

TOWN OF APEX
NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED JUNE 30, 2018

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**Town of Apex, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018**

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INTRODUCTORY SECTION



November 1, 2018

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, 2018. 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, 2018. 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 53,862 and a land area of 22.73 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 provided a full range of services during the 2018 fiscal year including police, fire and EMS protection, sanitation, water, sewer, and electric services, construction and maintenance of streets and infrastructure, and recreational activities and events. EMS protection services have now been transferred to Wake County. 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 14.7% over the preceding year. The Town issued 1,551 permits for new residential construction this year, an increase of 219 permits or 16.4% from the previous year, and the total construction value for those permits was up 25.8%. Commercial construction also increased. The Town issued 63 commercial building permits, 39 more than the previous year, and the total value of those permits increased from \$29.1 million to \$82.2 million. Overall, new construction (residential and commercial) totaled 1,614 permits with a value of \$431.7 million, compared with 1,356 and \$307 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 2008, total ad valorem tax revenue was \$11.7 million as compared to \$24.7 million in 2018. The 2018 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, 2018 was nearly \$7 billion compared to \$4.1 billion ten years earlier.

During the 2018 fiscal year other economically sensitive revenues were also strong. Sales tax collections increased by 7.4% and other state collected local revenues continued to increase. Within all major revenue categories, compared to 2008 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 56.6% 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 \$8.8 million in 2008 to \$19.7 million in 2018.

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 the Town has undertaken a number of street and parks projects. The Town has an agreement with Cary to undertake a number of water and sewer projects. In November, 2017 voters authorized the Town to issue up to \$48 million of general obligation bonds for parks and recreation projects. The Town entered into an installment purchase financing agreement for \$6 million to acquire land for future parks during the 2018 fiscal year

In the spring of 2018 the Town issued \$23 million of debt. Of that amount \$20 million will be used for parks and recreational facility projects for a community center, greenways and Pleasant Park. The remainder of the debt will be used for design and construction of additional sections of the Apex Peakway. The Town continues to have needs in a number of areas due to growth. The Town's goal is to maintain a minimum of 25% of expenditures in unassigned fund balance in the General Fund. 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, 2018, the Town's unassigned fund balance was \$21.9 million, or roughly 44.4% of the year's General Fund 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, public safety 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, 2017. This was the twenty

fourth 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, 2017

Christopher P. Morrill

Executive Director/CEO



ELECTED OFFICIALS

MAYOR:	R. LANCE OLIVE
MAYOR PRO TEM:	NICOLE L. DOZIER
COUNCIL MEMBERS:	WILLIAM S. JENSEN
	WESLEY M. MOYER
	AUDRA M. KILLINGSWORTH
	BRETT D. GANTT



Drew Havens
Town Manager

Laurie Hohe
Town Attorney

ADMINISTRATIVE STAFF

Shawn Purvis
Assistant Town Manager

David Hughes
Assistant Town Manager

Donna Hosch
Town Clerk

Mary Beth Manville
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

Marty Stone
Director of Utility Engineering
and Water Resources

John W. Letteney
Chief of Police

Keith M. McGee
Fire Chief

Randall L. Heath
EMS Chief

Vance Holloman
Director of Finance

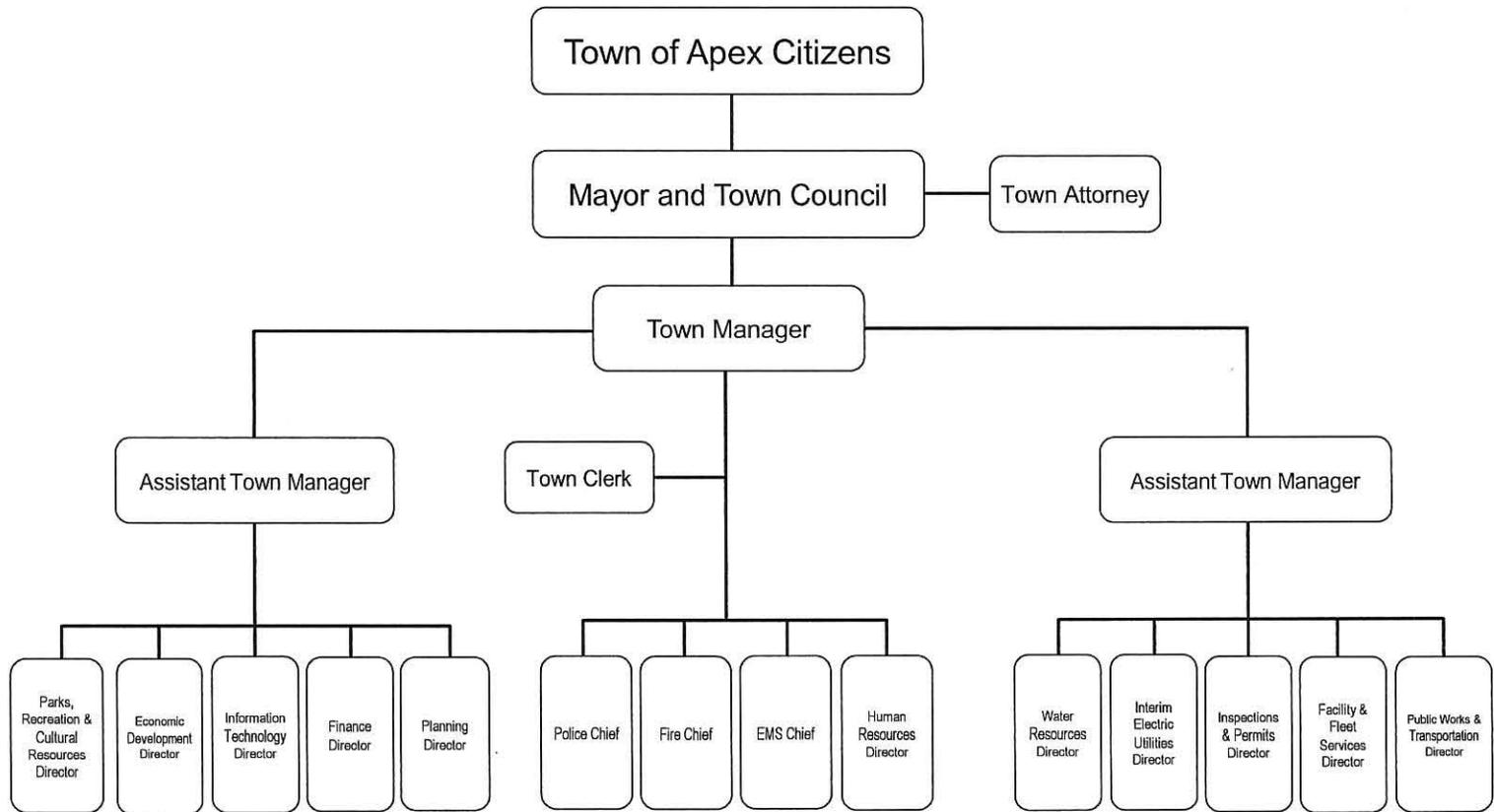
Jose Martinez
Director of Public Works
and Transportation

Joanna Helms
Director of Economic
Development

Eric Neumann
Director of Electric Utilities

Dianne Khin
Director of Planning

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, 2018, 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, 2018, 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' Schedule of Changes in the Total OPEB Liability and Related Ratios, 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 November 1, 2018 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

November 1, 2018

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, 2018. 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 \$695 million (*net position*). Of this amount, \$80.1 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 \$135.5 million from the prior year. Of that amount \$98.8 million resulted from governmental activities and \$36.7 million resulted from business-type activities. Approximately \$113.2 million of street related and utility infrastructure was donated by developers with a value of \$96.7 million for street and sidewalk related infrastructure and \$16.5 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 \$70.8 million, an increase of \$31.6 million compared to the prior year. The total fund balance in the General Fund increased \$7 million while the total fund balance in other governmental funds increased \$24.6 million primarily due to issuance of debt for parks and recreation projects and street projects.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$21.9 million, or 44.4% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt increased by \$24 million during the current fiscal year due to the issuance of debt for parks and recreation and street projects.
- The Town's bond rating was upgraded by Moody's Investor Services from Aa1 to Aaa 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 and the Recreation Capital Projects Fund are the only governmental

funds considered to be major funds. 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 32-63 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 75 and pension benefits to its employees through the Local Government Employees' Retirement System. Required supplementary information can be found on pages 64-68 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 \$98.8 million to \$407 million during the year while business-type net position increased by \$36.6 million to \$287.2 million.

The Town of Apex
Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$75.2	\$44.3	\$81.9	\$60.3	\$157.1	\$104.6
Capital Assets	420.0	323.2	277.3	262.6	697.3	585.8
Total Assets	495.2	367.5	359.2	322.9	854.4	690.4
Deferred Outflows	4.4	5.5	1.3	1.7	5.7	7.2
Long-Term Liabilities	79.5	38.3	60.1	62.1	139.6	100.4
Other Liabilities	9.8	9.2	12.6	10.3	22.4	19.5
Total Liabilities	89.3	47.5	72.7	72.4	162.0	119.9
Deferred Inflows	2.8	0.5	0.6	0.1	3.4	0.6
Net Position:						
Net Investment in Capital Assets	383.8	298.9	220.3	202.6	604.1	501.5
Restricted	10.4	8.3	-	-	10.4	8.3
Unrestricted	13.3	17.8	66.9	49.5	80.2	67.3
Total Net Position	\$407.5	\$325.0	\$287.2	\$252.1	\$694.7	\$577.1

As is the case for many entities, the largest portion of the Town's net position (\$604 million or 87.0%) 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 \$113.2 million of street related and utility infrastructure assets were donated from developers, valued at \$96.7 million for street and sidewalk related infrastructure and \$16.5 million for utility infrastructure. Most of the remainder of the Town's net position (\$80.2 million or 11.5%) is unrestricted, meaning they may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$16,339,453 and \$1,511,155 for the business type activities.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$15.6	\$14.7	\$54.6	\$50.7	\$70.2	\$65.4
Operating Grants and Contributions	4.3	3.8	---	---	4.3	3.8
Capital Grants and Contributions	98.1	92.3	37.9	29.9	136.0	122.2
General Revenues:						
Property Taxes	24.7	23.0	---	---	24.7	23.0
Other Taxes	10.6	9.8	---	---	10.6	9.8
Investment Earnings	0.6	0.2	0.7	0.3	1.3	0.5
Other	3.5	3.4	---	---	3.5	3.4
Total Revenues	157.4	147.2	93.2	80.9	250.6	228.1
Expenses:						
General Government	10.6	10.1	---	---	10.6	10.1
Public Safety	21.1	19.6	---	---	21.1	19.6
Public Works	16.5	13.2	---	---	16.5	13.2
Environmental Protection	3.6	3.4	---	---	3.6	3.4
Cultural and Recreation	5.7	5.5	---	---	5.7	5.5
Interest on Long-Term Debt	1.1	0.8	---	---	1.1	0.8
Water and Sewer	---	---	22.3	20.1	22.3	20.1
Electric	---	---	34.3	34.2	34.3	34.2
Total Expenses	58.6	52.6	56.6	54.3	115.2	106.9
Change in Net Position	98.8	94.6	36.6	26.6	135.4	121.2
Net Position - Beginning of year	325.0	232.2	252.1	225.5	577.1	457.7
Restatement GASB #75	(16.3)	-	(1.5)	-	(17.8)	-
Restatement GASB #73	-	(1.8)	-	-	-	(1.8)
Net Position - Beginning of year as restated	308.7	230.4	250.6	225.5	559.3	455.9
Net Position - End of year	\$407.5	\$325.0	\$287.2	\$252.1	\$694.7	\$577.1

Governmental activities: Revenues related to governmental activities increased \$10.2 million, or 6.9%. The majority of this increase came from Capital Grants and Contributions which increased by \$5.8 million due to increased developer contributions. Charges for services increased by \$.9 million due to increased inspection fees and increased recreation subdivision fees. Property tax revenues also increased by \$1.7 million due to an increased tax base. Total expenses were up by 11.4%. While most areas experiencing higher operating costs, the largest part of the increase can be traced to Public Works. Expenses increased \$3.3 million of the \$6.0 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 increased by \$12.3 million or 15.2% during the fiscal year. Increases in charges for services were \$3.9 million or 7.7% and there was an increase of \$8 million or 26% in capital contributions and grants. Capital contributions of water and sewer lines from developers decreased \$2 million while that was offset by an increase of \$10 million in capital

reimbursement fees. There were changes in water and electric rates that were revenue neutral. Sewer rates were increased. Spending for business-type activities increased \$2.3 million or 4.2%. The greatest change being increases in depreciation expense for water and sewer operations.

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 \$21.9 million, while total fund balance increased to \$34.8 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, 2018, unassigned fund balance was 44.4% of the year's expenditures (compared to 41.5% last year), while total fund balance represents 70.7% of that same amount (59.4% in 2017).

The Town strives to maintain an unassigned fund balance of 25% of expenditures. Amounts in excess of this minimum may be used for construction projects when the Town wishes to avoid the issuance of additional debt, for emergency work needed after natural disasters, or for maintaining a stable tax rate when economically dependent revenues (i.e. sales taxes) are less than budgeted amounts. The Town budgeted \$3 million of fund balance for the 2017-18 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 increased by \$7 million as a result of fiscal year operations. Total revenues were \$3.5 million more than the final budget, primarily because higher than expected revenues from building permits, investment earnings and sale of fixed assets. In addition, total departmental expenditures ended the year \$6.3 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$70.8 million, an increase of \$31.6 million from the prior year. The increase resulted predominately from the issuance of debt during the fiscal year. During the year the Town spent \$2.9 million for streets projects and \$8.3 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 \$4.6 million from the prior year, an increase of 9.3%. This increase came from improvements in three major sources of revenue. Property taxes, sales taxes building permit and inspections fees increased by approximately \$1.7 million, \$.7 million and \$.7 million respectively due to growth of the Town. Also, garbage and recycling fees, investment earnings and sales of fixed assets increased by \$.8 million. No major revenue sources decreased during the year.

General Fund expenditures rose by \$2.4 million, or 5.2%. The majority of the increase came in expenditures for Public Works and Solid Waste. The major initiatives of note were increased operating costs and capital outlay across several areas. Also debt service increased by \$1 million as a result of a current refunding of debt.

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

\$4.2 million and \$32.4 million, respectively. The change in net position for the Electric Fund was an increase of .9 million and an increase of \$16.5 million in the Water and Sewer Fund. The increase in the Water and Sewer Fund was due to reimbursement fees.

In the Electric Fund, operating revenues increased by \$2.1 million or 5.8% due to an increase in the number of customers. Operating expenses remained flat due to a reduction in the cost of power despite an increase in the number of customers.

In the Water and Sewer Fund, operating revenues increased by \$1.8 million or 12.4% due to customer growth and increases in sewer rates. Operating expenses increased by \$2.2 million or 11.9% predominately due to increases in depreciation expense and customer growth. The Fund produced positive cash flow operations of \$7.3 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, 2018, totaled \$697.3 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 and additions in the governmental-type activities and additions of \$111.6 million,
- Electric distribution system improvements, additions, and other capital assets of \$4.7 million,
- Water and sewer system improvements, additions, and other capital assets of \$22.4 million.

Town of Apex Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$93.3	\$64.7	\$53.1	\$43.7	\$146.4	\$108.4
Construction in Progress	3.9	12.0	3.1	21.4	7.0	33.4
Total Non-Depreciable Assets	97.2	76.7	56.2	65.1	153.4	141.8
Buildings and Improvements	47.6	41.4	15.1	15.1	62.7	56.5
Machinery and Equipment	7.0	6.3	3.7	3.6	10.7	9.9
Vehicles	11.4	10.2	4.9	4.1	16.3	14.3
Infrastructure	389.8	307.6	316.9	282.1	706.7	589.7
Total Depreciable	455.8	365.5	340.6	304.9	796.4	670.4
Accumulated Depreciation	(133.0)	(119.0)	(119.5)	(107.4)	(252.5)	(226.4)
Total Depreciable Assets, Net	322.8	246.5	221.1	197.5	543.9	444.0
Total	\$420.0	\$323.2	\$277.3	\$262.6	\$697.3	\$585.8

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, 2018, the Town of Apex had total general obligation bonded debt outstanding of \$69.9 million, including \$2.8 million of deferred premium, electric revenue bonds outstanding of \$3.4 million, and installment purchase related debt of \$35.2 million. Of the general obligation bonds, \$32.8 million, including \$1.4 million of deferred premium, is being repaid from utility system revenues. The remainder of the Town’s general obligation bonds, are being repaid from the General Fund. During the year, the Town issued \$25.1 million of general obligation bonds, including \$1 million of deferred premium, and incurred \$6 million of installment purchase debt. Of that amount \$3 million was issue for street improvements and the remainder was issued for park and recreational facilities. Debt of \$6.9 million was retired.

