

Town of Apex

North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2015

Prepared by:
The Department of Finance

**Town of Apex, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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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, 2015, 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, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Apex, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by 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 29, 2015 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 29, 2015

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, 2015. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report and the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

Financial Highlights

- The Town's assets and deferred inflows or resources exceeded its liabilities and deferred outflows of resources at the close of the fiscal year by approximately \$386.8 million (*net position*). Of this amount, \$60.6 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 \$32.4 million from the prior year. Of that amount \$19.6 million resulted from governmental activities and \$12.7 million resulted from business-type activities. Approximately \$31.2 million of street related and utility infrastructure was donated by developers with a value of \$21.7 million for street and sidewalk related infrastructure and \$9.5 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 \$28.9 million, an increase of \$0.6 million compared to the prior year. The total fund balance in the General Fund remained virtually unchanged while the total fund balance in other governmental funds increased \$.6 million primarily due to continuing street improvement projects.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$15.2 million, or 39% of total General Fund expenditures, excluding the refunding of bonds, for the fiscal year.
- The Town of Apex's total debt increased by \$5.3 million during the current fiscal year. The Town made principal payments \$4.9 million on previously issued debt and added issued \$10.2 million of new debt for water system improvements and the purchase of park land.

Overview of the Financial Statements

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

Basic Financial Statements

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

supplemental information shows details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

Entity-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

During the past fiscal year, the Town of Apex maintained eight individual governmental funds: the General Fund, one special revenue fund (to account for revenues which are restricted to a specific purpose), 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 34-62 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligations to provide pension benefits to police officers under the Law Enforcement Officers Special Separation Allowance, retiree health insurance under GASB 45 and pension benefits to its employees through the Local Government Employees' Retirement System. Required supplementary information can be found on pages 63-68 of this report.

Entity-Wide Financial Analysis

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

As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. At the end of the current fiscal year, the Town had a positive balance in both its governmental and business-type activities. Governmental activities net position increased by \$19.7 million to \$192.6 million during the year while business-type net assets increased by \$12.7 million to \$194.2 million.

The Town of Apex Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$34.4	\$31.1	\$57.5	\$58.0	\$91.9	\$89.1
Capital Assets	197.9	175.5	212.6	194.7	410.5	370.2
Total Assets	232.3	206.6	270.1	252.7	502.4	459.3
Deferred Outflows	1.1	0.1	0.4	-	1.5	0.1
Long-Term Liabilities	28.4	27.4	64.5	59.4	92.9	86.8
Other Liabilities	8.2	6.5	10.4	11.8	18.6	18.3
Total Liabilities	36.6	33.9	74.9	71.2	111.5	105.1
Deferred Inflows	4.2	-	1.4	-	5.6	-
Net Position:						
Net Investment in Capital Assets	172.2	150.8	147.8	135.2	320.0	286.0
Restricted	6.2	7.4	-	-	6.2	7.4
Unrestricted	14.2	14.7	46.4	46.3	60.6	61.0
Total Net Position	\$192.6	\$172.9	\$194.2	\$181.5	\$386.8	\$354.4

As is the case for many entities, the largest portion of the Town's net assets (\$320.0 million or 83%) 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 \$31.2 million of street related and utility infrastructure assets were donated from developers, valued at \$23 million for street and sidewalk related infrastructure and \$9.5 million for utility infrastructure. Most of the remainder of the Town's net position (\$60.6 million or 16%) are unrestricted, meaning they may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town of Apex implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27, this year. The Town is allocated a proportionate share of the North Carolina Local Government Employees' Retirement System's net pension assets, deferred outflows of resources, deferred inflows of resources and pension expense. Beginning net position for the year is restated to reflect the System's pension liability as of June 30, 2014. That restatement for the System's net pension liability decreased beginning net position by \$2.3 million for Governmental Activities and \$.8 million for Business-Type Activities.

In addition a prior period adjustment was made to the beginning net position of the Governmental Activities decreasing that balance by \$.3 million. The adjustment resulting from a liability not being properly recognized in prior years.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$8.3	\$6.5	\$45.6	\$44.2	\$53.9	\$50.7
Operating Grants and Contributions	3.0	2.9	---	---	3.0	\$2.9
Capital Grants and Contributions	23.1	6.5	15.0	10.3	38.1	\$16.8
General Revenues:						
Property Taxes	19.5	18.9	---	---	19.5	\$18.9
Other Taxes	8.3	7.5	---	---	8.3	\$7.5
Investment Earnings	-	0.1	0.1	0.1	0.1	\$0.2
Other	3.3	2.3	---	0.4	3.3	\$2.7
Total Revenues	65.5	44.7	60.7	55.0	126.2	99.7
Expenses:						
General Government	9.2	8.8	---	---	\$9.2	\$8.8
Public Safety	15.5	14.7	---	---	15.5	\$14.7
Public Works	8.9	6.6	---	---	8.9	\$6.6
Environmental Protection	3.8	3.5	---	---	3.8	\$3.5
Cultural and Recreation	4.8	4.4	---	---	4.8	\$4.4
Interest on Long-Term Debt	1.0	1.0	---	---	1.0	\$1.0
Water and Sewer	---	---	15.5	14.2	15.5	\$14.2
Electric	---	---	31.7	29.5	31.7	\$29.5
Total Expenses	43.2	39.0	47.2	43.7	90.4	82.7
Change in Net Position	22.3	5.7	13.5	11.3	35.8	17.0
Net Position - Beginning of year	172.9	167.2	181.5	170.2	354.4	337.4
Restatement GASB #68	(2.3)	-	(0.8)	-	(3.1)	-
Prior period adjustment	(0.3)	-	-	-	(0.3)	-
Net Position - Beginning of year as restated	170.3	167.2	180.7	170.2	351.0	337.4
Net Position - End of year	\$192.6	\$172.9	\$194.2	\$181.5	\$386.8	\$354.4

Governmental activities: Revenues related to governmental activities increased \$20.8 million, or 46.5%. The great majority of this increase came from Capital Grants and Contributions which increased by \$16.6 million due to developer contributions increasing by \$14.5 million and a federal grant of \$1.3 million for streets. Tax revenues also increased by \$1.4 million. Property valuation has increased 3.2% since last year. Total expenses were up by 10.8%. While most departments experiencing higher operating costs, the largest part of the increase can be traced to Public Works. Expenses increased 34.8%, representing \$2.3 million of the \$4.2 million total increase in expenses. The change was due to increased spending for construction and maintenance of streets as well as depreciation on the assets and infrastructure donated by developers. Again, the Town made no major changes to its service levels or additions of new services.

Business-type activities: Business-type activity revenues increased by \$5.7 million (10.4%). Revenue growth was positive for the Town's water and sewer and electric operations at 3.2%. The number of customers increased around 4% during the course of the year. There were no changes in water and sewer rates and electric rates were adjusted downward because whole sale electric sales taxes were eliminated. Like the governmental activities, the business-type activities saw an increase in capital contributions of water and sewer lines from developers, increasing from \$6.5 million to 9.5 million, or 46%. The collection of impact fees also increased significantly from \$3.8 million to \$5.5 million, or 45%. Spending for business-type activities increased 8.0%. The greatest changes being increases in sales taxes on retail electric sales, electric power purchases, water and sewer treatment 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 \$15.2 million, while total fund balance was virtually unchanged at \$21.7 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, 2015, unassigned fund balance was 38.9% of the year's expenditures, excluding payments for debt refunding, (compared to 40.3% last year), while total fund balance represents 55.6% of that same amount (61.4% in 2014).

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 2014-15 fiscal year, for needed repairs to Town facilities, replacement of vehicles and equipment, purchase of park land and design of a senior center. Again, revenues ended better than anticipated and expenditures were less than anticipated and total fund balance changed by less than \$6 thousand as a result of fiscal year operations and a prior period adjustment for amounts paid that were due prior to the beginning of the fiscal year. 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 final year of this commitment. The Town's original budget proposed the use of \$1.5 million in fund balance, that figure increased to \$4.8 million in the final budget. Total revenues were \$2.8 million more than the final budget, primarily because higher than expected revenues from utility franchise taxes, property taxes, sales taxes, and building permits. In addition, total departmental expenditures ended the year \$2.1 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$28.9 million, an increase of \$0.6 million from the prior year. For nonmajor governmental funds revenues and financing sources increased by \$5 million, due to debt incurred for \$2.2 million to purchase park land, increased subdivision recreation fees, transportation fees and grants for streets. During the year the Town spent \$1.7 million for streets projects and \$4.3 million for recreation projects. The General Fund, special revenue fund, and capital projects funds are included in this combined fund balance amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments are made to recognize new funding amounts 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 \$2.9 million from the prior year, an increase of 7.8%. This increase came from improvements in four major categories of revenue. As a result of actions taken by the State utility sales taxes replaced franchise taxes and rates increased resulting in increased revenues of \$.7 million. Property taxes, sales tax building permit and inspections fees also increased by approximately \$.7 million each due to growth of the Town. No major revenue sources decreased significantly during the year.

General Fund expenditures rose by \$3.6 million, or 10.2%. The distribution of the increases in expenditures was spread throughout the Town's functions. The major initiatives of note were maintenance and repair of streets and increased capital outlay in public safety.

Proprietary Funds: The Town of Apex's proprietary fund financial statements provide the same type of information found in the entity-wide statements but with each of the two funds broken out separately. Unrestricted net positions of the Electric and Water and Sewer Funds at the end of the fiscal year were \$7.9 million and \$38.5 million, respectively. The change in net position for both funds was an increase of \$.6 million in the Electric Fund and an increase of \$12.1 million in the Water and Sewer Fund.

In the Electric Fund, operating revenues increased by \$1 million or 3.2 % despite a decrease of 3.22% in rates due to the elimination of whole sale taxes on electric purchases. The number of electric customers increased by 4% during the course of the fiscal year. Operating expenses increased by \$2.2 million (up 7.5%), due mostly to an increase in retail sales tax rate on electric sales. There was an increase in net position of \$1 million that was reduced by \$.4 million due to restatement of beginning net position related to the implementation of GASB Statements No. 68.

In the Water and Sewer Fund, operating revenues increased by \$.3 million (2.4%) from the previous year. Operating expenses increased by \$.8 million (6.2%). On a budget to actual basis, water and sewer operations produced a \$.3 million surplus for the year and produced positive cash flow operations of \$2.3 million. There was an increase in net position of \$ 12.5 million that was reduced by .4 million due to restatement of beginning net position related to the implementation of GASB Statements No. 68.

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, 2015, totaled \$410.5 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities, utility plants, electric and water distribution systems, and wastewater collection systems.

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

- Construction in the governmental-type activities and additions of \$36.2 million,
- Electric distribution system improvements, additions, and other capital assets of \$8.7 million,
- Water and sewer system improvements, additions, and other capital assets of \$30.1 million.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$46.3	\$42.9	\$19.6	\$15.7	\$65.9	\$58.6
Construction in Progress	6.1	5.5	90.9	93.3	\$97.0	\$98.8
Total Non-Depreciable Assets	52.4	48.4	110.5	109.0	162.9	157.4
Buildings and Improvements	40.8	40.5	15.1	0.8	55.9	41.3
Machinery and Equipment	5.6	5.3	3.0	2.9	8.6	8.2
Vehicles	8.0	7.0	3.9	3.7	11.9	10.7
Infrastructure	190.5	165.8	168.4	159.9	358.9	325.7
Total Depreciable	244.9	218.6	190.4	167.3	435.3	385.9
Accumulated Depreciation	(99.4)	(91.5)	(88.3)	(81.7)	(187.7)	(173.2)
Total Depreciable Assets, Net	145.5	127.1	102.1	85.6	247.6	212.7
Total	\$197.9	\$175.5	\$212.6	\$194.6	\$410.5	\$370.1

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, 2015, the Town of Apex had total general obligation bonded debt outstanding of \$52.7 million, including \$2.2 million of deferred premium, electric revenue bonds outstanding of \$4.9 million, and installment purchase related debt of 32.7 million. Of the general obligation bonds, \$35.2 million, including 1.6 million of deferred premium, is being repaid from utility system revenues. The remainder of the Town's general obligation bonds, are being repaid from the General Fund. During the year, the Town issued \$8.6 million of installment purchase debt to be repaid from the General Fund. This included \$6.4 million to refund debt previously outstanding and \$2.2 million for the purchase of park land. The Water and Sewer Fund issued debt of \$8 million to pay a portion of the Town's cost of improvements to a regional water plant jointly owned with the Town of Cary. Excluding debt retired through the refunding, \$4.9 million of outstanding debt was paid off.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$17.5	\$19.0	\$35.2	\$36.0	\$52.7	\$55.0
Revenue Bonds	-	-	4.9	5.3	4.9	5.3
Installment Purchases	8.1	6.5	24.6	18.2	32.7	24.7
Total	25.6	25.5	64.7	59.5	90.3	85.0

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 \$374 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, 2015, Apex's population was estimated at 45,317. The residential construction was up over 17% for the fiscal year compared to the prior year based upon construction value. Construction activity remains strong in the area. The Town's 2015-16 budget projects construction and development related revenues to be at or slightly lower than the final figures for 2014-15 contained in this report. The Town's economic outlook will largely be dependent on the overall national economy.

Employment opportunities are derived from within the Town as well as from Raleigh, the state capital, and RTP, which employs over 50,000 in high-technology fields. In addition, the Raleigh-Durham area also contains several colleges and universities and major health care facilities. These employers have historically been relatively stable and less sensitive to economic downturns. As a result, the unemployment rate has historically been lower than the state and national averages. At year end the rate for Apex was 5.1% versus the statewide rate of 5.8% and the U.S. rate of 5.3%. 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, 2016

Governmental Funds: The general Fund's budget is \$43.1 million. The Town's tax rate was unchanged at 39 cents per \$100 of property for the 2015-16 budget years. The tax base was estimated at \$5.2 billion, which is an increase of just over 5% from the preceding fiscal year and revenues estimates for property taxes are 5% above the prior year. Most other revenues were estimated to continue at or slightly below the levels seen during 2014-15. Sales tax collected for the 2014-15 fiscal year were 10% higher than the prior year and the budget projects a 7.5% increase over that amount. There were no major changes in other charges or fees, but there were some modest changes in development fees. The budget includes 25 new positions, but 12 of those positions are fire fighters expected to be hired during the last month of the fiscal year. Total revenues were up 7% to \$42.1 million. The final budget also projected using up to \$1 million of fund balance for equipment purchases and infrastructure that had been deferred previously.

Proprietary Funds: The Town expects modest growth in the number of customers and there were no change in rates for electric or water and sewer service. Revenues in both funds are expected to grow modestly from the prior year. The budget for the Electric Fund is \$35.5 million which includes \$1.5 million for a major capital outlay. The Water and Sewer Fund's budget is at \$18.1 million. This figure includes increased debt service and capital outlay amounts. 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.

