</u>	(47,467)
FUND BALANCE - Beginning of year		<u>607,307</u>		<u>654,774</u>
FUND BALANCE - End of year		<u>\$ 287,851</u>		<u>\$ 607,307</u>

**TOWN OF APEX, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**GENERAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From inception to June 30, 2016**

**Schedule 10**

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 6,532	\$ 6,532
<b>EXPENDITURES</b>				
Capital outlay-improvements	5,717,422	26,386	1,878,625	1,905,011
Revenues under expenditures	(5,717,422)	(26,386)	(1,872,093)	(1,898,479)
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
General Fund	1,167,422	-	1,167,422	1,167,422
Fire reserve	50,000	50,000	-	50,000
Issuance of debt	4,500,000	-	4,500,000	4,500,000
Total other financing sources	5,717,422	50,000	5,667,422	5,717,422
Net change in fund balance	\$ -	\$ 23,614	\$ 3,795,329	\$ 3,818,943

**TOWN OF APEX, NORTH CAROLINA**  
**PERMANENT FUND**  
**CEMETERY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the year ended June 30, 2016**  
 With comparative actual amounts for the year ended June 30, 2015

Schedule 11

	2016			2015
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Investment earnings	\$ 600	\$ 3,007	\$ 2,407	\$ 884
Sale of plots	-	(850)	(850)	(3,650)
Total revenues	600	2,157	1,557	(2,766)
<b>EXPENDITURES</b>				
Reserved for future expenditures	600	-	600	-
Net change in fund balance	\$ -	2,157	\$ 2,157	(2,766)
FUND BALANCE - Beginning of year		1,095,958		1,098,724
FUND BALANCE - End of year		\$ 1,098,115		\$ 1,095,958

# PROPRIETARY FUNDS

## **Enterprise Funds**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Town is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Electric Fund - used to account for the costs of providing electric service. The Town also maintains a subfund to account for the construction of an electric substation.

Water and Sewer Fund - used to account for the costs of providing water treatment and distribution and wastewater collection and treatment. The Town also maintains subfunds to account for water and sewer capital projects and development fees restricted to use for system improvements.

## **Internal Service Funds**

Internal service funds are used to account for providing goods and services to other funds or departments of the Town. This allows the Town to centralize certain services and then allocate them on a full cost-reimbursement basis.

Health and Dental Fund - the Town self insures routine health and dental claims and uses this fund to centralize costs and allocate them to various departments based on the number of employees.

**TOWN OF APEX, NORTH CAROLINA**  
**ELECTRIC OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENSES AND SUPPLEMENTAL BUDGET EXPENDITURES**  
**BUDGET AND ACTUAL (Non-GAAP)**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

Schedule 12

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 30,899,000	\$ 30,230,968	\$ (668,032)	\$ 29,717,618
Reconnection fees	35,000	28,430	(6,570)	34,627
Penalties	70,000	68,260	(1,740)	65,764
Total	<u>31,004,000</u>	<u>30,327,658</u>	<u>(676,342)</u>	<u>29,818,009</u>
Other operating revenues				
Sales tax revenues	2,163,000	2,110,181	(52,819)	2,074,791
Underground charges	640,000	701,539	61,539	516,897
Pole rental	8,973	4,173	(4,800)	4,980
Sale of capital assets	14,000	25,314	11,314	-
State grants	-	-	-	8,642
Miscellaneous	40,000	76,746	36,746	150,445
Electric meters	70,000	78,415	8,415	80,646
Total other operating revenues	<u>2,935,973</u>	<u>2,996,368</u>	<u>60,395</u>	<u>2,836,401</u>
Total operating revenues	33,939,973	33,324,026	(615,947)	32,654,410
Nonoperating revenues:				
Investment earnings	5,000	16,299	11,299	4,852
Total revenues	<u>33,944,973</u>	<u>33,340,325</u>	<u>(604,648)</u>	<u>32,659,262</u>
<b>EXPENDITURES</b>				
Personnel services	3,527,864	3,459,244	68,620	3,227,974
Operations and maintenance	965,034	874,859	90,175	1,044,821
Purchases of electricity	24,209,000	22,100,335	2,108,665	23,321,438
Electric sales tax	2,163,000	2,229,245	(66,245)	2,036,233
Total	<u>30,864,898</u>	<u>28,663,683</u>	<u>2,201,215</u>	<u>29,630,466</u>
Debt service				
Principal retirement	464,000	464,000	-	191,281
Interest	175,064	175,063	1	448,000
Total debt service	<u>639,064</u>	<u>639,063</u>	<u>1</u>	<u>639,281</u>
Capital outlay	3,301,721	2,614,142	687,579	2,389,818
Total expenditures	<u>34,805,683</u>	<u>31,916,888</u>	<u>2,888,795</u>	<u>32,659,565</u>
Revenues over (under) expenses	<u>(860,710)</u>	<u>1,423,437</u>	<u>2,284,147</u>	<u>(303)</u>

**TOWN OF APEX, NORTH CAROLINA**  
**ELECTRIC OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENSES AND SUPPLEMENTAL BUDGET EXPENDITURES**  
**BUDGET AND ACTUAL (Non-GAAP)**  
**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 12**

	<u>2016</u>		Variance Positive (Negative)	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
Electric Substation Project	\$ (1,500,000)	\$ (1,500,000)	\$ -	\$ -
Contingency	(4,080)	-	4,080	-
Appropriated fund balance	<u>2,364,790</u>	<u>-</u>	<u>(2,364,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>860,710</u>	<u>(1,500,000)</u>	<u>(2,360,710)</u>	<u>-</u>
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	<u>(76,563)</u>	<u>(76,563)</u>	<u>(303)</u>

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Reconciling items:

Capital outlay	2,614,142	2,389,818
Depreciation	(2,276,392)	(1,852,233)
Payment of debt principal	464,000	448,000
Intrafund transfers	1,500,000	-
Increase in accrued vacation and compensatory pay	(2,608)	(13,988)
Decrease in accrued interest	2,111	2,038
Decrease in net pension asset	(253,301)	-
Increase in deferred outflows of resources - pensions	3,798	168,513
Increase in net pension liability	(190,686)	-
Decrease in deferred inflows of resources - pensions	500,721	-
Pension expense	-	(15,724)
Increase in accrued other post-employment benefits	(124,203)	(141,186)
Electric substation project		
Investment earnings	<u>4,680</u>	<u>311</u>
Net income	<u>\$ 2,165,699</u>	<u>\$ 985,246</u>