Town of Apex Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$37.1	\$14.6	\$32.8	\$33.7	\$69.9	\$48.3
Revenue Bonds	-	-	3.4	3.9	3.4	3.9
Installment Purchases	14.4	9.8	20.8	22.4	35.2	32.2
Total	\$ 51.5	\$ 24.4	\$ 57.0	\$ 60.0	\$ 108.5	\$ 84.4

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 \$465 million. However, this statutory limit far exceeds the Town’s realistic debt capacity.

In November, 2017 the citizens of Apex overwhelmingly approved a \$48 million general obligation bond referendum for parks and recreational facilities. Those first \$20 million of those bonds were issued during the 2018 fiscal year. Additional information regarding the Town of Apex’s long-term debt can be found in Note 9 of this report beginning on page 56.

Economic Factors and Next Year’s Budgets and Rates

At June 30, 2018, Apex’s population was estimated at 53,862. The residential construction was up over 10.9% for the fiscal year compared to the prior year based upon construction value. Construction activity remains strong in the area. The Town’s current 2018-19 budget conservatively projects construction and development related revenues to be lower than the final figures for 2017-18 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 2.9% versus the statewide rate of 4% and the U.S. rate of 4.2%. 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 \$59 million. The Town's tax base increased from \$6.45 billion at January 1, 2017 to \$6.99 billion at January 1, 2018 as a result of growth. The Town's tax rate increased from 38 to 41.5 cents per \$100 to provide additional funds for debt service and capital expenditures. Revenues estimates for property taxes are 18.9% above the prior year budget. Most other revenues were estimated to continue at or slightly below the levels seen during 2017-18. Sales tax collected for the 2017-18 fiscal year were 7.5% higher than the prior year and the budget projects an 8% increase over that amount. There were modest changes in other charges and fees. The budget includes 28 new positions in the General Fund, 13 of those positions are in public safety and 5 are in parks and recreation. Total budgeted revenues were up 11% from the original 2017-18 budget to \$56.7 million. The adopted budget appropriates \$2.3 million of fund balance.

Proprietary Funds: The Town expects continued growth in the number of customers. Rates for sewer service were increased by 4.3% and rates for electric services were increased by 2.15%. Revenues in both funds are expected to increase from the prior year and keep pace with increased expenditures. The budget for the Electric Fund is \$40.1 million which is a 7% increase from the original budget adopted in the prior year. The Water and Sewer Fund's budget is at \$21.3 million which is a 12% increase from the original budget adopted in the prior year. Apex remains committed to a number of water and sewer system improvements over the next several years with the Town of Cary. 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, 2018

Exhibit 1

	2018		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 48,255,206	\$ 60,071,387	\$ 108,326,593
Taxes receivables (net)	123,759	-	123,759
Accounts receivable (net)	1,183,354	8,792,784	9,976,138
Due from other governments	3,798,863	-	3,798,863
Internal balances	(216,339)	216,339	-
Prepaid items	142,177	-	142,177
Security deposits	35,100	-	35,100
Inventories	29,591	1,535,371	1,564,962
Restricted cash and cash equivalents	21,774,521	11,295,846	33,070,367
Note receivable	75,000	-	75,000
Capital assets:			
Land, improvements, and construction in progress	97,158,671	56,227,049	153,385,720
Other capital assets, net of depreciation	322,802,696	221,100,446	543,903,142
Total assets	<u>495,162,599</u>	<u>359,239,222</u>	<u>854,401,821</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	649,303	122,147	771,450
Pension deferrals	3,783,027	1,121,593	4,904,620
Total deferred outflows of resources	<u>4,432,330</u>	<u>1,243,740</u>	<u>5,676,070</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,489,119	8,573,896	14,063,015
Accrued interest payable	315,022	150,930	465,952
Customer deposits	-	700,038	700,038
Current portion of long-term liabilities	4,018,167	3,149,509	7,167,676
Total current liabilities	<u>9,822,308</u>	<u>12,574,373</u>	<u>22,396,681</u>
Long-term liabilities:			
Due in more than one year	79,495,087	60,132,671	139,627,758
Total liabilities	<u>89,317,395</u>	<u>72,707,044</u>	<u>162,024,439</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	34,407	-	34,407
OPEB deferrals	2,545,237	478,811	3,024,048
Pension deferrals	255,466	75,850	331,316
Total deferred inflows of resources	<u>2,835,110</u>	<u>554,661</u>	<u>3,389,771</u>
NET POSITION			
Net investment in capital assets	383,832,937	220,326,961	604,159,898
Restricted for:			
Nonexpendable			
Perpetual Care	699,968	-	699,968
Expendable			
Stabilization by State Statute	8,742,293	-	8,742,293
Public Safety	275,861	-	275,861
Construction Management Inspections	621,481	-	621,481
Unrestricted	13,269,884	66,894,296	80,164,180
Total net position	<u>\$ 407,442,424</u>	<u>\$ 287,221,257</u>	<u>\$ 694,663,681</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, 2018

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	\$ 10,583,779	\$ 5,638,421	\$ -	\$ -	\$ (4,945,358)	\$ -	\$ (4,945,358)
Public safety	21,075,981	12,000	3,071,898	-	(17,992,083)	-	(17,992,083)
Public works	16,523,243	1,160,761	1,203,921	97,849,305	83,690,744	-	83,690,744
Environmental protection	3,641,941	3,629,212	-	-	(12,729)	-	(12,729)
Cultural and recreation	5,749,597	5,149,269	-	226,941	(373,387)	-	(373,387)
Interest on long-term debt	1,073,458	-	-	-	(1,073,458)	-	(1,073,458)
Total governmental activities	<u>58,647,999</u>	<u>15,589,663</u>	<u>4,275,819</u>	<u>98,076,246</u>	<u>59,293,729</u>	<u>-</u>	<u>59,293,729</u>
Business-type activities:							
Electric	34,215,065	38,363,787	-	-	-	4,148,722	4,148,722
Water and Sewer	22,334,067	16,260,398	-	37,863,013	-	31,789,344	31,789,344
Total business-type activities	<u>56,549,132</u>	<u>54,624,185</u>	<u>-</u>	<u>37,863,013</u>	<u>-</u>	<u>35,938,066</u>	<u>35,938,066</u>
Total	<u>\$ 115,197,131</u>	<u>\$ 70,213,848</u>	<u>\$ 4,275,819</u>	<u>\$ 135,939,259</u>	<u>59,293,729</u>	<u>35,938,066</u>	<u>95,231,795</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					24,664,428	-	24,664,428
Other taxes							
Local option sales					10,109,296	-	10,109,296
Motor vehicle licenses					345,058	-	345,058
Miscellaneous					270,879	-	270,879
Unrestricted intergovernmental					3,028,277	-	3,028,277
Unrestricted investment earnings					562,316	694,338	1,256,654
Miscellaneous					535,731	38,727	574,458
Total general revenues					<u>39,515,985</u>	<u>733,065</u>	<u>40,249,050</u>
Change in net position					<u>98,809,714</u>	<u>36,671,131</u>	<u>135,480,845</u>
Net position-beginning of year (as previously stated)					324,972,163	252,061,281	577,033,444
Adjustment to beginning net position					(16,339,453)	(1,511,155)	(17,850,608)
Net position-beginning of year (as restated)					<u>308,632,710</u>	<u>250,550,126</u>	<u>559,182,836</u>
Net position-ending					<u>\$ 407,442,424</u>	<u>\$ 287,221,257</u>	<u>\$ 694,663,681</u>

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

TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit 3

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Recreation Capital Projects</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 33,241,023	\$ 2,955,631	\$ 12,009,962	\$ 48,206,616
Restricted cash	897,342	18,467,726	2,409,453	21,774,521
Receivables, net:				
Taxes	87,109	-	36,650	123,759
Accounts	393,401	-	-	393,401
Due from other governments	4,297,975	31,279	175,321	4,504,575
Due from other funds	550,004	-	-	550,004
Prepaid items	84,823	-	-	84,823
Inventories	29,591	-	-	29,591
Total assets	<u>\$ 39,581,268</u>	<u>\$ 21,454,636</u>	<u>\$ 14,631,386</u>	<u>\$ 75,667,290</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,618,583	\$ 20,798	\$ 58,894	\$ 4,698,275
Deferred inflows of resources:				
Property taxes receivable	91,567	-	-	91,567
Prepaid taxes	34,407	-	-	34,407
Total deferred inflows of resources	<u>125,974</u>	<u>-</u>	<u>-</u>	<u>125,974</u>
Fund balances:				
Nonspendable				
Perpetual care	-	-	699,968	699,968
Prepaid items	84,823	-	-	84,823
Inventories	29,591	-	-	29,591
Restricted				
Stabilization by State Statute	8,742,293	-	-	8,742,293
Public Safety	275,861	-	-	275,861
Construction Management Inspections	621,481	-	-	621,481
Street improvements	-	-	1,709,485	1,709,485
Recreation improvements	-	18,467,726	-	18,467,726
Committed				
Library maintenance	-	-	117,422	117,422
Street improvements	-	-	3,976,409	3,976,409
Recreation improvements	-	2,966,112	-	2,966,112
Public Safety improvements	-	-	1,043,121	1,043,121
Perpetual care	-	-	403,629	403,629
LEO pension obligation	842,349	-	-	842,349
Assigned				
Recreation improvements	-	-	5,857,424	5,857,424
Street improvements	-	-	765,034	765,034
Subsequent year's expenditures	2,357,400	-	-	2,357,400
Unassigned	21,882,913	-	-	21,882,913
Total fund balances	<u>34,836,711</u>	<u>21,433,838</u>	<u>14,572,492</u>	<u>70,843,041</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,581,268</u>	<u>\$ 21,454,636</u>	<u>\$ 14,631,386</u>	<u>\$ 75,667,290</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, 2018

Exhibit 3

Fund balances-total governmental funds		\$ 70,843,041
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	\$ 552,994,229	
Less accumulated depreciation	<u>(133,032,862)</u>	419,961,367
Deferred outflows of resources related to pensions are not reported in the funds		3,783,027
Deferred outflows of resources related to OPEB are not reported in the funds		649,303
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	(50,112,103)	
Premiums on refunding bonds	(1,427,347)	
OPEB liability	(23,600,348)	
Compensated absences	(1,448,115)	
Net pension liability LGERS	(4,676,947)	
Net pension liability LEO	<u>(2,248,394)</u>	(83,513,254)
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		(1,331,900)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		91,565
Deferred inflows of resources related to pensions are not reported in the funds		(255,466)
Deferred inflows of resources related to OPEB are not reported in the funds		(2,545,237)
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable		<u>(315,022)</u>
Net position of governmental activities		<u>\$ 407,442,424</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, 2018

Exhibit 4

	<u>Major Funds</u>			Total Governmental Funds
	General	Recreation Capital Projects	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 24,672,063	\$ -	\$ -	\$ 24,672,063
Other taxes and licenses	10,383,484	-	345,058	10,728,542
Unrestricted intergovernmental	3,028,277	-	-	3,028,277
Restricted intergovernmental	4,275,819	226,941	1,113,959	5,616,719
Permits and fees	5,638,221	-	5,309,725	10,947,946
Sales and services	4,638,328	-	-	4,638,328
Investment earnings	369,064	69,284	123,968	562,316
Miscellaneous	847,885	-	46	847,931
Total revenues	<u>53,853,141</u>	<u>296,225</u>	<u>6,892,756</u>	<u>61,042,122</u>
EXPENDITURES				
Current:				
General government	9,238,371	-	-	9,238,371
Public safety	18,479,043	-	-	18,479,043
Public works	5,726,894	-	9,300	5,736,194
Environmental protection	3,416,576	-	-	3,416,576
Cultural and recreational	3,884,016	-	-	3,884,016
Capital outlay	3,622,102	8,285,252	3,011,129	14,918,483
Debt service:				
Principal	3,869,854	-	-	3,869,854
Interest	1,012,079	-	-	1,012,079
Total expenditures	<u>49,248,935</u>	<u>8,285,252</u>	<u>3,020,429</u>	<u>60,554,616</u>
Excess of revenues over (under) expenditures	<u>4,604,206</u>	<u>(7,989,027)</u>	<u>3,872,327</u>	<u>487,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,868,375	1,971,000	738,400	4,577,775
Transfers to other funds	(738,400)	(194,328)	(3,645,047)	(4,577,775)
Bond issuance	1,105,000	20,000,000	3,000,000	24,105,000
Bond premium	160,106	752,978	112,711	1,025,795
Installment note issuance	-	6,000,000	-	6,000,000
Total other financing sources (uses)	<u>2,395,081</u>	<u>28,529,650</u>	<u>206,064</u>	<u>31,130,795</u>
Net change in fund balances	<u>6,999,287</u>	<u>20,540,623</u>	<u>4,078,391</u>	<u>31,618,301</u>
Fund balances-beginning of year	<u>27,837,424</u>	<u>893,215</u>	<u>10,494,101</u>	<u>39,224,740</u>
Fund balances-end of year	<u>\$ 34,836,711</u>	<u>\$ 21,433,838</u>	<u>\$ 14,572,492</u>	<u>\$ 70,843,041</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, 2018

Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ 31,618,301
<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	\$ 14,918,483	
Less current year depreciation	<u>(14,618,369)</u>	300,114
<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		96,735,346
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(312,200)
<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>		
Bond issuance	(24,105,000)	
Premium on bond issuance	(1,025,795)	
Capital lease issuance	(6,000,000)	
Amortization of bond premium	63,541	
Principal payments	3,869,854	
Change in accrued interest payable	<u>(124,921)</u>	(27,322,321)
Deferred outflows of resources related to pensions are not reported in the funds		1,548,364
Deferred outflows of resources related to OPEB are not reported in the funds		566,268
Benefit payments paid for the LEOSSA are not included on the Statement of Activities		75,341
Benefit payments paid for the OPEB are not included on the Statement of Activities		284,763
Net loss of internal service funds determined to be governmental-type		(518,466)
<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	(7,555)	
Change in compensated absences	(50,556)	
Pension expense LGERS	(1,592,662)	
Pension expense LEO	(207,125)	
OPEB expense	<u>(2,307,898)</u>	<u>(4,165,796)</u>
Total changes in net position of governmental activities		<u>\$ 98,809,714</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, 2018**

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ 24,510,934	\$ 24,510,934	\$ 24,672,063	\$ 161,129
Other taxes and licenses	10,310,000	10,310,000	10,383,484	73,484
Unrestricted intergovernmental	2,966,200	2,966,200	3,028,277	62,077
Restricted intergovernmental	4,048,981	4,151,931	4,275,819	123,888
Permits and fees	3,444,200	3,444,200	5,638,221	2,194,021
Sales and services	4,519,877	4,519,877	4,638,328	118,451
Investment earnings	102,780	130,029	367,908	237,879
Miscellaneous	305,200	361,100	847,885	486,785
Total revenues	<u>50,208,172</u>	<u>50,394,271</u>	<u>53,851,985</u>	<u>3,457,714</u>
EXPENDITURES:				
Current:				
General government	10,949,342	11,588,794	9,939,564	1,649,230
Public safety	21,694,498	22,102,890	19,651,106	2,451,784
Public works	6,658,819	8,286,731	6,610,588	1,676,143
Solid Waste	3,905,470	3,939,675	3,860,046	79,629
Cultural and recreation	4,441,758	4,696,462	4,305,698	390,764
Debt service:				
Principal	2,412,958	3,869,855	3,869,854	1
Interest and fees	711,653	1,044,779	1,012,079	32,700
Total expenditures	<u>50,774,498</u>	<u>55,529,186</u>	<u>49,248,935</u>	<u>6,280,251</u>
Revenues over (under) expenditures	<u>(566,326)</u>	<u>(5,134,915)</u>	<u>4,603,050</u>	<u>9,737,965</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	826,200	1,869,049	1,868,375	(674)
Transfer to other funds	(195,756)	(738,400)	(738,400)	-
Bond issuance	-	1,105,000	1,105,000	-
Bond premium	-	160,105	160,106	1
Contingency	(64,118)	(219,874)	-	219,874
Fund balance appropriated	-	2,959,035	-	(2,959,035)
Total other financing sources (uses)	<u>566,326</u>	<u>5,134,915</u>	<u>2,395,081</u>	<u>(2,739,834)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,998,131</u>	<u>\$ 6,998,131</u>
Fund balance - beginning of year			<u>27,732,260</u>	
Fund balance - end of year			34,730,391	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			1,156	
Fund balance - beginning of year			<u>105,164</u>	
Fund balance - end of year (Exhibit 4)			<u>\$ 34,836,711</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, 2018