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION

June 30, 2015

Exhibit 1

	2015		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 27,366,492	\$ 47,072,545	\$ 74,439,037
Taxes receivables (net)	532,270	-	532,270
Accounts receivable (net)	373,601	7,337,792	7,711,393
Due from other governments	3,413,811	-	3,413,811
Internal balances	(139,068)	139,068	-
Prepaid items	67,061	-	67,061
Security deposits	35,100	-	35,100
Inventories	75,254	1,487,343	1,562,597
Restricted cash and cash equivalents	895,560	1,002,111	1,897,671
Non-current assets:			
Net pension asset (LGRS)	1,706,737	555,707	2,262,444
Net pension asset (LEO)	55,210	-	55,210
Capital assets:			
Land, improvements, and construction in progress	52,356,483	110,481,528	162,838,011
Other capital assets, net of depreciation	145,513,656	102,063,970	247,577,626
Total assets	<u>232,252,167</u>	<u>270,140,064</u>	<u>502,392,231</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	1,097,885	370,321	1,468,206
LIABILITIES			
Current liabilities:			
Accounts payable	4,650,151	6,666,282	11,316,433
Accrued interest payable	206,920	139,910	346,830
Customer deposits	-	642,860	642,860
Current portion of long-term liabilities	3,415,262	2,972,436	6,387,698
Total current liabilities	<u>8,272,333</u>	<u>10,421,488</u>	<u>18,693,821</u>
Long-term liabilities:			
Due in more than one year	28,356,029	64,519,922	92,875,951
Total liabilities	<u>36,628,362</u>	<u>74,941,410</u>	<u>111,569,772</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	20,651	-	20,651
Pension deferrals	4,163,933	1,355,762	5,519,695
Total deferred inflows of resources	<u>4,184,584</u>	<u>1,355,762</u>	<u>5,540,346</u>
NET POSITION			
Net investment in capital assets	172,230,712	147,820,648	320,051,360
Restricted for:			
Stabilization by State Statute	5,194,375	-	5,194,375
Public Safety	182,442	-	182,442
Perpetual Care	713,118	-	713,118
Unrestricted	14,216,459	46,392,565	60,609,024
Total net position	<u>\$ 192,537,106</u>	<u>\$ 194,213,213</u>	<u>\$ 386,750,319</u>

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

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	\$ 9,234,981	\$ 2,556,829	\$ -	\$ -	\$ (6,678,152)	\$ -	\$ (6,678,152)
Public safety	15,490,912	11,108	1,948,983	39,083	(13,491,738)	-	(13,491,738)
Public works	8,853,636	636,548	1,059,055	23,019,071	15,861,038	-	15,861,038
Environmental protection	3,793,689	2,813,660	-	-	(980,029)	-	(980,029)
Cultural and recreation	4,810,877	2,324,262	-	-	(2,486,615)	-	(2,486,615)
Interest on long-term debt	944,424	-	-	-	(944,424)	-	(944,424)
Total governmental activities	<u>43,128,519</u>	<u>8,342,407</u>	<u>3,008,038</u>	<u>23,058,154</u>	<u>(8,719,920)</u>	<u>-</u>	<u>(8,719,920)</u>
Business-type activities:							
Water and sewer	15,498,573	12,948,768	-	14,976,888	-	12,427,083	12,427,083
Electric	31,674,327	32,646,455	-	-	-	972,128	972,128
Total business-type activities	<u>47,172,900</u>	<u>45,595,223</u>	<u>-</u>	<u>14,976,888</u>	<u>-</u>	<u>13,399,211</u>	<u>13,399,211</u>
Total	<u>\$ 90,301,419</u>	<u>\$ 53,937,630</u>	<u>\$ 3,008,038</u>	<u>\$ 38,035,042</u>	<u>(8,719,920)</u>	<u>13,399,211</u>	<u>4,679,291</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					19,546,313	-	19,546,313
Other taxes							
Local option sales					7,959,043	-	7,959,043
Motor vehicle licenses					167,919	-	167,919
Miscellaneous					51,335	-	51,335
Unrestricted intergovernmental					2,858,748	-	2,858,748
Unrestricted investment earnings					24,004	71,141	95,145
Miscellaneous					398,246	10,270	408,516
Total general revenues					<u>31,005,608</u>	<u>81,411</u>	<u>31,087,019</u>
Change in net position					<u>22,285,688</u>	<u>13,480,622</u>	<u>35,766,310</u>
Net position-beginning of year (as previously stated)							
Net position-beginning of year (as previously stated)					172,871,933	181,498,148	354,370,081
Adjustment to beginning net position					(2,351,245)	(765,557)	(3,116,802)
Prior period adjustment					(269,270)	-	(269,270)
Net position-beginning of year (as restated)					<u>170,251,418</u>	<u>180,732,591</u>	<u>350,984,009</u>
Net position-ending							
Net position-ending					<u>\$ 192,537,106</u>	<u>\$ 194,213,213</u>	<u>\$ 386,750,319</u>

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

TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
ASSETS			
Cash and cash equivalents	\$ 20,883,011	\$ 6,483,480	\$ 27,366,491
Restricted cash	182,442	713,118	895,560
Receivables, net:			
Taxes	532,270	-	532,270
Accounts	323,352	-	323,352
Due from other governments	3,053,534	360,277	3,413,811
Due from other funds	539,120	-	539,120
Prepaid items	67,061	-	67,061
Inventories	75,254	-	75,254
Total assets	<u>\$ 25,656,044</u>	<u>\$ 7,556,875</u>	<u>\$ 33,212,919</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,766,127	\$ 399,941	\$ 4,166,068
Deferred inflows of resources:			
Property taxes receivable	148,055	-	148,055
Prepaid taxes	20,651	-	20,651
Total deferred inflows of resources	<u>168,706</u>	<u>-</u>	<u>168,706</u>
Fund balances:			
Nonspendable			
Perpetual care	-	713,118	713,118
Prepaid items	67,061	-	67,061
Inventories	75,254	-	75,254
Restricted			
Stabilization by State Statute	5,194,375	-	5,194,375
Public Safety	182,442	-	182,442
Committed			
Library maintenance	-	115,222	115,222
Street improvements	-	2,121,561	2,121,561
Recreation improvements	-	865,586	865,586
General capital improvements	-	23,614	23,614
Perpetual care	-	382,840	382,840
Assigned			
Subsequent year's expenditures	1,012,000	-	1,012,000
Recreation improvements	-	2,327,686	2,327,686
Street improvements	-	607,307	607,307
Unassigned	15,190,079	-	15,190,079
Total fund balances	<u>21,721,211</u>	<u>7,156,934</u>	<u>28,878,145</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,656,044</u>	<u>\$ 7,556,875</u>	<u>\$ 33,212,919</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, 2015

Exhibit 3

Fund balances-total governmental funds		\$ 28,878,145
<p>Amounts reported for governmental activities in the statement of net position are different because;</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 297,282,722	
Less accumulated depreciation	<u>(99,412,583)</u>	197,870,139
Net pension asset		1,761,947
<p>Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.</p>		
		1,097,885
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Government bonds and notes payable	(25,072,600)	
Premiums on refunding bonds	(566,827)	
Other post employment benefits	(4,979,773)	
Compensated absences	<u>(1,152,091)</u>	(31,771,291)
<p>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.</p>		
		(1,076,921)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.</p>		
Deferred revenue		148,055
Pension related deferrals		(4,163,933)
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable		<u>(206,920)</u>
Net position of governmental activities		<u>\$ 192,537,106</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, 2015

Exhibit 4

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Governmental Funds</u>	
REVENUES			
Ad valorem taxes	\$ 19,577,742	\$ -	\$ 19,577,742
Other taxes and licenses	8,186,416	-	8,186,416
Unrestricted intergovernmental	2,858,748	-	2,858,748
Restricted intergovernmental	3,047,121	1,294,117	4,341,238
Permits and fees	2,555,318	2,096,708	4,652,026
Sales and services	3,694,328	(3,650)	3,690,678
Investment earnings	18,776	5,228	24,004
Miscellaneous	383,737	28,770	412,507
Total revenues	<u>40,322,186</u>	<u>3,421,173</u>	<u>43,743,359</u>
EXPENDITURES			
Current:			
General government	8,251,053	-	8,251,053
Public safety	14,486,540	-	14,486,540
Public works	3,577,515	-	3,577,515
Environmental protection	3,680,144	-	3,680,144
Cultural and recreational	3,554,826	-	3,554,826
Capital outlay	2,639,506	6,078,925	8,718,431
Debt service:			
Principal	2,134,495	-	2,134,495
Interest	732,094	-	732,094
Total expenditures	<u>39,056,173</u>	<u>6,078,925</u>	<u>45,135,098</u>
Excess of revenues over (under) expenditures	<u>1,266,013</u>	<u>(2,657,752)</u>	<u>(1,391,739)</u>
OTHER FINANCING SOURCES (USES)			
Transfers	(1,055,300)	1,055,300	-
Payment to refund bonds	(6,421,025)	-	(6,421,025)
Issuance of debt	6,424,000	2,225,600	8,649,600
Total other financing sources (uses)	<u>(1,052,325)</u>	<u>3,280,900</u>	<u>2,228,575</u>
Net change in fund balances	<u>213,688</u>	<u>623,148</u>	<u>836,836</u>
Fund balances-beginning of year			
(as previously stated)	21,776,793	6,533,786	28,310,579
Prior period adjustment	(269,270)	-	(269,270)
Fund balances-beginning of year			
(as restated)	<u>21,507,523</u>	<u>6,533,786</u>	<u>28,041,309</u>
Fund balances-end of year	<u>\$ 21,721,211</u>	<u>\$ 7,156,934</u>	<u>\$ 28,878,145</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, 2015

Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	836,836
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 8,712,428		
Less current year depreciation	<u>(8,092,293)</u>		620,135

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			1,097,885
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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			21,724,954
Change in deferred revenues			(39,845)
Other postemployment benefits			(1,226,114)
Net LEO pension benefit			852

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			(14,261)
--	--	--	----------

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.

New long term debt issued	(8,649,600)		
Amortization of deferred charges on refunding	(105,678)		
Amortization of bond premium	50,868		
Refunding bond charges	(119,025)		
Principal payments	8,555,520		
Change in accrued interest payable	<u>(38,495)</u>		(306,410)

Net loss of internal service funds determined to be governmental-type			(219,896)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences			(82,497)
Pension expense			<u>(105,951)</u>

Total changes in net position of governmental activities	\$		<u><u>22,285,688</u></u>
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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, 2015

Exhibit 5

General Fund				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ 18,970,000	\$ 18,970,000	\$ 19,577,742	\$ 607,742
Other taxes and licenses	7,765,000	7,765,000	8,186,416	421,416
Unrestricted intergovernmental	2,156,000	2,156,000	2,858,748	702,748
Restricted intergovernmental	3,173,377	3,173,377	3,047,121	(126,256)
Permits and fees	1,630,500	1,630,500	2,555,318	924,818
Sales and services	3,486,000	3,486,000	3,694,328	208,328
Investment earnings	30,090	30,090	18,668	(11,422)
Miscellaneous	259,000	298,555	383,737	85,182
Total revenues	37,469,967	37,509,522	40,322,078	2,812,556
EXPENDITURES:				
Current:				
General government	8,666,133	9,622,724	8,871,891	750,833
Public safety	15,814,999	16,429,907	15,836,868	593,039
Public works	3,409,229	4,402,501	3,767,753	634,748
Environmental protection	3,896,088	3,894,588	3,830,262	64,326
Cultural and recreation	3,602,725	3,939,399	3,882,810	56,589
Debt service:				
Principal	2,088,495	2,134,495	2,134,495	-
Interest	795,298	749,298	732,094	17,204
Total expenditures	38,272,967	41,172,912	39,056,173	2,116,739
Revenues over (under) expenditures	(803,000)	(3,663,390)	1,265,905	4,929,295
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	6,424,000	6,424,000	-
Payment to refund debt	-	(6,424,000)	(6,421,025)	2,975
Transfer from other funds	-	-	-	-
Transfer to other funds	-	(1,005,300)	(1,005,300)	-
Contingency	(683,500)	(105,229)	-	105,229
Fund balance appropriated	1,486,500	4,773,919	-	(4,773,919)
Total other financing sources (uses)	803,000	3,663,390	(1,002,325)	(4,665,715)
Net change in fund balance	\$ -	\$ -	263,580	\$ 263,580
Fund balance - beginning of year (as previously stated)			21,622,573	
Prior period adjustment			(269,270)	
Fund balance - beginning of year (as restated)			21,353,303	
Fund balance - end of year			21,616,883	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			108	
Transfers			(50,000)	
Fund balance - beginning of year			154,220	
Fund balance - end of year (Exhibit 4)			\$ 21,721,211	

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

Exhibit 6

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,315,490	\$ 40,757,055	\$ 47,072,545	\$ -
Accounts receivable (net) - billed	3,124,050	1,239,740	4,363,790	50,249
Accounts receivable - unbilled	2,221,162	752,840	2,974,002	-
Due from other funds	70,234	68,834	139,068	-
Inventories	1,298,690	188,653	1,487,343	-
Restricted cash and cash equivalents	-	1,002,111	1,002,111	-
Total current assets	<u>13,029,626</u>	<u>44,009,233</u>	<u>57,038,859</u>	<u>50,249</u>
Noncurrent assets:				
Net pension asset	253,301	302,406	555,707	-
Deposit	-	-	-	35,100
Capital assets:				
Land and construction in progress	2,299,260	108,182,268	110,481,528	-
Other capital assets, net of depreciation	31,269,775	70,794,195	102,063,970	-
Capital assets (net of accumulated depreciation)	<u>33,569,035</u>	<u>178,976,463</u>	<u>212,545,498</u>	<u>-</u>
Total noncurrent assets	<u>33,822,336</u>	<u>179,278,869</u>	<u>213,101,205</u>	<u>35,100</u>
Total assets	<u>46,851,962</u>	<u>223,288,102</u>	<u>270,140,064</u>	<u>85,349</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	<u>168,513</u>	<u>201,808</u>	<u>370,321</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,895,484	3,770,798	6,666,282	484,082
Due to other funds	-	-	-	678,188
Customer deposits	642,860	-	642,860	-
Accrued interest payable	22,002	117,908	139,910	-
Bonds and notes payable	464,000	2,317,107	2,781,107	-
Compensated absences	92,690	98,639	191,329	-
Total current liabilities	<u>4,117,036</u>	<u>6,304,452</u>	<u>10,421,488</u>	<u>1,162,270</u>
Noncurrent liabilities:				
Compensated absences	65,985	100,338	166,323	-
Other post employment benefits	1,212,810	1,197,046	2,409,856	-
Bonds and notes payable	4,372,000	57,571,743	61,943,743	-
Total noncurrent liabilities	<u>5,650,795</u>	<u>58,869,127</u>	<u>64,519,922</u>	<u>-</u>
Total liabilities	<u>9,767,831</u>	<u>65,173,579</u>	<u>74,941,410</u>	<u>1,162,270</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>617,981</u>	<u>737,781</u>	<u>1,355,762</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	28,733,035	119,087,613	147,820,648	-
Unrestricted	7,901,628	38,490,937	46,392,565	(1,076,921)
Total net position	<u>\$ 36,634,663</u>	<u>\$ 157,578,550</u>	<u>\$ 194,213,213</u>	<u>\$ (1,076,921)</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, 2015