**TOWN OF APEX, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)**

**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

Schedule 13	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 12,610,000	\$ 12,972,881	\$ 362,881	\$ 12,565,553
Other operating revenues				
Water and sewer taps	140,000	189,460	49,460	193,080
Water tank rentals	120,000	161,378	41,378	145,040
Miscellaneous	42,525	50,358	7,833	45,096
Total other operating revenues	302,525	401,196	98,671	383,216
Total operating revenues	12,912,525	13,374,077	461,552	12,948,769
Nonoperating revenues:				
Investment earnings	6,000	33,287	27,287	9,123
Sale of capital assets	14,100	29,084	14,984	2,315
Total nonoperating revenues	20,100	62,371	42,271	11,438
Total revenues	12,932,625	13,436,448	503,823	12,960,207
<b>EXPENDITURES</b>				
Sewer Treatment				
Personnel services	848,356	833,494	14,862	808,122
Operations and maintenance	963,329	701,302	262,027	1,041,619
Contracted treatment services	1,400,000	1,490,817	(90,817)	1,072,256
Total	3,211,685	3,025,613	186,072	2,921,997
Sewer Maintenance				
Personnel services	1,794,982	1,757,595	37,387	1,680,469
Operations and maintenance	1,168,806	851,996	316,810	801,789
Total	2,963,788	2,609,591	354,197	2,482,258
Water Treatment				
Operations and maintenance	276,283	283,940	(7,657)	432,028
Water purchases	1,563,850	1,474,840	89,010	1,328,199
Total	1,840,133	1,758,780	81,353	1,760,227
Water Maintenance				
Personnel services	1,599,441	1,557,091	42,350	1,378,772
Operations and maintenance	848,756	732,917	115,839	475,498
Total	2,448,197	2,290,008	158,189	1,854,270
Debt service				
Interest	1,763,073	1,763,069	4	1,654,081
Principal retirement	2,289,453	2,242,870	46,583	2,282,444
Total debt service	4,052,526	4,005,939	46,587	3,936,525
Capital outlay				
Sewer treatment	160,774	165,205	(4,431)	80,714
Sewer maintenance	882,863	427,913	454,950	366,103
Water maintenance	2,283,145	1,005,396	1,277,749	495,778
Water treatment	1,005,000	147,242	857,758	-
Total capital outlay	4,331,782	1,745,756	2,586,026	942,595
Total expenditures	18,848,111	15,435,687	3,412,424	13,897,872
Revenues over (under) expenditures	(5,915,486)	(1,999,239)	3,916,247	(937,665)

**TOWN OF APEX, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)**

**For the Year Ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

**Schedule 13**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in /(out)				
Water/Sewer Reserve	\$ 4,955,000	\$ 3,200,000	\$ (1,755,000)	\$ 1,200,000
Fund balance appropriated	960,486	-	(960,486)	-
Total other financing sources	<u>5,915,486</u>	<u>3,200,000</u>	<u>(2,715,486)</u>	<u>1,200,000</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	1,200,761	<u>\$ 1,200,761</u>	262,335
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Capital outlay		1,745,756		942,595
Capital contributions		28,831,695		9,440,320
Intrafund transfers		(3,200,000)		(1,200,000)
Depreciation		(7,025,552)		(4,878,965)
Increase in accrued interest		(26,592)		(16,276)
Amortization of premiums on bonds issued		74,236		74,236
Payment of debt principal		2,242,870		2,282,444
Pension expense		-		(18,773)
Decrease in net pension asset		(302,406)		-
Increase in deferred outflows of resources - pensions		4,551		201,808
Increase in net pension liability		(229,484)		-
Decrease in deferred inflows of resources - pensions		599,854		-
Increase in accrued vacation pay		(13,325)		(14,622)
Increase in accrued other post-employment benefits		(116,762)		(132,073)
Water/Sewer Capital Project Fund				
Interest income		26,970		43,281
Debt issuance costs		(1,925)		(41,076)
Waste Water Treatment Plant Capital Project Fund				
Interest income		4,916		3,064
Debt issuance costs		(518)		-
Capital Reserve Fund				
Capacity fees		4,788,069		4,490,906
Acreage fees		1,364,194		1,045,662
Interest income		46,520		10,510
Refund of development fees		(862,400)		-
Net Income		<u>\$ 29,151,428</u>		<u>\$ 12,495,376</u>

**TOWN OF APEX, NORTH CAROLINA  
ELECTRIC SUBSTATION PROJECT  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
From Inception to June 30, 2016**

**Schedule 14**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 45,558	\$ 4,680	\$ 50,238
<b>EXPENDITURES</b>				
Capital outlay - improvements	1,716,726	8,750	616,504	625,254
Revenues over (under) expenditures	(1,716,726)	36,808	(611,824)	(575,016)
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
Electric Fund	1,608,363	219,259	1,500,000	1,719,259
Water/Sewer Fund	108,363	108,363	-	108,363
Total other financing sources	1,716,726	327,622	1,500,000	1,827,622
Revenues and other financing sources over expenditures	\$ -	\$ 364,430	\$ 888,176	\$ 1,252,606

**TOWN OF APEX, NORTH CAROLINA**  
**WATER/SEWER PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception to June 30, 2016**

**Schedule 15**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
Investment earnings	\$ 275,000	\$ 275,075	\$ 26,970	\$ 302,045
<b>EXPENDITURES</b>				
Capital outlay - improvements	21,986,726	11,947,395	6,194,551	18,141,946
Bond issuance costs	16,100	58,980	1,925	60,905
Sub-total expenditures	22,002,826	12,006,375	6,196,476	18,202,851
Less closed projects	(1,034,244)	-	(1,025,912)	(1,025,912)
Total expenditures	20,968,582	12,006,375	5,170,564	17,176,939
Revenues under expenditures	(20,693,582)	(11,731,300)	(5,143,594)	(16,874,894)
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
Water/Sewer Capital Reserve	12,922,826	14,675,132	309,622	14,984,754
Water/Sewer Fund	-	64,113	-	64,113
Bond Proceeds	8,000,000	8,045,000	-	8,045,000
Revolving loan proceeds	805,000	665,276	-	665,276
Sub-total other financing sources	21,727,826	23,449,521	309,622	23,759,143
Less closed projects	1,034,244	1,025,912	-	1,025,912
Total other financing sources	20,693,582	22,423,609	309,622	22,733,231
Revenues and other financing sources over (under) expenditures	\$ -	\$ 10,692,309	\$ (4,833,972)	\$ 5,858,337

**TOWN OF APEX, NORTH CAROLINA**  
**WASTEWATER TREATMENT PLANT PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception to June 30, 2016**

**Schedule 16**

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 414,071	\$ 4,916	\$ 418,987
Miscellaneous	-	404	-	404
Sub-total revenues	-	414,475	4,916	419,391
Less closed projects	-	113,960	-	113,960
Total revenues	-	300,515	4,916	305,431
<b>EXPENDITURES</b>				
Capital outlay - improvements	81,552,837	78,912,758	758,064	79,670,822
Bond issuance costs	1,246,555	1,246,555	518	1,247,073
Sub-total expenditures	82,799,392	80,159,313	758,582	80,917,895
Less closed projects	52,712,659	52,826,619	-	52,826,619
Total expenditures	30,086,733	27,332,694	758,582	28,091,276
Revenues under expenditures	(30,086,733)	(27,032,179)	(753,666)	(27,785,845)
<b>OTHER FINANCING SOURCES</b>				
Installment notes	19,014,884	18,139,884	875,000	19,014,884
Issuance of debt	35,000,000	35,000,000	-	35,000,000
Bond premium	1,855,908	1,855,907	-	1,855,907
Transfers in				
Water/Sewer Capital Reserve	26,928,600	26,928,600	-	26,928,600
Sub-total other financing sources	82,799,392	81,924,391	875,000	82,799,391
Less closed projects	52,712,659	51,837,659	875,000	52,712,659
Total other financing sources	30,086,733	30,086,732	-	30,086,732
Revenues and other financing sources over (under) expenditures	\$ -	\$ 3,054,553	\$ (753,666)	\$ 2,300,887

**TOWN OF APEX, NORTH CAROLINA**  
**WATER/SEWER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)**  
**For the year ended June 30, 2016**  
With comparative actual amounts for the year ended June 30, 2015

