

TOWN OF APEX
NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED JUNE 30, 2017

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**Town of Apex, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017**

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INTRODUCTORY SECTION



October 27, 2017

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, 2017. 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, 2017. 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 49,541 and a land area of 21.53 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

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 and inspection fees were up approximately 43% over the preceding year. The Town issued 1,332 permits for new residential construction this year, an increase of 450 permits or 51% from the previous year, and the total construction value for those permits was up 49.3%. Commercial construction fell slightly. The Town issued 24 commercial building permits, 9 less than the previous year, and the total value of those permits fell from \$43.9 million to \$29.1 million. Overall, new construction (residential and commercial) totaled 1,356 permits with a value of \$ 307 million, compared with 915 and \$230.1 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 2007, total ad valorem tax revenue was \$10.5 million as compared to \$23 million in 2017. The 2017 fiscal year tax rate was less, at .38 cents per \$100, as compared to .40 cents this time 10 years ago but our tax revenue has more than 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, 2017 was nearly \$6.5 billion compared to \$2.8 billion ten years earlier.

Other economically sensitive revenues were also strong. Sales tax collections increased by 6.8% and other state collected local revenues continued to increase. Within all major revenue categories, compared to 2007 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 more than doubled. Much of this increase is understandable, as the Town's population has

grown 49.5% 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 2007 to \$17.2 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 November the Town will ask voters to authorize the Town to issue up to \$48 million of general obligation bonds for parks and recreation 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 2015 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, 2017, the Town's unassigned fund balance was \$19.4 million, or roughly 40% 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, street and sidewalk improvements and electric utility projects.

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, 2016. This was the twenty third 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, 2016

Executive Director/CEO



ELECTED OFFICIALS

MAYOR:	R. LANCE OLIVE
MAYOR PRO TEM:	NICOLE L. DOZIER
COUNCIL MEMBERS:	WILLIAM S. JENSEN
	WESLEY M. MOYER
	EUGENE J. SCHULZE
	DENISE C. WILKIE



APPOINTED OFFICIALS

Drew Havens
Town Manager

Laurie Hohe
Town Attorney

ADMINISTRATIVE STAFF

Shawn Purvis
Assistant Town Manager

David Hughes
Assistant Town Manager

Donna Hosch
Town Clerk

Eleanor Green
Director of Human Resources

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

Erika Sacco
Director of Information
Technology

Rudy Baker
Director of Inspections
and Permits

Dianne Khin
Director of Planning

John W. Letteney
Chief of Police

Keith M. McGee
Fire Chief

Randall L. Heath
EMS Chief

Vance Holloman
Director of Finance

Marty Mitchell
Director of Facilities
and Fleet Services

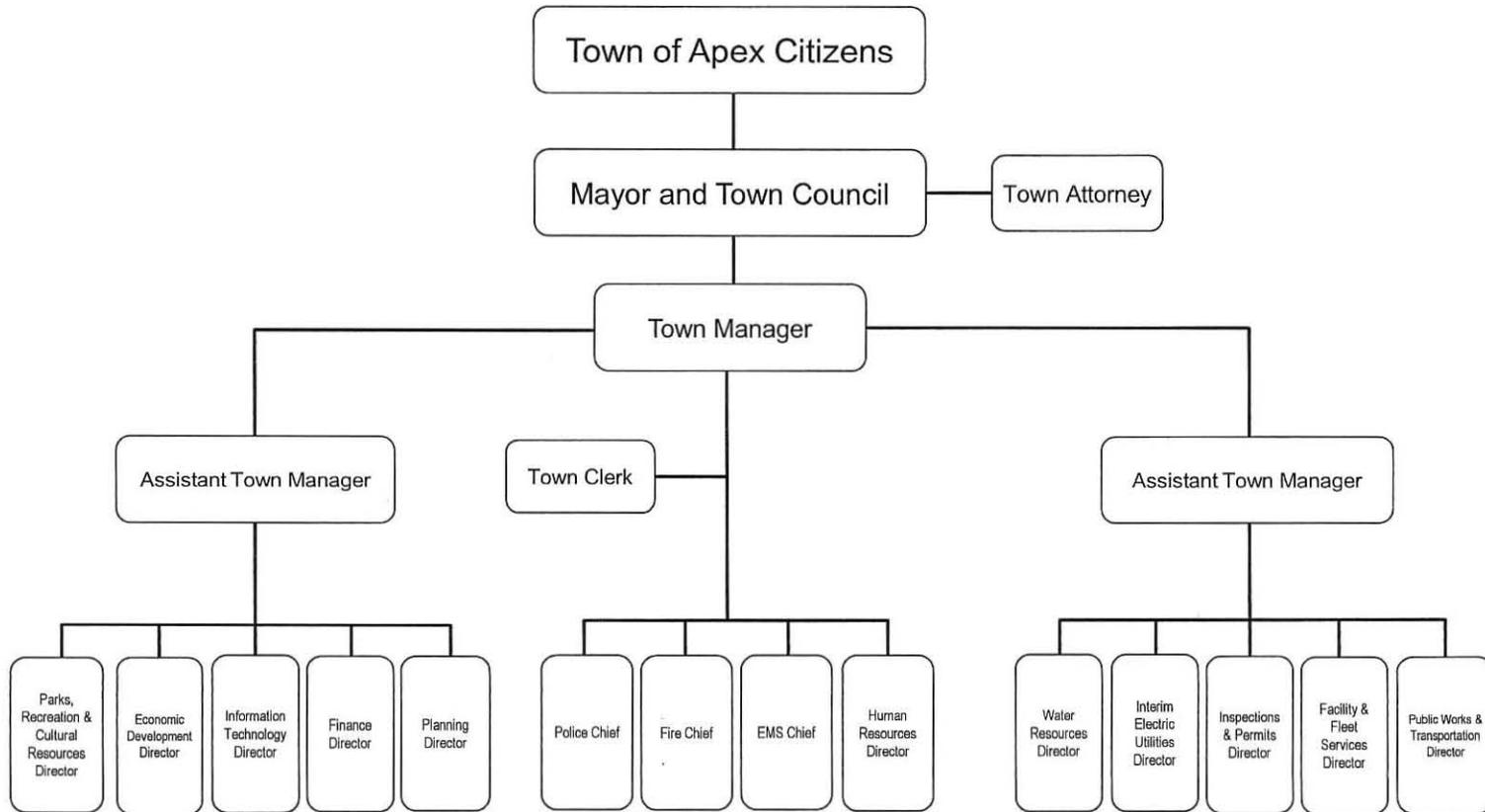
Joanna Helms
Director of Economic
Development

Jose Martinez
Director of Public Works
and Transportation

Marty Stone
Director of Utility Engineering
and Water Resources

(Vacant)
Director of Electric Utilities

Town of Apex Organizational Chart



FINANCIAL SECTION

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, 2017, 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, 2017, 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 Other Postemployment Benefits' Schedules of Funding Progress and Schedule of Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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.

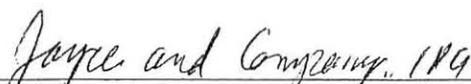
Supplementary and Other Information

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 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 the 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 27, 2017 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 27, 2017

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, 2017. 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 and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by approximately \$577 million (*net position*). Of this amount, \$67.2 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 \$121.1 million from the prior year. Of that amount \$94.6 million resulted from governmental activities and \$26.5 million resulted from business-type activities. Approximately \$110.4 million of street related and utility infrastructure was donated by developers with a value of \$91.8 million for street and sidewalk related infrastructure and \$18.6 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 \$39.2 million, an increase of \$3.8 million compared to the prior year. The total fund balance in the General Fund increased \$2.5 million while the total fund balance in other governmental funds increased \$1.3 million primarily due to continuing street projects and recreation fees.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$19.4 million, or 41.5% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt decreased by \$6 million during the current fiscal year due to the payment of principal and amortization of premium. The town added no new debt during the fiscal year.

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 8) 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 32-62 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 under GASB Statement 73, retiree health insurance under GASB Statement 45 and pension benefits to its employees through the Local Government Employees' Retirement System. Required supplementary information can be found on pages 63-68 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 \$94.6 million to \$325 million during the year while business-type net assets increased by \$26.5 million to \$252 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$44.3	\$39.3	\$60.3	\$54.6	\$104.6	\$93.9
Capital Assets	323.2	233.2	262.6	244.0	585.8	477.2
Total Assets	367.5	272.5	322.9	298.6	690.4	571.1
Deferred Outflows	5.5	1.1	1.7	0.4	7.2	1.5
Long-Term Liabilities	38.3	32.0	62.1	63.2	100.4	95.2
Other Liabilities	9.2	8.6	10.3	10.0	19.5	18.6
Total Liabilities	47.5	40.6	72.4	73.2	119.9	113.8
Deferred Inflows	0.5	0.8	0.1	0.2	0.6	1.0
Net Position:						
Net Investment in Capital Assets	298.9	208.4	202.6	181.2	501.5	389.6
Restricted	8.3	10.4	-	-	8.3	10.4
Unrestricted	17.8	13.4	49.5	44.4	67.3	57.8
Total Net Position	\$325.0	\$232.2	\$252.1	\$225.6	\$577.1	\$457.8

As is the case for many entities, the largest portion of the Town's net position (\$501.5 million or 86.9%) is represented by its net 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 net investment in its capital assets is reduced by 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 \$110.4 million of street related and utility infrastructure assets were donated from developers, valued at \$91.8 million for street and sidewalk related infrastructure and \$18.6 million for utility infrastructure. Most of the remainder of the Town's net assets (\$67.3 million or 11.7%) 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 fiscal year. The Town recorded the beginning total pension liability and the effects on net position of benefit payments and administrative paid by the Town to the Law Enforcement Officers' Special Separation Allowance Fund to the General Fund as of the measurement date, December 31, 2016. As a result the beginning net position of the governmental activities decrease by \$1.85 million.

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

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$14.7	\$9.8	\$50.7	\$46.7	\$65.4	\$56.5
Operating Grants and Contributions	3.8	3.1	---	---	3.8	3.1
Capital Grants and Contributions	92.3	38.5	29.9	34.1	122.2	72.6
General Revenues:						
Property Taxes	23.0	20.7	---	---	23.0	20.7
Other Taxes	9.8	9.0	---	---	9.8	9.0
Investment Earnings	0.2	0.1	0.3	0.1	0.5	0.2
Other	3.4	3.2	---	0.1	3.4	3.3
Total Revenues	147.2	84.4	80.9	81.0	228.1	165.4
Expenses:						
General Government	10.1	9.9	---	---	10.1	9.9
Public Safety	19.6	16.6	---	---	19.6	16.6
Public Works	13.2	8.7	---	---	13.2	8.7
Environmental Protection	3.4	4.0	---	---	3.4	4.0
Cultural and Recreation	5.5	5.3	---	---	5.5	5.3
Interest on Long-Term Debt	0.8	0.8	---	---	0.8	0.8
Water and Sewer	---	---	20.1	18.5	20.1	18.5
Electric	---	---	34.2	31.2	34.2	31.2
Total Expenses	52.6	45.3	54.3	49.7	106.9	95.0
Change in Net Assets	94.6	39.1	26.6	31.3	121.2	70.4
Net Position - Beginning of year	232.2	192.5	225.5	194.2	457.7	386.7
Restatement GASB #68	-	0.6	-	-	-	0.6
Restatement GASB #73	(1.8)	-	-	-	(1.8)	-
Net Position - Beginning of year as restated	230.4	193.1	225.5	194.2	455.9	387.3
Net Position - End of year	\$325.0	\$232.2	\$252.1	\$225.5	\$577.1	\$457.7

Governmental activities: Revenues related to governmental activities increased \$62.8 million, or 74.4%. The great majority of this increase came from Capital Grants and Contributions which increased by \$53.8 million due to increased developer contributions. Charges for services increased by \$4.9 million due to increased inspection fees and increased recreation subdivision fees. Tax revenues also increased by \$2.3 million due to an increased tax base and adoption of a tax rate 1 cent above the revenue neutral rate. Total expenses were up by 16.1%. While most areas experiencing higher operating costs, the largest part of the increase can be traced to Public Works. Expenses increased \$4.5 million of the \$7.3 million total increase in expenses due to increased depreciation upon Town infrastructure and increased operating costs. The Town made no major changes to its service levels or additions of new services.

Business-type activities: Total business-type activity revenues changed very little during the fiscal year. Increases in charges for services of \$4 million or 8.5% were offset by a decrease of \$4.2 million in capital contributions and grants. This was due to a decrease of \$10.2 million in capital contributions of water and

sewer lines from developers that was offset in part by an increase of \$6 million in capital fees. The number of water and sewer customers and electric customers increased 11% and 9% respectively during the course of the fiscal year. There were no changes in water and sewer rates and electric rates. Spending for business-type activities increased \$4.6 million or 9.3%. The greatest changes being increases in depreciation expense for water and sewer operations and increased operating expenses due to customer growth.

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 \$19.4 million, while total fund balance increased to \$27.8 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, 2017, unassigned fund balance was 41.5% of the year's expenditures (compared to 38.2% last year), while total fund balance represents 59.4% of that same amount (62.5% in 2016).

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 \$5.5 million of fund balance for the 2016-17 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 \$2.5 million as a result of fiscal year operations. Total revenues were \$2.9 million more than the final budget, primarily because higher than expected revenues from property taxes, sales taxes, and building permits. In addition, total departmental expenditures ended the year \$4.8 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$39.2 million, an increase of \$3.8 million from the prior year. For nonmajor governmental funds revenues and financing sources increased by \$3.3 million due to increased subdivision recreation fees. During the year the Town spent \$3.4 million for public safety projects, \$1.3 million for streets projects and \$.2 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 or to increase appropriations that become necessary for capital projects or to expand services.

Overall, General Fund revenues increased by \$5.6 million from the prior year, an increase of 12.8%. This increase came from improvements in three major sources of revenue. Property taxes, sales taxes building permit and inspections fees increased by approximately \$2.3 million, .6 million and 1.4 million respectively due to growth of the Town. Also, grants from Wake County for Fire and EMS operations increased by .5 million. No major revenue sources decreased during the year.

General Fund expenditures rose by \$6.4 million, or 15.9%. The majority of the increase came in expenditures for Public Safety, Public Works and Cultural and Recreation. The major initiatives of note were increased operating costs and capital outlay across several areas.

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 \$8.8 million and \$40.6 million, respectively. The change in net position for the Electric Fund was an increase of \$2.1 million and an increase of \$24.4 million in the Water and Sewer Fund. The increase in the Water and Sewer Fund was due to capital contributions and fees.

In the Electric Fund, operating revenues increased by \$2.9 million or 8.7 % due to an increase in the number of customers. Operating expenses increased by \$3 million due to increased operating costs and power purchases resulting from an increase in the number of customers.

In the Water and Sewer Fund, operating revenues increased by \$1.1 million or 8%. Operating expenses increased by \$1.7 million or 10%. Increased revenue revenues and expenses were due to growth in the number of customers as well as an increase in depreciation expense. The Fund produced positive cash flow operations of \$5.4 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, 2017, totaled \$585.8 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 \$101.5 million,
- Electric distribution system improvements, additions, and other capital assets of \$3.9 million,
- Water and sewer system improvements, additions, and other capital assets of \$25.4 million.