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	\$ 8,661,386	51,410,001	\$ 60,071,387	\$ 48,590
Accounts receivable (net) - billed	3,949,908	1,605,376	5,555,284	84,241
Accounts receivable - unbilled	2,297,373	940,127	3,237,500	-
Due from other funds	79,843	136,496	216,339	-
Inventories	1,376,601	158,770	1,535,371	-
Prepaid items	-	-	-	57,355
Restricted cash and cash equivalents	-	11,295,846	11,295,846	-
Total current assets	<u>16,365,111</u>	<u>65,546,616</u>	<u>81,911,727</u>	<u>190,186</u>
Noncurrent assets:				
Deposit	-	-	-	35,100
Capital assets:				
Land and construction in progress	2,841,329	53,385,720	56,227,049	-
Other capital assets, net of depreciation	35,279,498	185,820,948	221,100,446	-
Capital assets (net of accumulated depreciation)	<u>38,120,827</u>	<u>239,206,668</u>	<u>277,327,495</u>	<u>-</u>
Total noncurrent assets	<u>38,120,827</u>	<u>239,206,668</u>	<u>277,327,495</u>	<u>35,100</u>
Total assets	<u>54,485,938</u>	<u>304,753,284</u>	<u>359,239,222</u>	<u>225,286</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	57,687	64,460	122,147	-
Pension deferrals	508,473	613,120	1,121,593	-
Total deferred outflows of resources	<u>566,160</u>	<u>677,580</u>	<u>1,243,740</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,192,884	5,381,012	8,573,896	790,843
Due to other funds	-	-	-	766,343
Customer deposits	700,038	-	700,038	-
Accrued interest payable	15,437	135,493	150,930	-
Bonds and notes payable	516,000	2,413,695	2,929,695	-
Compensated absences	105,975	113,839	219,814	-
Total current liabilities	<u>4,530,334</u>	<u>8,044,039</u>	<u>12,574,373</u>	<u>1,557,186</u>
Noncurrent liabilities:				
Compensated absences	65,482	101,766	167,248	-
Total OPEB liability	2,096,750	2,342,959	4,439,709	-
Bonds and notes payable	2,877,000	51,193,839	54,070,839	-
Net pension liability	658,614	796,261	1,454,875	-
Total noncurrent liabilities	<u>5,697,846</u>	<u>54,434,825</u>	<u>60,132,671</u>	<u>-</u>
Total liabilities	<u>10,228,180</u>	<u>62,478,864</u>	<u>72,707,044</u>	<u>1,557,186</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	226,129	252,682	478,811	-
Pension deferrals	35,377	40,473	75,850	-
Total deferred inflows of resources	<u>261,506</u>	<u>293,155</u>	<u>554,661</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,727,827	185,599,134	220,326,961	-
Unrestricted	9,834,585	57,059,711	66,894,296	(1,331,900)
Total net position	<u>\$ 44,562,412</u>	<u>\$ 242,658,845</u>	<u>\$ 287,221,257</u>	<u>\$ (1,331,900)</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, 2018

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 33,914,919	\$ 15,570,135	\$ 49,485,054	\$ 5,083,423
Water and sewer taps	-	481,590	481,590	-
Other operating revenues	4,448,868	208,673	4,657,541	-
Total operating revenues	<u>38,363,787</u>	<u>16,260,398</u>	<u>54,624,185</u>	<u>5,083,423</u>
OPERATING EXPENSES				
Electric operations	7,285,602	-	7,285,602	-
Electric power purchases	24,260,452	-	24,260,452	-
Water and sewer operations	-	11,030,181	11,030,181	-
Depreciation	2,530,444	9,717,197	12,247,641	-
Health and dental claims	-	-	-	4,908,427
Health and dental administrative fees	-	-	-	693,462
Total operating expenses	<u>34,076,498</u>	<u>20,747,378</u>	<u>54,823,876</u>	<u>5,601,889</u>
Operating income (loss)	<u>4,287,289</u>	<u>(4,486,980)</u>	<u>(199,691)</u>	<u>(518,466)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	93,788	600,550	694,338	-
Interest expense	(138,567)	(1,586,689)	(1,725,256)	-
Acreage, capacity and capital reimbursement fees	-	21,362,568	21,362,568	-
Gain on sale of capital assets	-	38,727	38,727	-
Total nonoperating revenues (expenses)	<u>(44,779)</u>	<u>20,415,156</u>	<u>20,370,377</u>	<u>-</u>
Income (loss) before transfers and contributions	4,242,510	15,928,176	20,170,686	(518,466)
Capital contributions	-	16,500,445	16,500,445	-
Change in net position	<u>4,242,510</u>	<u>32,428,621</u>	<u>36,671,131</u>	<u>(518,466)</u>
Total net position - beginning-as previously stated	40,935,458	211,125,823	252,061,281	(813,434)
Adjustment to beginning net position	<u>(615,556)</u>	<u>(895,599)</u>	<u>(1,511,155)</u>	<u>-</u>
Total net position - beginning-as restated	<u>40,319,902</u>	<u>210,230,224</u>	<u>250,550,126</u>	<u>(813,434)</u>
Total net position - ending	<u>\$ 44,562,412</u>	<u>\$ 242,658,845</u>	<u>\$ 287,221,257</u>	<u>\$ (1,331,900)</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, 2018

Exhibit 8

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 37,483,880	\$ 15,731,873	\$ 53,215,753	\$ 5,161,665
Cash paid for goods and services	(28,117,317)	(3,859,611)	(31,976,928)	(5,304,674)
Cash paid to or on behalf of employees for services	(3,468,468)	(4,613,924)	(8,082,392)	-
Increase in customer deposits	53,027	-	53,027	-
Net cash provided (used) by operating activities	<u>5,951,122</u>	<u>7,258,338</u>	<u>13,209,460</u>	<u>(143,009)</u>
NONCAPITAL FINANCING ACTIVITIES				
Interfund loan repayment (advances)	(71,470)	(81,927)	(153,397)	191,599
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,676,812)	(5,843,954)	(10,520,766)	-
Sale of capital assets	-	63,354	63,354	-
Acreage, capacity and capital reimbursement fees	-	21,362,568	21,362,568	-
Principal paid on bond maturities and equipment contracts	(498,000)	(2,379,869)	(2,877,869)	-
Interest paid on bond maturities and equipment contracts	(140,833)	(1,665,416)	(1,806,249)	-
Net cash used by capital and related financing activities	<u>(5,315,645)</u>	<u>11,536,683</u>	<u>6,221,038</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	93,788	600,550	694,338	-
Net increase in cash and cash equivalents	657,795	19,313,644	19,971,439	48,590
Balances-beginning of the year	8,003,591	43,392,203	51,395,794	-
Balances-end of the year	<u>\$ 8,661,386</u>	<u>\$ 62,705,847</u>	<u>\$ 71,367,233</u>	<u>\$ 48,590</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,287,289	\$ (4,486,980)	\$ (199,691)	\$ (518,466)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,530,444	9,717,197	12,247,641	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(879,907)	(528,525)	(1,408,432)	78,242
Increase in prepaid expenses	-	-	-	(8,915)
(Increase) decrease in inventory	(81,513)	8,640	(72,873)	-
Decrease in deferred outflows of resources for pensions	227,236	300,781	528,017	-
Decrease in net pension liability	(207,941)	(275,240)	(483,181)	-
Decrease in deferred inflows of resources for pensions	(13,923)	(18,429)	(32,352)	-
Increase (decrease) in accounts payable and accrued liabilities	(109,151)	2,394,799	2,285,648	306,130
Increase (decrease) in accrued compensated absences	16,127	1,462	17,589	-
Increase in deferred outflows of resources for OPEB	(57,687)	(64,460)	(122,147)	-
Increase in deferred inflows of resources for OPEB	226,129	252,682	478,811	-
Decrease in total OPEB liability	(39,008)	(43,589)	(82,597)	-
Increase in customer deposits	53,027	-	53,027	-
Total adjustments	<u>1,663,833</u>	<u>11,745,318</u>	<u>13,409,151</u>	<u>375,457</u>
Net cash provided (used) by operating activities	<u>\$ 5,951,122</u>	<u>\$ 7,258,338</u>	<u>\$ 13,209,460</u>	<u>\$ (143,009)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 16,500,445	\$ 16,500,445	\$ -
Acquisition of capital assets through capital contributions	-	(16,500,445)	(16,500,445)	-
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, 2018

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 funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, 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, 2018

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

Recreation Capital Project Fund – The Recreation Capital Project Fund is used to account for financial resources to be used for projects related to the construction or improvement of recreation facilities in the Town.

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 four non-major Capital Project Funds: the Street Improvements 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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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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.

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). The unexpended bond and note proceeds in the Recreation Capital Project Fund and the Street Improvement Capital Project Fund are classified as restricted assets because their use is completely restricted for the purpose for which the debt was originally issued. Amounts received for Capital Reimbursement fees are restricted until spent for future capital improvements or debt service on existing capital assets.

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Restricted assets at June 30, 2018 consist of:

Governmental Activities	
General Fund	
Public Safety	\$ 275,861
General Government - Inspections	621,481
Street Improvement Capital Project Fund	
Future projects	1,709,485
Recreation Capital Project Fund	
Future projects	18,467,726
Water and Sewer Capital Reserve Fund	
Capital Reimbursement	11,295,846
Cemetery Fund	
Environmental Services	<u>699,968</u>
Total Restricted Cash	<u>\$ 33,070,367</u>

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, 2018 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:

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<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 expenditure until then. The Town has two items that meet this criterion, pension deferrals and other post-employment benefits (OPEB) deferrals for the 2018 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 three items that meets the criterion for this category – prepaid taxes, pension and OPEB 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.

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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.

The governmental fund types classify fund balances as follows:

Non-spendable 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].*

Restricted for street improvements – portion of fund balance is unexpended debt proceeds and restricted until used for capital improvement for which the debt was issued.

Restricted for recreation improvements – portion of fund balance is unexpended debt proceeds and restricted until used for capital improvement for which the debt was issued.

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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.

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.

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

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.

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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 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, 2018, the carrying amount of the Town's deposits was \$31,127,501 and the bank balance was \$31,463,062. Of the bank balance, \$1,310,205 was covered by Federal depository insurance and \$30,152,857 was covered by collateral held under the pooling method. At June 30, 2018, the Town had \$1,925 of petty cash on hand.

Investments – at June 30, 2018, 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	\$ 45,879,036	N/A	AAAm
NC Capital Management Trust				
Term Portfolio	Level 1	64,388,498	.09 Years	Unrated
Total		\$ 110,267,534		

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.

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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, 2018. 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.

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, 2018 are net of the following allowances for doubtful accounts:

Fund	Allowance for Uncollectible:	
General Fund	Property Taxes receivable	\$ 89,682
Electric Fund	Utility Receivables	62,910
Water and Sewer Fund	Utility Receivables	26,261
	Total	178,853

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.

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Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,684,600	\$ 28,785,005	239,520	\$ 93,230,085
Construction in progress	12,011,194	11,357,775	19,440,383	3,928,586
Total capital assets not being depreciated	<u>76,695,794</u>	<u>40,142,780</u>	<u>19,679,903</u>	<u>97,158,671</u>
Capital assets being depreciated:				
Buildings	41,368,654	6,242,587	-	47,611,241
Other improvements	307,629,896	82,202,350	-	389,832,246
Equipment and furniture	6,284,030	685,638	-	6,969,668
Vehicles and motorized equipment	10,243,935	1,748,179	569,711	11,422,403
Total capital assets being depreciated	<u>365,526,515</u>	<u>90,878,754</u>	<u>569,711</u>	<u>455,835,558</u>
Less accumulated depreciation for:				
Buildings	16,485,481	1,445,792	-	17,931,273
Other improvements	92,115,665	11,665,649	-	103,781,314
Equipment and furniture	3,125,962	479,151	-	3,605,113
Vehicles and motorized equipment	7,257,095	1,027,778	569,711	7,715,162
Total accumulated depreciation	<u>118,984,203</u>	<u>\$ 14,618,370</u>	<u>\$ 569,711</u>	<u>133,032,862</u>
Total capital assets being depreciated, net	<u>246,542,312</u>			<u>322,802,696</u>
Governmental activity capital assets, net	<u>\$ 323,238,106</u>			<u>\$ 419,961,367</u>
Depreciation expense was charged to functions/programs as follows:				
General government		\$ 907,838		
Public safety		1,283,737		
Public works		10,562,015		
Environmental protection		163,950		
Cultural and recreational		1,700,830		
Total		<u>\$ 14,618,370</u>		

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Business activities	Beginning			Ending
ELECTRIC FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 2,670,075	\$ 128,539	\$ -	\$ 2,798,614
Construction in progress	8,750	33,965	-	42,715
Total capital assets not being depreciated	<u>2,678,825</u>	<u>162,504</u>	<u>-</u>	<u>2,841,329</u>
Capital assets being depreciated:				
Utility improvements	47,029,572	4,323,561	-	51,353,133
Building and land improvements	6,780,804	-	-	6,780,804
Equipment and furniture	945,484	30,625	-	976,109
Vehicles and motorized equipment	2,075,405	160,123	-	2,235,528
Total capital assets being depreciated	<u>56,831,265</u>	<u>4,514,309</u>	<u>-</u>	<u>61,345,574</u>
Less accumulated depreciation for:				
Utility improvements	19,448,069	1,621,261	-	21,069,330
Building and land improvements	1,829,103	638,298	-	2,467,401
Equipment and furniture	713,480	40,500	-	753,980
Vehicles and motorized equipment	1,544,980	230,385	-	1,775,365
Total accumulated depreciation	<u>23,535,632</u>	<u>2,530,444</u>	<u>-</u>	<u>26,066,076</u>
Total capital assets being depreciated, net	<u>33,295,633</u>	<u>\$ 1,983,865</u>	<u>\$ -</u>	<u>35,279,498</u>
Capital assets, net	<u>\$ 35,974,458</u>			<u>\$ 38,120,827</u>
WATER AND SEWER FUND	Beginning			Ending
WATER AND SEWER FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 41,008,381	\$ 9,263,728	\$ 13,947	\$ 50,258,162
Construction in progress	21,425,543	4,140,164	22,438,149	3,127,558
Total capital assets not being depreciated	<u>62,433,924</u>	<u>13,403,892</u>	<u>22,452,096</u>	<u>53,385,720</u>
Capital assets being depreciated:				
Utility improvements	231,645,156	30,510,150	27,000	262,128,306
Building and land improvements	8,280,776	-	-	8,280,776
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	2,569,766	115,069	33,125	2,651,710
Vehicles and motorized equipment	2,046,712	753,437	124,374	2,675,775
Total capital assets being depreciated	<u>248,032,410</u>	<u>31,378,656</u>	<u>184,499</u>	<u>279,226,567</u>
Less accumulated depreciation for:				
Utility improvements	76,313,179	9,029,061	16,320	85,325,920
Building and land improvements	964,594	273,122	-	1,237,716
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,525,942	190,908	33,125	1,683,725
Vehicles and motorized equipment	1,568,526	224,106	124,374	1,668,258
Total accumulated depreciation	<u>83,862,241</u>	<u>9,717,197</u>	<u>173,819</u>	<u>93,405,619</u>
Total capital assets being depreciated, net	<u>164,170,169</u>	<u>\$ 21,661,459</u>	<u>\$ 10,680</u>	<u>185,820,948</u>
Capital assets, net	<u>\$ 226,604,093</u>			<u>\$ 239,206,668</u>

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Construction Commitments

At June 30, 2018, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Projects	\$ 2,380,953	\$ 871,448
Recreation Capital Projects	1,282,439	916,247
Wastewater Treatment Plant Projects	66,152	1,079,625
Water/Sewer Capital Projects	3,510,455	3,410,824
Electric Substation Capital Project	42,715	-

Note 5 – PENSION PLAN OBLIGATIONS

(a) Local Governmental Employees' Retirement System

1. 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

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regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2018, was 8.25% of compensation for law enforcement officers and 7.55% 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 \$1,984,665 for the year ended June 30, 2018.

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, 2018, the Town reported a liability of \$6,131,822 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.40137%, which was an increase of 0.01889% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$2,021,127. 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	\$ 353,250	\$ 173,572
Changes of assumptions	875,709	-
Net difference between projected and actual earnings on pension plan investments	1,488,814	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	122,792
Town contributions subsequent to the measurement date	1,984,665	-
Total	<u>\$ 4,702,438</u>	<u>\$ 296,364</u>

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\$1,984,665 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:

2019	\$	280,925
2020		1,736,266
2021		864,462
2022		(460,245)
Total	\$	<u>2,421,408</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2017 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 18,407,868	\$ 6,131,822	\$ 4,114,801

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

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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, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>73</u>
Total	<u><u>74</u></u>

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, 2018, \$842,349 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, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.16 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Includes inflation at	2.50 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 \$77,007 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$2,248,394. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 30, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$207,125.

