

A photograph of a large, illuminated fountain at night. The fountain has a central column and several smaller columns, all lit with blue and green lights. The water is cascading down the sides of the central column. In the foreground, there are several smaller fountains with water spraying outwards, also illuminated with blue and green lights. The background shows trees and streetlights.

TOWN of CARY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

TOWN OF CARY, NORTH CAROLINA

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF CARY, NORTH CAROLINA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

PREPARED BY THE TOWN OF CARY FINANCE DEPARTMENT:

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October 19, 2017

The Honorable Mayor Harold Weinbrecht  
Members of the Town Council and Citizens  
Town of Cary  
316 N. Academy  
Cary, North Carolina 27513

Dear Mayor, Members of the Town Council, and Citizens:

On behalf of all staff, I am pleased to present the Comprehensive Annual Financial Report of the Town of Cary, North Carolina (“the Town”) to document the Town’s financial position and results of operations as of and for the fiscal year ended June 30, 2017. This report includes the Town’s basic financial statements which are presented in conformity with generally accepted accounting principles (“GAAP”) and have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Cherry Bekaert LLP, concluded in an unqualified (commonly referred to as “clean”) opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Town of Cary, North Carolina, as of June 30, 2017.

To provide further accountability to our citizens this report includes notably more information and analysis than just the basic financial statements, and as such is titled the Comprehensive Annual Financial Report, commonly referred to as the CAFR. This report will be submitted by the October 31 due date for regulatory review by the North Carolina State Treasurer’s office. Other interested parties such as the grantor agencies, the Town’s bond holders and the three major bond rating agencies will use the information to reach conclusions about the Town’s financial affairs.

Beyond the **Introductory Section**, the first of five sections, the Town’s basic financial statements are included in the in the second section, the **Financial Section**. Also included in the Financial Section is Management’s Discussion and Analysis of the basic financial statements (“MD&A”). MD&A provides a prescribed narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and

should be read in conjunction with it. The Financial Section also includes the independent auditor’s report.

The third section of the report includes **Supplementary Information** which provides details on components of financial activity including capital project activity, the utility system enterprise fund, the Town’s internal service funds, pension trust fund and special revenue funds. The **Statistical Section** provides meaningful ten year trend information on the Town’s financial performance, revenue capacity, debt capacity, demographic and economic indicators as well as operating information. The fifth component, the **Compliance Section**, includes documentation on federal and state grants and awards compliance, as well as revenue bond covenant compliance.

Town management is responsible for both the accuracy of the data and the completeness and fairness of the report. To ensure reliability of the information Town management has established a comprehensive framework of internal control. Internal controls protect the Town’s assets from loss, theft and misuse and help ensure that information is reliable for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the Town’s controls have been designed to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. On behalf of the management team, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

In addition to the audit of the Town’s basic financial statements, three compliance audits on federal and state financial assistance received by the Town is required under the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act. Another annual audit of a defined calculation of debt service coverage is required by the trust agreements entered into by the Town as a condition of sale of revenue bonds. Cherry Bekaert LLP also conducted each of the required compliance audits and those resulting reports are included in the Compliance Section.

## PROFILE OF THE TOWN

Cary, incorporated in 1871, is a thriving community in the heart of the Triangle area of North Carolina. Cary and the Triangle area have repeatedly ranked among the top regions in the country to live, work, start a business, to raise a family and retire. Cary encompasses approximately 59.5 square miles in Wake and Chatham counties in the Piedmont region of the state. Cary adjoins the City of Raleigh, which is the state capital and the county seat, at the Town’s eastern boundary. At the Town’s northwestern boundary, the Town adjoins renowned Research Triangle Park (“RTP”).

Cary is a diverse community primarily composed of young, affluent and well-educated people. According to the 2010 US census, the median age of Cary’s

population is 36.6 years. According to the American Community Survey over sixty percent of Cary's adult population has a college degree, and over nineteen percent were born in another country. Cary's diversity and high quality of life, coupled with it being in one of the most desirable areas in the country, has resulted in continued growth in commercial and residential construction.

The Town is the seventh largest municipality in the State based on the Town's population estimate at June 30, 2017 of 160,390. This is an increase of 3,131 people (+2%) from June 30, 2016. Cary's population has increased by over 18,600 people (+16.3%) since the last U.S. Census on April 1, 2010. Cary is empowered by state statute to extend its corporate limits by annexation. All of the 21 annexations in fiscal year 2017, totaling 378.7 acres, were the result of voluntary application by the property owner for annexation.

The Town has a council-manager form of government. The seven member Council is the policy-making and legislative body of Town government. Four of the seven members of the Town Council are elected from districts, and three members, including the Mayor, are elected at large. Each of the council members and the mayor serve four year staggered terms. The Council is responsible for setting overall policy, budget approval and appointing the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for implementing Council policies and Town Ordinances, managing daily operations, and appointing department directors.

The Town provides its citizens with a full range of services, including police and fire protection, solid waste and recycling services, the construction and maintenance of streets, curbs, gutters, sidewalks and other infrastructure, recreation and cultural activities, fixed route and demand-response transit service, and water, reclaimed water and sewer service. This report includes all of the Town's activities in delivering and administering these services.

The Cary Town Council is required to adopt a budget by July 1 of each year. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Cary's financial planning and control. The budget is prepared by fund and function, for example, General Fund, public safety. The Town Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council intent.

## LOCAL ECONOMY

Like the national and state economy, the local economy continued to improve in fiscal year 2017 with the number of new construction permits increased from fiscal year 2016. The total number of building permits for new construction, additions and alterations, 3,520, increased 4%. Retail sales increased and

resulted in a 5.3% increase in sales tax revenues over fiscal year 2016. The state government, healthcare and university employers in the area continued to provide relatively more stable employment and because the region maintained positive growth, Cary has continued to benefit from better than average economic indicators compared to the rest of the state and the nation.

Along with employment from government and four notable universities, area job opportunities are derived from a number of high technology employers within Cary borders including SAS Institute, the world's largest privately held software company, and other high technology employers in the Raleigh Durham region. Other major employers within the town limits include Met Life, John Deere, HCL Corporation, Siemen's Medical Solutions USA, Lord Corporation, Oxford University Press, WakeMed Cary Hospital, and Kellogg's Snacks. RTP also provides a key employment base with approximately 50,000 jobs in high-technology fields at over 200 companies. This diverse group of employers in the region has historically been stable and less sensitive to economic downturns. As a result, the unemployment rate has historically been extremely low. During fiscal year 2017, the average unemployment rate was 3.7%, and Cary continues to enjoy a lower unemployment rate than the regional, state and national averages.

The historically strong employment and higher education opportunities, a warm climate, low crime rates and easy access to outstanding recreational and cultural amenities have helped make the region in which the Town is located one of the fastest growing in the country. Cary and the surrounding area continue to perform very well in numerous rankings such as the best places to launch a new business, best places for creating and keeping jobs, and quality of life measures. During the fiscal year the Town issued 1,014 permits for new single family residential construction, and 795 multi-family units, an average of five residential units per business day. New residential and multi-family construction cost values increased 14%. Permits were issued for residential and commercial new construction and alteration cost values of almost \$525 million.

Notable economic development in Cary in fiscal year 2017 included the following announcements:

- SCHUNK, with current world headquarters in Cary, broke ground on their 41,000 square foot expansion and with plans to create 100 new jobs.
- Hogana Environmental Solutions opened their headquarters and will hire 77 new people.
- Highwoods Properties opened its new 167,000 square foot building in CentreGreen Park.
- Plans for redevelopment of Cary Towne Center mall for IKEA
- Plans for a 92 acre high end mixed use development in the Town's eastern Cary gateway

The Town also continued to host popular amateur athletic events at its soccer, tennis and baseball sports venues for NCAA, ACC, USA Baseball and USTA. NC Football Club and the Carolina Courage, an American professional women's soccer team, are at home in Cary at the WakeMed Soccer Park.

New and expanding businesses, and the jobs which they create, along with the amateur athletic visitor markets help maintain a healthy balance in the tax base.

Council adopted a fiscal year 2018 budget based on a growth patterns similar to 2017, with slightly increasing sales tax revenues. Investment earnings continue to increase at a modest pace. In planning for the future the Town continues to maintain a high priority on the delivery of quality services, infrastructure maintenance and financial stability.

#### LONG-TERM FINANCIAL PLANNING and MAJOR INITIATIVES

Cary is consistently recognized for its quality of life. Careful planning and a proactive approach have been hallmarks of the Town's culture and are responsible for the attractive character of the Town, adequate public infrastructure, impressive service levels and fiscal prudence. A significant recent planning project resulted in the Cary Community Plan. This plan, adopted January 24, 2017, is the new comprehensive plan for the Town. It is the result of several years of an initiative known as Imagine Cary, and is based on unprecedented community input and dozens of meetings and workshops. It sets out a long term vision, policies and strategic actions with a time horizon to 2040. The Cary Community Plan consolidates and replaces a number of individual plans that have guided Cary's growth over the past 20 years. The Town's budget addresses the Cary Community Plan in priority resource allocation. Both the budget and the Cary Community Plan can be found on the Town's website at [www.townofcary.org](http://www.townofcary.org).

The Town's financial planning ensures that adequate unreserved fund balance is available to ensure consistent cash flow, generate interest income, eliminate the need for short term borrowings, and provide flexibility for unanticipated opportunities and needs during emergencies or disasters. In addition, fiscally responsible budgeting has been key in maintaining the Town's outstanding bond ratings: AAA ratings from all three bond rating agencies for the Town's general obligation bonds and the Town's utility system revenue bonds.

Each year the town adopts a capital improvement budget and prepares a 10-year capital improvement plan. The Town continued to manage approximately 400 capital projects including the following key projects:

- The first phase of the downtown park is complete and planning for phase two is underway;

- Coordination and planning efforts began in partnership with Wake County to build a new downtown library and adjacent parking deck;
- Street improvements at intersections are ongoing with budgeted costs of \$3.2M to further improve traffic management;
- Design of Fire Station #9 located on Walnut Street began; and
- Construction on the Cary Apex Water Treatment Facility Phase 3 expansion to 56 MGD continued and work began on a third raw water pipeline.

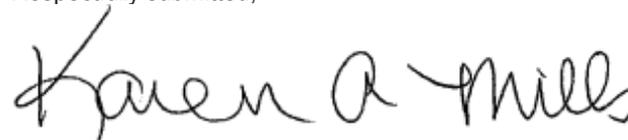
The Town continues to plan for the fiscally sound long term provision of its excellent service levels through consideration and collaboration among short term priorities, long term vision, policies and strategic actions.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cary for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the thirty-second consecutive year that Cary has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

This report reflects the outcome of the work of dedicated staff in the Finance Department. I am sincerely grateful for all who contributed to the preparation of this report as well as the entire Town staff for their cooperation and prudent financial management throughout the year. Credit is also due to the Town Manager, Mayor and the members of Town Council for their unfailing support of the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,



Karen A. Mills, CPA  
Chief Financial Officer

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# TOWN OF CARY MISSION STATEMENT AND STATEMENT OF VALUES

## MISSION STATEMENT

At the Town of Cary we focus every day on enriching the lives of our citizens by creating an exceptional environment and providing exemplary services that enable our community to thrive and prosper.

## STATEMENT OF VALUES

To achieve our mission, we will uphold the following values:

1. Our organization exists to serve our **citizens**. We will be open, ensure access, encourage involvement and be accountable to our citizens.
2. **Employees** are our most important resource. We will attract and retain the best employees possible and invest in their personal and professional growth.
3. We will be **honest**, ethical and diligent. Our actions will comply with local, state and federal laws.
4. We will treat everyone with **dignity**, respect and fairness.
5. We will achieve the best results through effective **teamwork**, strategic partnerships and community participation.
6. We will provide outstanding customer **service** that is polite, friendly and responsive.
7. We value **creative** thinking and innovation. We will continue to be nationally recognized for excellence in local government.

8. We value **growth** that balances desired service levels, economic benefits and continued stability for our community.

9. We are **cost conscious**. We spend public funds responsibly and effectively to ensure the Town's short and long term financial strength.

10. We are committed to proactive, comprehensive **planning** to guide the future of our community.

11. We will preserve and protect our environment. We will be good **stewards** of our finite natural resources.

**Adopted by Town Council August 22, 2006**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Cary  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

---

# MEMBERS OF TOWN COUNCIL

**HAROLD WEINBRECHT, JR.**

105 Windspring Court  
Mayor

**JENNIFER ROBINSON**

106 Chertsey Court  
District A

**DON FRANTZ**

706 East Cornwall Road  
District B

**JACK SMITH**

104 Cricket Lane  
District C

**KEN GEORGE**

1312 Brookgreen Drive  
District D

**ED YERHA**

108 Seymour Creek Drive  
At-Large  
Mayor Pro Tem

**LORI BUSH**

107 Doric Court  
At-Large

---

# APPOINTED AND ADMINISTRATIVE STAFF

**SEAN STEGALL**

Town Manager<sup>(1)</sup>

**MICHAEL BAJOREK**

Deputy Town Manager

**RUSS OVERTON**

Deputy Town Manager

**DANIEL AULT**

Assistant Town Manager

**RENEE POOLE**

Chief Human Resources  
Officer

**CHRISTINE SIMPSON**

Town Attorney<sup>(1)</sup>

**VIRGINIA JOHNSON**

Town Clerk<sup>(1)</sup>

**KAREN MILLS**

Chief Financial  
Officer/Treasurer<sup>(1)</sup>

**DOUG MCRAINEY**

Parks, Recreation & Cultural  
Resources Director

**ALLAN CAIN**

Fire Chief

**SUSAN MORAN**

Chief of Strategic  
Communications

**TONY GODWIN**

Police Chief

**KEN HAWLEY**

Inspections & Permits Director

**ALLAN CAIN**

Acting Planning Director

**NICOLE RAIMUNDO**

Chief Information Officer

**JAMIE REVELS**

Utilities Director

**STEVE BROWN**

Water Resources Director

**SCOTT HECHT**

Public Works Director

**SCOT BERRY**

Development Services Director

**JERRY JENSEN**

Transportation & Facilities  
Director

<sup>(1)</sup> Appointed by Town Council

---

# TOWN BOARDS AND COMMISSIONS

**PUBLIC ART ADVISORY BOARD**

Mr. Thomas Gruber, Chair

**PLANNING AND ZONING BOARD**

Mr. Mark Evangelista, Chair

**PARKS, RECREATION AND CULTURAL  
RESOURCES ADVISORY BOARD**

Ms. Sarah Martin, Chair

**ENVIRONMENTAL ADVISORY BOARD**

Mr. Rick Savage, Chair

**ZONING BOARD OF ADJUSTMENT**

Mr. Richard Roddy, Chair

**INFORMATION SERVICES ADVISORY  
BOARD**

Mr. Robert Campbell, Chair

**HISTORIC PRESERVATION COMMISSION**

Mr. Brent Miller, Chair

# AREA MAP AND HISTORY OF THE TOWN OF CARY



The Town of Cary, situated in the Piedmont region of North Carolina, is located in Wake and Chatham Counties. The Town adjoins the City of Raleigh, which is the state capital and county seat, at its southwestern boundary. The Town serves as a major hub of residential development for persons employed by the State of North Carolina, North Carolina State University and in the adjacent Research Triangle Park, which is a stronghold of industrial, governmental and scientific research employers.

A settlement called Bradford's Ordinary was founded in this location in 1750. In 1854, a farmer and lumberman named Allison Francis "Frank" Page and his wife, Catherine "Kate" Raboteau Page bought three hundred acres of land and established several enterprises. He named his development after Samuel Fenton Cary, a prohibition leader from Ohio whom Page admired. Frank Page was Cary's first developer, mayor, postmaster and railroad agent. Page, whose main business was a sawmill, laid out the first streets of Cary and built a hotel. What became known as the Page-Walker Hotel is now an arts and history center on Town Hall campus, and is listed on the National Register of Historic Places. The extension of the railroads through Cary and a junction of the Seaboard and North Carolina railroads enabled the town to flourish, and on April 6, 1871, the Town of Cary was incorporated.

One of Frank and Kate Page's sons is Cary's most famous son. Walter Hines Page (1855-1918) was an editor, publisher, social reformer and proponent of public education. He was ambassador to Great Britain during World War I. The British honored him with a tablet in Westminster Abbey.

A prestigious, private boarding school developed here in the late 1800's and this school later became famous as the first public high school in North Carolina. The school was located on the site now occupied by the Cary Arts Center, a vibrant and robust center for arts activity for the residents of Cary.