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

Governmental Activities		Business-type Activities		Total	
2017	2016	2017	2016	2017	2016
\$64.7	\$52.1	\$43.7	\$34.9	\$108.4	\$87.0
12.0	7.2	21.4	45.0	33.4	52.2
76.7	59.3	65.1	79.9	141.8	139.2
41.4	41.1	15.1	15.1	56.5	56.2
6.3	6.1	3.6	3.5	9.9	9.6
10.2	8.6	4.1	3.8	14.3	12.4
307.6	226.9	282.1	238.9	589.7	465.8
365.5	282.7	304.9	261.3	670.4	544.0
(119.0)	(108.8)	(107.4)	(97.2)	(226.4)	(206.0)
246.5	173.9	197.5	164.1	444.0	338.0
\$323.2	\$233.2	\$262.6	\$244.0	\$585.8	\$477.2

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, 2017, the Town of Apex had total general obligation bonded debt outstanding of \$48.3 million, including \$1.9 million of deferred premium, electric revenue bonds outstanding of \$3.9 million, and installment purchase related debt of \$32.2 million. Of the general obligation bonds, \$32.2 million, including \$1.5 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 did not issue any debt. Debt of \$6 million was retired.

Town of Apex Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$14.6	\$16.0	\$33.7	\$34.5	\$48.3	\$50.5
Revenue Bonds	-	-	3.9	4.4	3.9	4.4
Installment Purchases	9.8	11.4	22.4	24.1	32.2	35.5
Total	\$ 24.4	\$ 27.4	\$ 60.0	\$ 63.0	\$ 84.4	\$ 90.4

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 \$457 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, 2017, Apex's population was estimated at 49,541. The residential construction was up over 49.3% for the fiscal year compared to the prior year based upon construction value. Construction activity remains strong in the area. The Town's current 2017-18 budget conservatively projects construction and development related revenues to be lower than the final figures for 2016-17 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 3.2% versus the statewide rate of 4.2% and the U.S. rate of 4.4%. 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, 2018

Governmental Funds: The General Fund's budget is \$51 million. The Town's tax base increased from \$5.9 billion at January 1, 2016 to \$6.45 billion at January 1, 2017 as a result of growth. The Town's tax rate remained at 38 cents per \$100. Revenues estimates for property taxes are 8.4% above the prior year budget. Most other revenues were estimated to continue at or slightly below the levels seen during 2016-17. Sales tax collected for the 2016-17 fiscal year were 6.8% higher than the prior year and the budget projects a 6.4% increase over that amount. There were modest changes in other charges and fees. The budget includes 22 new positions in the General Fund, 9 of those positions are in public safety and 8 are in public works. Total budgeted revenues were up 7% from the original 2016-17 budget to \$51 million. The adopted budget does not appropriate any fund balance.

Proprietary Funds: The Town expects continued growth in the number of customers. The Town adopted teared rates for water and sewer services. Rates for sewer service were increased 3% while the tiered rates for water services are expected to be revenue neutral. The Town also made adjustments to base and usage rates for electric services that are expected to be revenue neutral. Revenues in both funds are expected to grow modestly from the prior year. The budget for the Electric Fund is \$37.5 million which is a 7% increase from the original budget adopted in the prior year. The Water and Sewer Fund's budget is at \$19 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.

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BASIC FINANCIAL STATEMENTS

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2017

Exhibit 1

	2017		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 38,202,353	\$ 51,395,794	\$ 89,598,147
Taxes receivables (net)	98,053	-	98,053
Accounts receivable (net)	491,078	7,384,352	7,875,430
Due from other governments	4,127,904	-	4,127,904
Internal balances	(62,943)	62,943	-
Prepaid items	121,117	-	121,117
Security deposits	35,100	-	35,100
Inventories	42,461	1,462,498	1,504,959
Restricted cash and cash equivalents	1,153,256	-	1,153,256
Note receivable	75,000	-	75,000
Capital assets:			
Land, improvements, and construction in progress	76,695,794	65,112,749	141,808,543
Other capital assets, net of depreciation	246,542,312	197,465,802	444,008,114
Total assets	<u>367,521,485</u>	<u>322,884,138</u>	<u>690,405,623</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	5,477,472	1,649,610	7,127,082
LIABILITIES			
Current liabilities:			
Accounts payable	5,611,403	6,288,249	11,899,652
Accrued interest payable	190,101	157,686	347,787
Customer deposits	-	647,011	647,011
Current portion of long-term liabilities	3,445,120	3,201,340	6,646,460
Total current liabilities	<u>9,246,624</u>	<u>10,294,286</u>	<u>19,540,910</u>
Long-term liabilities:			
Due in more than one year	38,315,756	62,069,979	100,385,735
Total liabilities	<u>47,562,380</u>	<u>72,364,265</u>	<u>119,926,645</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	86,550	-	86,550
Pension deferrals	377,864	108,202	486,066
Total deferred inflows of resources	<u>464,414</u>	<u>108,202</u>	<u>572,616</u>
NET POSITION			
Net investment in capital assets	298,896,055	202,625,912	501,521,967
Restricted for:			
Nonexpendable			
Perpetual Care	709,268	-	709,268
Expendable			
Stabilization by State Statute	7,125,481	-	7,125,481
Public Safety	244,506	-	244,506
Construction Management Inspections	199,482	-	199,482
Unrestricted	17,797,371	49,435,369	67,232,740
Total net position	<u>\$ 324,972,163</u>	<u>\$ 252,061,281</u>	<u>\$ 577,033,444</u>

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, 2017

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
Governmental Activities:							
General government	\$ 10,068,802	\$ 4,959,791	\$ -	\$ -	\$ (5,109,011)	\$ -	\$ (5,109,011)
Public safety	19,644,221	16,800	2,631,736	-	(16,995,685)	-	(16,995,685)
Public works	13,240,453	1,487,046	1,141,653	92,003,187	81,391,433	-	81,391,433
Environmental protection	3,394,001	3,351,233	-	-	(42,768)	-	(42,768)
Cultural and recreation	5,519,434	4,891,567	-	293,674	(334,193)	-	(334,193)
Interest on long-term debt	764,007	-	-	-	(764,007)	-	(764,007)
Total governmental activities	<u>52,630,918</u>	<u>14,706,437</u>	<u>3,773,389</u>	<u>92,296,861</u>	<u>58,145,769</u>	<u>-</u>	<u>58,145,769</u>
Business-type activities:							
Electric	34,153,977	36,224,279	-	-	-	2,070,302	2,070,302
Water and Sewer	20,140,088	14,456,783	-	29,850,089	-	24,166,784	24,166,784
Total business-type activities	<u>54,294,065</u>	<u>50,681,062</u>	<u>-</u>	<u>29,850,089</u>	<u>-</u>	<u>26,237,086</u>	<u>26,237,086</u>
Total	<u>\$ 106,924,983</u>	<u>\$ 65,387,499</u>	<u>\$ 3,773,389</u>	<u>\$ 122,146,950</u>	<u>58,145,769</u>	<u>26,237,086</u>	<u>84,382,855</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					22,987,038	-	22,987,038
Other taxes							
Local option sales					9,406,835	-	9,406,835
Motor vehicle licenses					329,023	-	329,023
Miscellaneous					65,499	-	65,499
Unrestricted intergovernmental					2,970,814	-	2,970,814
Unrestricted investment earnings					201,510	263,828	465,338
Miscellaneous					475,425	30,027	505,452
Total general revenues					<u>36,436,144</u>	<u>293,855</u>	<u>36,729,999</u>
Change in net position					<u>94,581,913</u>	<u>26,530,941</u>	<u>121,112,854</u>
Net position-beginning of year (as previously stated)					232,243,466	225,530,340	457,773,806
Adjustment to beginning net position					(1,853,216)	-	(1,853,216)
Net position-beginning of year (as restated)					<u>230,390,250</u>	<u>225,530,340</u>	<u>455,920,590</u>
Net position-ending					<u>\$ 324,972,163</u>	<u>\$ 252,061,281</u>	<u>\$ 577,033,444</u>

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

TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

Exhibit 3

	<u>Major Fund</u>		
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 26,927,635	\$ 11,274,718	\$ 38,202,353
Restricted cash	443,988	709,268	1,153,256
Receivables, net:			
Taxes	98,053	-	98,053
Accounts	328,595	-	328,595
Due from other governments	4,046,295	81,609	4,127,904
Due from other funds	511,801	-	511,801
Prepaid items	72,678	-	72,678
Inventories	42,461	-	42,461
Total assets	<u>\$ 32,471,506</u>	<u>\$ 12,065,595</u>	<u>\$ 44,537,101</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,448,410	\$ 678,279	\$ 5,126,689
Deferred inflows of resources:			
Property taxes receivable	99,122	-	99,122
Prepaid taxes	86,550	-	86,550
Total deferred inflows of resources	<u>185,672</u>	<u>-</u>	<u>185,672</u>
Fund balances:			
Nonspendable			
Perpetual care	-	709,268	709,268
Prepaid items	72,678	-	72,678
Inventories	42,461	-	42,461
Restricted			
Stabilization by State Statute	7,125,481	-	7,125,481
Public Safety	244,506	-	244,506
Construction Management Inspections	199,482	-	199,482
Committed			
Library maintenance	-	116,146	116,146
Street improvements	-	3,324,505	3,324,505
Recreation improvements	-	893,215	893,215
Public Safety improvements	-	750,787	750,787
Perpetual care	-	391,610	391,610
LEO pension obligation	775,633	-	775,633
Assigned			
Recreation improvements	-	4,515,722	4,515,722
Street improvements	-	686,063	686,063
Unassigned	19,377,183	-	19,377,183
Total fund balances	<u>27,837,424</u>	<u>11,387,316</u>	<u>39,224,740</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,471,506</u>	<u>\$ 12,065,595</u>	<u>\$ 44,537,101</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, 2017

Exhibit 3

Fund balances-total governmental funds		\$ 39,224,740
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	\$ 442,222,309	
Less accumulated depreciation	<u>(118,984,203)</u>	323,238,106
Deferred outflows of resources related to pensions are not reported in the funds		5,477,472
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	(23,876,958)	
Premiums on refunding bonds	(465,093)	
Other post employment benefits	(7,699,962)	
Compensated absences	(1,397,559)	
Net pension liability LGERS	(6,391,684)	
Net pension liability LEO	<u>(1,929,620)</u>	(41,760,876)
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		(813,435)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		99,121
Deferred inflows of resources related to pensions are not reported in the funds		(377,864)
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable		<u>(190,101)</u>
Net position of governmental activities		<u><u>\$ 324,972,163</u></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, 2017

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
REVENUES			
Ad valorem taxes	\$ 22,995,117	\$ -	\$ 22,995,117
Other taxes and licenses	9,671,899	-	9,671,899
Unrestricted intergovernmental	2,970,814	-	2,970,814
Restricted intergovernmental	3,773,389	532,675	4,306,064
Permits and fees	4,959,537	5,501,268	10,460,805
Sales and services	4,249,876	130,551	4,380,427
Investment earnings	152,041	49,469	201,510
Miscellaneous	519,629	40,000	559,629
Total revenues	<u>49,292,302</u>	<u>6,253,963</u>	<u>55,546,265</u>
EXPENDITURES			
Current:			
General government	8,687,814	-	8,687,814
Public safety	17,172,660	-	17,172,660
Public works	5,124,008	-	5,124,008
Environmental protection	3,207,739	-	3,207,739
Cultural and recreational	3,673,639	-	3,673,639
Capital outlay	5,061,586	4,932,974	9,994,560
Debt service:			
Principal	3,028,562	-	3,028,562
Interest	886,516	-	886,516
Total expenditures	<u>46,842,524</u>	<u>4,932,974</u>	<u>51,775,498</u>
Excess of revenues over expenditures	<u>2,449,778</u>	<u>1,320,989</u>	<u>3,770,767</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,638,049	2,293,897	3,931,946
Transfers to other funds	(1,565,000)	(2,366,946)	(3,931,946)
Total other financing sources (uses)	<u>73,049</u>	<u>(73,049)</u>	<u>-</u>
Net change in fund balances	<u>2,522,827</u>	<u>1,247,940</u>	<u>3,770,767</u>
Fund balances-beginning of year	<u>25,314,597</u>	<u>10,139,376</u>	<u>35,453,973</u>
Fund balances-end of year	<u>\$ 27,837,424</u>	<u>\$ 11,387,316</u>	<u>\$ 39,224,740</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, 2017

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	3,770,767
<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	\$ 9,994,560	
Less current year depreciation	<u>(11,614,690)</u>	(1,620,130)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Developer's contributed capital and donations		91,764,186
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(84,204)
<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>		
Amortization of bond premium	50,867	
Principal payments	3,028,562	
Change in accrued interest payable	<u>71,642</u>	3,151,071
Net loss of internal service funds determined to be governmental-type		(45,367)
<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	(13,416)	
Change in other postemployment benefits	(1,692,682)	
Pension expense LEO	(149,198)	
Pension expense LGERS	(331,277)	
Change in compensated absences	<u>(167,837)</u>	(2,354,410)
Total changes in net position of governmental activities	\$	<u><u>94,581,913</u></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, 2017

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ 22,653,378	\$ 22,653,378	\$ 22,995,117	\$ 341,739
Other taxes and licenses	9,429,000	9,429,000	9,671,899	242,899
Unrestricted intergovernmental	2,825,500	2,825,500	2,970,814	145,314
Restricted intergovernmental	3,331,719	3,361,622	3,773,389	411,767
Permits and fees	3,164,720	3,404,720	4,959,537	1,554,817
Sales and services	4,172,512	4,172,512	4,249,876	77,364
Investment earnings	40,115	90,115	151,491	61,376
Miscellaneous	316,800	408,812	519,629	110,817
Total revenues	<u>45,933,744</u>	<u>46,345,659</u>	<u>49,291,752</u>	<u>2,946,093</u>
EXPENDITURES:				
Current:				
General government	10,774,117	11,158,498	9,881,057	1,277,441
Public safety	20,211,682	20,924,119	19,509,265	1,414,854
Public works	4,824,566	7,025,819	5,601,771	1,424,048
Solid Waste	3,691,682	3,686,430	3,433,366	253,064
Cultural and recreation	4,639,647	4,889,736	4,501,987	387,749
Debt service:				
Principal	2,639,500	3,028,562	3,028,562	-
Interest and fees	886,140	886,520	886,516	4
Total expenditures	<u>47,667,334</u>	<u>51,599,684</u>	<u>46,842,524</u>	<u>4,757,160</u>
Revenues over (under) expenditures	<u>(1,733,590)</u>	<u>(5,254,025)</u>	<u>2,449,228</u>	<u>7,703,253</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	1,356,927	1,638,049	1,638,049	-
Transfer to other funds	(1,210,000)	(1,867,500)	(1,565,000)	302,500
Contingency	(239,537)	(65,787)	-	65,787
Fund balance appropriated	1,826,200	5,549,263	-	(5,549,263)
Total other financing sources (uses)	<u>1,733,590</u>	<u>5,254,025</u>	<u>73,049</u>	<u>(5,180,976)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	2,522,277	\$ <u>2,522,277</u>
Fund balance - beginning of year			<u>25,209,983</u>	
Fund balance - end of year			27,732,260	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			550	
Fund balance - beginning of year			<u>104,614</u>	
Fund balance - end of year (Exhibit 4)			\$ <u>27,837,424</u>	