Schedule 17

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>REVENUES</b>				
Capacity fees	\$ 3,875,000	\$ 4,788,069	\$ 913,069	\$ 4,490,906
Acreage fees	1,135,000	1,364,194	229,194	1,045,662
Investment earnings	5,000	46,520	41,520	10,510
Total revenues	<u>5,015,000</u>	<u>6,198,783</u>	<u>1,183,783</u>	<u>5,547,078</u>
<b>EXPENDITURES</b>				
	<u>862,400</u>	<u>862,400</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>4,152,600</u>	<u>5,336,383</u>	<u>1,183,783</u>	<u>5,547,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)				
Water/Sewer Fund	(4,955,000)	(3,200,000)	1,755,000	(1,200,000)
Water/Sewer Project Fund	(309,622)	(309,622)	-	(147,644)
Fund Balance Appropriated	2,452,400	-	(2,452,400)	-
Reserved for future expenditures	(1,340,378)	-	1,340,378	-
Total other financing sources (uses)	<u>(4,152,600)</u>	<u>(3,509,622)</u>	<u>642,978</u>	<u>(1,347,644)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,826,761</u>	<u>\$ 1,826,761</u>	<u>4,199,434</u>
FUND BALANCE - Beginning of year		<u>14,152,044</u>		<u>9,952,610</u>
FUND BALANCE - End of year		<u>\$ 15,978,805</u>		<u>\$ 14,152,044</u>

**TOWN OF APEX, NORTH CAROLINA**  
**INTERNAL SERVICE FUND**  
**HEALTH AND DENTAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - FINANCIAL PLAN AND ACTUAL (Non - GAAP)**  
**For the year ended June 30, 2016**

With comparative actual amounts for the year ended June 30, 2015

Schedule 18

	<u>2016</u>		Variance Positive (Negative)	<u>2015</u>
	Financial Plan	Actual		Actual
<b>REVENUES</b>				
Health premiums	\$ 2,833,918	\$ 3,221,943	\$ 388,025	\$ 2,657,568
Dental premiums	223,554	237,234	13,680	759,548
Employee health contributions	864,421	805,771	(58,650)	223,959
Employee dental contributions	155,583	164,443	8,860	155,388
Total revenues	<u>4,077,476</u>	<u>4,429,391</u>	<u>351,915</u>	<u>3,796,463</u>
<b>EXPENDITURES</b>				
Health claims-employees	2,915,396	2,618,405	296,991	2,792,777
Dental claims-employees	281,346	326,797	(45,451)	294,587
Administrative fees-employees	685,016	780,340	(95,324)	668,672
Health claims-retiree	183,486	433,364	(249,878)	223,449
Dental claims-retiree	-	17	(17)	142
Administrative fees-retiree	12,232	9,842	2,390	8,283
Total expenditures	<u>4,077,476</u>	<u>4,168,765</u>	<u>(91,289)</u>	<u>3,987,910</u>
Revenues under expenditures	<u>\$ -</u>	260,626	<u>\$ 260,626</u>	(191,447)
<b>Reconciliation from financial plan basis (modified accrual) to full accrual:</b>				
Reconciling items:				
(Increase) decrease in reserve for incurred but not reported ("IBNR") claims		<u>48,228</u>		<u>(28,449)</u>
Change in net position		<u>\$ 308,854</u>		<u>\$ (219,896)</u>

## **SUPPLEMENTAL FINANCIAL DATA**

This section contains additional information on Taxes Receivable, the Tax Levy, and Debt Service Requirements as of June 30, 2016.

**TOWN OF APEX, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2016**

**Schedule 19**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 20,668,126	\$ 20,645,306	\$ 22,820
2014-2015	42,745	-	28,897	13,848
2013-2014	23,144	-	3,854	19,290
2012-2013	14,279	-	2,106	12,173
2011-2012	9,429	-	402	9,027
2010-2011	10,847	-	570	10,277
2009-2010	11,437	-	312	11,125
2008-2009	19,277	-	607	18,670
2007-2008	13,785	-	338	13,447
2006-2007	11,462	-	268	11,194
2005-2006	10,701	-	10,701	-
	<u>\$ 167,106</u>	<u>\$ 20,668,126</u>	<u>\$ 20,693,361</u>	<u>141,871</u>
				<u>67,718</u>
				<u>\$ 74,153</u>

Less: Allowance for uncollectible accounts

Ad valorem taxes receivable - net

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 20,708,708
Reconciling items:	
Less: Penalties and interest	(32,576)
Add: Adjustments and releases	17,229
Total collections and credits	<u>\$ 20,693,361</u>

**TOWN OF APEX, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
For the Year Ended June 30, 2016**

**Schedule 20**

	Town - Wide		Total Levy		
			Property excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 5,289,013,590	0.39	\$ 20,627,153	\$ 18,824,533	\$ 1,802,620
Penalties	-		7,492	7,492	-
Total	<u>5,289,013,590</u>		<u>20,634,645</u>	<u>18,832,025</u>	<u>1,802,620</u>
Discoveries:					
Prior year taxes	-		60,689	60,608	81
Total	<u>5,289,013,590</u>		<u>20,695,334</u>	<u>18,892,633</u>	<u>1,802,701</u>
Abatements	<u>(6,976,410)</u>	0.39	<u>(27,208)</u>	<u>(27,208)</u>	<u>-</u>
Total property valuation	<u>\$ 5,282,037,180</u>				
Net levy			20,668,126	18,865,425	1,802,701
Uncollected taxes at June 30, 2015			<u>22,820</u>	<u>15,118</u>	<u>7,702</u>
Current year's taxes collected			<u>\$ 20,645,306</u>	<u>\$ 18,850,307</u>	<u>\$ 1,794,999</u>
Current levy collection percentage			<u>99.9%</u>	<u>99.9%</u>	<u>99.6%</u>

**TOWN OF APEX, NORTH CAROLINA**  
**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**  
**AND MATURITY SCHEDULE**  
**June 30, 2016**

**Schedule 21**

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2016-2017	\$ 740,000	\$ 1,894,675	\$ 1,420,000	\$ 1,903,938	\$ 2,160,000	\$ 3,798,613
2017-2018	795,000	1,934,875	1,275,000	1,715,088	2,070,000	3,649,963
2018-2019	855,000	1,978,975	1,265,000	1,665,587	2,120,000	3,644,562
2019-2020	915,000	2,021,875	1,260,000	1,621,275	2,175,000	3,643,150
2020-2021	980,000	2,041,125	1,255,000	1,576,725	2,235,000	3,617,850
2021-2022	1,045,000	2,086,525	1,250,000	1,531,763	2,295,000	3,618,288
2022-2023	1,115,000	2,135,625	1,245,000	1,485,981	2,360,000	3,621,606
2023-2024	1,185,000	2,161,025	1,240,000	1,447,894	2,425,000	3,608,919
2024-2025	1,260,000	2,176,775	1,230,000	1,404,456	2,490,000	3,581,231
2025-2026	1,340,000	2,193,775	750,000	890,669	2,090,000	3,084,444
2026-2027	1,420,000	2,233,575	750,000	863,418	2,170,000	3,096,993
2027-2028	1,575,000	2,345,975	750,000	836,106	2,325,000	3,182,081
2028-2029	1,665,000	2,388,725	625,000	683,406	2,290,000	3,072,131
2029-2030	1,760,000	2,433,775	300,000	336,000	2,060,000	2,769,775
2030-2031	1,855,000	2,475,975	300,000	327,000	2,155,000	2,802,975
2031-2032	1,955,000	2,501,775	300,000	318,000	2,255,000	2,819,775
2032-2033	2,080,000	2,548,575	300,000	309,000	2,380,000	2,857,575
2033-2034	2,185,000	2,570,375	-	-	2,185,000	2,570,375
2034-2035	2,740,000	3,037,975	-	-	2,740,000	3,037,975
2035-2036	2,740,000	2,928,375	-	-	2,740,000	2,928,375
2036-2037	2,740,000	2,835,900	-	-	2,740,000	2,835,900
	<u>\$ 32,945,000</u>	<u>\$ 48,926,250</u>	<u>\$ 15,515,000</u>	<u>\$ 18,916,306</u>	<u>\$ 48,460,000</u>	<u>\$ 67,842,556</u>

## STATISTICAL SECTION

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

### Financial Trends - Tables 1 - 5

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### Revenue Capacity - Tables 6 - 9

These tables contain information to help the reader assess the Town's most significant revenue sources, property taxes and electric sales.