With development of Research Triangle Park in the 1960s, Cary began to grow as a bedroom community for the park from a quiet town of a few thousand people. In 1963, the charter was amended by the State Legislature to provide for a Council-Manager form of Government. Two council members and the mayor are elected at-large, and one council member is elected from each of four voting districts. In 1971, the Legislature passed an act which revised and consolidated the charter of the Town of Cary. Growth escalated during the 1970s, with the population nearly tripling to 21,763. After doubling during the 1980s and 1990s, the population as of June 30, 2017, is estimated to be 160,390, representing a 18.6% increase since the April 1, 2010, U.S. Census estimate.



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# RESPONSIBILITIES OF TOWN GOVERNMENT BY DEPARTMENT FISCAL YEAR 2017

## LEGISLATIVE DEPARTMENT

The **Legislative Department** includes the Town Council, the Town Clerk Division, and the Legal Division.

The **Town Council** is comprised of the Mayor and six Council Members, and is elected by the registered voters of Cary. Council establishes policies and programs for effective delivery of Town services, approves the annual financial plan, sets the property tax rate and all user fees, and provides all ordinances, rules and regulations for the welfare of the Town. The Council also appoints the Town Attorney, the Town Clerk, and the Town Manager.

**Town Clerk Division** is responsible for serving the public, including serving as liaisons between the public and Town Council, preparing public notices of all official meetings, preparing agenda for council meetings, attending council meetings and work sessions, preparing minutes of council meetings and work sessions, serving as record custodians of Town Clerk and Council records, responding to records requests, providing orientation to newly elected and appointed officials, keeping the Town Seal and Town Flag, attesting Town documents, maintaining the Town's Charter, Code and Land Development Ordinance, managing Town boards/commissions and task forces, administering of Hillcrest Cemetery, providing administrative support to the Town Council and several boards/commissions and task forces, maintaining Town policies, resolutions, proclamations and ordinances, ensuring Town officials and staff understand the Open Meetings and Public Records Laws, providing civic educational opportunities for community groups, and administering the Hometown Spirit Award. The Town Clerk is appointed by and reports directly to the Town Council. The Town Clerk Division also includes one full-time Deputy Town Clerk, one full-time Senior Administrative Assistant, and one part-time Administrative Assistant.

**Legal Division** - The Office of the Town Attorney provides legal representation for the Town. The Town Attorney's Office provides legal advice to the Mayor, Council, and other Town officials and employees on a broad range of issues and provides for representation of the Town in litigation filed by or against it. Ordinances and many legal instruments to which the Town is a party are drafted or reviewed by the Town Attorney's Office.

The Town Attorney is appointed by and reports to the Town Council. The Town Attorney's Office also includes one full-time Senior Assistant Town Attorney, one full-time Assistant Town Attorney and one full-time Legal Assistant.

The Town Attorney's office only represents the Town of Cary and its officials and employees on matters of public business. The office cannot provide legal advice or representation to citizens or others on any matter.

## TOWN MANAGER'S DEPARTMENT

The **Town Manager's Office** includes the Town Manager--who serves as the Chief Executive Officer of the organization--along with his Deputy and Assistants as well as **Downtown Development, Budget, and Public Information**. The Town Manager is appointed by the Town Council and is responsible for implementing the policies set forth by the Town Council, and exercises management responsibility over all operational departments. Through management of the operational departments, the Manager's Office ensures the advancement of the vision, goals, and policies of the Town Council and that all local, state and federal laws and regulations are met.

The **Public Information Office** develops and executes a comprehensive communication program consistent with the organization's mission and goals and is designed to increase citizen awareness and involvement in their local government. Responsibilities include overseeing communications planning, the Town's government access channel (CARY TV), the utility bill insert (BUD), web

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site content ([www.townofcary.org](http://www.townofcary.org)), media relations, advertising, new media efforts and research.

The **Budget Office** is responsible for the planning, development, execution, and evaluation of the Operating and Capital Improvements Budgets and the Capital Improvements Plan. Other responsibilities include long-term financial planning, preparing material for the Council/Staff Retreat, publishing budget documents, and managing special projects. Special projects include the statewide Performance Measurement Project, internal performance measurement/benchmarking projects, operational analyses, and policy research and recommendations.

The **Downtown Development** Program is focused on facilitating private redevelopment efforts to leverage the Town's investments in the downtown core area and revitalizing this area through physical improvement and downtown activities. The Downtown Development Manager serves as the Town's resource contact for developers and business owners interested in downtown development, and encourages downtown development by recruiting businesses and promoting economic opportunities.

## POLICE DEPARTMENT

The mission of the **Police Department** is to protect life and property through community partnerships and the provision of the highest level of quality professional services. The Police Department exists to ensure the safety and well-being of the community, its citizens, and visitors. The department accomplishes its mission by focusing on education, prevention, investigation, and enforcement. Major components of the department include Field Operations, Investigations, Support Services, and Professional Standards. The department also provides animal control, school resource officers, and emergency communications services for the Town and its citizens. The Police Department's geographical policing philosophy is enhanced by innovative methods, processes and personnel dedicated to making Cary a safe place to live and work. The Cary Police Department has been internationally accredited

since 1992 and has been awarded the Gold Standard by the Commission on Accreditation for Law Enforcement Agencies (CALEA). The Cary Police Department and its personnel contribute greatly to Cary's high quality of life.

## FIRE DEPARTMENT

The primary mission of the **Fire Department** is to protect and enhance the high quality of life for the citizens and visitors of the Town of Cary from the adverse effects of natural and man-made emergencies. The Fire Department's goal is to provide a model, customer-oriented fire protection program through an innovative, proactive and cost effective approach to emergency response, fire code application and public fire education. The Fire Department is organized into four business activities: 1) Administration 2) Logistics 3) Operations and 4) Training & Safety. The Cary Fire Department has been accredited since 1999 through the Commission on Fire Accreditation International.

## FINANCE DEPARTMENT

The **Finance Department** administers the financial affairs of the Town. Financial functions are organized into three divisions: Accounting, Procurement and Risk Services, and Utility Accounts. Budget functions are included in the Town Manager's Office.

The **Accounting Division** maintains accounting and financial systems, and provides payroll, accounts payable and accounts receivable services. The division provides regulatory and informational reporting and prepares a Comprehensive Annual Financial Report. Cash and investments, debt and grants are also managed in Accounting.

The **Procurement and Risk Services Division** provides centralized purchasing services for all departments within the Town government. It is located at the Town's Operations Center and is also responsible for the Town's mail, copy and courier services, risk management services including administration of the Town's property and casualty insurance program, management of

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surplus property, central warehouse operations and capital assets inventory management.

The **Utility Accounts Division** is responsible for utility billing and collection. The division provides customer service, manages the water meter reading system and bills, and collects for utility services. This function is accounted for in the Utility Fund.

## HUMAN RESOURCES DEPARTMENT

The **Human Resources Department** ensures that the Town is staffed with capable and motivated employees who can provide the highest level of service to the citizens of Cary. Human Resources develops and promotes model personnel and safety programs and practices designed to attract, develop, and retain a well-qualified and diverse workforce for Town government. Responsibilities include advising management on recruitment and hiring, classification and pay, employee relations, performance reviews, equal employment opportunities, employee training and development, benefits administration, and employee safety.

## TECHNOLOGY SERVICES DEPARTMENT

The **Technology Services Department** (TS) provides and supports communications, information, and technology solutions to enable Town departments to serve our citizens in the manner they have come to expect. These technology solutions include software applications, geographic information services, public safety systems, radio systems, phone systems, voice mail, email, file services, desktop and laptop computers, mobile devices and network infrastructure. In addition, TS provides technology related training and develops strategic plans aligned to business needs with the goals of quality of service delivery, increased efficiencies, and information security for the Town government staff and citizens.

## PARKS, RECREATION AND CULTURAL RESOURCES DEPARTMENT

The **Parks, Recreation and Cultural Resources Department** consists of Administration, Community Recreation Programs, Cultural Resources and Sports Venues Divisions, as well as handling a wide variety of day-to-day and long-range functions.

The **Administration Division** is responsible for the administration of public park areas, special use facilities, greenways and trails. In addition, the division is responsible for marketing and communication, national accreditation, customer service, staff training, grant writing, volunteer management and recognition, coordination of citizen boards and committees, program evaluation and analysis, strategic long-term plans for facilities and programs, the department business plan, sponsor recruitment, scholarship program administration, managing the dog park and other support functions.

The **Community Recreation Division** is divided into the following sections: community centers, senior programs (age 55+), environment education, sports, and outdoor recreation. The division delivers a wide range of sports and recreational activities for adults, children, and senior adults including dance, exercise, adventure, trips, confidence building, social interaction, camps, as well as programs in ecology, environmental stewardship, preservation and nature appreciation. The division provides youth and adult sports leagues, clinics and camps including basketball, softball, baseball, volleyball, and golf. The division hosts the Cary Road Race as well as local and state level softball tournaments. The division provides Town citizens with the opportunity to rent facilities for group functions, such as picnics, meetings, and other social occasions. Programs and rentals are offered at Bond Park, Hemlock Bluffs Nature Preserve, Herb Young Community Center, Bond Park Community Center, Middle Creek Community Center, Cary Senior Center and other various parks throughout the Town. The division also manages Cary Teen Council.

The **Cultural Arts and Resources Division** offers a wide-ranging schedule of classes in dance, visual arts, music, theatre history, architecture, film and videography to enrich the lives of Town citizens. Division staff also provide

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communication, coordination and support for Town cultural groups. In addition, special events such as Lazy Daze and Spring Daze, the Christmas Tree Lighting, a variety of other downtown events and programs, the Fourth of July Celebration, various cultural festivals and events at the Sertoma Amphitheatre are managed by this division to provide an opportunity for Town citizens to come together as a community to experience artistic excellence. Applause! Cary Youth Theatre provides opportunities for area youth to participate in theatrical productions each year. The Town public art program is administered through the division as well as coordination of Town exhibitions. The division also has responsibilities in administering the Town's Public Art Master Plan. The division oversees the operation of the Page-Walker Arts and History Center, the Cary Arts Center and the Cary Theater and provides general oversight for SMG, the facilities management company contracted to administer the Koka Booth Amphitheatre.

The **Sports Venues Division** is responsible for planning, implementing and supervising diverse youth and adult programs and special events. Programs and camps are offered in softball, baseball, tennis, soccer, lacrosse, cross country, and action sports. The division also hosts various special events such as the Division II Baseball World Series, the Tennis Campus Championships, the NCAA Soccer College Cup, SK8 Cary Contest as well as local, state and national level soccer, tennis, baseball and softball tournaments. The Town manages several signature parks including the Cary Tennis Park (a 33-court full service tennis facility providing instruction, camps, clinics, tournaments and league play), a Skate Park (a 12,000 square-foot course with ramps and other popular skating obstacles), WakeMed Soccer Park (a 150 acre facility which includes a nationally recognized cross country course, 7 multi-purpose soccer fields and a 10,000 seat stadium home to the Carolina RailHawks professional soccer team). The USA Baseball National Training Complex at Thomas Brooks Park includes 4 full-size baseball fields featuring a stadium field to complement the current 4 field softball/baseball complex at the park.

## WATER RESOURCES DEPARTMENT

The **Water Resources Department** is responsible for water, wastewater, reclaimed water and stormwater system planning, policies, standards, design, and construction as well as storm water regulatory management, water supply management, and infrastructure field services.

### WATER RESOURCES - GENERAL FUND

The **Administration Division** oversees all departmental activities and coordinates long range water and utility infrastructure needs. The division also coordinates budget development, expenditure system control, record keeping, and personnel activities. The division also serves the administrative support needs of the Transportation and Facilities Department.

The **Field Services Division** inspects construction of water, sanitary sewer, reclaimed water, transportation, and stormwater systems to ensure that infrastructure meets the Town's standard specifications and master plans. The division tracks warranty and surety progress for new infrastructure, and also assists in the development plan review process and reports new infrastructure for financial consideration (Powell Bill reimbursement, CAFR, etc.).

The **Stormwater Division** oversees design and construction/project management services for improvements to the Town's storm drainage systems and stormwater management devices. The division also is responsible for stormwater master planning, reviewing floodplain permit, and assisting citizens with drainage and flooding issues. Another key function of the division is environmental protection, by maintaining the FEMA Floodplain Management Program, enforcing National Pollutant Discharge Elimination System (NPDES) regulations, ensuring all of the Town's stormwater management devices meet regulations, and educating the public on stormwater rules and regulations. The Division also plays a key role in land development from plan review to enforcement of construction and post construction activities associated with stormwater runoff.

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## WATER RESOURCES - UTILITY FUND

The **Water Resources Planning Division** develops and implements long range water resource plans that address water supply (potable and reclaimed) and wastewater management. The division manages regulatory processes and interlocal agreements to ensure that water demands can always be met by obtaining long-term and short-term water supplies, and that water and wastewater needs are met reliably and cost-effectively. To increase reliability and extend the life of facilities, the division implements, monitors, and evaluates demand-side management programs that include education, financial incentives, regulation, and developing overall water resource program communications.

The **Utility Design and Construction Services Division** provides or coordinates design, project management, and construction administration services for the Town's utility capital improvement projects, including water and reclaimed water distribution systems, sanitary sewer collection system, and treatment plants. The division also develops long range water infrastructure master planning and design standards, and participates in the development review process to ensure efficient and orderly growth of utility systems.

## TRANSPORTATION AND FACILITIES

The primary mission of the **Transportation and Facilities Department** is to provide a well-designed, high-quality community through development and implementation of policies, standards, ordinances, and transportation and facility infrastructure. The Transportation & Facilities Department is responsible for the planning, design, and construction of all Town facilities including: Parks; Sidewalks; Greenways; Buildings; Streets; and Bike Routes. It also oversees real estate, surveying and related technical services; coordinates the organization's sustainability efforts; operates GoCary as well as the Town's Traffic Management Center.

## PLANNING DEPARTMENT

**Planning** develops and implements comprehensive land use plans, including area, district and corridor plans. The department also handles historic preservation and community development improvement programs. Planning staff is responsible for assembling demographic data, maintaining and enforcing zoning ordinances, processing sign and other permits, and preparing maps. This department handles annexations, rezonings, coordination of review of all development plans, approval of plats, and the assigning of addressing. The Planning Department also provides staff support to the Zoning Board of Adjustment, the Planning and Zoning Board, the Historic Preservation Commission, and special citizen committees.

## INSPECTIONS AND PERMITS DEPARTMENT

The **Inspections and Permits Department** is responsible for the administration and enforcement of all residential and commercial elements of the North Carolina State Building Code and local ordinances related to the construction of buildings and other structures. This includes the installation of plumbing, electrical, heating, refrigeration, air conditioning, and fire prevention systems. This responsibility can be grouped in three main functional areas; building code enforcement, calculation of development related fees, and state mandated fire inspections.

**Building Code Enforcement** is the only municipal service mandated by the NC General Assembly (G.S. 160A-411). The department enforces the NC State Building Code—which includes Building (commercial), Accessibility, Residential, Plumbing, Mechanical, Fuel Gas, Electrical, Fire and Energy Conservation Codes—through the activities of permitting and inspections. The Permitting group processes building permit applications, reviews construction plans for compliance with the NC State Building Code and issues building permits. The Inspections group ensures that buildings and other structures are constructed and/or altered in accordance with the approved plans and in compliance with the NC State Building Code.

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### **Calculation of Development Related Fees**

The department calculates fees for building permits, and water, sewer and transportation development fees. After calculation, fees are collected by staff of the Development Support Division.

### **State Mandated Fire Inspections**

The department performs routine inspections, and issues necessary operational permits for all commercial buildings. These inspections are mandated by the State of North Carolina and help to ensure that commercial structures are in compliance with the state fire code. Inspections are scheduled based on a reoccurring cycle, which varies from annually to once every three years, depending on the occupancy of the building.

## **DEVELOPMENT SERVICES DEPARTMENT**

The **Development Services Department** coordinates the internal workflow for Cary's development activities, with a dedication to public service focused on providing clear and consistent communication. The department offers a consistent professional presence throughout a projects lifetime—from site plan to certificate of occupancy. The Department takes a proactive approach to how we communicate and collaborate with those we serve, offering a central point of contact with the Town's various development departments; Planning, Inspections & Permits, Transportation and Facilities, and Water resources. We respond to development needs with accurate, timely, and friendly service and are committed to continuous process improvement.

The Department is organized into the following functional areas:

### **Development Customer Service Desk and Contact Center**

The Development Customer Service Desk is the primary entry point (One Stop Shop) for customers seeking development related services. The group is responsible for the intake and distribution of applications, collecting fees (cash receipts), receiving walk-in customers, fulfilling records requests and

providing general assistance, and coordinating activities between development customers and the various Town departments and external agencies.