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

Exhibit 6

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,003,591	\$ 43,392,203	\$ 51,395,794	\$ -
Accounts receivable (net) - billed	3,251,808	1,231,706	4,483,514	162,483
Accounts receivable - unbilled	2,115,566	785,272	2,900,838	-
Due from other funds	8,374	54,569	62,943	-
Inventories	1,295,088	167,410	1,462,498	-
Prepaid items	-	-	-	48,440
Total current assets	<u>14,674,427</u>	<u>45,631,160</u>	<u>60,305,587</u>	<u>210,923</u>
Noncurrent assets:				
Deposit	-	-	-	35,100
Capital assets:				
Land and construction in progress	2,678,825	62,433,924	65,112,749	-
Other capital assets, net of depreciation	33,295,633	164,170,169	197,465,802	-
Capital assets (net of accumulated depreciation)	<u>35,974,458</u>	<u>226,604,093</u>	<u>262,578,551</u>	<u>-</u>
Total noncurrent assets	<u>35,974,458</u>	<u>226,604,093</u>	<u>262,578,551</u>	<u>35,100</u>
Total assets	<u>50,648,885</u>	<u>272,235,253</u>	<u>322,884,138</u>	<u>246,023</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>735,709</u>	<u>913,901</u>	<u>1,649,610</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,302,036	2,986,213	6,288,249	484,713
Due to other funds	-	-	-	574,744
Customer deposits	647,011	-	647,011	-
Accrued interest payable	17,703	139,983	157,686	-
Bonds and notes payable	498,000	2,505,123	3,003,123	-
Compensated absences	97,093	101,124	198,217	-
Total current liabilities	<u>4,561,843</u>	<u>5,732,443</u>	<u>10,294,286</u>	<u>1,059,457</u>
Noncurrent liabilities:				
Compensated absences	58,237	113,019	171,256	-
Other post employment benefits	1,520,202	1,490,949	3,011,151	-
Bonds and notes payable	3,393,000	53,556,516	56,949,516	-
Net pension liability	866,554	1,071,502	1,938,056	-
Total noncurrent liabilities	<u>5,837,993</u>	<u>56,231,986</u>	<u>62,069,979</u>	<u>-</u>
Total liabilities	<u>10,399,836</u>	<u>61,964,429</u>	<u>72,364,265</u>	<u>1,059,457</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>49,300</u>	<u>58,902</u>	<u>108,202</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	32,083,458	170,542,454	202,625,912	-
Unrestricted	8,852,000	40,583,369	49,435,369	(813,434)
Total net position	<u>\$ 40,935,458</u>	<u>\$ 211,125,823</u>	<u>\$ 252,061,281</u>	<u>\$ (813,434)</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, 2017

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 32,246,835	\$ 13,818,534	\$ 46,065,369	\$ 4,793,447
Water and sewer taps	-	352,125	352,125	-
Other operating revenues	3,977,444	286,124	4,263,568	-
Total operating revenues	<u>36,224,279</u>	<u>14,456,783</u>	<u>50,681,062</u>	<u>4,793,447</u>
OPERATING EXPENSES				
Electric operations	7,226,528	-	7,226,528	-
Electric power purchases	24,380,180	-	24,380,180	-
Water and sewer operations	-	10,335,090	10,335,090	-
Depreciation	2,391,200	8,168,782	10,559,982	-
Health and dental claims	-	-	-	3,923,115
Health and dental administrative fees	-	-	-	915,699
Total operating expenses	<u>33,997,908</u>	<u>18,503,872</u>	<u>52,501,780</u>	<u>4,838,814</u>
Operating income (loss)	<u>2,226,371</u>	<u>(4,047,089)</u>	<u>(1,820,718)</u>	<u>(45,367)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	41,450	222,378	263,828	-
Interest expense	(156,069)	(1,636,216)	(1,792,285)	-
Gain on sale of capital assets	23,344	6,683	30,027	-
Total nonoperating revenues (expenses)	<u>(91,275)</u>	<u>(1,407,155)</u>	<u>(1,498,430)</u>	<u>-</u>
Income (loss) before capital contributions	<u>2,135,096</u>	<u>(5,454,244)</u>	<u>(3,319,148)</u>	<u>(45,367)</u>
CAPITAL CONTRIBUTIONS				
Capital assets	-	18,565,595	18,565,595	-
Acreage and capacity fees	-	11,284,494	11,284,494	-
Total capital contributions	<u>-</u>	<u>29,850,089</u>	<u>29,850,089</u>	<u>-</u>
Change in net position	<u>2,135,096</u>	<u>24,395,845</u>	<u>26,530,941</u>	<u>(45,367)</u>
Total net position - beginning	<u>38,800,362</u>	<u>186,729,978</u>	<u>225,530,340</u>	<u>(768,067)</u>
Total net position - ending	<u>\$ 40,935,458</u>	<u>\$ 211,125,823</u>	<u>\$ 252,061,281</u>	<u>\$ (813,434)</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, 2017

Exhibit 8

	Business-Type Activities			
	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 35,813,593	\$ 15,373,607	\$ 51,187,200	\$ 4,650,378
Cash paid for goods and services	(27,899,374)	(5,627,327)	(33,526,701)	(4,751,362)
Cash paid to or on behalf of employees for services	(3,508,099)	(4,391,921)	(7,900,020)	-
Increase in customer deposits	13,920	-	13,920	-
Net cash provided (used) by operating activities	<u>4,420,040</u>	<u>5,354,359</u>	<u>9,774,399</u>	<u>(100,984)</u>
NONCAPITAL FINANCING ACTIVITIES				
Interfund loan repayment (advances)	<u>25,129</u>	<u>(37,825)</u>	<u>(12,696)</u>	<u>100,984</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,844,452)	(6,729,925)	(10,574,377)	-
Sale of capital assets	25,426	10,304	35,730	-
Acreage and capacity fees	-	11,284,494	11,284,494	-
Principal paid on bond maturities and equipment contracts	(481,000)	(2,310,869)	(2,791,869)	-
Interest paid on bond maturities and equipment contracts	(158,257)	(1,714,968)	(1,873,225)	-
Net cash used by capital and related financing activities	<u>(4,458,283)</u>	<u>539,036</u>	<u>(3,919,247)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	<u>41,450</u>	<u>222,378</u>	<u>263,828</u>	<u>-</u>
Net increase in cash and cash equivalents	28,336	6,077,948	6,106,284	-
Balances-beginning of the year	7,975,255	37,314,255	45,289,510	-
Balances-end of the year	<u>\$ 8,003,591</u>	<u>\$ 43,392,203</u>	<u>\$ 51,395,794</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,226,371	\$ (4,047,089)	\$ (1,820,718)	\$ (45,367)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,391,200	8,168,782	10,559,982	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(410,686)	916,824	506,138	(143,068)
Increase in prepaid expenses	-	-	-	(22,163)
(Increase) decrease in inventory	(60,777)	(31,989)	(92,766)	-
Decrease in net pension asset	-	-	-	-
Increase in deferred outflows of resources for pensions	(563,398)	(707,543)	(1,270,941)	-
Increase in net pension liability	675,868	842,018	1,517,886	-
Decrease in deferred inflows of resources for pensions	(67,960)	(79,025)	(146,985)	-
Increase (decrease) in accounts payable and accrued liabilities	38,265	113,399	151,664	109,614
Increase (decrease) in accrued compensated absences	(5,952)	1,841	(4,111)	-
Increase in other postemployment benefits	183,189	177,141	360,330	-
Increase in customer deposits	<u>13,920</u>	<u>-</u>	<u>13,920</u>	<u>-</u>
Total adjustments	<u>2,193,669</u>	<u>9,401,448</u>	<u>11,595,117</u>	<u>(55,617)</u>
Net cash provided (used) by operating activities	<u>\$ 4,420,040</u>	<u>\$ 5,354,359</u>	<u>\$ 9,774,399</u>	<u>\$ (100,984)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 18,565,595	\$ 18,565,595	\$ -
Acquisition of capital assets through capital contributions	-	(18,565,595)	(18,565,595)	-
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, 2017

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 contributed capital 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, 2017

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, 2017

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 sales tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered 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, 2017

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. Material amendments were made to the budget of the General Fund to appropriate additional fund balance in support of public safety and transportation projects. The effects of other amendments 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 Government 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

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 inspection funds are also classified as restricted cash because then can be expended only for the purposes outlined in State Statute (G.S. 160A-414).

Restricted assets at June 30, 2017 consist of:

Governmental Activities		
General Fund		
Public Safety	\$	244,506
General Government - Inspections		199,482
Cemetery Fund		
Environmental Services		709,268
Total Restricted Cash	\$	1,153,256

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

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, 2017 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
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expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2017 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 pension deferrals.

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.

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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 inspections – Inspection portion of fund balance that is restricted by State Statute [G.S. 160A-414)].

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
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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 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 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 OF APEX, NORTH CAROLINA
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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, 2017, the carrying amount of the Town's deposits was \$27,626,307 and the bank balance was \$30,434,864. Of the bank balance, \$831,073 was covered by Federal depository insurance and \$29,603,791 was covered by collateral held under the pooling method. At June 30, 2017, the Town had \$1,925 of petty cash on hand.

Investments – at June 30, 2017, the Town's investments consisted of the following:

Investments by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust				
Government Portfolio	Amortized Cost	\$ 28,147,692	N/A	AAAm
NC Capital Management Trust				
Term Portfolio	Fair Value Level 1	34,266,211	.09 Years	Unrated
Total		\$ 62,413,903		

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 Government Portfolio carried a rating of AAAm by Standard and Poor's as of June 30, 2017. 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
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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, 2017 are net of the following allowances for doubtful accounts:

Fund	Allowance for Uncollectible:		
General Fund	Property Taxes receivable	\$	76,453
Electric Fund	Utility Receivables		13,088
Water and Sewer Fund	Utility Receivables		5,579
	Total		95,120

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, 2017

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 52,048,971	\$ 12,635,629	\$ -	\$ 64,684,600
Construction in progress	7,241,029	5,498,690	728,525	12,011,194
Total capital assets not being depreciated	<u>59,290,000</u>	<u>18,134,319</u>	<u>728,525</u>	<u>76,695,794</u>
Capital assets being depreciated:				
Buildings	41,062,848	305,806	-	41,368,654
Other improvements	226,871,248	80,758,648	-	307,629,896
Equipment and furniture	6,142,184	1,369,730	1,227,884	6,284,030
Vehicles and motorized equipment	8,640,453	1,710,870	107,388	10,243,935
Total capital assets being depreciated	<u>282,716,733</u>	<u>84,145,054</u>	<u>1,335,272</u>	<u>365,526,515</u>
Less accumulated depreciation for:				
Buildings	15,132,497	1,352,984	-	16,485,481
Other improvements	83,101,404	9,014,261	-	92,115,665
Equipment and furniture	3,914,133	380,724	1,168,895	3,125,962
Vehicles and motorized equipment	6,680,446	866,721	290,072	7,257,095
Total accumulated depreciation	<u>108,828,480</u>	<u>\$ 11,614,690</u>	<u>\$ 1,458,967</u>	<u>118,984,203</u>
Total capital assets being depreciated, net	<u>173,888,253</u>			<u>246,542,312</u>
Governmental activity capital assets, net	<u>\$ 233,178,253</u>			<u>\$ 323,238,106</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 869,178
Public safety	1,046,341
Public works	7,914,009
Environmental protection	119,122
Cultural and recreational	1,666,040
Total	<u>\$ 11,614,690</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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Business activities	Beginning			Ending
ELECTRIC FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 2,571,855	\$ 98,220	\$ -	\$ 2,670,075
Construction in progress	625,255	11,634	628,139	8,750
	<u>3,197,110</u>	<u>109,854</u>	<u>628,139</u>	<u>2,678,825</u>
Capital assets being depreciated:				
Utility improvements	43,039,092	3,990,480	-	47,029,572
Building and land improvements	6,780,804	-	-	6,780,804
Equipment and furniture	943,300	73,280	71,096	945,484
Vehicles and motorized equipment	1,948,858	298,978	172,431	2,075,405
	<u>52,712,054</u>	<u>4,362,738</u>	<u>243,527</u>	<u>56,831,265</u>
Less accumulated depreciation for:				
Utility improvements	17,939,535	1,508,534	-	19,448,069
Building and land improvements	1,189,451	639,652	-	1,829,103
Equipment and furniture	741,367	41,126	69,013	713,480
Vehicles and motorized equipment	1,515,523	201,888	172,431	1,544,980
	<u>21,385,876</u>	<u>2,391,200</u>	<u>241,444</u>	<u>23,535,632</u>
Total capital assets being depreciated, net	<u>31,326,178</u>	<u>\$ 1,971,538</u>	<u>\$ 2,083</u>	<u>33,295,633</u>
Capital assets, net	<u>\$ 34,523,288</u>			<u>\$ 35,974,458</u>
WATER AND SEWER FUND	Beginning			Ending
WATER AND SEWER FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 32,288,976	\$ 8,719,405	\$ -	\$ 41,008,381
Construction in progress	44,354,522	3,433,023	26,362,002	21,425,543
	<u>76,643,498</u>	<u>12,152,428</u>	<u>26,362,002</u>	<u>62,433,924</u>
Capital assets being depreciated:				
Utility improvements	192,377,184	39,267,972	-	231,645,156
Building and land improvements	8,334,649	-	53,873	8,280,776
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	2,580,247	61,089	71,570	2,569,766
Vehicles and motorized equipment	1,852,459	229,907	35,654	2,046,712
	<u>208,634,539</u>	<u>39,558,968</u>	<u>161,097</u>	<u>248,032,410</u>
Less accumulated depreciation for:				
Utility improvements	68,751,690	7,561,489	-	76,313,179
Building and land improvements	691,472	273,122	-	964,594
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,406,767	187,123	67,948	1,525,942
Vehicles and motorized equipment	1,457,132	147,048	35,654	1,568,526
	<u>75,797,061</u>	<u>8,168,782</u>	<u>103,602</u>	<u>83,862,241</u>
Total capital assets being depreciated, net	<u>132,837,478</u>	<u>\$ 31,390,186</u>	<u>\$ 57,495</u>	<u>164,170,169</u>
Capital assets, net	<u>\$ 209,480,976</u>			<u>\$ 226,604,093</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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Construction Commitments

At June 30, 2017, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Projects	\$ 1,615,084	\$ 168,108
Recreation Capital Projects	4,013,213	46,251
General Capital Projects	5,296,980	559,578
Wastewater Treatment Plant Projects	2,064,025	75,403
Water/Sewer Capital Projects	19,422,422	2,131,831

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.

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
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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, 2017, was 8.00% of compensation for law enforcement officers and 7.31% 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 \$1,771,996 for the year ended June 30, 2017.

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, 2017, the Town reported a liability of \$8,329,740 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Town's proportion was 0.39248%, which was a decrease of 0.00445% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$431,236. At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 156,501	\$ 291,883
Changes of assumptions	570,513	-
Net difference between projected and actual earnings on pension plan investments	4,605,296	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	151,649
Town contributions subsequent to the measurement date	1,771,996	-
Total	<u>\$ 7,104,306</u>	<u>\$ 443,532</u>

\$1,502,801 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, 2018.

TOWN OF APEX, NORTH CAROLINA
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Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	723,187
2019		723,834
2020		2,147,022
2021		1,294,747
Total	\$	<u>4,888,790</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

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The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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)	\$ 19,770,360	\$ 8,329,740	\$ (1,226,316)

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2	
Active plan members	71	
Total	73	

TOWN OF APEX, NORTH CAROLINA
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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 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 Statement 73. At June 30, 2017, \$775,633 of committed net position was available to pay Separation Allowance obligations.

3. Actuarial Assumptions

The entry age normal method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.86 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Includes inflation at	3.00 percent

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

4. 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. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$34,930 as benefits came due for the reporting period.

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

At June 30, 2017, the Town reported a total pension liability of \$1,929,620. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 30, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$171,974.