At June 30, 2018 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
Differences between expected and actual experience	\$ 32,510	\$ -
Changes of assumptions	123,867	34,952
Town contributions subsequent to the measurement date	45,805	-
Total	\$ 202,182	\$ 34,952

\$45,805 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, 2019.

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

Year ended June 30:

2019	\$	21,111
2020		21,111
2021		21,111
2022		21,111
2023		24,069
Thereafter		12,912
Total	\$	121,425

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 3.16%, 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 (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate	1% Increase (4.16%)
Total pension liability	\$ 2,453,360	\$ 2,248,394	\$ 2,060,911

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

Beginning balance	\$	1,929,620
Service cost		111,974
Interest on total pension liability		73,484
Difference between expected and actual experience		38,475
Changes of assumptions or other inputs		146,595
Benefit payments		(51,754)
Ending balance of the total pension liability	\$	2,248,394

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

(c) Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

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

	\$	LGERS	\$	LEOSSA	\$	TOTAL
Pension Expense		2,021,127		207,125		2,228,252
Pension Liability		6,131,822		2,248,394		8,380,216
Proportionate share of the net pension liability		.40137%		N/A		
 Deferred Outflows of Resources						
Differences between expected and actual experience		353,250		32,510		385,760
Changes of assumptions		875,709		123,867		999,576
Net difference between projected and actual earnings on plan investments		1,488,814		-		1,488,814
Benefit payments and administrative costs paid subsequent to the measurement date		1,984,665		45,805		2,030,470
 Deferred Inflows of Resources						
Differences between expected and actual experience		173,572		-		173,572
Changes of assumptions		-		34,952		34,952
Changes in proportion and differences between contributions and proportionate share of contributions		122,792		-		122,792

(d) 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

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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 \$248,365 for the reporting year.

(e) 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 \$1,042,997 for the reporting year.

(f) Other Post Employment Benefit

Healthcare Benefits

1. Plan Description

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

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

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At June 30, 2017, 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	32	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	360	85
Total	392	89

2. Total OPEB Liability

The Town's total OPEB liability of \$28,040,057 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 – 7.75 percent, average, including inflation
Discount rate	3.56 percent
Healthcare cost trend rates	7.75 percent decreasing to ultimate rate of 5 percent 5 percent by 2023

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 28,561,721
Changes for the year	
Service cost	2,225,212
Interest	854,654
Differences between expected and actual experience	110,047
Changes in assumptions or other inputs	(3,373,245)
Benefit payments	(338,332)
Net changes	(521,664)
Balance at June 30, 2018	\$ 28,040,057

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

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The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 34,584,843	\$ 28,040,057	\$ 23,049,915

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

	1% Decrease (6.50 percent decreasing to 4.00 percent)	Healthcare cost trend rate (7.50 percent)	1% Increase (8.50 percent decreasing to 6.00 percent)
Total OPEB liability	\$ 34,584,843	\$ 28,040,057	\$ 23,049,915

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,742,061. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,655	\$ -
Changes of assumptions	-	3,024,048
Benefit payments and administrative costs made subsequent to the measurement date	672,795	
Total	\$ 771,450	\$ 3,024,048

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\$672,795 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$	337,805
2020		337,805
2021		337,805
2022		337,805
2023		337,805
Thereafter		1,236,368

(g) 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	\$	1,984,665
Differences between expected and actual experience		353,250
Changes of assumptions		875,709
Net difference between projected and actual earnings		1,488,814
LEO pension		
Benefit payments made and administrative expenses		45,805
Differences between expected and actual experience		32,510
Changes of assumptions		123,867
OPEB		
Differences between expected and actual experience		98,655
Benefit payments made and administrative expenses		672,795
Total deferred outflows of resources	\$	<u>5,676,070</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 34,407	\$ 34,407
Taxes receivable (General Fund)	-	91,567
Differences between expected and actual experiences-LGERS	173,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions-LGERS	122,792	-
Changes in assumptions-LEO	34,952	-
Changes of assumptions-OPEB	3,024,048	-
Total deferred inflows of resources	\$ 3,389,771	\$ 125,974

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, 2018, a reserve of \$560,846 for health and \$43,206 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:

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	Health Claims	Dental Claims	Total
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	367,508	37,025	404,533
Claims reported and changes in estimates for FY 2018	4,673,079	383,155	5,056,234
Claims paid in FY 2018	<u>(4,479,741)</u>	<u>(376,974)</u>	<u>(4,856,715)</u>
Balance-June 30, 2018	<u>\$ 560,846</u>	<u>\$ 43,206</u>	<u>\$ 604,052</u>

Note 8 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2018, the Town was a defendant to various lawsuits. In the opinion of the Town’s management and the Town’s attorney, except as noted below, the ultimate effect of these legal matters will not have a material adverse effect on the Town’s financial position.

There have been two lawsuits filed against the Town by a builder for various impact fees during the current year. The plaintiff is currently trying to certify as a class any payer of these fees during the prior 10 years. The Town’s position is that any liability for refund of these fees is limited to amounts received after March 23, 2015 per House Bill 436 passed by the North Carolina General Assembly. The Town further proclaims that these fees were allowable under prior law and that they do not owe refunds of these amounts. Currently there have been motions to dismiss these matters filed by counsel for the Town, but are still pending as of the opinion date of these financial statements. If these lawsuits were to prevail there could be a large liability to the Town. However, it cannot currently be determined what the liability of the Town may be, if any, and due to this no accrual of the liability is shown in the accompanying financial statements.

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.

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Bonds payable at June 30, 2018 are comprised of the following individual issues:

Serviced by the General Fund:

\$1,105,000 April 17, 2018 Parks and Recreational Facility refunding bonds due in annual installments of varying from \$100,000 to \$115,000 through June 1, 2028 plus interest at 5.0% \$ 1,105,000

\$23,000,000 April 27, 2018 Public Improvement serial bonds, due in annual installments of varying amounts from \$540,000 to \$1,905,000 through June 1, 2038 interest at varying rates from 3.0-5.0%. 23,000,000

\$6,500,000 June 25, 2009 Street and Sidewalk Improvements serial bonds, due in annual installments of varying amounts from \$305,000 to \$330,000 through June 1, 2029, interest at varying rates from 3.0-4.125%. 3,575,000

\$4,670,000 March 26, 2013 Parks and Recreation refunding bonds, due in annual installments of varying amounts from \$15,000 to \$515,000 through February 1, 2025, interest at varying rates from 2.0-3.0%. 3,495,000

\$6,000,000 March 26, 2013 Parks and Recreational serial bonds, due in annual installments of \$300,000 through February 1, 2033, interest at varying rates from 2.0-5.0%. 4,500,000

Serviced by the Water and Sewer Fund:

\$35,000,000 June 19, 2012 Wastewater System, Series 2012 due in annual installments of varying amounts from \$685,000-\$2,740,000 through June 1, 2037, interest at varying rates from 2.0-5.0%. 31,410,000
\$ 67,085,000

At June 30, 2018 the Town of Apex had a legal debt margin of \$465,265,118.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2018 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,860,000	\$ 1,289,083	\$ 855,000	\$ 1,123,975
2020	1,775,000	1,162,013	915,000	1,106,875
2021	1,780,000	1,095,150	980,000	1,061,125
2022	1,780,000	1,027,532	1,045,000	1,041,525
2023	1,780,000	959,000	1,115,000	1,020,625
2024-2028	8,330,000	3,844,013	6,780,000	4,331,125
2029-2033	8,845,000	2,333,551	9,315,000	3,033,825
2034-2038	9,525,000	914,397	10,405,000	967,625
Total	<u>\$ 35,675,000</u>	<u>\$ 12,624,739</u>	<u>\$ 31,410,000</u>	<u>\$ 13,686,700</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2018 are as follows:

Serviced by the General Fund:

\$6,000,000 installment obligation with BB&T due in semi-annual installments of \$209,897 principal plus interest at 2.51% through 2032 secured by land. \$ 5,793,103

\$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. 4,414,000

\$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. 4,230,000

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. 519,349

\$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. 6,040,000

\$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. 230,789

\$ 21,227,241

Annual debt service requirements to maturity for installment notes at June 30, 2018 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,043,793	\$ 377,044	\$ 609,459	\$ 179,620
2020	1,225,793	349,618	624,459	163,538
2021	1,217,793	317,240	638,459	147,051
2022	1,208,793	285,078	654,459	130,187
2023	1,200,793	253,158	669,458	112,890
2024-2028	5,864,965	698,113	3,540,585	290,012
2029-2031	2,675,173	246,091	53,259	2,347
Total	<u>\$ 14,437,103</u>	<u>\$ 2,526,342</u>	<u>\$ 6,790,138</u>	<u>\$ 1,025,645</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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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, 2018 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% \$ 14,000,000

Annual debt service requirements to maturity for promissory notes at June 30, 2018 are as follow:

Year Ending June 30:	Principal	Interest
2019	\$ 875,000	\$ 310,800
2020	875,000	291,375
2021	875,000	271,950
2022	875,000	252,525
2023	875,000	233,100
2024-2028	4,375,000	874,125
2029-2032	4,375,000	388,500
2033-2034	875,000	19,425
Total	\$ 14,000,000	\$ 2,641,800

(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%. \$ 3,393,000

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, 2018 is as follows:

Current revenues	\$ 38,457,575
Current expenses	31,366,310
Subtotal	7,091,265
15% of Unrestricted Net Position, 6-30-17	1,327,800
Income available for debt service	\$ 8,419,065
Debt service, principal and interest	
Paid (Revenue Bond only)	\$ 638,833
Debt Service Coverage Ratio	1318%

Per rate covenants, current expenses do not include depreciation expense of \$2,530,444, debt service interest of \$138,567 and the increase in other post-employment benefits of \$179,744.

TOWN OF APEX, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 \$3,835,652. Principal and interest paid for the current year and the income available for debt service was \$638,833 and \$8,419,065 respectively.

Annual debt service requirements to maturity for the revenue bond at June 30, 2018 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 516,000	\$ 122,827
2020	535,000	104,147
2021	555,000	84,780
2022	575,000	64,689
2023	595,000	43,874
2024	617,000	22,335
Total	<u>\$ 3,393,000</u>	<u>\$ 442,652</u>

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning			Ending	Amounts Due
	Balance	Increases	Decreases	Balance	Within One Year
Governmental activities:					
General obligation bonds	\$ 14,095,000	\$ 24,105,000	\$ 2,525,000	\$ 35,675,000	\$ 1,860,000
Plus deferred premium	465,093	1,025,793	63,539	1,427,347	102,468
Total bonds payable	14,560,093	25,130,793	2,588,539	37,102,347	1,962,468
Installment notes	9,781,958	6,000,000	1,344,855	14,437,103	1,043,793
Compensated absences	1,397,559	1,027,135	976,579	1,448,115	1,011,906
Net pension liability (LGERS)	6,391,684	-	1,714,737	4,676,947	-
Net pension liability (LEO)	1,929,620	370,528	51,754	2,248,394	-
Total OPEB liability	24,039,415	-	439,067	23,600,348	-
Governmental activity long-term liabilities	<u>\$ 58,100,329</u>	<u>\$ 32,528,456</u>	<u>\$ 7,115,531</u>	<u>\$ 83,513,254</u>	<u>\$ 4,018,167</u>
Business-type activities:					
General obligation bonds	\$ 32,205,000	\$ -	\$ 795,000	\$ 31,410,000	\$ 855,000
Plus deferred premium	1,481,633	-	74,237	1,407,396	74,236
Total bonds payable	33,686,633	-	869,237	32,817,396	929,236
Installment notes	22,375,007	-	1,584,869	20,790,138	1,484,459
Revenue bond	3,891,000	-	498,000	3,393,000	516,000
Compensated absences	369,473	226,663	209,074	387,062	219,814
Net pension liability (LGERS)	1,938,056	-	483,181	1,454,875	-
Total OPEB liability	4,522,306	-	82,597	4,439,709	-
Business-type activity long-term liabilities	<u>\$ 66,782,475</u>	<u>\$ 226,663</u>	<u>\$ 3,726,958</u>	<u>\$ 63,282,180</u>	<u>\$ 3,149,509</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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	\$ 419,961,367	\$ 277,327,495
Less: Long-term debt	(36,128,430)	(57,000,534)
Net investment in capital assets	\$ 383,832,937	\$ 220,326,961

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	\$	34,836,711
Less:		
Inventories		(29,591)
Prepaid items		(84,823)
Stabilization by State Statute		(8,742,293)
Restricted for Public Safety		(275,861)
Restricted for Construction Management Inspections		(621,481)
Committed for LEO pension obligation		(842,349)
Assigned for subsequent year's expenditures		(2,357,400)
Remaining fund balance	\$	21,882,913

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	\$	3,505,371
Encumbrances – Electric Fund		758,522
Encumbrances – Water and Sewer Fund		728,217

Note 12 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2018, consist of the following:

Due to General Fund by the Internal Service Fund	\$	550,004
Due to Electric Fund by the Internal Service Fund		79,843
Due to Water and Sewer Fund by the Internal Service Fund		136,496

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
General Fund	Street Improvements Project Fund \$	371,000	Fund improvements
General Fund	General Capital Projects Fund	367,400	Fund improvements
Recreation Capital Project Fund-Capital Reserve	General Fund	902,597	Fund improvements
Recreation Capital Project Fund-Capital Reserve	Recreation Capital Projects Fund	1,971,000	Fund improvements
Transportation Capital Project Fund-Capital	General Fund	742,400	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Fund	2,347,652	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	3,428,000	Fund improvements
Street Improvements Project Fund	General Fund	29,050	Close capital project
Recreation Capital Project Fund	General Fund	194,328	Close capital project
Electric Fund	Electric Substation Capital Project	2,394,419	Fund improvements
Water/Sewer Fund	Water/Sewer Project Fund	500,000	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, 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, 2018 were \$24,260,452.

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 own and operate a wastewater treatment plant. The Town of Apex owns 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 \$83,255,307. Through June 30, 2018, the Town has capitalized the wastewater treatment plant and related land at a total cost of \$82,175,682. At June 30, 2018, the Town has remaining construction commitments of \$1,079,625 related to this project.

Note 16- CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$16,339,453 and \$1,511,155 for the business type activities.

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2018

	2018
Service cost	\$ 2,225,212
Interest	854,654
Differences between expected and actual experience	110,047
Changes of assumptions	(3,373,245)
Benefit payments	(338,332)
Net change in total OPEB liability	(521,664)
Total OPEB liability - beginning	28,561,721
Total OPEB liability - ending	\$ 28,040,057

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

Fiscal Year	Rate
2018	3.56%

Note that this schedule will not present 10 years' worth of information until fiscal year 2027.

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,984,665	\$ 1,771,996	\$ 1,502,800	\$ 1,468,206	\$ 1,380,271
Contributions in relation to the contractually required contributions	<u>1,984,665</u>	<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>				
Town of Apex's covered-employee payroll	\$ 25,826,440	\$ 23,809,047	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804
Contributions as a percentage of covered-employee payroll	7.68%	7.44%	6.81%	7.13%	7.11%

Note that this schedule will not present 10 years' worth of information until fiscal year 2023.

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2018	2017	2016	2015	2014
Apex's proportion of the net pension liability (asset) (%)	0.40137%	0.39248%	0.39693%	0.38363%	0.37310%
Apex's proportion of the net pension liability (asset) (\$)	\$ 6,131,822	\$ 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	\$ 18,242,662
Apex's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.75%	37.75%	8.65%	-11.65%	24.65%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

Note that this schedule will not present 10 years' worth of information until fiscal year 2023.

**TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2018	2017
Beginning balance	\$ 1,929,620	\$ 1,825,900
Service cost	111,974	114,548
Interest on total pension liability	73,484	64,730
Difference between expected and actual experience	38,475	-
Changes of assumptions or other inputs	146,595	(50,116)
Benefit payments	(51,754)	(25,442)
Ending balance of the total pension liability	\$ 2,248,394	\$ 1,929,620

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

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

**TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2018	2017
Total pension liability	\$ 2,248,394	\$ 1,929,620
Covered payroll	4,760,797	4,527,103
Total pension liability as a percentage of covered payroll	47.23%	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.