The Development Contact Center acts as a “mini-311” for development departments. The Contact Center receives incoming telephone calls, general emails, and other electronic media, answers general questions, and routes calls appropriately. The Contact Center is also responsible for coordinating and scheduling inspections for Planning, Zoning, Minimum Housing, Inspections & Permits, Fire Code Enforcement, and building permit-related inspections by other Town departments.

### **Development Technician**

Development Technicians process and help facilitate the review of development related applications in coordination with the Development Review Committee (DRC). Additionally, development technicians facilitate the review of accessory use, temporary use, special use, and sign permits, and real estate plats. The group responds to process and general development related inquires, and assists in coordinating development activities between various departments. Members of this group also support the Development Liaison program.

### **Development Liaisons**

The primary role of the Development Liaison program is to help customers successfully navigate the development process. This group serves as liaisons between Cary and the business community, developers, architects, engineers, landowners, attorneys, citizens and contractors who are conducting development related business. Development Liaisons serve as a customer's primary point of contact with the Town throughout the life of their project. They help troubleshoot site plan and/or construction issues and work to find potential solutions to concerns related to Town regulations, staff decisions, and processes in an effort to keep projects moving forward while serving the public interest.

When appropriate, liaisons mediate unresolved matters between the Town and external customers, ensuring applicants understand requirements. They take a

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holistic view of each project—connecting the dots between concept, design, and execution to anticipate and advise customers of potential pitfalls and obstacles along the way. Development Liaisons work closely with other departments and divisions, facilitating communication and collaboration.

## PUBLIC WORKS AND UTILITIES DEPARTMENT

The **Public Works and Utilities Department** is divided into two major components funded through the general and utility funds. The general fund portion of the Public Works and Utilities Department is composed of five divisions, and the utility fund portion is composed of seven divisions. The responsibilities within each fund are noted below.

### GENERAL FUND - PUBLIC WORKS

The **Administration Division** coordinates operation management planning, emergency management planning, work flow management, regulatory permit administration, long term strategic planning, budget preparation, expenditure system control, operations analysis, data collection and analysis, benchmarking, report and study preparation, record-keeping, and personnel management for both the Public Works and Utilities Departments. An additional key function is the call center located at the William Garmon Operations Center that provides customer service for all departmental functions that directly impact Cary citizens, as well as supporting calls for services external to PW & UT. This includes call center management, telephone support, direct dispatch, and preparing work orders for customer needs that will be executed by operational staff.

The **Facilities Management Division** is tasked with the planning and implementation of a comprehensive maintenance and repair program for all Town buildings, landscapes, parks, trails, rights-of-way, special use facilities and cemetery. Other responsibilities include; special events equipment logistics, street sweeping program, code enforcement pertaining to overgrown properties, roadway and sidewalk obstructions, hazardous tree management and related safety issues. The division also provides emergency response during weather events and logistical support for all Town events.

The **Operations Division – General Fund** areas of responsibility include areas such as maintenance and repair of storm water conveyance systems, streets, sidewalks, curb and gutter, traffic signals, traffic signs and traffic markings. Other division responsibilities include inclement weather response operations such as snow and ice control, storm recovery and debris removal and chipping services. In addition, the division provides program support to other divisions and departments across the Town. The Operations Division participates in engineering studies, provides direct support to facility maintenance teams, park and greenway trail repairs and other recreational facilities as needed and traffic sign/signal services and support for special events. The division maintains around-the-clock response capabilities through after hours/weekend response teams for traffic signals and construction.

The **Solid Waste Management, Recycling and Yard Waste Division** provides curbside household garbage collection services on a weekly basis to households and small businesses. The division is also responsible for the collection of recyclables, yard waste and special and bulky items. Furthermore, the division is responsible for code enforcement for debris and health and safety related issues, emptying downtown litter containers, the processing and disposal of debris resulting from inclement weather and the operation of the Dixon Avenue Citizen Convenience Center/Transfer Station. In addition, the division supports the Town's loose leaf collection program. This group also coordinates a solid waste education program to increase citizen understanding of waste reduction/diversion opportunities, and the development of long range disposal operations.

The **Fleet Management Division** is responsible for the repair and maintenance of all Town vehicles and equipment. Additionally, the division coordinates planned preventive maintenance of all vehicles, provides vehicle and equipment replacement planning for Town departments and provides fuel for Town vehicles and equipment. Also, the division performs a wide variety of detailed analysis related to maintenance cost and equipment replacement scheduling, pool car management and recommendations, useful life reviews and analysis, equipment availability rate, budgetary impacts, and operation

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and maintenance cost data for all departments utilizing vehicle and equipment assets. The division is accounted for in a separate internal service fund where services, parts, and fuels are charged to user departments.

## UTILITY FUND - UTILITIES

The **Administration Division** coordinates operations management planning, emergency management planning for Public Works and Utilities applications, work flow management, regulatory permit administration, long term strategic planning, budget preparation, expenditure system control, operations analysis, data collection and analysis, benchmarking, parts and supplies procurement, report and study preparation, record-keeping, and personnel management. An additional key function is providing customer service for all departmental functions that directly impact Cary citizens. This includes call center management, telephone support and preparing work orders for customer needs that will be executed by operational staff.

The **Pretreatment Division** is responsible for implementing the Town's industrial pretreatment program, user fee program for industrial and commercial users of the sewer system and the Fats, Oils, and Grease (FOG) program that help prevent blockages and overflows in the sanitary collection system. The Pretreatment Division is the primary contact for the regulatory agencies that assess the Town's overall regulation and control of what is discharged into the sanitary sewer collection system.

The **Utility Systems Management Division** provides maintenance management and implementation for the water and wastewater pumping facilities, and is also responsible for elevated water storage, odor control, instrumentation assistance, industrial wastewater flow data, water system flow data and inflow/infiltration functions. This division participates in engineering studies and related system review functions.

The **Operations Division – Utility Fund Functions** is responsible for providing a broad range of utility infrastructure services for citizens, commercial businesses, and visitors to Cary. These services include maintenance and repair of the water and reclaimed water distribution systems, sanitary sewer systems, water

meter services, along with providing utility line locates to support construction services throughout the entire Cary utility service area. The Operations Division conducts regulatory water sampling and provides daily operations support for water distribution systems and the wastewater collection system. The division maintains around-the-clock first response capabilities through after hours/weekend response teams for water and sewer lines, sanitary sewer overflows, water main breaks and other routine response issues.

The **Cary/Apex Water Treatment Facility's** mission is provide reliable and safe water service. This is achieved through ongoing efforts which include preventive, predictive and corrective maintenance for the treatment facility, raw water intake and pumping facility, and the finished water distribution pump station. The service area for the Cary/Apex WTF includes: Cary, Apex, Morrisville, RDU Airport and the Wake County portion of Research Triangle Park. The Town of Apex pays a portion of the operating costs of the facility (23% of capital costs and actual usage of other costs) as 23% owner of the facility. The facility also manages the disposal of water treatment residuals and develops and manages alternative residual disposal methods. Capacity currently is 40 million gallons per day (MGD), and the current expansion project will increase the facility's treatment capacity to 56 MGD.

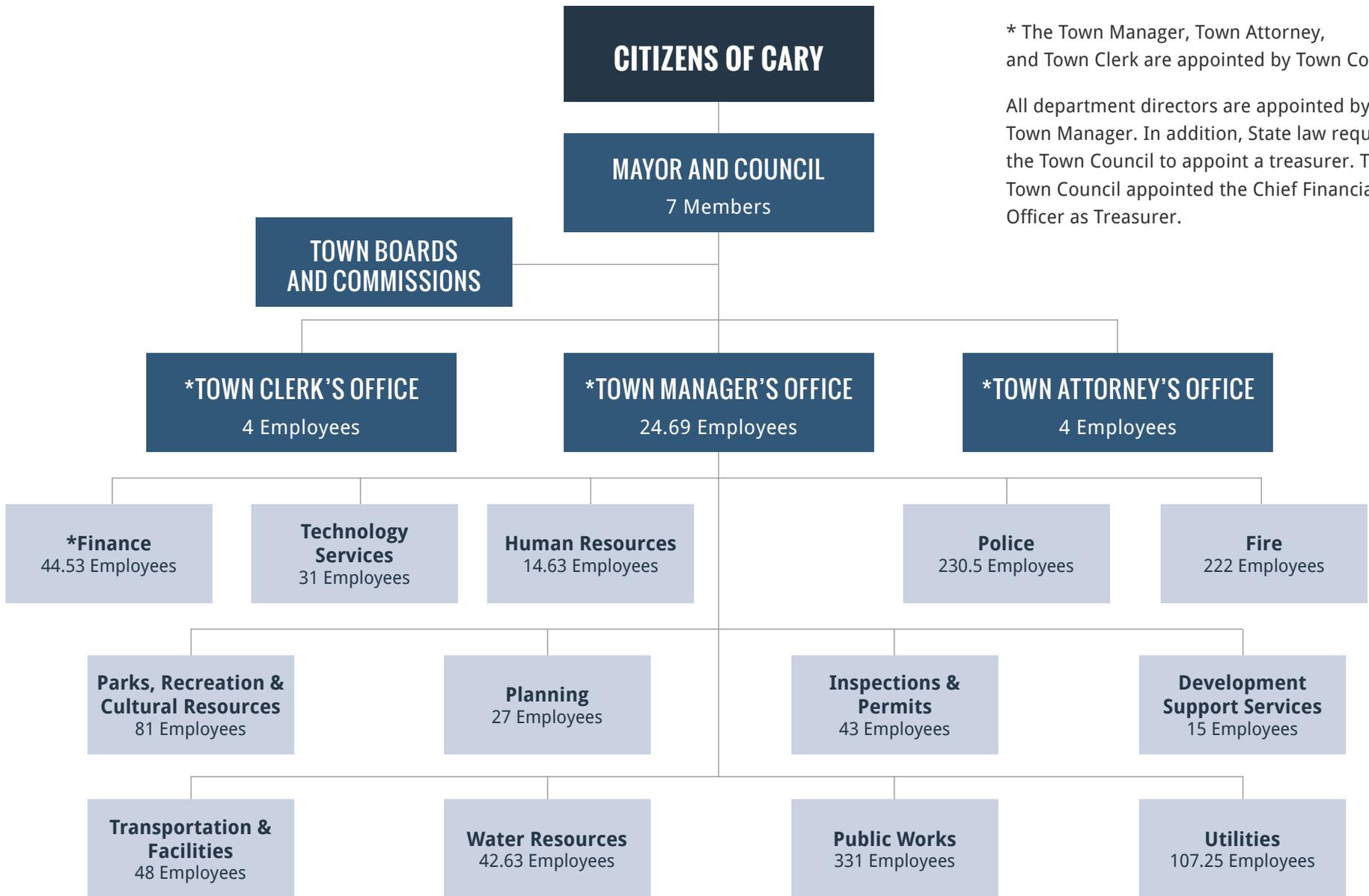
The **North and South Cary Water Reclamation Facilities'** mission is to treat wastewater generated by Cary's utility customers. The North and South Cary Water Reclamation Facilities are permitted and maintain the capacity to treat 12 million and 12.8 million gallons of wastewater per day, respectively. Ongoing efforts include the provision of preventive, predictive, and corrective maintenance for the main plant sites, a biosolids processing facility, a regional pump station, a biosolids gravity belt thickener system and related facilities and grounds. Both facilities also focus on biosolids removal and disposal and the production of reclaimed water.

The **Western Wake Water Reclamation Facility's** mission is to treat wastewater generated by Cary, Morrisville, and Apex utility customers. The plant began operation on July 28, 2014 and began discharging treated water to the Cape Fear River on August 11, 2014. The facility is permitted and maintains

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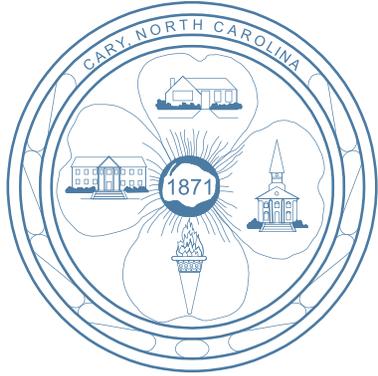
the capacity to treat 18 million gallons of wastewater per day. Ongoing efforts include the provision of preventive, predictive and corrective maintenance for the main plant site, biosolids processing facility, treated effluent pumping station and associated discharge facilities at the Cape Fear River. Operating and future capital costs will be split between the Towns of Cary and Apex at a 66% / 34% split, respectively.

# TOWN OF CARY ORGANIZATIONAL CHART



\* The Town Manager, Town Attorney, and Town Clerk are appointed by Town Council.

All department directors are appointed by the Town Manager. In addition, State law requires the Town Council to appoint a treasurer. The Town Council appointed the Chief Financial Officer as Treasurer.



## Report of Independent Auditor

The Honorable Mayor and  
Members of the Town Council  
Town of Cary, 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 Cary, North Carolina (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 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 opinions.

### Opinion

In our opinion, 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 as of June 30, 2017, and the respective changes in financial position and cash flows thereof, and the respective budgetary comparison for the General Fund and the Transit, Emergency Telephone System for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, Amendments to certain provisions of GASB Statements 67 and 68. As a result, net position as of June 30, 2016 has been restated. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents 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 Town's basic financial statements. The Introductory Section, Supplementary Information, Statistical Section, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates 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. In our opinion, based on our audit, the procedures performed as described above, the supplementary information and the Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 the 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 the Town's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 19, 2017

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Cary, we offer readers of the Town's financial statements this narrative overview and analysis of the financial position and activities of the Town as of and for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$1.64 billion (*net position*). Of this amount, \$321.8 million (*unrestricted*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's net position increased by \$55.8 million in fiscal year 2017. The governmental net position increased \$22 million (including a prior period adjustment) and the business-type net position increased by \$33.8 million. Included in governmental net position was a prior period adjustment totaling \$8.5 million that primarily relate to reporting changes for the Town's Law Enforcement Officers' Special Separation Allowance ("LEOSSA") management. In additions to these adjustments, the increases in governmental and business-type net positions are the result of General Fund and Utility Systems Enterprise Fund revenues that exceeded expenses and the increase in capital assets, both from Town constructed assets and the donation of infrastructure from developers.
- In fiscal year 2017 the long term liability associated with the Town's portion of the Local Government Employee Retirement System ("LERS"), increased from \$6.0 million to \$27.8 million due to changes in estimates and actuarial details.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$228.2 million, an increase of \$2.1 million from the prior year. The total fund balance in the General Fund decreased \$1.4 million from fiscal year 2016. Total fund balance in the Capital Project Fund increased \$4.1 million partially due to reimbursements received for on-going infrastructure and sports turf fields construction. The fund balances in the four special revenue funds decreased a total of \$.6 million. The decrease was partially due to timing of the receipt of federal funds for transit and the payment of economic development incentives during fiscal year 2017. A discussion pertaining to the composition of governmental fund balance is available in the Notes to the Financial Statements.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$54.1 million, or 38.2% (4.6 months) of total general fund expenditures for the 2017 fiscal year.
- The Town issued \$31.955 million of Combined Enterprise System Revenue Bonds, Series 2017 to finance a portion of the expansion of the Cary/Apex Water Treatment Plant and other water and wastewater projects. The Town repaid \$23.2 million of bond principal and installment financing principal (including open space) during the year net of contractual capital project partner governments' shares.
- The Town maintained its outstanding AAA bond ratings from all three major rating agencies for general obligation bonds and revenue bonds. The Town has the highest rating possible from all three rating agencies for all three types of debt.
- The Town's total investment earnings during the year were \$1.2 million, a decrease of \$4.2 million from the prior year. Realized investment earnings increased about \$1.2 million from fiscal year 2016, however due to the mark to market adjustment a decrease in earnings is shown. The average yield on the investment portfolio increased from .85% to 1.03%. The average yield on other deposits increased from .30% to .41%.

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## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Cary'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. This report contains other supplemental information in addition to the basic financial statements themselves.

### Entity-Wide Financial Statements

The entity-wide financial statements, a *Statement of Net Position* and a *Statement of Activities*, are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The entity-wide statements provide short and long-term information about the Town's financial status as a whole.

The two entity-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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 most of the Town's basic services such as police, fire, solid waste and recycling, facilities and operations maintenance, planning, transportation and facilities, building inspections, parks, recreation and cultural programs as well as the administrative support functions. The business-type activity of the Town primarily consists of water and sewer utility services.