### Debt Capacity - Tables 10 - 13

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and its ability to issue additional debt in the future.

### Demographic and Economic Information - Tables 14 - 15

These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

### Operating Information - Tables 16 - 18

These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services it provides and the activities it performs.



**TOWN OF APEX, NORTH CAROLINA**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)  
 (000's omitted)

**Table 1**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 124,467	\$ 133,225	\$ 137,055	\$ 139,181	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231	\$ 208,352
Restricted	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486
Unrestricted	19,946	17,949	16,857	18,118	15,810	14,161	15,473	14,699	14,216	13,406
Total governmental activities net position	<u>\$ 146,388</u>	<u>\$ 152,467</u>	<u>\$ 155,128</u>	<u>\$ 158,375</u>	<u>\$ 157,973</u>	<u>\$ 163,877</u>	<u>\$ 167,207</u>	<u>\$ 172,872</u>	<u>\$ 192,537</u>	<u>\$ 232,244</u>
Business-type activities										
Net investment in capital assets	\$ 91,498	\$ 98,025	\$ 102,374	\$ 104,584	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820	\$ 181,185
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	42,053	46,582	47,097	48,354	53,767	62,759	65,281	46,298	46,393	44,345
Total business-type activities net position	<u>\$ 133,551</u>	<u>\$ 144,607</u>	<u>\$ 149,471</u>	<u>\$ 152,938</u>	<u>\$ 158,147</u>	<u>\$ 165,508</u>	<u>\$ 170,220</u>	<u>\$ 181,498</u>	<u>\$ 194,213</u>	<u>\$ 225,530</u>
Primary government										
Net investment in capital assets	\$ 215,965	\$ 231,250	\$ 239,430	\$ 243,765	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051	\$ 389,537
Restricted	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486
Unrestricted	61,999	64,531	63,954	66,472	69,577	76,920	80,754	60,997	60,609	57,751
Total primary government net position	<u>\$ 279,939</u>	<u>\$ 297,074</u>	<u>\$ 304,600</u>	<u>\$ 311,313</u>	<u>\$ 316,120</u>	<u>\$ 329,385</u>	<u>\$ 337,427</u>	<u>\$ 354,370</u>	<u>\$ 386,750</u>	<u>\$ 457,774</u>

**TOWN OF APEX, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)  
 (000's omitted)

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 6,458	\$ 7,138	\$ 7,642	\$ 7,042	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235	\$ 9,851
Public Safety	8,860	9,080	10,607	10,971	11,994	12,878	13,836	14,692	15,491	16,623
Public Works	4,796	6,003	6,035	5,917	6,427	7,023	7,350	6,644	8,854	8,697
Environmental Protection	2,630	2,878	3,053	3,097	3,163	3,304	3,270	3,532	3,794	4,006
Culture and recreation	2,856	3,186	3,541	3,551	3,786	3,963	4,272	4,381	4,811	5,336
Interest on long-term debt	487	455	858	1,083	935	862	917	974	944	822
<b>Total governmental activities expenses</b>	<b>26,087</b>	<b>28,740</b>	<b>31,736</b>	<b>31,661</b>	<b>33,685</b>	<b>36,017</b>	<b>37,586</b>	<b>38,984</b>	<b>43,129</b>	<b>45,335</b>
<b>Business-type activities</b>										
Water and Sewer	8,875	9,472	11,131	11,462	11,124	11,473	13,304	14,196	15,498	18,485
Electric	20,790	22,433	25,308	26,702	27,223	28,330	28,335	29,530	31,674	31,179
<b>Total business-type activities expenses</b>	<b>29,665</b>	<b>31,905</b>	<b>36,439</b>	<b>38,164</b>	<b>38,347</b>	<b>39,803</b>	<b>41,639</b>	<b>43,726</b>	<b>47,172</b>	<b>49,664</b>
<b>Total primary government expenses</b>	<b>\$ 55,752</b>	<b>\$ 60,645</b>	<b>\$ 68,175</b>	<b>\$ 69,825</b>	<b>\$ 72,032</b>	<b>\$ 75,820</b>	<b>\$ 79,225</b>	<b>\$ 82,710</b>	<b>\$ 90,301</b>	<b>\$ 94,999</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
Charges for services:										
General government	\$ 1,128	\$ 1,045	\$ 653	\$ 559	\$ 918	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557	\$ 3,501
Public Safety <sup>(1)</sup>	-	-	-	275	1,020	51	14	14	11	15
Culture and recreation	662	700	565	616	858	1,097	1,706	1,553	2,324	323
Public Works	729	814	417	301	169	299	228	398	636	2,953
Environmental Protection	2,037	2,117	2,310	2,340	2,389	2,465	2,574	2,683	2,814	3,029
Operating grants and contributions	760	697	1,363	1,276	1,168	2,315	3,189	2,897	3,008	3,073
Capital grants and contributions	11,304	8,922	6,605	4,555	4,277	10,174	5,074	6,472	23,058	38,469
<b>Total governmental activities program revenues</b>	<b>16,620</b>	<b>14,295</b>	<b>11,913</b>	<b>9,922</b>	<b>10,799</b>	<b>17,292</b>	<b>14,003</b>	<b>15,857</b>	<b>34,408</b>	<b>51,363</b>
<b>Business-type activities</b>										
Charges for services:										
Water and Sewer	16,395	13,561	10,184	11,106	12,964	28,901	15,797	16,448	12,949	13,374
Electric	22,728	24,782	26,739	27,514	29,686	13,809	29,069	31,599	32,646	33,299
Capital grants and contributions	6,164	2,608	3,462	2,825	805	4,362	2,603	6,478	14,977	34,121
<b>Total business-type activities program revenues</b>	<b>45,287</b>	<b>40,951</b>	<b>40,385</b>	<b>41,445</b>	<b>43,455</b>	<b>47,072</b>	<b>47,469</b>	<b>54,525</b>	<b>60,572</b>	<b>80,794</b>
<b>Total primary government program revenues</b>	<b>\$ 61,907</b>	<b>\$ 55,246</b>	<b>\$ 52,298</b>	<b>\$ 51,367</b>	<b>\$ 54,254</b>	<b>\$ 64,364</b>	<b>\$ 61,472</b>	<b>\$ 70,382</b>	<b>\$ 94,980</b>	<b>\$ 132,157</b>

**TOWN OF APEX, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense)/revenue										
Governmental activities	\$ (9,465)	\$ (14,445)	\$ (19,824)	\$ (21,739)	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)	\$ 6,028
Business-type activities	15,622	9,045	3,946	3,281	5,108	7,269	5,830	10,799	13,400	31,130
Total primary government net expenses	\$ 6,157	\$ (5,400)	\$ (15,878)	\$ (18,458)	\$ (17,778)	\$ (11,457)	\$ (17,753)	\$ (12,328)	\$ 4,679	\$ 37,158
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property taxes	11,058	11,712	14,245	14,475	14,722	15,063	17,837	18,969	19,547	20,676
Sales taxes	5,398	5,704	5,100	4,843	5,189	6,293	6,665	7,219	7,959	8,753
Motor vehicle licenses	130	130	134	136	136	143	148	202	168	176
Miscellaneous taxes	36	25	55	28	35	36	42	47	51	56
Unrestricted grants and contributions	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971
Investment earnings	1,189	866	539	89	83	48	53	25	24	95
Miscellaneous	371	249	338	1,398	214	631	375	553	398	364
Transfers	400	-	-	-	-	-	-	(400)	-	-
Total governmental activities	20,187	20,417	22,486	22,965	22,483	24,629	27,242	28,791	31,006	33,091
Business-type activities										
Investment earnings	1,674	1,988	917	187	177	93	115	51	71	133
Miscellaneous	27	22	1	-	-	-	5	28	10	54
Transfers	(400)	-	-	-	-	-	-	400	-	-
Total business-type activities	1,301	2,010	918	187	177	93	120	479	81	187
Total primary government	\$ 21,488	\$ 22,427	\$ 23,404	\$ 23,152	\$ 22,660	\$ 24,722	\$ 27,362	\$ 29,270	\$ 31,087	\$ 33,278
<b>Change in Net Position</b>										
Governmental activities	\$ 10,721	\$ 5,973	\$ 2,662	\$ 1,226	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285	\$ 39,119
Business-type activities	16,922	11,055	4,864	3,468	5,285	7,362	5,950	11,278	13,481	31,317
Total primary government	\$ 27,643	\$ 17,028	\$ 7,526	\$ 4,694	\$ 4,882	\$ 13,265	\$ 9,609	\$ 16,942	\$ 35,766	\$ 70,436

Notes

<sup>(1)</sup> Merger with Apex EMS completed March 2010.