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At June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 42,534
Town contributions subsequent to the measurement date	22,776	-
Total	\$ 22,776	\$ 42,534

\$22,776 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, 2018.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 7,582
2019	7,582
2020	7,582
2021	7,582
2022	7,582
Thereafter	4,624
Total	\$ 42,534

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.86%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.86 percent) or one percentage point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 2,107,998	\$ 1,929,620	\$ 1,766,588

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

	2017
Beginning balance	\$ 1,825,900
Service cost	114,548
Interest on total pension liability	64,730
Changes of assumptions or other inputs	(50,116)
Benefit payments	(25,442)
Ending balance of the total pension liability	\$ 1,929,620

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

(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. The Town made contributions of \$228,644 for the reporting year

(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. The Town made contributions of \$961,833 for the reporting year.

(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

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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 \$338,332 or 1.42% of annual covered payroll. Contributions made by employees totaled \$38,261, 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.

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.

TOWN OF APEX, NORTH CAROLINA
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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	\$ 2,045,020
Interest on OPEB obligation	346,324
Annual OPEB cost	2,391,344
Contributions made	(338,332)
Increase in net OPEB obligation	2,053,012
Net OPEB obligation beginning of year	8,658,101
Net OPEB obligation beginning of year	\$ 10,711,113

3 Year Trend Information

For Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 2,391,344	14.1%	\$10,711,113
6/30/16	1,582,252	19.8%	8,658,100
6/30/15	1,758,953	14.8%	7,389,629

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 \$23,809,047 and the ratio of the UAAL to the covered payroll was 80.49%. 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 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

TOWN OF APEX, NORTH CAROLINA
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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. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Note 6 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

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

LGERS pension	
Contributions to pension plan in the current fiscal year	\$ 1,771,996
Differences between expected and actual experience	156,501
Changes of assumptions	570,513
Net difference between projected and actual earnings	4,605,296
LEO pension	
Benefit payments made and administrative expenses	22,776
	<u>7,127,082</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	86,550	\$ 86,550
Taxes receivable (General Fund)	-	99,122
Differences between expected and actual experience-LGERS	291,882	
Changes in assumptions-LEO	42,534	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	151,650	-
	<u>572,616</u>	<u>185,672</u>

TOWN OF APEX, NORTH CAROLINA
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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, 2017, a reserve of \$367,508 for health and \$37,025 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, 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	<u>(2,792,777)</u>	<u>(294,587)</u>	<u>(3,087,364)</u>
Balance-June 30, 2015	332,150	31,757	363,907
Claims reported and changes in estimates for FY 2016	3,051,769	323,568	3,375,337
Claims paid in FY 2016	<u>(3,096,751)</u>	<u>(326,814)</u>	<u>(3,423,565)</u>
Balance-June 30, 2016	287,168	28,511	315,679
Claims reported and changes in estimates for FY 2017	3,563,145	359,970	3,923,115
Claims paid in FY 2017	<u>(3,482,805)</u>	<u>(351,456)</u>	<u>(3,834,261)</u>
Balance-June 30, 2017	<u>\$ 367,508</u>	<u>\$ 37,025</u>	<u>\$ 404,533</u>

Note 8 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2017, 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 issued a ruling in December, 2016 holding that certain fees assessed on new development for prospective services are not authorized under N.C.G.S. §160A-314. In June, 2017 the NC General Assembly passed House Bill (HB) 436 which took effect on October 1, 2017. That law gives local governments clear authority to charge system development fees for prospective water and sewer services. The law also establishes procedures for the calculation of these fees and requires local government

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to adopt a fee calculated in accordance with these standards by July 1, 2018. HB 436 clarifies the statute of limitations for any claim for refunds of fees paid prior to the effective date of the law is three years.

Effective July 1, 2017 the Town adopted a capital reimbursement fee which meets the standards of HB 436. 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. 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.

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, 2017 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%.	\$ 1,375,000
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\$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%.	85,000
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\$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%.	3,900,000
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\$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%.	3,935,000
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\$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%.	4,800,000
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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%.	32,205,000
	\$ 46,300,000

At June 30, 2017 the Town of Apex had a legal debt margin of \$457,156,496.

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Annual debt service requirements to maturity for general obligation bonds at June 30, 2017 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,275,000	\$ 440,088	\$ 795,000	\$ 1,139,875
2019	1,265,000	400,588	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	1,250,000	281,763	1,045,000	1,041,525
2023-2027	5,215,000	877,418	6,320,000	4,580,775
2028-2032	2,275,000	225,512	8,810,000	3,336,225
2033-2037	300,000	9,000	12,485,000	1,436,200
Total	<u>\$ 14,095,000</u>	<u>\$ 2,917,369</u>	<u>\$ 32,205,000</u>	<u>\$ 14,826,575</u>

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2017 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. \$ 505,958

\$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. 4,901,000

\$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. 4,375,000

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. 577,040

\$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. 6,560,000

\$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. 248,542

\$ 17,167,540

TOWN OF APEX, NORTH CAROLINA
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June 30, 2017

Annual debt service requirements to maturity for installment notes at June 30, 2017 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	795,000	173,426	654,455	130,187
2023-2027	3,843,000	548,806	3,513,272	383,003
2028-2031	1,760,000	103,280	750,035	22,247
Total	<u>\$ 9,781,958</u>	<u>\$ 1,743,707</u>	<u>\$ 7,385,582</u>	<u>\$ 1,220,969</u>

(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, 2017 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%.	\$ 14,875,000
\$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.	114,425
Total	<u>\$ 14,989,425</u>

Annual debt service requirements to maturity for promissory notes at June 30, 2017 are as follow:

Year Ending June 30:	Principal	Interest
2018	\$ 989,425	\$ 330,225
2019	875,000	310,800
2020	875,000	291,375
2021	875,000	271,950
2022	875,000	252,525
2023-2027	4,375,000	971,250
2028-2032	4,375,000	485,625
2032-2034	1,750,000	58,275
Total	<u>\$ 14,989,425</u>	<u>\$ 2,972,025</u>

TOWN OF APEX, NORTH CAROLINA
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As of June 30, 2017, \$139,724 of the \$805,000 promissory note had not been distributed although repayments had begun with \$550,851 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% \$ 3,891,000

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, 2017 is as follows:

Current revenues	\$ 36,289,073
Current expenses	<u>31,423,519</u>
Subtotal	4,865,554
15% of Unrestricted Net Assets, 6-30-16	<u>1,297,361</u>
Income available for debt service	<u>\$ 6,162,915</u>
Debt service, principal and interest paid (Revenue Bond only)	<u>\$ 639,257</u>
Debt Service Coverage Ratio	<u>979%</u>

Per rate covenants, current expenses do not include depreciation expense of \$2,391,200, debt service interest of \$156,069 and the increase in other post-employment benefits of \$183,189.

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 \$4,474,506. Principal and interest paid for the current year and the income available for debt service was \$639,257 and \$6,162,915 respectively.

Annual debt service requirements to maturity for the revenue bond at June 30, 2017 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 498,000	\$ 140,854
2019	516,000	122,827
2020	535,000	104,147
2021	555,000	84,780
2022	575,000	64,689
2023-2024	<u>1,212,000</u>	<u>66,209</u>
Total	<u>\$ 3,891,000</u>	<u>\$ 583,506</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 15,515,000	\$ -	\$ 1,420,000	\$ 14,095,000	\$ 1,275,000
Plus deferred premium	515,960	-	50,867	465,093	49,414
Total bonds payable	16,030,960	-	1,470,867	14,560,093	1,324,414
Installment notes	11,390,520	-	1,608,562	9,781,958	1,086,940
Compensated absences	1,229,722	1,077,015	909,178	1,397,559	1,033,266
Net pension liability (LGERS)	1,361,232	6,285,719	1,255,267	6,391,684	-
Net pension liability (LEO)	1,825,900	179,278	75,558	1,929,620	-
Other post employment benefit	6,007,280	1,980,603	287,921	7,699,962	-
Governmental activity long-term liabilities	<u>\$ 37,845,614</u>	<u>\$ 9,522,615</u>	<u>\$ 5,607,353</u>	<u>\$ 41,760,876</u>	<u>\$ 3,444,620</u>
Business-type activities:					
General obligation bonds	\$ 32,945,000	\$ -	\$ 740,000	\$ 32,205,000	\$ 795,000
Plus deferred premium	1,555,869	-	74,236	1,481,633	74,236
Total bonds payable	34,500,869	-	814,236	33,686,633	869,236
Installment notes	24,085,599	-	1,570,868	22,514,731	1,635,887
Less: Undistributed revolving loan funds	(139,724)	-	-	(139,724)	-
Total installment notes payable	23,945,875	-	1,570,868	22,375,007	1,635,887
Revenue bond	4,372,000	-	481,000	3,891,000	498,000
Compensated absences	373,584	196,957	201,068	369,473	198,217
Net pension liability (LGERS)	420,170	1,896,648	378,762	1,938,056	-
Other post employment benefit	2,650,821	410,741	50,411	3,011,151	-
Business-type activity long-term liabilities	<u>\$ 66,263,319</u>	<u>\$ 2,504,346</u>	<u>\$ 3,496,345</u>	<u>\$ 65,271,320</u>	<u>\$ 3,201,340</u>

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	\$ 323,238,106	\$ 262,578,551
Less: Long-term debt	(24,342,051)	(59,952,639)
Net investment in capital assets	<u>\$ 298,896,055</u>	<u>\$ 202,625,912</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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	\$	27,837,424
Less:		
Inventories		(42,461)
Prepaid items		(72,678)
Stabilization by State Statute		(7,125,481)
Restricted for Public Safety		(244,506)
Restricted for Construction Management Inspections		(199,482)
Committed for LEO pension obligation		(775,633)
Remaining fund balance	\$	<u>19,377,183</u>

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	\$	2,239,858
Encumbrances – Electric Fund		412,621
Encumbrances – Water and Sewer Fund		965,921

Note 12 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2017, consist of the following:

Due to General Fund by the Internal Service Fund	\$	406,304
Due to Electric Fund by the Internal Service Fund		56,852
Due to Water and Sewer Fund by the Internal Service Fund		111,588
Due to General Fund by the Electric Fund		35,030
Due to General Fund by the Water and Sewer Fund		70,467

The Internal Service Fund balances are the result of health claims and administrative costs exceeding transfers into the Fund. The other balances result from inventory transactions.

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
General Fund	Street Improvements Project Fund	\$ 1,247,500	Fund improvements
General Fund	General Capital Projects Fund	317,500	Fund improvements
Recreation Capital Project Fund-Capital Reserve	General Fund	1,638,049	Fund improvements
Recreation Capital Project Fund-Capital Reserve	Recreation Capital Projects Fund	422,697	Fund improvements
Transportation Capital Project Fund-Capital	Street Improvements Project Fund	306,200	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Fund	1,996,916	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	5,696,660	Fund improvements

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,

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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, 2017 were \$24,380,180.

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 \$82,799,392. Through June 30, 2017, the Town has capitalized the wastewater treatment plant and related land at a total cost of \$78,640,333. At June 30, 2017, the Town has remaining construction costs of \$2,064,025 as well as remaining construction commitments of \$75,403.

Note 16- SUBSEQUENT EVENTS

In September, 2017 the Town entered into an installment financing agreement for \$6 million with the Branch Banking and Trust Company to finance the purchase of land for parks and recreation. The loan is to be

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

repaid over a 15 year period. Semi-annual principal payments of \$206,897 begin in 2018. The agreement bears an interest rate of 2.51% and is secured by the property that was purchased.

At its October 3, 2017 meeting the Local Government Commission approved the Town's application to issue \$48 million of general obligation bonds for parks and recreational facilities. A referendum on the bonds will be held on November 7, 2017.

Note 17- CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) No. 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*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance as of the measurement date, December 31, 2016. As a result, net position for the governmental activities decreased \$1,853,216.

**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%
2015	-	19,163,893	19,163,893	0.00	23,809,047	80.49%

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

**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%
2017	2,045,020	16.54%

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
TOWN OF APEX'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,771,996	\$ 1,502,800	\$ 1,468,206	\$ 1,380,271
Contributions in relation to the contractually required contributions	<u>1,771,996</u>	<u>1,502,800</u>	<u>1,468,206</u>	<u>1,380,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Apex's covered-employee payroll	\$ 23,809,047	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804
Contributions as a percentage of covered- employee payroll	7.44%	6.81%	7.13%	7.11%

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Apex's proportion of the net pension liability (asset) (%)	0.39248%	0.39693%	0.38363%	0.37310%
Apex's proportion of the net pension liability (asset) (\$)	\$ 8,329,740	\$ 1,781,398	\$ (2,262,443)	\$ 4,497,288
Apex's covered-employee payroll	\$23,809,047	\$ 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	34.99%	8.07%	-11.00%	23.16%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

**TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2017</u>
Total pension liability	\$ 1,929,620
Covered payroll	4,527,103
Total pension liability as a percentage of covered payroll	42.62%

Notes to the schedules

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

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2017
Beginning balance	\$ 1,825,900
Service cost	114,548
Interest on total pension liability	64,730
Changes of assumptions or other inputs	(50,116)
Benefit payments	(25,442)
Ending balance of the total pension liability	\$ 1,929,620

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

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 1

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Ad valorem taxes				
Current year	\$ 22,592,478	\$ 22,953,998	\$ 361,520	\$ 20,645,326
Prior years	35,900	6,599	(29,301)	30,806
Penalties and interest	25,000	34,520	9,520	32,576
Total	<u>22,653,378</u>	<u>22,995,117</u>	<u>341,739</u>	<u>20,708,708</u>
Other taxes and licenses				
Local option sales tax	9,200,000	9,406,835	206,835	8,752,692
Motor vehicle licenses	175,000	199,565	24,565	179,814
Rental vehicles tax	54,000	65,499	11,499	56,331
Total	<u>9,429,000</u>	<u>9,671,899</u>	<u>242,899</u>	<u>8,988,837</u>
Unrestricted intergovernmental revenues				
Utility franchise tax	2,450,000	2,529,054	79,054	2,567,708
Beer and wine tax	195,000	202,523	7,523	187,787
Solid waste rebates - Wake County	180,000	238,028	58,028	215,022
Payments in lieu of taxes	500	1,209	709	579
Total	<u>2,825,500</u>	<u>2,970,814</u>	<u>145,314</u>	<u>2,971,096</u>
Restricted intergovernmental				
Powell Bill	1,122,500	1,141,653	19,153	1,100,031
EMS allocation - Wake County	1,224,960	1,524,702	299,742	1,100,067
Fire district allocation - Wake County	931,083	927,861	(3,222)	756,149
Federal grant	75,676	32,740	(42,936)	112,918
State grant	-	7,856	7,856	-
Wake County grant	7,403	138,577	131,174	4,110
Total	<u>3,361,622</u>	<u>3,773,389</u>	<u>411,767</u>	<u>3,073,275</u>
Permits and fees				
Building permits and inspection fees	3,141,720	4,613,309	1,471,589	3,222,218
Subdivision approval fee	140,000	176,926	36,926	139,568
Application fees	123,000	150,837	27,837	130,468
Vendor permits	-	5,710	5,710	3,350
Fines and penalties	-	12,755	12,755	2,800
Total	<u>3,404,720</u>	<u>4,959,537</u>	<u>1,554,817</u>	<u>3,498,404</u>
Sales and services				
Refuse collection fees	2,803,312	2,762,638	(40,674)	2,535,304
Emergency services	14,500	16,800	2,300	15,061
Recreation fees	769,600	877,345	107,745	905,249
Recycling revenue	582,600	592,839	10,239	417,457
Planning documents	2,500	254	(2,246)	2,245
Total	<u>4,172,512</u>	<u>4,249,876</u>	<u>77,364</u>	<u>3,875,316</u>
Investment earnings	90,115	151,491	61,376	70,897