The Cary Economic Development Corporation is the Town's only component unit, but has no assets, liabilities or other activity to be recorded. This corporation

exists in order for the Town to issue and manage certificates of participation. In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Cary has no reportable component units.

*The entity-wide financial statements are Exhibits A and B of this report.*

### Fund Financial Statements

The fund financial statements provide more detailed information about the Town's major funds. Funds are the accounting tools used to track specific sources of funding such as those required by law or for specific purposes. The Town of Cary, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the North Carolina General Statutes, the Town's budget ordinance or revenue bond covenants. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds:** Most of the Town's basic services are included in governmental funds which are 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 how cash and other assets are and can be used for near-term spending as well as on balances of resources available for spending at the end of the fiscal year. This information may be useful in evaluating the Town's resources for 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. Exhibit F describes the differences in the statement of revenues, expenditures, and changes in fund balances of governmental funds to the entity-wide statement of activities.

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The Town of Cary maintains six individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for each of these funds. The General Fund and the Capital Project Fund are considered to be major funds. Although the Transit Special Revenue Fund, the Emergency Telephone System Special Revenue Fund, the CDBG Special Revenue Fund, and the Economic Development Special Revenue Fund are not considered to be major funds, they are being presented separately as major funds in the fund financial statements to provide more transparency.

The Town of Cary adopts an annual appropriated budget for its General Fund. Annual budgets have also been adopted for the Transit Special Revenue Fund, the Emergency Telephone System Special Revenue Fund and the General Capital Reserve Fund, a sub-fund of the Capital Project Fund. Multi-year budgets are maintained for the CDBG Special Revenue Fund, the Economic Development Special Revenue Fund and all of the sub-funds of the Capital Project Fund except the Capital Reserve sub-fund, which is mentioned above.

*The basic governmental fund financial statements can be found on Exhibits C through I.*

**Proprietary Funds:** The Town's business type activities are reported in proprietary funds. The Town of Cary maintains two different types of proprietary funds. An enterprise fund is used to report the same function presented as business-type activities in the entity-wide financial statements, which for the Town is the water and sewer utility service. Internal service funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet maintenance services and employee health insurance. Because both of these services predominantly benefit the governmental rather than business-type functions, their net positions have been included within governmental activities in the entity-wide financial statements.

Proprietary funds provide the same type of information as the entity-wide financial statements, only in more detail. The utility systems enterprise fund is considered to be a major fund of the Town of Cary. Because the internal service funds are not major funds, both internal service funds are combined in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in combining statements in the supplementary information section of this comprehensive annual financial report.

*The basic proprietary fund financial statements can be found on Exhibits J through L of this report.*

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the information provided in the entity-wide and fund financial statements.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress toward funding its obligations to provide pension benefits related to its LEOSA plan, Town's share of LGERS and other post-employment benefits ("OPEB") plan with the latter two benefiting all qualified employees.

The combining statements are presented immediately following the required supplementary information.

## ENTITY-WIDE FINANCIAL ANALYSIS

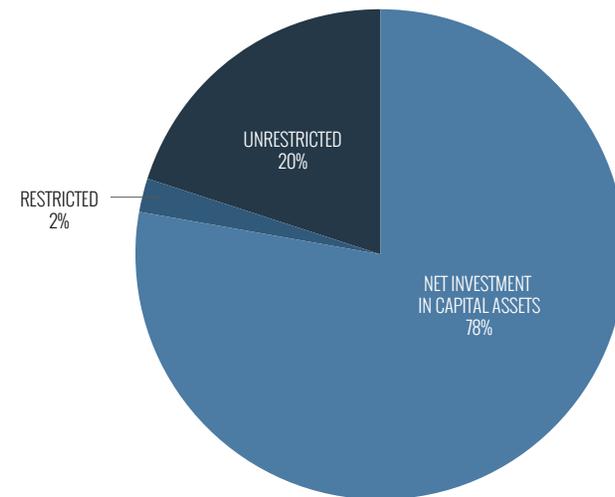
As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. As of June 30, 2017, assets exceeded liabilities by \$1.64 billion.

The following tables reflect net position in millions of dollars.

### TOWN OF CARY'S NET POSITION IN MILLIONS OF DOLLARS

|                                  | Governmental<br>Activities |         | Business-Type<br>Activities |         | Total   |         |
|----------------------------------|----------------------------|---------|-----------------------------|---------|---------|---------|
|                                  | 2017                       | 2016    | 2017                        | 2016    | 2017    | 2016    |
| Current and Other Assets         | \$283.1                    | 279.5   | 301.2                       | 261.8   | 584.3   | 541.3   |
| Capital Assets                   | 844.7                      | 820.4   | 808.4                       | 787.4   | 1,653.1 | 1,607.8 |
| Total Assets                     | 1,127.8                    | 1,099.9 | 1,109.6                     | 1,049.2 | 2,237.4 | 2,149.1 |
| Deferred outflows of resources   | 30.4                       | 16.5    | 6.1                         | 4.8     | 36.5    | 21.3    |
| Long-Term Liabilities            | 225.7                      | 199.8   | 342.5                       | 316.6   | 568.2   | 516.4   |
| Other Liabilities                | 38.6                       | 40.6    | 14.5                        | 12.0    | 53.1    | 52.6    |
| Total Liabilities                | 264.3                      | 240.4   | 357.0                       | 328.6   | 621.3   | 569.0   |
| Deferred inflows of resources    | 8.7                        | 12.8    | 2.4                         | 2.9     | 11.1    | 15.7    |
| Net Position:                    |                            |         |                             |         |         |         |
| Net Investment in Capital Assets | 785.3                      | 734.4   | 503.8                       | 491.8   | 1,289.1 | 1,226.2 |
| Restricted                       | 30.6                       | 36.4    | --                          | --      | 30.6    | 36.4    |
| Unrestricted                     | 69.3                       | 92.4    | 252.5                       | 230.7   | 321.8   | 323.1   |
| Total Net Position               | \$885.2                    | 863.2   | 756.3                       | 722.5   | 1,641.5 | 1,585.7 |

### BREAKDOWN OF 2017 TOTAL NET POSITION



By far, the largest portion of the Town's net position (\$1.3 billion or 78%) represents the Town's investment in capital assets (land, buildings, machinery, and equipment), less any related outstanding debt or existing obligations that are related to those assets. The Town of Cary uses these capital assets to provide services to citizens and customers; consequently, these assets are not available for future spending. Although the Town of Cary's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be reasonably used to liquidate these liabilities.

An additional portion of the Town's net position (\$30.6 million or 2%) are resources that are subject to external restrictions on how they may be used. Restrictions include Stabilization by State Statute as dictated by North Carolina

General Statutes; unspent grant or other revenues with restrictive purposes and an endowment related to the Steven's Nature Center. The remaining balance (\$321.8 million or 20%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town has positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation has held true for the past fifteen fiscal years since the net position was first computed for the entity-wide statements.

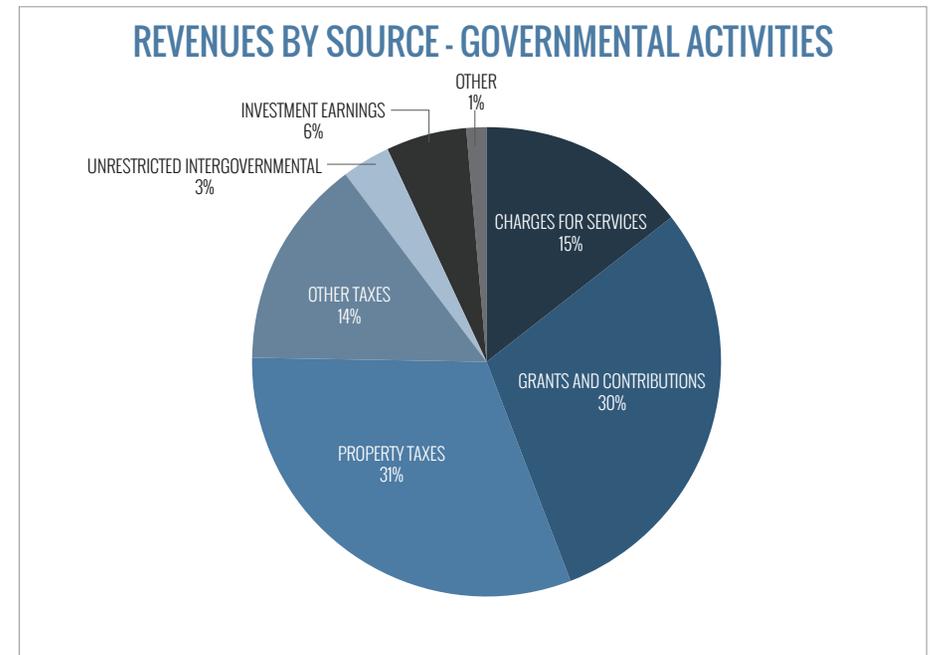
The Town's net position increased by \$55.8 million for the fiscal year ended June 30, 2017. This included a prior period adjustment of (\$8.5 million) related to LEOSSA. The majority of the increase is primarily the result of the General Fund and Utility System Enterprise Fund revenues exceeding expenses and the increase in capital assets, both from Town constructed assets and the donation of infrastructure from developers. Assets donated by developers during the year are valued at \$21.3 million for streets, land, and other general infrastructure and \$13.4 million for utility infrastructure.

## TOWN OF CARY CHANGES IN NET POSITION

|   | Governmental Activities |              | Business-type Activities |              | Total          |                |
|---|-------------------------|--------------|--------------------------|--------------|----------------|----------------|
|   | 2017                    | 2016         | 2017                     | 2016         | 2017           | 2016           |
| Revenues:   |                         |              |                          |              |                |                |
| Program Revenues:   |                         |              |                          |              |                |                |
| Charges for Services  | \$33.8                  | 32.6         | 90.7                     | 82.9         | 124.5          | 115.5          |
| Operating Grants and Contributions                                  | 6.6                     | 4.9          | --                       | --           | 6.6            | 4.9            |
| Capital Grants and Contributions                                    | 34.1                    | 29.1         | 12.0                     | 9.5          | 46.1           | 38.6           |
| General Revenues:   |                         |              |                          |              |                |                |
| Property Taxes  | 90.0                    | 87.2         | --                       | --           | 90.0           | 87.2           |
| Sales Tax   | 32.2                    | 30.5         | --                       | --           | 32.2           | 30.5           |
| Occupancy Tax   | 1.2                     | 1.1          | --                       | --           | 1.2            | 1.1            |
| ABC Revenue   | 0.9                     | 0.9          | --                       | --           | 0.9            | 0.9            |
| Other Taxes   | 0.1                     | 0.1          | --                       | --           | 0.1            | 0.1            |
| Grants and contributions not<br>not restricted to specific programs | 11.2                    | 11.3         | --                       | --           | 11.2           | 11.3           |
| Investment Earnings   | 0.6                     | 2.7          | 0.5                      | 2.7          | 1.1            | 5.4            |
| Other   | 0.3                     | 0.5          | --                       | --           | 0.3            | 0.5            |
| Total Revenues  | <u>211.0</u>            | <u>200.9</u> | <u>103.2</u>             | <u>95.1</u>  | <u>314.2</u>   | <u>296.0</u>   |
| Expenses:   |                         |              |                          |              |                |                |
| General Government  | 21.7                    | 20.8         | --                       | --           | 21.7           | 20.8           |
| Public Safety   | 52.0                    | 49.0         | --                       | --           | 52.0           | 49.0           |
| Public Works  | 32.8                    | 29.8         | --                       | --           | 32.8           | 29.8           |
| Parks, Recreation and Culture                                       | 20.5                    | 19.6         | --                       | --           | 20.5           | 19.6           |
| Development   | 8.7                     | 7.5          | --                       | --           | 8.7            | 7.5            |
| Infrastructure  | 41.6                    | 41.8         | --                       | --           | 41.6           | 41.8           |
| Interest on Long-Term Debt & Fees                                   | 3.2                     | 3.4          | --                       | --           | 3.2            | 3.4            |
| Water and Sewer   | --                      | --           | 69.4                     | 62.4         | 69.4           | 62.4           |
| Total Expenses  | <u>180.5</u>            | <u>171.9</u> | <u>69.4</u>              | <u>62.4</u>  | <u>249.9</u>   | <u>234.3</u>   |
| Increase in Net Position  | 30.5                    | 29.0         | 33.8                     | 32.7         | 64.3           | 61.7           |
| NET POSITION - Beginning of Year                                    | 863.2                   | 832.7        | 722.5                    | 689.8        | 1,585.7        | 1,522.5        |
| Prior Period Adjustment   | (8.5)                   | 1.5          | --                       | --           | (8.5)          | 1.5            |
| NET POSITION - Beginning of Year, restated                          | <u>854.7</u>            | <u>834.2</u> | <u>722.5</u>             | <u>689.8</u> | <u>1,577.2</u> | <u>1,524.0</u> |
| NET POSITION - End of Year  | <u>\$885.2</u>          | <u>863.2</u> | <u>756.3</u>             | <u>722.5</u> | <u>1,641.5</u> | <u>1,585.7</u> |

**Governmental Activities:** Governmental activities increased the Town's net position by \$30.5 million (excluding the prior period adjustment of \$8.5 million), accounting for 48% of the total growth in net position of the Town of Cary. Key elements of this increase are as follows:

- Property taxes, the largest single revenue source, increased by \$2.8 million (3%). The tax rate decreased \$.02 to \$.35 per hundred dollars valuation of taxable property, the estimated revenue-neutral tax rate after the January 1, 2016 real property revaluation. The revenue increase, therefore, was due to an increase in the tax base primarily from new development.
- Charges for services increased by \$1.2 million (3.7%) partially resulting from modest increases in revenue from residential and commercial building permit activity and transportation development fees
- Capital grants and contributions revenue increased \$5 million (17%) as a result of an increase in developer donated streets and other infrastructure. A reimbursement for land acquisition for a major highway project and revenue from an interlocal agreement for construction of sports turf fields also contributed to the increase.
- Sales tax revenue increased \$1.7 million (6%) partially due a modest population increase of 2% and continued improvement in the local economic climate.
- Investment earnings decreased \$2 million (74%). Realized earnings increased over \$.5 million due to an increase in the earnings rate, however a decrease is shown due to the mark to market adjustment.
- Expenses increased \$8.6 million (5%) partially due to personnel related costs (salaries, benefits and other post-employment benefit expenses, increased depreciation on capital assets and increased construction expenditures on transportation and parks, recreation and cultural resources capital projects.

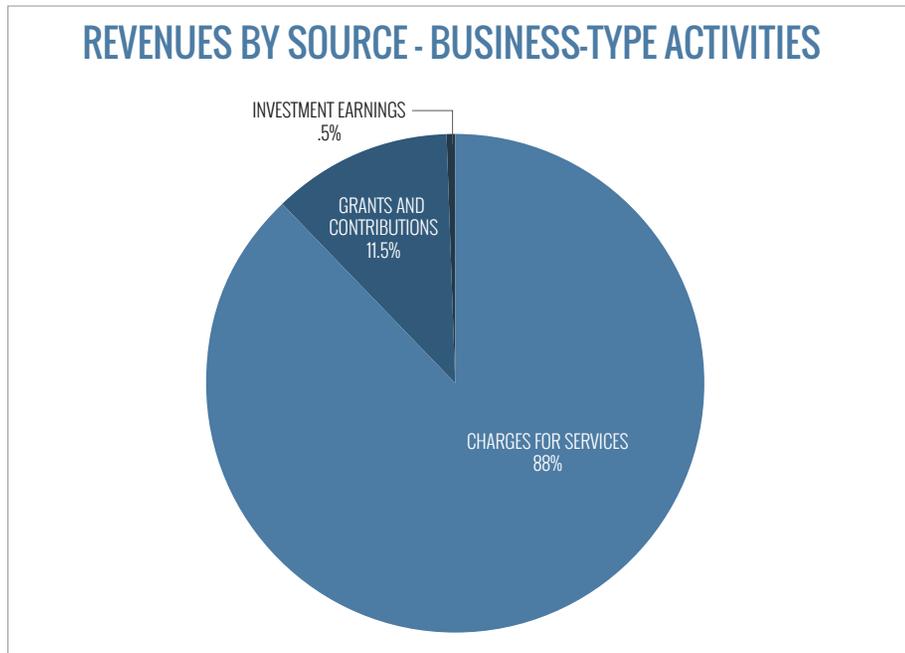


**Business-type Activities:** Business-type operational activities increased the Town of Cary's net position by \$33.8 million, accounting for 52% of the total growth in the Town's net position. Key elements of the Business-type increase are as follows:

- Charges for services increased \$7.8 million (9%). Revenue from a utility rate increase of 3.8% for a typical residential customer. The utility rates were increased due to increased operating costs and debt service for capital infrastructure.
- Capital grants and contributions revenue increased \$2.4 million (25%) partially due to an increase in developer donated water and sewer lines.
- Investment earnings decreased \$2.2 million (81%). Realized earnings increased over \$.7 million due to an increase in the earnings rate, however

a decrease is shown due to the mark to market adjustment.