**TOWN OF APEX, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
 (Modified Accrual Basis of Accounting)

**Table 3**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Licenses</u>	<u>Beer &amp; Wine Tax</u>	<u>Total</u>
2007	11,022,980	5,397,563	1,474,512	125,878	122,979	18,143,912
2008	11,690,092	5,704,460	1,597,107	129,565	133,014	19,254,238
2009	14,247,333	5,099,936	1,796,991	133,842	134,653	21,412,755
2010	14,484,023	4,842,500	1,886,159	134,137	44,581	21,391,400
2011	14,728,071	5,189,227	1,682,919	136,292	142,249	21,878,758
2012	15,094,213	6,292,886	1,962,575	143,276	163,556	23,656,506
2013	17,818,627	6,664,708	1,811,003	147,239	156,234	26,597,811
2014	19,041,293	7,218,751	1,839,512	210,725	173,957	28,484,238
2015	19,577,741	7,959,043	2,471,056	176,038	195,186	30,379,064
2016	20,708,708	8,752,692	2,567,708	179,814	187,787	32,396,709

**TOWN OF APEX, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)  
 (000's omitted)

**Table 4**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>(1)</sup>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 5,675	\$ 2,982	\$ 2,848	\$ 2,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,967	11,846	15,488	12,213	-	-	-	-	-	-
Nonspendable	-	-	-	-	80	80	111	101	142	166
Restricted	-	-	-	-	3,046	4,379	4,154	5,877	5,377	7,179
Committed	-	-	-	-	-	-	-	-	-	677
Assigned	-	-	-	-	620	1,533	1,538	1,500	1,012	1,826
Unassigned	-	-	-	-	12,623	11,608	13,983	14,299	15,190	15,467
Total General Fund	\$ 14,642	\$ 14,828	\$ 18,336	\$ 15,172	\$ 16,369	\$ 17,600	\$ 19,786	\$ 21,777	\$ 21,721	\$ 25,315
All other governmental funds										
Reserved	\$ 619	\$ 663	\$ 686	\$ 702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in;										
Special revenue funds	418	557	591	552	-	-	-	-	-	-
Capital project funds	6,274	3,041	10,395	6,790	-	-	-	-	-	-
Permanent funds	305	348	370	374	-	-	-	-	-	-
Nonspendable	-	-	-	-	714	718	716	717	713	712
Restricted	-	-	-	-	-	-	-	759	-	2,595
Committed	-	-	-	-	4,068	2,205	5,727	1,920	3,509	3,999
Assigned	-	-	-	-	696	1,114	2,749	3,138	2,934	2,833
Unassigned	-	-	-	-	-	(31)	-	-	-	-
Total all other governmental funds	\$ 7,616	\$ 4,609	\$ 12,042	\$ 8,418	\$ 5,478	\$ 4,006	\$ 9,192	\$ 6,534	\$ 7,156	\$ 10,139

Notes:

<sup>(1)</sup> Beginning fiscal year 2011, fund balance has been reclassified based on GASB 54 guidelines.

**TOWN OF APEX, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(000's omitted)**

Table 5

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 11,023	\$ 11,690	\$ 14,247	\$ 14,484	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577	\$ 20,709
Other taxes and licenses	5,559	5,870	5,269	5,004	5,358	6,473	6,854	7,477	8,186	8,989
Unrestricted intergovernmental	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971
Restricted intergovernmental	1,771	2,314	1,717	2,141	2,221	3,667	4,280	3,285	4,341	3,555
Permits and fees	1,541	1,601	803	886	1,410	1,746	2,515	3,078	4,652	5,945
Sales and services	2,997	3,074	3,117	3,192	3,957	3,055	3,211	3,410	3,691	3,874
Investment earnings	1,189	866	538	89	73	38	32	25	24	95
Miscellaneous	376	315	349	1,568	221	648	425	585	413	397
Total revenues	\$ 26,061	\$ 27,461	\$ 28,115	\$ 29,360	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743	\$ 46,535
<b>Expenditures</b>										
General government	\$ 6,519	\$ 7,059	\$ 7,034	\$ 6,551	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251	\$ 8,864
Public safety	8,404	8,814	9,804	10,156	11,202	11,676	12,757	13,462	14,487	15,534
Public works	1,941	2,492	1,994	1,569	1,872	2,255	2,460	1,692	3,578	2,593
Environmental protection	2,654	2,883	3,025	2,933	2,987	3,137	3,177	3,426	3,680	3,887
Cultural and recreation	1,972	2,535	3,006	2,716	2,675	2,792	2,999	3,323	3,555	3,682
Capital projects	5,135	7,950	8,700	6,602	3,989	4,636	5,532	6,855	8,718	6,928
Debt Service										
Principal	721	695	1,275	1,635	1,652	1,655	1,809	2,134	2,134	2,667
Interest	498	461	815	1,087	1,040	835	882	816	732	817
Bond issuance costs	-	-	-	-	-	-	139	-	-	-
Total expenditures	\$ 27,844	\$ 32,889	\$ 35,653	\$ 33,249	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135	\$ 44,972
Excess of revenues over (under) expenditures	(1,783)	(5,428)	(7,538)	(3,889)	(1,855)	(742)	558	(267)	(1,392)	1,563
<b>Other financing sources (uses)</b>										
Issuance of debt	400	2,500	18,570	-	8,302	502	5,000	-	2,226	4,500
Payment to refund debt	-	-	-	(2,900)	(8,190)	-	(4,903)	-	(6,421)	-
Bonds issued	-	-	-	-	-	-	6,000	-	6,424	-
Premium on bond issuance	-	-	123	-	-	-	267	-	-	-
Bond issuance costs	-	-	(214)	-	-	-	-	-	-	-
Transfers in	6,375	860	380	2,163	331	780	548	-	-	3,729
Transfers out	(5,975)	(860)	(380)	(2,163)	(331)	(780)	(548)	(400)	-	(3,804)
Total other financing sources (uses)	800	2,500	18,480	(2,900)	112	502	6,364	(400)	2,229	4,425
Net change in fund balances	\$ (983)	\$ (2,928)	\$ 10,942	\$ (6,789)	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)	\$ 837	\$ 5,988
Debt service as a percentage of noncapital expenditures	5.9%	4.9%	8.1%	10.2%	9.6%	8.5%	9.1%	9.1%	7.9%	9.6%