Exhibit 7

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$ 29,818,009	\$ 12,565,553	\$ 42,383,562	\$ 3,796,463
Water and sewer taps	-	193,080	193,080	-
Other operating revenues	2,828,446	190,135	3,018,581	-
Total operating revenues	<u>32,646,455</u>	<u>12,948,768</u>	<u>45,595,223</u>	<u>3,796,463</u>
OPERATING EXPENSES				
Electric operations	6,311,413	-	6,311,413	-
Electric power purchases	23,321,438	-	23,321,438	-
Water and sewer operations	-	8,982,411	8,982,411	-
Depreciation	1,852,233	4,878,965	6,731,198	-
Health and dental claims	-	-	-	3,339,404
Health and dental administrative fees	-	-	-	676,955
Total operating expenses	<u>31,485,084</u>	<u>13,861,376</u>	<u>45,346,460</u>	<u>4,016,359</u>
Operating income (loss)	<u>1,161,371</u>	<u>(912,608)</u>	<u>248,763</u>	<u>(219,896)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	5,163	65,978	71,141	-
Interest expense	(189,243)	(1,596,121)	(1,785,364)	-
Acreage and capacity fees	-	5,536,568	5,536,568	-
Gain on sale of capital assets	7,955	2,315	10,270	-
Debt issuance costs	-	(41,076)	(41,076)	-
Total nonoperating revenues (expenses)	<u>(176,125)</u>	<u>3,967,664</u>	<u>3,791,539</u>	<u>-</u>
Income (loss) before transfers and contributions	<u>985,246</u>	<u>3,055,056</u>	<u>4,040,302</u>	<u>(219,896)</u>
Capital contributions	-	9,440,320	9,440,320	-
Change in net position	<u>985,246</u>	<u>12,495,376</u>	<u>13,480,622</u>	<u>(219,896)</u>
Total net position, previously reported	35,998,372	145,499,776	181,498,148	(857,025)
Restatement	<u>(348,955)</u>	<u>(416,602)</u>	<u>(765,557)</u>	<u>-</u>
Total net position, restated	<u>35,649,417</u>	<u>145,083,174</u>	<u>180,732,591</u>	<u>(857,025)</u>
Total net position - ending	<u>\$ 36,634,663</u>	<u>\$ 157,578,550</u>	<u>\$ 194,213,213</u>	<u>\$ (1,076,921)</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, 2015

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	\$ 33,055,302	\$ 13,462,826	\$ 46,518,128	\$ 3,800,019
Cash paid for goods and services	(26,207,807)	(7,293,692)	(33,501,499)	(3,943,406)
Cash paid to or on behalf of employees for services	(3,215,778)	(3,857,645)	(7,073,423)	-
Increase in customer deposits	26,070	-	26,070	-
Net cash provided (used) by operating activities	<u>3,657,787</u>	<u>2,311,489</u>	<u>5,969,276</u>	<u>(143,387)</u>
NONCAPITAL FINANCING ACTIVITIES				
Interfund loan	<u>(70,234)</u>	<u>(68,834)</u>	<u>(139,068)</u>	<u>143,387</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,613,565)	(12,538,383)	(15,151,948)	-
Sale of capital assets	7,955	2,315	10,270	-
Acreage and capacity fees	-	5,536,568	5,536,568	-
Issuance of installment notes	-	8,045,000	8,045,000	-
Principal paid on bond maturities and equipment contracts	(448,000)	(2,282,444)	(2,730,444)	-
Debt issuance costs	-	(41,076)	(41,076)	-
Interest paid on bond maturities and equipment contracts	(191,281)	(1,654,081)	(1,845,362)	-
Net cash used by capital and related financing activities	<u>(3,244,891)</u>	<u>(2,932,101)</u>	<u>(6,176,992)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	<u>5,163</u>	<u>65,978</u>	<u>71,141</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	347,825	(623,468)	(275,643)	-
Balances-beginning of the year	5,967,665	42,382,634	48,350,299	-
Balances-end of the year	<u>\$ 6,315,490</u>	<u>\$ 41,759,166</u>	<u>\$ 48,074,656</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,161,371	\$ (912,607)	\$ 248,764	\$ (219,896)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,852,233	4,878,965	6,731,198	-
Pension expense	15,724	18,773	34,497	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	408,847	514,057	922,904	3,556
Increase in inventory	(31,219)	(13,853)	(45,072)	-
Increase (decrease) in accounts payable and accrued liabilities	238,100	(2,118,734)	(1,880,634)	72,953
Increase in accrued compensated absences	13,988	14,623	28,611	-
Increase in other postemployment benefits	141,186	132,073	273,259	-
Increase in deferred outflows of resources for pensions	(168,513)	(201,808)	(370,321)	-
Increase in customer deposits	26,070	-	26,070	-
Total adjustments	<u>2,496,416</u>	<u>3,224,096</u>	<u>5,720,512</u>	<u>76,509</u>
Net cash provided (used) by operating activities	<u>\$ 3,657,787</u>	<u>\$ 2,311,489</u>	<u>\$ 5,969,276</u>	<u>\$ (143,387)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 9,440,320	\$ 9,440,320	\$ -
Acquisition of capital assets through capital contributions	-	(9,440,320)	(9,440,320)	-
Net effect of non-cash contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TOWN OF APEX, NORTH CAROLINA
PENSION PLAN TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015**

Exhibit 9

	<u>Law Enforcement Officers Special Separation Allowance</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 587,817
NET POSITION	
Held in trust for pension benefits and other purposes	\$ 587,817

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, 2015**

Exhibit 10

	<u>Law Enforcement Officers Special Separation Allowance</u>
ADDITIONS	
Contributions	
Employer	\$ 120,000
Investment earnings	443
Total additions	<u>120,443</u>
 DEDUCTIONS	
Personnel services	<u>47,928</u>
Change in net position	72,515
Net position - beginning	515,302
Net position - ending	<u><u>\$ 587,817</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, 2015

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(b) Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state-shared revenues, grants, building permits and fees, refuse collection charges and various other taxes and fees. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services. Additionally, the Town has legally adopted a Fire Capital Reserve Fund. Under GASB 54 guidance the Fire Capital Reserve Fund is consolidated in the General Fund. 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, 2015

The Town reports the following major proprietary funds:

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

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

The Town reports the following nonmajor governmental funds:

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

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

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

Additionally, the Town reports the following fund 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.

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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

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

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

(d) Budgetary Data

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

3. Restricted Assets

Certain police and fire safety moneys are classified as restricted because its use is restricted by donors or state and federal law. Money from the sale of cemetery plots is restricted for use in cemetery perpetual care. Certain fees reported in the Water and Sewer Fund are restricted to use for capital improvements by enabling legislation.

Restricted assets at June 30, 2015 consists of:

Governmental Activities	
General Fund	
Public Safety	\$182,442
Cemetery Fund	
Environmental Services	<u>713,118</u>
Total Restricted Cash	<u>\$895,560</u>
Business Activities	
Water and Sewer Fund	
Capital Improvements	<u>\$1,002,111</u>
Total Restricted Cash	<u>\$1,002,111</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015 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.

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, contributions made to the pension plan in

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category – prepaid taxes and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town allows employees to carry forward each December 31 of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Town's policy for compensatory time provides for an unlimited accumulation of earned compensatory time, which is vested.

For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement purposes. Since the Town has no obligation for the sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net position/Fund Balances

Net position

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

Fund Balances

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

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The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

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

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

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

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

Restricted Fund Balance

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

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

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

Committed Fund Balance

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

Committed for cemetery perpetual care – portion of fund balance committed by the Council for maintenance of the cemetery.

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

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

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

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

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Assigned Fund Balance

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

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

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

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

Unassigned Fund Balance

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

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

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Apex's employer contributions are recognized when due and the Town of Apex has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2 – DEPOSITS AND INVESTMENTS

Deposits - All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for

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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, 2015, the carrying amount of the Town's deposits was \$23,421,535 and the bank balance was \$23,624,339. Of the bank balance, \$849,419 was covered by Federal depository insurance and \$22,774,920 was covered by collateral held under the pooling method. At June 30, 2015, the Town had \$1,925 of petty cash on hand.

Investments – at June 30, 2015, 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	\$ 25,964,158	N/A	AAAm
NC Capital Management Trust –Term Portfolio	27,536,907		Unrated
Total	<u>\$ 53,501,065</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, 2015. 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, 2015 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>Allowance for Uncollectible:</u>	
General Fund	Property Taxes receivable	\$ 60,536
Electric Fund	Utility Receivables	14,293
Water and Sewer Fund	Utility Receivables	7,299
	Total	<u>82,128</u>

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Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 42,975,921	\$ 3,323,450	\$ -	46,299,371
Construction in progress	<u>5,500,551</u>	<u>6,328,064</u>	<u>5,771,503</u>	<u>6,057,112</u>
Total capital assets not being depreciated	<u>48,476,472</u>	<u>9,651,514</u>	<u>5,771,503</u>	<u>52,356,483</u>
Capital assets being depreciated:				
Buildings	40,483,566	360,004	-	40,843,570
Other improvements	165,875,123	24,615,183	-	190,490,306
Equipment and furniture	5,244,616	392,285	24,669	5,612,232
Vehicles and motorized equipment	<u>6,977,602</u>	<u>1,189,900</u>	<u>187,371</u>	<u>7,980,131</u>
Total capital assets being depreciated	<u>218,580,907</u>	<u>26,557,372</u>	<u>212,040</u>	<u>244,926,239</u>
Less accumulated depreciation for:				
Buildings	12,456,121	1,332,144	-	13,788,265
Other improvements	69,995,250	5,936,519	-	75,931,769
Equipment and furniture	3,145,954	390,425	10,407	3,525,972
Vehicles and motorized equipment	<u>5,920,743</u>	<u>433,205</u>	<u>187,371</u>	<u>6,166,577</u>
Total accumulated depreciation	<u>91,518,068</u>	<u>\$ 8,092,293</u>	<u>\$ 197,778</u>	<u>99,412,583</u>
Total capital assets being depreciated, net	<u>127,062,839</u>			<u>145,513,656</u>
Governmental activity capital assets, net	<u>\$ 175,539,311</u>			<u>197,870,139</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 872,838
Public safety	697,598
Public works	5,228,454
Environmental protection	80,832
Cultural and recreational	<u>1,212,571</u>
Total	<u>\$ 8,092,293</u>

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Construction Commitments

At June 30, 2015, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Project	\$ 1,551,356	\$ 333,731
Recreation Capital Project	4,221,023	15,367
General Capital Projects	26,386	-
Wastewater Treatment Plant Project	80,159,313	2,497,170
Water/Sewer Capital Project	12,006,375	8,771,669
Electric Substation Project	224,567	-

Note 5 – PENSION PLAN OBLIGATIONS

a. Local Governmental Employees’ Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Apex employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Apex's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Apex were \$1,468,206 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Town reported an asset of \$2,317,654 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.038%, which was a decrease of 0.01% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$140,448. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 247,211
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,266,918
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	5,566
Town contributions subsequent to the measurement date	1,468,206	-
Total	\$ 1,468,206	\$ 5,519,695

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\$1,468,206 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$	(1,380,082)
2017		(1,380,082)
2018		(1,380,082)
2019		(1,379,449)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-

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term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 7,679,712	\$ (2,262,443)	\$ 10,633,417

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

(b) Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Apex administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68. No separate report is issued.

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All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, 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>65</u>
Total	<u><u>68</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, 2015, \$587,817 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, 2014 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, 2014 was 16 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	\$ 117,274
Interest on net pension obligation	(2,718)
Adjustment to annual required contribution	<u>4,592</u>
Annual pension cost	119,148
Contributions made	<u>120,000</u>
Increase (decrease) in net pension obligation	(852)
Net pension obligation – Beginning of year	<u>(54,358)</u>
Net pension obligation – End of year	<u><u>\$ (55,210)</u></u>

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<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>	
06/30/15	\$ 119,148	100.72%	\$ (55,210)
06/30/14	101,829	108.02%	(54,358)
06/30/13	90,768	110.77%	(46,187)

5. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 54.44 percent funded. The actuarial accrued liability for benefits was \$1,122,996, and the actuarial value of assets was \$611,384, resulting in an unfunded actuarial accrued liability (UAAL) of \$511,612. The covered payroll (annual payroll of active employees covered by the plan) was \$3,878,152, and the ratio of the covered payroll was 13.19 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, 2015 were \$289,880, which consisted of \$191,713 from the Town and \$98,167 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, 2015 were \$1,207,265 which consisted of \$837,651 from the Town and \$369,614 from employees.

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(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, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	24	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	302	68
Total	326	72

Funding Policy

The Town Council established the contribution requirements of plan members and this may be amended by the Council. The Town pays \$139 - \$563 per month for retiree health coverage, and retirees who choose to purchase coverage for dependents pay \$530 - \$709 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 \$259,581 or 1.26% of annual covered payroll. Contributions made by employees totaled \$27,081, which includes dependent coverage as well as amounts required as per plan service requirements. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

2. Summary of Significant Accounting Policies

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

3. Annual OPEB Cost and Net OPEB Obligation

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

TOWN OF APEX, NORTH CAROLINA
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Annual required contribution	\$	1,523,343
Interest on OPEB obligation		235,610
Annual OPEB cost		1,758,953
Contributions made		(259,581)
Increase in net OPEB obligation		1,499,372
Net OPEB obligation beginning of year		5,890,257
Net OPEB obligation end of year	\$	7,389,629

3 Year Trend Information

For Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 1,758,953	14.8%	\$7,389,629
6/30/14	1,431,987	20.4%	5,890,257
6/30/13	1,123,535	27.0 %	4,750,002

4. 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.

5. Actuarial Methods and Assumptions

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

In the December 31, 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.

(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-

TOWN OF APEX, NORTH CAROLINA
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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, 2015, 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. The Town of Apex will have a three year reprieve because it has been contributing to the LGERS Death Benefit Plan for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

Note 6 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

As described in Note 5a the Town reported deferred outflows of resources of \$1,468,206 and deferred inflows of resources of \$5,519,695 related to pensions.