- Water and sewer expenses increased \$7 million (11.2%) from the prior year partially due to an in water reclamation services required in fiscal year 2017 compared with the prior fiscal year as well as increases in personnel related costs.



## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**Governmental Funds:** The focus of the Town of Cary's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, available fund balance may serve as a

useful measure of the Town's net resources available for spending at the end of the fiscal year. Available fund balance excludes nonspendable portions and the amount restricted for stabilization by statute, and may include funds otherwise restricted, committed or assigned for specific purposes, but available for appropriation.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$228.2, an increase of \$2.1 million compared to the prior year. Total governmental fund balance consists of 1) \$2.5 million of nonspendable funds due to the nature of the balances, 2) \$17.8 million restricted for stabilization per state statute, 3) \$13.2 million restricted for specific purposes, but available for appropriation by Council, 4) \$116 million already committed by Council for specific activities and projects (commitments can be changed by Council), 4) \$24.6 million assigned to specific activities and areas that can be appropriated by Council and 5) \$54.1 million unassigned funds that are available for appropriation by Council. For a complete breakout and explanation of fund balance categories, see Exhibit C and the Notes to the Basic Financial Statements.

The General Fund is the chief operating fund of the Town of Cary. At the end of the current fiscal year, total fund balance in the General Fund was \$101.4 million. Of this total, \$81.6 million (80%) constitutes available fund balance in the General Fund, which is legally available for spending at the Cary Town Council's discretion per state statute. Available fund balance in the General Fund consists of \$20.2 million appropriated in the fiscal year 2018 budget, \$7.3 million of restricted, committed or assigned funds for specific purposes and \$54.1 million of unassigned funds. For more details on General Fund balance, see the Notes to the Basic Financial Statements.

The fund balance of the Town's general fund decreased by \$1.4 million during the 2017 fiscal year. Key components of this change are as follows:

- Property taxes, the largest revenue source, increased by \$2.7 million (3%) mainly due to an increase in the tax base.
- Other taxes increased \$1.9 million (6%) over the prior year as a result of

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an increase in sales tax revenue from a continued improvement in the economic climate.

- Permit and fee revenue increased \$.7 million (15%) which is in line with the overall increase in construction activity.
- Sales and service revenue increased \$.7 million (4.1%) partially due to increased revenues from parks and recreation related programs.
- Operational expenditures increased \$9.3 million (7%) from the prior year due to expenditures for expanded/enhanced programs and facilities and increased personnel costs.
- Transfers to the Capital Projects Fund increased \$2.3 million (12%) primarily due to a continued emphasis on downtown related development

The Capital Projects Fund includes street, downtown, parks and recreation, fire, and general government capital projects. At the end of the current fiscal year, total fund balance was \$125.5 million, an increase of \$4.1 million from the prior year mostly due to revenue received as a reimbursement and an interlocal agreement for expenditures associated with mainly street and parks and recreation capital projects.

The Transit Special Revenue fund had a decrease in fund balance of \$1.1 million related to timing of application and receipt of federal funds. The Economic Development fund had a decrease in fund balance of \$.6 million due to the payment of two economic development incentives to local businesses. The CDBG Special Revenue fund received proceeds from an expected HUD 108 loan payment in October, 2016 and thus, there was no detrimental effect on the Town's cash flow operations or to the specific economic development project.

**Proprietary Funds:** The Town's proprietary funds provide the same type information found in the entity-wide financial statements, but in more detail.

While the total Net Position of the Utility Systems Enterprise Fund increased \$33.7 million as compared to previous year, the unrestricted net position increased \$21.5 million (9.3%), from \$230.3 million at June 30, 2016 to \$251.8 million at June 30, 2017. This increase is primarily due to the transfer of unrestricted amounts to projects. There continues to be an increased focus on

large capital areas such as the upgrade to the Cary/Apex Water Treatment plant, which caused net investment in capital assets to increase \$11.9 million. Refer to the discussion of the Town's business-type activities for the other primary factors that created the various fluctuations.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was a \$2.4 million increase in appropriations between the original and final amended budget primarily due to a transfer to the downtown capital project fund for a library parking structure in partnership with Wake County and a transfer to the parks capital project fund for greenway storm damage repair. The Town maintains fund balance in excess of minimal requirements as a fiscal tool to support Town goals in several ways. Timely financial flexibility is afforded by the balances as evidenced in fiscal year 2017. The original adopted budget for fiscal year 2017 anticipated an appropriation from fund balance of \$18.5 million. Budget adjustments, discussed above, throughout the year increased authorized spending by \$2.4 million. Net variances in revenues and expenditures resulted in a decrease in fund balance of \$1.4 million. Due to economic conditions, the Town was very conservative in estimating numerous revenues for fiscal year 2017, including ad valorem taxes, other taxes and unrestricted intergovernmental revenue which together were \$3.3 million more than the budgeted amount. Total expenditures were under the revised budget by \$14.6 million. Both the conservative measures in estimating revenues and the efforts to reduce expenditures helped to compensate for negative variances in a few miscellaneous revenue accounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The Town of Cary's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$1.65 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges, machinery and equipment, vehicles, software, park facilities, utility plants, water distribution systems and wastewater collection systems. The increase in total capital assets, net of depreciation, over the prior fiscal year was \$44.8 million (2.8%). Of this increase, 53.5% was in governmental

activities and 46.5% in business-type activities.

Major capital asset changes during the year included the following:

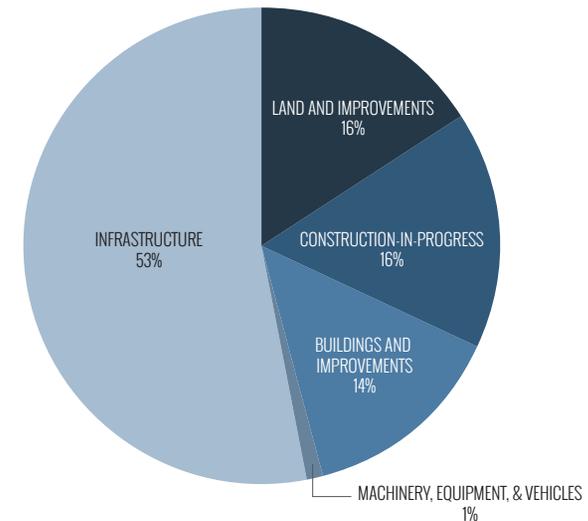
- Addition of general infrastructure and land assets of \$21.3 million for developer donated streets and park land;
- Construction-in-progress increases for parks, downtown, general government and utility projects and
- Addition of utility infrastructure assets of \$13.4 million such as water lines, sewer collection lines and sewer pump stations.

### TOWN OF CARY CAPITAL ASSETS, IN MILLIONS

(NET OF DEPRECIATION)

|                            | Governmental Activities |              | Business-type Activities |              | Total          |                |
|----------------------------|-------------------------|--------------|--------------------------|--------------|----------------|----------------|
|                            | 2017                    | 2016         | 2017                     | 2016         | 2017           | 2016           |
| Land and Improvements      | \$241.4                 | 229.4        | 25.9                     | 24.0         | 267.3          | 253.4          |
| Construction-in-Progress   | 75.0                    | 65.4         | 181.5                    | 209.2        | 256.5          | 274.6          |
| Buildings and Improvements | 87.5                    | 85.6         | 138.3                    | 141.0        | 225.8          | 226.6          |
| Machinery and Equipment    | 5.7                     | 5.5          | 3.3                      | 3.0          | 9.0            | 8.5            |
| Vehicles                   | 11.8                    | 9.4          | 1.5                      | 1.0          | 13.3           | 10.4           |
| Infrastructure             | 417.3                   | 420.4        | 457.7                    | 409.2        | 875.0          | 829.6          |
| Intangible Assets          | 6.0                     | 4.8          | 0.2                      | --           | 6.2            | 4.8            |
| <b>Total Assets</b>        | <b>\$844.7</b>          | <b>820.5</b> | <b>808.4</b>             | <b>787.4</b> | <b>1,653.1</b> | <b>1,607.9</b> |

### ENTITY-WIDE CAPITAL ASSETS AS OF JUNE 30, 2017



Additional information on the Town's capital assets can be found in Note 6 of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2017, the Town of Cary had total debt outstanding of \$407.2 million (\$434.5 net of deferred adjustments). Of this, \$164.8 million is debt backed by the full faith and credit of the Town in the form of general obligation bonds. \$72.3 million of the general obligation debt is born by the Utility system revenues although the Town's taxing authority is the true security to the bond holders. \$14.8 million in debt is in the form of asset backed debt and is secured by the town hall campus and other property. The \$191.1 million of revenue bonds are secured solely by the utility system revenues. State Revolving Loans from the State of North Carolina represent both federal and state financing for wastewater and water utility projects. As of June 30, 2017, the amount due for these loans totaled \$36.5 million, which

is net of interlocal agreements with the Town of Apex to share in project costs and loan repayment. Total debt is adjusted for deferred balances related to discounts, premiums and refunding accounting losses associated with specific debt issuances.

### TOWN OF CARY'S OUTSTANDING DEBT, IN MILLIONS

#### GENERAL OBLIGATION BONDS, INSTALLMENT PURCHASES, REVENUE BONDS, AND STATE REVOLVING LOANS

|   | Governmental<br>Activities |              | Business-type<br>Activities |              | Total        |              |
|---|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
|   | 2017                       | 2016         | 2017                        | 2016         | 2017         | 2016         |
| General Obligation Bonds  | \$92.5                     | 101.0        | 72.3                        | 78.3         | 164.8        | 179.3        |
| Limited Obligation Bonds  | 14.6                       | 17.2         | --                          | --           | 14.6         | 17.2         |
| Certificates of Participation<br>and Installment Purchase Contracts | 0.2                        | 0.3          | --                          | --           | 0.2          | 0.3          |
| Revenue Bonds   | --                         | --           | 191.1                       | 162.2        | 191.1        | 162.2        |
| State Revolving Loans, net  | --                         | --           | 36.5                        | 39.4         | 36.5         | 39.4         |
| <b>Total</b>  | <b>107.3</b>               | <b>118.5</b> | <b>299.9</b>                | <b>279.9</b> | <b>407.2</b> | <b>398.4</b> |
| Deferred Adjustments, net   | 4.3                        | 4.9          | 23.0                        | 21.3         | 27.3         | 26.2         |
| <b>Total, net</b>   | <b>\$111.6</b>             | <b>123.4</b> | <b>322.9</b>                | <b>301.2</b> | <b>434.5</b> | <b>424.6</b> |

The Town issued \$31.95 million of revenue bonds to be financed over 25 years with interest rates ranging from 1% to 5%. The bonds will fund water and wastewater projects.

The Town of Cary maintained "AAA" ratings from Standard & Poor's, Moody's Investors Service, and Fitch Ratings for both the general obligation bonds and the Town's revenue bonds. These bond ratings are a clear indication of the sound financial condition of the Town of Cary. The Town of Cary is one of few municipalities in the country that maintains the highest ratings possible for all types of debt issued from all three major rating agencies. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

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 the Town of Cary is \$1.8 billion. Practically, these statutory limits exceed the Town's realistic debt capacity. The Town has additional voter debt authorization

of \$40.2 million in street bonds, \$5.4 million in parks and recreation bonds and \$1.4 million in fire bonds resulting from a 2012 referenda that remain unissued at June 30, 2017. Of the \$47 million total in general obligation debt authorized but unissued at June 30, 2017, \$30.1 million has been appropriated to capital projects.

*Additional information regarding the Town of Cary's long-term debt can be found in Note 9 of the Basic Financial Statements.*

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's June, 2017 unemployment rate is 3.3%. Cary's unemployment rate compares favorably to the state's average unemployment rate of 4.2%. The Town's estimated population at June 30, 2017, was 160,390, an increase of 3,131 during the year. The number of both single family residential and multi-family residential new construction permits issued increased 5.1% from the prior year. Likewise, the number of all nonresidential building permits issued increased 2%. These factors were considered in preparing the Town's budget for fiscal year 2018.

The tax rate in the fiscal year 2018 General Fund budget remains at \$.35 per hundred dollars valuation of taxable property, the estimated revenue-neutral tax rate after the January 1, 2016 real property revaluation. State law requires that during revaluation years, each government must publish a tax rate that would keep total property tax revenue at the same level as if revaluation had not taken place. The solid waste fee remains at \$16 per month for residential service.

Other key items to note in the fiscal year 2018 budget include:

- an appropriation of \$14.8 million from General Fund fund balance primarily comprised of transfers to governmental capital projects;
- The solid waste fee remains at \$16 per month for residential service;
- increases in some water and sewer rates to cover increased costs of related capital infrastructure improvements. For a typical 5,000 gallon per month

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residential customer, these rate changes will increase a monthly utility bill by 3%. This increase will help fund a third raw water pipeline to increase water treatment capacity and reliability.

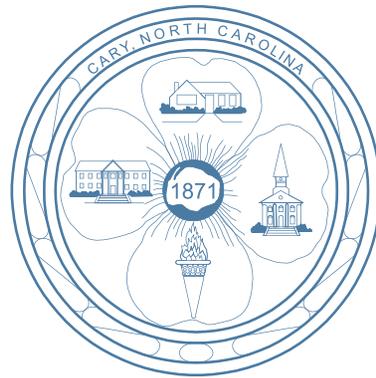
Given the current economic climate and future debt service obligations, the limited capital budget for fiscal year 2018 includes \$68 million in funding for the following purposes in addition to the current \$622.8 million ongoing capital project authorizations:

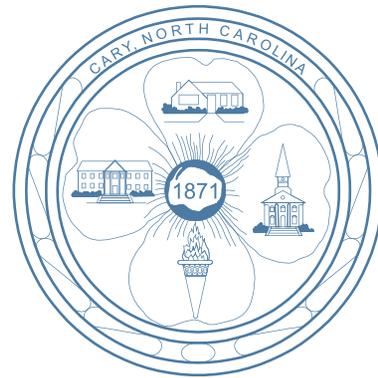
- \$21.6 million for transportation projects;
- \$8.8 million for parks and recreation projects;
- \$8.0 million for general government;
- \$.6 million for fire projects;
- \$15.6 million (net of partner reimbursements) for water projects; and
- \$13.4 million (net of partner reimbursements) for sewer projects, primarily related to pump station and sewer system repair and rehabilitation projects.

The Town's capital improvement plan for ten years beyond fiscal year 2018 totals \$981.8 million.

## REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Town's finances for those with an interest in the Town of Cary's finances. Questions concerning any of the information found in this report or requests for additional financial information should be directed to Karen Mills, Director of Finance, Town of Cary, Post Office Box 8005, Cary, North Carolina 27512-8005; (919) 469-4110 or [karen.mills@townofcary.org](mailto:karen.mills@townofcary.org).





