

Town of Apex

North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2014

Prepared by:
The Department of Finance

**THIS PAGE INTENTIONALLY
LEFT BLANK**

**Town of Apex, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**

TABLE OF CONTENTS

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

Exhibit

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

Proprietary Fund Financial Statements

6	Statement of Net Position – Proprietary Funds	29
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	30
8	Statement of Cash Flows – Proprietary Funds.....	31

Fiduciary Fund Financial Statements

9	Statement of Fiduciary Net Position - Pension Plan Trust Fund.....	32
10	Statement of Changes in Fiduciary Net Position – Pension Plan Trust Fund.....	33
	Notes to the Financial Statements.....	34-58

Required Supplementary Information

Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Employer Contributions.....	59
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress.....	60
Retirement Health Care Plan Required Supplementary Information - Schedule of Employer Contributions.....	61
Retirement Health Care Plan Required Supplementary Information - Schedule of Funding Progress.....	62

Combining and Individual Fund Statements and Schedules

Statement / Schedule

1	General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	65-69
2	Fire Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	70
3	Nonmajor Governmental Funds - Combining Balance Sheet.....	72-73
4	Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance	74-75

Special Revenue Fund

5	Special Revenue Fund – Perry Library Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	76
---	---	----

Capital Project Funds

6	Capital Project Fund - Street Improvements Fund Schedule of Revenues and Expenditures - Budget and Actual.....	77
7	Capital Project Fund – Recreation Projects Fund Schedule of Revenues and Expenditures – Budget and Actual	78
8	Capital Project Fund – Recreation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	79
9	Capital Project Fund – Transportation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	80

Permanent Fund

10	Permanent Fund – Cemetery Fund Schedule of Revenues and Expenditures – Budget and Actual	81
----	---	----

11	Electric Operations – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	84-85
12	Water and Sewer Fund – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	86-87
13	Electric Substation Project - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	88
14	Water/Sewer Project Fund - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	89
15	Wastewater Treatment Plant Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)	90
16	Water/Sewer Capital Reserve Fund - Schedule of Revenues and Expenditures – and Changes in Fund Balance - Budget and Actual (NON-GAAP)	91
<u>Internal Service Fund</u>		
17	Health and Dental Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Financial Plan and Actual (NON-GAAP)	92
<u>Supplemental Financial Data</u>		
18	General Fund - Schedule of Ad Valorem Taxes Receivable.....	94
19	Analysis of Current Tax Levy.....	95
20	General Obligation Debt Service Requirements and Maturity Schedule	96

STATISTICAL SECTION (Unaudited)

Table

1	Net Position by Component	97
2	Changes in Net Position	98-99
3	Governmental Activities Tax Revenues by Source	100
4	Fund Balances of Governmental Funds	101

Table

5	Changes in Fund Balances of Governmental Funds	102
6	Assessed Value and Estimated Actual Value of Taxable Property	103
7	Property Tax Rates - Direct and Overlapping Governments	104
8	Property Tax Levies and Collections	105
9	Principal Property Taxpayers and Electric Ratepayers	106-107
10	Ratios of Outstanding Debt by Type	108
11	Ratios of General Bonded Debt Outstanding	109
12	Direct and Overlapping Governmental Activities Debt	110
13	Legal Debt Margin Information	111
14	Demographic and Economic Statistics.....	112
15	Principal Employers	113
16	Employee Position Authorization by Department	114-115
17	Operating Indicators by Function	116
18	Capital Asset Statistics by Function	117

COMPLIANCE SECTION

Federal and State Awards Compliance

Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	119-120
Report on Compliance for the Major State Program; Report on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	121-122
Schedule of Findings and Questioned Costs	123-124
Summary Schedule of Prior Audit Items	125
Schedule of Expenditures of Federal and State Awards	126

**THIS PAGE INTENTIONALLY
LEFT BLANK**

INTRODUCTORY SECTION



Town of Apex

P. O. BOX 250
APEX, NORTH CAROLINA 27502

October 16, 2014

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, 2014. This report is issued to fulfill the requirement in North Carolina state law that every local government has an annual audit 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, 2014. 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 42,920 and a land area of 17.26 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.

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

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

LOCAL ECONOMY

The effects of the economic downturn have been felt in Apex over the past several years, but there has been continued improvement within the past year. Revenues for building permits and development impact fees, related to the construction industry, were up approximately 50% over the preceding year. The Town issued 609 permits for new residential construction this year, an increase of 81 permits or 15% from the previous year, and the total construction value for those permits was up 20%. Other economic sensitive revenues also indicated improvement. Sales tax collections increased by 8.3%, as compared to a 6% increase the year before.

Despite the challenges of the past five years, Apex has fared better than many cities in North Carolina and throughout the country. The Town 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, Apex was able to weather the storm better than much of the nation as the local unemployment rate has stayed below the state and national figures.

Commercial construction also showed some signs of life. The Town issued 36 commercial building permits, a slight increase over the previous year, although the total value of those permits was 30% less than the preceding year. Overall, new construction (residential and commercial) totaled 646 permits with a value of \$130 million, compared with 559 and \$137 million in the preceding year.

Looking back over the past 10 years, the Town's total General Fund revenues and expenditures have almost doubled. Much of this increase is understandable, as the Town's population has grown 49% 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 31% of the General Fund expenditures in 2004 to nearly 41% today.

Since moving from largely volunteer departments to Town provided services, the Town has assumed a greater responsibility for Fire Protection and EMS using more full time employees. This increase is supported by the Town's steady population growth and commitment for citizen's safety and wellbeing. Receiving accolades from CNN/Money Magazine in fiscal year 2014, Apex was again recognized as one of the best places to live.

Due to the residential growth in Apex, property taxes have come to provide a greater share of the Town's revenues. In 2004, total ad valorem tax revenue was \$9.5 million as compared to \$19.0 million in 2014. Our current tax rate is less, at .39 per \$100, as compared to .40 this time 10 years ago but our tax revenue has doubled. Construction and development within the Town is continuing to support the growth in tax base and thus the tax revenue. By 2014, although residential construction is roughly half what it was in 2004, property taxes continue to account for 51% of General Fund revenues. Within all revenue categories, compared to 2004 results, there has been an increase.

LONG-TERM FINANCIAL PLANNING

The Town, for many years now, has maintained solid cash reserves and fairly modest debt levels. This has enabled it to proceed with some major projects financed by various types of long-term debt despite the current economic climate. During the past year construction on the Nature park project and the expansion of the Town's Public Works facility was almost completed. Work also continues on a major wastewater treatment plant project in conjunction with the Town of Cary. Total costs of this plant will be approximately \$300 million, with Apex's share expected to be around \$80 million, to be financed by cash, a low interest state loan, and \$35 million of general obligation bonds which were sold in May of 2012. In the spring of 2013, the Town sold \$6 million of general obligation bonds for the park project and refinanced some older bonds to reduce their interest rate. The Town's goal is to maintain a minimum of 25% of expenditures in unassigned fund balance. Funds in excess of that amount are available to be used for one time expenditures, such as smaller improvements or construction projects. At June 30, 2014, the Town's unassigned fund balance was \$14.3 million, or roughly 40% of the year's expenditures.

MAJOR INITIATIVES

As mentioned above, the Town is confronting some major needs in its Water and Sewer Fund. Construction is continuing on the Western Wake Regional Wastewater Management Facility (WWRWMF), a wastewater treatment plant being planned in partnership with the Town of Cary, which became operational in July 2014. Apex will own approximately one-third of the facility, which Cary will manage on a day to day basis. In addition, the Town is also evaluating its options to construct a public safety station and a second phase of the public works project. A preliminary design has been done and construction could begin in the next year or so.

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, 2013. This was the twentieth 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.



Bruce A. Radford
Town Manager



Drew Havens
Assistant Town Manager



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, 2013

Executive Director/CEO

ELECTED OFFICIALS

William M. Sutton	Mayor
Eugene J. Schulze	Mayor Pro-Tem
William S. Jenson	Councilman
Scott R. Lassiter	Councilman
Denise C. Wilkie	Councilwoman
Nicole L. Dozier	Councilwoman

APPOINTED OFFICIALS

Bruce A. Radford
Town Manager

Henry C. Fordham, Jr.
Town Attorney

ADMINISTRATIVE STAFF

Drew Havens
Assistant Town Manager

Donna Hosch
Town Clerk

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

Tim Donnelly
Director of Public Works
and Utilities

Eleanor Green
Director of Human Resources

Kent Jackson
Director of Construction
Management

John W. Letteney
Chief of Police

Marty Mitchell
Facilities and Fleet Services
Manager

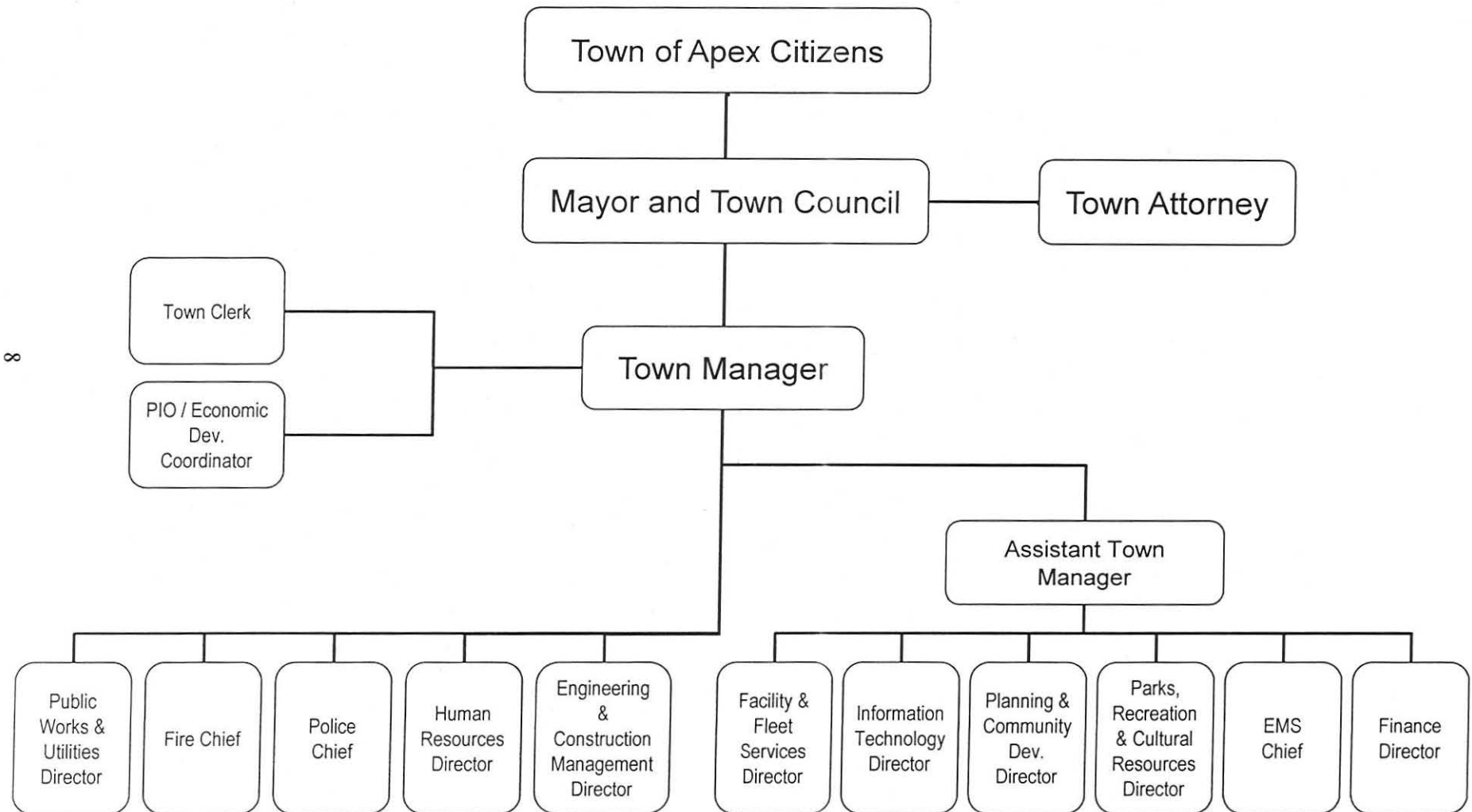
Dianne Khin
Director of Planning

Lee Smiley
Finance Director

Mark L. Haraway
Fire Chief

Randall L. Heath
EMS Chief

Town of Apex Organizational Chart



FINANCIAL SECTION

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Apex, North Carolina, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Apex, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office and Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2014 on our consideration of Town of Apex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Apex's internal control over financial reporting and compliance.


JOYCE AND COMPANY, CPA
Cary, North Carolina

October 16, 2014

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, 2014. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report and the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

Financial Highlights

- The Town's assets exceeded its liabilities at the close of the fiscal year by approximately \$354.4 million (*net position*). Of this amount, \$61.0 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 \$16.9 million, with \$5.7 million coming from governmental activities and \$11.2 million arising from business-type activities. Approximately \$12.6 million of this increase is related to donation of street related and utility infrastructure from developers valued at \$6.1 million for street and sidewalk related infrastructure and \$6.5 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 \$28.3 million. The total fund balance in the General Fund increased \$2.0 million. The total fund balance in other governmental funds decreased \$2.7 million primarily due to continuing recreation construction projects. The total fund balance of all governmental funds decreased by \$0.7 million compared to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14.3 million, or 40% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt decreased by \$3.6 million during the current fiscal year. The Town made principal payments on previously issued debt and added no new debt.

Overview of the Financial Statements

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

Basic Financial Statements

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

Entity-wide Financial Statements

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

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

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

Both of the entity-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, environmental protection, and cultural and recreational. The business-type activities of the Town are utility system services, specifically electricity, 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 seven individual governmental funds: the General Fund, one special revenue fund (to account for revenues which are restricted to a specific purpose),

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

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

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

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

The basic proprietary fund financial statements can be found on Exhibits 6 through 8 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the entity-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund, a pension trust fund, to account for the Law Enforcement Officers Special Separation Allowance.

The basic fiduciary fund financial statements can be found on Exhibits 9 and 10 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 34-58 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 and retiree health insurance under GASB 45. Required supplementary information can be found on pages 59-62 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 net position increased by \$5.7 million to \$172.9 million during the year while business-type net assets increased by \$11.3 million to \$181.5 million.

The Town of Apex Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$31.1	\$32.2	\$58.0	\$81.3	\$89.1	\$113.5
Capital Assets	175.5	170.0	194.7	165.2	370.2	335.2
Total Assets	206.6	202.2	252.7	246.5	459.3	448.7
Deferred Outflows	0.1	0.3	-	-	0.1	0.1
Long-Term Liabilities	27.4	28.6	59.4	61.5	86.8	90.1
Other Liabilities	6.5	6.7	11.8	14.8	18.3	21.5
Total Liabilities	33.9	35.3	71.2	76.3	105.1	111.6
Net Position:						
Net Investment of Capital Assets	150.8	146.5	135.2	104.9	286.0	251.4
Restricted	7.4	5.2	-	-	7.4	5.2
Unrestricted	14.7	15.5	46.3	65.3	61.0	80.8
Total Net Position	\$172.9	\$167.2	\$181.5	\$170.2	\$354.4	\$337.4

As is the case for many entities, the largest portion of the Town's net assets (\$286.0 million or 81%) is represented by its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those assets. These capital assets are used to provide services to citizens; consequently, they are *not* available for future spending. And although the Town's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to pay these related liabilities.

Approximately \$12.6 million of the increase in net assets for the year is related to donation of street related and utility infrastructure from developers, valued at \$6.1 million for street and sidewalk related infrastructure and \$6.5 million for utility infrastructure. Apart from these figures the Town's net assets increased by about \$4.3 million as ongoing revenues exceeded ongoing expenses.

Most of the remainder of the Town's net assets (\$61.0 million or 17%) are unrestricted, meaning they may be used to meet the Town's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$6.5	\$5.7	\$48.0	\$44.8	\$54.5	\$50.5
Operating Grants and Contributions	2.9	3.2	---	---	\$2.9	\$3.2
Capital Grants and Contributions	6.5	5.1	6.5	2.6	\$13.0	\$7.7
General Revenues:						
Property Taxes	18.9	17.8	---	---	\$18.9	\$17.8
Other Taxes	7.5	6.8	---	---	\$7.5	\$6.8
Investment Earnings	0.1	0.1	0.1	0.1	\$0.2	\$0.2
Other	2.3	2.5	0.4	---	\$2.7	\$2.5
Total Revenues	44.7	41.2	55.0	47.5	99.7	88.7
Expenses:						
General Government	8.8	7.9	---	---	\$8.8	\$7.9
Public Safety	14.7	13.8	---	---	\$14.7	\$13.8
Public Works	6.6	7.4	---	---	\$6.6	\$7.4
Environmental Protection	3.5	3.3	---	---	\$3.5	\$3.3
Cultural and Recreation	4.4	4.3	---	---	\$4.4	\$4.3
Interest on Long-Term Debt	1.0	0.9	---	---	\$1.0	\$0.9
Water and Sewer	---	---	14.2	13.3	\$14.2	\$13.3
Electric	---	---	29.5	28.3	\$29.5	\$28.3
Total Expenses	39.0	37.6	43.7	41.6	82.7	79.2
Change in Net Assets	5.7	3.6	11.3	5.9	17.0	9.5
Net Position - Beginning of year	167.2	163.9	170.2	165.5	337.4	329.4
Prior period adjustment	-	(0.3)	-	(1.2)	-	(1.5)
Net Position - Beginning of year as restated	167.2	163.6	170.2	164.3	337.4	327.9
Net Position - End of year	\$172.9	\$167.2	\$181.5	\$170.2	\$354.4	\$337.4

Governmental activities: Revenues related to governmental activities increased \$3.5 million, or 8.5%. Contributions of streets and sidewalks from developers, shown under Capital Grants and Contributions, increased \$1.4 million and tax revenues increased by \$1.8 million account for the majority of the increase. Property valuation has increased 6% since last year. Again due to continuing development Operating Grants and Contributions have increased due to collections of impact fees related to development. With most departments experiencing higher operating costs, total expenditures were up by 3.7%. Again, the Town made no major changes to its service levels or additions of new services. Public Safety spending increased in both the Police and Fire Departments primarily for capital assets.