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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 1

	<u>2017</u>		<u>2016</u>	
	Budget	Actual	Variance Positive (Negative)	Actual
Miscellaneous				
ABC revenue	\$ 210,000	\$ 207,725	\$ (2,275)	\$ 191,018
Sale of fixed assets	30,000	64,365	34,365	17,261
Miscellaneous	99,400	103,009	3,609	107,626
Donations	8,200	74,406	66,206	19,443
Insurance Refund	46,212	56,159	9,947	47,953
Court costs and officer fees	15,000	13,965	(1,035)	14,065
Total	<u>408,812</u>	<u>519,629</u>	<u>110,817</u>	<u>397,366</u>
Total revenues	<u>46,345,659</u>	<u>49,291,752</u>	<u>2,946,093</u>	<u>43,583,899</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	-	54,305	-	55,223
Operations	-	90,245	-	151,536
Total	<u>156,598</u>	<u>144,550</u>	<u>12,048</u>	<u>206,759</u>
Administration				
Personnel services	-	2,173,531	-	1,720,417
Operations	-	1,423,647	-	1,237,907
Capital outlay	-	309,952	-	43,008
Total	<u>4,348,491</u>	<u>3,907,130</u>	<u>441,361</u>	<u>3,001,332</u>
Finance				
Personnel services	-	333,150	-	325,229
Operations	-	479,737	-	480,530
Capital outlay	-	42,851	-	19,090
Total	<u>993,760</u>	<u>855,738</u>	<u>138,022</u>	<u>824,849</u>
Facility Services				
Personnel services	-	313,356	-	279,588
Operations	-	486,457	-	439,110
Capital outlay	-	760,909	-	210,189
Total	<u>1,951,385</u>	<u>1,560,722</u>	<u>390,663</u>	<u>928,887</u>
Planning				
Personnel services	-	1,437,236	-	1,360,131
Operations	-	112,733	-	135,796
Downtown Development	-	19,944	-	17,719
Capital Outlay	-	54,663	-	11,155
Total	<u>1,762,665</u>	<u>1,624,576</u>	<u>138,089</u>	<u>1,524,801</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 1

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Construction Management				
Personnel services	\$ -	\$ 1,500,834	\$ -	\$ 2,395,565
Operations	-	220,860	-	223,399
Capital outlay	-	24,868	-	23,374
Total	<u>1,901,229</u>	<u>1,746,562</u>	<u>154,667</u>	<u>2,642,338</u>
Special Appropriations				
Wake County Programs	-	15,000	-	20,000
Chamber of Commerce	-	1,759	-	1,394
Capital Area Preservation, Inc	-	-	-	(75,000)
Apex Historical	-	5,000	-	-
Downtown Merchants	-	20,020	-	20,000
Total	<u>44,370</u>	<u>41,779</u>	<u>2,591</u>	<u>(33,606)</u>
Total general government	<u>11,158,498</u>	<u>9,881,057</u>	<u>1,277,441</u>	<u>9,095,360</u>
Public safety				
Police				
Personnel services	-	7,794,768	-	7,168,904
Operations	-	1,294,189	-	1,184,911
Capital outlay	-	1,105,626	-	704,093
Total	<u>11,010,202</u>	<u>10,194,583</u>	<u>815,619</u>	<u>9,057,908</u>
Fire and Rescue				
Personnel services	-	5,577,586	-	4,895,548
Operations	-	680,321	-	558,989
HAZMAT program	-	18,847	-	17,747
Capital outlay	-	1,205,994	-	719,768
Total	<u>8,054,352</u>	<u>7,482,748</u>	<u>571,604</u>	<u>6,192,052</u>
EMS				
Personnel services	-	1,576,381	-	1,497,954
Operations	-	230,568	-	209,636
Capital outlay	-	24,985	-	20,745
Total	<u>1,859,565</u>	<u>1,831,934</u>	<u>27,631</u>	<u>1,728,335</u>
Total public safety	<u>20,924,119</u>	<u>19,509,265</u>	<u>1,414,854</u>	<u>16,978,295</u>
Public Works				
Administration				
Personnel services	-	1,558,330	-	166,380
Operations	-	396,449	-	154,315
Total	<u>2,100,592</u>	<u>1,954,779</u>	<u>145,813</u>	<u>320,695</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 1

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Streets				
Personnel services	\$ -	\$ 598,465	\$ -	\$ 578,175
Operations	-	2,145,645	-	1,349,214
Capital outlay	-	477,763	-	353,143
Total	<u>4,465,019</u>	<u>3,221,873</u>	<u>1,243,146</u>	<u>2,280,532</u>
Fleet Services				
Personnel services	-	305,765	-	248,931
Operations	-	94,413	-	73,830
Capital outlay	-	-	-	17,149
Total	<u>433,608</u>	<u>400,178</u>	<u>33,430</u>	<u>339,910</u>
Cemetery				
Operations	<u>26,600</u>	<u>24,941</u>	<u>1,659</u>	<u>22,461</u>
Total public works	<u>7,025,819</u>	<u>5,601,771</u>	<u>1,424,048</u>	<u>2,963,598</u>
Environmental Protection				
Sanitation				
Personnel services	-	746,614	-	1,125,862
Operations	-	2,461,125	-	2,761,566
Capital outlay	-	225,627	-	52,807
Total environmental protection	<u>3,686,430</u>	<u>3,433,366</u>	<u>253,064</u>	<u>3,940,235</u>
Cultural and Recreational				
Personnel services	-	2,192,808	-	2,033,900
Operations	-	1,480,831	-	1,647,839
Capital outlay	-	828,348	-	259,812
Total cultural and recreation	<u>4,889,736</u>	<u>4,501,987</u>	<u>387,749</u>	<u>3,941,551</u>
Debt service				
Principal	-	3,028,562	-	2,667,080
Interest	-	858,100	-	751,866
Bond issuance cost	-	28,416	-	65,692
Total debt service	<u>3,915,082</u>	<u>3,915,078</u>	<u>4</u>	<u>3,484,638</u>
Total expenditures	<u>51,599,684</u>	<u>46,842,524</u>	<u>4,757,160</u>	<u>40,403,677</u>
Revenues over (under) expenditures	<u>(5,254,025)</u>	<u>2,449,228</u>	<u>7,703,253</u>	<u>3,180,222</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 1

	<u>2017</u>		Variance Positive (Negative)	<u>2016</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Capital Project	\$ (317,500)	\$ (317,500)	\$ -	\$ (1,167,422)
Street Project	(1,550,000)	(1,247,500)	302,500	(55,000)
Operating transfers in				
Recreation Reserve Fund	1,638,049	1,638,049	-	1,037,881
Transportation Reserve Fund	-	-	-	159,602
Contingency	(65,787)	-	65,787	-
Fund balance appropriated	5,549,263	-	(5,549,263)	-
Total other financing sources (uses)	<u>5,254,025</u>	<u>73,049</u>	<u>(5,180,976)</u>	<u>(24,939)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,522,277</u>	<u>\$ 2,522,277</u>	<u>3,155,283</u>
FUND BALANCE - Beginning of Year (as previously stated)		25,209,983		21,616,883
Adjustment to beginning fund balance		-		587,817
FUND BALANCE - Beginning of Year (as restated)		<u>25,209,983</u>		<u>22,204,700</u>
FUND BALANCE - End of Year		<u>\$ 27,732,260</u>		<u>\$ 25,359,983</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, 2017**

With comparative actual amounts for the year ended June 30, 2016

Schedule 2

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 130	\$ 550	\$ 420	\$ 286
EXPENDITURES				
Reserved for future expenditures	130	-	130	-
Net change in fund balance	\$ -	550	\$ 290	286
FUND BALANCE - Beginning of year		104,614		104,328
FUND BALANCE - End of year		\$ 105,164		\$ 104,614

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, 2017**

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>
ASSETS				
Cash and cash equivalents	\$ 116,146	\$ 3,305,044	\$ 920,329	\$ 4,515,722
Restricted cash	-	-	-	-
Wake County taxes receivable	-	-	-	-
Grants receivable	-	64,478	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 116,146</u>	<u>\$ 3,369,522</u>	<u>\$ 920,329</u>	<u>\$ 4,515,722</u>
LIABILITIES				
Accounts payable	\$ -	\$ 45,017	\$ 27,114	\$ -
Retainage	-	-	-	-
Total liabilities	<u>-</u>	<u>45,017</u>	<u>27,114</u>	<u>-</u>
FUND BALANCES				
Restricted	-	-	-	-
Committed	116,146	3,324,505	893,215	-
Assigned	-	-	-	4,515,722
Total fund balance	<u>116,146</u>	<u>3,324,505</u>	<u>893,215</u>	<u>4,515,722</u>
Total liabilities and fund balances	<u>\$ 116,146</u>	<u>\$ 3,369,522</u>	<u>\$ 920,329</u>	<u>\$ 4,515,722</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 668,932	\$ 1,356,935	\$ 10,766,962	\$ 391,610	\$ 11,274,718
-	-	-	709,268	709,268
17,131	-	17,131	-	17,131
-	-	64,478	-	64,478
<u>\$ 686,063</u>	<u>\$ 1,356,935</u>	<u>\$ 10,848,571</u>	<u>\$ 1,100,878</u>	<u>\$ 12,065,595</u>
\$ -	\$ 382,048	\$ 454,179	\$ -	\$ 454,179
-	224,100	224,100	-	224,100
-	606,148	678,279	-	678,279
-	-	-	709,268	709,268
-	750,787	4,968,507	391,610	5,476,263
686,063	-	5,201,785	-	5,201,785
<u>686,063</u>	<u>750,787</u>	<u>10,170,292</u>	<u>1,100,878</u>	<u>11,387,316</u>
<u>\$ 686,063</u>	<u>\$ 1,356,935</u>	<u>\$ 10,848,571</u>	<u>\$ 1,100,878</u>	<u>\$ 12,065,595</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, 2017

Statement 4

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	Perry Library	Street Improvements Project	Recreation Project	Recreation Reserve
REVENUES				
Motor vehicle licenses	\$ -	\$ -	\$ -	\$ -
Subdivision recreation fees	-	-	-	4,014,222
Transportation impact fees	-	-	-	-
Payments in lieu of streets	-	918,999	-	-
Intergovernmental	-	499,001	33,674	-
Donations	-	-	40,000	-
Sales and services	-	-	-	-
Investment earnings	607	13,403	3,584	16,985
Total revenues	<u>607</u>	<u>1,431,403</u>	<u>77,258</u>	<u>4,031,207</u>
EXPENDITURES				
Capital outlay-improvements	-	1,310,730	230,275	-
Revenues over (under) expenditures	<u>607</u>	<u>120,673</u>	<u>(153,017)</u>	<u>4,031,207</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,553,700	422,697	-
Transfers out	-	-	-	(2,060,746)
Total other financing sources (uses)	<u>-</u>	<u>1,553,700</u>	<u>422,697</u>	<u>(2,060,746)</u>
Net change in fund balances	607	1,674,373	269,680	1,970,461
FUND BALANCES - Beginning of year	<u>115,539</u>	<u>1,650,132</u>	<u>623,535</u>	<u>2,545,261</u>
FUND BALANCES - End of year	<u>\$ 116,146</u>	<u>\$ 3,324,505</u>	<u>\$ 893,215</u>	<u>\$ 4,515,722</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ 133,551	\$ -	\$ 133,551	\$ -	\$ 133,551
-	-	4,014,222	-	4,014,222
568,047	-	568,047	-	568,047
-	-	918,999	-	918,999
-	-	532,675	-	532,675
-	-	40,000	-	40,000
-	-	-	(3,000)	(3,000)
2,814	6,313	43,099	5,763	49,469
<u>704,412</u>	<u>6,313</u>	<u>6,250,593</u>	<u>2,763</u>	<u>6,253,963</u>
-	3,391,969	4,932,974	-	4,932,974
<u>704,412</u>	<u>(3,385,656)</u>	<u>1,317,619</u>	<u>2,763</u>	<u>1,320,989</u>
-	317,500	2,293,897	-	2,293,897
(306,200)	-	(2,366,946)	-	(2,366,946)
<u>(306,200)</u>	<u>317,500</u>	<u>(73,049)</u>	<u>-</u>	<u>(73,049)</u>
398,212	(3,068,156)	1,244,570	2,763	1,247,940
<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>\$ 686,063</u>	<u>\$ 750,787</u>	<u>\$ 10,170,292</u>	<u>\$ 1,100,878</u>	<u>\$ 11,387,316</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 5

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Investment earnings	\$ 160	\$ 607	\$ 447	\$ 317
EXPENDITURES				
Building maintenance and repair	<u>160</u>	<u>-</u>	<u>160</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	607	<u>\$ (607)</u>	317
FUND BALANCE - Beginning of year		<u>115,539</u>		<u>115,222</u>
FUND BALANCE - End of year		<u>\$ 116,146</u>		<u>\$ 115,539</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, 2017

Schedule 6

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Developer reimbursements	\$ -	\$ 25,146	\$ -	\$ 25,146
Payments in lieu of streets	34,000	408,959	918,999	1,327,958
Intergovernmental	5,398,500	281,895	499,001	780,896
Investment earnings	161,215	157,467	13,403	170,870
Sub-total revenues	5,593,715	873,467	1,431,403	2,304,870
Less closed projects	232,000	-	232,000	232,000
Total revenues	5,361,715	873,467	1,199,403	2,072,870
EXPENDITURES				
Capital outlay-improvements	10,956,893	824,980	1,310,730	2,135,710
Less closed projects	520,628	254,483	266,143	520,626
Total expenditures	10,436,265	570,497	1,044,587	1,615,084
Revenues over (under) expenditures	(5,074,550)	302,970	154,816	457,786
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	1,477,500	414,894	1,247,500	1,662,394
Transportation Capital Reserve	1,275,648	1,041,023	306,200	1,347,223
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	2,548,825	84,523	-	84,523
Bond premium	61,205	61,205	-	61,205
Sub-total other financing sources (uses)	5,363,178	1,601,645	1,553,700	3,155,345
Less closed projects	288,628	288,626	-	288,626
Total other financing sources (uses)	5,074,550	1,313,019	1,553,700	2,866,719
Net change in fund balance	\$ -	\$ 1,615,989	\$ 1,708,516	\$ 3,324,505

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2017

Schedule 7

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Investment earnings	\$ 4,000	\$ 4,064	\$ 3,584	\$ 7,648
Donations	-	-	40,000	40,000
Intergovernmental	450,000	-	33,674	33,674
Miscellaneous	6,200	6,287	-	6,287
Total revenues	460,200	10,351	77,258	87,609
EXPENDITURES				
Capital outlay-improvements	6,939,509	3,782,938	230,275	4,013,213
Revenues under expenditures	(6,479,309)	(3,772,587)	(153,017)	(3,925,604)
OTHER FINANCING SOURCES				
Transfers in				
Recreation reserve	3,843,466	1,760,279	422,697	2,182,976
General fund	400,000	400,000	-	400,000
Bonds issued	10,243	10,243	-	10,243
Issuance of debt	2,225,600	2,225,600	-	2,225,600
Total other financing sources	6,479,309	4,396,122	422,697	4,818,819
Net change in fund balance	\$ -	\$ 623,535	\$ 269,680	\$ 893,215