## STATEMENT OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

### EXHIBIT A

|   | Governmental<br>Activities | Business<br>Type<br>Activities | Total<br>Primary<br>Government |
|---|----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                            |                                |                                |
| Equity in Pooled Cash and Investments                 | \$216,517,615              | 265,371,643                    | 481,889,258                    |
| Accrued Interest on Investments                       | 654,342                    | 785,300                        | 1,439,642                      |
| Ad Valorem Taxes Receivable, net                      | 683,108                    | --                             | 683,108                        |
| Accounts Receivable, net                              | 43,052,256                 | 13,043,943                     | 56,096,199                     |
| Inventories   | 2,089,591                  | --                             | 2,089,591                      |
| Prepaid Assets  | 212,827                    | --                             | 212,827                        |
| Equity in Pooled Cash and Investments - Restricted    | 19,916,285                 | 21,996,409                     | 41,912,694                     |
| Capital Assets:                                       |                            |                                |                                |
| Land, Land Improvements and Construction in Progress  | 316,351,255                | 207,392,479                    | 523,743,734                    |
| Other Capital Assets, Net of Accumulated Depreciation | 528,348,672                | 601,038,029                    | 1,129,386,701                  |
| <b>TOTAL ASSETS</b>                                   | <b>1,127,825,951</b>       | <b>1,109,627,803</b>           | <b>2,237,453,754</b>           |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                  |                            |                                |                                |
| Deferred Contributions to Pension Plans               | 28,996,018                 | 3,964,183                      | 32,960,201                     |
| Deferred Charge on Debt Refinancings                  | 1,384,564                  | 2,127,208                      | 3,511,772                      |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>            | <b>30,380,582</b>          | <b>6,091,391</b>               | <b>36,471,973</b>              |
| <b>LIABILITIES</b>                                    |                            |                                |                                |
| Accounts Payable and Accrued Liabilities              | 15,127,485                 | 7,026,378                      | 22,153,863                     |
| Internal Balances                                     | 757,337                    | (757,337)                      | --                             |
| Accrued Bond Interest                                 | 516,649                    | 1,491,265                      | 2,007,914                      |
| Retainage Payable                                     | 1,024,544                  | 2,905,236                      | 3,929,780                      |
| Advance from Customers                                | 163,397                    | 32,964                         | 196,361                        |
| Advance from Grantors                                 | 11,015                     | --                             | 11,015                         |
| Unearned Revenues                                     | 19,809,516                 | 831,402                        | 20,640,918                     |
| Deposits  | 1,201,695                  | 2,101,598                      | 3,303,293                      |
| Miscellaneous   | --                         | 860,620                        | 860,620                        |
| Long-term Liabilities:                                |                            |                                |                                |
| Portion Due or Payable Within One Year                | 22,662,928                 | 15,700,306                     | 38,363,234                     |
| Portion Due or Payable After One Year                 | 202,986,345                | 326,840,455                    | 529,826,800                    |
| <b>TOTAL LIABILITIES</b>                              | <b>264,260,911</b>         | <b>357,032,887</b>             | <b>621,293,798</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                            |                                |                                |
| Prepaid Taxes & Vehicle Tags                          | 262,006                    | --                             | 262,006                        |
| Pension Deferrals                                     | 8,473,837                  | 2,386,197                      | 10,860,034                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>            | <b>8,735,843</b>           | <b>2,386,197</b>               | <b>11,122,040</b>              |

## STATEMENT OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

EXHIBIT A

|                                   | Governmental<br>Activities | Business<br>Type<br>Activities | Total<br>Primary<br>Government |
|-----------------------------------|----------------------------|--------------------------------|--------------------------------|
| NET POSITION                      |                            |                                |                                |
| Net Investment in Capital Assets  | \$785,266,125              | 503,757,502                    | 1,289,023,627                  |
| Restricted for:                   |                            |                                |                                |
| Stabilization by State Statute    | 17,795,510                 | --                             | 17,795,510                     |
| Steven's Endowment (Nonspendable) | 231,377                    | --                             | 231,377                        |
| Street Projects                   | 9,654,645                  | --                             | 9,654,645                      |
| Parks, Recreation and Culture     | 2,457,269                  | --                             | 2,457,269                      |
| Public Safety                     | 476,710                    | --                             | 476,710                        |
| CDBG Program                      | 1,240                      | --                             | 1,240                          |
| General Government Projects       | 696                        | --                             | 696                            |
| Oasis Program                     | --                         | 29,430                         | 29,430                         |
| Unrestricted                      | 69,326,207                 | 252,513,178                    | 321,839,385                    |
| <b>TOTAL NET POSITION</b>         | <b>\$885,209,779</b>       | <b>756,300,110</b>             | <b>1,641,509,889</b>           |

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

# STATEMENT OF ACTIVITIES

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

## EXHIBIT B

| FUNCTIONS / PROGRAMS:                 | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                      |
|---------------------------------------|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|                                       |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   |                             |                      |
|                                       |                      |                         |  |  | Governmental<br>Activities                           | Business-type<br>Activities | Total                |
| Primary Government:                   |                      |                         |  |  |  |                             |                      |
| Governmental Activities:              |                      |                         |  |  |  |                             |                      |
| General Government                    | \$21,736,606         | 1,591,229               | 1,597,672                                | 3,652,891                              | (14,894,814)   | --                          | (14,894,814)         |
| Public Safety                         | 52,004,616           | 506,885                 | 905,047                                  | --                                     | (50,592,684)   | --                          | (50,592,684)         |
| Public Works                          | 32,806,255           | 10,516,875              | 113,842                                  | --                                     | (22,175,538)   | --                          | (22,175,538)         |
| Parks, Recreation and Culture         | 20,540,759           | 11,567,217              | 510,240                                  | 3,254,884                              | (5,208,418)  | --                          | (5,208,418)          |
| Development                           | 8,692,837            | 5,131,461               | 335,855                                  | --                                     | (3,225,521)  | --                          | (3,225,521)          |
| Infrastructure                        | 41,632,137           | 4,450,810               | 3,131,082                                | 27,217,844                             | (6,832,401)  | --                          | (6,832,401)          |
| Interest Expense & Debt Service Fees  | 3,146,884            | --                      | --                                       | --                                     | (3,146,884)  | --                          | (3,146,884)          |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>  | <b>180,560,094</b>   | <b>33,764,477</b>       | <b>6,593,738</b>                         | <b>34,125,619</b>                      | <b>(106,076,260)</b>                                 | <b>--</b>                   | <b>(106,076,260)</b> |
| Business-type Activities:             |                      |                         |  |  |  |                             |                      |
| Utility                               | 69,415,893           | 90,671,401              | --                                       | 11,945,486                             | --   | 33,200,994                  | 33,200,994           |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b> | <b>69,415,893</b>    | <b>90,671,401</b>       | <b>--</b>                                | <b>11,945,486</b>                      | <b>--</b>  | <b>33,200,994</b>           | <b>33,200,994</b>    |
| <b>Total Primary Government</b>       | <b>\$249,975,987</b> | <b>124,435,878</b>      | <b>6,593,738</b>                         | <b>46,071,105</b>                      | <b>(106,076,260)</b>                                 | <b>33,200,994</b>           | <b>(72,875,266)</b>  |
| General revenues:                     |                      |                         |  |  |  |                             |                      |
|                                       |                      |                         |  |  | 89,995,124   | --                          | 89,995,124           |
|                                       |                      |                         |  |  | 32,234,818   | --                          | 32,234,818           |
|                                       |                      |                         |  |  | 1,198,422  | --                          | 1,198,422            |
|                                       |                      |                         |  |  | 909,067  | --                          | 909,067              |
|                                       |                      |                         |  |  | 145,850  | --                          | 145,850              |
|                                       |                      |                         |  |  | 11,239,928   | --                          | 11,239,928           |
|                                       |                      |                         |  |  | 635,198  | 517,213                     | 1,152,411            |
|                                       |                      |                         |  |  | 229,437  | --                          | 229,437              |
|                                       |                      |                         |  |  | 47,201   | 7,948                       | 55,149               |
|                                       |                      |                         |  |  | <b>136,635,045</b>                                   | <b>525,161</b>              | <b>137,160,206</b>   |
|                                       |                      |                         |  |  | <b>30,558,785</b>                                    | <b>33,726,155</b>           | <b>64,284,940</b>    |
|                                       |                      |                         |  |  | <b>863,162,793</b>                                   | <b>722,573,955</b>          | <b>1,585,736,748</b> |
|                                       |                      |                         |  |  | <b>(8,511,799)</b>                                   | <b>--</b>                   | <b>(8,511,799)</b>   |
|                                       |                      |                         |  |  | <b>854,650,994</b>                                   | <b>722,573,955</b>          | <b>1,577,224,949</b> |
|                                       |                      |                         |  |  | <b>\$885,209,779</b>                                 | <b>756,300,110</b>          | <b>1,641,509,889</b> |

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

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# GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

## BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

| EXHIBIT C   | Major Funds        |                       | Non-Major Funds Reported as Major |   |                           |   | Total Governmental Funds |
|---|--------------------|-----------------------|-----------------------------------|---|---------------------------|---|--------------------------|
|   | General Fund       | Capital Projects Fund | Transit Special Revenue Fund      | Emergency Telephone System Special Revenue Fund | CDBG Special Revenue Fund | Economic Development Special Revenue Fund |                          |
| ASSETS  |                    |                       |                                   |   |                           |   |                          |
| UNRESTRICTED ASSETS   |                    |                       |                                   |   |                           |   |                          |
| Equity in Pooled Cash and Investments                               | \$91,003,836       | 114,278,991           | 1,108,481                         | --  | 12,934                    | 353,200                                   | 206,757,442              |
| Accrued Interest on Investments                                     | 295,826            | 357,401               | --                                | --  | --                        | --  | 653,227                  |
| Ad Valorem Taxes Receivable, net of allowance for doubtful accounts | 683,108            | --                    | --                                | --  | --                        | --  | 683,108                  |
| Accounts Receivable, net of allowance for doubtful accounts         | 14,750,426         | 1,608,479             | 159,307                           | 43,052  | --                        | --  | 16,561,264               |
| Inventories   | 2,044,564          | --                    | --                                | --  | --                        | --  | 2,044,564                |
| Other Assets  | 212,827            | --                    | --                                | --  | --                        | --  | 212,827                  |
| <b>TOTAL UNRESTRICTED ASSETS</b>                                    | <b>108,990,587</b> | <b>116,244,871</b>    | <b>1,267,788</b>                  | <b>43,052</b>                                   | <b>12,934</b>             | <b>353,200</b>                            | <b>226,912,432</b>       |
| RESTRICTED ASSETS   |                    |                       |                                   |   |                           |   |                          |
| Equity in Pooled Cash and Investments                               |                    |                       |                                   |   |                           |   |                          |
| Unspent Restricted Grants & Intergovernmental                       | 857,762            | 11,518,579            | --                                | 147,454   | 11,052                    | --  | 12,534,847               |
| Customer Deposits & Other Funds Held                                | 6,072,840          | 1,299,598             | --                                | --  | --                        | --  | 7,372,438                |
| <b>TOTAL RESTRICTED ASSETS</b>                                      | <b>6,930,602</b>   | <b>12,818,177</b>     | <b>--</b>                         | <b>147,454</b>                                  | <b>11,052</b>             | <b>--</b>                                 | <b>19,907,285</b>        |
| <b>TOTAL ASSETS</b>   | <b>115,921,189</b> | <b>129,063,048</b>    | <b>1,267,788</b>                  | <b>190,506</b>                                  | <b>23,986</b>             | <b>353,200</b>                            | <b>246,819,717</b>       |
| LIABILITIES AND FUND BALANCES                                       |                    |                       |                                   |   |                           |   |                          |
| LIABILITIES   |                    |                       |                                   |   |                           |   |                          |
| Accounts Payable  | 12,298,398         | 2,191,821             | 347,853                           | 895   | 11,731                    | --  | 14,850,698               |
| Retainage Payable   | --                 | 1,024,544             | --                                | --  | --                        | --  | 1,024,544                |
| Self Insurance Payable  | 225,407            | --                    | --                                | --  | --                        | --  | 225,407                  |
| Advance from Customers  | 144,862            | 18,535                | --                                | --  | --                        | --  | 163,397                  |
| Advance from Grantors   | --                 | --                    | --                                | --  | 11,015                    | --  | 11,015                   |
| Deposits  | 1,192,697          | --                    | --                                | --  | --                        | --  | 1,192,697                |
| <b>TOTAL LIABILITIES</b>  | <b>13,861,364</b>  | <b>3,234,900</b>      | <b>347,853</b>                    | <b>895</b>                                      | <b>22,746</b>             | <b>--</b>                                 | <b>17,467,758</b>        |
| DEFERRED INFLOWS OF RESOURCES                                       |                    |                       |                                   |   |                           |   |                          |
| Property Taxes Receivable & Prepaid                                 | 709,187            | --                    | --                                | --  | --                        | --  | 709,187                  |
| Vehicle Tags Receivable & Prepaid                                   | --                 | 314,614               | 157,307                           | --  | --                        | --  | 471,921                  |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                          | <b>709,187</b>     | <b>314,614</b>        | <b>157,307</b>                    | <b>--</b>                                       | <b>--</b>                 | <b>--</b>                                 | <b>1,181,108</b>         |

## BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

| EXHIBIT C   | Major Funds          |                             | Non-Major Funds Reported as Major  |  |                                 |  | Total<br>Governmental<br>Funds |
|---|----------------------|-----------------------------|------------------------------------|--|---------------------------------|--|--------------------------------|
|   | General<br>Fund      | Capital<br>Projects<br>Fund | Transit<br>Special<br>Revenue Fund | Emergency<br>Telephone<br>System Special<br>Revenue Fund | CDBG<br>Special<br>Revenue Fund | Economic<br>Development<br>Special<br>Revenue Fund |                                |
| <b>FUND BALANCES</b>  |                      |                             |                                    |  |                                 |  |                                |
| Nonspendable:   |                      |                             |                                    |  |                                 |  |                                |
| Inventories   | \$2,044,564          | --                          | --                                 | --   | --                              | --   | 2,044,564                      |
| Prepayments   | 212,827              | --                          | --                                 | --   | --                              | --   | 212,827                        |
| Steven's Estate Endowment   | 231,377              | --                          | --                                 | --   | --                              | --   | 231,377                        |
| Restricted:   |                      |                             |                                    |  |                                 |  |                                |
| Stabilization by State Statute  | 17,230,996           | 513,262                     | 8,200                              | 43,052   | --                              | --   | 17,795,510                     |
| Street Projects   | --                   | 9,654,645                   | --                                 | --   | --                              | --   | 9,654,645                      |
| Parks, Recreation and Culture   | 82,228               | 2,375,041                   | --                                 | --   | --                              | --   | 2,457,269                      |
| Fire Projects & Activities  | 8,924                | --                          | --                                 | --   | --                              | --   | 8,924                          |
| Police Operations & Activities  | 893,086              | --                          | --                                 | 146,559  | --                              | --   | 1,039,645                      |
| General Governmental Projects   | --                   | 696                         | --                                 | --   | --                              | --   | 696                            |
| CDBG Projects   | --                   | --                          | --                                 | --   | 1,240                           | --   | 1,240                          |
| Committed:  |                      |                             |                                    |  |                                 |  |                                |
| Street Projects   | --                   | 47,963,407                  | --                                 | --   | --                              | --   | 47,963,407                     |
| Downtown Projects   | --                   | 15,834,647                  | --                                 | --   | --                              | --   | 15,834,647                     |
| Parks, Recreation and Culture   | 69,062               | 27,138,877                  | --                                 | --   | --                              | --   | 27,207,939                     |
| Fire Projects   | --                   | 2,315,173                   | --                                 | --   | --                              | --   | 2,315,173                      |
| Police Operations & Activities (LEOSSA)                                   | 1,867,327            | --                          | --                                 | --   | --                              | --   | 1,867,327                      |
| General Governmental Projects   | --                   | 12,490,868                  | --                                 | --   | --                              | --   | 12,490,868                     |
| Governmental Capital Projects   | --                   | 7,226,918                   | --                                 | --   | --                              | --   | 7,226,918                      |
| Transit   | --                   | --                          | 754,428                            | --   | --                              | --   | 754,428                        |
| Economic Development  | --                   | --                          | --                                 | --   | --                              | 353,200  | 353,200                        |
| Assigned:   |                      |                             |                                    |  |                                 |  |                                |
| Subsequent Year Appropriations  | 20,244,930           | --                          | --                                 | --   | --                              | --   | 20,244,930                     |
| Affordable Housing  | 509,457              | --                          | --                                 | --   | --                              | --   | 509,457                        |
| Worker's Compensation Self Insurance                                      | 2,099,847            | --                          | --                                 | --   | --                              | --   | 2,099,847                      |
| Small Claims Self Insurance   | 1,445,797            | --                          | --                                 | --   | --                              | --   | 1,445,797                      |
| Parks, Recreation and Culture   | 299,156              | --                          | --                                 | --   | --                              | --   | 299,156                        |
| Fund Balance Unassigned   | 54,111,060           | --                          | --                                 | --   | --                              | --   | 54,111,060                     |
| <b>TOTAL FUND BALANCES</b>  | <b>101,350,638</b>   | <b>125,513,534</b>          | <b>762,628</b>                     | <b>189,611</b>   | <b>1,240</b>                    | <b>353,200</b>                                     | <b>228,170,851</b>             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                      |                             |                                    |  |                                 |  |                                |
|   | <b>\$115,921,189</b> | <b>129,063,048</b>          | <b>1,267,788</b>                   | <b>190,506</b>   | <b>23,986</b>                   | <b>353,200</b>                                     | <b>246,819,717</b>             |