Prepaid taxes are reported as deferred inflows of resources by the General Fund and governmental activities and various receivables are reported as deferred inflows of resources by the General Fund at year-end:

	Unavailable	Unearned Revenue	Total
Prepaid taxes not yet earned	\$ -	\$ 20,651	\$ 20,651
Taxes receivable	106,570	-	106,570
Vehicle licenses receivable	40,123	-	40,123
Sanitation receivables	1,362	-	1,362
Total	\$ 148,055	\$ 20,651	\$ 168,706

Note 7 – RISK MANAGEMENT

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

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

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

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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, 2015, a reserve of \$332,150 for health and \$31,757 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, 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	303,281	32,177	335,458
Claims reported and changes in estimates for FY 2015	2,821,646	294,167	3,115,813
Claims paid in FY 2015	<u>(2,792,777)</u>	<u>(294,587)</u>	<u>(3,087,364)</u>
Balance-June 30, 2015	<u>\$ 332,150</u>	<u>\$ 31,757</u>	<u>\$ 363,907</u>

Note 8 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2015, 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
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Bonds payable at June 30, 2015 are comprised of the following individual issues:

Serviced by the General Fund:

\$2,500,000 June 24, 2008 Parks and Recreational Facility serial bonds, due in annual installments of \$125,000 through June 1, 2028, interest at varying rates from 3.0-4.3% \$ 1,625,000

\$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% 755,000

\$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% 4,550,000

\$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% 4,620,000

\$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% 5,400,000

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% 33,630,000

\$ 50,580,000

At June 30, 2015, the Town of Apex had a legal debt margin of \$373,892,163.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2015 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	1,260,000	361,275	915,000	1,106,875
2021-2025	6,220,000	1,226,819	5,585,000	5,016,075
2026-2030	3,175,000	434,600	7,760,000	3,835,825
2031-2035	900,000	54,000	10,815,000	2,319,675
2036-2037	-	-	5,480,000	284,275
Total	<u>\$ 16,950,000</u>	<u>\$ 3,929,077</u>	<u>\$ 33,630,000</u>	<u>\$ 17,149,625</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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(b) Installment Notes

The Town's installment notes outstanding at June 30, 2015 are as follows:

Serviced by the General Fund:

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

\$6,424 installment obligation to the Bank of North Carolina due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 secured by land and buildings. 5,897,000

Serviced by the Water and Sewer Fund:

\$1,159,825 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$57,991 through 2027 plus interest of 2.205%, secured by land. 692,421

\$8,045,000 installment obligation to the Bank of America for Water and Sewer Improvements due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 plus interest of 2.7%, secured by water improvements. 7,559,000

\$355,059 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$17,753 through 2031. plus interest of 2.205%, secured by land. 284,048
\$ 16,658,069

Annual debt service requirements to maturity for installment notes at June 30, 2015 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 1,232,080	\$ 224,097	\$ 568,455	\$ 225,624
2017	1,094,500	205,486	581,455	210,650
2018	1,087,500	168,038	595,455	195,323
2019	774,520	130,959	609,455	179,620
2020	472,000	106,218	624,455	163,538
2021-2025	2,232,000	344,466	3,350,274	562,370
2026-2030	1,230,000	65,880	2,188,167	120,227
2031	-	-	17,753	391
Total	\$ 8,122,600	\$ 1,245,144	\$ 8,535,469	\$ 1,657,743

(c) Revolving Fund Loans

The Town has 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

The Town's promissory notes outstanding at June 30, 2015 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%.	\$ 15,750,000
\$805,000 promissory note issued for water system improvements with current amounts borrowed totaling \$665,276. Future revenues of the water system collateralize the note due in annual installments of \$161,000 beginning May 1, 2014 through May 1, 2018 with no interest.	343,276
Total	\$ 16,093,276

Annual debt service requirements to maturity for promissory notes at June 30, 2015 are as follow:

Year Ending June 30:	Principal	Interest
2016	\$ 989,426	\$ 349,650
2017	989,425	330,225
2018	989,425	310,800
2019	875,000	291,375
2020	875,000	271,295
2021-2025	4,375,000	1,068,375
2026-2030	4,375,000	582,750
2031-2035	2,625,000	116,550
Total	\$ 16,093,276	\$ 3,321,020

As of June 30, 2015, \$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 \$1,197,000 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%.

\$ 4,836,000

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.

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The debt service requirement coverage ratio calculation for the year ended June 30, 2015 is as follows:

Current revenues	\$ 32,659,573
Current expenses	<u>29,491,665</u>
Subtotal	3,167,908
15% of Unrestricted Net Assets, 6-30-14	<u>1,271,200</u>
Income available for debt service	<u>\$ 4,439,108</u>
Debt service, principal and interest paid (Revenue Bond only)	<u>\$ 639,281</u>
Debt Service Coverage Ratio	<u>694%</u>

Per rate covenants, current expenses do not include depreciation expense of \$1,852,233, debt service interest of \$189,243 and the increase in other post-employment benefits of \$141,186.

The Town has pledged future electric customer revenues, net of specified operating expenses, to repay \$7,300,000 in electric system revenue bonds issued in May 2009. Proceeds from the bonds provided financing for electrical system improvements. The bonds are payable solely from electric customer net revenues and are payable through 2024. The total principal and interest remaining to be paid on the bonds is \$5,752,835. Principal and interest paid for the current year and the income available for debt service was \$639,281 and \$4,439,108, respectively.

Annual debt service requirements to maturity for the revenue bond at June 30, 2015 are as follows:

Year Ending June 30:	Principal	Interest
2016	\$ 464,000	\$ 175,063
2017	481,000	158,266
2018	498,000	140,854
2019	516,000	122,827
2020	535,000	104,147
2021-2024	<u>2,342,000</u>	<u>215,678</u>
Total	<u>\$ 4,836,000</u>	<u>\$ 916,835</u>

TOWN OF APEX, NORTH CAROLINA
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June 30, 2015

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance July 1, 2015	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 18,385,000	\$ -	\$ 1,435,000	\$ 16,950,000	\$ 1,435,000
Plus deferred premium	617,695	-	50,868	566,827	50,868
Total bonds payable	19,002,695	-	1,485,868	17,516,827	1,485,868
Installment notes	6,474,495	8,649,600	7,001,495	8,122,600	1,232,080
Compensated absences	1,069,594	729,878	647,382	1,152,090	697,314
Net pension liability (LGERS)	3,392,652	-	3,392,652	-	-
Other post employment benefit	3,753,659	1,447,121	221,006	4,979,774	-
Governmental activity long-term liabilities	<u>\$ 33,693,095</u>	<u>\$ 10,826,599</u>	<u>\$ 12,748,403</u>	<u>\$ 31,771,291</u>	<u>\$ 3,415,262</u>
Business-type activities:					
General obligation bonds	\$ 34,315,000	\$ -	\$ 685,000	\$ 33,630,000	\$ 685,000
Plus deferred premium	1,704,342	-	74,237	1,630,105	74,236
Total bonds payable	36,019,342	-	759,237	35,260,105	759,236
Installment notes	19,195,913	8,045,000	1,597,444	25,643,469	1,557,871
Less: Undistributed revolving loan funds	(1,014,724)	-	-	(1,014,724)	-
Total installment notes payable	18,181,189	8,045,000	1,597,444	24,628,745	1,557,871
Revenue bond	5,284,000	-	448,000	4,836,000	464,000
Compensated absences	329,041	204,519	175,909	357,651	191,329
Net pension liability (LGERS)	1,104,636	-	1,104,636	-	-
Other post employment benefit	2,136,597	311,833	38,574	2,409,856	-
Business-type activity long-term liabilities	<u>\$ 63,054,805</u>	<u>\$ 8,561,352</u>	<u>\$ 4,123,800</u>	<u>\$ 67,492,357</u>	<u>\$ 2,972,436</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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

Note 10 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	\$ 197,870,139	\$ 212,545,498
Less: Long-term debt	(25,639,427)	(64,724,850)
Net investment in capital assets	<u>\$ 172,230,712</u>	<u>\$ 147,820,648</u>

TOWN OF APEX, NORTH CAROLINA
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June 30, 2015

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	\$	21,721,211
Less:		
Inventories		(75,254)
Prepaid items		(67,061)
Stabilization by State Statute		(5,194,375)
Restricted for public safety		(182,442)
Assigned for subsequent year's expenditures		(1,012,000)
Remaining fund balance	\$	15,190,079

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	\$	894,154
Encumbrances – Electric Fund		39,700
Encumbrances – Water and Sewer Fund		1,032,452

Note 12 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2015, consist of the following:

Due to General Fund by the Internal Service Fund	\$	508,641
Due to Electric Fund by the Internal Service Fund		81,383
Due to Water and Sewer Fund by the Internal Service Fund		88,164
Due to General Fund by the Electric Fund		9,529
Due to General Fund by the Water and Sewer Fund		20,950

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

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
General Fund	Street Improvements Project Fund	\$ 605,300	Fund improvements
General Fund	Recreation Capital Project Fund	400,000	Fund improvements
Fire Capital Reserve Fund	General Capital Projects Fund	50,000	Fund improvements
Recreation Capital Project Fund- Capital Reserve	Recreation Capital Project Fund	1,617,136	Fund improvements
Transportation Capital Project Fund- Capital Reserve	Street Improvements Project Fund	447,564	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Fund	1,200,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	147,644	Fund improvements

TOWN OF APEX, NORTH CAROLINA
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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, 2015 were \$23,321,438.

Note 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Note 15 – JOINTLY OWNED FACILITIES

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

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

The Towns of Apex and Cary are jointly constructing a wastewater treatment plant. The Town of Apex will own approximately from 29-31% considering the entire plant including outfall facilities. The plant has a total budgeted cost of \$300,000,000 and the Town of Apex’s portion of this is \$82,656,483. As of June 30, 2015, the plant was in operations and final anticipated completion date in fiscal year 2016. At June 30, 2015, the Town’s portion of total construction costs to date were \$80,159,313 as well as remaining construction commitments of \$2,497,170.

Note 16 – SUBSEQUENT EVENTS

On July 31, 2015, North Carolina Eastern Power Municipal Agency (“NCMPA”) completed the sale of substantially all of its electric generating assets to Duke Energy (“Duke”) in an approximately \$1.22 billion transaction. The proceeds of the sale were used, together with other funds available to Eastern Power Agency, including the proceeds of \$421,430,000 of new revenue bonds issued by Eastern Power Agency, to defease Eastern Power Agency’s then outstanding revenue bonds. In connection with this transaction, Eastern Power Agency entered into a series of contractual arrangements with its member cities and towns and Duke. Under these

TOWN OF APEX, NORTH CAROLINA
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arrangements, Eastern Power Agency will continue to supply the wholesale power requirements of its members, and will purchase power from Duke to meet those requirements. The members will make payments to Eastern Power Agency for the power they purchase and to cover their respective shares of the debt service on Eastern Power Agency's new revenue bonds.

On September 16, 2015 the Town entered into an installment financing agreement for \$4.5 million with the Bank of North Carolina to finance the construction of a public safety station to be located at the intersection of Kelly Road and Apex Barbeque Road. The total costs of the project is estimated to be \$5.8 million, the remainder of the funding will come from the Town's General Fund. The loan is to be repaid over a 15 year period. Principal payments begin in 2017 and range from \$125,000 to 4340,000. The agreement bears an interest rate of 2.72% and is secured by a security interest in the property and the project to be constructed.

At its October 6, 2015 meeting the Local Government Commission approved the Town's application to issue \$15 million of general obligation bonds for street and sidewalk improvements. A referendum on the bonds will be held November 3, 2015.

Note 17-CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT AND PRIOR PERIOD ADJUSTMENT

The Town implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$2,351,245 and \$765,558, respectively.

A prior period adjustment was made in the General Fund and the governmental activities in the amount of \$269,270 thereby reducing fund balance by that amount to properly recognize an accounts payable that was for prior years.

**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>
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%
2015	117,274	102.3%

Notes to the Required Schedules:

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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)
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	13.18%
2014	611,384	1,122,996	511,612	54.44%	3,878,152	13.19%

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

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

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%
2014	-	13,577,385	13,577,385	0.00	20,583,626	65.96%

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

**TOWN OF APEX, NORTH CAROLINA
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
EMPLOYER'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

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

**TOWN OF APEX, NORTH CAROLINA
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS***

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

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

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

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, 2015

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

Schedule 1

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 18,815,000	\$ 19,482,708	\$ 667,708	\$ 18,869,293
Prior years	120,000	57,009	(62,991)	123,158
Penalties and interest	35,000	38,025	3,025	48,842
Total	<u>18,970,000</u>	<u>19,577,742</u>	<u>607,742</u>	<u>19,041,293</u>
Other taxes and licenses				
Local option sales tax	7,550,000	7,959,043	409,043	7,218,751
Motor vehicle licenses	170,000	176,038	6,038	210,725
Rental vehicles tax	45,000	51,335	6,335	46,941
Total	<u>7,765,000</u>	<u>8,186,416</u>	<u>421,416</u>	<u>7,476,417</u>
Unrestricted intergovernmental revenues				
Utility franchise tax	1,840,000	2,471,056	631,056	1,839,512
Beer and wine tax	180,000	195,187	15,187	173,957
Solid waste rebates - Wake County	135,000	191,851	56,851	161,456
Payments in lieu of taxes	1,000	654	(346)	1,281
Total	<u>2,156,000</u>	<u>2,858,748</u>	<u>702,748</u>	<u>2,176,206</u>
Restricted intergovernmental				
Powell Bill	1,050,000	1,059,055	9,055	1,031,366
EMS allocation - Wake County	1,275,239	1,124,530	(150,709)	1,038,646
Fire district allocation - Wake County	698,851	732,942	34,091	722,705
Federal grant	111,449	89,603	(21,846)	83,241
Wake County grant	37,838	40,991	3,153	106,239
Total	<u>3,173,377</u>	<u>3,047,121</u>	<u>(126,256)</u>	<u>2,982,197</u>
Permits and fees				
Building permits and inspection fees	1,458,500	2,304,191	845,691	1,634,360
Subdivision approval fee	80,000	123,392	43,392	100,174
Application fees	88,000	124,660	36,660	100,634
Fines and penalties	4,000	3,075	(925)	2,000
Total	<u>1,630,500</u>	<u>2,555,318</u>	<u>924,818</u>	<u>1,837,168</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, 2015

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

Schedule 1

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Sales and services				
Refuse collection fees	\$ 2,437,000	\$ 2,425,261	\$ (11,739)	\$ 2,313,064
Emergency services	12,000	11,108	(892)	13,875
Recreation fees	650,000	864,102	214,102	709,797
Recycling revenue	385,000	392,346	7,346	369,847
Planning documents	2,000	1,511	(489)	3,105
Total	<u>3,486,000</u>	<u>3,694,328</u>	<u>208,328</u>	<u>3,409,688</u>
Investment earnings	<u>30,090</u>	<u>18,668</u>	<u>(11,422)</u>	<u>19,375</u>
Miscellaneous				
ABC revenue	150,000	166,468	16,468	141,622
Sale of fixed assets	30,000	16,607	(13,393)	6,318
Miscellaneous	49,000	125,592	76,592	81,383
Donations	10,000	19,410	9,410	34,063
Developer Reimbursements	-	-	-	195,000
Insurance Refund	39,555	39,555	-	11,143
Court costs and officer fees	20,000	16,105	(3,895)	20,894
Total	<u>298,555</u>	<u>383,737</u>	<u>85,182</u>	<u>490,423</u>
Total revenues	<u>37,509,522</u>	<u>40,322,078</u>	<u>2,812,556</u>	<u>37,432,767</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	53,618	54,888	(1,270)	53,517
Operations	102,400	93,041	9,359	147,255
Total	<u>156,018</u>	<u>147,929</u>	<u>8,089</u>	<u>200,772</u>
Administration				
Personnel services	1,461,957	1,422,300	39,657	1,311,606
Operations	1,578,238	1,355,722	222,516	1,154,770
Capital outlay	-	49,940	(49,940)	83,377
Total	<u>3,040,195</u>	<u>2,827,962</u>	<u>212,233</u>	<u>2,549,753</u>
Finance				
Personnel services	341,858	284,759	57,099	310,451
Operations	444,400	446,656	(2,256)	506,099
Capital outlay	-	-	-	54,709
Total	<u>786,258</u>	<u>731,415</u>	<u>54,843</u>	<u>871,259</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, 2015

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

Schedule 1

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Facility Services				
Personnel services	\$ 225,778	\$ 223,011	\$ 2,767	\$ 212,668
Operations	475,892	484,095	(8,203)	433,022
Capital outlay	643,894	544,678	99,216	444,391
Total	1,345,564	1,251,784	93,780	1,090,081
Planning				
Personnel services	1,310,451	1,280,166	30,285	1,149,453
Operations	171,161	125,233	45,928	112,887
Total	1,481,612	1,405,399	76,213	1,262,340
Construction Management				
Personnel services	2,268,538	2,238,185	30,353	2,029,313
Operations	218,268	212,997	5,271	190,760
Capital outlay	27,000	26,220	780	67,758
Total	2,513,806	2,477,402	36,404	2,287,831
Special Appropriations				
Wake County Programs	20,000	20,000	-	-
Fines and forfeitures	269,271	-	269,271	-
Downtown Merchants	10,000	10,000	-	24,578
Total	299,271	30,000	269,271	24,578
Total general government	9,622,724	8,871,891	750,833	8,286,614
Public safety				
Police				
Personnel services	6,769,306	6,547,445	221,861	6,148,035
Operations	1,501,869	1,323,976	177,893	1,038,144
Capital outlay	891,891	830,382	61,509	570,854
Total	9,163,066	8,701,803	461,263	7,757,033
Fire and Rescue				
Personnel services	4,720,886	4,643,067	77,819	4,430,304
Operations	600,820	560,378	40,442	620,429
HAZMAT program	17,774	17,773	1	17,346
Capital outlay	458,058	474,979	(16,921)	416,856
Total	5,797,538	5,696,197	101,341	5,484,935
EMS				
Personnel services	1,224,659	1,217,681	6,978	1,049,492
Operations	169,644	176,220	(6,576)	158,332
Capital outlay	75,000	44,967	30,033	-
Total	1,469,303	1,438,868	30,435	1,207,824
Total public safety	16,429,907	15,836,868	593,039	14,449,792