Business-type activities: Business-type activity revenues increased by \$7.5 million (16%). Revenue growth was positive for the Town's water and sewer up 3.8 % and electric operations up about 8.7%. The number of customers increased around 4% and there was no change in the rates. Like the governmental activities, the business-type activities saw an increase in capital contributions of water and sewer lines, more than doubling the contributions from prior year from \$2.6 million to \$6.5 million from developers with the collection of impact fees almost flat from prior year increasing only 3%. Spending for business-type activities increased 3.0 %, with the greatest change being increased principal and interest expense for water and sewer as a result of previously incurred debt.

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 \$14.3 million, while total fund balance was \$21.8 million. For the 2014 fiscal year, the total fund balance increased by \$2.0 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, 2014, unassigned fund balance was 40.3% of the year's expenditures (compared to 43% last year), while total fund balance represents 61.4% of that same amount (61% in 2013).

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 a larger than usual amount of fund balance for the 2013-14 fiscal year, for needed repairs to Town facilities along with the replacement of vehicles and equipment. Again, in the past year revenues ended better than anticipated and it was not necessary to draw from fund balance. The Town has committed to a three year program to "catch up" on equipment purchases which had been postponed during the recent recession and this was the Town's second year of this commitment. The Town's original budget proposed a decrease of \$1.5 million in fund balance. Total revenues were \$2.5 million more than the final budget, primarily because higher than expected revenues from property taxes, sales taxes, and building permits. In addition, total departmental expenditures ended the year \$2.7 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$28.3 million, a decrease of \$0.7 million from the prior year. Although total revenues increased by \$1.8 million, spending for capital outlay made up the majority of this decrease. During the year the Town spent \$5 million from the Street Improvements Projects Fund, some of which was reimbursed by federal grants, and \$3.4 million from the Recreation Capital Projects Fund. The General Fund, special revenue fund, and capital projects funds are included in this combined fund balance amount.

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

Overall, General Fund revenues increased by \$2.6 million from the prior year, an increase of 7.4%. This increase came from improvements in four major categories of revenue. Property taxes were up \$1.2 million primarily due to continuing development. Sales tax revenues were \$0.6 million higher because of improved local retail sales, revenues from permits and fees increased \$0.6 million from additional collections for building permits and service revenues increased by \$0.2 million. No major revenue sources decreased significantly during the year.

General Fund expenditures rose by \$2.8 million, or 8.6%. The distribution of the increases in expenditures was spread throughout the Town's functional areas. The major initiatives of note were items previously

mentioned regarding added police and fire capital and increased equipment purchases to catch up on deferred replacements.

Proprietary Funds: The Town of Apex's proprietary fund financial statements provide the same type of information found in the entity-wide statements but with each of the two funds broken out separately. Unrestricted net positions of the Electric and Water and Sewer Funds at the end of the fiscal year were \$8.5 million and \$37.8 million, respectively. The change in net position for both funds was an increase of \$2.2 million in the Electric Fund and an increase of \$9.0 million in the Water and Sewer Fund.

In the Electric Fund, operating revenues increased by \$2.5 million (8.7%). The cost of purchased power from the N.C. Eastern Municipal Power Agency did not increase, so the Town again was able to keep its retail rates unchanged for the year. The number of electric customers increased though by 4.1% from last year increasing revenues. Operating expenses increased by \$1.3 million (up 4.6%), as the cost of power and other expenses stayed relatively flat. There was an increase in net position of \$2.2 million. The capital outlays to provide redundant service to the western regional wastewater plant have been billed and the Town anticipates payment during fiscal year 2015.

In the Water and Sewer Fund, operating revenues increased by \$0.7 million (4.1%) from the previous year. Total charges to customers for water consumption and sewage treatment were \$16.1 million, up 4.3 % over the previous year. Operating expenses increased by \$0.9 million (7.6%). On a budget to actual basis, water and sewer operations produced a \$1.0 million surplus for the year. When other revenues and expenses are included, such as depreciation on capital assets, revenues from impact fees, and \$6.5 million of capital contributions in the form of lines constructed by developers, the fund's increase in net position for the year was approximately \$9.0 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, 2014, totaled \$370.2 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities, utility plants, electric and water distribution systems, and wastewater collection systems.

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

- Construction in the governmental-type activities of \$3.9 million,
- Electric distribution system improvements, additions, and other capital assets of \$1.9 million,
- Water and sewer system improvements, additions, and other capital assets of \$33.8 million.

Town of Apex Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$42.9	\$41.3	\$15.7	\$13.1	\$58.6	\$54.4
Construction in Progress	5.5	1.9	93.3	66.6	\$98.8	\$68.5
Total Non-Depreciable Assets	48.4	43.2	109.0	79.7	157.4	122.9
Buildings and Improvements	40.5	40.0	0.8	0.8	41.3	40.8
Machinery and Equipment	5.3	4.2	2.9	2.6	8.2	6.8
Vehicles	7.0	6.6	3.7	3.5	10.7	10.1
Infrastructure	165.8	160.2	159.9	154.2	325.7	314.4
Total Depreciable	218.6	211.0	167.3	161.1	385.9	372.1
Accumulated Depreciation	(91.5)	(84.2)	(81.7)	(75.6)	(173.2)	(159.8)
Total Depreciable Assets, Net	127.1	126.8	85.6	85.5	212.7	212.3
Total	\$175.5	\$170.0	\$194.6	\$165.2	\$370.1	\$335.2

Additional information on the Town's capital assets can be found in Note 4 of the Notes to the Financial Statements starting on page 43.

Long-term Debt: As of June 30, 2014, the Town of Apex had total general obligation bonded debt outstanding of \$55.0 million, electric revenue bonds outstanding of \$5.3 million, and installment purchase related debt of \$24.7 million. Of the general obligation bonds, \$34.3 million is being repaid from utility system revenues. The remainder of the Town's general obligation bonds, \$18.4 million, is being repaid from the General Fund. During the year, the Town issued no debt and \$3.6 million of outstanding debt was paid off.

Town of Apex Outstanding Debt
General Obligation Bonds and Installment Purchases
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$19.0	\$20.5	\$36.0	\$36.8	\$55.0	\$57.3
Revenue Bonds	-	-	5.3	5.7	5.3	5.7
Installment Purchases	6.5	7.1	18.2	18.4	24.7	25.5
Total	25.5	27.6	59.5	60.9	85.0	88.5

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 \$362 million. However, this statutory limit far exceeds the Town's realistic debt capacity.

Additional information regarding the Town of Apex's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2014, Apex's population was estimated at 42,920. Residential construction was up over 15% for the fiscal year compared to the prior year. Although construction activity in the area continues to improve, it will take some time before it returns to the levels seen during much of the past decade. The Town's 2014-15 budget projects construction and development related revenues to be slightly less than the final figures for 2013-14 contained in this report. Over the next 12-24 months the Town's economic outlook will largely be dependent on the overall national economy, particularly the construction industry.

Employment opportunities are derived from within the Town as well as from Raleigh, the state capital, and RTP, which employs over 40,000 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 5.1% versus the statewide rate of 5.2% and the U.S. rate of 6.8%. 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, 2015

Governmental Activities: The Town's tax rate was unchanged at 39 cents per \$100 of property for the 2014-15 budget years. The tax base was estimated at \$4.9 billion, which is an increase of just over 7% from the preceding fiscal year. There were no major changes in other charges or fees, and most revenues were estimated to continue at the levels seen during 2013-14 with minimal growth. The exception was fees for building permits, with a budgeted figure 52% higher than the preceding budget but the actual revenues exceeded the budgeted by 12%. The budget includes 8 new positions and total revenues were up 2% to \$39.0 million. The final budget also projected using up to \$1.5 million of fund balance for equipment purchases and infrastructure that had been deferred previously. This is the third and final year of a three year plan to use fund balance to address capital needs.

Business-type Activities: The Town expects modest growth in the number of customers or total consumption, so revenues in both funds are relatively unchanged from the prior year. There was no change in rates for electric or water and sewer service. The budget for the Electric Fund is \$32.5 million and for the Water and Sewer Fund it is \$14.4 million. Along with other Wake County municipalities, Apex remains committed to construct a regional wastewater management facility (currently under construction) over the next 2 years. Annually, the Town reviews revised estimates of the facility's costs and the projected revenues and expenses of the Water and Sewer Fund's to identify that sufficient capital will be available for project completion.

Requests for Information

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

**THIS PAGE INTENTIONALLY
LEFT BLANK**

BASIC FINANCIAL STATEMENTS

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2014

Exhibit 1

	2014		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,999,760	\$ 48,350,299	\$ 73,350,059
Taxes receivables (net)	730,331	-	730,331
Accounts receivable (net)	352,603	8,260,696	8,613,299
Due from other governments	2,842,686	-	2,842,686
Prepaid items	31,650	-	31,650
Security deposits	35,100	-	35,100
Inventories	69,099	1,442,271	1,511,370
Net pension obligation	54,358	-	54,358
Restricted cash and cash equivalents	1,993,643	-	1,993,643
Capital assets			
Land, improvements, and construction in progress	48,476,472	109,034,230	157,510,702
Other capital assets, net of depreciation	127,062,839	85,650,200	212,713,039
Total assets	206,648,541	252,737,696	459,386,237
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	105,678	-	105,678
LIABILITIES			
Accounts payable	3,402,708	8,546,916	11,949,624
Accrued interest payable	168,425	125,673	294,098
Customer deposits	-	616,790	616,790
Due within one year			
Compensated absences	763,353	229,181	992,534
Bonds and notes payable	2,139,363	2,318,680	4,458,043
Due in more than one year			
Compensated absences	306,241	99,860	406,101
Other postemployment benefits	3,753,659	2,136,597	5,890,256
Bonds and notes payable	23,337,827	57,165,851	80,503,678
Total liabilities	33,871,576	71,239,548	105,111,124
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	10,710	-	10,710
NET POSITION			
Net investment in capital assets	150,821,015	135,199,899	286,020,914
Restricted for:			
Stabilization by State Statute	5,358,631	-	5,358,631
Street improvements	295,725	-	295,725
Public Safety	222,256	-	222,256
Recreation improvements	758,894	-	758,894
Perpetual Care	716,768	-	716,768
Unrestricted	14,698,644	46,298,249	60,996,893
Total net position	\$ 172,871,933	\$ 181,498,148	\$ 354,370,081

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, 2014

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	\$ 8,761,661	\$ 1,840,273	\$ -	\$ -	\$ (6,921,388)	\$ -	\$ (6,921,388)
Public safety	14,691,672	13,875	1,865,714	85,117	(12,726,966)	-	(12,726,966)
Public works	6,643,622	397,803	1,031,366	6,387,262	1,172,809	-	1,172,809
Environmental protection	3,532,082	2,683,615	-	-	(848,467)	-	(848,467)
Cultural and recreation	4,380,904	1,552,693	-	-	(2,828,211)	-	(2,828,211)
Interest on long-term debt	974,297	-	-	-	(974,297)	-	(974,297)
Total governmental activities	<u>38,984,238</u>	<u>6,488,259</u>	<u>2,897,080</u>	<u>6,472,379</u>	<u>(23,126,520)</u>	<u>-</u>	<u>(23,126,520)</u>
Business-type activities:							
Water and sewer	14,195,468	16,448,187	-	6,477,964	-	8,730,683	8,730,683
Electric	29,530,339	31,598,825	-	-	-	2,068,486	2,068,486
Total business-type activities	<u>43,725,807</u>	<u>48,047,012</u>	<u>-</u>	<u>6,477,964</u>	<u>-</u>	<u>10,799,169</u>	<u>10,799,169</u>
Total	<u>\$ 82,710,045</u>	<u>\$ 54,535,271</u>	<u>\$ 2,897,080</u>	<u>\$ 12,950,343</u>	<u>(23,126,520)</u>	<u>10,799,169</u>	<u>(12,327,351)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					18,969,238	-	18,969,238
Other taxes							
Local option sales					7,218,751	-	7,218,751
Motor vehicle licenses					202,111	-	202,111
Miscellaneous					46,941	-	46,941
Unrestricted intergovernmental					2,176,206	-	2,176,206
Unrestricted investment earnings					24,684	51,179	75,863
Miscellaneous					553,024	28,038	581,062
Transfers					(400,000)	400,000	-
Total general revenues					<u>28,790,955</u>	<u>479,217</u>	<u>29,270,172</u>
Change in net position					<u>5,664,435</u>	<u>11,278,386</u>	<u>16,942,821</u>
Net position-beginning of year					<u>167,207,498</u>	<u>170,219,762</u>	<u>337,427,260</u>
Net position-ending					<u>\$ 172,871,933</u>	<u>\$ 181,498,148</u>	<u>\$ 354,370,081</u>

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

TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

Exhibit 3

	<u>Major Fund</u>		<u>Other</u>		<u>Total</u>
	<u>General</u>		<u>Governmental</u>		<u>Governmental</u>
			<u>Funds</u>		<u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 20,419,853	\$	5,114,708	\$	25,534,561
Restricted cash	517,981		1,475,662		1,993,643
Receivables, net:					
Taxes	730,331		-		730,331
Accounts	298,798		-		298,798
Due from other governments	2,622,311		220,375		2,842,686
Prepaid items	31,650		-		31,650
Inventories	69,099		-		69,099
Total assets	<u>\$ 24,690,023</u>	<u>\$</u>	<u>6,810,745</u>	<u>\$</u>	<u>31,500,768</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	<u>\$ 2,714,620</u>	<u>\$</u>	<u>276,959</u>	<u>\$</u>	<u>2,991,579</u>
Deferred inflows of resources:					
Property taxes receivable	187,900		-		187,900
Prepaid taxes	10,710		-		10,710
Total deferred inflows of resources	<u>198,610</u>		<u>-</u>		<u>198,610</u>
Fund balances:					
Nonspendable					
Perpetual care	-		716,768		716,768
Prepaid items	31,650		-		31,650
Inventories	69,099		-		69,099
Restricted					
Stabilization by State Statute	5,358,631		-		5,358,631
Street improvements	295,725		-		295,725
Public Safety	222,256		-		222,256
Recreation improvements	-		758,894		758,894
Committed					
Perpetual care	-		381,956		381,956
Street improvements	-		1,274,079		1,274,079
Recreation improvements	-		149,299		149,299
Library maintenance	-		115,130		115,130
Assigned					
Subsequent year's expenditures	1,500,000		-		1,500,000
Street improvements	-		654,774		654,774
Recreation improvements	-		2,482,886		2,482,886
Unassigned	14,299,432		-		14,299,432
Total fund balances	<u>21,776,793</u>		<u>6,533,786</u>		<u>28,310,579</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,690,023</u>	<u>\$</u>	<u>6,810,745</u>	<u>\$</u>	<u>31,500,768</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, 2014

Exhibit 3

Fund balances-total governmental funds \$ 28,310,579

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	\$ 267,057,380	
Less accumulated depreciation	<u>(91,518,069)</u>	175,539,311

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	(24,859,495)	
Premiums on refunding bonds	(617,695)	
Charges related to advance refunded bond issue	105,678	
Other post employment benefits	(3,753,659)	
Compensated absences	<u>(1,069,594)</u>	(30,194,765)

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 assets.

(857,025)

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

Deferred revenue	187,900
------------------	---------

Other assets are not available to pay for current period expenditures and therefore are not reported in the funds

Net pension benefit	54,358
---------------------	--------

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

Accrued interest payable	<u>(168,425)</u>
--------------------------	------------------

Net position of governmental activities	<u><u>\$ 172,871,933</u></u>
---	------------------------------

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

Exhibit 4

	<u>Major Fund</u>		
	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 19,041,293	\$ -	\$ 19,041,293
Other taxes and licenses	7,476,417	-	7,476,417
Unrestricted intergovernmental	2,176,206	-	2,176,206
Restricted intergovernmental	2,982,197	302,891	3,285,088
Permits and fees	1,837,168	1,240,699	3,077,867
Sales and services	3,409,688	750	3,410,438
Investment earnings	19,502	5,182	24,684
Miscellaneous	490,423	94,518	584,941
Total revenues	<u>37,432,894</u>	<u>1,644,040</u>	<u>39,076,934</u>
EXPENDITURES			
Current:			
General government	7,636,379	-	7,636,379
Public safety	13,462,082	-	13,462,082
Public works	1,691,943	-	1,691,943
Environmental protection	3,426,444	-	3,426,444
Cultural and recreational	3,322,747	-	3,322,747
Capital outlay	2,953,146	3,902,310	6,855,456
Debt service:			
Principal	2,133,651	-	2,133,651
Interest	815,664	-	815,664
Total expenditures	<u>35,442,056</u>	<u>3,902,310</u>	<u>39,344,366</u>
Excess of revenues over (under) expenditures	1,990,838	(2,258,270)	(267,432)
OTHER FINANCING USES			
Transfers out	-	(400,000)	(400,000)
Net change in fund balances	<u>1,990,838</u>	<u>(2,658,270)</u>	<u>(667,432)</u>
Fund balances-beginning of year	19,785,955	9,192,056	28,978,011
Fund balances-end of year	<u>\$ 21,776,793</u>	<u>\$ 6,533,786</u>	<u>\$ 28,310,579</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, 2014

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	(667,432)
---	----	-----------

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.

Expenditures for capital assets	\$ 6,855,456	
Less current year depreciation	<u>(7,365,686)</u>	(510,230)

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

Developer's contributed capital		6,084,371
Change in deferred revenues		(80,715)
Other postemployment benefits		(922,301)
Net pension benefit		8,171

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(31,917)
--	--	----------

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.

Amortization of deferred charges on refunding	(179,408)	
Amortization of bond premium	50,867	
Principal payments	<u>2,133,651</u>	2,005,110

Net loss of internal service funds determined to be governmental-type		(107,270)
---	--	-----------

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.