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

## RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

### EXHIBIT D

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

|   | Governmental<br>Funds | Internal Service<br>Funds | Total              |
|---|-----------------------|---------------------------|--------------------|
| ENDING FUND BALANCE - GOVERNMENTAL FUNDS  | \$228,170,851         | --                        | 228,170,851        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 843,680,524           | 1,019,403                 | 844,699,927        |
| Long-term receivables (net of related unearned revenues) are not available to pay for current-period expenditures and are not included in the funds. This also includes internal service fund current receivables that have been added to governmental activities.  | 6,303,491             | 377,985                   | 6,681,476          |
| Internal service fund current assets (cash and inventory) included as governmental activities. Current internal service fund receivables are included in number above.  | --                    | 9,815,317                 | 9,815,317          |
| Non-current accrued bond interest and deferred outflows (deferred charge on debt refinancing) are not available or due in the current period and, therefore, are not reported in the funds. This is a net amount.   | 867,915               | --                        | 867,915            |
| Internal service fund current liabilities included as governmental activities (accounts payable and other accrued liabilities).   | --                    | (276,787)                 | (276,787)          |
| Certain non-current liabilities are not due in the current period and, therefore, not reported in the funds. This also includes an internal balance (liability) related to internal service funds, miscellaneous adjustments for short-term liabilities that are included with long-term liabilities for readability and reporting purposes, as well as an internal service fund deposit. | (531,930)             | (9,000)                   | (540,930)          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.  | (223,610,774)         | (2,038,499)               | (225,649,273)      |
| Pension activity relating to deferred outflows and deferred inflows is not used or reported in the funds.   | 20,279,390            | 242,791                   | 20,522,181         |
| Deferred inflows of resources related to property tax and vehicle tag fees that are not available to pay for current period expenditures and are not included in the funds.   | 919,102               | --                        | 919,102            |
| NET POSITION OF GOVERNMENTAL ACTIVITIES   | <u>\$876,078,569</u>  | <u>9,131,210</u>          | <u>885,209,779</u> |

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

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT E

|   | Major Funds          |                       | Non-Major Funds Reported as Major |   |                           |   | Total Governmental Funds |
|---|----------------------|-----------------------|-----------------------------------|---|---------------------------|---|--------------------------|
|   | General Fund         | Capital Projects Fund | Transit Special Revenue Fund      | Emergency Telephone System Special Revenue Fund | CDBG Special Revenue Fund | Economic Development Special Revenue Fund |                          |
| <b>REVENUES</b>                               |                      |                       |                                   |   |                           |   |                          |
| Ad Valorem Taxes                              | \$89,973,487         | --                    | --                                | --  | --                        | --  | 89,973,487               |
| Other Taxes and Licenses                      | 34,488,157           | --                    | --                                | 516,623   | --                        | --  | 35,004,780               |
| Unrestricted Intergovernmental                | 10,622,019           | 617,909               | --                                | --  | --                        | --  | 11,239,928               |
| Restricted Intergovernmental                  | 665,994              | 7,892,920             | 1,289,644                         | --  | 1,687,701                 | 48,000                                    | 11,584,259               |
| Permits and Fees                              | 5,421,069            | 8,428,154             | 647,798                           | --  | --                        | --  | 14,497,021               |
| Sales and Services                            | 17,932,557           | --                    | 325,249                           | --  | --                        | --  | 18,257,806               |
| Investment Earnings, net of market adjustment | 309,067              | 262,863               | --                                | 801   | 80                        | --  | 572,811                  |
| Reimbursements from Developers & Others       | --                   | 3,647,100             | --                                | --  | --                        | --  | 3,647,100                |
| Miscellaneous                                 | 2,322,898            | 1,821,890             | --                                | --  | --                        | --  | 4,144,788                |
| <b>TOTAL REVENUES</b>                         | <b>161,735,248</b>   | <b>22,670,836</b>     | <b>2,262,691</b>                  | <b>517,424</b>                                  | <b>1,687,781</b>          | <b>48,000</b>                             | <b>188,921,980</b>       |
| <b>EXPENDITURES</b>                           |                      |                       |                                   |   |                           |   |                          |
| Current:                                      |                      |                       |                                   |   |                           |   |                          |
| General Government, net                       | 19,551,448           | 6,166,528             | --                                | --  | --                        | 1,067,146                                 | 26,785,122               |
| Public Safety, net                            | 45,968,423           | 2,476,200             | --                                | 546,734   | --                        | --  | 48,991,357               |
| Public Works, net                             | 29,721,025           | --                    | --                                | --  | --                        | --  | 29,721,025               |
| Parks, Recreation and Culture                 | 15,993,137           | 10,655,105            | --                                | --  | --                        | --  | 26,648,242               |
| Development                                   | 8,150,794            | --                    | --                                | --  | 486,106                   | --  | 8,636,900                |
| Infrastructure                                | 8,286,517            | 20,155,723            | 4,230,404                         | --  | --                        | --  | 32,672,644               |
| Debt service:                                 |                      |                       |                                   |   |                           |   |                          |
| Principal                                     | 11,175,613           | --                    | --                                | --  | --                        | --  | 11,175,613               |
| Interest                                      | 3,312,564            | --                    | --                                | --  | --                        | --  | 3,312,564                |
| Bond Service Charges                          | 184,862              | --                    | --                                | --  | --                        | --  | 184,862                  |
| Reimbursement for Open Space                  | (862,663)            | --                    | --                                | --  | --                        | --  | (862,663)                |
| <b>TOTAL EXPENDITURES</b>                     | <b>141,481,720</b>   | <b>39,453,556</b>     | <b>4,230,404</b>                  | <b>546,734</b>                                  | <b>486,106</b>            | <b>1,067,146</b>                          | <b>187,265,666</b>       |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>     | <b>20,253,528</b>    | <b>(16,782,720)</b>   | <b>(1,967,713)</b>                | <b>(29,310)</b>                                 | <b>1,201,675</b>          | <b>(1,019,146)</b>                        | <b>1,656,314</b>         |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                      |                       |                                   |   |                           |   |                          |
| Transfers In                                  | --                   | 20,923,589            | 829,545                           | --  | --                        | 383,522                                   | 22,136,656               |
| Transfers Out                                 | (23,136,656)         | --                    | --                                | --  | --                        | --  | (23,136,656)             |
| Sale of Assets & Material                     | 309,959              | --                    | --                                | --  | --                        | --  | 309,959                  |
| Capital Lease Obligations Issued              | 1,178,759            | --                    | --                                | --  | --                        | --  | 1,178,759                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>(21,647,938)</b>  | <b>20,923,589</b>     | <b>829,545</b>                    | <b>--</b>                                       | <b>--</b>                 | <b>383,522</b>                            | <b>488,718</b>           |
| <b>NET CHANGE IN FUND BALANCE</b>             | <b>(1,394,410)</b>   | <b>4,140,869</b>      | <b>(1,138,168)</b>                | <b>(29,310)</b>                                 | <b>1,201,675</b>          | <b>(635,624)</b>                          | <b>2,145,032</b>         |
| <b>FUND BALANCE - Beginning of Year</b>       | <b>102,745,048</b>   | <b>121,372,665</b>    | <b>1,900,796</b>                  | <b>218,921</b>                                  | <b>(1,200,435)</b>        | <b>988,824</b>                            | <b>226,025,819</b>       |
| <b>FUND BALANCE - End of Year</b>             | <b>\$101,350,638</b> | <b>125,513,534</b>    | <b>762,628</b>                    | <b>189,611</b>                                  | <b>1,240</b>              | <b>353,200</b>                            | <b>228,170,851</b>       |

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

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

## EXHIBIT F

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

|  |                     |
|--|---------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS   | \$2,145,032         |
| Governmental funds report capital outlays and construction in progress as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives (through depreciation, see below) and should be added back.   | 28,076,511          |
| As stated above, In the Statement of Activities the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. This amount does not include depreciation related to the internal service funds of approximately \$98,000 (see separate item below for combined internal service fund activity).   | (26,403,004)        |
| Donated general infrastructure and other capital contributions related to developer agreements do not effect the Governmental Funds, but should be included as a revenue on the Statement of Activities.   | 21,278,727          |
| Certain proceeds from the sale of assets that affect Governmental Funds do not constitute a gain on the Statement of Activities and certain book losses that are not included in the Governmental Funds should be reported on the Statement of Activities. This is a net amount.   | (21,868)            |
| Certain revenues are not included in the Governmental Funds since they do not provide current financial resources. These need to be recognized and included in the Statement of Activities.  | 631,220             |
| The repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds, but does not have an effect on the Statement of Activities and should be added back.  | 11,175,613          |
| Contracts for long-term capital lease obligations are included as current financial resources in the Governmental Funds, but should be removed since they are included as a long-term liability on the Statement of Net Position.  | (1,178,759)         |
| A portion of expense activity related to the Local Government Employee Retirement System and other post employment benefits (not including fleet internal service fund portion), as well as all of the Law Enforcement Separation Allowance retirement expense are not reported in the Governmental funds and should be included in the Statement of Activities:   |                     |
| Other Post Employment Benefits expense adjustment  | (7,369,392)         |
| Local Government Employee Retirement System expense adjustment   | (1,164,464)         |
| Law Enforcement Separation Allowance expense adjustment  | (436,688)           |
| Certain other operational expense adjustments are not related to expenditures in the Governmental Funds, but should be included in the Statement of Activities. This includes payments on capital leases and long-term commitments that are not considered expenses on the Statement of Activities.  | 897,822             |
| Debt interest expense and annual amortization of the deferred charge on debt refinancings (deferred outflow) are not reported in the Governmental Funds, but need to be included on the Statement of Activities.   | 350,542             |
| The remaining net expense of activities in the internal service funds for fleet and health insurance services, not included above, that relate to governmental activities (based on participation) are not reported in the Governmental Funds, but need to be included in the Statement of Activities. This includes a transfer to the health insurance internal service fund for \$1 million related to future catastrophic losses. | 2,577,493           |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES  | <u>\$30,558,785</u> |