**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, 2015**

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

Schedule 1

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Public Works				
Administration				
Personnel services	\$ 181,363	\$ 175,876	\$ 5,487	\$ 159,679
Operations	144,862	141,147	3,715	66,984
Capital outlay	-	-	-	20,516
Total	<u>326,225</u>	<u>317,023</u>	<u>9,202</u>	<u>247,179</u>
Streets				
Personnel services	586,652	533,965	52,687	486,343
Operations	2,803,473	2,376,110	427,363	649,308
Capital outlay	304,800	190,238	114,562	291,236
Total	<u>3,694,925</u>	<u>3,100,313</u>	<u>594,612</u>	<u>1,426,887</u>
Fleet Services				
Personnel services	260,043	255,117	4,926	222,122
Operations	81,050	65,453	15,597	85,506
Capital outlay	10,000	-	10,000	19,276
Total	<u>351,093</u>	<u>320,570</u>	<u>30,523</u>	<u>326,904</u>
Cemetery				
Operations	30,258	29,847	411	22,001
Total public works	<u>4,402,501</u>	<u>3,767,753</u>	<u>634,748</u>	<u>2,022,971</u>
Environmental Protection				
Sanitation				
Personnel services	1,031,888	1,008,777	23,111	890,607
Operations	2,697,200	2,671,367	25,833	2,535,837
Capital outlay	165,500	150,118	15,382	270,641
Total environmental protection	<u>3,894,588</u>	<u>3,830,262</u>	<u>64,326</u>	<u>3,697,085</u>
Cultural and Recreational				
Personnel services	1,927,238	1,880,654	46,584	1,741,521
Operations	1,708,161	1,674,172	33,989	1,581,226
Capital outlay	304,000	327,984	(23,984)	713,532
Total cultural and recreation	<u>3,939,399</u>	<u>3,882,810</u>	<u>56,589</u>	<u>4,036,279</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, 2015

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

Schedule 1

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Debt service				
Principal	\$ 2,134,495	\$ 2,134,495	\$ -	\$ 2,133,651
Interest	749,298	732,094	17,204	815,664
Total debt service	2,883,793	2,866,589	17,204	2,949,315
 Total expenditures	41,172,912	39,056,173	2,116,739	35,442,056
 Revenues over (under) expenditures	(3,663,390)	1,265,905	4,929,295	1,990,711
 OTHER FINANCING SOURCES (USES)				
Operating transfers out				
Street Project Fund	(605,300)	(605,300)	-	-
Recreation Project Fund	(400,000)	(400,000)	-	-
Refunding bonds issued	6,424,000	6,424,000	-	-
Payment to refund debt	(6,424,000)	(6,421,025)	2,975	-
Contingency	(105,229)	-	105,229	-
Fund balance appropriated	4,773,919	-	(4,773,919)	-
Total other financing sources (uses)	3,663,390	(1,002,325)	(4,665,715)	-
 Net change in fund balance	\$ -	263,580	\$ 263,580	1,990,711
 FUND BALANCE - Beginning of Year (as previously stated)		21,622,573		19,631,862
Prior period adjustment		(269,270)		-
FUND BALANCE - Beginning of Year (as restated)		21,353,303		19,631,862
 FUND BALANCE - End of Year		\$ 21,616,883		\$ 21,622,573

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, 2015

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

Schedule 2

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 200	\$ 108	\$ (92)	\$ 127
EXPENDITURES	-	-	-	-
Revenues over (under) expenditures	200	108	(92)	127
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
General Capital Projects	(50,000)	(50,000)	-	
Reserved for future expenditures	(200)	-	200	-
Fund balance appropriated	50,000	-	(50,000)	-
Net change in fund balance	<u>\$ -</u>	<u>(49,892)</u>	<u>\$ (49,892)</u>	127
FUND BALANCE - Beginning of year		<u>154,220</u>		<u>154,093</u>
FUND BALANCE - End of year		<u>\$ 104,328</u>		<u>\$ 154,220</u>

**TOWN OF APEX, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

Statement 3

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	Perry Library	Street Improvements Project	Recreation Projects	Recreation Reserve
ASSETS				
Cash and cash equivalents	\$ 115,222	\$ 2,057,234	\$ 967,567	\$ 2,327,686
Restricted cash	-	-	-	-
Grants receivable	-	360,277	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 115,222</u>	<u>\$ 2,417,511</u>	<u>\$ 967,567</u>	<u>\$ 2,327,686</u>
LIABILITIES				
Accounts payable	\$ -	\$ 295,950	\$ 95,384	\$ -
Retainage	-	-	6,597	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>295,950</u>	<u>101,981</u>	<u>-</u>
FUND BALANCES				
Restricted	-	-	-	-
Committed	115,222	2,121,561	865,586	-
Assigned	-	-	-	2,327,686
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>115,222</u>	<u>2,121,561</u>	<u>865,586</u>	<u>2,327,686</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 115,222</u>	<u>\$ 2,417,511</u>	<u>\$ 967,567</u>	<u>\$ 2,327,686</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 607,307	\$ 25,624	\$ 5,985,418	\$ 382,840	\$ 6,483,480
-	-	-	713,118	713,118
-	-	360,277	-	360,277
<u>\$ 607,307</u>	<u>\$ 25,624</u>	<u>\$ 6,345,695</u>	<u>\$ 1,095,958</u>	<u>\$ 7,556,875</u>
\$ -	\$ 2,010	\$ 393,344	\$ -	\$ 393,344
-	-	6,597	-	6,597
-	2,010	399,941	-	399,941
-	-	-	713,118	713,118
-	23,614	3,010,761	382,840	3,508,823
607,307	-	2,934,993	-	2,934,993
<u>607,307</u>	<u>23,614</u>	<u>5,945,754</u>	<u>1,095,958</u>	<u>7,156,934</u>
<u>\$ 607,307</u>	<u>\$ 25,624</u>	<u>\$ 6,345,695</u>	<u>\$ 1,095,958</u>	<u>\$ 7,556,875</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, 2015

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	\$ -	\$ -	\$ -	\$ 1,460,160
Transportation impact fees	-	-	-	-
Payments in lieu of streets	-	237,053	-	-
Intergovernmental	-	1,294,117	-	-
Donations	-	-	28,000	-
Miscellaneous	-	770	-	-
Sales and services	-	-	-	-
Investment earnings	92	1,091	783	1,776
Total revenues	<u>92</u>	<u>1,533,031</u>	<u>28,783</u>	<u>1,461,936</u>
EXPENDITURES				
Capital outlay-improvements	-	1,738,413	4,314,126	-
Revenues over (under) expenditures	<u>92</u>	<u>(205,382)</u>	<u>(4,285,343)</u>	<u>1,461,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,052,864	2,017,136	-
Transfers out	-	-	-	(1,617,136)
Issuance of debt	-	-	2,225,600	-
Total other financing sources (uses)	<u>-</u>	<u>1,052,864</u>	<u>4,242,736</u>	<u>(1,617,136)</u>
Net change in fund balances	92	847,482	(42,607)	(155,200)
FUND BALANCES - Beginning of year	<u>115,130</u>	<u>1,274,079</u>	<u>908,193</u>	<u>2,482,886</u>
FUND BALANCES - End of year	<u>\$ 115,222</u>	<u>\$ 2,121,561</u>	<u>\$ 865,586</u>	<u>\$ 2,327,686</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ -	\$ -	\$ 1,460,160	\$ -	\$ 1,460,160
399,495	-	399,495	-	399,495
-	-	237,053	-	237,053
-	-	1,294,117	-	1,294,117
-	-	28,000	-	28,000
-	-	770	-	770
-	-	-	(3,650)	(3,650)
602	-	4,252	884	5,228
<u>400,097</u>	<u>-</u>	<u>3,423,847</u>	<u>(2,766)</u>	<u>3,421,173</u>
-	26,386	6,078,925	-	6,078,925
<u>400,097</u>	<u>(26,386)</u>	<u>(2,655,078)</u>	<u>(2,766)</u>	<u>(2,657,752)</u>
-	50,000	3,120,000	-	3,120,000
(447,564)	-	(2,064,700)	-	(2,064,700)
-	-	2,225,600	-	2,225,600
<u>(447,564)</u>	<u>50,000</u>	<u>3,280,900</u>	<u>-</u>	<u>3,280,900</u>
(47,467)	23,614	625,822	(2,766)	623,148
<u>654,774</u>	<u>-</u>	<u>5,319,932</u>	<u>1,098,724</u>	<u>6,533,786</u>
<u>\$ 607,307</u>	<u>\$ 23,614</u>	<u>\$ 5,945,754</u>	<u>\$ 1,095,958</u>	<u>\$ 7,156,934</u>

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

For the year ended June 30, 2015

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

Schedule 5

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 100	\$ 92	\$ (8)	\$ 95
EXPENDITURES				
Building maintenance and repair	100	-	100	-
Net change in fund balance	<u>\$ -</u>	92	<u>\$ (92)</u>	95
FUND BALANCE - Beginning of year		<u>115,130</u>		<u>115,035</u>
FUND BALANCE - End of year		<u>\$ 115,222</u>		<u>\$ 115,130</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, 2015

Schedule 6

	Project Author - ization	Actual		
		Prior Year	Current Year	Total to Date
REVENUES				
Developer reimbursements	\$ -	\$ 90,378	\$ 770	\$ 91,148
Payments in lieu of streets	-	231,497	237,053	468,550
Intergovernmental	3,188,600	396,241	1,294,117	1,690,358
Investment earnings	-	151,941	1,091	153,032
Sub-total revenues	3,188,600	870,057	1,533,031	2,403,088
Less closed projects	490,400	-	447,298	447,298
Total revenues	2,698,200	870,057	1,085,733	1,955,790
EXPENDITURES				
Capital outlay-improvements	4,954,564	586,923	1,738,413	2,325,336
Less closed projects	783,917	222,238	551,742	773,980
Total expenditures	4,170,647	364,685	1,186,671	1,551,356
Revenues over (under) expenditures	(1,472,447)	505,372	(100,938)	404,434
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	663,800	74,394	605,300	679,694
Transportation Capital Reserve	871,164	649,854	447,564	1,097,418
Electric Fund	50,000	50,000	-	50,000
Water and Sewer Reserve	350,000	350,000	-	350,000
Electric Fund	(50,000)	(50,000)	-	(50,000)
Water and Sewer Reserve	(350,000)	(350,000)	-	(350,000)
Bonds issued	169,795	205,492	-	205,492
Bond premium	61,205	61,205	-	61,205
Sub-total other financing sources (uses)	1,765,964	990,945	1,052,864	2,043,809
Less closed projects	293,517	222,238	104,444	326,682
Total other financing sources (uses)	1,472,447	768,707	948,420	1,717,127
Net change in fund balance	\$ -	\$ 1,274,079	\$ 847,482	\$ 2,121,561

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2015

Schedule 7

	Project Author - ization	Actual		
		Prior Year	Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 790	\$ 783	\$ 1,573
Donations	28,000	-	28,000	28,000
Miscellaneous	89,518	94,518	-	94,518
Total revenues	<u>117,518</u>	<u>95,308</u>	<u>28,783</u>	<u>124,091</u>
EXPENDITURES				
Capital outlay-improvements	10,264,322	4,904,420	4,314,126	9,218,546
Bond issuance costs	143,674	138,551	-	138,551
Sub-total expenditures	<u>10,407,996</u>	<u>5,042,971</u>	<u>4,314,126</u>	<u>9,357,097</u>
Less closed projects	<u>5,351,506</u>	<u>5,031,720</u>	<u>104,354</u>	<u>5,136,074</u>
Total expenditures	<u>5,056,490</u>	<u>11,251</u>	<u>4,209,772</u>	<u>4,221,023</u>
Revenues over (under) expenditures	<u>(4,938,972)</u>	<u>84,057</u>	<u>(4,180,989)</u>	<u>(4,096,932)</u>
OTHER FINANCING SOURCES				
Transfers in				
Recreation reserve	2,274,136	657,000	1,617,136	2,274,136
General fund	400,000	-	400,000	400,000
Bonds issued	5,124,000	4,932,114	-	4,932,114
Issuance of debt	2,225,600	-	2,225,600	2,225,600
Premium on bonds issued	266,742	266,742	-	266,742
Sub-total other financing sources	<u>10,290,478</u>	<u>5,855,856</u>	<u>4,242,736</u>	<u>10,098,592</u>
Less closed projects	<u>5,351,506</u>	<u>5,136,074</u>	<u>-</u>	<u>5,136,074</u>
Total other financing sources	<u>4,938,972</u>	<u>719,782</u>	<u>4,242,736</u>	<u>4,962,518</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>803,839</u>	\$ <u>61,747</u>	\$ <u>865,586</u>

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

For the year ended June 30, 2015

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

Schedule 8

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Subdivision recreation fees	\$ 800,000	\$ 1,460,160	\$ 660,160	\$ 842,896
Investment earnings	2,000	1,776	(224)	2,223
Total revenues	<u>802,000</u>	<u>1,461,936</u>	<u>659,936</u>	<u>845,119</u>
EXPENDITURES				
Reserved for future expenditures	<u>502,000</u>	-	(502,000)	-
Revenues over expenditures	<u>300,000</u>	<u>1,461,936</u>	<u>1,161,936</u>	<u>845,119</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Recreation Project	(1,617,136)	(1,617,136)	-	(657,000)
Fund Balance Appropriated	<u>1,317,136</u>	<u>-</u>	<u>1,317,136</u>	<u>-</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(1,617,136)</u>	<u>1,317,136</u>	<u>(657,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(155,200)</u>	<u>\$ (155,200)</u>	188,119
FUND BALANCE - Beginning of year		<u>2,482,886</u>		<u>2,294,767</u>
FUND BALANCE - End of year		<u>\$ 2,327,686</u>		<u>\$ 2,482,886</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, 2015

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

Schedule 9

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES				
Transportation impact fees	\$ 260,000	\$ 399,495	\$ 139,495	\$ 200,348
Investment earnings	500	602	102	473
Total revenues	<u>260,500</u>	<u>400,097</u>	<u>139,597</u>	<u>200,821</u>
EXPENDITURES				
Reserved for future expenditures	<u>26,500</u>	<u>-</u>	<u>(26,500)</u>	<u>-</u>
Revenues over (under) expenditures	<u>234,000</u>	<u>400,097</u>	<u>166,097</u>	<u>200,821</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Street Project Fund	(447,564)	(447,564)	-	-
Fund balance appropriated	<u>213,564</u>	<u>-</u>	<u>(213,564)</u>	<u>-</u>
Total other financing sources (uses)	<u>(234,000)</u>	<u>(447,564)</u>	<u>(213,564)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(47,467)</u>	<u>\$ (47,467)</u>	<u>200,821</u>
FUND BALANCE - Beginning of year		<u>654,774</u>		<u>453,953</u>
FUND BALANCE - End of year		<u>\$ 607,307</u>		<u>\$ 654,774</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
GENERAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2015