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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 8

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Subdivision recreation fees	\$ 1,400,000	\$ 4,014,222	\$ 2,614,222	\$ 2,123,562
Investment earnings	2,400	16,985	14,585	5,604
Total revenues	<u>1,402,400</u>	<u>4,031,207</u>	<u>2,628,807</u>	<u>2,129,166</u>
EXPENDITURES				
Reserved for future expenditures	-	-	-	-
Revenues over expenditures	<u>1,402,400</u>	<u>4,031,207</u>	<u>2,628,807</u>	<u>2,129,166</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
General Fund	(1,638,049)	(1,638,049)	-	(1,037,881)
Recreation Project	(422,697)	(422,697)	-	(873,710)
Fund Balance Appropriated	658,346	-	658,346	-
Total other financing sources (uses)	<u>(1,402,400)</u>	<u>(2,060,746)</u>	<u>658,346</u>	<u>(1,911,591)</u>
Net change in fund balance	<u>\$ -</u>	1,970,461	<u>\$ 1,970,461</u>	217,575
FUND BALANCE - Beginning of year		<u>2,545,261</u>		<u>2,327,686</u>
FUND BALANCE - End of year		<u>\$ 4,515,722</u>		<u>\$ 2,545,261</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 9

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Motor vehicle licenses	\$ 175,000	\$ 133,551	\$ (41,449)	\$ -
Transportation impact fees	260,000	568,047	308,047	273,493
Investment earnings	1,200	2,814	1,614	1,653
Total revenues	<u>436,200</u>	<u>704,412</u>	<u>268,212</u>	<u>275,146</u>
EXPENDITURES				
Reserved for future expenditures	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Revenues over expenditures	<u>306,200</u>	<u>704,412</u>	<u>138,212</u>	<u>275,146</u>
OTHER FINANCING USES				
Operating transfers out				
General Fund	-	-	-	(159,602)
Street Project Fund	(306,200)	(306,200)	-	(435,000)
Total other financing uses	<u>(306,200)</u>	<u>(306,200)</u>	<u>-</u>	<u>(594,602)</u>
Net change in fund balance	<u>\$ -</u>	398,212	<u>\$ 138,212</u>	(319,456)
FUND BALANCE - Beginning of year		<u>287,851</u>		<u>607,307</u>
FUND BALANCE - End of year		<u>\$ 686,063</u>		<u>\$ 287,851</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, 2017

Schedule 10

	Project Author - ization	Actual		
		Prior Year	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 7,500	\$ 6,532	\$ 6,313	\$ 12,845
EXPENDITURES				
Capital outlay-improvements	6,042,422	1,905,011	3,391,969	5,296,980
Revenues under expenditures	(6,034,922)	(1,898,479)	(3,385,656)	(5,284,135)
OTHER FINANCING SOURCES				
Transfers in				
General Fund	1,484,922	1,167,422	317,500	1,484,922
Fire reserve	50,000	50,000	-	50,000
Issuance of debt	4,500,000	4,500,000	-	4,500,000
Total other financing sources	6,034,922	5,717,422	317,500	6,034,922
Net change in fund balance	\$ -	\$ 3,818,943	\$ (3,068,156)	\$ 750,787

TOWN OF APEX, NORTH CAROLINA
PERMANENT FUND
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2017
With comparative actual amounts for the year ended June 30, 2016

Schedule 11

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Investment earnings	\$ 1,400	\$ 5,763	\$ 4,363	\$ 3,007
Sale of plots	-	(3,000)	(3,000)	(850)
Total revenues	<u>1,400</u>	<u>2,763</u>	<u>1,363</u>	<u>2,157</u>
EXPENDITURES				
Reserved for future expenditures	<u>1,400</u>	-	<u>1,400</u>	-
Net change in fund balance	<u>\$ -</u>	<u>2,763</u>	<u>\$ 2,763</u>	<u>2,157</u>
FUND BALANCE - Beginning of year		<u>1,098,115</u>		<u>1,095,958</u>
FUND BALANCE - End of year		<u>\$ 1,100,878</u>		<u>\$ 1,098,115</u>

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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 12

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 31,895,447	\$ 32,145,570	\$ 250,123	\$ 30,230,968
Reconnection fees	26,000	30,930	4,930	28,430
Penalties	60,000	70,335	10,335	68,260
Total	<u>31,981,447</u>	<u>32,246,835</u>	<u>265,388</u>	<u>30,327,658</u>
Other operating revenues				
Sales tax revenues	2,260,000	2,243,916	(16,084)	2,110,181
Underground charges	1,256,000	1,520,134	264,134	701,539
Pole rental	-	10,200	10,200	4,173
Pole relocation	-	29,424	29,424	-
Sale of capital assets	15,000	25,426	10,426	25,314
Miscellaneous	25,000	21,726	(3,274)	76,746
Electric meters	75,000	152,044	77,044	78,415
Total other operating revenues	<u>3,631,000</u>	<u>4,002,870</u>	<u>371,870</u>	<u>2,996,368</u>
Total operating revenues	35,612,447	36,249,705	637,258	33,324,026
Nonoperating revenues:				
Investment earnings	8,000	34,921	26,921	16,299
Total revenues	<u>35,620,447</u>	<u>36,284,626</u>	<u>664,179</u>	<u>33,340,325</u>
EXPENDITURES				
Personnel services	3,521,413	3,514,873	6,540	3,459,244
Operations and maintenance	1,345,861	1,206,180	139,681	874,859
Purchases of electricity	24,811,000	24,380,180	430,820	22,100,335
Electric sales tax	2,470,000	2,283,729	186,271	2,229,245
Total	<u>32,148,274</u>	<u>31,384,962</u>	<u>763,312</u>	<u>28,663,683</u>
Debt service				
Principal retirement	481,000	481,000	-	464,000
Interest	158,266	158,257	9	175,063
Total debt service	<u>639,266</u>	<u>639,257</u>	<u>9</u>	<u>639,063</u>
Capital outlay	4,120,971	3,832,818	288,153	2,614,142
Total expenditures	<u>36,908,511</u>	<u>35,857,037</u>	<u>1,051,474</u>	<u>31,916,888</u>
Revenues over (under) expenses	<u>(1,288,064)</u>	<u>427,589</u>	<u>1,715,653</u>	<u>1,423,437</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 12

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Electric Substation Project	\$ -	\$ -	\$ -	\$ (1,500,000)
Contingency	(14,768)	-	14,768	-
Appropriated fund balance	1,302,832	-	(1,302,832)	-
Total other financing sources (uses)	<u>1,288,064</u>	<u>-</u>	<u>(1,288,064)</u>	<u>(1,500,000)</u>
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	427,589	<u>\$ 427,589</u>	(76,563)

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

Reconciling items:

Capital outlay	3,832,818	2,614,142
Depreciation	(2,391,200)	(2,276,392)
Payment of debt principal	481,000	464,000
Intrafund transfers	-	1,500,000
Disposition of capital assets	(2,082)	-
Decrease in accrued vacation and compensatory pay	5,952	(2,608)
Decrease in accrued interest	2,188	2,111
Decrease in net pension asset	-	(253,301)
Increase in deferred outflows of resources - pensions	563,398	3,798
Increase in net pension liability	(675,867)	(190,686)
Decrease in deferred inflows of resources - pensions	67,960	500,721
Increase in accrued other post-employment benefits	(183,189)	(124,203)
Electric substation project		
Investment earnings	6,529	4,680
Net income	<u>\$ 2,135,096</u>	<u>\$ 2,165,699</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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 13	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 13,954,727	\$ 13,818,534	\$ (136,193)	\$ 12,972,881
Other operating revenues				
Water and sewer taps	170,000	352,125	182,125	189,460
Water tank rentals	140,000	172,421	32,421	161,378
Miscellaneous	24,000	48,088	24,088	50,358
Total other operating revenues	334,000	572,634	238,634	401,196
Total operating revenues	14,288,727	14,391,168	102,441	13,374,077
Nonoperating revenues:				
Investment earnings	15,000	66,380	51,380	33,287
Sale of capital assets	10,000	10,306	306	29,084
Total nonoperating revenues	25,000	76,686	51,686	62,371
Total revenues	14,313,727	14,467,854	154,127	13,436,448
EXPENDITURES				
Sewer Treatment				
Personnel services	834,189	823,542	10,647	833,494
Operations and maintenance	1,104,463	829,536	274,927	701,302
Contracted treatment services	1,428,866	1,492,976	(64,110)	1,490,817
Total	3,367,518	3,146,054	221,464	3,025,613
Sewer Maintenance				
Personnel services	1,888,478	1,883,866	4,612	1,757,595
Operations and maintenance	1,239,933	677,368	562,565	851,996
Total	3,128,411	2,561,234	567,177	2,609,591
Water Treatment				
Operations and maintenance	335,701	281,607	54,094	283,940
Water purchases	1,657,588	1,585,963	71,625	1,474,840
Total	1,993,289	1,867,570	125,719	1,758,780
Water Maintenance				
Personnel services	1,746,123	1,698,430	47,693	1,557,091
Operations and maintenance	1,048,097	827,369	220,728	732,917
Total	2,794,220	2,525,799	268,421	2,290,008
Debt service				
Interest	1,714,975	1,714,968	7	1,763,069
Principal retirement	2,310,880	2,310,869	11	2,242,870
Total debt service	4,025,855	4,025,837	18	4,005,939
Capital outlay				
Sewer treatment	417,360	388,720	28,640	165,205
Sewer maintenance	721,732	603,081	118,651	427,913
Water maintenance	2,311,610	1,836,347	475,263	1,005,396
Water treatment	526,632	468,754	57,878	147,242
Total capital outlay	3,977,334	3,296,902	680,432	1,745,756
Total expenditures	19,286,627	17,423,396	1,863,231	15,435,687
Revenues over (under) expenditures	(4,972,900)	(2,955,542)	2,017,358	(1,999,239)

**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, 2017**

With comparative actual amounts for the year ended June 30, 2016

Schedule 13

	<u>2017</u>			<u>2016</u>
	Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCES				
Transfers in /(out)				
Water/Sewer Reserve	\$ 2,188,916	\$ 1,996,916	\$ (192,000)	\$ 3,200,000
Fund balance appropriated	2,783,984	-	(2,783,984)	-
Total other financing sources	<u>4,972,900</u>	<u>1,996,916</u>	<u>(2,975,984)</u>	<u>3,200,000</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	(958,626)	\$ <u>(958,626)</u>	1,200,761
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Capital outlay		3,296,902		1,745,756
Capital contributions		18,565,595		28,831,695
Intrafund transfers		(1,996,916)		(3,200,000)
Depreciation		(8,168,782)		(7,025,552)
Increase (decrease) in accrued interest		4,516		(26,592)
Amortization of premiums on bonds issued		74,236		74,236
Payment of debt principal		2,310,869		2,242,870
Decrease in net pension asset		-		(302,406)
Increase in deferred outflows of resources - pensions		707,543		4,551
Increase in net pension liability		(842,018)		(229,484)
Decrease in deferred inflows of resources - pensions		79,025		599,854
Disposition of capital assets		(3,623)		-
Increase in accrued vacation pay		(1,842)		(13,325)
Increase in other post-employment benefits		(177,141)		(116,762)
Water/Sewer Capital Project Fund				
Interest income		39,275		26,970
Waste Water Treatment Plant Capital Project Fund				
Interest income		11,608		4,916
Capital Reserve Fund				
Capacity fees		8,560,069		4,788,069
Acreage fees		2,724,425		1,364,194
Interest income		105,115		46,520
Miscellaneous		65,615		-
Refund of development fees		-		(862,400)
Net Income	\$ <u>24,395,845</u>			\$ <u>29,153,871</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2017

Schedule 14

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Investment earnings	\$ 50,000	\$ 50,238	\$ 6,529	\$ 56,767
EXPENDITURES				
Capital outlay - improvements	4,616,726	625,254	11,634	636,888
Less closed projects	1,500,000	616,504	11,634	628,138
Total expenditures	3,116,726	8,750	-	8,750
Revenues over (under) expenditures	(3,066,726)	41,488	6,529	48,017
OTHER FINANCING SOURCES				
Transfers in				
Electric Fund	4,458,363	1,719,259	-	1,719,259
Water/Sewer Fund	108,363	108,363	-	108,363
Sub-total other financing sources	4,566,726	1,827,622	-	1,827,622
Less closed projects	1,500,000	628,138	-	628,138
Total other financing sources	3,066,726	1,199,484	-	1,199,484
Revenues and other financing sources over expenditures	\$ -	\$ 1,240,972	\$ 6,529	\$ 1,247,501

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2017

Schedule 15

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 275,000	\$ 302,045	\$ 39,275	\$ 341,320
Less closed projects	-	31,130	-	31,130
Total revenues	<u>275,000</u>	<u>270,915</u>	<u>39,275</u>	<u>310,190</u>
EXPENDITURES				
Capital outlay - improvements	31,337,142	17,116,034	3,252,276	20,368,310
Bond issuance costs	16,100	60,905	-	60,905
Sub-total expenditures	<u>31,353,242</u>	<u>17,176,939</u>	<u>3,252,276</u>	<u>20,429,215</u>
Less closed projects	994,060	109,187	897,606	1,006,793
Total expenditures	<u>30,359,182</u>	<u>17,067,752</u>	<u>2,354,670</u>	<u>19,422,422</u>
Revenues under expenditures	<u>(30,084,182)</u>	<u>(16,796,837)</u>	<u>(2,315,395)</u>	<u>(19,112,232)</u>
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	22,412,966	13,958,842	5,696,660	19,655,502
Water/Sewer Fund	-	64,113	-	64,113
Bond Proceeds	8,000,000	8,045,000	-	8,045,000
Revolving loan proceeds	665,276	665,276	-	665,276
Sub-total other financing sources	<u>31,078,242</u>	<u>22,733,231</u>	<u>5,696,660</u>	<u>28,429,891</u>
Less closed projects	994,060	492,807	482,856	975,663
Total other financing sources	<u>30,084,182</u>	<u>22,240,424</u>	<u>5,213,804</u>	<u>27,454,228</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 5,443,587</u>	<u>\$ 2,898,409</u>	<u>\$ 8,341,996</u>

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, 2017

Schedule 16

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 305,027	\$ 11,608	\$ 316,635
Miscellaneous	-	404	-	404
Total revenues	<u>-</u>	<u>419,391</u>	<u>11,608</u>	<u>317,039</u>
EXPENDITURES				
Capital outlay - improvements	29,234,463	27,238,488	180,747	27,419,235
Bond issuance costs	852,270	852,788	-	852,788
Sub-total expenditures	<u>30,086,733</u>	<u>28,091,276</u>	<u>180,747</u>	<u>28,272,023</u>
Less closed projects	<u>28,402,270</u>	<u>26,144,430</u>	<u>63,568</u>	<u>26,207,998</u>
Total expenditures	<u>1,684,463</u>	<u>1,946,846</u>	<u>117,179</u>	<u>2,064,025</u>
Revenues under expenditures	<u>(1,684,463)</u>	<u>(1,527,455)</u>	<u>(105,571)</u>	<u>(1,746,986)</u>
OTHER FINANCING SOURCES				
Issuance of debt	23,385,715	23,385,715	-	23,385,715
Bond premium	646,555	646,554	-	646,554
Transfers in				
Water/Sewer Capital Reserve	<u>6,054,463</u>	<u>6,054,463</u>	<u>-</u>	<u>6,054,463</u>
Sub-total other financing sources	<u>30,086,733</u>	<u>30,086,732</u>	<u>-</u>	<u>30,086,732</u>
Less closed projects	<u>28,402,270</u>	<u>26,207,998</u>	<u>-</u>	<u>26,207,998</u>
Total other financing sources	<u>1,684,463</u>	<u>3,878,734</u>	<u>-</u>	<u>3,878,734</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,351,279</u>	<u>\$ (105,571)</u>	<u>\$ 2,131,748</u>