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

**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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 1

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 24,460,934	\$ 24,631,157	\$ 170,223	\$ 22,953,998
Prior years	20,000	12,519	(7,481)	6,599
Penalties and interest	30,000	28,387	(1,613)	34,520
Total	24,510,934	24,672,063	161,129	22,995,117
Other taxes and licenses				
Local option sales tax	10,050,000	10,109,296	59,296	9,406,835
Motor vehicle licenses	200,000	200,305	305	199,565
Rental vehicles tax	60,000	73,883	13,883	65,499
Total	10,310,000	10,383,484	73,484	9,671,899
Unrestricted intergovernmental revenues				
Utility franchise tax	2,550,000	2,647,424	97,424	2,529,054
Beer and wine tax	200,000	202,218	2,218	202,523
Solid waste rebates - Wake County	215,000	176,907	(38,093)	238,028
Payments in lieu of taxes	1,200	1,728	528	1,209
Total	2,966,200	3,028,277	62,077	2,970,814
Restricted intergovernmental				
Powell Bill	1,180,000	1,203,921	23,921	1,141,653
EMS allocation - Wake County	1,617,681	1,636,216	18,535	1,524,702
Fire district allocation - Wake County	1,092,000	1,114,825	22,825	927,861
Federal grant	49,000	37,491	(11,509)	32,740
State grant	-	44,557	44,557	7,856
Wake County grant	213,250	238,809	25,559	138,577
Total	4,151,931	4,275,819	123,888	3,773,389
Permits and fees				
Building permits and inspection fees	3,151,200	5,290,667	2,139,467	4,613,309
Subdivision approval fee	175,000	176,474	1,474	176,926
Application fees	113,000	158,470	45,470	150,837
Vendor permits	3,000	9,610	6,610	5,710
Fines and penalties	2,000	3,000	1,000	12,755
Total	3,444,200	5,638,221	2,194,021	4,959,537
Sales and services				
Refuse collection fees	2,975,111	2,987,306	12,195	2,762,638
Emergency services	25,000	12,000	(13,000)	16,800
Recreation fees	900,700	991,005	90,305	877,345
Recycling revenue	618,066	647,817	29,751	592,839
Planning documents	1,000	200	(800)	254
Total	4,519,877	4,638,328	118,451	4,249,876
Investment earnings	130,029	367,908	237,879	151,491

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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 1

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Miscellaneous				
ABC revenue	\$ 185,000	\$ 231,343	\$ 46,343	\$ 207,725
Sale of fixed assets	30,000	338,896	308,896	64,365
Miscellaneous	115,700	215,741	100,041	103,009
Donations	5,500	15,741	10,241	74,406
Insurance Refund	14,900	25,944	11,044	56,159
Court costs and officer fees	10,000	20,220	10,220	13,965
Total	<u>361,100</u>	<u>847,885</u>	<u>486,785</u>	<u>519,629</u>
Total revenues	<u>50,394,271</u>	<u>53,851,985</u>	<u>3,457,714</u>	<u>49,291,752</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	-	57,907	-	54,305
Operations	-	140,526	-	90,245
Total	<u>205,782</u>	<u>198,433</u>	<u>7,349</u>	<u>144,550</u>
Administration				
Personnel services	-	2,414,882	-	2,173,531
Operations	-	1,544,475	-	1,423,647
Capital outlay	-	187,589	-	309,952
Total	<u>4,647,936</u>	<u>4,146,946</u>	<u>500,990</u>	<u>3,907,130</u>
Finance				
Personnel services	-	341,135	-	333,150
Operations	-	310,560	-	479,737
Capital outlay	-	-	-	42,851
Total	<u>765,716</u>	<u>651,695</u>	<u>114,021</u>	<u>855,738</u>
Facility Services				
Personnel services	-	278,821	-	313,356
Operations	-	532,529	-	486,457
Capital outlay	-	372,308	-	760,909
Total	<u>1,528,893</u>	<u>1,183,658</u>	<u>345,235</u>	<u>1,560,722</u>
Planning				
Personnel services	-	1,531,767	-	1,437,236
Operations	-	246,475	-	112,733
Downtown Development	-	22,035	-	19,944
Capital Outlay	-	-	-	54,663
Total	<u>2,062,935</u>	<u>1,800,277</u>	<u>262,658</u>	<u>1,624,576</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, 2018
With comparative actual amounts for the year ended June 30, 2017

Schedule 1

	<u>2018</u>		<u>2017</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Construction Management				
Personnel services	\$ -	\$ 1,626,348	\$ -	\$ 1,500,834
Operations	-	163,798	-	220,860
Capital outlay	-	141,296	-	24,868
Total	<u>2,340,032</u>	<u>1,931,442</u>	<u>408,590</u>	<u>1,746,562</u>
Special Appropriations				
Wake County Programs	-	5,000	-	15,000
Chamber of Commerce	-	2,113	-	1,759
Apex Historical	-	-	-	5,000
Downtown Merchants	-	20,000	-	20,020
Total	<u>37,500</u>	<u>27,113</u>	<u>10,387</u>	<u>41,779</u>
Total general government	<u>11,588,794</u>	<u>9,939,564</u>	<u>1,649,230</u>	<u>9,881,057</u>
Public safety				
Police				
Personnel services	-	8,325,308	-	7,794,768
Operations	-	1,187,488	-	1,294,189
Capital outlay	-	911,854	-	1,105,626
Total	<u>12,455,968</u>	<u>10,424,650</u>	<u>2,031,318</u>	<u>10,194,583</u>
Fire and Rescue				
Personnel services	-	6,331,296	-	5,577,586
Operations	-	737,446	-	680,321
HAZMAT program	-	19,732	-	18,847
Capital outlay	-	260,209	-	1,205,994
Total	<u>7,741,752</u>	<u>7,348,683</u>	<u>393,069</u>	<u>7,482,748</u>
EMS				
Personnel services	-	1,642,655	-	1,576,381
Operations	-	235,118	-	230,568
Capital outlay	-	-	-	24,985
Total	<u>1,905,170</u>	<u>1,877,773</u>	<u>27,397</u>	<u>1,831,934</u>
Total public safety	<u>22,102,890</u>	<u>19,651,106</u>	<u>2,451,784</u>	<u>19,509,265</u>
Public Works				
Public Works & Transportation				
Personnel services	-	818,905	-	599,454
Operations	-	222,067	-	218,337
Total	<u>1,161,283</u>	<u>1,040,972</u>	<u>120,311</u>	<u>817,791</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, 2018
With comparative actual amounts for the year ended June 30, 2017

Schedule 1

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Utility Engineering & Water Resources				
Personnel services	\$ -	\$ 1,139,509	\$ -	\$ 958,876
Operations	-	117,691	-	178,112
Capital Outlay	-	56,993	-	-
Total	<u>1,523,018</u>	<u>1,314,193</u>	<u>208,825</u>	<u>1,136,988</u>
Streets				
Personnel services	-	794,357	-	598,465
Operations	-	2,166,316	-	2,145,645
Capital outlay	-	768,534	-	477,763
Total	<u>5,006,639</u>	<u>3,729,207</u>	<u>1,277,432</u>	<u>3,221,873</u>
Fleet Services				
Personnel services	-	340,267	-	305,765
Operations	-	97,064	-	94,413
Capital outlay	-	58,167	-	-
Total	<u>558,531</u>	<u>495,498</u>	<u>63,033</u>	<u>400,178</u>
Cemetery				
Operations	<u>37,260</u>	<u>30,718</u>	<u>6,542</u>	<u>24,941</u>
Total public works	<u>8,286,731</u>	<u>6,610,588</u>	<u>1,676,143</u>	<u>5,601,771</u>
Environmental Protection				
Sanitation				
Personnel services	-	795,710	-	746,614
Operations	-	2,620,866	-	2,461,125
Capital outlay	-	443,470	-	225,627
Total environmental protection	<u>3,939,675</u>	<u>3,860,046</u>	<u>79,629</u>	<u>3,433,366</u>
Cultural and Recreational				
Personnel services	-	2,312,470	-	2,192,808
Operations	-	1,571,546	-	1,480,831
Capital outlay	-	421,682	-	828,348
Total cultural and recreation	<u>4,696,462</u>	<u>4,305,698</u>	<u>390,764</u>	<u>4,501,987</u>
Debt service				
Principal	-	3,869,854	-	3,028,562
Interest	-	778,397	-	858,100
Bond issuance cost	-	233,682	-	28,416
Total debt service	<u>4,914,634</u>	<u>4,881,933</u>	<u>32,701</u>	<u>3,915,078</u>
Total expenditures	<u>55,529,186</u>	<u>49,248,935</u>	<u>6,280,251</u>	<u>46,842,524</u>
Revenues over (under) expenditures	<u>(5,134,915)</u>	<u>4,603,050</u>	<u>9,737,965</u>	<u>2,449,228</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, 2018
With comparative actual amounts for the year ended June 30, 2017

Schedule 1

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Capital Project	\$ (367,400)	\$ (367,400)	\$ -	\$ (317,500)
Street Project	(371,000)	(371,000)	-	(1,247,500)
Operating transfers in				
Street Project Fund	29,224	29,050	(174)	-
Recreation Project Fund	194,828	194,328	(500)	-
Recreation Reserve Fund	902,597	902,597	-	1,638,049
Transportation Reserve Fund	742,400	742,400	-	-
Bond issuance	1,105,000	1,105,000	-	-
Bond premium	160,105	160,106	1	-
Contingency	(219,874)	-	219,874	-
Fund balance appropriated	2,959,035	-	(2,959,035)	-
Total other financing sources (uses)	<u>5,134,915</u>	<u>2,395,081</u>	<u>(2,739,834)</u>	<u>73,049</u>
Net change in fund balance	\$ <u>-</u>	6,998,131	\$ <u>6,998,131</u>	2,522,277
FUND BALANCE - Beginning of Year		<u>27,732,260</u>		<u>25,209,983</u>
FUND BALANCE - End of Year		<u>\$ 34,730,391</u>		<u>\$ 27,732,260</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 2

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 200	\$ 1,156	\$ 956	\$ 550
EXPENDITURES				
Reserved for future expenditures	200	-	200	-
Net change in fund balance	<u>\$ -</u>	1,156	<u>\$ 1,156</u>	550
FUND BALANCE - Beginning of year		<u>105,164</u>		<u>104,614</u>
FUND BALANCE - End of year		<u>\$ 106,320</u>		<u>\$ 105,164</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2018

Schedule 3

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 4,000	\$ 7,648	\$ 69,284	\$ 76,932
Donations	-	40,000	-	40,000
Intergovernmental	965,500	33,674	226,941	260,615
Miscellaneous	6,200	6,287	-	6,287
Total revenues	<u>975,700</u>	<u>87,609</u>	<u>296,225</u>	<u>383,834</u>
EXPENDITURES				
Capital outlay-improvements	36,815,009	4,013,213	8,285,252	12,298,465
Less closed projects	11,016,076	3,658,192	7,357,834	11,016,026
Total expenditures	<u>25,798,933</u>	<u>355,021</u>	<u>927,418</u>	<u>1,282,439</u>
Revenues under expenditures	<u>(24,823,233)</u>	<u>(267,412)</u>	<u>(631,193)</u>	<u>(898,605)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Recreation reserve	7,203,466	2,182,976	1,971,000	4,153,976
General fund	400,000	400,000	-	400,000
General fund	(752,978)	-	(194,328)	(194,328)
Bonds issued	20,010,243	10,243	20,000,000	20,010,243
Bond premium	752,978	-	752,978	752,978
Issuance of debt	8,225,600	2,225,600	6,000,000	8,225,600
Sub-total other financing sources (uses)	<u>35,839,309</u>	<u>4,818,819</u>	<u>28,529,650</u>	<u>33,348,469</u>
Less closed projects	11,016,076	3,571,929	7,444,097	11,016,026
Total other financing sources (uses)	<u>24,823,233</u>	<u>1,246,890</u>	<u>21,085,553</u>	<u>22,332,443</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 979,478</u>	<u>\$ 20,454,360</u>	<u>\$ 21,433,838</u>

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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 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.

General Capital Projects Fund - used to account for construction and improvements to facilities used in the Town's governmental activities.

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, 2018**

Statement 4

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Perry Library	Street Improvements Project	Recreation Reserve
ASSETS			
Cash and cash equivalents	\$ 117,422	\$ 3,845,019	\$ 5,857,424
Restricted cash	-	1,709,485	-
Wake County taxes receivable	-	-	-
Grants receivable	-	175,321	-
	<u>\$ 117,422</u>	<u>\$ 5,729,825</u>	<u>\$ 5,857,424</u>
Total assets	<u>\$ 117,422</u>	<u>\$ 5,729,825</u>	<u>\$ 5,857,424</u>
LIABILITIES			
Accounts payable	\$ -	\$ 43,931	\$ -
FUND BALANCES			
Restricted	-	1,709,485	-
Committed	117,422	3,976,409	-
Assigned	-	-	5,857,424
Total fund balance	<u>117,422</u>	<u>5,685,894</u>	<u>5,857,424</u>
Total liabilities and fund balances	<u>\$ 117,422</u>	<u>\$ 5,729,825</u>	<u>\$ 5,857,424</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 741,859	\$ 1,044,609	\$ 11,488,911	\$ 403,629	\$ 12,009,962
-	-	1,709,485	699,968	2,409,453
36,650	-	36,650	-	36,650
-	-	175,321	-	175,321
<u>\$ 778,509</u>	<u>\$ 1,044,609</u>	<u>\$ 13,410,367</u>	<u>\$ 1,103,597</u>	<u>\$ 14,631,386</u>
\$ 13,475	\$ 1,488	\$ 58,894	\$ -	\$ 58,894
-	-	1,709,485	699,968	2,409,453
-	1,043,121	5,019,530	403,629	5,540,581
765,034	-	6,622,458	-	6,622,458
<u>765,034</u>	<u>1,043,121</u>	<u>13,351,473</u>	<u>1,103,597</u>	<u>14,572,492</u>
<u>\$ 778,509</u>	<u>\$ 1,044,609</u>	<u>\$ 13,410,367</u>	<u>\$ 1,103,597</u>	<u>\$ 14,631,386</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, 2018

Statement 5

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Perry Library	Street Improvements Project	Recreation Reserve
REVENUES			
Motor vehicle licenses	\$ -	\$ -	\$ -
Subdivision recreation fees	-	-	4,158,264
Transportation impact fees	-	-	-
Payments in lieu of streets	-	684,504	-
Intergovernmental	-	1,113,959	-
Sales and services	-	-	-
Miscellaneous	-	46	-
Investment earnings	1,276	36,144	57,035
Total revenues	<u>1,276</u>	<u>1,834,653</u>	<u>4,215,299</u>
EXPENDITURES			
Capital outlay-improvements	-	2,927,925	-
Revenues over (under) expenditures	<u>1,276</u>	<u>(1,093,272)</u>	<u>4,215,299</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	371,000	-
Transfers out	-	(29,050)	(2,873,597)
Bond issuance	-	3,000,000	-
Bond premium	-	112,711	-
Total other financing sources (uses)	<u>-</u>	<u>3,454,661</u>	<u>(2,873,597)</u>
Net change in fund balances	1,276	2,361,389	1,341,702
FUND BALANCES - Beginning of year	<u>116,146</u>	<u>3,324,505</u>	<u>4,515,722</u>
FUND BALANCES - End of year	<u>\$ 117,422</u>	<u>\$ 5,685,894</u>	<u>\$ 5,857,424</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ 345,058	\$ -	\$ 345,058	\$ -	\$ 345,058
-	-	4,158,264	-	4,158,264
466,957	-	466,957	-	466,957
-	-	684,504	-	684,504
-	-	1,113,959	-	1,113,959
-	-	-	(9,300)	(9,300)
-	-	46	-	46
9,356	8,138	110,673	12,019	123,968
<u>821,371</u>	<u>8,138</u>	<u>6,879,461</u>	<u>2,719</u>	<u>6,883,456</u>
-	83,204	3,011,129	-	3,011,129
<u>821,371</u>	<u>(75,066)</u>	<u>3,868,332</u>	<u>2,719</u>	<u>3,872,327</u>
-	367,400	738,400	-	738,400
(742,400)	-	(3,645,047)	-	(3,645,047)
-	-	3,000,000	-	3,000,000
-	-	112,711	-	112,711
<u>(742,400)</u>	<u>367,400</u>	<u>206,064</u>	<u>-</u>	<u>206,064</u>
78,971	292,334	4,074,396	2,719	4,078,391
<u>686,063</u>	<u>750,787</u>	<u>9,277,077</u>	<u>1,100,878</u>	<u>10,494,101</u>
<u>\$ 765,034</u>	<u>\$ 1,043,121</u>	<u>\$ 13,351,473</u>	<u>\$ 1,103,597</u>	<u>\$ 14,572,492</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 6

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 230	\$ 1,276	\$ 1,046	\$ 607
EXPENDITURES				
Building maintenance and repair	230	-	230	-
Net change in fund balance	\$ -	1,276	\$ (1,276)	607
FUND BALANCE - Beginning of year		116,146		115,539
FUND BALANCE - End of year		\$ 117,422		\$ 116,146