Schedule 10

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay-improvements	50,000	-	26,386	26,386
Revenues under expenditures	(50,000)	-	(26,386)	(26,386)
OTHER FINANCING SOURCES				
Transfers in				
Fire reserve	50,000	-	50,000	50,000
Net change in fund balance	\$ -	\$ -	\$ 23,614	\$ 23,614

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

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

Schedule 11

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 1,000	\$ 884	\$ (116)	\$ 905
Sale of plots	-	(3,650)	(3,650)	750
Total revenues	1,000	(2,766)	(3,766)	1,655
EXPENDITURES				
Reserved for future expenditures	1,000	-	1,000	-
Net change in fund balance	\$ -	(2,766)	\$ (2,766)	1,655
FUND BALANCE - Beginning of year		1,098,724		1,097,069
FUND BALANCE - End of year		\$ 1,095,958		\$ 1,098,724

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, 2015

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

Schedule 12

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 29,800,000	\$ 29,717,618	\$ (82,382)	\$ 29,053,632
Reconnection fees	34,000	34,627	627	34,734
Penalties	60,000	65,764	5,764	61,438
Total	<u>29,894,000</u>	<u>29,818,009</u>	<u>(75,991)</u>	<u>29,149,804</u>
Other operating revenues				
Sales tax revenues	2,086,000	2,074,791	(11,209)	1,004,380
Underground charges	450,000	516,897	66,897	607,141
Pole rental	6,473	4,980	(1,493)	6,515
State grants	-	8,642	8,642	48,180
Miscellaneous	30,000	150,445	120,445	117,340
Town of Cary reimbursement	-	-	-	595,256
Electric meters	70,000	80,646	10,646	70,209
Total other operating revenues	<u>2,642,473</u>	<u>2,836,401</u>	<u>193,928</u>	<u>2,449,021</u>
Total operating revenues	32,536,473	32,654,410	117,937	31,598,825
Nonoperating revenues:				
Investment earnings	10,000	4,852	(5,148)	4,532
Total revenues	<u>32,546,473</u>	<u>32,659,262</u>	<u>112,789</u>	<u>31,603,357</u>
EXPENDITURES				
Personnel services	3,410,782	3,227,974	182,808	3,234,923
Operations and maintenance	1,166,750	1,044,821	121,929	1,083,467
Purchases of electricity	23,400,000	23,321,438	78,562	22,619,530
Electric sales tax	2,086,000	2,036,233	49,767	680,161
Total	<u>30,063,532</u>	<u>29,630,466</u>	<u>433,066</u>	<u>27,618,081</u>
Debt service				
Interest	191,281	191,281	-	206,919
Principal retirement	448,000	448,000	-	432,000
Total debt service	<u>639,281</u>	<u>639,281</u>	<u>-</u>	<u>638,919</u>
Capital outlay	2,104,863	2,389,818	(284,955)	1,720,807
Total expenditures	<u>32,807,676</u>	<u>32,659,565</u>	<u>148,111</u>	<u>29,977,807</u>
Revenues over (under) expenses	<u>(261,203)</u>	<u>(303)</u>	<u>260,900</u>	<u>1,625,550</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, 2015

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

Schedule 12

	<u>2015</u>		Variance Positive (Negative)	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Electric Substation Project	\$ -	\$ -	\$ -	\$ (108,363)
Street Project	-	-	-	50,000
Appropriated fund balance	<u>261,203</u>	<u>-</u>	<u>(261,203)</u>	<u>-</u>
Total other financing sources (uses)	<u>261,203</u>	<u>-</u>	<u>(261,203)</u>	<u>(58,363)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(303)</u>	<u>\$ (303)</u>	<u>1,567,187</u>

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

Reconciling items:

Capital outlay	2,389,818	1,720,807
Depreciation	(1,852,233)	(1,591,637)
Intrafund transfers	-	108,363
Decrease in accrued interest	2,038	1,540
Pension expense	(15,724)	-
Deferred outflows of resources for contributions made to pension plan in current fiscal year	168,513	-
Payment of debt principal	448,000	432,000
Increase in accrued vacation and compensatory pay	(13,988)	(2,939)
Increase in accrued other post-employment benefits	(141,186)	(112,303)
Electric substation project		
Interest income	311	416
Transfer from Water/Sewer Fund	-	108,363
Net income (loss)	<u>\$ 985,246</u>	<u>\$ 2,231,797</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, 2015

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

Schedule 13

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 12,135,000	\$ 12,565,553	\$ 430,553	\$ 12,202,839
Other operating revenues				
Water and sewer taps	125,000	193,080	68,080	131,120
Water tank rentals	110,000	145,040	35,040	132,888
Miscellaneous	34,374	45,096	10,722	49,809
Total other operating revenues	<u>269,374</u>	<u>383,216</u>	<u>113,842</u>	<u>313,817</u>
Total operating revenues	<u>12,404,374</u>	<u>12,948,769</u>	<u>544,395</u>	<u>12,516,656</u>
Nonoperating revenues:				
Investment earnings	15,000	9,123	(5,877)	9,042
Sale of capital assets	-	2,315	2,315	44,197
Total nonoperating revenues	<u>15,000</u>	<u>11,438</u>	<u>(3,562)</u>	<u>53,239</u>
Total revenues	<u>12,419,374</u>	<u>12,960,207</u>	<u>540,833</u>	<u>12,569,895</u>
EXPENDITURES				
Sewer Treatment				
Personnel services	864,049	808,122	55,927	786,292
Operations and maintenance	1,055,438	1,041,619	13,819	1,381,971
Contracted treatment services	1,085,000	1,072,256	12,744	328,851
Total	<u>3,004,487</u>	<u>2,921,997</u>	<u>82,490</u>	<u>2,497,114</u>
Sewer Maintenance				
Personnel services	1,678,450	1,680,469	(2,019)	1,536,563
Operations and maintenance	1,334,734	801,789	532,945	653,828
Total	<u>3,013,184</u>	<u>2,482,258</u>	<u>530,926</u>	<u>2,190,391</u>
Water Treatment				
Operations and maintenance	423,714	432,028	(8,314)	373,477
Water purchases	1,250,000	1,328,199	(78,199)	1,280,337
Total	<u>1,673,714</u>	<u>1,760,227</u>	<u>(86,513)</u>	<u>1,653,814</u>
Water Maintenance				
Personnel services	1,576,175	1,378,772	197,403	1,442,211
Operations and maintenance	624,387	475,498	148,889	544,965
Total	<u>2,200,562</u>	<u>1,854,270</u>	<u>346,292</u>	<u>1,987,176</u>
Debt service				
Interest	1,700,000	1,654,081	45,919	1,220,630
Principal retirement	2,300,000	2,282,444	17,556	921,444
Total debt service	<u>4,000,000</u>	<u>3,936,525</u>	<u>63,475</u>	<u>2,142,074</u>
Capital outlay				
Sewer treatment	245,000	80,714	164,286	92,259
Sewer maintenance	375,402	366,103	9,299	160,201
Water maintenance	613,212	495,778	117,434	502,846
Water treatment	-	-	-	3,990
Total capital outlay	<u>1,233,614</u>	<u>942,595</u>	<u>291,019</u>	<u>759,296</u>
Total expenditures	<u>15,125,561</u>	<u>13,897,872</u>	<u>1,227,689</u>	<u>11,229,865</u>
Revenues over (under) expenditures	<u>(2,706,187)</u>	<u>(937,665)</u>	<u>1,768,522</u>	<u>1,340,030</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, 2015
With comparative actual amounts for the year ended June 30, 2014

Schedule 13

	2015			2014
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers in /(out)				
Water/Sewer Reserve	\$ 2,000,000	\$ 1,200,000	\$ (800,000)	\$ -
Electric Substation Project	-	-	-	(108,363)
Water/Sewer Project	-	-	-	(235,113)
Fund balance appropriated	<u>706,187</u>	<u>-</u>	<u>(706,187)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,706,187</u>	<u>1,200,000</u>	<u>(1,506,187)</u>	<u>(343,476)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	262,335	<u>\$ 262,335</u>	996,554
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Capital outlay		942,595		759,296
Capital contributions		9,440,320		6,477,964
Intrafund transfers		(1,200,000)		235,113
Depreciation		(4,878,965)		(4,586,722)
Sale of capital assets		-		(16,159)
(Increase) decrease in accrued interest		(16,276)		2,159
Amortization of premiums on bonds issued		74,236		74,236
Payment of debt principal		2,282,444		921,444
Pension expense		(18,773)		-
Deferred outflows of resources for contributions made to pension plan in current year		201,808		-
Increase in accrued vacation pay		(14,622)		(28,561)
Increase in accrued other post-employment benefits		(132,073)		(105,651)
Water/Sewer Capital Project Fund				
Interest income		43,281		7,793
Loan issuance costs		(41,076)		(1,804)
Waste Water Treatment Plant Capital Project Fund				
Interest income		3,064		17,383
Capital Reserve Fund				
Capacity fees		4,490,906		3,429,710
Acreage fees		1,045,662		501,821
Interest income		10,510		12,013
Transfer from Street Improvements Fund		-		350,000
Net Income		<u>\$ 12,495,376</u>		<u>\$ 9,046,589</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2015

Schedule 14

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ -	\$ 45,247	\$ 311	\$ 45,558
EXPENDITURES				
Capital outlay - improvements	6,416,726	5,893,251	223,748	6,116,999
Less closed projects	6,200,000	5,893,251	214,998	6,108,249
Total expenditures	216,726	-	8,750	8,750
Revenues over (under) expenditures	(216,726)	45,247	(8,439)	36,808
OTHER FINANCING SOURCES (USES)				
Transfers in				
Electric Fund	1,108,363	1,136,732	-	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
Sub-total other financing sources	6,416,726	6,435,871	-	6,435,871
Less closed projects	6,200,000	6,108,249	-	6,108,249
Total other financing sources	216,726	327,622	-	327,622
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ 372,869	\$ (8,439)	\$ 364,430

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2015

Schedule 15

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 115,000	\$ 408,195	\$ 43,281	\$ 451,476
Developer reimbursements	325,000	-	-	-
Sub-total revenues	440,000	408,195	43,281	451,476
Less closed projects	-	133,120	43,281	176,401
Total revenues	440,000	275,075	-	275,075
EXPENDITURES				
Capital outlay - improvements	29,798,544	10,954,977	9,125,259	20,080,236
Bond issuance costs	16,100	17,904	41,076	58,980
Sub-total expenditures	29,814,644	10,972,881	9,166,335	20,139,216
Less closed projects	7,956,440	7,760,375	372,466	8,132,841
Total expenditures	21,858,204	3,212,506	8,793,869	12,006,375
Revenues under expenditures	(21,418,204)	(2,937,431)	(8,793,869)	(11,731,300)
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	12,698,644	14,612,928	147,644	14,760,572
Water/Sewer Fund	4,021,000	4,085,113	-	4,085,113
Electric Fund	3,850,000	3,850,000	-	3,850,000
Bond Proceeds	8,000,000	-	8,045,000	8,045,000
Revolving loan proceeds	805,000	665,276	-	665,276
Sub-total other financing sources	29,374,644	23,213,317	8,192,644	31,405,961
Less closed projects	7,956,440	7,956,440	-	7,956,440
Total other financing sources	21,418,204	15,256,877	8,192,644	23,449,521
Revenues and other financing sources over (under) expenditures	\$ -	\$ 12,319,446	\$ (601,225)	\$ 11,718,221

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, 2015

Schedule 16

	Project Author - ization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Investment earnings	\$ -	\$ 411,007	\$ 3,064	\$ 414,071
Miscellaneous	-	404	-	404
Total revenues	<u>-</u>	<u>411,411</u>	<u>3,064</u>	<u>414,475</u>
EXPENDITURES				
Capital outlay - improvements	80,027,565	76,442,232	2,470,526	78,912,758
Bond issuance costs	600,000	1,246,555	-	1,246,555
Total expenditures	<u>80,627,565</u>	<u>77,688,787</u>	<u>2,470,526</u>	<u>80,159,313</u>
Revenues under expenditures	<u>(80,627,565)</u>	<u>(77,277,376)</u>	<u>(2,467,462)</u>	<u>(79,744,838)</u>
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	26,928,600	-	26,928,600
Total other financing sources	<u>80,627,565</u>	<u>81,924,391</u>	<u>-</u>	<u>81,924,391</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 4,647,015</u>	<u>\$ (2,467,462)</u>	<u>\$ 2,179,553</u>

**TOWN OF APEX, NORTH CAROLINA
WATER/SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)**

For the year ended June 30, 2015

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

Schedule 17

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Capacity fees	\$ 2,750,000	\$ 4,490,906	\$ 1,740,906	\$ 3,429,710
Acreage fees	250,000	1,045,662	795,662	501,821
Investment earnings	15,000	10,510	(4,490)	12,013
Total revenues	<u>3,015,000</u>	<u>5,547,078</u>	<u>2,532,078</u>	<u>3,943,544</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>3,015,000</u>	<u>5,547,078</u>	<u>2,532,078</u>	<u>3,943,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Street Project Fund	-	-	-	350,000
Water/Sewer Fund	(2,000,000)	(1,200,000)	800,000	-
Water/Sewer Project Fund	(147,644)	(147,644)	-	(8,000,000)
Waste Water Treatment Plant Project Fund	-	-	-	(810,200)
Fund Balance Appropriated	147,644	-	(147,644)	-
Reserved for future expenditures	(1,015,000)	-	1,015,000	-
Total other financing sources (uses)	<u>(3,015,000)</u>	<u>(1,347,644)</u>	<u>1,667,356</u>	<u>(8,460,200)</u>
Net change in fund balance	<u>\$ -</u>	4,199,434	<u>\$ 4,199,434</u>	(4,516,656)
FUND BALANCE - Beginning of year		<u>9,952,610</u>		<u>14,469,266</u>
FUND BALANCE - End of year		<u>\$ 14,152,044</u>		<u>\$ 9,952,610</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, 2015**

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

Schedule 18

	<u>2015</u>			<u>2014</u>
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 2,500,000	\$ 2,657,568	\$ 157,568	\$ 2,426,782
Dental premiums	230,000	759,548	529,548	227,347
Employee health contributions	750,000	223,959	(526,041)	721,497
Employee dental contributions	160,000	155,388	(4,612)	160,365
Total revenues	<u>3,640,000</u>	<u>3,796,463</u>	<u>156,463</u>	<u>3,535,991</u>
EXPENDITURES				
Health claims-employees	2,425,000	2,792,777	(367,777)	2,571,383
Dental claims-employees	300,000	294,587	5,413	291,636
Administrative fees-employees	600,000	668,672	(68,672)	610,047
Health claims-retiree	300,000	223,449	76,551	248,490
Dental claims-retiree	-	142	(142)	652
Administrative fees-retiree	15,000	8,283	6,717	8,672
Total expenditures	<u>3,640,000</u>	<u>3,987,910</u>	<u>(347,910)</u>	<u>3,730,880</u>
Revenues under expenditures	<u>\$ -</u>	(191,447)	<u>\$ (191,447)</u>	(194,889)
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
(Increase) decrease in reserve for incurred but not reported ("IBNR") claims		<u>(28,449)</u>		<u>87,619</u>
Change in net position		<u>\$ (219,896)</u>		<u>\$ (107,270)</u>

**TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015**

Schedule 19

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 19,525,453	\$ 19,482,708	\$ 42,745
2013-2014	68,472	-	45,328	23,144
2012-2013	20,595	-	6,316	14,279
2011-2012	11,905	-	2,476	9,429
2010-2011	11,775	-	928	10,847
2009-2010	12,386	-	949	11,437
2008-2009	19,928	-	651	19,277
2007-2008	15,304	-	1,519	13,785
2006-2007	12,129	-	667	11,462
2005-2006	11,531	-	830	10,701
2004-2005	7,539	-	7,539	-
	<u>\$ 191,564</u>	<u>\$ 19,525,453</u>	<u>\$ 19,549,911</u>	<u>167,106</u>
				Less: Allowance for uncollectible accounts
				<u>60,536</u>
				Ad valorem taxes receivable - net
				<u>\$ 106,570</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 19,577,742
Reconciling items:	
Less: Penalties and interest	(38,025)
Less: Deferred tax collections	2,662
Add: Adjustments and releases	7,532
Total collections and credits	<u>\$ 19,549,911</u>

**TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2015**

Schedule 20

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 5,000,422,051	0.39	\$ 19,501,646	\$ 17,867,586	\$ 1,634,060
Penalties	-		13,720	13,720	-
Total	<u>5,000,422,051</u>		<u>19,515,366</u>	<u>17,881,306</u>	<u>1,634,060</u>
Discoveries:					
Prior year taxes	-		34,568	33,267	1,301
Total	<u>5,000,422,051</u>		<u>19,549,934</u>	<u>17,914,573</u>	<u>1,635,361</u>
Abatements	<u>(6,277,179)</u>	0.39	<u>(24,481)</u>	<u>(24,481)</u>	<u>-</u>
Total property valuation	<u>\$ 4,994,144,872</u>				
Net levy			19,525,453	17,890,092	1,635,361
Uncollected taxes at June 30, 2015			<u>42,745</u>	<u>38,090</u>	<u>4,655</u>
Current year's taxes collected			<u>\$ 19,482,708</u>	<u>\$ 17,852,002</u>	<u>\$ 1,630,706</u>
Current levy collection percentage			<u>99.8%</u>	<u>99.8%</u>	<u>99.7%</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
AND MATURITY SCHEDULE
June 30, 2015

Schedule 21

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
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	1,665,587	2,120,000	3,644,562
2019-2020	915,000	2,021,875	1,260,000	1,621,275	2,175,000	3,643,150
2020-2021	980,000	2,041,125	1,255,000	1,576,725	2,235,000	3,617,850
2021-2022	1,045,000	2,086,525	1,250,000	1,531,763	2,295,000	3,618,288
2022-2023	1,115,000	2,135,625	1,245,000	1,485,981	2,360,000	3,621,606
2023-2024	1,185,000	2,161,025	1,240,000	1,447,894	2,425,000	3,608,919
2024-2025	1,260,000	2,176,775	1,230,000	1,404,456	2,490,000	3,581,231
2025-2026	1,340,000	2,193,775	750,000	890,669	2,090,000	3,084,444
2026-2027	1,420,000	2,233,575	750,000	863,418	2,170,000	3,096,993
2027-2028	1,575,000	2,345,975	750,000	836,106	2,325,000	3,182,081
2028-2029	1,665,000	2,388,725	625,000	683,406	2,290,000	3,072,131
2029-2030	1,760,000	2,433,775	300,000	336,000	2,060,000	2,769,775
2030-2031	1,855,000	2,475,975	300,000	327,000	2,155,000	2,802,975
2031-2032	1,955,000	2,501,775	300,000	318,000	2,255,000	2,819,775
2032-2033	2,080,000	2,548,575	300,000	309,000	2,380,000	2,857,575
2033-2034	2,185,000	2,570,375	-	-	2,185,000	2,570,375
2034-2035	2,740,000	3,037,975	-	-	2,740,000	3,037,975
2035-2036	2,740,000	2,928,375	-	-	2,740,000	2,928,375
2036-2037	2,740,000	2,835,900	-	-	2,740,000	2,835,900
	<u>\$ 33,630,000</u>	<u>\$ 50,779,625</u>	<u>\$ 16,950,000</u>	<u>\$ 20,879,075</u>	<u>\$ 50,580,000</u>	<u>\$ 71,658,700</u>

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

Table 1

	<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>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 112,319	\$ 124,467	\$ 133,225	\$ 137,055	\$ 139,181	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231
Restricted	2,864	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090
Unrestricted	20,485	19,946	17,949	16,857	18,118	15,810	14,161	15,473	14,699	14,216
Total governmental activities net position	<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>	<u>\$ 192,537</u>
Business-type activities										
Net investment in capital assets	\$ 83,734	\$ 91,498	\$ 98,025	\$ 102,374	\$ 104,584	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	32,895	42,053	46,582	47,097	48,354	53,767	62,759	65,281	46,298	46,393
Total business-type activities net position	<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>	<u>\$ 194,213</u>
Primary government										
Net investment in capital assets	\$ 196,052	\$ 215,965	\$ 231,250	\$ 239,430	\$ 243,765	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051
Restricted	2,864	1,975	1,293	1,216	1,076	4,138	4,019	5,251	7,352	6,090
Unrestricted	53,380	61,999	64,531	63,954	66,472	69,577	76,920	80,754	60,997	60,609
Total primary government net position	<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>	<u>\$ 386,750</u>

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

Table 2

	<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>	<u>2015</u>
Expenses										
Governmental activities										
General government	\$ 6,016	\$ 6,458	\$ 7,138	\$ 7,642	\$ 7,042	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235
Public Safety	7,447	8,860	9,080	10,607	10,971	11,994	12,878	13,836	14,692	15,491
Public Works	5,718	4,796	6,003	6,035	5,917	6,427	7,023	7,350	6,644	8,854
Environmental Protection	2,403	2,630	2,878	3,053	3,097	3,163	3,304	3,270	3,532	3,794
Culture and recreation	2,502	2,856	3,186	3,541	3,551	3,786	3,963	4,272	4,381	4,811
Interest on long-term debt	513	487	455	858	1,083	935	862	917	974	944
Total governmental activities expenses	24,599	26,087	28,740	31,736	31,661	33,685	36,017	37,586	38,984	43,129
Business-type activities										
Water and Sewer	8,129	8,875	9,472	11,131	11,462	11,124	11,473	13,304	14,196	15,498
Electric	19,505	20,790	22,433	25,308	26,702	27,223	28,330	28,335	29,530	31,674
Total business-type activities expenses	27,634	29,665	31,905	36,439	38,164	38,347	39,803	41,639	43,726	47,172
Total primary government expenses	\$ 52,233	\$ 55,752	\$ 60,645	\$ 68,175	\$ 69,825	\$ 72,032	\$ 75,820	\$ 79,225	\$ 82,710	\$ 90,301
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 1,129	\$ 1,128	\$ 1,045	\$ 653	\$ 559	\$ 918	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557
Public Safety ⁽¹⁾	-	-	-	-	275	1,020	51	14	14	11
Culture and recreation	742	662	700	565	616	858	1,097	1,706	1,553	2,324
Public Works	204	729	814	417	301	169	299	228	398	636
Environmental Protection	1,781	2,037	2,117	2,310	2,340	2,389	2,465	2,574	2,683	2,814
Operating grants and contributions	1,201	760	697	1,363	1,276	1,168	2,315	3,189	2,897	3,008
Capital grants and contributions	6,655	11,304	8,922	6,605	4,555	4,277	10,174	5,074	6,472	23,058
Total governmental activities program revenues	11,712	16,620	14,295	11,913	9,922	10,799	17,292	14,003	15,857	34,408
Business-type activities										
Charges for services:										
Water and Sewer	11,367	16,395	13,561	10,184	11,106	12,964	28,901	15,797	16,448	12,949
Electric	20,854	22,728	24,782	26,739	27,514	29,686	13,809	29,069	31,599	32,646
Operating grants and contributions	3,739	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	6,164	2,608	3,462	2,825	805	4,362	2,603	6,478	14,977
Total business-type activities program revenues	35,960	45,287	40,951	40,385	41,445	43,455	47,072	47,469	54,525	60,572
Total primary government program revenues	\$ 47,672	\$ 61,907	\$ 55,246	\$ 52,298	\$ 51,367	\$ 54,254	\$ 64,364	\$ 61,472	\$ 70,382	\$ 94,980

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (12,886)	\$ (9,465)	\$ (14,445)	\$ (19,824)	\$ (21,739)	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)
Business-type activities	8,327	15,622	9,045	3,946	3,281	5,108	7,269	5,830	10,799	13,400
Total primary government net expenses	\$ (4,559)	\$ 6,157	\$ (5,400)	\$ (15,878)	\$ (18,458)	\$ (17,778)	\$ (11,457)	\$ (17,753)	\$ (12,328)	\$ 4,679
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	10,472	11,058	11,712	14,245	14,475	14,722	15,063	17,837	18,969	19,547
Sales taxes	4,898	5,398	5,704	5,100	4,843	5,189	6,293	6,665	7,219	7,959
Motor vehicle licenses	124	130	130	134	136	136	143	148	202	168
Miscellaneous taxes	31	36	25	55	28	35	36	42	47	51
Unrestricted grants and contributions	1,554	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859
Investment earnings	983	1,189	866	539	89	83	48	53	25	24
Miscellaneous	251	371	249	338	1,398	214	631	375	553	398
Donations	-	-	-	-	-	-	-	-	-	-
Transfers	-	400	-	-	-	-	-	-	(400)	-
Total governmental activities	18,313	20,187	20,417	22,486	22,965	22,483	24,629	27,242	28,791	31,006
Business-type activities										
Investment earnings	1,190	1,674	1,988	917	187	177	93	115	51	71
Miscellaneous	-	27	22	1	-	-	-	5	28	10
Transfers	-	(400)	-	-	-	-	-	-	400	-
Total business-type activities	1,190	1,301	2,010	918	187	177	93	120	479	81
Total primary government	\$ 19,503	\$ 21,488	\$ 22,427	\$ 23,404	\$ 23,152	\$ 22,660	\$ 24,722	\$ 27,362	\$ 29,270	\$ 31,087
Change in Net Position										
Governmental activities	\$ 5,427	\$ 10,721	\$ 5,973	\$ 2,662	\$ 1,226	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285
Business-type activities	9,517	16,922	11,055	4,864	3,468	5,285	7,362	5,950	11,278	13,481
Total primary government	\$ 14,944	\$ 27,643	\$ 17,028	\$ 7,526	\$ 4,694	\$ 4,882	\$ 13,265	\$ 9,609	\$ 16,942	\$ 35,766

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>
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
2015	19,577,742	7,959,043	2,471,056	176,038	195,187	30,379,066

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

Table 4

	<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>	<u>2015</u>
General Fund										
Reserved	\$ 4,675	\$ 5,675	\$ 2,982	\$ 2,848	\$ 2,959	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,052	8,967	11,846	15,488	12,213	-	-	-	-	-
Nonspendable	-	-	-	-	-	80	80	111	101	142
Restricted	-	-	-	-	-	3,046	4,379	4,154	5,877	5,377
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	620	1,533	1,538	1,500	1,012
Unassigned	-	-	-	-	-	12,623	11,608	13,983	14,299	15,190
Total General Fund	<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>	<u>\$ 21,721</u>
All other governmental funds										
Reserved	\$ 546	\$ 619	\$ 663	\$ 686	\$ 702	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in;										
Special revenue funds	2,051	418	557	591	552	-	-	-	-	-
Capital project funds	4,055	6,274	3,041	10,395	6,790	-	-	-	-	-
Permanent funds	261	305	348	370	374	-	-	-	-	-
Nonspendable	-	-	-	-	-	714	718	716	717	713
Restricted	-	-	-	-	-	-	-	-	759	-
Committed	-	-	-	-	-	4,068	2,205	5,727	1,920	3,509
Assigned	-	-	-	-	-	696	1,114	2,749	3,138	2,934
Unassigned	-	-	-	-	-	-	(31)	-	-	-
Total all other governmental funds	<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>	<u>\$ 7,156</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>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>	<u>2015</u>
Revenues										
Ad valorem taxes	\$ 10,458	\$ 11,023	\$ 11,690	\$ 14,247	\$ 14,484	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577
Other taxes and licenses	5,049	5,559	5,870	5,269	5,004	5,358	6,473	6,854	7,477	8,186
Unrestricted intergovernmental	1,554	1,605	1,731	2,075	1,996	2,104	2,415	2,122	2,176	2,859
Restricted intergovernmental	1,920	1,771	2,314	1,717	2,141	2,221	3,667	4,280	3,285	4,341
Permits and fees	1,572	1,541	1,601	803	886	1,410	1,746	2,515	3,078	4,652
Sales and services	2,297	2,997	3,074	3,117	3,192	3,957	3,055	3,211	3,410	3,691
Investment earnings	983	1,189	866	538	89	73	38	32	25	24
Miscellaneous	294	376	315	349	1,568	221	648	425	585	413
Total revenues	\$ 24,127	\$ 26,061	\$ 27,461	\$ 28,115	\$ 29,360	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743
Expenditures										
General government	\$ 5,705	\$ 6,519	\$ 7,059	\$ 7,034	\$ 6,551	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251
Public safety	8,326	8,404	8,814	9,804	10,156	11,202	11,676	12,757	13,462	14,487
Public works	1,614	1,941	2,492	1,994	1,569	1,872	2,255	2,460	1,692	3,578
Environmental protection	2,417	2,654	2,883	3,025	2,933	2,987	3,137	3,177	3,426	3,680
Cultural and recreation	1,857	1,972	2,535	3,006	2,716	2,675	2,792	2,999	3,323	3,555
Capital outlay	6,320	5,135	7,950	8,700	6,602	3,989	4,636	5,532	6,855	8,718
Debt Service										
Principal	375	721	695	1,275	1,635	1,652	1,655	1,809	2,134	2,134
Interest	396	498	461	815	1,087	1,040	835	882	816	732
Bond issuance costs	-	-	-	-	-	-	-	139	-	-
Total expenditures	\$ 27,010	\$ 27,844	\$ 32,889	\$ 35,653	\$ 33,249	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135
Excess of revenues over (under) expenditures	(2,883)	(1,783)	(5,428)	(7,538)	(3,889)	(1,855)	(742)	558	(267)	(1,392)
Other financing sources (uses)										
Issuance of debt	7,580	400	2,500	18,570	-	8,302	502	5,000	-	2,226
Payment to refund debt	-	-	-	-	(2,900)	(8,190)	-	(4,903)	-	(6,421)
Bonds issued	-	-	-	-	-	-	-	6,000	-	6,424
Premium on bond issuance	-	-	-	123	-	-	-	267	-	-
Bond issuance costs	(41)	-	-	(214)	-	-	-	-	-	-
Transfers in	1,917	6,375	860	380	2,163	331	780	548	-	-
Transfers out	(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)	2,229
Net change in fund balances	\$ 4,656	\$ (983)	\$ (2,928)	\$ 10,942	\$ (6,789)	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)	\$ 837
Debt service as a percentage of noncapital expenditures	4.0%	5.9%	4.9%	8.1%	10.2%	9.6%	8.5%	9.1%	9.1%	7.9%