Compensated absences		(83,260)
Change in accrued interest payable		<u>(30,092)</u>

Total changes in net position of governmental activities	\$	<u><u>5,664,435</u></u>
--	----	-------------------------

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

TOWN OF APEX, NORTH CAROLINA

GENERAL FUND

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

For the Year Ended June 30, 2014

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES:				
Ad valorem taxes	\$ 18,148,000	\$ 18,148,000	\$ 19,041,293	\$ 893,293
Other taxes and licenses	6,964,000	6,964,000	7,476,417	512,417
Unrestricted intergovernmental	2,169,000	2,169,000	2,176,206	7,206
Restricted intergovernmental	2,841,927	2,930,218	2,982,197	51,979
Permits and fees	881,300	956,300	1,837,168	880,868
Sales and services	3,252,000	3,252,000	3,409,688	157,688
Investment earnings	30,000	30,100	19,375	(10,725)
Miscellaneous	225,000	448,338	490,423	42,085
Total revenues	<u>34,511,227</u>	<u>34,897,956</u>	<u>37,432,767</u>	<u>2,534,811</u>
EXPENDITURES:				
Current:				
General government	8,727,657	8,826,045	8,286,614	539,431
Public safety	14,369,032	15,225,449	14,449,792	775,657
Public works	2,524,415	3,257,738	2,022,971	1,234,767
Environmental protection	3,779,595	3,779,490	3,697,085	82,405
Cultural and recreation	3,577,390	4,075,867	4,036,279	39,588
Debt service:				
Principal	2,133,651	2,133,651	2,133,651	-
Interest	815,664	815,664	815,664	-
Total expenditures	<u>35,927,404</u>	<u>38,113,904</u>	<u>35,442,056</u>	<u>2,671,848</u>
Revenues over (under) expenditures	<u>(1,416,177)</u>	<u>(3,215,948)</u>	<u>1,990,711</u>	<u>5,206,659</u>
OTHER FINANCING SOURCES (USES):				
Contingency	(121,823)	(101,823)	-	101,823
Fund balance appropriated	1,538,000	3,317,771	-	(3,317,771)
Total other financing sources (uses)	<u>1,416,177</u>	<u>3,215,948</u>	<u>-</u>	<u>(3,215,948)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	1,990,711	\$ <u>1,990,711</u>
Fund balance - beginning of year			19,631,862	
Fund balance - end of year			<u>21,622,573</u>	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			127	
Fund balance - beginning of year			154,093	
Fund balance - end of year (Exhibit 4)			<u>\$ 21,776,793</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, 2014

Exhibit 6

	Enterprise Funds			Internal
	Electric Fund	Water and Sewer Fund	Totals	Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,967,665	\$ 42,382,634	\$ 48,350,299	\$ -
Accounts receivable (net) - billed	3,686,981	1,701,602	5,388,583	53,805
Accounts receivable - unbilled	2,067,078	805,035	2,872,113	-
Inventories	1,267,471	174,800	1,442,271	-
Total current assets	<u>12,989,195</u>	<u>45,064,071</u>	<u>58,053,266</u>	<u>53,805</u>
Noncurrent assets:				
Deposit	-	-	-	35,100
Capital assets:				
Land and construction in progress	7,941,640	101,092,590	109,034,230	-
Other capital assets, net of depreciation	24,866,063	60,784,137	85,650,200	-
Capital assets (net of accumulated depreciation)	<u>32,807,703</u>	<u>161,876,727</u>	<u>194,684,430</u>	<u>-</u>
Total noncurrent assets	<u>32,807,703</u>	<u>161,876,727</u>	<u>194,684,430</u>	<u>35,100</u>
Total assets	<u>45,796,898</u>	<u>206,940,798</u>	<u>252,737,696</u>	<u>88,905</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,657,384	5,889,532	8,546,916	411,129
Due to other funds	-	-	-	534,801
Customer deposits	616,790	-	616,790	-
Accrued interest payable	24,041	101,632	125,673	-
Bonds and notes payable	448,000	1,870,680	2,318,680	-
Compensated absences	111,679	117,502	229,181	-
Total current liabilities	<u>3,857,894</u>	<u>7,979,346</u>	<u>11,837,240</u>	<u>945,930</u>
Noncurrent liabilities:				
Compensated absences	33,008	66,852	99,860	-
Other post employment benefits	1,071,624	1,064,973	2,136,597	-
Bonds and notes payable	4,836,000	52,329,851	57,165,851	-
Total noncurrent liabilities	<u>5,940,632</u>	<u>53,461,676</u>	<u>59,402,308</u>	<u>-</u>
Total liabilities	<u>9,798,526</u>	<u>61,441,022</u>	<u>71,239,548</u>	<u>945,930</u>
NET POSITION				
Net investment in capital assets	27,523,703	107,676,196	135,199,899	-
Unrestricted	8,474,669	37,823,580	46,298,249	(857,025)
Total net position	<u>\$ 35,998,372</u>	<u>\$ 145,499,776</u>	<u>\$ 181,498,148</u>	<u>\$ (857,025)</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, 2014

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 29,149,804	\$ 16,134,370	\$ 45,284,174	\$ 3,535,991
Water and sewer taps	-	131,120	131,120	-
Other operating revenues	2,449,021	182,697	2,631,718	-
Total operating revenues	<u>31,598,825</u>	<u>16,448,187</u>	<u>48,047,012</u>	<u>3,535,991</u>
OPERATING EXPENSES				
Electric operations	5,113,793	-	5,113,793	-
Electric power purchases	22,619,530	-	22,619,530	-
Water and sewer operations	-	8,462,707	8,462,707	-
Depreciation	1,591,637	4,586,722	6,178,359	-
Health and dental claims	-	-	-	3,024,543
Health and dental administrative fees	-	-	-	618,718
Total operating expenses	<u>29,324,960</u>	<u>13,049,429</u>	<u>42,374,389</u>	<u>3,643,261</u>
Operating income (loss)	<u>2,273,865</u>	<u>3,398,758</u>	<u>5,672,623</u>	<u>(107,270)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	4,948	46,231	51,179	-
Interest expense	(205,379)	(1,144,235)	(1,349,614)	-
Gain on sale of capital assets	-	28,038	28,038	-
Debt issuance costs	-	(1,804)	(1,804)	-
Total nonoperating revenues (expenses)	<u>(200,431)</u>	<u>(1,071,770)</u>	<u>(1,272,201)</u>	<u>-</u>
Income (loss) before transfers and contributions	<u>2,073,434</u>	<u>2,326,988</u>	<u>4,400,422</u>	<u>(107,270)</u>
Transfers	158,363	241,637	400,000	-
Capital contributions	-	6,477,964	6,477,964	-
Change in net position	<u>2,231,797</u>	<u>9,046,589</u>	<u>11,278,386</u>	<u>(107,270)</u>
Total net position - beginning	<u>33,766,575</u>	<u>136,453,187</u>	<u>170,219,762</u>	<u>(749,755)</u>
Total net position - ending	<u>\$ 35,998,372</u>	<u>\$ 145,499,776</u>	<u>\$ 181,498,148</u>	<u>\$ (857,025)</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, 2014

Exhibit 8

	Business-Type Activities Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 30,236,386	\$ 15,625,484	\$ 45,861,870	\$ 3,482,186
Cash paid for goods and services	(24,282,981)	(8,596,149)	(32,879,130)	(3,722,812)
Cash paid to or on behalf of employees for services	(3,227,999)	(3,752,179)	(6,980,178)	-
Increase in customer deposits	52,770	-	52,770	-
Net cash provided (used) by operating activities	2,778,176	3,277,156	6,055,332	(240,626)
NONCAPITAL FINANCING ACTIVITIES				
Interfund loan	-	-	-	240,626
Transfers in (out)	158,363	241,637	400,000	-
Net cash provided (used) by operating activities	158,363	241,637	400,000	240,626
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,855,664)	(27,307,604)	(29,163,268)	-
Sale of capital assets	-	44,197	44,197	-
Principal paid on bond maturities and equipment contracts	(432,000)	(921,444)	(1,353,444)	-
Debt issuance costs	-	(1,804)	(1,804)	-
Interest paid on bond maturities and equipment contracts	(206,919)	(1,220,630)	(1,427,549)	-
Net cash used by capital and related financing activities	(2,494,583)	(29,407,285)	(31,901,868)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	4,948	46,231	51,179	-
Net increase (decrease) in cash and cash equivalents	446,904	(25,842,261)	(25,395,357)	-
Balances-beginning of the year	5,520,761	68,224,895	73,745,656	-
Balances-end of the year	\$ 5,967,665	\$ 42,382,634	\$ 48,350,299	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,273,865	\$ 3,398,758	\$ 5,672,623	\$ (107,270)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,591,637	4,586,722	6,178,359	-
Changes in assets and liabilities:				
Increase in accounts receivable	(1,362,438)	(822,702)	(2,185,140)	(53,805)
Decrease in inventory	33,763	4,947	38,710	-
Increase (decrease) in accounts payable and accrued liabilities	73,338	(4,024,780)	(3,951,442)	(79,551)
Increase in accrued compensated absences	2,939	28,560	31,499	-
Increase in other postemployment benefits	112,302	105,651	217,953	-
Increase in customer deposits	52,770	-	52,770	-
Total adjustments	504,311	(121,602)	382,709	(133,356)
Net cash provided (used) by operating activities	\$ 2,778,176	\$ 3,277,156	\$ 6,055,332	\$ (240,626)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 6,477,964	\$ 6,477,964	\$ -
Acquisition of capital assets through capital contributions	-	(6,477,964)	(6,477,964)	-
Net effect of non-cash contributions	\$ -	\$ -	\$ -	\$ -

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

**TOWN OF APEX, NORTH CAROLINA
PENSION PLAN TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014**

Exhibit 9

	<u>Law Enforcement Officers Special Separation Allowance</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 503,847
Other receivables	<u>11,455</u>
Total Assets	<u><u>515,302</u></u>
 LIABILITIES	
Accounts payable	<u>-</u>
 NET POSITION	
Held in trust for pension benefits and other purposes	<u><u>\$ 515,302</u></u>

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

**TOWN OF APEX, NORTH CAROLINA
PENSION PLAN TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2014**

Exhibit 10

	<u>Law Enforcement Officers Special Separation Allowance</u>
ADDITIONS	
Contributions	
Employer	\$ 110,000
Investment earnings	<u>408</u>
Total additions	110,408
 DEDUCTIONS	
Personnel services	<u>60,110</u>
 Change in net position	50,298
 Net position - beginning	465,004
Net position - ending	<u><u>\$ 515,302</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, 2014

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.

The Town reports the following major governmental fund:

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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 Fund, the Recreation Capital Project Reserve Fund and the Transportation Capital Project Reserve 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 types:

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

Pension Trust Fund – The Pension Plan Trust Fund accounts for the activities of the Law Enforcement Officers' Special Separation Allowance, which accumulates resources for pension benefit payments to qualified public safety employees. This fund is not included in the government-wide financial statements of the Town.

(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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

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

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, 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 moneys 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. Recreation Capital Project Fund unexpended bonds issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Restricted assets at June 30, 2014 consists of:

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Governmental Activities

General Fund

Public Safety	\$222,256
Streets	\$295,725

Cemetery Fund

Environmental Services	716,768
------------------------	---------

Recreation Project

Unexpended bond proceeds	<u>758,894</u>
--------------------------	----------------

Total Restricted Cash	<u>\$1,993,643</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, 2014 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. Such assets are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. General infrastructure assets acquired prior to July 1, 2003 consist of the road network 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, an unamortized loss on a bond defeasance for General Refunding bonds. 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 one item that meets the criterion for this category – prepaid taxes.

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

11. Net position/Fund Equity

Net position

Net position in government-wide and proprietary fund financial statements is classified as invested in capital assets, net of related debt; 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:

Nonspendable Fund Balance

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

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

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

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

Restricted Fund Balance

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

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

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

Restricted for recreation improvements – Unspent portion of bond proceeds that are restricted by the lender to be used for recreation improvements.

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

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). Any changes or removal of specific purpose requires another resolution approved by a majority of a quorum the Council.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Assigned Fund Balance

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

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

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

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

Unassigned Fund Balance

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

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

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 2014, the carrying amount of the Town's deposits was \$17,751,869 and the bank balance was \$18,825,824. Of the bank balance, \$1,000,000 was covered by Federal depository insurance and \$17,825,824 was covered by collateral held under the pooling method. At June 30, 2014, the Town had \$1,925 of petty cash on hand.

Investments – at June 30, 2014, the Town's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust –Cash Portfolio	\$ 30,366,785	N/A	AAAm
NC Capital Management Trust –Term Portfolio	27,726,970		Unrated
Total	<u>\$ 58,093,755</u>		

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

Credit Risk: The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a rating of AAAm by Standard and Poor's as of June 30, 2013. 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, 2014 are net of the following allowances for doubtful accounts:

General Fund	Allowance for Uncollectible Property Taxes Receivable	\$ 53,565
Electric Fund	Allowance for Uncollectible Utility Receivables	18,689
Water and Sewer Fund	Allowance for Uncollectible Utility Receivables	8,825
	Total	<u>\$ 81,079</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 41,232,103	\$ 1,773,818	\$ 30,000	\$ 42,975,921
Construction in progress	1,914,242	3,911,518	325,209	5,500,551
Total capital assets not being depreciated	<u>43,146,345</u>	<u>5,685,336</u>	<u>355,209</u>	<u>48,476,472</u>
Capital assets being depreciated:				
Buildings	40,044,532	439,034	-	40,483,566
Other improvements	160,189,256	5,685,867	-	165,875,123
Equipment and furniture	4,214,473	1,036,308	6,165	5,244,616
Vehicles and motorized equipment	6,584,432	418,490	25,320	6,977,602
Total capital assets being depreciated	<u>211,032,693</u>	<u>7,579,699</u>	<u>31,485</u>	<u>218,580,907</u>
Less accumulated depreciation for:				
Buildings	11,132,127	1,323,994	-	12,456,121
Other improvements	64,639,291	5,355,959	-	69,995,250
Equipment and furniture	2,810,217	339,389	3,652	3,145,954
Vehicles and motorized equipment	5,600,316	346,344	25,917	5,920,743
Total accumulated depreciation	<u>84,181,951</u>	<u>\$ 7,365,686</u>	<u>\$ 29,569</u>	<u>91,518,068</u>
Total capital assets being depreciated, net	<u>126,850,742</u>			<u>127,062,839</u>
Governmental activity capital assets, net	<u>\$ 169,997,087</u>			<u>\$ 175,539,311</u>
Depreciation expense was charged to functions/programs as follows:				
General government		\$ 858,995		
Public safety		596,315		
Public works		4,897,118		
Environmental protection		51,114		
Cultural and recreational		962,144		
Total		<u>\$ 7,365,686</u>		

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Business activities:	Beginning			Ending
Electric Fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 2,007,466	\$ 40,921	\$ -	\$ 2,048,387
Construction in progress	5,758,396	134,857	-	5,893,253
Total capital assets not being depreciated	<u>7,765,862</u>	<u>175,778</u>	<u>-</u>	<u>7,941,640</u>
Capital assets being depreciated:				
Utility improvements	37,407,705	1,494,181	-	38,901,886
Building and land improvements	645,767	26,788	-	672,555
Equipment and furniture	800,629	30,343	-	830,972
Vehicles and motorized equipment	1,975,540	128,574	-	2,104,114
Total capital assets being depreciated	<u>40,829,641</u>	<u>1,679,886</u>	<u>-</u>	<u>42,509,527</u>
Less accumulated depreciation for:				
Utility improvements	13,779,047	1,359,889	-	15,138,936
Building and land improvements	235,620	53,899	-	289,519
Equipment and furniture	562,634	70,401	-	633,035
Vehicles and motorized equipment	1,474,526	107,448	-	1,581,974
Total accumulated depreciation	<u>16,051,827</u>	<u>\$ 1,591,637</u>	<u>\$ -</u>	<u>17,643,464</u>
Total capital assets being depreciated, net	<u>24,777,814</u>			<u>24,866,063</u>
Electric capital assets, net	<u>\$ 32,543,676</u>			<u>\$ 32,807,703</u>
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 11,133,600	\$ 2,568,579	6,800	\$ 13,695,379
Construction in progress	60,848,900	26,548,311	-	87,397,211
Total capital assets not being depreciated	<u>71,982,500</u>	<u>29,116,890</u>	<u>6,800</u>	<u>101,092,590</u>
Capital assets being depreciated:				
Utility improvements	113,320,040	4,250,355	19,500	117,550,895
Building and land improvements	147,935	-	-	147,935
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,757,796	355,395	19,069	2,094,122
Vehicles and motorized equipment	1,520,448	62,930	24,536	1,558,842
Total capital assets being depreciated	<u>120,236,219</u>	<u>4,668,680</u>	<u>63,105</u>	<u>124,841,794</u>
Less accumulated depreciation for:				
Utility improvements	53,656,523	4,301,583	10,140	57,947,966
Building and land improvements	147,935	-	-	147,935
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	985,401	158,652	19,069	1,124,984
Vehicles and motorized equipment	1,244,821	126,487	24,536	1,346,772
Total accumulated depreciation	<u>59,524,680</u>	<u>\$ 4,586,722</u>	<u>\$ 53,745</u>	<u>64,057,657</u>
Total capital assets being depreciated, net	<u>60,711,539</u>			<u>60,784,137</u>
Water and sewer capital assets, net	<u>\$ 132,694,039</u>			<u>\$ 161,876,727</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Construction Commitments

At June 30, 2014, the Town had contractual commitments as follows:

Project	Spent-to-Date	Remaining Commitment
Recreation Capital Project	\$ 5,102,555	\$ 29,949
Street Improvements Project	607,309	521,433
Wastewater Treatment Plant Project	76,442,232	6,124,227
Water/Sewer Capital Project	10,954,977	15,157,052
Electric Substation Project	5,893,252	—

Note 5 – PENSION PLAN OBLIGATIONS

(a) Local Government Employees' Retirement System

1. Plan Description

The Town of Apex contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employee's 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.

2. Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Apex are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 and were \$1,380,271, \$1,230,614, and \$1,237,793, respectively. The contributions made by the Town equaled the required contributions for each year.

(b) Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Apex administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the Town's financial statements as a pension trust fund. No separate report is issued.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>66</u>
Total	<u><u>69</u></u>

2. Summary of Significant Accounting Policies

Basis of Accounting: The Town has chosen to fund the Separation Allowance. Pension expenditures are made from the General Fund, using the actuarial basis described in the following section. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: At June 30, 2014, \$515,302 of net position (at cost and market) was available to pay pension obligations.

3. Contributions

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

4. Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 100,375
Interest on net pension obligation	(2,309)
Adjustment to annual required contribution	<u>3,763</u>
Annual pension cost	101,829
Contributions made	<u>110,000</u>
Increase (decrease) in net pension obligation	(8,171)
Net pension obligation – Beginning of year	<u>(46,187)</u>
Net pension obligation – End of year	<u><u>\$ (54,358)</u></u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

<u>Year Ended</u>	<u>3 Year Trend Information</u>		<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
06/30/14	\$ 101,829	108.02%	\$ (54,358)
06/30/13	90,768	110.77%	(46,187)
06/30/12	88,858	104.34%	(36,413)

5. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 51.86 percent funded. The actuarial accrued liability for benefits was \$1,039,221, and the actuarial value of assets was \$538,971, resulting in an unfunded actuarial accrued liability (UAAL) of \$500,250. The covered payroll (annual payroll of active employees covered by the plan) was \$3,725,996, and the ratio of the covered payroll was 13.43 percent.

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

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description

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

2. Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$271,941, which consisted of \$181,396 from the Town and \$90,545 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for all Other Employees

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

The Town contributes each month an amount equal to five percent of eligible employees' salary. Contributions for the year ended June 30, 2014 were \$1,128,604 which consisted of \$789,261 from the Town and \$339,343 from employees.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(e) Other Post Employment Benefit

Healthcare Benefits

1. Plan Description

Under a Town resolution effective July 1, 2008, the Town provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to cover retirees of the Town who participate in the North Carolina Local Government Employees' Retirement System (System) and have met certain service requirements with the Town. Employees who have 25 or more years of continuous creditable service with the Town at the time of their retirement will receive full benefits; those with 20-24 years of continuous creditable service with the Town will receive 75% of the benefits. Employees who have 15-19 years of service at retirement will receive 50% of the benefits. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	18	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	278	60
Total	296	64

2. Funding Policy

The Town Council established the contribution requirements of plan members and this may be amended by the Council. The Town pays \$149 - \$505 per month for retiree health coverage, and retirees who choose to purchase coverage for dependents pay \$505 - \$842 per month. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current annual required contribution (ARC) rate is 8.08% of annual covered payroll. For the current year, the Town contributed \$291,732 or 1.55% of annual covered payroll. The Town's contributions totaled \$291,732 in fiscal year 2014. Contributions made by employees totaled \$28,508, which includes dependent coverage as well as amounts required as per plan service requirements. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

3. Summary of Significant Accounting Policies

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

4. Annual OPEB Cost and Net OPEB Obligation

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 1,423,496
Interest on OPEB obligation	190,000
Adjustment to annual required contribution	181,509
Annual OPEB cost	1,431,987
Contributions made	(291,732)
Increase in net OPEB obligation	1,140,255
Net OPEB obligation beginning of year	4,750,002
Net OPEB obligation end of year	\$ 5,890,257

3 Year Trend Information

For Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 1,431,987	20.4%	\$5,890,257
6/30/13	1,123,535	27.0%	4,750,002
6/30/12	1,082,844	6.1%	3,929,886

5. Funded Status and Funding Progress

As of December 31, 2013 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$13,577,385. The covered payroll (annual payroll of active employees covered by the plan) was \$18,834,141 and the ratio of the UAAL to the covered payroll was 72.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

6. Actuarial Methods and Assumptions

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

In the December 31, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.0 percent annually. The investment rate included a 3.0% inflation assumption. The actuarial value, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(f) Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost sharing plan funded on a one year-term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Trust Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2014, the Town did not make contributions to the State for death benefits because of the North Carolina Department of State Treasurer Retirement Systems Division's decision to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012 due to a surplus in the plan. Due to the length of time the Town has contributed to the Death Benefit Plan, there will be a temporary relief period for making contributions of three years, ending on June 30, 2015.

Note 6 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred outflows of resources of \$105,678 relates to a deferred loss from an advance refunding of debt that resulted in a defeasance of general obligation debt reported by the governmental activities.

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

	Unavailable Revenue	Unearned Revenue	Total
Prepaid taxes not yet earned	\$ -	\$ 10,710	\$ 10,710
Taxes receivable	137,999	-	137,999
Vehicle licenses receivable	48,242	-	48,242
Sanitation receivables	1,659	-	1,659
Total	<u>\$ 187,900</u>	<u>\$ 10,710</u>	<u>\$ 198,610</u>

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 2014, a reserve of \$303,281 for health and \$32,177 for dental was calculated for claims incurred but not reported and items reported but not paid. This total liability is expected to be paid within the next fiscal year. Settlements have not exceeded coverages for the past three fiscal years. Changes in the balances of claims liabilities during the past three years are as:

	Health Claims	Dental Claims	Total
Balance-June 30, 2011	251,873	25,675	277,548
Claims reported and changes in estimates for FY 2012	2,672,220	257,745	2,929,965
Claims paid in FY 2012	<u>(2,575,668)</u>	<u>(243,545)</u>	<u>(2,819,213)</u>
Balance-June 30, 2012	348,425	39,875	388,300
Claims reported and changes in estimates for FY 2013	2,641,086	252,830	2,893,916
Claims paid in FY 2013	<u>(2,602,083)</u>	<u>(257,056)</u>	<u>(2,859,139)</u>
Balance-June 30, 2013	387,428	35,649	423,077
Claims reported and changes in estimates for FY 2014	2,735,727	288,816	3,024,543
Claims paid in FY 2014	<u>(2,819,874)</u>	<u>(292,288)</u>	<u>(3,112,162)</u>
Balance-June 30, 2014	<u>\$ 303,281</u>	<u>\$ 32,177</u>	<u>\$ 335,458</u>

Note 8 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2014, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Bonds payable at June 30, 2014 are comprised of the following individual issues:

Serviced by the General Fund:

\$7,500,000 July 1, 2005 Public Improvement serial bonds, due in annual installments of varying amounts from \$325,000 to \$500,000 through February 1, 2025, interest at varying rates from 3.5-5.5%.	\$ 325,000
--	------------

\$2,500,000 June 24, 2008 Parks and Recreational Facility serial bonds, due in annual installments of \$125,000 through June 1, 2028, interest at varying rates from 3.0-4.3%.	1,750,000
--	-----------

\$2,970,000 June 25, 2009 General Refunding serial bonds, due in annual installments of varying amounts from \$85,000 to \$405,000 through June 1, 2018, interest at varying rates from 2.0-3.0%.	1,100,000
---	-----------

\$6,500,000 June 25, 2009 Street and Sidewalk Improvements serial bonds, due in annual installments of varying amounts from \$305,000 to \$330,000 through June 1, 2029, interest at varying rates from 3.0-4.125%.	4,875,000
---	-----------

\$4,670,000 March 26, 2013 Parks and Recreation refunding bonds, due in annual installments of varying amounts from \$15,000 to \$515,000 through February 1, 2025, interest at varying rates from 2.0-3.0%.	4,635,000
--	-----------

\$6,000,000 March 26, 2013 Parks and Recreational serial bonds, due in annual installments of \$300,000 through February 1, 2033, interest at varying rates from 2.0-5.0%.	5,700,000
--	-----------

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%.	34,315,000
	\$ 52,700,000

At June 30, 2014, the Town of Apex had a legal debt margin of \$361,738,666.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Annual debt service requirements to maturity for general obligation bonds at June 30, 2014 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,435,000	\$ 569,919	\$ 685,000	\$ 1,182,075
2016	1,435,000	527,769	685,000	1,168,375
2017	1,420,000	483,938	740,000	1,154,675
2018	1,275,000	440,088	795,000	1,139,875
2019	1,265,000	400,588	855,000	1,123,975
2020-2024	6,250,000	1,413,638	5,240,000	5,206,175
2025-2029	4,105,000	573,056	7,260,000	4,078,825
2030-2034	1,200,000	90,000	9,835,000	2,695,475
2035-2037	-	-	8,220,000	582,250
Total	\$ 18,385,000	\$ 4,498,996	\$ 34,315,000	\$ 18,331,700

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2014 are as follows:

Serviced by the General Fund:

\$8,302,000 installment obligation to Suntrust Equipment Finance and Leasing due in annual installments of varying amounts from \$415,000 to \$506,000 through 2028 plus interest of 3.48%. \$ 6,302,000

\$139,652 installment obligation to Government Capital Corporation due in annual installments of \$51,588 which includes interest of 5.51% through 2015, secured by equipment. 48,993

\$362,000 installment obligation to Leasing 2 due in annual installments of \$126,978 which includes interest of 2.81% through 2015, secured by equipment. 123,502

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. 750,112

\$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. 301,801

\$ 7,526,408

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Annual debt service requirements to maturity for installment notes at June 30, 2014 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 653,495	\$ 225,379	\$ 75,454	\$ 23,195
2016	477,000	202,571	75,454	21,530
2017	472,000	185,971	75,454	19,867
2018	468,000	169,546	75,454	18,203
2019	464,000	153,259	75,454	16,540
2020-2024	2,244,000	527,568	377,269	57,741
2025-2029	1,696,000	146,508	261,868	17,420
2030-2031	-	-	35,506	1,174
Total	\$ 6,474,495	\$ 1,610,802	\$ 1,051,913	\$ 175,670

(c) Revolving Fund Loans

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

The Town's promissory notes outstanding at June 30, 2014 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 with amounts borrowed to date of \$16,625,000. 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%.	\$ 16,625,000
\$805,000 promissory note issued for water system improvements with current amounts borrowed totaling \$665,276. Future revenues of the water system collateralize the note due in annual installments of \$161,000 beginning May 1, 2014 through May 1, 2018 with no interest.	504,276
Total	<u>\$ 17,129,276</u>

Annual debt service requirements to maturity for promissory notes at June 30, 2014 are as follow:

Year Ending June 30:	Principal	Interest
2015	\$ 1,036,000	\$ 253,323
2016	1,036,000	369,075
2017	1,036,000	349,650
2018	1,036,000	330,225
2019	875,000	310,800
2020-2024	4,375,000	1,262,625
2025-2029	4,375,000	777,000
2030-2034	4,375,000	291,375
Total	<u>\$18,144,000</u>	<u>\$3,944,073</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

As of June 30, 2014, \$875,000 of the \$17,500,000 promissory note had not been distributed and \$139,724 of the \$805,000 promissory note had not been distributed although repayments had begun with \$161,000 repaid to date. In the changes in long term liabilities, this total of \$1,014,724 is shown as undistributed revolving loan funds.

(d) Revenue Bond

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

\$ 5,284,000

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, 2014 is as follows:

Current revenues	\$ 31,603,773
Current expenses	<u>27,621,020</u>
Subtotal	3,982,753
15% of Unrestricted Net Assets, 6-30-13	<u>1,040,835</u>
Income available for debt service	<u>\$ 5,023,588</u>
Debt service, principal and interest paid (Revenue Bond only)	<u>\$ 638,919</u>
Debt Service Coverage Ratio	<u>786%</u>

Per rate covenants, current expenses do not include depreciation expense of \$1,591,637, debt service interest of \$205,379 and the increase in other post-employment benefits of \$112,303.

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 \$6,392,118. Principal and interest paid for the current year and the income available for debt service was \$638,919 and \$5,023,588, respectively.

Annual debt service requirements to maturity for the revenue bond at June 30, 2014 are as follows:

Year Ending June 30:	Principal	Interest
2015	\$ 448,000	\$ 191,281
2016	464,000	175,063
2017	481,000	158,266
2018	498,000	140,854
2019	516,000	122,827
2020-2024	<u>2,877,000</u>	<u>319,827</u>
Total	<u>\$ 5,284,000</u>	<u>\$ 1,108,118</u>

(e) Advance Refunding

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

On March 26, 2013, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2014, \$4,575,000 of bonds outstanding are considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by \$328,072. In the governmental activities, this amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is fully payable on February 1, 2015. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$392,365 and resulted in an economic gain of \$352,261.

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance July 1, 2014	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,850,000	\$ -	\$ 1,465,000	\$ 18,385,000	\$ 1,435,000
Plus deferred premium	668,562		50,867	617,695	50,868
Total bonds payable	20,518,562	-	1,515,867	19,002,695	1,485,868
Installment notes	7,143,146	-	668,651	6,474,495	653,495
Compensated absences	986,334	787,191	703,931	1,069,594	763,353
Other post employment benefit	2,831,358	1,170,682	248,381	3,753,659	-
Governmental activity long-term liabilities	<u>\$ 31,479,400</u>	<u>\$ 1,957,873</u>	<u>\$ 3,136,830</u>	<u>\$ 30,300,443</u>	<u>\$ 2,902,716</u>
Business-type activities:					
General obligation bonds	\$ 35,000,000	\$ -	\$ 685,000	\$ 34,315,000	\$ 685,000
Plus deferred premium	1,778,577	-	74,235	1,704,342	74,236
Total bonds payable	36,778,577	-	759,235	36,019,342	759,236
Installment notes	19,432,357	-	236,444	19,195,913	1,111,444
Less: Undistributed revolving loan funds	(1,014,724)	-	-	(1,014,724)	-
Total installment notes payable	18,417,633	-	236,444	18,181,189	1,111,444
Revenue bond	5,716,000	-	432,000	5,284,000	448,000
Compensated absences	297,543	240,207	208,709	329,041	229,181
Other post employment benefit	1,918,643	261,305	43,351	2,136,597	-
Business-type activity long-term liabilities	<u>\$ 63,128,396</u>	<u>\$ 501,512</u>	<u>\$ 1,679,739</u>	<u>\$ 61,950,169</u>	<u>\$ 2,547,861</u>

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 10 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	\$ 175,539,311	\$ 194,684,430
Less: Long-term debt	(25,477,190)	(59,484,531)
Add: Unexpended debt proceeds	<u>758,894</u>	<u>-</u>
Net investment in capital assets	<u>\$ 150,821,015</u>	<u>\$ 135,199,899</u>

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	\$ 21,776,793
Less:	
Inventories	(69,099)
Prepaid items	(31,650)
Stabilization by State Statute	(5,358,631)
Restricted for public safety	(222,256)
Restricted for streets	(295,725)
Assigned for subsequent year's expenditures	<u>(1,500,000)</u>
Remaining fund balance	<u>\$ 14,299,432</u>

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

Encumbrances – General Fund	\$ 1,895,091
-----------------------------	--------------

Note 12 – INTERFUND TRANSFERS

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
Recreation Capital Reserve Fund	Recreation Capital Project Fund	\$ 657,000	Fund Park Improvements
Street Improvements Fund	Electric Fund	50,000	Fund Improvements
Street Improvements Fund	Wastewater Project Fund	<u>350,000</u>	Fund Improvements
		<u>\$ 1,057,000</u>	

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, 2014 were \$22,619,530.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Note 15 – JOINTLY OWNED FACILITIES

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

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

The Towns of Apex and Cary are jointly constructing a wastewater treatment plant. The Town of Apex will own approximately 30% of the plant. The plant has a total budgeted cost of \$300,000,000 and the Town of Apex's portion of this is \$80,000,000 with an anticipated completion date of September 2014. At June 30, 2014, the Town's portion of total construction costs to date were \$76,442,232.

Note 16 – SUBSEQUENT EVENTS

Subsequent to June 30, 2014 and prior to the issuance of these financial statements, the Town issued \$14,469,000 in installment financing. This agreement includes \$8,045,000 in loans for water and sewer system improvements and \$6,424,000 to be used to refund existing debt. Principal payments are due annually with annual installments from \$1,013,000 to \$1,079,000 plus interest at 2.7%. First principal payment is due June 1, 2015 and continuing through June 1, 2028.