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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 17

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Capacity fees	\$ 4,825,000	\$ 8,560,069	\$ 3,735,069	\$ 4,788,069
Acreage fees	1,653,668	2,724,425	1,070,757	1,364,194
Miscellaneous	-	65,615	65,615	46,520
Investment earnings	25,000	105,115	80,115	46,520
Total revenues	6,503,668	11,455,224	4,951,556	6,198,783
EXPENDITURES	-	-	-	862,400
Revenues over expenditures	6,503,668	11,455,224	4,951,556	5,336,383
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Water/Sewer Fund	(1,996,916)	(1,996,916)	-	(3,200,000)
Water/Sewer Project Fund	(5,696,660)	(5,696,660)	-	(309,622)
Fund Balance Appropriated	1,189,908	-	(1,189,908)	-
Total other financing sources (uses)	(6,503,668)	(7,693,576)	(1,189,908)	(3,509,622)
Net change in fund balance	\$ -	3,761,648	\$ 3,761,648	1,826,761
FUND BALANCE - Beginning of year		15,978,805		14,152,044
FUND BALANCE - End of year		\$ 19,740,453		\$ 15,978,805

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, 2017

With comparative actual amounts for the year ended June 30, 2016

Schedule 18

	<u>2017</u>			<u>2016</u>
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 2,989,880	\$ 3,526,610	\$ 536,730	\$ 3,221,943
Dental premiums	229,143	253,144	24,001	237,234
Employee health contributions	886,032	837,481	(48,551)	805,771
Employee dental contributions	159,473	176,212	16,739	164,443
Total revenues	<u>4,264,528</u>	<u>4,793,447</u>	<u>528,919</u>	<u>4,429,391</u>
EXPENDITURES				
Health claims-employees	2,988,281	3,224,280	(235,999)	2,618,405
Dental claims-employees	288,380	350,498	(62,118)	326,797
Administrative fees-employees	685,016	857,457	(172,441)	780,340
Health claims-retiree	290,000	258,525	31,475	433,364
Dental claims-retiree	-	958	(958)	17
Administrative fees-retiree	12,851	58,242	(45,391)	9,842
Total expenditures	<u>4,264,528</u>	<u>4,749,960</u>	<u>(485,432)</u>	<u>4,168,765</u>
Revenues over expenditures	<u>\$ -</u>	43,487	<u>\$ 43,487</u>	260,626
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
(Increase) decrease in reserve for incurred but not reported ("IBNR") claims		<u>(88,854)</u>		<u>48,228</u>
Change in net position		<u>\$ (45,367)</u>		<u>\$ 308,854</u>

**TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2017**

Schedule 19

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2017</u>
2016-2017	\$ -	\$ 22,979,651	\$ 22,953,997	\$ 25,654
2015-2016	22,820	-	6,471	16,349
2014-2015	13,848	-	2,367	11,481
2013-2014	19,290	-	2,061	17,229
2012-2013	12,173	-	1,845	10,328
2011-2012	9,027	-	409	8,618
2010-2011	10,277	-	172	10,105
2009-2010	11,125	-	154	10,971
2008-2009	18,670	-	106	18,564
2007-2008	13,447	-	219	13,228
2006-2007	11,194	-	11,194	-
	<u>\$ 141,871</u>	<u>\$ 22,979,651</u>	<u>\$ 22,978,995</u>	<u>142,527</u>
				Less: Allowance for uncollectible accounts <u>76,453</u>
				Ad valorem taxes receivable - net <u>\$ 66,074</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 22,995,117
Reconciling items:	
Less: Penalties and interest	(34,520)
Add: Adjustments and releases	18,398
Total collections and credits	<u>\$ 22,978,995</u>

**TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2017**

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	\$ 6,088,590,000	0.38	\$ 23,136,642	21,217,524	\$ 1,919,118
Penalties	-		17,843	17,843	-
Total	<u>6,088,590,000</u>		<u>23,154,485</u>	<u>21,235,367</u>	<u>1,919,118</u>
Discoveries:					
Prior year taxes	-		90,627	90,557	70
Total	<u>6,088,590,000</u>		<u>23,245,112</u>	<u>21,325,924</u>	<u>1,919,188</u>
Abatements	<u>(69,858,158)</u>	0.38	<u>(265,461)</u>	<u>(265,461)</u>	<u>-</u>
Total property valuation	<u>\$ 6,018,731,843</u>				
Net levy			22,979,651	21,060,463	1,919,188
Uncollected taxes at June 30, 2017			<u>25,654</u>	<u>17,934</u>	<u>7,720</u>
Current year's taxes collected			<u>\$ 22,953,997</u>	<u>\$ 21,042,529</u>	<u>\$ 1,911,468</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
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>\$ 32,205,000</u>	<u>\$ 47,031,575</u>	<u>\$ 14,095,000</u>	<u>\$ 17,012,368</u>	<u>\$ 46,300,000</u>	<u>\$ 64,043,943</u>

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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>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>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 133,225	\$ 137,055	\$ 139,181	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231	\$ 208,352	\$ 298,896
Restricted	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486	8,279
Unrestricted	17,949	16,858	18,118	15,810	14,161	15,473	14,699	14,216	13,406	17,797
Total governmental activities net position	\$ 152,467	\$ 155,128	\$ 158,375	\$ 157,973	\$ 163,877	\$ 167,207	\$ 172,872	\$ 192,537	\$ 232,244	\$ 324,972
Business-type activities										
Net investment in capital assets	\$ 98,025	\$ 102,374	\$ 104,584	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820	\$ 181,185	\$ 202,626
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	46,582	47,097	48,354	53,767	62,759	65,281	46,298	46,393	44,345	49,435
Total business-type activities net position	\$ 144,607	\$ 149,471	\$ 152,938	\$ 158,147	\$ 165,508	\$ 170,220	\$ 181,498	\$ 194,213	\$ 225,530	\$ 252,061
Primary government										
Net investment in capital assets	\$ 231,250	\$ 239,429	\$ 243,765	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051	\$ 389,537	\$ 501,522
Restricted	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486	8,279
Unrestricted	64,531	63,955	66,472	69,577	76,920	80,754	60,997	60,609	57,751	67,232
Total primary government net position	\$ 297,074	\$ 304,600	\$ 311,313	\$ 316,120	\$ 329,385	\$ 337,427	\$ 354,370	\$ 386,750	\$ 457,774	\$ 577,033

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

Table 2

	<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>	<u>2017</u>
Expenses										
Governmental activities										
General government	\$ 7,138	\$ 7,642	\$ 7,042	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235	\$ 9,851	\$ 10,069
Public Safety	9,080	10,607	10,971	11,994	12,878	13,836	14,692	15,491	16,623	19,644
Public Works	6,003	6,035	5,917	6,427	7,023	7,350	6,644	8,854	8,697	13,241
Environmental Protection	2,878	3,053	3,097	3,163	3,304	3,270	3,532	3,794	4,006	3,394
Culture and recreation	3,186	3,541	3,551	3,786	3,963	4,272	4,381	4,811	5,336	5,519
Interest on long-term debt	455	858	1,083	935	862	917	974	944	822	764
Total governmental activities expenses	28,740	31,736	31,661	33,685	36,017	37,586	38,984	43,129	45,335	52,631
Business-type activities										
Water and Sewer	9,472	11,131	11,462	11,124	11,473	13,304	14,196	15,498	18,485	20,140
Electric	22,433	25,308	26,702	27,223	28,330	28,335	29,530	31,674	31,179	34,154
Total business-type activities expenses	31,905	36,439	38,164	38,347	39,803	41,639	43,726	47,172	49,664	54,294
Total primary government expenses	\$ 60,645	\$ 68,175	\$ 69,825	\$ 72,032	\$ 75,820	\$ 79,225	\$ 82,710	\$ 90,301	\$ 94,999	\$ 106,925
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 1,045	\$ 653	\$ 559	\$ 918	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557	\$ 3,501	\$ 4,960
Public Safety ⁽¹⁾	-	-	275	1,020	51	14	14	11	15	17
Culture and recreation	700	565	616	858	1,097	1,706	1,553	2,324	323	4,892
Public Works	814	417	301	169	299	228	398	636	2,953	1,487
Environmental Protection	2,117	2,310	2,340	2,389	2,465	2,574	2,683	2,814	3,029	3,351
Operating grants and contributions	697	1,363	1,276	1,168	2,315	3,189	2,897	3,008	3,073	3,773
Capital grants and contributions	8,922	6,605	4,555	4,277	10,174	5,074	6,472	23,058	38,469	92,297
Total governmental activities program revenues	14,295	11,913	9,922	10,799	17,292	14,003	15,857	34,408	51,363	110,777
Business-type activities										
Charges for services:										
Water and Sewer	13,561	10,184	11,106	12,964	28,901	15,797	16,448	12,949	13,374	14,457
Electric	24,782	26,739	27,514	29,686	13,809	29,069	31,599	32,646	33,299	36,224
Capital grants and contributions	2,608	3,462	2,825	805	4,362	2,603	6,478	14,977	34,121	29,850
Total business-type activities program revenues	40,951	40,385	41,445	43,455	47,072	47,469	54,525	60,572	80,794	80,531
Total primary government program revenues	\$ 55,246	\$ 52,298	\$ 51,367	\$ 54,254	\$ 64,364	\$ 61,472	\$ 70,382	\$ 94,980	\$ 132,157	\$ 191,308

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue										
Governmental activities	\$ (14,445)	\$ (19,824)	\$ (21,739)	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)	\$ 6,028	\$ 58,146
Business-type activities	9,045	3,946	3,281	5,108	7,269	5,830	10,799	13,400	31,130	26,237
Total primary government net expenses	\$ (5,400)	\$ (15,878)	\$ (18,458)	\$ (17,778)	\$ (11,457)	\$ (17,753)	\$ (12,328)	\$ 4,679	\$ 37,158	\$ 84,383
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	11,712	14,245	14,475	14,722	15,063	17,837	18,969	19,547	20,676	22,987
Sales taxes	5,704	5,100	4,843	5,189	6,293	6,665	7,219	7,959	8,753	9,407
Motor vehicle licenses	130	134	136	136	143	148	202	168	176	329
Miscellaneous taxes	25	55	28	35	36	42	47	51	56	65
Unrestricted grants and contributions	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971	2,971
Investment earnings	866	539	89	83	48	53	25	24	95	202
Miscellaneous	249	338	1,398	214	631	375	553	398	364	475
Transfers	-	-	-	-	-	-	(400)	-	-	-
Total governmental activities	20,417	22,486	22,965	22,483	24,629	27,242	28,791	31,006	33,091	36,436
Business-type activities										
Investment earnings	1,988	917	187	177	93	115	51	71	133	264
Miscellaneous	22	1	-	-	-	5	28	10	54	30
Transfers	-	-	-	-	-	-	400	-	-	-
Total business-type activities	2,010	918	187	177	93	120	479	81	187	294
Total primary government	\$ 22,427	\$ 23,404	\$ 23,152	\$ 22,660	\$ 24,722	\$ 27,362	\$ 29,270	\$ 31,087	\$ 33,278	\$ 36,730
Change in Net Position										
Governmental activities	\$ 5,973	\$ 2,662	\$ 1,226	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285	\$ 39,119	\$ 94,582
Business-type activities	11,055	4,864	3,468	5,285	7,362	5,950	11,278	13,481	31,317	26,531
Total primary government	\$ 17,028	\$ 7,526	\$ 4,694	\$ 4,882	\$ 13,265	\$ 9,609	\$ 16,942	\$ 35,766	\$ 70,436	\$ 121,113

Notes

⁽¹⁾ 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 & Wine Tax</u>	<u>Total</u>
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
2017	22,995,117	9,406,835	2,529,054	333,116	202,523	35,466,645

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

Table 4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved	\$ 2,982	\$ 2,848	\$ 2,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,846	15,488	12,213	-	-	-	-	-	-	-
Nonspendable	-	-	-	80	80	111	101	142	166	115
Restricted	-	-	-	3,046	4,379	4,154	5,877	5,377	7,179	7,569
Committed	-	-	-	-	-	-	-	-	677	776
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	19,377
Total General Fund	<u>\$ 14,828</u>	<u>\$ 18,336</u>	<u>\$ 15,172</u>	<u>\$ 16,369</u>	<u>\$ 17,600</u>	<u>\$ 19,786</u>	<u>\$ 21,777</u>	<u>\$ 21,721</u>	<u>\$ 25,315</u>	<u>\$ 27,837</u>
All other governmental funds										
Reserved	\$ 663	\$ 686	\$ 702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	557	591	552	-	-	-	-	-	-	-
Capital project funds	3,041	10,395	6,790	-	-	-	-	-	-	-
Permanent funds	348	370	374	-	-	-	-	-	-	-
Nonspendable	-	-	-	714	718	716	717	713	712	709
Restricted	-	-	-	-	-	-	759	-	2,595	-
Committed	-	-	-	4,068	2,205	5,727	1,920	3,509	3,999	5,476
Assigned	-	-	-	696	1,114	2,749	3,138	2,934	2,833	5,202
Unassigned	-	-	-	-	(31)	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,609</u>	<u>\$ 12,042</u>	<u>\$ 8,418</u>	<u>\$ 5,478</u>	<u>\$ 4,006</u>	<u>\$ 9,192</u>	<u>\$ 6,534</u>	<u>\$ 7,156</u>	<u>\$ 10,139</u>	<u>\$ 11,387</u>

Notes:

⁽¹⁾ 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>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>	<u>2017</u>
Revenues										
Ad valorem taxes	\$ 11,690	\$ 14,247	\$ 14,484	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577	\$ 20,709	\$ 22,995
Other taxes and licenses	5,870	5,269	5,004	5,358	6,473	6,854	7,477	8,186	8,989	9,672
Unrestricted intergovernmental	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971	2,971
Restricted intergovernmental	2,314	1,717	2,141	2,221	3,667	4,280	3,285	4,341	3,555	4,306
Permits and fees	1,601	803	886	1,410	1,746	2,515	3,078	4,652	5,945	10,461
Sales and services	3,074	3,117	3,192	3,957	3,055	3,211	3,410	3,691	3,874	4,380
Investment earnings	866	538	89	73	38	32	25	24	95	201
Miscellaneous	315	349	1,568	221	648	425	585	413	397	560
Total revenues	\$ 27,461	\$ 28,115	\$ 29,360	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743	\$ 46,535	\$ 55,546
Expenditures										
General government	\$ 7,059	\$ 7,034	\$ 6,551	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251	\$ 8,864	\$ 8,688
Public safety	8,814	9,804	10,156	11,202	11,676	12,757	13,462	14,487	15,534	17,173
Public works	2,492	1,994	1,569	1,872	2,255	2,460	1,692	3,578	2,593	5,124
Environmental protection	2,883	3,025	2,933	2,987	3,137	3,177	3,426	3,680	3,887	3,208
Cultural and recreation	2,535	3,006	2,716	2,675	2,792	2,999	3,323	3,555	3,682	3,674
Capital projects	7,950	8,700	6,602	3,989	4,636	5,532	6,855	8,718	6,928	9,994
Debt Service										
Principal	695	1,275	1,635	1,652	1,655	1,809	2,134	2,134	2,667	3,028
Interest	461	815	1,087	1,040	835	882	816	732	817	886
Bond issuance costs	-	-	-	-	-	139	-	-	-	-
Total expenditures	\$ 32,889	\$ 35,653	\$ 33,249	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135	\$ 44,972	\$ 51,775
Excess of revenues over (under) expenditures	(5,428)	(7,538)	(3,889)	(1,855)	(742)	558	(267)	(1,392)	1,563	3,771
Other financing sources (uses)										
Issuance of debt	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	860	380	2,163	331	780	548	-	-	3,729	3,932
Transfers out	(860)	(380)	(2,163)	(331)	(780)	(548)	(400)	-	(3,804)	(3,932)
Total other financing sources (uses)	2,500	18,480	(2,900)	112	502	6,364	(400)	2,229	4,425	-
Net change in fund balances	\$ (2,928)	\$ 10,942	\$ (6,789)	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)	\$ 837	\$ 5,988	\$ 3,771
Debt service as a percentage of noncapital expenditures	4.6%	7.8%	10.2%	9.6%	8.5%	9.1%	9.1%	7.9%	9.2%	9.4%