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECT FUND
STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2018

Schedule 7

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Developer reimbursements	\$ -	\$ 25,146	\$ 46	\$ 25,192
Payments in lieu of streets	65,000	1,327,958	684,504	2,012,462
Intergovernmental	5,166,500	548,896	1,113,959	1,662,855
Investment earnings	178,215	170,870	36,144	207,014
Sub-total revenues	5,409,715	2,072,870	1,834,653	3,907,523
Less closed projects	534,215	208,308	325,907	534,215
Total revenues	4,875,500	1,864,562	1,508,746	3,373,308
EXPENDITURES				
Capital outlay-improvements	12,470,665	1,615,084	2,927,925	4,543,009
Less closed projects	2,160,183	772,602	1,387,854	2,160,456
Total expenditures	10,310,482	842,482	1,540,071	2,382,553
Revenues over (under) expenditures	(5,434,982)	1,022,080	(31,325)	990,755
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	2,016,900	1,662,394	357,000	2,019,394
General Fund	(32,711)	-	(29,050)	(29,050)
Transportation Capital Reserve	1,854,020	1,058,597	14,000	1,072,597
Bonds issued	3,048,825	84,523	3,000,000	3,084,523
Bond premium	173,916	61,205	112,711	173,916
Sub-total other financing sources (uses)	7,060,950	2,866,719	3,454,661	6,321,380
Less closed projects	1,625,968	797,324	828,917	1,626,241
Total other financing sources (uses)	5,434,982	2,069,395	2,625,744	4,695,139
Net change in fund balance	\$ -	\$ 3,091,475	\$ 2,594,419	\$ 5,685,894

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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 8

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Subdivision recreation fees	\$ 2,000,000	\$ 4,158,264	\$ 2,158,264	\$ 4,014,222
Investment earnings	10,000	57,035	47,035	16,985
Total revenues	2,010,000	4,215,299	2,205,299	4,031,207
EXPENDITURES				
Reserved for future expenditures	2,786,075	-	(2,786,075)	-
Revenues over expenditures	(776,075)	4,215,299	4,991,374	4,031,207
OTHER FINANCING SOURCES (USES)				
Transfers out				
General Fund	(902,597)	(902,597)	-	(1,638,049)
Recreation Project	(1,971,000)	(1,971,000)	-	(422,697)
Fund Balance Appropriated	3,649,672	-	3,649,672	-
Total other financing sources (uses)	776,075	(2,873,597)	3,649,672	(2,060,746)
Net change in fund balance	\$ -	1,341,702	\$ 1,341,702	1,970,461
FUND BALANCE - Beginning of year		4,515,722		2,545,261
FUND BALANCE - End of year		\$ 5,857,424		\$ 4,515,722

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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 9

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Motor vehicle licenses	\$ 400,000	\$ 345,058	\$ (54,942)	\$ 133,551
Transportation impact fees	340,000	466,957	126,957	568,047
Investment earnings	2,400	9,356	6,956	2,814
Total revenues	<u>742,400</u>	<u>821,371</u>	<u>78,971</u>	<u>704,412</u>
EXPENDITURES				
Reserved for future expenditures	-	-	-	-
Revenues over expenditures	<u>742,400</u>	<u>821,371</u>	<u>78,971</u>	<u>704,412</u>
OTHER FINANCING USES				
Operating transfers out				
General Fund	(742,400)	(742,400)	-	-
Street Project Fund	-	-	-	(306,200)
Total other financing uses	<u>(742,400)</u>	<u>(742,400)</u>	<u>-</u>	<u>(306,200)</u>
Net change in fund balance	<u>\$ -</u>	78,971	<u>\$ 78,971</u>	398,212
FUND BALANCE - Beginning of year		<u>686,063</u>		<u>287,851</u>
FUND BALANCE - End of year		<u>\$ 765,034</u>		<u>\$ 686,063</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, 2018

Schedule 10

	Project Author - ization	Actual		
		Prior Year	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 7,500	\$ 12,845	\$ 8,138	\$ 20,983
Less closed projects	7,500	7,500	-	7,500
Total revenues	-	5,345	8,138	13,483
EXPENDITURES				
Capital outlay-improvements	6,409,822	5,296,980	83,204	5,380,184
Less closed projects	5,380,185	5,296,980	83,204	5,380,184
Total expenditures	1,029,637	-	-	-
Revenues under expenditures	(1,029,637)	5,345	8,138	13,483
OTHER FINANCING SOURCES				
Transfers in				
General Fund	1,852,322	1,484,922	367,400	1,852,322
Fire reserve	50,000	50,000	-	50,000
Issuance of debt	4,500,000	4,500,000	-	4,500,000
Sub-total other financing sources	6,402,322	6,034,922	367,400	6,402,322
Less closed projects	5,372,685	5,372,684	-	5,372,684
Total other financing sources (uses)	1,029,637	662,238	367,400	1,029,638
Net change in fund balance	\$ -	\$ 667,583	\$ 375,538	\$ 1,043,121

TOWN OF APEX, NORTH CAROLINA
PERMANENT FUND
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2018
With comparative actual amounts for the year ended June 30, 2017

Schedule 11

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 9,000	\$ 12,019	\$ 3,019	\$ 5,763
Sale of plots	(9,000)	(9,300)	(300)	(3,000)
Total revenues	-	2,719	2,719	2,763
EXPENDITURES				
Reserved for future expenditures	-	-	-	-
Net change in fund balance	\$ -	2,719	\$ 2,719	2,763
FUND BALANCE - Beginning of year		1,100,878		1,098,115
FUND BALANCE - End of year		\$ 1,103,597		\$ 1,100,878

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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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 12

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 33,700,000	\$ 33,801,097	\$ 101,097	\$ 32,145,570
Reconnection fees	28,000	39,275	11,275	30,930
Penalties	70,000	74,547	4,547	70,335
Total	<u>33,798,000</u>	<u>33,914,919</u>	<u>116,919</u>	<u>32,246,835</u>
Other operating revenues				
Sales tax revenues	2,350,000	2,358,578	8,578	2,243,916
Underground charges	1,875,000	1,757,849	(117,151)	1,520,134
Pole rental	13,000	-	(13,000)	10,200
Pole relocation	-	-	-	29,424
Sale of capital assets	10,000	-	(10,000)	25,426
Miscellaneous	10,000	145,997	135,997	21,726
Electric meters	110,000	186,444	76,444	152,044
Total other operating revenues	<u>4,368,000</u>	<u>4,448,868</u>	<u>80,868</u>	<u>4,002,870</u>
Total operating revenues	38,166,000	38,363,787	197,787	36,249,705
Nonoperating revenues:				
Investment earnings	25,000	52,509	27,509	34,921
Total revenues	<u>38,191,000</u>	<u>38,416,296</u>	<u>225,296</u>	<u>36,284,626</u>
EXPENDITURES				
Personnel services	3,840,693	3,480,198	360,495	3,514,873
Operations and maintenance	1,724,907	1,282,080	442,827	1,206,180
Purchases of electricity	24,550,000	24,260,452	289,548	24,380,180
Electric sales tax	2,415,000	2,372,391	42,609	2,283,729
Total	<u>32,530,600</u>	<u>31,395,121</u>	<u>1,135,479</u>	<u>31,384,962</u>
Debt service				
Principal retirement	498,000	498,000	-	481,000
Interest	140,855	140,833	22	158,257
Total debt service	<u>638,855</u>	<u>638,833</u>	<u>22</u>	<u>639,257</u>
Capital outlay	5,417,539	4,642,847	774,692	3,832,818
Total expenditures	<u>38,586,994</u>	<u>36,676,801</u>	<u>1,910,193</u>	<u>35,857,037</u>
Revenues over (under) expenses	<u>(395,994)</u>	<u>1,739,495</u>	<u>2,135,489</u>	<u>427,589</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 12

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Electric Substation Project	\$ (2,900,000)	\$ (2,394,419)	\$ 505,581	\$ -
Contingency	(16,627)	-	16,627	-
Appropriated fund balance	3,312,621	-	(3,312,621)	-
Total other financing sources (uses)	<u>395,994</u>	<u>(2,394,419)</u>	<u>(2,790,413)</u>	<u>-</u>
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	(654,924)	<u>\$ (654,924)</u>	427,589

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

Reconciling items:

Capital outlay	4,642,847	3,832,818
Depreciation	(2,530,444)	(2,391,200)
Payment of debt principal	498,000	481,000
Intrafund transfers	2,394,419	-
Disposition of capital assets	-	(2,082)
(Increase)/decrease in accrued vacation and compensatory pay	(16,127)	5,952
Decrease in accrued interest	2,266	2,188
Increase/(decrease) in deferred outflows of resources - pensions	(227,236)	563,398
(Increase)/decrease in net pension liability	207,941	(675,867)
Decrease in deferred inflows of resources - pensions	13,923	67,960
Increase in deferred outflows of resources - OPEB	57,687	-
Increase in deferred inflows of resources - OPEB	(226,129)	-
Increase/(decrease) in total OPEB liability	39,008	(183,189)
Electric substation project		
Investment earnings	41,279	6,529
Net income	<u>\$ 4,242,510</u>	<u>\$ 2,135,096</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 13

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating revenues				
Charges for services	\$ 14,700,808	\$ 15,570,135	\$ 869,327	\$ 13,818,534
Other operating revenues				
Water and sewer taps	300,000	481,590	181,590	352,125
Water tank rentals	190,000	171,119	(18,881)	172,421
Miscellaneous	40,000	37,554	(2,446)	48,088
Total other operating revenues	<u>530,000</u>	<u>690,263</u>	<u>160,263</u>	<u>572,634</u>
Total operating revenues	<u>15,230,808</u>	<u>16,260,398</u>	<u>1,029,590</u>	<u>14,391,168</u>
Nonoperating revenues:				
Investment earnings	60,000	138,619	78,619	66,380
Sale of capital assets	15,000	63,354	48,354	10,306
Total nonoperating revenues	<u>75,000</u>	<u>201,973</u>	<u>126,973</u>	<u>76,686</u>
Total revenues	<u>15,305,808</u>	<u>16,462,371</u>	<u>1,156,563</u>	<u>14,467,854</u>
EXPENDITURES				
Water & Sewer Administration				
Personnel services	144,709	143,062	1,647	-
Operations and maintenance	279,520	207,126	72,394	-
Total	<u>424,229</u>	<u>350,188</u>	<u>74,041</u>	<u>-</u>
Sewer Treatment				
Personnel services	842,358	823,819	18,539	823,542
Operations and maintenance	1,060,006	868,903	191,103	829,536
Contracted treatment services	1,572,318	1,548,603	23,715	1,492,976
Total	<u>3,474,682</u>	<u>3,241,325</u>	<u>233,357</u>	<u>3,146,054</u>
Sewer Maintenance				
Personnel services	2,163,994	1,687,543	476,451	1,883,866
Operations and maintenance	1,452,985	823,993	628,992	677,368
Total	<u>3,616,979</u>	<u>2,511,536</u>	<u>1,105,443</u>	<u>2,561,234</u>
Water Treatment				
Operations and maintenance	392,000	230,714	161,286	281,607
Water purchases	2,012,100	1,806,314	205,786	1,585,963
Total	<u>2,404,100</u>	<u>2,037,028</u>	<u>367,072</u>	<u>1,867,570</u>
Water Maintenance				
Personnel services	1,981,701	1,973,435	8,266	1,698,430
Operations and maintenance	997,716	763,463	234,253	827,369
Total	<u>2,979,417</u>	<u>2,736,898</u>	<u>242,519</u>	<u>2,525,799</u>
Debt service				
Interest	1,665,424	1,665,416	8	1,714,968
Principal retirement	2,379,880	2,379,869	11	2,310,869
Total debt service	<u>4,045,304</u>	<u>4,045,285</u>	<u>19</u>	<u>4,025,837</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 13

	<u>2018</u>			Variance	<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)	Actual	
Capital outlay					
Water/Sewer administration	\$ 65,000	\$ -	\$ 65,000	\$ -	
Sewer treatment	242,775	223,976	18,799	388,720	
Sewer maintenance	788,085	680,683	107,402	603,081	
Water maintenance	929,022	768,327	160,695	1,836,347	
Water treatment	514,850	30,804	484,046	468,754	
Total capital outlay	<u>2,539,732</u>	<u>1,703,790</u>	<u>835,942</u>	<u>3,296,902</u>	
Total expenditures	<u>19,484,443</u>	<u>16,626,050</u>	<u>2,858,393</u>	<u>17,423,396</u>	
Revenues over (under) expenditures	<u>(4,178,635)</u>	<u>(163,679)</u>	<u>4,014,956</u>	<u>(2,955,542)</u>	

OTHER FINANCING SOURCES

Transfers in /(out)				
Water/Sewer Reserve	2,347,652	2,347,652	-	1,996,916
Water/Sewer Project Fund	(500,000)	(500,000)	-	-
Fund balance appropriated	2,372,771	-	(2,372,771)	-
Contingency	(41,788)	-	41,788	-
Total other financing sources	<u>4,178,635</u>	<u>1,847,652</u>	<u>(2,330,983)</u>	<u>1,996,916</u>

Revenues and other sources over expenditures and other uses	\$ <u>-</u>	1,683,973	\$ <u>1,683,973</u>	(958,626)
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Reconciliation from budgetary basis (modified accrual)

to full accrual:			
Capital outlay	1,703,790		3,296,902
Capital contributions	16,500,445		18,565,595
Intrafund transfers	(1,847,652)		(1,996,916)
Depreciation	(9,717,197)		(8,168,782)
Decrease in accrued interest	4,490		4,516
Amortization of premiums on bonds issued	74,237		74,236
Payment of debt principal	2,379,869		2,310,869
Increase/(decrease) in deferred outflows of resources - pensions	(300,782)		707,543
(Increase)/decrease in net pension liability	275,241		(842,018)
Decrease in deferred inflows of resources - pensions	18,430		79,025
Disposition of capital assets	(24,627)		(3,623)
Increase in accrued vacation pay	(1,462)		(1,842)
Increase in deferred outflows - OPEB	64,460		-
Increase in deferred inflows - OPEB	(252,682)		-
Increase/(decrease) in total OPEB liability	43,589		(177,141)
Water/Sewer Capital Project Fund			
Interest income	109,418		39,275
Waste Water Treatment Plant Capital Project Fund			
Interest income	22,275		11,608
Capital Reserve Fund			
Capacity fees	3,214,570		8,560,069
Acreage fees	248,597		2,724,425
Capital reimbursement fees	17,899,401		-
Interest income	330,238		105,115
Miscellaneous	-		65,615
Net Income	\$ <u>32,428,621</u>		\$ <u>24,395,845</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2018

Schedule 14

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 50,000	\$ 56,767	\$ 41,279	\$ 98,046
EXPENDITURES				
Capital outlay - improvements	4,332,726	8,750	33,965	42,715
Total expenditures	4,332,726	8,750	33,965	42,715
Revenues over (under) expenditures	(4,282,726)	48,017	7,314	55,331
OTHER FINANCING SOURCES				
Transfers in				
Electric Fund	4,174,363	1,091,121	2,394,419	3,485,540
Water/Sewer Fund	108,363	108,363	-	108,363
Total other financing sources	4,282,726	1,199,484	2,394,419	3,593,903
Revenues and other financing sources over expenditures	\$ -	\$ 1,247,501	\$ 2,401,733	\$ 3,649,234

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2018

Schedule 15

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 335,000	\$ 310,190	\$ 109,418	\$ 419,608
Less closed projects	275,000	264,999	-	264,999
Total revenues	<u>60,000</u>	<u>45,191</u>	<u>109,418</u>	<u>154,609</u>
EXPENDITURES				
Capital outlay - improvements	32,343,082	19,361,517	3,922,869	23,284,386
Bond issuance costs	16,100	60,905	-	60,905
Sub-total expenditures	<u>32,359,182</u>	<u>19,422,422</u>	<u>3,922,869</u>	<u>23,345,291</u>
Less closed projects	20,208,682	18,722,698	1,561,187	20,283,885
Total expenditures	<u>12,150,500</u>	<u>699,724</u>	<u>2,361,682</u>	<u>3,061,406</u>
Revenues under expenditures	<u>(12,090,500)</u>	<u>(654,533)</u>	<u>(2,252,264)</u>	<u>(2,906,797)</u>
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	23,358,906	18,743,952	3,428,000	22,171,952
Water/Sewer Fund	-	-	500,000	500,000
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>32,024,182</u>	<u>27,454,228</u>	<u>3,928,000</u>	<u>31,382,228</u>
Less closed projects	19,933,682	20,018,886	-	20,018,886
Total other financing sources	<u>12,090,500</u>	<u>7,435,342</u>	<u>3,928,000</u>	<u>11,363,342</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 6,780,809</u>	<u>\$ 1,675,736</u>	<u>\$ 8,456,545</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, 2018