TOWN OF APEX, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 44,702	132.0%
2006	49,955	128.2%
2007	61,152	114.5%
2008	44,712	155.8%
2009	52,329	102.8%
2010	57,510	89.4%
2011	103,262	53.4%
2012	88,544	104.7%
2013	90,323	111.3%
2014	100,375	109.6%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part actuarial valuation follows:

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25-7.85%
Includes inflation at	3.00%
Cost-of living adjustments	N/A

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

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
2004	\$ 275,334	\$ 603,572	\$ 328,238	45.62%	\$ 1,770,247	18.54%
2005	308,093	814,701	506,608	37.82%	2,275,654	22.26%
2006	352,927	544,403	191,476	64.83%	2,525,023	7.58%
2007	402,508	618,593	216,085	65.07%	2,878,585	7.51%
2008	425,751	647,962	222,211	65.71%	3,086,922	7.20%
2009	436,556	984,376	547,820	44.35%	3,328,084	16.46%
2010	433,338	900,498	467,160	48.12%	3,141,265	14.87%
2011	464,525	920,251	455,726	50.48%	3,150,983	14.46%
2012	501,913	968,009	466,096	51.85%	3,608,185	12.92%
2013	538,971	1,039,221	500,250	51.86%	3,795,996	13.43%

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

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

Notes to the Required Schedules:

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

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

Actuarial assumptions:

Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75 - 5.00%
Post-Medicare trend rate	5.75 - 5.00%
Year of ultimate trend rate	2019
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

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

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

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**THIS PAGE INTENTIONALLY
LEFT BLANK**

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 1

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Ad valorem taxes				
Current year	\$ 18,000,000	\$ 18,869,293	\$ 869,293	\$ 17,682,247
Prior years	115,000	123,158	8,158	105,827
Penalties and interest	33,000	48,842	15,842	30,553
Total	<u>18,148,000</u>	<u>19,041,293</u>	<u>893,293</u>	<u>17,818,627</u>
Other taxes and licenses				
Local option sales tax	6,775,000	7,218,751	443,751	6,664,708
Motor vehicle licenses	149,000	210,725	61,725	147,239
Rental vehicles tax	40,000	46,941	6,941	42,333
Total	<u>6,964,000</u>	<u>7,476,417</u>	<u>512,417</u>	<u>6,854,280</u>
Unrestricted intergovernmental revenues				
Utility franchise tax	1,863,000	1,839,512	(23,488)	1,811,003
Beer and wine tax	180,000	173,957	(6,043)	156,234
Solid waste rebates - Wake County	125,000	161,456	36,456	153,972
Payments in lieu of taxes	1,000	1,281	281	1,260
Total	<u>2,169,000</u>	<u>2,176,206</u>	<u>7,206</u>	<u>2,122,469</u>
Restricted intergovernmental				
Powell Bill	1,000,000	1,031,366	31,366	995,453
EMS allocation - Wake County	1,025,957	1,038,646	12,689	1,144,916
Fire district allocation - Wake County	770,132	722,705	(47,427)	774,214
Federal grant	22,519	83,241	60,722	227,997
Wake County grant	111,610	106,239	(5,371)	46,171
Total	<u>2,930,218</u>	<u>2,982,197</u>	<u>51,979</u>	<u>3,188,751</u>
Permits and fees				
Building permits and inspection fees	871,300	1,634,360	763,060	1,099,719
Subdivision approval fee	35,000	100,174	65,174	40,305
Application fees	45,000	100,634	55,634	73,385
Fines and penalties	5,000	2,000	(3,000)	3,500
Total	<u>956,300</u>	<u>1,837,168</u>	<u>880,868</u>	<u>1,216,909</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 1

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Sales and services				
Refuse collection fees	\$ 2,311,000	\$ 2,313,064	\$ 2,064	\$ 2,205,347
Emergency services	12,000	13,875	1,875	14,279
Recreation fees	558,000	709,797	151,797	616,773
Recycling revenue	370,000	369,847	(153)	353,611
Planning documents	1,000	3,105	2,105	1,470
Total	<u>3,252,000</u>	<u>3,409,688</u>	<u>157,688</u>	<u>3,191,480</u>
Investment earnings	<u>30,100</u>	<u>19,375</u>	<u>(10,725)</u>	<u>26,137</u>
Miscellaneous				
ABC revenue	128,000	141,622	13,622	135,453
Sale of fixed assets	35,000	6,318	(28,682)	35,967
Miscellaneous	47,400	81,383	33,983	48,736
Donations	15,500	34,063	18,563	125,988
Developer Reimbursements	195,000	195,000	-	-
Mutual Aid Reimbursements	-	-	-	34,212
Insurance Refund	10,438	11,143	705	29,594
Court costs and officer fees	17,000	20,894	3,894	15,280
Total	<u>448,338</u>	<u>490,423</u>	<u>42,085</u>	<u>425,230</u>
Total revenues	<u>34,897,956</u>	<u>37,432,767</u>	<u>2,534,811</u>	<u>34,843,883</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	52,822	53,517	(695)	53,053
Operations	155,705	147,255	8,450	96,076
Total	<u>208,527</u>	<u>200,772</u>	<u>7,755</u>	<u>149,129</u>
Administration				
Personnel services	1,328,527	1,311,606	16,921	1,262,476
Operations	1,208,301	1,154,770	53,531	1,059,442
Capital outlay	82,822	83,377	(555)	42,893
Total	<u>2,619,650</u>	<u>2,549,753</u>	<u>69,897</u>	<u>2,364,811</u>
Finance				
Personnel services	317,645	310,451	7,194	302,957
Operations	494,104	506,099	(11,995)	397,039
Capital outlay	59,323	54,709	4,614	-
Total	<u>871,072</u>	<u>871,259</u>	<u>(187)</u>	<u>699,996</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 1

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Facility Services				
Personnel services	\$ 220,231	\$ 212,668	\$ 7,563	\$ 191,998
Operations	454,556	433,022	21,534	397,579
Capital outlay	698,493	444,391	254,102	393,031
Total	<u>1,373,280</u>	<u>1,090,081</u>	<u>283,199</u>	<u>982,608</u>
Planning				
Personnel services	1,159,315	1,149,453	9,862	992,752
Operations	173,245	112,887	60,358	124,867
Total	<u>1,332,560</u>	<u>1,262,340</u>	<u>70,220</u>	<u>1,117,619</u>
Construction Management				
Personnel services	2,057,526	2,029,313	28,213	1,852,025
Operations	243,330	190,760	52,570	176,050
Capital outlay	68,400	67,758	642	40,189
Total	<u>2,369,256</u>	<u>2,287,831</u>	<u>81,425</u>	<u>2,068,264</u>
Special Appropriations				
Wake County Programs	26,700	-	26,700	25,000
Downtown Merchants	25,000	24,578	422	13,838
Total	<u>51,700</u>	<u>24,578</u>	<u>27,122</u>	<u>38,838</u>
Total general government	<u>8,826,045</u>	<u>8,286,614</u>	<u>539,431</u>	<u>7,421,265</u>
Public safety				
Police				
Personnel services	6,344,542	6,148,035	196,507	5,913,541
Operations	1,384,341	1,038,144	346,197	970,224
Capital outlay	415,041	570,854	(155,813)	276,224
Total	<u>8,143,924</u>	<u>7,757,033</u>	<u>386,891</u>	<u>7,159,989</u>
Fire and Rescue				
Personnel services	4,427,460	4,430,304	(2,844)	4,168,484
Operations	637,111	620,429	16,682	543,915
HAZMAT program	17,347	17,346	1	17,218
Capital outlay	792,701	416,856	375,845	175,988
Total	<u>5,874,619</u>	<u>5,484,935</u>	<u>389,684</u>	<u>4,905,605</u>
EMS				
Personnel services	1,049,036	1,049,492	(456)	996,325
Operations	157,870	158,332	(462)	147,599
Total	<u>1,206,906</u>	<u>1,207,824</u>	<u>(918)</u>	<u>1,143,924</u>
Total public safety	<u>15,225,449</u>	<u>14,449,792</u>	<u>775,657</u>	<u>13,209,518</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 1

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Public Works				
Administration:				
Personnel services	\$ 166,798	\$ 159,679	\$ 7,119	\$ 150,578
Operations	115,800	66,984	48,816	73,953
Capital outlay	24,000	20,516	3,484	-
Total	<u>306,598</u>	<u>247,179</u>	<u>59,419</u>	<u>224,531</u>
Streets				
Personnel services	504,217	486,343	17,874	465,301
Operations	1,842,700	649,308	1,193,392	1,495,300
Capital outlay	238,214	291,236	(53,022)	270,329
Total	<u>2,585,131</u>	<u>1,426,887</u>	<u>1,158,244</u>	<u>2,230,930</u>
Fleet Services				
Personnel services	227,549	222,122	5,427	195,093
Operations	91,078	85,506	5,572	55,741
Capital outlay	24,482	19,276	5,206	22,728
Total	<u>343,109</u>	<u>326,904</u>	<u>16,205</u>	<u>273,562</u>
Cemetery				
Operations	<u>22,900</u>	<u>22,001</u>	<u>899</u>	<u>23,751</u>
Total public works	<u>3,257,738</u>	<u>2,022,971</u>	<u>1,234,767</u>	<u>2,752,774</u>
Environmental Protection				
Sanitation				
Personnel services	894,195	890,607	3,588	842,106
Operations	2,604,295	2,535,837	68,458	2,334,742
Capital outlay	281,000	270,641	10,359	61,130
Total environmental protection	<u>3,779,490</u>	<u>3,697,085</u>	<u>82,405</u>	<u>3,237,978</u>
Cultural and Recreational				
Personnel services	1,762,885	1,741,521	21,364	1,561,698
Operations	1,625,537	1,581,226	44,311	1,437,221
Capital outlay	687,445	713,532	(26,087)	316,017
Total cultural and recreation	<u>4,075,867</u>	<u>4,036,279</u>	<u>39,588</u>	<u>3,314,936</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 1

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Debt service				
Principal	\$ 2,133,651	2,133,651	\$ -	\$ 1,808,506
Interest	815,664	815,664	-	800,540
Bond issuance costs	-	-	-	81,940
Total debt service	<u>2,949,315</u>	<u>2,949,315</u>	<u>-</u>	<u>2,690,986</u>
 Total expenditures	<u>38,113,904</u>	<u>35,442,056</u>	<u>2,671,848</u>	<u>32,627,457</u>
 Revenues over (under) expenditures	<u>(3,215,948)</u>	<u>1,990,711</u>	<u>5,206,659</u>	<u>2,216,426</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Recreation Reserve Fund	-	-	-	(442,000)
Recreation Reserve Fund	-	-	-	105,540
Refunding bonds issued	-	-	-	4,670,000
Premium on refunding bonds issued	-	-	-	330,007
Payment to refunded bonds escrow agent	-	-	-	(4,903,072)
Contingency	(101,823)	-	101,823	-
Fund balance appropriated	3,317,771	-	(3,317,771)	-
Total other financing sources (uses)	<u>3,215,948</u>	<u>-</u>	<u>(3,215,948)</u>	<u>(239,525)</u>
 Net change in fund balance	\$ <u>-</u>	1,990,711	\$ <u>1,990,711</u>	1,976,901
 FUND BALANCE - Beginning of Year		<u>19,631,862</u>		<u>17,654,961</u>
FUND BALANCE - End of Year		\$ <u>21,622,573</u>		\$ <u>19,631,862</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 2

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 200	\$ 127	\$ (73)	\$ 203
EXPENDITURES				
	-	-	-	-
Revenues over (under) expenditures	200	127	(73)	203
OTHER FINANCING USES				
Reserved for future expenditures	(200)	-	200	-
Net change in fund balance	<u>\$ -</u>	<u>127</u>	<u>\$ 127</u>	<u>203</u>
FUND BALANCE - Beginning of year		<u>154,093</u>		<u>153,890</u>
FUND BALANCE - End of year		<u>\$ 154,220</u>		<u>\$ 154,093</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Capital Projects Funds

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

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

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

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

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

Permanent Fund

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

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

TOWN OF APEX, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

Statement 3

	Special Revenue	Capital Projects		
	Perry Library	Street Improvements Project	Recreation Projects	Recreation Reserve
ASSETS				
Cash and cash equivalents	\$ 115,130	\$ 1,319,069	\$ 160,893	\$ 2,482,886
Restricted cash	-	-	758,894	-
Grants receivable	-	220,375	-	-
Total assets	<u>\$ 115,130</u>	<u>\$ 1,539,444</u>	<u>\$ 919,787</u>	<u>\$ 2,482,886</u>
LIABILITIES				
Accounts payable	\$ -	\$ 257,541	\$ 11,594	\$ -
Retainage	-	7,824	-	-
Total liabilities	<u>-</u>	<u>265,365</u>	<u>11,594</u>	<u>-</u>
FUND BALANCES				
Restricted	-	-	758,894	-
Committed	115,130	1,274,079	149,299	-
Assigned	-	-	-	2,482,886
Total fund balance	<u>115,130</u>	<u>1,274,079</u>	<u>908,193</u>	<u>2,482,886</u>
Total liabilities and fund balances	<u>\$ 115,130</u>	<u>\$ 1,539,444</u>	<u>\$ 919,787</u>	<u>\$ 2,482,886</u>

Capital Projects		Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	Total	Cemetery Fund	
\$ 654,774	\$ 4,617,622	\$ 381,956	\$ 5,114,708
-	758,894	716,768	1,475,662
-	220,375	-	220,375
<u>\$ 654,774</u>	<u>\$ 5,596,891</u>	<u>\$ 1,098,724</u>	<u>\$ 6,810,745</u>
\$ -	\$ 269,135	\$ -	\$ 269,135
-	7,824	-	7,824
<u>-</u>	<u>276,959</u>	<u>-</u>	<u>276,959</u>
-	758,894	716,768	1,475,662
-	1,423,378	381,956	1,920,464
654,774	3,137,660	-	3,137,660
<u>654,774</u>	<u>5,319,932</u>	<u>1,098,724</u>	<u>6,533,786</u>
<u>\$ 654,774</u>	<u>\$ 5,596,891</u>	<u>\$ 1,098,724</u>	<u>\$ 6,810,745</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, 2014

Statement 4

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Perry Library</u>	<u>Street Improvements Project</u>	<u>Recreation Project</u>	<u>Recreation Reserve</u>
REVENUES				
Subdivision recreation fees	\$ -	\$ -	\$ -	\$ 842,896
Transportation impact fees	-	-	-	-
Payments in lieu of streets	-	197,455	-	-
Intergovernmental	-	302,891	-	-
Miscellaneous	-	-	94,518	-
Sales and services	-	-	-	-
Investment earnings	95	1,130	356	2,223
Total revenues	<u>95</u>	<u>501,476</u>	<u>94,874</u>	<u>845,119</u>
EXPENDITURES				
Capital outlay-improvements	<u>-</u>	<u>513,545</u>	<u>3,388,765</u>	<u>-</u>
Revenues over (under) expenditures	<u>95</u>	<u>(12,069)</u>	<u>(3,293,891)</u>	<u>845,119</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	657,000	-
Transfers out	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>(657,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(400,000)</u>	<u>657,000</u>	<u>(657,000)</u>
Net change in fund balances	95	(412,069)	(2,636,891)	188,119
FUND BALANCES - Beginning of year	<u>115,035</u>	<u>1,686,148</u>	<u>3,545,084</u>	<u>2,294,767</u>
FUND BALANCES - End of year	<u>\$ 115,130</u>	<u>\$ 1,274,079</u>	<u>\$ 908,193</u>	<u>\$ 2,482,886</u>

Capital Projects		Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	Total	Cemetery Fund	
\$ -	\$ 842,896	\$ -	\$ 842,896
200,348	200,348	-	200,348
-	197,455	-	197,455
-	302,891	-	302,891
-	94,518	-	94,518
-	-	750	750
473	4,182	905	5,182
200,821	1,642,290	1,655	1,644,040
-	3,902,310	-	3,902,310
200,821	(2,260,020)	1,655	(2,258,270)
-	657,000	-	657,000
-	(1,057,000)	-	(1,057,000)
-	(400,000)	-	(400,000)
200,821	(2,660,020)	1,655	(2,658,365)
453,953	7,979,952	1,097,069	9,192,056
\$ 654,774	\$ 5,319,932	\$ 1,098,724	\$ 6,533,786

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, 2014
With comparative actual amounts for the year ended June 30, 2013

Schedule 5

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ 150	\$ 95	\$ (55)	\$ 152
EXPENDITURES				
Building maintenance and repair	<u>150</u>	<u>-</u>	<u>150</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>95</u>	<u>\$ (95)</u>	<u>152</u>
FUND BALANCE - Beginning of year		<u>115,035</u>		<u>114,883</u>
FUND BALANCE - End of year		<u>\$ 115,130</u>		<u>\$ 115,035</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECT FUND
STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2014

Schedule 6

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Developer reimbursements	\$ -	\$ 90,378	\$ -	\$ 90,378
Payments in lieu of streets	-	34,042	197,455	231,497
Intergovernmental	1,993,100	93,350	302,891	396,241
Investment earnings	-	150,811	1,130	151,941
Sub-total revenues	1,993,100	368,581	501,476	870,057
Less closed projects	25,700	-	-	-
Total revenues	1,967,400	368,581	501,476	870,057
EXPENDITURES				
Capital outlay-improvements	2,720,500	93,764	513,545	607,309
Less closed projects	40,000	20,386	-	20,386
Total expenditures	2,680,500	73,378	513,545	586,923
Revenues over (under) expenditures	(713,100)	295,203	(12,069)	283,134
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	58,500	74,394	-	74,394
Transportation Capital Reserve	437,900	670,240	-	670,240
Electric Fund	50,000	50,000	-	50,000
Water and Sewer Reserve	350,000	350,000	-	350,000
Electric Fund	(50,000)	-	(50,000)	(50,000)
Water and Sewer Reserve	(350,000)	-	(350,000)	(350,000)
Bond issuance	169,795	205,492	-	205,492
Bond premium	61,205	61,205	-	61,205
Sub-total other financing sources (uses)	727,400	1,411,331	(400,000)	1,011,331
Less closed projects	14,300	20,386	-	20,386
Total other financing sources (uses)	713,100	1,390,945	(400,000)	990,945
Net change in fund balance	\$ -	\$ 1,686,148	\$ (412,069)	\$ 1,274,079

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2014

Schedule 7

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 434	\$ 356	\$ 790
Miscellaneous	89,518	-	94,518	94,518
Total revenues	<u>89,518</u>	<u>434</u>	<u>94,874</u>	<u>95,308</u>
EXPENDITURES				
Capital outlay-improvements	5,993,586	1,713,790	3,388,765	5,102,555
Bond issuance costs	143,674	138,551	-	138,551
Sub-total expenditures	<u>6,137,260</u>	<u>1,852,341</u>	<u>3,388,765</u>	<u>5,241,106</u>
Less closed projects	198,135	-	198,135	198,135
Total expenditures	<u>5,939,125</u>	<u>1,852,341</u>	<u>3,190,630</u>	<u>5,042,971</u>
Revenues under expenditures	<u>(5,849,607)</u>	<u>(1,851,907)</u>	<u>(3,095,756)</u>	<u>(4,947,663)</u>
OTHER FINANCING SOURCES				
Transfers in				
Recreation reserve	657,000	-	657,000	657,000
Bonds issued	5,124,000	5,130,249	-	5,130,249
Premium on bonds issued	266,742	266,742	-	266,742
Sub-total other financing sources	<u>6,047,742</u>	<u>5,396,991</u>	<u>657,000</u>	<u>6,053,991</u>
Less closed projects	198,135	198,135	-	198,135
Total other financing sources	<u>5,849,607</u>	<u>5,198,856</u>	<u>657,000</u>	<u>5,855,856</u>
Net change in fund balance	\$ -	\$ 3,346,949	\$ (2,438,756)	\$ 908,193

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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 8