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
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%
2015	4,373,110,017	27,414,807	418,989,744	174,630,304	4,994,144,872	.39	5,194,624,258	96.1%

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2015

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2006	.40	.604	1.004
2007	.40	.634	1.034
2008	.40	.678	1.078
2009	.34	.534	.874
2010	.34	.534	.874
2011	.34	.534	.874
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.578	.968
2015	.39	.6145	1.005

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, 2015

Table 8

Fiscal Year Ended	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Levy
June 30	(Original Levy)	Adjustments	Levy	Amount	Original Levy	Subsequent Years	Amount	Percentage of Levy
2006	10,458,938	(10,257)	10,448,681	10,331,883	98.9	106,097	10,437,980	99.9
2007	11,024,056	(14,639)	11,009,417	10,872,178	98.8	125,777	10,997,955	99.9
2008	11,702,097	(30,357)	11,671,740	11,535,980	98.8	121,975	11,657,955	99.9
2009	14,246,248	(19,000)	14,227,248	14,096,582	99.1	111,389	14,207,971	99.9
2010	14,471,733	(10,909)	14,460,824	14,349,613	99.2	99,773	14,449,386	99.9
2011	14,724,826	(6,222)	14,718,604	14,598,651	99.2	109,103	14,707,754	99.9
2012	15,080,217	(3,947)	15,076,270	14,950,665	99.2	93,901	15,044,566	99.8
2013	17,819,954	(5,012)	17,814,942	17,681,021	99.2	119,641	17,800,662	99.9
2014	18,937,765	(870)	18,936,895	18,869,293	99.6	44,458	18,913,751	99.9
2015	19,525,453	-	19,525,453	19,482,708	99.8	-	19,482,708	99.8

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

Table 9

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDR 1st Carolina	\$ 72,514,343	1	1.45%			
CSP Community Owner LLC	63,317,954	2	1.27			
TRT DDR Beaver Creek	34,994,051	3	0.70			
Enterprise Propane Terminals	33,009,868	4	0.66			
EMC Corporation	32,501,252	5	0.65	\$ 26,578,830	2	1.02%
HH Trinity Apex Investments LLC	27,768,772	6	0.56			
Village at Broadstone Station LLC	26,403,820	7	0.53			
CRLP Creekside Hills Drive LLC	25,275,498	8	0.51			
Lake Cameron LLC	23,755,976	9	0.48			
NC Apartments 1 LP	21,694,373	10	0.43			
Summit Properties				58,260,663	1	2.23
MP North Carolina LP				20,759,255	3	0.79
CFK Apex Land Co LLC				17,068,096	4	0.65
Cooper Industries				16,880,875	5	0.65
Beaver Creek Section I & II				15,959,425	6	0.61
Target Corporation				13,135,821	7	0.50
Public Service Co. of NC Inc.				10,839,038	8	0.41
JDN Real Estate Apex LP				10,608,798	9	0.41
BellSouth				9,507,469	10	0.36
Totals	\$ 361,235,907			\$ 199,598,270		
Total Assessed Valuation =	\$ 4,994,144,872			\$ 2,612,744,500		

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

Electric Ratepayer	2015				2006			
	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges
Town of Cary	10,812,420	\$ 948,265	1					
Wake County Public Schools	6,623,520	787,192	2	2.64%	6,432,320	\$ 251,140	2	1.27%
Target Corporation	3,810,600	236,960	3	0.79	4,360,800	140,880	5	0.71%
Harris Teeter	2,661,640	225,761	4	0.76	2,966,760	152,383	3	0.77%
Food Lion	3,057,200	222,774	5	0.75	3,140,040	150,925	4	0.76%
Kroger	2,577,600	213,853	6	0.72	2,673,280	127,729	6	0.64%
Lowe's Foods	2,373,440	196,338	7	0.66	5,427,840	279,082	1	1.41%
Wake Med Property Services	2,220,800	189,064	8	0.63				
Lowe's Home Improvement	2,564,160	185,216	9	0.62	2,659,520	101,822	8	0.51%
Home Depot	1,737,600	157,795	10	0.53	2,166,240	103,444	7	0.52%

Totals \$ 3,363,218 \$ 1,307,405

Total Sales of Electricity = \$ 29,818,009 \$ 19,838,912

Note: Detail information available for 2006 limited to only eight customers.

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

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita
	General Obligation Bonds	Installment Financings	General Obligation Bonds	Installment Financings	Revenue Bonds			
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
2015	17,516,827	8,122,600	35,260,105	24,628,745	4,836,000	90,364,277	-	1,994

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⁾
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
2015	52,776,932	1.02%	1,165

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, 2015

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County Wake County General Obligation Bonds	\$ 1,967,590,000	3.90%	\$ 76,736,010
Town of Apex governmental activities debt			<u>25,639,427</u>
Total direct and overlapping debt			<u><u>\$ 102,375,437</u></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>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>	<u>2015</u>
Debt Limit	\$ 209,020	\$ 220,229	\$ 233,278	\$ 331,601	\$ 338,270	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531
Total net debt applicable to limit	\$ 11,557	\$ 10,835	\$ 12,640	\$ 27,035	\$ 25,400	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477	\$ 25,639
Legal debt margin	\$ 197,463	\$ 209,394	\$ 220,638	\$ 304,566	\$ 312,870	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739	\$ 373,892
Total net debt applicable to the limit as a percentage of debt limit	5.53%	4.92%	5.42%	8.15%	7.51%	6.91%	6.43%	7.38%	6.58%	6.42%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$ 4,994,144,872</u>
Debt limit - 8% of assessed value	399,531,590
Total debt applicable to limit	<u>25,639,427</u>
Legal debt margin	<u>\$ 373,892,163</u>

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

Table 14

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Personal Income (2)	Unemployment Rate (3)
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	1,465,538	35,771	5.4
2014	42,920	-	-	5.1
2015	45,317	-	-	4.0

Notes:

- (1) Town of Apex Planning Department.
- (2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis and US Census Bureau. Information for 2014 and 2015 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	2015			2006		
	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	1013	1	4.59%	900	1	5.64%
EMC Corp. (Data General)	700	2	3.17%	400	2	2.50%
Cooper Industries (Lufkin)	425	3	1.93%	325	3	2.03%
Town of Apex	364	4	1.65%	200	5	1.25%
Target	250	5	1.13%			
ATI Industrial Automation	220	6	1.00%			
Bland Landscaping	203	7	0.92%			
Rex Healthcare	160	8	0.73%			
Walmart	150	9	0.68%			
Lowe's Home Improvement	150	10	0.68%			
Tipper Tie, Inc.				225	4	1.41%
NC Department of Corrections				145	7	0.91%
Morton Metalcraft Co. of NC				200	6	1.25%
Bespak, Inc.				140	8	0.88%
Henry Wurst, Inc.				130	9	0.81%
Hare Pipeline Construction, Inc.				130	10	0.81%
Totals	3,635			2,795		
Total Employed in Apex (2)	22,068			15,971		

Notes:

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

TOWN OF APEX, NORTH CAROLINA
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT ^{(1) (2)}
Last Ten Fiscal Years
 June 30, 2015

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
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
2015	41	16	156	11	5	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	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
8	17	34	28	24	364

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

Table 17

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	681	874	1,047	843	925	746	639	758	516	504
Parking violations	119	35	46	144	77	124	216	193	215	235
Traffic violations	3,230	4,848	7,701	7,864	8,137	8,004	5,882	5,787	7,074	6,047
Fire										
Number of calls answered	1,983	2,083	2,053	2,007	2,211	2,433	2,214	2,567	2,635	2,881
Highways and streets										
Street resurfacing (miles)	1.3	0	0	2.9	0	0.9	3.8	8.6	0	9.9
Environmental Protection										
Number of households served	10,100	10,606	10,898	10,983	11,254	11,432	11,717	12,036	12,476	13,689
Solid waste collected (tons/day)	44.17	30.01	36.49	35.03	34.77	31.73	28.71	29.77	27.06	30.62
Recyclables collected (tons/day)	6.56	7.28	5.73	7.26	8.03	9.98	7.47	7.62	8.53	9.91
Mulching and composting (tons/day)	10.49	11.88	10.83	13.83	14.19	13.55	15.16	17.01	15.71	16.80
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	86,407
Water										
Number of customers	11,054	11,415	12,173	13,021	13,058	13,251	13,587	14,042	14,103	14,770
Average daily consumption (millions of gallons)	2.79	2.92	2.84	2.83	2.98	2.86	2.95	2.81	3.08	3.3
Wastewater										
Number of customers	10,812	11,397	12,012	12,607	12,616	12,771	13,071	13,240	13,840	14,485
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	2.68
Electric										
Number of customers	11,712	12,180	13,441	13,964	13,952	14,109	14,540	15,389	16,016	16,682
Average daily consumption (kilowatt-hours)	620,957	613,889	708,380	700,674	773,613	710,423	765,975	744,098	780,614	833,966

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

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

Table 18

Function	Fiscal Year									
	<u>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>	<u>2015</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	36	40	39	40	40	45	47	50	49	80
K-9 Units	1	0	0	0	0	0	0	0	0	1
Fire stations	3	3	3	3	4	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	140.04
Streetlights	1,862	2,062	2,189	2,311	2,325	2,465	2582	2582	2713	2775
Parks and Recreation										
Parks acreage	370.61	419.61	419.61	430.18	452.51	452.51	452.51	452.51	452.51	544.51
Parks	9	9	9	9	9	9	9	9	9	10
Tennis courts (Adult & Youth)	8	8	8	8	8	8	8	8	8	20
Community centers	1	1	1	1	1	1	1	1	1	1
Cultural Arts Center	0	0	0	1	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	140	148	150	155	165	170	170	182	194	207
Maximum daily treatment capacity (millions of gallons)	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Electric										
Number of delivery points (substations)	2	2	2	2	3	3	3	3	3	3
Miles of service lines ⁽¹⁾	239	244	257	276	279	315	355	355	537	554
Sewer										
Sanitary sewer lines (miles)	159	175	173	175	175	186.5	189	189	189	207
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	4.7

Sources:

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

Notes:

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

**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, 2015 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 29, 2015.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (Item 2015 – 1 and Item 2015 - 2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Apex's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

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

Town of Apex's Response to Findings

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

Purpose of this Report

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


JOYCE AND COMPANY, CPA
Cary, North Carolina

October 29, 2015

**Report on Compliance for the Major Federal Programs;
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 Board of Commissioners
Town of Apex, North Carolina

Report on Compliance for the Major Federal Programs

We have audited the Town of Apex, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Apex's major federal programs for the year ended June 30, 2015. The Town of Apex's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Apex's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Apex's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on the Major Federal Programs

In our opinion, the Town of Apex complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of Apex is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Apex's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


JOYCE AND COMPANY, CPA
Cary, North Carolina

October 29, 2015

**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, 2015. 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, 2015.

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
Cary, North Carolina

October 29, 2015

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

For the year ended June 30, 2015

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

Federal Awards

Internal control over major federal program:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major state program: Unqualified		
Identification of major federal program: Highway Planning and Construction		

State Awards

Internal control over major state program:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> 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 2015-1

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. In capital projects, instances were noted where the contract amount exceeded the Purchase Order amount or the Purchase Order was changed after the higher bill was received or another Purchase Order was issued for the additional charges but dated after the invoice date.
<u>Effect</u>	Financial statements could be materially misstated and not be detected and corrected.

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

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

Views of responsible officials and planned corrective actions

The Town agrees with this finding.

Item 2015-2

Recording grant activity and grant accounts receivable

Significant Deficiency

Criteria

All grant activity should be recorded on the books and records and accurately identified by grant funding source and grant related accounts receivable should be correctly recorded.

Condition

Certain grant activity had not been recorded on the books, in one instance grant revenue had been recorded in the wrong fund and material grant receivables were unrecorded at year end.

Effect

Transactions could be mishandled and inaccurate. Outstanding grant receivables may not be followed up on if unpaid.

Cause

The Town has received numerous grants during the audit period and staff was not prepared to handle the volume of transactions. The Town does not have a grant specialist to monitor grant activities and to analyze grant funding of the Town.

Recommendation

Grants should be analyzed that are being handled through another governmental unit and recorded by the Town according to when the expenditures occur and then the Town should recognize grant revenue and expenditures accordingly. Finance should have a copy of all grant reimbursement requests on file for easier identification of grant activity. After year end, grant activities should be carefully reviewed to determine if there are grant payables and receivables to record and these should be recorded before fieldwork begins. Due to the volume of grant activity, the Town should prepare a preliminary Schedule of Expenditures of Federal and State Awards prior to the beginning of fieldwork.

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, 2015

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: Corrected

Item 2014-1

Purchase orders dated after service dates

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, 2015

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
FEDERAL GRANTS:					
<u>US Department of Transportation</u>					
Passed through NC Department of Transportation					
Highway Planning and Construction	20.205.1CL	WBS Element 41821.3.9	\$ 6,203	\$ -	\$ 1,551
Highway Planning and Construction	20.205.1CL	WBS Element 41821.3.10	1,268	-	367
Highway Planning and Construction	20.205.1CL	WBS Element 42379.1.26	3,096	-	774
Highway Planning and Construction	20.205.1CL	WBS Element 42379.3.F26	333,261	-	90,772
Highway Planning and Construction	20.205.1CL	WBS Element 41821.3.F37	126,789	-	31,777
Highway Planning and Construction	20.205.1CL	WBS Element 44112.1.F1	122,852	-	52,650
Highway Planning and Construction	20.205.1CL	WBS Element 44111.2.F3	7,369	-	1,842
Highway Planning and Construction	20.205.1CL	WBS Element 44111.3.F3	72,090	-	19,461
Highway Planning and Construction	20.205.1CL	WBS Element 44111.3.FD7	81,300	-	20,500
Highway Planning and Construction	20.205.1CL	WBS Element 42379.3F28	187,915	-	46,978
Highway Planning and Construction	20.205.1CL	WBS Element 42379.1.FR30	4,749	-	1,187
<i>Total Highway Planning and Construction</i>			<u>946,892</u>	<u>-</u>	<u>267,859</u>
<u>US Department of Transportation</u>					
Passed through NC Department of Transportation					
Governor's Highway Safety Program	20.600	PT-2014-03-3	11,851	-	11,851
Governor's Highway Safety Program	20.616	M9MT-15-13-07	39,083	-	-
<i>Total Governor's Highway Safety Program</i>			<u>50,934</u>	<u>-</u>	<u>11,851</u>
<u>US Environmental Protection Agency</u>					
Passed through NC Department of Environment & Natural Resources-Division of Water Quality					
Capitalization Grants for State Revolving Funds	66.458	E-SRF-T-10-0257	16,625,000	-	-
Capitalization Grants for State Revolving Funds	66.458	H-LRX-R-DW-1758FP	665,276	-	-
<i>Total</i>			<u>17,290,276</u>	<u>-</u>	<u>-</u>
<u>US Department of Justice</u>					
Passed through NC Department of Public Safety					
ARRA - Violence Against Women Formula Grant	16.588	2014-WF-AX-0015	38,669	-	12,890
<i>Total assistance-federal programs</i>			<u>18,326,771</u>	<u>-</u>	<u>292,600</u>
STATE GRANTS:					
<u>NC Department of Transportation</u>					
Powell Bill Fund	N/A	N/A	-	1,354,837	-
<i>Total assistance</i>			<u>\$ 18,326,771</u>	<u>\$ 1,354,837</u>	<u>\$ 292,600</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, 2015 is as follows:

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