**TOWN OF APEX, NORTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Table 6

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Public Service Property</b>	<b>Motor Vehicles</b>	<b>Other Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Tax Rate per \$100 Assessed Value</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2007	2,300,207,649	29,534,671	293,617,062	129,507,830	2,752,867,212	.40	3,350,921,200	82.2%
2008	2,428,633,301	26,515,529	302,899,046	157,921,874	2,915,969,750	.40	3,790,153,428	76.9%
2009	3,707,876,267	27,617,055	299,181,894	152,538,313	4,187,213,529	.34	4,113,056,003	101.8%
2010	3,753,659,201	28,803,053	289,511,177	156,402,451	4,228,375,882	.34	4,153,302,698	101.8%
2011	3,822,880,479	28,566,184	293,770,882	169,973,631	4,315,191,176	.34	4,146,984,435	104.1%
2012	3,895,366,651	28,331,495	314,564,526	176,398,505	4,414,661,177	.34	4,194,168,725	105.3%
2013	3,993,835,605	28,357,179	351,764,850	197,998,753	4,571,956,387	.39	4,345,890,221	105.2%
2014	4,134,621,000	27,413,463	484,815,641	193,348,102	4,840,198,206	.39	4,621,102,309	104.7%
2015	4,373,110,017	27,414,807	418,989,744	174,630,304	4,994,144,872	.39	5,176,357,789	96.5%
2016	4,587,815,785	35,243,115	462,157,692	196,820,588	5,282,037,180	.39	5,330,064,454	99.1%

**TOWN OF APEX, NORTH CAROLINA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
 June 30, 2016

**Table 7**

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2007	.40	.634	1.034
2008	.40	.678	1.078
2009	.34 <sup>(1)</sup>	.534	.874
2010	.34	.534	.874
2011	.34	.534	.874
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.578	.968
2015	.39	.6145	1.005
2016	.39	.6005	.991

**Notes:**

<sup>(1)</sup> A revaluation of all property is required every eight (8) years by State Statute. Revaluation occurred in 2009.

**TOWN OF APEX, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
June 30, 2016

**Table 8**

Fiscal Year Ended	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	June 30 (Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Levy
2007	11,024,056	(14,678)	11,009,378	10,872,178	98.8	126,006	10,998,184	99.9
2008	11,702,097	(30,447)	11,671,650	11,535,980	98.8	122,223	11,658,203	99.9
2009	14,246,248	(19,039)	14,227,209	14,096,582	99.1	111,957	14,208,539	99.9
2010	14,471,733	(10,914)	14,460,819	14,349,613	99.2	100,080	14,449,693	99.9
2011	14,724,826	(6,227)	14,718,599	14,598,651	99.2	109,668	14,708,319	99.9
2012	15,080,217	(4,120)	15,076,097	14,950,665	99.2	94,130	15,044,795	99.8
2013	17,819,954	(5,259)	17,814,695	17,681,021	99.2	121,500	17,802,521	99.9
2014	18,937,765	(1,064)	18,936,701	18,869,293	99.6	48,118	18,917,411	99.6
2015	19,525,453	(5,757)	19,519,696	19,482,708	99.8	23,140	19,505,848	99.9
2016	20,668,145	-	20,668,145	20,645,326	99.9	-	20,645,326	99.9

**TOWN OF APEX, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS AND ELECTRIC RATEPAYERS**  
**Current Year and Nine Years Ago**

**Table 9**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDR 1st Carolina	\$ 72,514,343	1	1.37%			
CSP Community Owner LLC	63,317,954	2	1.20			
TRT DDR Beaver Creek	34,994,051	3	0.66			
EMC Corporation	31,367,920	4	0.59			
Enterprise Propane Terminals	31,335,556	5	0.59	\$ 37,306,935	2	1.36%
HH Trinity Apex Investments LLC	27,768,772	6	0.53			
Village at Broadstone Station LLC	26,676,523	7	0.51			
CRLP Creekside Hills Drive LLC	25,275,498	8	0.48			
Lake Cameron LLC	23,755,976	9	0.45			
BELL HNW Exchange Apex LLC	21,694,373	10	0.41			
Summit Properties				58,260,663	1	2.12
MP North Carolina LP				20,759,255	3	0.75
Cooper Industries				18,422,326	4	0.67
CFK Apex Land Co LLC				17,068,096	5	0.62
Beaver Creek Section I & II				15,959,421	6	0.58
Target Corporation				12,812,252	7	0.47
Public Service Co. of NC Inc.				11,481,889	8	0.42
Tipper Tie, Inc				11,111,079	9	0.40
JDN Real Estate Apex LP				10,608,798	10	0.39
Totals	\$ 358,700,966			\$ 213,790,714		
Total Assessed Valuation =	\$ 5,282,037,180			\$ 2,752,867,512		

**TOWN OF APEX, NORTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS AND ELECTRIC RATEPAYERS  
Current Year and Nine Years Ago**

Electric Ratepayer	2016				2007			
	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges
Wake County Public Schools	9,296,887	\$ 950,864	1	3.14	5,752,920	\$ 607,018	1	2.86%
Town of Cary	15,112,400	845,181	2	2.79				
Target Corporation	4,115,880	226,183	3	0.75	4,541,400	178,801	7	0.84%
Harris Teeter	2,652,200	210,854	4	0.70	2,891,800	212,315	4	1.00%
Lowe's Home Improvement	2,569,040	200,979	5	0.66	2,600,560	109,765	9	0.52%
Food Lion	3,222,600	196,601	6	0.65	3,198,960	240,667	3	1.13%
Wake Med Property Services	2,216,960	178,706	7	0.59				
Lowes Foods	2,676,480	161,667	8	0.53	3,604,480	249,202	2	1.17%
Kroger	2,470,080	161,239	9	0.53	2,731,840	205,493	5	0.97%
Home Depot	1,600,400	116,865	10	0.39	2,216,080	180,449	6	0.85%
Apex Cinema					1,140,480	101,393	10	0.48%
St Mary Magdalene School					1,155,680	113,646	8	0.54%
Totals		\$ 3,249,139				\$ 2,198,749		
Total Sales of Electricity =		\$ 30,327,658				\$ 21,216,093		

**TOWN OF APEX, NORTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

**Table 10**

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita
	General Obligation Bonds	Installment Financings	General Obligation Bonds	Installment Financings	Revenue Bonds			
2007	10,775,000	60,000	2,400,083	1,159,825	-	14,394,908	1.1	436
2008	12,527,800	40,000	1,771,481	1,096,305	-	15,435,586	1.1	451
2009	21,114,167	8,665,000	1,058,678	1,038,605	7,300,000	39,176,450	2.5	1,123
2010	17,061,476	8,190,000	486,315	980,904	6,925,000	33,643,695	2.4	953
2011	15,903,785	7,815,000	30,000	1,278,264	6,442,250	31,469,299	2.5	824
2012	14,761,094	7,811,652	35,614,283	12,109,011	6,133,000	76,429,040	5.8	1,939
2013	20,518,562	7,143,146	36,778,577	18,417,633	5,716,000	88,573,918	6.2	2,162
2014	19,002,695	6,474,495	36,019,342	18,181,169	5,284,000	84,961,721	-	2,074
2015	17,516,827	8,122,600	35,260,105	24,628,745	4,836,000	90,364,277	-	1,994
2016	16,030,960	11,390,520	34,500,869	23,945,875	4,372,000	90,240,224	-	1,899

Notes:

(1) See Table 14 for personal income data

**TOWN OF APEX, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

**Table 11**

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2007	13,175,083	0.39%	398
2008	14,299,281	0.38%	416
2009	22,172,845	0.47%	635
2010	17,547,791	0.43%	497
2011	15,933,785	0.37%	417
2012	50,375,377	1.20%	1,278
2013	57,297,139	1.32%	1,399
2014	55,022,037	1.19%	1,282
2015	52,776,932	1.02%	1,165
2016	50,531,829	0.95%	1,063

Notes:

<sup>(1)</sup> See Table 6 for estimated taxable values of property.