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

Table 6

Fiscal Year Ended June 30	Real Property	Public Service Property	Motor Vehicles	Other Personal Property	Total Taxable Assessed Value	Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2017	5,290,258,644	34,099,710	500,589,928	193,783,561	6,018,731,843	.38	6,478,754,334	92.9%

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2017

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2008	.40	.678	1.078
2009	.34	.534	.874
2010	.34	.534	.874
2011	.34	.534	.874
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.578	.968
2015	.39	.578	.968
2016	.39	.6145	1.0045
2017	.38	.6005	.9805

Notes:

⁽¹⁾ 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, 2017

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	(25,872)	10,998,184	10,872,178	98.9	126,006	10,998,184	100.0
2008	11,702,097	(30,452)	11,671,645	11,535,980	98.8	122,436	11,658,416	99.9
2009	14,246,248	(19,039)	14,227,209	14,096,582	99.1	112,062	14,208,644	99.9
2010	14,471,733	(10,914)	14,460,819	14,349,613	99.2	100,235	14,449,848	99.9
2011	14,724,826	(6,227)	14,718,599	14,598,651	99.2	109,840	14,708,491	99.9
2012	15,080,217	(4,167)	15,076,050	14,946,582	99.1	94,492	15,041,074	99.8
2013	17,819,954	(5,341)	17,814,613	17,681,021	99.3	123,263	17,804,284	99.9
2014	18,937,765	(1,077)	18,936,688	18,869,293	99.6	50,167	18,919,460	99.9
2015	19,525,453	(5,777)	19,519,676	19,482,708	99.8	25,487	19,508,195	99.9
2016	20,668,145	(7,038)	20,661,107	20,645,326	99.9	(567)	20,644,759	99.9
2017	22,979,651	-	22,979,651	22,953,997	99.9	-	22,953,997	99.9

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

Table 9

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CSP Community Owner LLC	\$ 98,409,381	1	1.64%			
DDR 1st Carolina	60,247,793	2	1.00	\$ 26,551,140	3	0.91%
CFK Apex Land Co LLC	49,352,614	3	0.82	17,068,096	6	0.59
CRLP Creekside Hills Drive LLC	34,856,268	4	0.58			
Village at Broadstone Station LLC	34,817,967	5	0.58			
TRT DDR Beaver Creek	32,634,697	6	0.54			
EMC Corporation	30,902,779	7	0.51	46,659,171	2	
Enterprise Propane Terminals	29,315,453	8	0.49			
Lake Cameron LLC	23,755,976	9	0.39	20,759,255	5	
BELL HNW Exchange Apex LLC	21,694,373	10	0.36			
Summit Properties				58,260,663	1	2.00
Metropolitan Development @Apex LLC				22,165,660	4	0.76
Cooper Industries				16,992,180	7	0.58
Beaver Creek Section I & II				15,959,421	8	0.55
Target Corporation				12,451,859	9	0.43
Tipper Tie, Inc				11,228,132	10	0.39
Totals	\$ 415,987,301			\$ 248,095,577		
Total Assessed Valuation =	\$ 6,018,731,843			\$ 2,915,969,750		

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

Electric Ratepayer	2017				2008			
	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	9,733,170	\$ 1,144,431	1	3.55	7,147,040	\$ 712,760	1	3.05%
Town of Cary	13,725,600	834,609	2	2.59				
Food Lion	3,252,560	231,490	6	0.72	2,966,760	211,212	3	0.91%
Target Corporation	3,546,120	229,750	3	0.71	4,212,480	196,896	2	0.84%
Harris Teeter	2,607,520	216,588	4	0.67	2,876,480	211,313	4	0.91%
Lowe's Home Improvement	2,479,840	216,077	5	0.67	2,609,920	125,491	7	0.54%
Lowes Foods	2,477,280	199,276	8	0.62	2,715,840	195,213	5	0.84%
Wake Med Property Services	2,052,960	176,875	7	0.55				
Kroger	2,553,920	162,583	9	0.50	2,659,040	194,782	6	0.83%
Home Depot	1,594,320	137,655	10	0.43	2,314,400	176,369	8	0.76%
Hendrick					1,436,400	133,744	9	0.57%
Apex Cinema					1,212,320	88,032	10	0.38%
Totals		\$ 3,549,334				\$ 2,245,812		
Total Sales of Electricity =		\$ 32,246,835				\$ 23,335,082		

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 ⁽¹⁾	Per Capita
	General Obligation Bonds	Installment Financings	General Obligation Bonds	Installment Financings	Revenue Bonds			
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	18,181,189	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
2017	14,560,093	9,781,958	33,686,633	22,375,007	3,891,000	84,294,691	-	1,702

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 ⁽¹⁾	Per Capita ⁽²⁾
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
2017	48,246,726	0.74%	974

Notes:

⁽¹⁾ See Table 6 for estimated taxable values of property.

⁽²⁾ See Table 14 for estimated population data.

TOWN OF APEX, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT
As of June 30, 2017

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County Wake County General Obligation Bonds	\$ 1,727,865,000	4.26%	\$ 73,607,049
Town of Apex governmental activities debt			<u>24,342,051</u>
Total direct and overlapping debt			<u>\$ 97,949,100</u>

Notes:

⁽¹⁾ Percentage based on total assessed property values.

⁽²⁾ 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>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>	<u>2017</u>
Debt Limit	\$ 233,278	\$ 331,601	\$ 338,270	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531	\$ 422,562	\$ 481,498
Total net debt applicable to limit	\$ 12,640	\$ 27,035	\$ 25,400	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477	\$ 25,639	\$ 27,421	\$ 24,342
Legal debt margin	\$ 220,638	\$ 304,566	\$ 312,870	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739	\$ 373,892	\$ 395,141	\$ 457,156
Total net debt applicable to the limit as a percentage of debt limit	5.42%	8.15%	7.51%	6.91%	6.43%	7.38%	6.58%	6.42%	6.49%	5.06%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$ 6,018,731,843</u>
Debt limit - 8% of assessed value	481,498,547
Total debt applicable to limit	<u>24,342,051</u>
Legal debt margin	<u>\$ 457,156,496</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 (1) (2)	Unemployment Rate (3)
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	1,676,820	37,002	4.0
2016	47,525	1,758,520	37,002	3.5
2017	49,541	1,833,116	37,002	3.2

Notes:

(1) Town of Apex Planning Department.

(2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis Apex and US Census Bureau. Information for 2016-2017 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	2017			2008		
	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	1696	1	6.87%	900	1	5.53%
Dell Inc. (EMC)	500	2	2.02%	363	3	2.23%
Apex Tool Group	425	3	1.72%	400	2	2.46%
Town of Apex	409	4	1.66%	271	4	1.66%
ATI Industrial Automation	250	5	1.01%			
Super Target	250	6	1.01%			
Costco	239	7	0.97%			
Walmart	150	8	0.61%			
Lowes Home Improvement	150	9	0.61%			
Tipper Tie, Inc.	122	10	0.49%	135	7	0.83%
Bland Landscaping				180	5	1.11%
Morton Metalcraft Co. of NC				159	6	0.98%
NC Department of Corrections				100	8	0.61%
Henry Wurst, Inc.				100	9	0.61%
Hare Pipeline				100	10	0.61%
Totals	4,191			2,708		
Total Employed in Apex (2)	24,697			16,284		

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 ⁽¹⁾⁽²⁾
Last Ten Fiscal Years
June 30, 2017

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
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
2017	47	17	188	13	7	27

Notes:

- ⁽¹⁾ Permanent employees only, does not include temporary or seasonal employees.
- ⁽²⁾ As of June 30th of each year.
- ⁽³⁾ Employees of Apex EMS included in 2010.

Fleet & Facilities	Environmental Protection	Water/ Sewer	Electric	Construction Management	Year Total
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
10	17	34	32	19	411

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

Table 17

<u>Function</u>	<u>Fiscal Year</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>	<u>2017</u>
Police										
Physical arrests	1,047	843	925	746	639	758	516	504	464	484
Parking violations	46	144	77	124	216	193	215	235	256	426
Traffic violations	7,701	7,864	8,137	8,004	5,882	5,787	7,074	6,047	6,904	8,169
Fire										
Number of calls answered	2,053	2,007	2,211	2,433	2,214	2,567	2,635	2,881	2,822	3009
Highways and streets										
Street resurfacing (miles)	0	2.9	0	0.9	3.8	8.6	0	9.9	0.0	20.1
Environmental Protection										
Number of households served	10,898	10,983	11,254	11,432	11,717	12,036	12,476	13,689	14,604	15,445
Solid waste collected (tons/day)	36.49	35.03	34.77	31.73	28.71	29.77	27.06	30.62	32.68	34.89
Recyclables collected (tons/day)	5.73	7.26	8.03	9.98	7.47	7.62	8.53	9.91	11.03	10.82
Mulching and composting (tons/day)	10.83	13.83	14.19	13.55	15.16	17.01	15.71	16.80	17.92	17.89
Cultural and recreation										
Number of program/activity participants	68,634	67,575	51,139	40,919	42,731	68,823	84,927	86,407	87,305	88,302
Water										
Number of customers	12,173	13,021	13,058	13,251	13,587	14,042	14,103	14,770	15,459	17,209
Average daily consumption (millions of gallons)	2.84	2.83	2.98	2.86	2.95	2.81	3.08	3.3	3.37	3.58
Wastewater										
Number of customers	12,012	12,607	12,616	12,771	13,071	13,240	13,840	14,485	15,207	16,949
Average daily sewage treatment (millions of gallons)	2.20	2.43	2.49	2.26	2.32	2.72	2.78	2.68	2.79	2.85
Electric										
Number of customers	13,441	13,964	13,952	14,109	14,540	15,389	16,016	16,682	17,314	18,936
Average daily consumption (kilowatt-hours)	708,380	700,674	773,613	710,423	765,975	744,098	780,614	833,966	846,098	877,824

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

Function	Fiscal Year									
	<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>	<u>2017</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	40	40	45	47	50	49	80	80	81
K-9 Units	0	0	0	0	0	0	0	1	1	2
Fire stations	3	3	4	4	4	4	4	4	4	4
Streets										
Streets (miles)	115.8	118.7	120.69	122.29	127.12	129.15	132.37	140.04	151.04	171.14
Streetlights	2,189	2,311	2,325	2,465	2,582	2,582	2,713	2,775	2,846	3,391
Parks and Recreation										
Parks acreage	419.61	430.18	452.51	452.51	452.51	452.51	452.51	544.51	544.51	544.51
Parks	9	9	9	9	9	9	9	10	10	10
Tennis courts (Adult & Youth)	8	8	8	8	8	8	8	20	20	20
Community centers	1	1	1	1	1	1	1	1	1	1
Cultural Arts Center	0	1	1	1	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	150	155	165	170	170	182	194	207	215	269
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	3	3	3	3	3	3	3	3
Miles of service lines ⁽¹⁾	257	276	279	315	355	355	537	554	569	569
Sewer										
Sanitary sewer lines (miles)	173	175	175	186.5	189	189	189	207	239	249
Maximum daily treatment capacity (millions of gallons)	4.6	4.6	4.6	4.6	3.8	4.8	5.9	4.7	5.3	5.3

Sources:

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

Notes:

⁽¹⁾ Beginning 2014, information based on current GIS records.

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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, 2017 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 27, 2017.

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. 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.

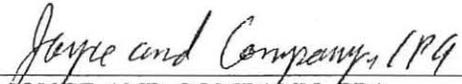
Compliance and Other Matters

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*.

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 27, 2017

**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, 2017. 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town 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, 2017.

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 27, 2017

**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, 2017. 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town 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, 2017.

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 27, 2017

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

For the year ended June 30, 2017

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?	_____ yes	X 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 Funds

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

Auditee qualified as low-risk auditee:	_____ yes	X no
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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

None reported

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, 2017

Item 2015 – 1

Lack of timely and proper approval of purchases

Status: Corrected

Item 2015 – 2

Recording grant activity and grant accounts receivable

Status: Corrected

Item 2016-1

Purchase orders dated after service dates

Status: Corrected

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

For the fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through/State Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
FEDERAL GRANTS:						
<u>US Department of Transportation</u>						
Passed through NC Department of Transportation						
Highway Planning and Construction	20.205	WBS Element 44112.1.FD1	\$ 62,693	\$ -	\$ -	\$ 26,869
Highway Planning and Construction	20.205	WBS Element 42379.1.FD31	152,227	-	-	38,408
Highway Planning and Construction	20.205	WBS Element 42379.1.FR30	52,080	-	-	13,020
Total Highway Planning and Construction			<u>267,000</u>	<u>-</u>	<u>-</u>	<u>78,297</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	H-LRX-R-DW-1758FP	665,276	-	-	-
Total Capitalization Grants			<u>665,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>US Department of Homeland Security</u>						
Passed through NC Department of Public Safety						
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4285-DR-NC 183-01520-00	12,119	4,040	-	-
<u>US Department of Justice</u>						
Direct Program						
Bureau of Justice Assistance						
Bullet Proof Vest Partnership Program	16.607		9,173	-	-	9,173
Total assistance-federal programs			<u>953,568</u>	<u>4,040</u>	<u>-</u>	<u>87,470</u>
STATE GRANTS:						
<u>NC Department of Transportation</u>						
Powell Bill Fund	N/A		-	1,236,935	-	-
Spot Safety Agreement	N/A	WBS Element 44420.3.1 Agreement ID # 5573	-	232,000	-	-
Total assistance-state programs			<u>-</u>	<u>1,468,935</u>	<u>-</u>	<u>-</u>
Total assistance			<u>\$ 953,568</u>	<u>\$ 1,472,975</u>	<u>\$ -</u>	<u>\$ 87,470</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, 2017. 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, with the exception of the Department of Homeland Security Grant CFDA No. 97.036, *Disaster Grants-Public Assistance*. The expenditures reported for that grant are limited to those for which reimbursement had been approved as of June 30, 2017. Additional expenditures of federal funds of \$11,448 and state funds of \$3,816 had been incurred as of June 30, 2017 but reimbursement had not been approved as of that date. Approval for reimbursement of those expenditures was given after June 30, 2017. 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 loan relates to the Cary Apex Water Treatment Plant (CAWTP). The activity and balances for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
CAWTP Loan	\$ 665,276	\$ -	\$ 665,276