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Subdivision recreation fees	\$ 400,000	\$ 842,896	\$ 442,896	\$ 1,089,161
Investment earnings	1,000	2,223	1,223	1,879
Total revenues	<u>401,000</u>	<u>845,119</u>	<u>444,119</u>	<u>1,091,040</u>
EXPENDITURES				
Reserved for future expenditures	<u>379,000</u>	<u>-</u>	<u>379,000</u>	<u>-</u>
Revenues over expenditures	<u>22,000</u>	<u>845,119</u>	<u>823,119</u>	<u>1,091,040</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	-	-	-	442,000
Transfers out				
General Fund	-	-	-	(105,540)
Recreation Project	(657,000)	(657,000)	-	-
Fund Balance Appropriated	<u>635,000</u>	<u>-</u>	<u>(635,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,000)</u>	<u>(657,000)</u>	<u>(635,000)</u>	<u>336,460</u>
Net change in fund balance	\$ <u>-</u>	<u>188,119</u>	\$ <u>188,119</u>	<u>1,427,500</u>
FUND BALANCE - Beginning of year		<u>2,294,767</u>		<u>867,267</u>
FUND BALANCE - End of year		\$ <u>2,482,886</u>		\$ <u>2,294,767</u>

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

For the year ended June 30, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 9

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Transportation impact fees	\$ 210,000	\$ 200,348	\$ (9,652)	\$ 206,525
Investment earnings	500	473	(27)	465
Total revenues	<u>210,500</u>	<u>200,821</u>	<u>(9,679)</u>	<u>206,990</u>
EXPENDITURES				
Reserved for future expenditures	<u>210,500</u>	<u>-</u>	<u>210,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>200,821</u>	<u>\$ 200,821</u>	<u>206,990</u>
FUND BALANCE - Beginning of year		<u>453,953</u>		<u>246,963</u>
FUND BALANCE - End of year		<u>\$ 654,774</u>		<u>\$ 453,953</u>

TOWN OF APEX, NORTH CAROLINA
PERMANENT FUND
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2014
With comparative actual amounts for the year ended June 30, 2013

Schedule 10

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ 1,200	\$ 905	\$ (295)	\$ 1,446
Sale of plots	700	750	50	(2,400)
Total revenues	<u>1,900</u>	<u>1,655</u>	<u>(245)</u>	<u>(954)</u>
EXPENDITURES				
Reserved for future expenditures	<u>1,900</u>	<u>-</u>	<u>1,900</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,655</u>	<u>\$ 1,655</u>	<u>(954)</u>
FUND BALANCE - Beginning of year		<u>1,097,069</u>		<u>1,098,023</u>
FUND BALANCE - End of year		<u>\$ 1,098,724</u>		<u>\$ 1,097,069</u>

**THIS PAGE INTENTIONALLY
LEFT BLANK**

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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 11

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 28,423,479	\$ 29,053,632	\$ 630,153	\$ 27,625,342
Reconnection fees	34,000	34,734	734	38,875
Penalties	75,000	61,438	(13,562)	62,399
Total	<u>28,532,479</u>	<u>29,149,804</u>	<u>617,325</u>	<u>27,726,616</u>
Other operating revenues				
Sales tax revenues	846,000	1,004,380	158,380	820,431
Underground charges	300,000	607,141	307,141	403,193
Pole rental	6,373	6,515	142	6,429
State Grants	53,521	48,180	(5,341)	7,169
Miscellaneous	30,000	117,340	87,340	40,830
Town of Cary reimbursement	86,000	595,256	509,256	-
Electric meters	45,000	70,209	25,209	64,277
Total other operating revenues	<u>1,366,894</u>	<u>2,449,021</u>	<u>1,082,127</u>	<u>1,342,329</u>
Total operating revenues	29,899,373	31,598,825	1,699,452	29,068,945
Nonoperating revenues:				
Investment earnings	13,000	4,532	(8,468)	11,016
Total revenues	<u>29,912,373</u>	<u>31,603,357</u>	<u>1,690,984</u>	<u>29,079,961</u>
EXPENDITURES				
Personnel services	3,364,102	3,234,923	129,179	3,046,343
Operations and maintenance	1,206,400	1,083,467	122,933	899,779
Purchases of electricity	22,750,000	22,619,530	130,470	21,719,088
Electric sales tax	677,016	680,161	(3,145)	673,410
Total	<u>27,997,518</u>	<u>27,618,081</u>	<u>379,437</u>	<u>26,338,620</u>
Debt service				
Interest	206,919	206,919	-	222,015
Principal retirement	432,000	432,000	-	417,000
Total debt service	<u>638,919</u>	<u>638,919</u>	<u>-</u>	<u>639,015</u>
Capital outlay	1,688,936	1,720,807	(31,871)	2,652,599
Total expenditures	<u>30,325,373</u>	<u>29,977,807</u>	<u>347,566</u>	<u>29,630,234</u>
Revenues over (under) expenses	<u>(413,000)</u>	<u>1,625,550</u>	<u>2,038,550</u>	<u>(550,273)</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 11

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Contingency	\$ (19,936)	\$ -	\$ 19,936	\$ -
Transfers in (out)				
Electric Substation Project	(108,363)	(108,363)	-	-
Street Project	-	50,000	50,000	-
Water Sewer Project	-	-	-	(3,850,000)
Appropriated fund balance	541,299	-	(541,299)	-
Total other financing sources (uses)	<u>413,000</u>	<u>(58,363)</u>	<u>(471,363)</u>	<u>(3,850,000)</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	1,567,187	\$ <u>1,567,187</u>	(4,400,273)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital outlay		1,720,807		2,652,599
Depreciation		(1,591,637)		(1,517,805)
Intrafund transfers		108,363		
Decrease in accrued interest		1,540		1,866
Write off bond issuance costs		-		(86,467)
Asset transfer		-		4,684
Payment of debt principal		432,000		417,000
Increase in accrued vacation and compensatory pay		(2,939)		(7,735)
Increase in accrued other post-employment benefits		(112,303)		(164,382)
Electric substation project				
Interest income		416		1,094
Transfer from Water/Sewer Fund		108,363		-
Net income (loss)	\$	<u>2,231,797</u>	\$	<u>(3,099,419)</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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 12

	2014			2013
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 12,125,000	\$ 12,202,839	\$ 77,839	\$ 11,648,561
Other operating revenues				
Water and sewer taps	100,000	131,120	31,120	116,586
Water tank rentals	120,000	132,888	12,888	126,280
Miscellaneous	15,000	49,809	34,809	88,930
Total other operating revenues	235,000	313,817	78,817	331,796
Total operating revenues	12,360,000	12,516,656	156,656	11,980,357
Nonoperating revenues:				
Investment earnings	15,000	9,042	(5,958)	15,678
Sale of capital assets	-	44,197	44,197	-
Total nonoperating revenues	15,000	53,239	38,239	15,678
Total revenues	12,375,000	12,569,895	194,895	11,996,035
EXPENDITURES				
Sewer Treatment				
Personnel services	808,763	786,292	22,471	716,438
Operations and maintenance	1,660,700	1,381,971	278,729	1,472,609
Contracted treatment services	250,000	328,851	(78,851)	112,720
Total	2,719,463	2,497,114	222,349	2,301,767
Sewer Maintenance				
Personnel services	1,601,359	1,536,563	64,796	1,441,603
Operations and maintenance	823,607	653,828	169,779	672,051
Total	2,424,966	2,190,391	234,575	2,113,654
Water Treatment				
Operations and maintenance	658,749	373,477	285,272	258,254
Water purchases	1,220,000	1,280,337	(60,337)	1,172,235
Total	1,878,749	1,653,814	224,935	1,430,489
Water Maintenance				
Personnel services	1,458,979	1,442,211	16,768	1,279,829
Operations and maintenance	717,851	544,965	172,886	373,077
Total	2,176,830	1,987,176	189,654	1,652,906
Debt service				
Interest	1,220,633	1,220,630	3	1,162,508
Principal retirement	921,453	921,444	9	75,453
Total debt service	2,142,086	2,142,074	12	1,237,961
Capital outlay				
Sewer treatment	110,000	92,259	17,741	-
Sewer maintenance	478,185	160,201	317,984	570,125
Water maintenance	760,949	502,846	258,103	784,349
Water treatment	-	3,990	(3,990)	1,707
Total capital outlay	1,349,134	759,296	589,838	1,356,181
Total expenditures	12,691,228	11,229,865	1,461,363	10,092,958
Revenues over (under) expenditures	(316,228)	1,340,030	1,656,258	1,903,077

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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 12

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Electric Sub Project	\$ (108,363)	\$ (108,363)	\$ -	\$ -
Water/Sewer Project	(235,113)	(235,113)	-	(3,850,000)
Fund balance appropriated	659,704	-	(659,704)	-
Total other financing sources (uses)	<u>316,228</u>	<u>(343,476)</u>	<u>(659,704)</u>	<u>(3,850,000)</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	996,554	\$ <u>996,554</u>	(1,946,923)
Reconciliation from budgetary basis (modified accrual)				
to full accrual:				
Capital outlay		759,296		1,356,181
Capital contributions		6,477,964		2,602,680
Intrafund transfers		235,113		3,850,000
Depreciation		(4,586,722)		(4,455,628)
Sale of capital assets		(16,159)		-
(Increase) decrease in accrued interest		2,159		(67,026)
Amortization of premiums on bonds issued		74,236		74,237
Payment of debt principal		921,444		75,453
Increase in accrued vacation pay		(28,561)		(13,480)
Increase in accrued other post-employment benefits		(105,651)		(164,382)
Water/Sewer Capital Project Fund				
Interest income		7,793		9,712
Transfer from Electric Fund		-		3,850,000
Loan issuance costs		(1,804)		(16,100)
Waste Water Treatment Plant Capital Project Fund				
Interest income		17,383		59,036
Capital Reserve Fund				
Capacity fees		3,429,710		3,637,422
Acreage fees		501,821		179,350
Interest income		12,013		18,416
Transfer from Street Improvements Fund		350,000		-
Net Income	\$	<u>9,046,589</u>	\$	<u>9,048,948</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2014

Schedule 13

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 44,831	\$ 416	\$ 45,247
EXPENDITURES				
Capital outlay - improvements	6,416,726	5,758,395	134,856	5,893,251
Revenues under expenditures	(6,416,726)	(5,713,564)	(134,440)	(5,848,004)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Electric Fund	1,108,363	1,028,369	108,363	1,136,732
Water/Sewer Fund	108,363	-	108,363	108,363
Bond issuance costs	(100,000)	(109,224)	-	(109,224)
Issuance of debt	5,300,000	5,300,000	-	5,300,000
Total other financing sources (uses)	6,416,726	6,219,145	216,726	6,435,871
Revenues and other financing sources over expenditures and other uses	\$ -	\$ 505,581	\$ 82,286	\$ 587,867

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2014

Schedule 14

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 115,000	\$ 400,402	\$ 7,793	\$ 408,195
EXPENDITURES				
Capital outlay - improvements	29,340,341	4,321,903	6,633,074	10,954,977
Bond issuance costs	16,100	16,100	1,804	17,904
Sub-total expenditures	29,356,441	4,338,003	6,634,878	10,972,881
Less closed projects	14,441	-	-	-
Total expenditures	29,342,000	4,338,003	6,634,878	10,972,881
Revenues under expenditures	(29,227,000)	(3,937,601)	(6,627,085)	(10,564,686)
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	12,565,441	6,612,928	8,000,000	14,612,928
Water/Sewer Fund	4,021,000	3,850,000	235,113	4,085,113
Electric Fund	3,850,000	3,850,000	-	3,850,000
Bond Proceeds	8,000,000	-	-	-
Revolving loan proceeds	805,000	665,276	-	665,276
Sub-total other financing sources	29,241,441	14,978,204	8,235,113	23,213,317
Less closed projects	14,441	-	-	-
Total other financing sources	29,227,000	14,978,204	8,235,113	23,213,317
Revenues and other financing sources over expenditures	\$ -	\$ 11,040,603	\$ 1,608,028	\$ 12,648,631

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, 2014

Schedule 15

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 393,624	\$ 17,383	\$ 411,007
Miscellaneous	-	404	-	404
Total revenues	-	394,028	17,383	411,411
EXPENDITURES				
Capital outlay - improvements	80,027,565	56,526,996	19,915,236	76,442,232
Bond issuance costs	600,000	1,246,555	-	1,246,555
Total expenditures	80,627,565	57,773,551	19,915,236	77,688,787
Revenues under expenditures	(80,627,565)	(57,379,523)	(19,897,853)	(77,277,376)
OTHER FINANCING SOURCES				
Installment notes	17,500,000	18,139,884	-	18,139,884
Bond Proceeds	35,000,000	35,000,000	-	35,000,000
Bond Premium	1,198,965	1,855,907	-	1,855,907
Transfers in				
Water/Sewer Capital Reserve	26,928,600	26,118,400	810,200	26,928,600
Total other financing sources	80,627,565	81,114,191	810,200	81,924,391
Revenues and other financing sources over (under) expenditures	\$ -	\$ 23,734,668	\$ (19,087,653)	\$ 4,647,015

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, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 16

	2014			2013
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Capacity fees	\$ 1,650,000	\$ 3,429,710	\$ 1,779,710	\$ 3,637,422
Acreage fees	150,000	501,821	351,821	179,350
Investment earnings	20,000	12,013	(7,987)	18,416
Total revenues	<u>1,820,000</u>	<u>3,943,544</u>	<u>2,123,544</u>	<u>3,835,188</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>1,820,000</u>	<u>3,943,544</u>	<u>2,123,544</u>	<u>3,835,188</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Street Project Fund	-	350,000	350,000	-
Water/Sewer Project Fund	(8,000,000)	(8,000,000)	-	-
Waste Water Treatment Plant Project Fund	(810,200)	(810,200)	-	(2,400,000)
Fund Balance Appropriated	8,810,200	-	(8,810,200)	-
Reserved for future expenditures	<u>(1,820,000)</u>	<u>-</u>	<u>1,820,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,820,000)</u>	<u>(8,460,200)</u>	<u>(6,640,200)</u>	<u>(2,400,000)</u>
Net change in fund balance	\$ <u>-</u>	\$ (4,516,656)	\$ <u>(4,516,656)</u>	1,435,188
FUND BALANCE - Beginning of year		<u>14,469,266</u>		<u>13,034,078</u>
FUND BALANCE - End of year		\$ <u><u>9,952,610</u></u>		\$ <u><u>14,469,266</u></u>

TOWN OF APEX, NORTH CAROLINA
INTERNAL SERVICE FUND
HEALTH AND DENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - FINANCIAL PLAN AND ACTUAL (Non - GAAP)

For the year ended June 30, 2014

With comparative actual amounts for the year ended June 30, 2013

Schedule 17

	2014			2013
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 2,300,000	\$ 2,426,782	\$ 126,782	\$ 2,177,852
Dental premiums	184,000	227,347	43,347	185,925
Employee health contributions	750,000	721,497	(28,503)	709,694
Employee dental contributions	142,000	160,365	18,365	142,385
Total revenues	<u>3,376,000</u>	<u>3,535,991</u>	<u>159,991</u>	<u>3,215,856</u>
EXPENDITURES				
Health claims-employees	2,116,000	2,571,383	(455,383)	2,236,867
Dental claims-employees	270,000	291,636	(21,636)	255,416
Administrative fees-employees	560,000	610,047	(50,047)	539,018
Health claims-retiree	410,000	248,490	161,510	365,216
Dental claims-retiree	-	652	(652)	1,639
Administrative fees-retiree	20,000	8,672	11,328	21,713
Total expenditures	<u>3,376,000</u>	<u>3,730,880</u>	<u>(354,880)</u>	<u>3,419,869</u>
Revenues under expenditures	<u>\$ -</u>	<u>(194,889)</u>	<u>\$ (194,889)</u>	<u>(204,013)</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
Increase (decrease) in reserve for incurred but not reported ("IBNR") claims		<u>87,619</u>		<u>(34,777)</u>
Change in net position		<u>\$ (107,270)</u>		<u>\$ (238,790)</u>

SUPPLEMENTAL FINANCIAL DATA

This section contains additional information on Taxes Receivable, the Tax Levy, and Debt Service Requirements as of June 30, 2014.