Schedule 16

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 316,635	\$ 22,275	\$ 338,910
Miscellaneous	-	404	-	404
Total revenues	<u>-</u>	<u>317,039</u>	<u>22,275</u>	<u>339,314</u>
EXPENDITURES				
Capital outlay - improvements	2,147,463	2,064,025	217,295	2,281,320
Less closed projects	<u>2,056,463</u>	<u>2,064,025</u>	<u>151,144</u>	<u>2,215,169</u>
Total expenditures	<u>91,000</u>	<u>-</u>	<u>66,151</u>	<u>66,151</u>
Revenues over (under) expenditures	<u>(91,000)</u>	<u>317,039</u>	<u>(43,876)</u>	<u>273,163</u>
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	2,147,463	3,878,734	-	3,878,734
Less closed projects	<u>2,056,463</u>	<u>2,215,169</u>	<u>-</u>	<u>2,215,169</u>
Total other financing sources	<u>91,000</u>	<u>1,663,565</u>	<u>-</u>	<u>1,663,565</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,980,604</u>	<u>\$ (43,876)</u>	<u>\$ 1,936,728</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, 2018

With comparative actual amounts for the year ended June 30, 2017

Schedule 17

	<u>2018</u>			<u>2017</u>
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Capacity fees	\$ 4,300,000	\$ 3,214,570	\$ (1,085,430)	\$ 8,560,069
Capital Reimbursement	-	17,899,401	17,899,401	-
Acreage fees	-	248,597	248,597	2,724,425
Miscellaneous	-	-	-	65,615
Investment earnings	60,000	330,238	270,238	105,115
Total revenues	<u>4,360,000</u>	<u>21,692,806</u>	<u>17,332,806</u>	<u>11,455,224</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>4,360,000</u>	<u>21,692,806</u>	<u>17,332,806</u>	<u>11,455,224</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Water/Sewer Fund	(2,347,652)	(2,347,652)	-	(1,996,916)
Water/Sewer Project Fund	(3,428,000)	(3,428,000)	-	(5,696,660)
Fund Balance Appropriated	1,415,652	-	(1,415,652)	-
Total other financing sources (uses)	<u>(4,360,000)</u>	<u>(5,775,652)</u>	<u>(1,415,652)</u>	<u>(7,693,576)</u>
Net change in fund balance	<u>\$ -</u>	15,917,154	<u>\$ 15,917,154</u>	3,761,648
FUND BALANCE - Beginning of year		<u>19,740,453</u>		<u>15,978,805</u>
FUND BALANCE - End of year		<u>\$ 35,657,607</u>		<u>\$ 19,740,453</u>

TOWN OF APEX, NORTH CAROLINA
INTERNAL SERVICE FUND
HEALTH AND DENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL (Non - GAAP)
For the year ended June 30, 2018
With comparative actual amounts for the year ended June 30, 2017

Schedule 18

	2018			2017
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 3,444,073	\$ 3,761,553	\$ 317,480	\$ 3,526,610
Dental premiums	228,178	278,841	50,663	253,144
Employee health contributions	1,007,956	877,656	(130,300)	837,481
Employee dental contributions	188,628	165,373	(23,255)	176,212
Total revenues	4,868,835	5,083,423	214,588	4,793,447
EXPENDITURES				
Health claims-employees	2,891,312	3,700,763	(809,451)	3,224,280
Dental claims-employees	363,256	366,116	(2,860)	350,498
Administrative fees-employees	879,996	662,695	217,301	857,457
Health claims-retiree	720,220	585,640	134,580	258,525
Dental claims-retiree	1,020	4,677	(3,657)	958
Administrative fees-retiree	13,031	82,478	(69,447)	58,242
Total expenditures	4,868,835	5,402,369	(533,534)	4,749,960
Revenues over expenditures	\$ -	(318,946)	\$ (318,946)	43,487
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
Increase in reserve for incurred but not reported ("IBNR") claims		(199,520)		(88,854)
Change in net position		\$ (518,466)		\$ (45,367)

**TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018**

Schedule 19

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 24,666,208	\$ 24,631,157	\$ 35,051
2016-2017	25,654	-	10,165	15,489
2015-2016	16,349	-	3,776	12,573
2014-2015	11,481	-	846	10,635
2013-2014	17,229	-	489	16,740
2012-2013	10,328	-	275	10,053
2011-2012	8,618	-	107	8,511
2010-2011	10,105	-	179	9,926
2009-2010	10,971	-	212	10,759
2008-2009	18,564	-	179	18,385
2007-2008	13,228	-	13,228	-
	<u>\$ 142,527</u>	<u>\$ 24,666,208</u>	<u>\$ 24,660,613</u>	<u>\$ 148,122</u>
				<u>89,682</u>
				<u>\$ 58,440</u>

Less: Allowance for uncollectible accounts

Ad valorem taxes receivable - net

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 27,672,063
Reconciling items:	
Less: Penalties and interest	(28,387)
Add: Adjustments and releases	16,937
Total collections and credits	<u>\$ 27,660,613</u>

**TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2018**

Schedule 20

	Town - Wide		Total Levy			
			Property exclusing Registered Motor Vehicles	Registered Motor Vehicles		
	Property Valuation	Rate	Total Levy			
Original levy:						
Property taxed at current rate	\$ 6,465,849,474	0.38	\$ 24,570,228	22,529,455	\$ 2,040,773	
Penalties	-		14,383	14,383	-	
Total	<u>6,465,849,474</u>		<u>24,584,611</u>	<u>22,543,838</u>	<u>2,040,773</u>	
Discoveries:						
Prior year taxes	-		103,608	103,608	-	
Total	<u>6,465,849,474</u>		<u>24,688,219</u>	<u>22,647,446</u>	<u>2,040,773</u>	
Abatements	<u>(5,792,368)</u>	0.38	<u>(22,011)</u>	<u>(22,011)</u>	<u>-</u>	
Total property valuation	<u>\$ 6,460,057,106</u>					
Net levy			24,666,208	22,625,435	2,040,773	
Uncollected taxes at June 30, 2018			<u>35,051</u>	<u>24,486</u>	<u>10,565</u>	
Current year's taxes collected			<u>\$ 24,631,157</u>	<u>\$ 22,600,949</u>	<u>\$ 2,030,208</u>	
Current levy collection percentage			<u>99.9%</u>	<u>99.9%</u>	<u>99.5%</u>	

TOWN OF APEX, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
AND MATURITY SCHEDULE
June 30, 2018

Schedule 21

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2018-2019	\$ 855,000	\$ 1,978,975	\$ 1,860,000	\$ 3,149,083	\$ 2,715,000	\$ 5,128,058
2019-2020	915,000	2,021,875	1,775,000	2,937,013	2,690,000	4,958,888
2020-2021	980,000	2,041,125	1,780,000	2,875,150	2,760,000	4,916,275
2021-2022	1,045,000	2,086,525	1,780,000	2,807,532	2,825,000	4,894,057
2022-2023	1,115,000	2,135,625	1,780,000	2,739,000	2,895,000	4,874,625
2023-2024	1,185,000	2,161,025	1,790,000	2,687,913	2,975,000	4,848,938
2024-2025	1,260,000	2,176,775	1,785,000	2,620,850	3,045,000	4,797,625
2025-2026	1,340,000	2,193,775	1,580,000	2,353,250	2,920,000	4,547,025
2026-2027	1,420,000	2,233,575	1,585,000	2,288,500	3,005,000	4,522,075
2027-2028	1,575,000	2,345,975	1,590,000	2,223,500	3,165,000	4,569,475
2028-2029	1,665,000	2,388,725	1,765,000	2,336,425	3,430,000	4,725,150
2029-2030	1,760,000	2,433,775	1,620,000	2,134,819	3,380,000	4,568,594
2030-2031	1,855,000	2,475,975	1,620,000	2,086,219	3,475,000	4,562,194
2031-2032	1,955,000	2,501,775	1,805,000	2,222,619	3,760,000	4,724,394
2032-2033	2,080,000	2,548,575	2,035,000	2,398,469	4,115,000	4,947,044
2033-2034	2,185,000	2,570,375	1,905,000	2,207,419	4,090,000	4,777,794
2034-2035	2,740,000	3,037,975	1,905,000	2,147,888	4,645,000	5,185,863
2035-2036	2,740,000	2,928,375	1,905,000	2,088,356	4,645,000	5,016,731
2036-2037	2,740,000	2,835,900	1,905,000	2,028,825	4,645,000	4,864,725
2037-2038	-	-	1,905,000	1,966,913	1,905,000	1,966,913
	<u>\$ 31,410,000</u>	<u>\$ 45,096,700</u>	<u>\$ 35,675,000</u>	<u>\$ 48,299,743</u>	<u>\$ 67,085,000</u>	<u>\$ 93,396,443</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>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>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 137,055	\$ 139,181	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231	\$ 208,352	\$ 298,896	\$ 383,833
Restricted	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486	8,279	10,340
Unrestricted	16,858	18,118	15,810	14,161	15,473	14,699	14,216	13,406	17,797	13,270
Total governmental activities net position	\$ 155,128	\$ 158,375	\$ 157,973	\$ 163,877	\$ 167,207	\$ 172,872	\$ 192,537	\$ 232,244	\$ 324,972	\$ 407,443
Business-type activities										
Net investment in capital assets	\$ 102,374	\$ 104,584	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820	\$ 181,185	\$ 202,626	\$ 220,327
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	47,097	48,354	53,767	62,759	65,281	46,298	46,393	44,345	49,435	66,894
Total business-type activities net position	\$ 149,471	\$ 152,938	\$ 158,147	\$ 165,508	\$ 170,220	\$ 181,498	\$ 194,213	\$ 225,530	\$ 252,061	\$ 287,221
Primary government										
Net investment in capital assets	\$ 239,429	\$ 243,765	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051	\$ 389,537	\$ 501,522	\$ 604,160
Restricted	1,216	1,076	4,138	4,019	5,251	7,352	6,090	10,486	8,279	10,340
Unrestricted	63,955	66,472	69,577	76,920	80,754	60,997	60,609	57,751	67,232	80,164
Total primary government net position	\$ 304,600	\$ 311,313	\$ 316,120	\$ 329,385	\$ 337,427	\$ 354,370	\$ 386,750	\$ 457,774	\$ 577,033	\$ 694,664

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

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	\$ 7,642	\$ 7,042	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235	\$ 9,851	\$ 10,069	\$ 10,584
Public Safety	10,607	10,971	11,994	12,878	13,836	14,692	15,491	16,623	19,644	21,076
Public Works	6,035	5,917	6,427	7,023	7,350	6,644	8,854	8,697	13,241	16,514
Environmental Protection	3,053	3,097	3,163	3,304	3,270	3,532	3,794	4,006	3,394	3,642
Culture and recreation	3,541	3,551	3,786	3,963	4,272	4,381	4,811	5,336	5,519	5,750
Interest on long-term debt	858	1,083	935	862	917	974	944	822	764	1,073
Total governmental activities expenses	31,736	31,661	33,685	36,017	37,586	38,984	43,129	45,335	52,631	58,639
Business-type activities										
Water and Sewer	11,131	11,462	11,124	11,473	13,304	14,196	15,498	18,485	20,140	34,215
Electric	25,308	26,702	27,223	28,330	28,335	29,530	31,674	31,179	34,154	22,334
Total business-type activities expenses	36,439	38,164	38,347	39,803	41,639	43,726	47,172	49,664	54,294	56,549
Total primary government expenses	\$ 68,175	\$ 69,825	\$ 72,032	\$ 75,820	\$ 79,225	\$ 82,710	\$ 90,301	\$ 94,999	\$ 106,925	\$ 115,188
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 653	\$ 559	\$ 918	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557	\$ 3,501	\$ 4,960	\$ 5,638
Public Safety ⁽¹⁾	-	275	1,020	51	14	14	11	15	17	12
Culture and recreation	565	616	858	1,097	1,706	1,553	2,324	323	4,892	5,149
Public Works	417	301	169	299	228	398	636	2,953	1,487	1,152
Environmental Protection	2,310	2,340	2,389	2,465	2,574	2,683	2,814	3,029	3,351	3,629
Operating grants and contributions	1,363	1,276	1,168	2,315	3,189	2,897	3,008	3,073	3,773	4,276
Capital grants and contributions	6,605	4,555	4,277	10,174	5,074	6,472	23,058	38,469	92,297	98,076
Total governmental activities program revenues	11,913	9,922	10,799	17,292	14,003	15,857	34,408	51,363	110,777	117,932
Business-type activities										
Charges for services:										
Water and Sewer	10,184	11,106	12,964	28,901	15,797	16,448	12,949	13,374	14,457	16,260
Electric	26,739	27,514	29,686	13,809	29,069	31,599	32,646	33,299	36,224	38,364
Capital grants and contributions	3,462	2,825	805	4,362	2,603	6,478	14,977	34,121	29,850	37,863
Total business-type activities program revenues	40,385	41,445	43,455	47,072	47,469	54,525	60,572	80,794	80,531	92,487
Total primary government program revenues	\$ 52,298	\$ 51,367	\$ 54,254	\$ 64,364	\$ 61,472	\$ 70,382	\$ 94,980	\$ 132,157	\$ 191,308	\$ 210,419

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (19,824)	\$ (21,739)	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)	\$ 6,028	\$ 58,146	\$ 59,293
Business-type activities	3,946	3,281	5,108	7,269	5,830	10,799	13,400	31,130	26,237	35,938
Total primary government net expenses	\$ (15,878)	\$ (18,458)	\$ (17,778)	\$ (11,457)	\$ (17,753)	\$ (12,328)	\$ 4,679	\$ 37,158	\$ 84,383	\$ 95,231
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	14,245	14,475	14,722	15,063	17,837	18,969	19,547	20,676	22,987	24,665
Sales taxes	5,100	4,843	5,189	6,293	6,665	7,219	7,959	8,753	9,407	10,109
Motor vehicle licenses	134	136	136	143	148	202	168	176	329	345
Miscellaneous taxes	55	28	35	36	42	47	51	56	65	271
Unrestricted grants and contributions	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971	2,971	3,028
Investment earnings	539	89	83	48	53	25	24	95	202	562
Miscellaneous	338	1,398	214	631	375	553	398	364	475	536
Transfers	-	-	-	-	-	(400)	-	-	-	-
Total governmental activities	22,486	22,965	22,483	24,629	27,242	28,791	31,006	33,091	36,436	39,516
Business-type activities										
Investment earnings	917	187	177	93	115	51	71	133	264	694
Miscellaneous	1	-	-	-	5	28	10	54	30	39
Transfers	-	-	-	-	-	400	-	-	-	-
Total business-type activities	918	187	177	93	120	479	81	187	294	733
Total primary government	\$ 23,404	\$ 23,152	\$ 22,660	\$ 24,722	\$ 27,362	\$ 29,270	\$ 31,087	\$ 33,278	\$ 36,730	\$ 40,249
Change in Net Position										
Governmental activities	\$ 2,662	\$ 1,226	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285	\$ 39,119	\$ 94,582	\$ 98,809
Business-type activities	4,864	3,468	5,285	7,362	5,950	11,278	13,481	31,317	26,531	36,671
Total primary government	\$ 7,526	\$ 4,694	\$ 4,882	\$ 13,265	\$ 9,609	\$ 16,942	\$ 35,766	\$ 70,436	\$ 121,113	\$ 135,480

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>Rental Vehicle Tax</u>	<u>Total</u>
2009	14,247,333	5,099,936	1,796,991	133,842	134,653	35,625	21,448,380
2010	14,484,023	4,842,500	1,886,159	134,137	44,581	27,850	21,419,250
2011	14,728,071	5,189,227	1,682,919	136,292	142,249	32,452	21,911,210
2012	15,094,213	6,292,886	1,962,575	143,276	163,556	36,518	23,693,024
2013	17,818,627	6,664,708	1,811,003	147,239	156,234	42,333	26,640,144
2014	19,041,293	7,218,751	1,839,512	210,725	173,957	46,941	28,531,179
2015	19,577,741	7,959,043	2,471,056	176,038	195,186	51,335	30,430,399
2016	20,708,708	8,752,692	2,567,708	179,814	187,787	56,331	32,453,040
2017	22,995,117	9,406,835	2,529,054	333,116	202,523	65,499	35,532,144
2018	24,672,063	10,109,296	2,647,424	545,363	202,218	73,883	38,250,247