<sup>(2)</sup> See Table 14 for estimated population data.

**TOWN OF APEX, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT**  
**As of June 30, 2016**

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County Wake County General Obligation Bonds	\$ 1,812,535,000	4.00%	\$ 72,501,400
Town of Apex governmental activities debt			<u>27,421,480</u>
Total direct and overlapping debt			<u><u>\$ 99,922,880</u></u>

Notes:

<sup>(1)</sup> Percentage based on total assessed property values.

<sup>(2)</sup> Excludes bonded debt for business-type activities.

**TOWN OF APEX, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
(Amounts in Thousands, Except Current Year Calculation)

Table 13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 220,229	\$ 233,278	\$ 331,601	\$ 338,270	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531	\$ 422,562
Total net debt applicable to limit	\$ 10,835	\$ 12,640	\$ 27,035	\$ 25,400	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477	\$ 25,639	\$ 27,421
Legal debt margin	\$ 209,394	\$ 220,638	\$ 304,566	\$ 312,870	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739	\$ 373,892	\$ 395,141
Total net debt applicable to the limit as a percentage of debt limit	4.92%	5.42%	8.15%	7.51%	6.91%	6.43%	7.38%	6.58%	6.42%	6.49%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value	<u>\$ 5,282,037,180</u>
Debt limit - 8% of assessed value	422,562,974
Total debt applicable to limit	<u>27,421,480</u>
Legal debt margin	<u>\$ 395,141,494</u>

**TOWN OF APEX, NORTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

**Table 14**

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	33,129	1,280,370	38,648	2.9
2008	34,389	1,392,651	40,497	3.5
2009	34,891	1,434,160	41,104	6.9
2010	35,288	1,416,659	38,931	6.8
2011	38,180	1,266,507	33,172	6.3
2012	39,412	1,321,445	33,529	5.8
2013	40,970	1,465,538	35,771	5.4
2014	42,920	1,570,597	36,594	5.1
2015	45,317	-	-	4.0
2016	47,525	-	-	3.5

Notes:

- (1) Town of Apex Planning Department.
- (2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis and US Census Bureau. Information for 2015 and 2016 not available.
- (3) North Carolina Department of Commerce - Department of Employment Security.

**TOWN OF APEX, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
 Current Year and Nine Years Ago

**Table 15**

Taxpayer	2016			2007		
	Estimated Number of Employees (1)	Rank	Percentage of Total Town Employment	Estimated Number of Employees (1)	Rank	Percentage of Total Town Employment
Wake County Public Schools	1709	1	7.26%	900	1	5.60%
EMC Corp. (Data General)	600	2	2.55%	491	2	3.05%
Town of Apex	397	3	1.69%	252	4	1.57%
Apex Tool Group	396	4	1.68%	400	3	2.49%
Target	250	5	1.06%			
ATI Industrial Automation	235	6	1.00%			
Walmart	150	7	0.64%			
Lowes Home Improvement	150	8	0.64%			
Bland Landscaping	136	9	0.58%	150	6	0.93%
Tipper Tie, Inc.	122	10	0.52%	135	9	0.84%
NC Department of Corrections				145	7	0.90%
Morton Metalcraft Co. of NC				172	5	1.07%
Bespak, Inc.				140	8	0.87%
Henry Wurst, Inc.				130	10	0.81%
<b>Totals</b>	<b>4,145</b>			<b>2,915</b>		
<b>Total Employed in Apex (2)</b>	<b>23,533</b>			<b>16,079</b>		

Notes:

- (1) Estimated employees by taxpayer based on Town of Apex, Economic Development and employer verification - Town's Finance Department.
- (2) Total employed in Apex from Employment Security Commission "Local Area Unemployment Statistics" or LAUS.

**TOWN OF APEX, NORTH CAROLINA**  
**EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT <sup>(1) (2)</sup>**  
**Last Ten Fiscal Years**  
 June 30, 2016

**Table 16**

Fiscal Year	Admin- istration	Planning	Public Safety <sup>(3)</sup>	Streets	Public Works	Parks & Recreation
2007	31	11	97	6	4	14
2008	33	12	101	7	4	17
2009	36	12	111	8	4	19
2010	36	12	136	8	4	19
2011	37	12	136	8	4	20
2012	37	12	140	9	2	20
2013	38	12	148	10	2	21
2014	39	15	147	10	2	24
2015	40	16	156	11	5	24
2016	41	16	158	11	5	24

Notes:

<sup>(1)</sup> Permanent employees only, does not include temporary or seasonal employees.

<sup>(2)</sup> As of June 30th of each year.

<sup>(3)</sup> Employees of Apex EMS included in 2010.

Fleet & Facilities	Environmental Protection	Water/Sewer	Electric	Construction Management	Year Total
7	14	26	22	21	253
7	15	29	23	23	271
7	16	32	24	22	291
7	16	32	24	21	315
7	16	31	25	20	316
7	16	32	27	21	323
7	16	34	29	22	339
8	16	35	29	23	348
8	17	34	28	24	363
8	17	34	28	24	366

**TOWN OF APEX, NORTH CAROLINA  
OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years**

Table 17

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Physical arrests	874	1,047	843	925	746	639	758	516	504	464
Parking violations	35	46	144	77	124	216	193	215	235	256
Traffic violations	4,848	7,701	7,864	8,137	8,004	5,882	5,787	7,074	6,047	6,904
<b>Fire</b>										
Number of calls answered	2,083	2,053	2,007	2,211	2,433	2,214	2,567	2,635	2,881	2,822
<b>Highways and streets</b>										
Street resurfacing (miles)	0	0	2.9	0	0.9	3.8	8.6	0	9.9	0.0
<b>Environmental Protection</b>										
Number of households served	10,606	10,898	10,983	11,254	11,432	11,717	12,036	12,476	13,689	14,604
Solid waste collected (tons/day)	30.01	36.49	35.03	34.77	31.73	28.71	29.77	27.06	30.62	32.68
Recyclables collected (tons/day)	7.28	5.73	7.26	8.03	9.98	7.47	7.62	8.53	9.91	11.03
Mulching and composting (tons/day)	11.88	10.83	13.83	14.19	13.55	15.16	17.01	15.71	16.80	17.92
<b>Cultural and recreation</b>										
Number of program/activity participants	98,116	68,634	67,575	51,139	40,919	42,731	68,823	84,927	86,407	87,305
<b>Water</b>										
Number of customers	11,415	12,173	13,021	13,058	13,251	13,587	14,042	14,103	14,770	15,459
Average daily consumption (millions of gallons)	2.92	2.84	2.83	2.98	2.86	2.95	2.81	3.08	3.3	3.37
<b>Wastewater</b>										
Number of customers	11,397	12,012	12,607	12,616	12,771	13,071	13,240	13,840	14,485	15,207
Average daily sewage treatment (millions of gallons)	2.39	2.20	2.43	2.49	2.26	2.32	2.72	2.78	2.68	2.79
<b>Electric</b>										
Number of customers	12,180	13,441	13,964	13,952	14,109	14,540	15,389	16,016	16,682	17,314
Average daily consumption (kilowatt-hours)	613,889	708,380	700,674	773,613	710,423	765,975	744,098	780,614	833,966	846,098

Source: Town of Apex - Finance, Police, Fire, Parks & Recreation, and Public Works departments