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2014

Schedule 18

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2014</u>
2013-2014	\$ -	\$ 18,937,765	\$ 18,869,293	\$ 68,472
2012-2013	138,932	-	118,337	20,595
2011-2012	15,476	-	3,571	11,905
2010-2011	13,528	-	1,753	11,775
2009-2010	13,033	-	647	12,386
2008-2009	21,375	-	1,447	19,928
2007-2008	16,127	-	823	15,304
2006-2007	12,861	-	732	12,129
2005-2006	12,026	-	495	11,531
2004-2005	8,051	-	512	7,539
2003-2004	7,039	-	7,039	-
	<u>\$ 258,448</u>	<u>\$ 18,937,765</u>	<u>\$ 19,004,649</u>	<u>191,564</u>
				<u>Less: Allowance for uncollectible accounts</u>
				<u>53,565</u>
				<u>Ad valorem taxes receivable - net</u>
				<u>\$ 137,999</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 19,041,293
Reconciling items:	
Less: Penalties and interest	(48,842)
Less: Deferred tax collections	0
Add: Adjustments and releases	12,198
Total collections and credits	<u>\$ 19,004,649</u>

TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2014

Schedule 19

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 4,847,643,077	0.39	\$ 18,905,808	\$ 17,015,027	\$ 1,890,781
Penalties	-		11,762	11,762	-
Total	<u>4,847,643,077</u>		<u>18,917,570</u>	<u>17,026,789</u>	<u>1,890,781</u>
Discoveries:					
Prior year taxes	-		49,230	26,841	22,389
Total	<u>4,847,643,077</u>		<u>18,966,800</u>	<u>17,053,630</u>	<u>1,913,170</u>
Abatements	<u>(7,444,872)</u>	0.39	<u>(29,035)</u>	<u>(17,111)</u>	<u>(11,924)</u>
Total property valuation	\$ <u><u>4,840,198,206</u></u>				
Net levy			18,937,765	17,036,519	1,901,246
Uncollected taxes at June 30, 2014			<u>68,472</u>	<u>65,001</u>	<u>3,471</u>
Current year's taxes collected			\$ <u><u>18,869,293</u></u>	\$ <u><u>16,971,518</u></u>	\$ <u><u>1,897,775</u></u>
Current levy collection percentage			<u><u>99.6%</u></u>	<u><u>99.6%</u></u>	<u><u>99.8%</u></u>

TOWN OF APEX, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
AND MATURITY SCHEDULE
June 30, 2014

Schedule 20

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2014-2015	685,000	1,867,075	1,435,000	2,004,919	2,120,000	3,871,994
2015-2016	685,000	1,853,375	1,435,000	1,962,769	2,120,000	3,816,144
2016-2017	740,000	1,894,675	1,420,000	1,903,938	2,160,000	3,798,613
2017-2018	795,000	1,934,875	1,275,000	1,715,088	2,070,000	3,649,963
2018-2019	855,000	1,978,975	1,265,000	1,665,588	2,120,000	3,644,563
2019-2020	915,000	2,021,875	1,260,000	1,621,275	2,175,000	3,643,150
2020-2021	980,000	2,041,125	1,255,000	1,576,725	2,235,000	3,617,850
2021-2022	1,045,000	2,086,525	1,250,000	1,531,763	2,295,000	3,618,288
2022-2023	1,115,000	2,135,625	1,245,000	1,485,981	2,360,000	3,621,606
2023-2024	1,185,000	2,161,025	1,240,000	1,447,894	2,425,000	3,608,919
2024-2025	1,260,000	2,176,775	1,230,000	1,404,456	2,490,000	3,581,231
2025-2026	1,340,000	2,193,775	750,000	890,669	2,090,000	3,084,444
2026-2027	1,420,000	2,233,575	750,000	863,419	2,170,000	3,096,994
2027-2028	1,575,000	2,345,975	750,000	836,106	2,325,000	3,182,081
2028-2029	1,665,000	2,388,725	625,000	683,406	2,290,000	3,072,131
2029-2030	1,760,000	2,433,775	300,000	336,000	2,060,000	2,769,775
2030-2031	1,855,000	2,475,975	300,000	327,000	2,155,000	2,802,975
2031-2032	1,955,000	2,501,775	300,000	318,000	2,255,000	2,819,775
2032-2033	2,080,000	2,548,575	300,000	309,000	2,380,000	2,857,575
2033-2034	2,185,000	2,570,375	-	-	2,185,000	2,570,375
2034-2035	2,740,000	3,037,975	-	-	2,740,000	3,037,975
2035-2036	2,740,000	2,928,375	-	-	2,740,000	2,928,375
2036-2037	2,740,000	2,835,900	-	-	2,740,000	2,835,900
	<u>\$ 34,315,000</u>	<u>\$ 52,646,700</u>	<u>\$ 18,385,000</u>	<u>\$ 22,883,996</u>	<u>\$ 52,700,000</u>	<u>\$ 75,530,696</u>

STATISTICAL SECTION

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

Financial Trends - Tables 1 - 5

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

Revenue Capacity - Tables 6 - 9

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

Debt Capacity - Tables 10 - 13

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

Demographic and Economic Information - Tables 14 - 15

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

Operating Information - Tables 16 - 18

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

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

Table 1

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 111,509	\$ 112,319	\$ 124,467	\$ 133,225	\$ 137,055	\$ 139,181	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821
Restricted	1,877	2,864	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352
Unrestricted	16,854	20,485	19,946	17,949	16,857	18,118	15,810	14,161	15,473	14,699
Total governmental activities net position	<u>\$ 130,240</u>	<u>\$ 135,668</u>	<u>\$ 146,388</u>	<u>\$ 152,467</u>	<u>\$ 155,128</u>	<u>\$ 158,375</u>	<u>\$ 157,973</u>	<u>\$ 163,877</u>	<u>\$ 167,207</u>	<u>\$ 172,872</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 73,532	\$ 83,734	\$ 91,498	\$ 98,025	\$ 102,374	\$ 104,584	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	33,580	32,895	42,053	46,582	47,097	48,354	53,767	62,759	65,281	46,298
Total business-type activities net position	<u>\$ 107,112</u>	<u>\$ 116,629</u>	<u>\$ 133,551</u>	<u>\$ 144,607</u>	<u>\$ 149,471</u>	<u>\$ 152,938</u>	<u>\$ 158,147</u>	<u>\$ 165,508</u>	<u>\$ 170,220</u>	<u>\$ 181,498</u>
Primary government										
Invested in capital assets, net of related debt	\$ 185,041	\$ 196,052	\$ 215,965	\$ 231,250	\$ 239,430	\$ 243,765	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021
Restricted	1,877	2,864	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352
Unrestricted	50,434	53,380	61,999	64,531	63,954	66,472	69,577	76,920	80,754	60,997
Total primary government net position	<u>\$ 237,352</u>	<u>\$ 252,296</u>	<u>\$ 279,939</u>	<u>\$ 297,074</u>	<u>\$ 304,600</u>	<u>\$ 311,313</u>	<u>\$ 316,120</u>	<u>\$ 329,385</u>	<u>\$ 337,427</u>	<u>\$ 354,370</u>

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

Table 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses										
Governmental activities										
General government	\$ 5,477	\$ 6,016	\$ 6,458	\$ 7,138	\$ 7,642	\$ 7,042	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761
Public Safety	6,309	7,447	8,860	9,080	10,607	10,971	11,994	12,878	13,836	14,692
Public Works	4,386	5,718	4,796	6,003	6,035	5,917	6,427	7,023	7,350	6,644
Environmental Protection	2,260	2,403	2,630	2,878	3,053	3,097	3,163	3,304	3,270	3,532
Culture and recreation	2,379	2,502	2,856	3,186	3,541	3,551	3,786	3,963	4,272	4,381
Interest on long-term debt	247	513	487	455	858	1,083	935	862	917	974
Total governmental activities expenses	21,058	24,599	26,087	28,740	31,736	31,661	33,685	36,017	37,586	38,984
Business-type activities										
Water and Sewer	7,483	8,129	8,875	9,472	11,131	11,462	11,124	11,473	13,304	14,196
Electric	16,208	19,505	20,790	22,433	25,308	26,702	27,223	28,330	28,335	29,530
Total business-type activities expenses	23,691	27,634	29,665	31,905	36,439	38,164	38,347	39,803	41,639	43,726
Total primary government expenses	\$ 44,749	\$ 52,233	\$ 55,752	\$ 60,645	\$ 68,175	\$ 69,825	\$ 72,032	\$ 75,820	\$ 79,225	\$ 82,710
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 906	\$ 1,129	\$ 1,128	\$ 1,045	\$ 653	\$ 559	\$ 918	\$ 891	\$ 1,218	\$ 1,840
Public Safety ⁽¹⁾	-	-	-	-	-	275	1,020	51	14	14
Culture and recreation	716	742	662	700	565	616	858	1,097	1,706	1,553
Public Works	220	204	729	814	417	301	169	299	228	398
Environmental Protection	1,707	1,781	2,037	2,117	2,310	2,340	2,389	2,465	2,574	2,683
Operating grants and contributions	1,297	1,201	760	697	1,363	1,276	1,168	2,315	3,189	2,897
Capital grants and contributions	6,702	6,655	11,304	8,922	6,605	4,555	4,277	10,174	5,074	6,472
Total governmental activities program revenues	11,548	11,712	16,620	14,295	11,913	9,922	10,799	17,292	14,003	15,857
Business-type activities										
Charges for services:										
Water and Sewer	10,276	11,367	16,395	13,561	10,184	11,106	12,964	28,901	15,797	16,448
Electric	17,286	20,854	22,728	24,782	26,739	27,514	29,686	13,809	29,069	31,599
Capital grants and contributions	20	3,739	-	-	-	-	-	-	-	-
Capital grants and contributions	3,799	-	6,164	2,608	3,462	2,825	805	4,362	2,603	6,478
Total business-type activities program revenues	31,381	35,960	45,287	40,951	40,385	41,445	43,455	47,072	47,469	54,525
Total primary government program revenues	\$ 42,929	\$ 47,672	\$ 61,907	\$ 55,246	\$ 52,298	\$ 51,367	\$ 54,254	\$ 64,364	\$ 61,472	\$ 70,382

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (expense)/revenue										
Governmental activities	\$ (9,511)	\$ (12,886)	\$ (9,465)	\$ (14,445)	\$ (19,824)	\$ (21,739)	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)
Business-type activities	7,688	8,327	15,622	9,045	3,946	3,281	5,108	7,269	5,830	10,799
Total primary government net expenses	<u>\$ (1,823)</u>	<u>\$ (4,559)</u>	<u>\$ 6,157</u>	<u>\$ (5,400)</u>	<u>\$ (15,878)</u>	<u>\$ (18,458)</u>	<u>\$ (17,778)</u>	<u>\$ (11,457)</u>	<u>\$ (17,753)</u>	<u>\$ (12,328)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	10,015	10,472	11,058	11,712	14,245	14,475	14,722	15,063	17,837	18,969
Sales taxes	4,422	4,898	5,398	5,704	5,100	4,843	5,189	6,293	6,665	7,219
Motor vehicle licenses	114	124	130	130	134	136	136	143	148	202
Miscellaneous taxes	20	31	36	25	55	28	35	36	42	47
Unrestricted grants and contributions	1,336	1,554	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176
Investment earnings	385	983	1,189	866	539	89	83	48	53	25
Miscellaneous	164	251	371	249	338	1,398	214	631	375	553
Donations	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	400	-	-	-	-	-	-	(400)
Total governmental activities	<u>16,456</u>	<u>18,313</u>	<u>20,187</u>	<u>20,417</u>	<u>22,486</u>	<u>22,965</u>	<u>22,483</u>	<u>24,629</u>	<u>27,242</u>	<u>28,791</u>
Business-type activities										
Investment earnings	664	1,190	1,674	1,988	917	187	177	93	115	51
Miscellaneous	-	-	27	22	1	-	-	-	5	28
Transfers	-	-	(400)	-	-	-	-	-	-	400
Total business-type activities	<u>664</u>	<u>1,190</u>	<u>1,301</u>	<u>2,010</u>	<u>918</u>	<u>187</u>	<u>177</u>	<u>93</u>	<u>120</u>	<u>479</u>
Total primary government	<u>\$ 17,120</u>	<u>\$ 19,503</u>	<u>\$ 21,488</u>	<u>\$ 22,427</u>	<u>\$ 23,404</u>	<u>\$ 23,152</u>	<u>\$ 22,660</u>	<u>\$ 24,722</u>	<u>\$ 27,362</u>	<u>\$ 29,270</u>
Change in Net Position										
Governmental activities	\$ 6,945	\$ 5,427	\$ 10,721	\$ 5,973	\$ 2,662	\$ 1,226	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664
Business-type activities	8,352	9,517	16,922	11,055	4,864	3,468	5,285	7,362	5,950	11,278
Total primary government	<u>\$ 15,297</u>	<u>\$ 14,944</u>	<u>\$ 27,643</u>	<u>\$ 17,028</u>	<u>\$ 7,526</u>	<u>\$ 4,694</u>	<u>\$ 4,882</u>	<u>\$ 13,265</u>	<u>\$ 9,609</u>	<u>\$ 16,942</u>

Notes

⁽¹⁾ Merger with Apex EMS completed March 2010.

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

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Licenses</u>	<u>Beer & Wine Tax</u>	<u>Total</u>
2005	10,023,399	4,421,506	1,204,750	111,363	109,613	15,870,631
2006	10,458,460	4,898,017	1,412,972	119,964	114,624	17,004,037
2007	11,022,980	5,397,563	1,474,512	125,878	122,979	18,143,912
2008	11,690,092	5,704,460	1,597,107	129,565	133,014	19,254,238
2009	14,247,333	5,099,936	1,796,991	133,842	134,653	21,412,755
2010	14,484,023	4,842,500	1,886,159	134,137	44,581	21,391,400
2011	14,728,071	5,189,227	1,682,919	136,292	142,249	21,878,758
2012	15,094,213	6,292,886	1,962,575	143,276	163,556	23,656,506
2013	17,818,627	6,664,708	1,811,003	147,239	156,234	26,597,811
2014	19,041,293	7,218,751	1,839,512	210,725	173,957	28,484,238

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

Table 4

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 4,650	\$ 4,675	\$ 5,675	\$ 2,982	\$ 2,848	\$ 2,959	\$ -	\$ -	\$ -	\$ -
Unreserved	11,241	12,052	8,967	11,846	15,488	12,213	-	-	-	-
Nonspendable	-	-	-	-	-	-	80	80	111	101
Restricted	-	-	-	-	-	-	3,046	4,379	4,154	5,877
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	620	1,533	1,538	1,500
Unassigned	-	-	-	-	-	-	12,623	11,608	13,983	14,299
Total General Fund	<u>\$ 15,891</u>	<u>\$ 16,727</u>	<u>\$ 14,642</u>	<u>\$ 14,828</u>	<u>\$ 18,336</u>	<u>\$ 15,172</u>	<u>\$ 16,369</u>	<u>\$ 17,600</u>	<u>\$ 19,786</u>	<u>\$ 21,777</u>
All other governmental funds										
Reserved	\$ 549	\$ 546	\$ 619	\$ 663	\$ 686	\$ 702	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in;										
Special revenue funds	1,656	2,051	418	557	591	552	-	-	-	-
Capital project funds	655	4,055	6,274	3,041	10,395	6,790	-	-	-	-
Permanent funds	232	261	305	348	370	374	-	-	-	-
Nonspendable	-	-	-	-	-	-	714	718	716	717
Restricted	-	-	-	-	-	-	-	-	-	759
Committed	-	-	-	-	-	-	4,068	2,205	5,727	1,920
Assigned	-	-	-	-	-	-	696	1,114	2,749	3,138
Unassigned	-	-	-	-	-	-	-	(31)	-	-
Total all other governmental funds	<u>\$ 3,092</u>	<u>\$ 6,913</u>	<u>\$ 7,616</u>	<u>\$ 4,609</u>	<u>\$ 12,042</u>	<u>\$ 8,418</u>	<u>\$ 5,478</u>	<u>\$ 4,006</u>	<u>\$ 9,192</u>	<u>\$ 6,534</u>

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Ad valorem taxes	\$ 10,023	\$ 10,458	\$ 11,023	\$ 11,690	\$ 14,247	\$ 14,484	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041
Other taxes and licenses	4,553	5,049	5,559	5,870	5,269	5,004	5,358	6,473	6,854	7,477
Unrestricted intergovernmental	1,336	1,554	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176
Restricted intergovernmental	3,384	1,920	1,771	2,314	1,717	2,141	2,221	3,667	4,280	3,285
Permits and fees	1,368	1,572	1,541	1,601	803	886	1,410	1,746	2,515	3,078
Sales and services	2,181	2,297	2,997	3,074	3,117	3,192	3,957	3,055	3,211	3,410
Investment earnings	385	983	1,189	866	538	89	73	38	32	25
Miscellaneous	192	294	376	315	349	1,568	221	648	425	585
Total revenues	\$ 23,422	\$ 24,127	\$ 26,061	\$ 27,461	\$ 28,115	\$ 29,360	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077
Expenditures										
General government	\$ 5,107	\$ 5,705	\$ 6,519	\$ 7,059	\$ 7,034	\$ 6,551	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636
Public safety	6,667	8,326	8,404	8,814	9,804	10,156	11,202	11,676	12,757	13,462
Public works	1,452	1,614	1,941	2,492	1,994	1,569	1,872	2,255	2,460	1,692
Environmental protection	2,276	2,417	2,654	2,883	3,025	2,933	2,987	3,137	3,177	3,426
Cultural and recreation	3,839	1,857	1,972	2,535	3,006	2,716	2,675	2,792	2,999	3,323
Capital projects	1,837	6,320	5,135	7,950	8,700	6,602	3,989	4,636	5,532	6,855
Debt Service										
Principal	814	375	721	695	1,275	1,635	1,652	1,655	1,809	2,134
Interest	265	396	498	461	815	1,087	1,040	835	882	816
Bond issuance costs	-	-	-	-	-	-	-	-	139	-
Total expenditures	\$ 22,257	\$ 27,010	\$ 27,844	\$ 32,889	\$ 35,653	\$ 33,249	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344
Excess of revenues over (under) expenditures	1,165	(2,883)	(1,783)	(5,428)	(7,538)	(3,889)	(1,855)	(742)	558	(267)
Other financing sources (uses)										
Issuance of debt	-	7,580	400	2,500	18,570	-	8,302	502	5,000	-
Payment to refund debt	-	-	-	-	-	(2,900)	(8,190)	-	(4,903)	-
Bonds issued	-	-	-	-	-	-	-	-	6,000	-
Premium on bond issuance	-	-	-	-	123	-	-	-	267	-
Bond issuance costs	-	(41)	-	-	(214)	-	-	-	-	-
Transfers in	2,160	1,917	6,375	860	380	2,163	331	780	548	-
Transfers out	(2,160)	(1,917)	(5,975)	(860)	(380)	(2,163)	(331)	(780)	(548)	(400)
Total other financing sources (uses)	-	7,539	800	2,500	18,480	(2,900)	112	502	6,364	(400)
Net change in fund balances	\$ 1,165	\$ 4,656	\$ (983)	\$ (2,928)	\$ 10,942	\$ (6,789)	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)
Debt service as a percentage of noncapital expenditures	6.4%	4.0%	5.9%	4.9%	8.1%	10.2%	9.6%	8.5%	9.1%	9.1%