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

Table 4

	<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>	<u>2018</u>
General Fund										
Reserved	\$ 2,848	\$ 2,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,488	12,213	-	-	-	-	-	-	-	-
Nonspendable	-	-	80	80	111	101	142	166	115	114
Restricted	-	-	3,046	4,379	4,154	5,877	5,377	7,179	7,569	9,640
Committed	-	-	-	-	-	-	-	677	776	842
Assigned	-	-	620	1,533	1,538	1,500	1,012	1,826	-	2,358
Unassigned	-	-	12,623	11,608	13,983	14,299	15,190	15,467	19,377	21,883
Total General Fund	<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>	<u>\$ 34,837</u>
All other governmental funds										
Reserved	\$ 686	\$ 702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in;										
Special revenue funds	591	552	-	-	-	-	-	-	-	-
Capital project funds	10,395	6,790	-	-	-	-	-	-	-	-
Permanent funds	370	374	-	-	-	-	-	-	-	-
Nonspendable	-	-	714	718	716	717	713	712	709	700
Restricted	-	-	-	-	-	759	-	2,595	-	20,177
Committed	-	-	4,068	2,205	5,727	1,920	3,509	3,999	5,476	8,507
Assigned	-	-	696	1,114	2,749	3,138	2,934	2,833	5,202	6,622
Unassigned	-	-	-	(31)	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 36,006</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>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>	<u>2018</u>
Revenues										
Ad valorem taxes	\$ 14,247	\$ 14,484	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577	\$ 20,709	\$ 22,995	\$ 24,672
Other taxes and licenses	5,269	5,004	5,358	6,473	6,854	7,477	8,186	8,989	9,672	10,729
Unrestricted intergovernmental	2,075	1,996	2,104	2,415	2,122	2,176	2,859	2,971	2,971	3,028
Restricted intergovernmental	1,717	2,141	2,221	3,667	4,280	3,285	4,341	3,555	4,306	5,617
Permits and fees	803	886	1,410	1,746	2,515	3,078	4,652	5,945	10,461	10,948
Sales and services	3,117	3,192	3,957	3,055	3,211	3,410	3,691	3,874	4,380	4,629
Investment earnings	538	89	73	38	32	25	24	95	201	562
Miscellaneous	349	1,568	221	648	425	585	413	397	560	848
Total revenues	\$ 28,115	\$ 29,360	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743	\$ 46,535	\$ 55,546	\$ 61,033
Expenditures										
General government	\$ 7,034	\$ 6,551	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251	\$ 8,864	\$ 8,688	\$ 9,238
Public safety	9,804	10,156	11,202	11,676	12,757	13,462	14,487	15,534	17,173	18,479
Public works	1,994	1,569	1,872	2,255	2,460	1,692	3,578	2,593	5,124	5,727
Environmental protection	3,025	2,933	2,987	3,137	3,177	3,426	3,680	3,887	3,208	3,417
Cultural and recreation	3,006	2,716	2,675	2,792	2,999	3,323	3,555	3,682	3,674	3,884
Capital projects	8,700	6,602	3,989	4,636	5,532	6,855	8,718	6,928	9,994	14,918
Debt Service										
Principal	1,275	1,635	1,652	1,655	1,809	2,134	2,134	2,667	3,028	3,870
Interest	815	1,087	1,040	835	882	816	732	817	886	1,012
Bond issuance costs	-	-	-	-	139	-	-	-	-	-
Total expenditures	\$ 35,653	\$ 33,249	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135	\$ 44,972	\$ 51,775	\$ 60,545
Excess of revenues over (under) expenditures	(7,538)	(3,889)	(1,855)	(742)	558	(267)	(1,392)	1,563	3,771	488
Other financing sources (uses)										
Issuance of debt	18,570	-	8,302	502	5,000	-	2,226	4,500	-	6,000
Payment to refund debt	-	(2,900)	(8,190)	-	(4,903)	-	(6,421)	-	-	-
Bonds issued	-	-	-	-	6,000	-	6,424	-	-	24,105
Premium on bond issuance	123	-	-	-	267	-	-	-	-	1,026
Bond issuance costs	(214)	-	-	-	-	-	-	-	-	-
Transfers in	380	2,163	331	780	548	-	-	3,729	3,932	4,578
Transfers out	(380)	(2,163)	(331)	(780)	(548)	(400)	-	(3,804)	(3,932)	(4,578)
Total other financing sources (uses)	18,480	(2,900)	112	502	6,364	(400)	2,229	4,425	-	31,131
Net change in fund balances	\$ 10,942	\$ (6,789)	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)	\$ 837	\$ 5,988	\$ 3,771	\$ 31,619
Debt service as a percentage of noncapital expenditures	7.8%	10.2%	9.6%	8.5%	9.1%	9.1%	7.9%	9.2%	9.4%	10.7%

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
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%
2018	5,733,300,011	37,843,842	535,295,790	153,617,463	6,460,057,106	.38	6,958,604,933	92.8%

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2018

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
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
2018	.38	.615	.995

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, 2018

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
2009	14,246,248	(19,218)	14,227,030	14,096,582	99.1	112,241	14,208,823	99.9
2010	14,471,733	(11,030)	14,460,703	14,349,613	99.2	100,447	14,450,060	99.9
2011	14,724,826	(6,227)	14,718,599	14,598,651	99.2	110,019	14,708,670	99.9
2012	15,080,217	(4,167)	15,076,050	14,946,582	99.1	94,599	15,041,181	99.8
2013	17,819,954	(5,341)	17,814,613	17,681,021	99.3	123,538	17,804,559	99.9
2014	18,937,765	(1,107)	18,936,658	18,869,293	99.6	50,626	18,919,919	99.9
2015	19,525,453	(5,777)	19,519,676	19,482,708	99.8	26,333	19,509,041	99.9
2016	20,668,145	(7,038)	20,661,107	20,645,326	99.9	3,209	20,648,535	99.9
2017	22,979,651	(3,562)	22,976,089	22,953,997	99.9	10,165	22,964,162	99.9
2018	24,666,208	-	24,666,208	24,631,157	99.9	-	24,631,157	99.9

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

Table 9

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CSP Community Owner LLC	\$ 94,209,277	1	1.46%	\$ 63,317,954	2	
DDR 1st Carolina	60,247,793	2	0.93	69,259,823	1	1.67%
Village at Broadstone Station LLC	34,882,270	3	0.54			
CRLP Creekside Hills Drive LLC	34,856,268	4	0.54			
CFK Apex Land Co LLC	33,740,578	5	0.52	19,651,943	9	0.47
TRT DDR Beaver Creek	32,581,866	6	0.50			
EMC Corporation	31,001,975	7	0.48	36,139,730	3	
BELL HNW Exchange Apex LLC	30,050,939	8	0.47			
Lake Cameron LLC	30,025,246	9	0.46	23,755,976	7	
Standard Pacific of the Carolinas	28,215,589	10	0.44			
HH Trinity Apex Investments LLC				30,338,721	4	0.73
Metropolitan Development @Apex LLC				29,402,584	5	0.71
JDN Real Estate Apex				27,528,998	6	0.66
WakeMed Property Services				22,877,475	8	0.55
Target Corporation				17,736,018	10	0.43
Totals	\$ 409,811,801			\$ 340,009,222		
Total Assessed Valuation =	\$ 6,460,057,106			\$ 4,145,011,117		

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

Electric Ratepayer	2018				2009			
	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	10,200,210	\$ 1,074,412	1	3.17	7,175,872	\$ 880,919	1	3.45%
Town of Cary	14,458,400	766,285	2	2.26				
Food Lion	3,110,520	212,640	3	0.63	2,949,960	201,161	3	0.79%
Cambridge Village of Apex	2,026,344	192,751	4	0.57				
Harris Teeter	2,424,576	189,406	5	0.56	2,862,440	243,097	4	0.95%
Lowe's Foods	2,406,720	185,121	6	0.55	2,620,480	215,696	5	0.84%
Lowe's Home Improvement	2,251,360	182,906	7	0.54	2,573,920	141,039	7	0.55%
Target Corporation	2,863,560	168,708	8	0.50	4,333,320	189,807	2	0.74%
Wake Med Property Services	2,040,320	165,828	9	0.49	1,714,560	144,138	9	0.01
Time Warner Cable	1,946,136	165,178	10	0.49				
Kroger					2,600,320	221,552	6	0.87%
Home Depot					2,084,960	195,984	8	0.77%
Regal Entertainment Group					1,162,960	117,312	10	0.46%
Totals		\$ 3,303,235				\$ 2,550,705		
Total Sales of Electricity =		\$ 33,914,919				\$ 25,527,476		

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			
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	5.4	2,074
2015	17,516,827	8,122,600	35,260,105	24,628,745	4,836,000	90,364,277	5.4	1,994
2016	16,030,960	11,390,520	34,500,869	23,945,875	4,372,000	90,240,224	5.1	1,899
2017	14,560,093	9,781,958	33,686,633	22,375,007	3,891,000	84,294,691	4.6	1,702
2018	37,102,347	14,437,103	32,817,396	20,790,138	3,393,000	108,539,984	5.2	2,015

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⁾
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
2018	69,919,743	1.00%	1,298

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, 2018

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	\$ 1,762,270,000	4.48%	\$ 78,949,696
Town of Apex governmental activities debt			<u>51,539,450</u>
Total direct and overlapping debt			<u>\$ 130,489,146</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>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>	<u>2018</u>
Debt Limit	\$ 331,601	\$ 338,270	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531	\$ 422,562	\$ 481,498	\$ 516,805
Total net debt applicable to limit	\$ 27,035	\$ 25,400	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477	\$ 25,639	\$ 27,421	\$ 24,342	\$ 51,540
Legal debt margin	\$ 304,566	\$ 312,870	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739	\$ 373,892	\$ 395,141	\$ 457,156	\$ 465,265
Total net debt applicable to the limit as a percentage of debt limit	8.15%	7.51%	6.91%	6.43%	7.38%	6.58%	6.42%	6.49%	5.06%	9.97%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$ 6,460,057,106</u>
Debt limit - 8% of assessed value	516,804,568
Total debt applicable to limit	<u>51,539,450</u>
Legal debt margin	<u>\$ 465,265,118</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)
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	1,848,057	38,886	3.5
2017	49,541	1,926,451	38,886	3.2
2018	53,862	2,094,478	38,886	2.9

Notes:

- (1) Town of Apex Planning Department.
- (2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis Apex and US Census Bureau. Information for 2017-2018 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	2018			2009		
	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	1763	1	6.84%	900	1	5.53%
Dell Inc. (EMC)	500	3	1.94%	345	3	2.12%
Apex Tool Group	526	2	2.04%	363	2	2.23%
Town of Apex	417	4	1.62%	291	5	1.79%
ATI Industrial Automation	350	5	1.36%			
Super Target	250	6	0.97%	325	4	
Costco	239	7	0.93%			
Bland Landscaping	138	9	0.54%	171	6	1.05%
Tipper Tie, Inc.	117	8	0.45%	135	8	0.83%
Polyzen	103	10	0.40%			
NC Department of Corrections				139	7	0.85%
Henry Wurst, Inc.				77	9	0.47%
Hare Pipeline				71	10	0.44%
Totals	4,403			2,817		
Total Employed in Apex (2)	25,782			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, 2018

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
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
2018	49	17	196	16	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	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
10	31	37	33	19	442

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

Table 17

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	843	925	746	639	758	516	504	464	484	484
Parking violations	144	77	124	216	193	215	235	256	426	394
Traffic violations	7,864	8,137	8,004	5,882	5,787	7,074	6,047	6,904	8,169	7,414
Fire										
Number of calls answered	2,007	2,211	2,433	2,214	2,567	2,635	2,881	2,822	3,009	3,034
Highways and streets										
Street resurfacing (miles)	2.9	0	0.9	3.8	8.6	0	9.9	0.0	20.1	22.2
Environmental Protection										
Number of households served	10,983	11,254	11,432	11,717	12,036	12,476	13,689	14,604	15,445	16,257
Solid waste collected (tons/day)	35.03	34.77	31.73	28.71	29.77	27.06	30.62	32.68	34.89	37.71
Recyclables collected (tons/day)	7.26	8.03	9.98	7.47	7.62	8.53	9.91	11.03	10.82	10.89
Mulching and composting (tons/day)	13.83	14.19	13.55	15.16	17.01	15.71	16.80	17.92	17.89	16.71
Cultural and recreation										
Number of program/activity participants	36,414	39,691	40,919	42,731	45,709	49,022	59,808	63,396	60,958	63,978
Water										
Number of customers	13,021	13,058	13,251	13,587	14,042	14,103	14,770	15,459	17,209	18,697
Average daily consumption (millions of gallons)	2.83	2.98	2.86	2.95	2.81	3.08	3.3	3.37	3.58	3.79
Wastewater										
Number of customers	12,607	12,616	12,771	13,071	13,240	13,840	14,485	15,207	16,949	18,431
Average daily sewage treatment (millions of gallons)	2.43	2.49	2.26	2.32	2.72	2.78	2.68	2.79	2.85	3.38
Electric										
Number of customers	13,964	13,952	14,109	14,540	15,389	16,016	16,682	17,314	18,936	20,363
Average daily consumption (kilowatt-hours)	700,674	773,613	710,423	765,975	744,098	780,614	833,966	846,098	877,824	939,159

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>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>	<u>2018</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	2
Patrol Units	40	40	45	47	50	49	80	80	81	82
K-9 Units	0	0	0	0	0	0	1	1	2	2
Fire stations	3	4	4	4	4	4	4	4	4	5
Streets										
Streets (miles)	118.7	120.69	122.29	127.12	129.15	132.37	140.04	151.04	171.14	193.14
Streetlights	2,311	2,325	2,465	2,582	2,582	2,713	2,775	2,846	3,391	3,479
Parks and Recreation										
Parks acreage	430.18	452.51	452.51	452.51	452.51	452.51	544.51	544.51	544.51	558
Parks	9	9	9	9	9	9	10	10	10	11
Tennis courts (Adult & Youth)	8	8	8	8	8	8	20	20	20	20
Community centers	1	1	1	1	1	1	1	1	1	1
Cultural Arts Center	1	1	1	1	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	155	165	170	170	182	194	207	215	269	293
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	3	3	3	3	3	3	3	3	3
Miles of service lines ⁽¹⁾	276	279	315	355	355	537	554	569	569	681
Sewer										
Sanitary sewer lines (miles)	175	175	186.5	189	189	189	207	239	249	280
Maximum daily treatment capacity (millions of gallons)	4.6	4.6	4.6	3.8	4.8	5.9	4.7	5.3	5.3	6.0

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, 2018 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 November 1, 2018.

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.

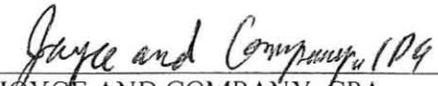
Compliance and Other Matters

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

November 1, 2018

**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 program for the year ended June 30, 2018. The Town of Apex's major federal 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 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 program. 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 program for the year ended June 30, 2018.

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

November 1, 2018

**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, 2018. 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, 2018.

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

November 1, 2018

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

For the year ended June 30, 2018

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	_____	no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____	yes	_____	none reported
Noncompliance material to financial statement noted	_____	yes	_____	no

Federal Awards

Internal control over major federal program:				
• Material weakness(es) identified?	_____	yes	_____	no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____	yes	_____	none reported

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

Identification of major federal programs: U.S. Department of Transportation-
 Highway Planning and Construction

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

Auditee qualified as low-risk auditee:	_____	yes	_____	no
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State Awards

Internal control over major state program:				
• Material weakness(es) identified?	_____	yes	_____	no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____	yes	_____	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, 2018

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, 2018

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	\$ 71,658	\$ -	\$ -	\$ 13,315
Highway Planning and Construction	20.205	WBS Element 42379.1.FD31	325,907	-	-	232,946
Highway Planning and Construction	20.205	WBS Element 42379.1.FD30	716,394	-	-	404,561
Highway Planning and Construction	20.205	WBS Element 44527.1.21	22,414	-	-	9,606
Total Highway Planning and Construction			1,136,373	-	-	660,428
<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	23,602	6,739	-	-
<u>US Department of Justice</u>						
Direct Program						
Bureau of Justice Assistance						
Bullet Proof Vest Partnership Program	16.607		8,187	-	-	8,187
Total assistance-federal programs			1,168,162	6,739	-	668,615
STATE GRANT:						
<u>NC Department of Transportation</u>						
Powell Bill Fund		N/A	-	1,203,921	-	-
Total assistance			\$ 1,168,162	\$ 1,210,660	\$ -	\$ 668,615

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, 2018. 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 those for which reimbursement were approved during the fiscal year ended June 30, 2018. Additional expenditures of federal funds of \$23,602 and state funds of \$6,739 had been incurred as of June 30, 2017 but reimbursement was approved after that date. 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.