**TOWN OF APEX, NORTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
Last Ten Fiscal Years**

**Table 18**

<u>Function</u>	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	39	40	40	45	47	50	49	80	80
K-9 Units	0	0	0	0	0	0	0	0	1	1
Fire stations	3	3	3	4	4	4	4	4	4	4
Streets										
Streets (miles)	111.37	115.8	118.7	120.69	122.29	127.12	129.15	132.37	140.04	151.04
Streetlights	2,062	2,189	2,311	2,325	2,465	2,582	2,582	2,713	2,775	2,846
Parks and Recreation										
Parks acreage	419.61	419.61	430.18	452.51	452.51	452.51	452.51	452.51	544.51	544.51
Parks	9	9	9	9	9	9	9	9	10	10
Tennis courts (Adult & Youth)	8	8	8	8	8	8	8	8	20	20
Community centers	1	1	1	1	1	1	1	1	1	1
Cultural Arts Center	0	0	1	1	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	148	150	155	165	170	170	182	194	207	215
Maximum daily treatment capacity (millions of gallons)	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Electric										
Number of delivery points (substations)	2	2	2	3	3	3	3	3	3	3
Miles of service lines <sup>(1)</sup>	244	257	276	279	315	355	355	537	554	569
Sewer										
Sanitary sewer lines (miles)	175	173	175	175	186.5	189	189	189	207	239
Maximum daily treatment capacity (millions of gallons)	4.6	4.6	4.6	4.6	4.6	3.8	4.8	5.9	4.7	5.3

Sources:

Town of Apex - Finance, Police, Fire, Parks and Recreation, and Public Works departments.

Notes:

<sup>(1)</sup> Beginning 2014, information based on current GIS records.

**THIS PAGE INTENTIONALLY**

**LEFT BLANK**

## **COMPLIANCE SECTION**



**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apex, North Carolina, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprises the Town of Apex's basic financial statements and have issued our report thereon dated October 21, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Apex'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Apex'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (Item 2016 – 1).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Apex's financial statements are free of 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

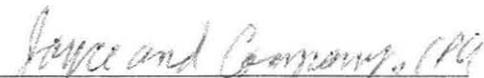
effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Town of Apex's Response to Findings**

The Town of Apex's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result 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.

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 21, 2016

**Report on Compliance for the Major Federal Programs;  
Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Apex, North Carolina

**Report on Compliance for the Major Federal Programs**

We have audited the Town of Apex, North Carolina, 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 the Town of Apex's major federal programs for the year ended June 30, 2016. The Town of Apex's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Apex's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Apex's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on the Major Federal Programs**

In our opinion, the Town of Apex complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

### Report on Internal Control Over Compliance

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

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

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

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

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 21, 2016

104 Brady Court, Cary, North Carolina 27511  
Phone 919-466-0946 Fax 919-466-0947

**Report on Compliance for the Major State Program;  
Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

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

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

We have audited the Town of Apex, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Apex's major state program for the year ended June 30, 2016. The Town of Apex's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Apex's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Apex's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on the Major State Program**

In our opinion, the Town of Apex complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

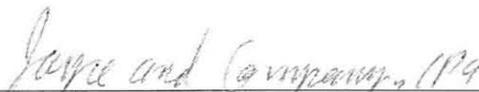
Management of the Town of Apex is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and

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

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

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

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

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 21, 2016

Town of Apex, North Carolina  
**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2016

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency (s) identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ none reported

Noncompliance material to financial statement noted \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major federal program:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency (s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major state program: Unmodified

Identification of major federal programs: U.S. Environmental Protection Agency  
 Capitalization Grant for State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee: \_\_\_\_\_ yes  X  no

**State Awards**

Internal control over major state program:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency (s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major state program: Unmodified

Identification of major state program: Powell Bill

**Section II. Financial Statement Findings**

**Item 2016-1** **Purchase Orders and Accounts Payable**  
**Significant Deficiency**

Criteria Town has a formal Purchasing Policy to provide reasonable assurance that purchase orders, payment requisitions and purchase approval are handled appropriately.

Condition Instances of invoices and/or delivery dates of goods received by Town dated prior to purchase orders. In capital projects, instances were noted where the contract amount exceeded the Purchase Order

amount or the Purchase Order was changed after the higher bill was received or another Purchase Order was issued for the additional charges but dated after the invoice date.

Effect Financial statements could be materially misstated and not be detected and corrected.

Cause Lack of review and lack of enforcement of Town Purchasing Policy.

Recommendation Strict enforcement of Town approved policies and procedures and timely review.

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

### Section III. Federal Award Findings and Questioned Costs

None reported

### Section IV. State Award Findings and Questioned Costs

None reported

**TOWN OF APEX**  
**SUMMARY SCHEDULE OF PRIOR AUDIT ITEMS**  
For the year ended June 30, 2016

**Item 2013 – 1**

Lack of timely and proper approval of purchases

Status: This has not been fully corrected

**Item 2013 – 2**

Lack of proper approval of credit card purchases

Status: Corrected

**Item 2014-1**

Purchase orders dated after service dates

Status: This has not been fully corrected

**Item 2015 – 1**

Lack of timely and proper approval of purchases

Status: This has not been fully corrected

**Item 2015 – 2**

Recording grant activity and grant accounts receivable

Status: Corrected

**TOWN OF APEX, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the fiscal year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
<b>FEDERAL GRANTS:</b>						
<u>US Department of Transportation</u>						
Passed through NC Department of Transportation						
Highway Planning and Construction	20.205.1CL	WBS Element 41821.3.37	\$ 6,462	\$ -	\$ -	2,272
Highway Planning and Construction	20.205.1CL	WBS Element 44111.3.FD7	20,414	-	-	6,131
Highway Planning and Construction	20.205.1CL	WBS Element 42379.3.F28	257,075	-	-	88,102
Highway Planning and Construction	20.205.1CL	WBS Element 44112.1.FD1	52,366	-	-	22,444
Highway Planning and Construction	20.205.1CL	WBS Element 42379.1.FD31	51,866	-	-	12,966
Highway Planning and Construction	20.205.1CL	WBS Element 42379.1.FR30	54,366	-	-	17,992
Total Highway Planning and Construction			<u>442,549</u>	<u>-</u>	<u>-</u>	<u>149,907</u>
<u>US Environmental Protection Agency</u>						
Passed through NC Department of Environment & Natural Resources-Division of Water Quality						
Capitalization Grants for State Revolving Funds	66.458	E-SRF-T-10-0257	17,500,000	-	-	-
Capitalization Grants for State Revolving Funds	66.458	H-LRX-R-DW-1758FP	665,276	-	-	-
Total Capitalization Grants			<u>18,165,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>US Department of Justice</u>						
Passed through NC Department of Public Safety						
ARRA - Violence Against Women Formula Grant	16.588	2014-WF-AX-0015	37,242	-	-	8,549
Total assistance-federal programs			<u>18,645,067</u>	<u>-</u>	<u>-</u>	<u>158,456</u>
<b>STATE GRANTS:</b>						
<u>NC Department of Transportation</u>						
Powell Bill Fund	N/A	N/A	-	1,007,006	-	-
Total assistance			<u>\$ 18,645,067</u>	<u>\$ 1,007,006</u>	<u>\$ -</u>	<u>\$ 158,456</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

**Basis of Presentation** - The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Apex under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Apex, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Apex.

**Summary of Significant Accounting Policies** - The accompanying schedule of expenditures of federal and state awards is presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Apex has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Capitalization grants for state revolving loan funds** - These funds are included in the Schedule of Expenditures of Federal and State awards because the loan proceeds are federal funds for purposes of the single audit. These loans relate to the Western Wake Regional Waste Water Facility (WWRWF) and the Cary Apex Water Treatment Plant (CAWTP). The activity and balances for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Ending Balance
WWRWF Loan	\$ 16,625,000	\$ 875,000	\$ 17,500,000
CAWTP Loan	666,276	-	665,276
Total	<u>\$ 17,291,276</u>	<u>\$ 875,000</u>	<u>\$ 18,165,276</u>