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
2005	2,075,722,823	30,693,695	281,312,589	109,211,071	2,496,940,178	.40	2,854,733,054	87.5%
2006	2,174,648,313	30,262,093	284,322,422	123,511,672	2,612,744,500	.40	3,090,444,738	84.5%
2007	2,300,207,649	29,534,671	293,617,062	129,507,830	2,752,867,212	.40	3,350,921,200	82.2%
2008	2,428,633,301	26,515,529	302,899,046	157,921,874	2,915,969,750	.40	3,790,153,428	76.9%
2009	3,707,876,267	27,617,055	299,181,894	152,538,313	4,187,213,529	.34	4,113,056,003	101.8%
2010	3,753,659,201	28,803,053	289,511,177	156,402,451	4,228,375,882	.34	4,153,302,698	101.8%
2011	3,822,880,479	28,566,184	293,770,882	169,973,631	4,315,191,176	.34	4,146,984,435	104.1%
2012	3,895,366,651	28,331,495	314,564,526	176,398,505	4,414,661,177	.34	4,194,168,725	105.3%
2013	3,993,835,605	28,357,179	351,764,850	197,998,753	4,571,956,387	.39	4,345,890,221	105.2%
2014	4,134,621,000	27,413,463	484,815,641	193,348,102	4,840,198,206	.39	4,759,127,206	101.7%

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2014

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2005	.40	.604	1.004
2006	.40	.604	1.004
2007	.40	.634	1.034
2008	.40	.678	1.078
2009	(1) .34	.534	.874
2010	.34	.534	.874
2011	.34	.534	.874
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.578	.968

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, 2014

Table 8

Fiscal Year Ended	Taxes Levied for the Fiscal Year		Total Adjusted	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Percentage of			
June 30	(Original Levy)	Adjustments	Levy	Amount	Original Levy		Amount	Percentage of Levy
2005	9,998,711	(8,292)	9,990,419	9,887,011	99.0	95,870	9,982,881	99.9
2006	10,458,938	(10,138)	10,448,800	10,331,883	98.9	105,386	10,437,269	99.9
2007	11,024,056	(14,599)	11,009,457	10,872,178	98.8	125,150	10,997,328	99.9
2008	11,702,097	(30,308)	11,671,789	11,535,980	98.8	120,505	11,656,485	99.9
2009	14,246,248	(18,922)	14,227,326	14,096,582	99.1	110,816	14,207,398	99.9
2010	14,471,733	(10,808)	14,460,925	14,349,613	99.2	98,926	14,448,539	99.9
2011	14,724,826	(6,166)	14,718,660	14,598,651	99.2	108,232	14,706,883	99.9
2012	15,080,217	(3,793)	15,076,424	14,950,665	99.2	91,579	15,042,244	99.8
2013	17,819,954	(3,825)	17,816,129	17,681,021	99.2	114,512	17,795,533	99.9
2014	18,937,765	-	18,937,765	18,869,293	99.6	-	18,869,293	99.6

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

Table 9

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDR 1st Carolina	\$ 72,476,037	1	1.50%			
CSP Community Owner LLC	63,317,954	2	1.31			
TRT DDR Beaver Creek	35,149,211	3	0.73			
Enterprise Propane Terminals	35,047,686	4	0.72			
EMC Corporation	29,934,477	5	0.62	\$ 23,182,311	2	0.93%
HH Trinity Apex Investments LLC	29,403,539	6	0.61			
CRLP Creekside Hills Drive LLC	25,275,498	7	0.52			
Foreverhome LLC	23,755,976	8	0.49			
NC Apartments LP	21,694,953	9	0.45			
CFK Apex Land Co LLC	19,651,943	10	0.41	17,068,096	6	0.68
Summit Properties				58,331,332	1	2.34
Commercial Grading, Inc.				21,917,706	3	0.88
MP North Carolina LP				20,759,255	4	0.83
Cooper Tools				17,654,158	5	0.71
Beaver Creek Association LLC				15,959,425	7	0.64
Public Service Co. of NC Inc.				12,065,234	8	0.48
BellSouth				9,577,918	9	0.38
Tipper Tie, Inc.				9,079,197	10	0.36
Totals	\$ 355,707,274			\$ 205,594,632		
Total Assessed Valuation = \$ 4,840,198,206				\$ 2,496,940,178		

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

Electric Ratepayer	2014				2005			
	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	6,582,160	\$ 758,513	1	2.60%	5,531,609	\$ 276,389	1	1.68%
Target Corporation	3,882,000	235,369	2	0.81	3,920,200	148,633	3	
Food Lion	2,993,520	212,992	3	0.73	3,253,040	135,977	4	0.83
Lowe's Home Improvement	2,612,320	175,958	4	0.60	1,918,400	69,061	8	
Harris Teeter	2,580,320	210,872	5	0.72				
Kroger	2,553,280	206,818	6	0.71	2,680,160	112,031	5	0.68
Lowe's Foods	2,406,880	193,725	7	0.66	5,371,520	224,530	2	1.36
Wake Med Property Services	2,272,320	186,401	8	0.64				
Home Depot	2,080,400	180,221	9	0.62	2,172,320	90,803	7	0.55
Hendricks Toyota Scion of Apex NC	1,496,880	132,829	10	0.46				
Winn Dixie					2,204,960	92,167	6	0.56

Totals \$ 2,493,698

\$ 1,149,591

Total Sales of Electricity = \$ 29,149,804

\$ 16,476,584

Note: Detail information for 2005 limited to only eight customers.

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			
2005	4,300,000	51,534	3,710,772	-	-	8,062,306	0.8	273
2006	11,450,000	106,496	3,043,207	-	-	14,599,703	1.2	475
2007	10,775,000	60,000	2,400,083	1,159,825	-	14,394,908	1.1	436
2008	12,527,800	40,000	1,771,481	1,096,305	-	15,435,586	1.1	451
2009	21,114,167	8,665,000	1,058,678	1,038,605	7,300,000	39,176,450	2.5	1,123
2010	17,061,476	8,190,000	486,315	980,904	6,925,000	33,643,695	2.4	953
2011	15,903,785	7,815,000	30,000	1,278,264	6,442,250	31,469,299	2.5	824
2012	14,761,094	7,811,652	35,614,283	12,109,011	6,133,000	76,429,040	5.8	1,939
2013	20,518,562	7,143,146	36,778,577	18,417,633	5,716,000	88,573,918	6.2	2,162
2014	19,002,695	6,474,495	36,019,342	18,181,189	5,284,000	84,961,721	-	2,074

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⁾
2005	8,010,772	0.28%	271
2006	14,493,207	0.47%	471
2007	13,175,083	0.39%	398
2008	14,299,281	0.38%	416
2009	22,172,845	0.47%	635
2010	17,547,791	0.43%	497
2011	15,933,785	0.37%	417
2012	50,375,377	1.14%	1,278
2013	57,297,139	1.10%	1,399
2014	55,022,037	1.16%	1,282

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, 2014

Table 12

<u>Govenmental 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	\$ 1,664,875,000	3.80%	\$ 63,265,250
Town of Apex governmental activities debt			<u>25,477,190</u>
Total direct and overlapping debt			<u>\$ 88,742,440</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 199,755	\$ 209,020	\$ 220,229	\$ 233,278	\$ 331,601	\$ 338,270	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216
Total net debt applicable to limit	\$ 4,352	\$ 11,557	\$ 10,835	\$ 12,640	\$ 27,035	\$ 25,400	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477
Legal debt margin	\$ 195,403	\$ 197,463	\$ 209,394	\$ 220,638	\$ 304,566	\$ 312,870	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739
Total net debt applicable to the limit as a percentage of debt limit	2.18%	5.53%	4.92%	5.42%	8.15%	7.51%	6.91%	6.43%	7.38%	6.58%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$ 4,840,198,206</u>
Debt limit - 8% of assessed value	387,215,856
Total debt applicable to limit	<u>25,477,190</u>
Legal debt margin	<u>\$ 361,738,666</u>

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

Table 14

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2005	29,834	1,049,739	35,186	3.3
2006	30,874	1,191,242	38,584	2.8
2007	33,129	1,280,370	38,648	2.9
2008	34,389	1,392,651	40,497	3.5
2009	34,891	1,434,160	41,104	6.9
2010	35,288	1,416,659	38,931	6.8
2011	38,180	1,266,507	33,172	6.3
2012	39,412	1,321,445	33,529	5.8
2013	40,970	-	-	5.4
2014	42,920	-	-	5.1

Notes:

- (1) Town of Apex Planning Department.
- (2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis and US Census Bureau. Information for 2013 and 2014 not available.
- (3) North Carolina State Employment Security Commission.

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

Table 15

Taxpayer	2014			2005		
	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	900	1	4.55%	900	1	7.28%
Cooper Industries (Lufkin)	419	2	2.12%	380	2	3.08%
Town of Apex	348	3	1.76%	214	5	1.73%
EMC Corp. (Data General)	322	4	1.63%	390	3	3.16%
Target	280	5	1.42%			
Bland Landscaping	230	6	1.16%			
Walmart	200	7	1.01%			
Tipper Tie, Inc.	137	8	0.69%	225	4	1.82%
Rex Healthcare	125	10	0.63%			
NC Department of Corrections	101	9	0.51%	145	7	1.17%
Morton Metalcraft Co. of NC				200	6	1.62%
Bespak, Inc.				140	8	1.13%
Henry Wurst, Inc.				130	9	1.05%
Hare Pipeline Construction, Inc.				130	10	1.05%
Totals	3,062			2,854		
Total Employed in Apex (2)	19,761			12,357		

Notes:

- (1) Estimated employees by taxpayer based on Apex Chamber of Commerce and employer verification - Town's Finance Department.
- (2) Total employed in Apex from Employment Security Commission "Civilian Labor Force Estimates".

TOWN OF APEX, NORTH CAROLINA
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT ^{(1) (2)}
Last Ten Fiscal Years
June 30, 2014

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
2005	25	11	68	4	4	13
2006	31	11	87	6	4	14
2007	31	11	97	6	4	14
2008	33	12	101	7	4	17
2009	36	12	111	8	4	19
2010	36	12	136	8	4	19
2011	37	12	136	8	4	20
2012	37	12	140	9	2	20
2013	38	12	148	10	2	21
2014	39	15	147	10	2	24

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
6	14	27	22	20	214
6	14	26	21	20	240
7	14	26	22	21	253
7	15	29	23	23	271
7	16	32	24	22	291
7	16	32	24	21	315
7	16	31	25	20	316
7	16	32	27	21	323
7	16	34	29	22	339
8	16	35	29	23	348

TOWN OF APEX, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Nine Fiscal Years ⁽¹⁾

Table 17

Function	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police									
Physical arrests	681	874	1,047	843	925	746	639	758	516
Parking violations	119	35	46	144	77	124	216	193	215
Traffic violations	3,230	4,848	7,701	7,864	8,137	8,004	5,882	5,787	7,074
Fire									
Number of calls answered	1,983	2,083	2,053	2,007	2,211	2,433	2,214	2,567	2635
Highways and streets									
Street resurfacing (miles)	1.3	0	0	2.9	0	0.9	3.8	8.6	0
Environmental Protection									
Number of households served	10,100	10,606	10,898	10,983	11,254	11,432	11,717	12,036	15,476
Solid waste collected (tons/day)	44.17	30.01	36.49	35.03	34.77	31.73	28.71	29.77	27.06
Recyclables collected (tons/day)	6.56	7.28	5.73	7.26	8.03	9.98	7.47	7.62	8.53
Mulching and composting (tons/day)	10.49	11.88	10.83	13.83	14.19	13.55	15.16	17.01	15.71
Cultural and recreation									
Number of program/activity participants	90,124	98,116	68,634	67,575	51,139	40,919	42,731	68,823	84,927
Water									
Number of customers	11,054	11,415	12,173	13,021	13,058	13,251	13,587	14,042	14,103
Average daily consumption (millions of gallons)	2.79	2.92	2.84	2.83	2.98	2.86	2.95	2.81	3.08
Wastewater									
Number of customers	10,812	11,397	12,012	12,607	12,616	12,771	13,071	13,240	13,840
Average daily sewage treatment (millions of gallons)	2.24	2.39	2.20	2.43	2.49	2.26	2.32	2.72	2.78
Electric									
Number of customers	11,712	12,180	13,441	13,964	13,952	14,109	14,540	15,389	16,016
Average daily consumption (kilowatt-hours)	620,957	613,889	708,380	700,674	773,613	710,423	765,975	744,098	780,614

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

Notes:

⁽¹⁾ Information prior to 2006 not available.

TOWN OF APEX, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Nine Fiscal Years ⁽¹⁾

Table 18

Function	Fiscal Year								
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	36	40	39	40	40	45	47	50	49
K-9 Units	1	0	0	0	0	0	0	0	0
Fire stations	3	3	3	3	4	4	4	4	4
Streets									
Streets (miles)	104.89	111.37	115.8	118.7	120.69	122.29	127.12	129.15	132.37
Streetlights	1,862	2,062	2,189	2,311	2,325	2,465	2582	2582	2713
Parks and Recreation									
Parks acreage	370.61	419.61	419.61	430.18	452.51	452.51	452.51	452.51	452.51
Parks	9	9	9	9	9	9	9	9	9
Tennis courts	8	8	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1
Cultural Arts Center	0	0	0	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1
Water									
Water lines (miles)	140	148	150	155	165	170	170	182	194
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
Electric									
Number of delivery points (substations)	2	2	2	2	3	3	3	3	3
Miles of service lines ⁽²⁾	239	244	257	276	279	315	355	355	537
Sewer									
Sanitary sewer lines (miles)	159	175	173	175	175	186.5	189	189	189
Maximum daily treatment capacity (millions of gallons)	4.6	4.6	4.6	4.6	4.6	4.6	3.8	4.8	5.9

Sources:

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

Notes:

⁽¹⁾ Information prior to 2006 not available.

⁽²⁾ Beginning 2014, information based on current GIS records.

**THIS PAGE INTENTIONALLY
LEFT BLANK**

COMPLIANCE SECTION

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

**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, 2014 and the related notes to the financial statements, which collectively comprises the Town of Apex's basic financial statements and have issued our report thereon dated October 16, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (Item 2014 – 1)

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of Apex, in a separate letter dated October 16, 2014.

Town of Apex's Response to Findings

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

Purpose of this Report

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


JOYCE AND COMPANY, CPA

October 16, 2014

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

**Report on Compliance for the Major State Program;
Report on Internal Control Over Compliance in Accordance with OMB Circular A-133
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, 2014. 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2014.

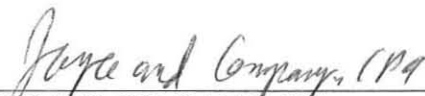
Report on Internal Control Over Compliance

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 Circular A-133, 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 Circular A-133. Accordingly, this report is not suitable for any other purpose.


JOYCE AND COMPANY, CPA

October 16, 2014

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

For the year ended June 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	X no	
• Significant deficiency (s) identified that are not considered to be material weaknesses?	X yes	_____ none reported	
Noncompliance material to financial statement noted	_____ yes	X no	

Federal Awards

The Town of Apex has no major federal programs.

State Awards

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

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

Identification of major state program: Powell Bill

Section II. Financial Statement Findings

Item 2014-1

Purchase Orders and Accounts Payable

Significant Deficiency

<u>Criteria</u>	Town has a formal Purchasing Policy to provide reasonable assurance that purchase orders, payment requisitions and purchase approval are handled appropriately.
<u>Condition</u>	Instances of invoices and/or delivery dates of goods received by Town dated prior to purchase orders. Purchase Orders are printed with electronic signature of the Purchasing Manager regardless of who approves it. Invoices were noted without evidence of proper departmental approval for payment.
<u>Effect</u>	Financial statements could be materially misstated and not be detected and corrected.
<u>Cause</u>	Lack of review and lack of enforcement of Town Purchasing Policy.

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

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

TOWN OF APEX
SUMMARY SCHEDULE OF PRIOR AUDIT ITEMS
For the year ended June 30, 2014

Item 2011 – 1

Delays in reconciling bank accounts
Status: Corrected

Item 2013 – 1

Lack of timely and proper approval of purchases
Status: This has not been fully corrected

Item 2013 – 2

Lack of proper approval of credit card purchases
Status: This has not been fully corrected

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

For the fiscal year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS:</u>					
<u>US Department of Transportation</u>					
Passed through NC Department of Transportation					
<i>Highway Planning and Construction</i>	20.205.1	WBS Element 42379.3.2	\$ 2,321	\$ -	\$ 580
<i>Highway Planning and Construction</i>	20.205.1	WBS Element 42379.1.26	69,011	-	17,253
<i>Highway Planning and Construction</i>	20.205.1	WBS Element 41821.1.37	226,318	-	56,580
<i>Highway Planning and Construction</i>	20.205.1	WBS Element 44111.2.FD3	5,241	-	1,310
<i>Total Highway Planning and Construction</i>			<u>302,891</u>	<u>-</u>	<u>75,723</u>
<u>US Department of Transportation</u>					
Passed through NC Department of Transportation					
<i>Governor's Highway Safety Program</i>	20.600	PT-2013-03-04-24	9,108	-	3,996
<i>Governor's Highway Safety Program</i>	20.600	PT-2014-03-37	45,303	-	45,302
<i>Governor's Highway Safety Program</i>	20.601	K2-2014-07-06	19,345	-	-
<i>Total Governor's Highway Safety Program</i>			<u>73,756</u>	<u>-</u>	<u>49,298</u>
<u>US Department of Justice</u>					
Direct program					
<i>Bureau of Justice Assistance</i>	16.607		9,484	-	-
<i>Total assistance-federal programs</i>			386,131	-	125,021
<u>STATE GRANTS:</u>					
<u>NC Department of Transportation</u>					
<i>Powell Bill Fund</i>	N/A	N/A	-	736,081	-
<i>Total assistance</i>			<u>\$ 386,131</u>	<u>\$ 736,081</u>	<u>\$ 125,021</u>

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

Basis of Presentation - The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Apex and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Capitalization grants for state revolving loan funds - These funds are included in the Schedule of Expenditures of Federal and State awards because the loan proceeds are federal funds for purposes of the single audit. These loans relate to the Western Wake Regional Waste Water Facility (WWRWF) and the Cary Apex Water Treatment Plant (CAWTP). The activity and balances for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Ending Balance
WWRWF Loan	\$ 16,625,000	\$ -	\$ 16,625,000
CAWTP Loan	665,276	-	665,276
Total	<u>\$ 17,290,276</u>	<u>\$ -</u>	<u>\$ 17,290,276</u>