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

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|  | 2017              |                   |                   |                        | 2016              |
|--|-------------------|-------------------|-------------------|------------------------|-------------------|
|  | Budget            |                   | Actual            | Variance               | Actual            |
|  | Original          | Final             |                   | Positive<br>(Negative) |                   |
| <b>REVENUES</b>                          |                   |                   |                   |                        |                   |
| <b>Ad Valorem Taxes</b>                  |                   |                   |                   |                        |                   |
| Current Year                             | \$87,958,479      | 87,958,479        | 89,328,983        | 1,370,504              | 86,625,224        |
| Prior Years                              | 150,000           | 150,000           | 582,287           | 432,287                | 600,917           |
| Penalties and Interest                   | 65,000            | 65,000            | 62,217            | (2,783)                | 74,269            |
| <b>TOTAL</b>                             | <b>88,173,479</b> | <b>88,173,479</b> | <b>89,973,487</b> | <b>1,800,008</b>       | <b>87,300,410</b> |
| <b>Other Taxes and Licenses</b>          |                   |                   |                   |                        |                   |
| ABC Revenue                              | 879,884           | 879,884           | 915,344           | 35,460                 | 860,319           |
| Wake County Sales Tax                    | 14,151,063        | 14,151,063        | 14,678,520        | 527,457                | 14,036,341        |
| One Half Cent Sales Tax                  | 16,703,688        | 16,703,688        | 17,556,298        | 852,610                | 16,485,974        |
| Business Licenses                        | --                | --                | --                | --                     | 13                |
| Occupancy Tax                            | 1,133,000         | 1,133,000         | 1,198,422         | 65,422                 | 1,130,099         |
| Animal Licenses                          | 6,571             | 6,571             | 9,190             | 2,619                  | 7,035             |
| Rental Vehicle Tax                       | 98,000            | 98,000            | 130,383           | 32,383                 | 99,180            |
| <b>TOTAL</b>                             | <b>32,972,206</b> | <b>32,972,206</b> | <b>34,488,157</b> | <b>1,515,951</b>       | <b>32,618,961</b> |
| <b>Unrestricted Intergovernmental</b>    |                   |                   |                   |                        |                   |
| Utility & Piped Natural Gas Sales Tax    | 9,925,803         | 9,925,803         | 9,931,205         | 5,402                  | 10,049,822        |
| Wine and Beer Tax                        | 685,137           | 685,137           | 690,814           | 5,677                  | 652,512           |
| <b>TOTAL</b>                             | <b>10,610,940</b> | <b>10,610,940</b> | <b>10,622,019</b> | <b>11,079</b>          | <b>10,702,334</b> |
| <b>Restricted Intergovernmental</b>      |                   |                   |                   |                        |                   |
| Federal Grants                           | --                | 40,000            | 335,016           | 295,016                | 373,384           |
| State Grants                             | --                | 30,000            | 65,784            | 35,784                 | 43,893            |
| County Grants & Other Restricted Funding | 250,841           | 250,841           | 265,194           | 14,353                 | 273,174           |
| <b>TOTAL</b>                             | <b>250,841</b>    | <b>320,841</b>    | <b>665,994</b>    | <b>345,153</b>         | <b>690,451</b>    |
| <b>Permits and Fees</b>                  |                   |                   |                   |                        |                   |
| Building Permits                         | 2,626,000         | 2,626,000         | 3,307,935         | 681,935                | 2,827,859         |
| Rezoning/Variance Request Fees           | 60,600            | 60,600            | 50,575            | (10,025)               | 42,700            |
| Site/Final Plan Review Fees              | 307,150           | 307,150           | 340,014           | 32,864                 | 215,350           |
| Inspection Fees                          | 444,400           | 444,400           | 462,206           | 17,806                 | 583,893           |
| Traffic Impact Analysis Fee              | 225,000           | 225,000           | 289,608           | 64,608                 | 196,153           |
| Grading Permits                          | 230,000           | 230,000           | 197,424           | (32,576)               | 301,762           |
| Miscellaneous Permits & Fees             | 390,470           | 390,470           | 773,307           | 382,837                | 531,771           |
| <b>TOTAL</b>                             | <b>4,283,620</b>  | <b>4,283,620</b>  | <b>5,421,069</b>  | <b>1,137,449</b>       | <b>4,699,488</b>  |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|   | 2017               |                    |                    | Variance<br>Positive<br>(Negative) | 2016               |
|---|--------------------|--------------------|--------------------|------------------------------------|--------------------|
|   | Budget             |                    | Actual             |                                    | Actual             |
|   | Original           | Final              |                    |                                    |                    |
| Sales and Services                                |                    |                    |                    |                                    |                    |
| Sanitation Fees                                   | \$9,176,464        | 9,176,464          | 9,214,096          | 37,632                             | 8,983,708          |
| Rental Revenue                                    | 73,205             | 73,205             | 120,604            | 47,399                             | 211,948            |
| Cellular Tower Lease Proceeds                     | 815,101            | 815,101            | 880,888            | 65,787                             | 870,369            |
| Community Recreation Misc. Program Revenues       | 25,500             | 25,500             | 34,512             | 9,012                              | 81,794             |
| Sports Program Revenues                           | 516,000            | 516,000            | 564,200            | 48,200                             | 623,875            |
| Senior Program Revenues                           | 147,500            | 147,500            | 191,199            | 43,699                             | 161,616            |
| Community Center Program Revenues                 | 1,193,100          | 1,193,100          | 1,476,760          | 283,660                            | 1,290,369          |
| Outdoor Recreation Program Revenues               | 226,682            | 226,682            | 251,585            | 24,903                             | 202,018            |
| Environmental (Steven's Nature) Program Revenues  | 45,750             | 45,750             | 36,298             | (9,452)                            | 58,901             |
| Cary Art Center Program Revenues                  | 745,550            | 745,550            | 815,431            | 69,881                             | 804,571            |
| The Cary Theater Program Revenues                 | 105,000            | 105,000            | 132,412            | 27,412                             | 139,681            |
| Downtown Events Program Revenues                  | 15,500             | 15,500             | 16,472             | 972                                | 9,820              |
| Festival & Outdoor Program Revenues               | 242,230            | 242,230            | 169,145            | (73,085)                           | 173,527            |
| Historic (Page-Walker) Program Revenues           | 112,500            | 112,500            | 133,198            | 20,698                             | 120,502            |
| Sports Venue Misc. Program Revenues               | 500,000            | 500,000            | 173,581            | (326,419)                          | 187,919            |
| Tennis Park Revenues                              | 1,705,000          | 1,705,000          | 1,816,059          | 111,059                            | 1,636,884          |
| Skate Park Revenues                               | 134,500            | 134,500            | 110,904            | (23,596)                           | 129,719            |
| Soccer Park Revenues                              | 894,937            | 894,937            | 706,512            | (188,425)                          | 643,620            |
| USA Baseball Revenues                             | 553,500            | 553,500            | 609,240            | 55,740                             | 533,694            |
| Miscellaneous Parks & Recreation Program Revenues | 44,650             | 119,650            | 70,349             | (49,301)                           | 39,091             |
| Miscellaneous Sales and Services                  | 235,000            | 235,000            | 409,112            | 174,112                            | 321,478            |
| <b>TOTAL</b>                                      | <b>17,507,669</b>  | <b>17,582,669</b>  | <b>17,932,557</b>  | <b>349,888</b>                     | <b>17,225,104</b>  |
| Investment Earnings                               | 928,250            | 928,250            | 1,107,496          | 179,246                            | 866,647            |
| Market Adjustment                                 | --                 | --                 | (798,429)          | (798,429)                          | 342,895            |
| Investment Earnings, net                          | 928,250            | 928,250            | 309,067            | (619,183)                          | 1,209,542          |
| Miscellaneous                                     |                    |                    |                    |                                    |                    |
| Donations   | 141,500            | 66,500             | 39,757             | (26,743)                           | 52,881             |
| Wake County Reimbursement                         | 446,490            | 446,490            | 617,973            | 171,483                            | 540,511            |
| NCDOT Traffic Signal Reimbursement                | 658,701            | 658,701            | 844,410            | 185,709                            | 546,669            |
| Miscellaneous Revenues                            | 539,319            | 654,605            | 820,758            | 166,153                            | 756,432            |
| <b>TOTAL</b>                                      | <b>1,786,010</b>   | <b>1,826,296</b>   | <b>2,322,898</b>   | <b>496,602</b>                     | <b>1,896,493</b>   |
| <b>TOTAL REVENUES</b>                             | <b>156,513,015</b> | <b>156,698,301</b> | <b>161,735,248</b> | <b>5,036,947</b>                   | <b>156,342,783</b> |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|                                    | 2017              |                   |                  | Variance<br>Positive<br>(Negative) | 2016             |
|------------------------------------|-------------------|-------------------|------------------|------------------------------------|------------------|
|                                    | Budget            |                   | Actual           |                                    | Actual           |
|                                    | Original          | Final             |                  |                                    |                  |
| <b>EXPENDITURES</b>                |                   |                   |                  |                                    |                  |
| <b>GENERAL GOVERNMENT</b>          |                   |                   |                  |                                    |                  |
| Legislative (4110)                 |                   |                   |                  |                                    |                  |
| Personnel Services                 | \$202,544         | 202,544           | 133,176          | 69,368                             | 120,185          |
| Operations & Maintenance           | 598,158           | 599,983           | 574,008          | 25,975                             | 574,686          |
| <b>TOTAL</b>                       | <b>800,702</b>    | <b>802,527</b>    | <b>707,184</b>   | <b>95,343</b>                      | <b>694,871</b>   |
| Town Clerk (4130)                  |                   |                   |                  |                                    |                  |
| Personnel Services                 | 327,675           | 327,675           | 196,666          | 131,009                            | 274,487          |
| Operations & Maintenance           | 93,412            | 96,297            | 68,685           | 27,612                             | 240,484          |
| <b>TOTAL</b>                       | <b>421,087</b>    | <b>423,972</b>    | <b>265,351</b>   | <b>158,621</b>                     | <b>514,971</b>   |
| Legal (4140)                       |                   |                   |                  |                                    |                  |
| Personnel Services                 | 545,397           | 551,397           | 550,089          | 1,308                              | 499,159          |
| Operations & Maintenance           | 737,973           | 733,017           | 426,263          | 306,754                            | 205,307          |
| <b>TOTAL</b>                       | <b>1,283,370</b>  | <b>1,284,414</b>  | <b>976,352</b>   | <b>308,062</b>                     | <b>704,466</b>   |
| Town Manager's Office (4200,4240)  |                   |                   |                  |                                    |                  |
| Personnel Services                 | 1,872,029         | 1,851,829         | 1,667,960        | 183,869                            | 1,309,551        |
| Operations & Maintenance           | 481,236           | 496,937           | 246,753          | 250,184                            | 216,739          |
| <b>TOTAL</b>                       | <b>2,353,265</b>  | <b>2,348,766</b>  | <b>1,914,713</b> | <b>434,053</b>                     | <b>1,526,290</b> |
| Budget (4210)                      |                   |                   |                  |                                    |                  |
| Personnel Services                 | 580,612           | 580,612           | 568,520          | 12,092                             | 511,053          |
| Operations & Maintenance           | 59,984            | 61,287            | 52,928           | 8,359                              | 30,588           |
| <b>TOTAL</b>                       | <b>640,596</b>    | <b>641,899</b>    | <b>621,448</b>   | <b>20,451</b>                      | <b>541,641</b>   |
| Public Information (4220)          |                   |                   |                  |                                    |                  |
| Personnel Services                 | 925,519           | 936,899           | 936,695          | 204                                | 899,665          |
| Operations & Maintenance           | 80,198            | 82,464            | 77,626           | 4,838                              | 96,879           |
| Capital Outlay                     | --                | --                | --               | --                                 | 32,623           |
| <b>TOTAL</b>                       | <b>1,005,717</b>  | <b>1,019,363</b>  | <b>1,014,321</b> | <b>5,042</b>                       | <b>1,029,167</b> |
| Technology Services (4500)         |                   |                   |                  |                                    |                  |
| Personnel Services                 | 3,644,270         | 3,194,650         | 3,004,205        | 190,445                            | 2,689,797        |
| Operations & Maintenance           | 6,329,598         | 6,734,156         | 5,404,173        | 1,329,983                          | 4,706,849        |
| Reimbursement from the Soccer Park | (7,218)           | (7,218)           | (7,218)          | --                                 | (7,218)          |
| Capital Lease Purchases            | 1,300,000         | 1,300,000         | 1,178,759        | 121,241                            | 1,039,101        |
| <b>TOTAL, net</b>                  | <b>11,266,650</b> | <b>11,221,588</b> | <b>9,579,919</b> | <b>1,641,669</b>                   | <b>8,428,529</b> |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|   | 2017        |             |             |                        | 2016        |
|---|-------------|-------------|-------------|------------------------|-------------|
|   | Budget      |             | Actual      | Variance               | Actual      |
|   | Original    | Final       |             | Positive<br>(Negative) |             |
| Accounting (4410)   |             |             |             |                        |             |
| Personnel Services  | \$1,941,619 | 1,947,744   | 1,815,904   | 131,840                | 1,670,389   |
| Operations & Maintenance                                  | 1,228,003   | 1,227,061   | 1,036,717   | 190,344                | 949,221     |
| TOTAL   | 3,169,622   | 3,174,805   | 2,852,621   | 322,184                | 2,619,610   |
| Purchasing (4420)   |             |             |             |                        |             |
| Personnel Services  | 725,624     | 731,844     | 711,397     | 20,447                 | 679,202     |
| Operations & Maintenance                                  | 284,375     | 318,611     | 288,943     | 29,668                 | 316,681     |
| TOTAL   | 1,009,999   | 1,050,455   | 1,000,340   | 50,115                 | 995,883     |
| Human Resources (4600)                                    |             |             |             |                        |             |
| Personnel Services  | 1,417,164   | 1,456,384   | 1,418,291   | 38,093                 | 1,488,425   |
| Operations & Maintenance                                  | 392,224     | 396,038     | 314,601     | 81,437                 | 1,205,701   |
| Town-wide Expenses  | 884,440     | 884,440     | 725,283     | 159,157                | --          |
| TOTAL   | 2,693,828   | 2,736,862   | 2,458,175   | 278,687                | 2,694,126   |
| Self-Insurance  |             |             |             |                        |             |
| Workers' Compensation                                     | 1,550,000   | 1,550,000   | 1,727,220   | (177,220)              | 1,569,720   |
| Small Claims  | 1,876,074   | 1,215,319   | 249,883     | 965,436                | 177,368     |
| Reimbursement from Fleet Management Internal Service Fund | (20,500)    | (20,500)    | (20,500)    | --                     | (18,137)    |
| Reimbursement from Utility Systems Enterprise Fund        | (225,500)   | (225,500)   | (225,500)   | --                     | (224,238)   |
| TOTAL, net  | 3,180,074   | 2,519,319   | 1,731,103   | 788,216                | 1,504,713   |
| Indirect Cost Reimbursements from Other Funds             |             |             |             |                        |             |
| Fleet Management Internal Service Fund                    | (246,954)   | (246,954)   | (246,954)   | --                     | (382,902)   |
| Utility System Enterprise Fund                            | (3,323,125) | (3,323,125) | (3,323,125) | --                     | (3,331,350) |
| TOTAL   | (3,570,079) | (3,570,079) | (3,570,079) | --                     | (3,714,252) |
| TOTAL GENERAL GOVERNMENT, net                             | 24,254,831  | 23,653,891  | 19,551,448  | 4,102,443              | 17,540,015  |
| PUBLIC SAFETY   |             |             |             |                        |             |
| Police (5110, 5120)                                       |             |             |             |                        |             |
| Personnel Services  | 22,702,994  | 22,702,994  | 21,240,040  | 1,462,954              | 21,154,067  |
| Operations & Maintenance                                  | 2,195,894   | 2,315,957   | 1,866,289   | 449,668                | 2,079,300   |
| Capital Outlays   | 621,468     | 712,675     | 659,919     | 52,756                 | 938,112     |
| Reimbursement from Parks, Recreation & Culture            | (25,362)    | (25,362)    | (37,784)    | 12,422                 | (39,313)    |
| TOTAL, net  | 25,494,994  | 25,706,264  | 23,728,464  | 1,977,800              | 24,132,166  |
| Law Enforcement Separation Allowance                      |             |             |             |                        |             |
| Pension Benefits Paid                                     | 640,978     | 640,978     | 495,206     | 145,772                | 328,502     |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|  | 2017         |              |             |                        | 2016        |
|--|--------------|--------------|-------------|------------------------|-------------|
|  | Budget       |              | Actual      | Variance               | Actual      |
|  | Original     | Final        |             | Positive<br>(Negative) |             |
| Fire (5300)  |              |              |             |                        |             |
| Personnel Services                                   | \$20,212,045 | 20,192,045   | 19,722,859  | 469,186                | 18,638,972  |
| Operations & Maintenance                             | 1,953,189    | 2,098,044    | 1,883,295   | 214,749                | 1,614,352   |
| Capital Outlays                                      | 130,711      | 138,711      | 138,599     | 112                    | --          |
| TOTAL  | 22,295,945   | 22,428,800   | 21,744,753  | 684,047                | 20,253,324  |
| TOTAL PUBLIC SAFETY, net                             | 48,431,917   | 48,776,042   | 45,968,423  | 2,807,619              | 44,713,992  |
| GENERAL OPERATIONS                                   |              |              |             |                        |             |
| Public Works - Administration (7010)                 |              |              |             |                        |             |
| Personnel Services                                   | 1,244,610    | 1,231,686    | 1,170,281   | 61,405                 | 1,068,056   |
| Operations & Maintenance                             | 151,399      | 153,869      | 130,387     | 23,482                 | 116,741     |
| Reimbursement from Utility System Enterprise Fund    | (802,915)    | (802,915)    | (699,521)   | (103,394)              | (670,981)   |
| TOTAL, net   | 593,094      | 582,640      | 601,147     | (18,507)               | 513,816     |
| Facilities Management (7015)                         |              |              |             |                        |             |
| Personnel Services                                   | 7,957,299    | 7,824,102    | 7,555,571   | 268,531                | 7,187,871   |
| Operations & Maintenance                             | 10,137,941   | 10,436,389   | 9,535,588   | 900,801                | 8,560,411   |
| Capital Outlays                                      | 344,315      | 347,315      | 348,354     | (1,039)                | 511,867     |
| Reimbursement from Other Parks, Recreation & Culture | (2,780,168)  | (3,049,157)  | (2,262,382) | (786,775)              | (2,244,428) |
| Reimbursement from Utility System Enterprise Fund    | (169,795)    | (169,795)    | (206,067)   | 36,272                 | (209,359)   |
| TOTAL, net   | 15,489,592   | 15,388,854   | 14,971,064  | 417,790                | 13,806,362  |
| Field Operations (7020)                              |              |              |             |                        |             |
| Personnel Services                                   | 9,045,566    | 9,047,676    | 8,660,875   | 386,801                | 8,352,171   |
| Operations & Maintenance                             | 6,741,985    | 6,736,864    | 5,898,601   | 838,263                | 4,588,384   |
| Capital Outlays                                      | 337,497      | 402,497      | 393,491     | 9,006                  | 400,520     |
| Reimbursement from Utility System Enterprise Fund    | (10,488,821) | (10,488,821) | (9,769,767) | (719,054)              | (9,277,991) |
| TOTAL, net   | 5,636,227    | 5,698,216    | 5,183,200   | 515,016                | 4,063,084   |
| Solid Waste Management (7025)                        |              |              |             |                        |             |
| Personnel Services                                   | 1,959,141    | 2,089,828    | 2,049,222   | 40,606                 | 1,923,550   |
| Operations & Maintenance                             | 2,822,108    | 2,864,222    | 2,818,937   | 45,285                 | 2,668,974   |
| Capital Outlays                                      | 21,319       | 24,451       | 24,451      | --                     | 63,003      |
| TOTAL  | 4,802,568    | 4,978,501    | 4,892,610   | 85,891                 | 4,655,527   |
| Recycling (7026)                                     |              |              |             |                        |             |
| Personnel Services                                   | 1,078,087    | 1,078,087    | 902,334     | 175,753                | 821,233     |
| Operations & Maintenance                             | 1,044,218    | 1,060,065    | 772,431     | 287,634                | 789,348     |
| Capital Outlays                                      | 23,994       | 29,748       | 29,698      | 50                     | --          |
| TOTAL  | 2,146,299    | 2,167,900    | 1,704,463   | 463,437                | 1,610,581   |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|   | 2017        |            |            | Variance<br>Positive<br>(Negative) | 2016       |
|---|-------------|------------|------------|------------------------------------|------------|
|   | Budget      |            | Actual     |                                    | Actual     |
|   | Original    | Final      |            |                                    |            |
| Yard Waste Division (7027)                                |             |            |            |                                    |            |
| Personnel Services  | \$1,777,398 | 1,777,398  | 1,534,909  | 242,489                            | 1,352,921  |
| Operations & Maintenance                                  | 1,050,164   | 1,070,081  | 782,240    | 287,841                            | 922,215    |
| Capital Outlays   | 56,448      | 56,448     | 51,392     | 5,056                              | 53,252     |
| TOTAL   | 2,884,010   | 2,903,927  | 2,368,541  | 535,386                            | 2,328,388  |
| Total Public Works, net                                   | 31,551,790  | 31,720,038 | 29,721,025 | 1,999,013                          | 26,977,758 |
| Parks, Recreation and Cultural Arts Administration (6210) |             |            |            |                                    |            |
| Personnel Services  | 1,269,177   | 1,230,923  | 1,114,905  | 116,018                            | 867,678    |
| Operations & Maintenance                                  | 805,403     | 841,223    | 503,369    | 337,854                            | 450,302    |
| TOTAL   | 2,074,580   | 2,072,146  | 1,618,274  | 453,872                            | 1,317,980  |
| Community Recreation (6250)                               |             |            |            |                                    |            |
| Community Recreation Administration                       |             |            |            |                                    |            |
| Personnel Services  | 259,995     | 259,995    | 251,458    | 8,537                              | 248,178    |
| Operations & Maintenance                                  | 222,554     | 223,848    | 148,546    | 75,302                             | 127,108    |
| TOTAL   | 482,549     | 483,843    | 400,004    | 83,839                             | 375,286    |
| Sports Programs (6251)                                    |             |            |            |                                    |            |
| Personnel Services  | 737,196     | 737,196    | 703,642    | 33,554                             | 670,113    |
| Operations & Maintenance                                  | 705,855     | 707,671    | 570,473    | 137,198                            | 594,414    |
| Capital Outlays   | --          | --         | --         | --                                 | 21,195     |
| TOTAL   | 1,443,051   | 1,444,867  | 1,274,115  | 170,752                            | 1,285,722  |
| Senior Programs (6252)                                    |             |            |            |                                    |            |
| Personnel Services  | 337,535     | 349,093    | 339,630    | 9,463                              | 323,577    |
| Operations & Maintenance                                  | 239,524     | 244,307    | 192,997    | 51,310                             | 164,665    |
| TOTAL   | 577,059     | 593,400    | 532,627    | 60,773                             | 488,242    |
| Community Centers (6253)                                  |             |            |            |                                    |            |
| Personnel Services  | 1,185,363   | 1,185,834  | 1,104,096  | 81,738                             | 971,062    |
| Operations & Maintenance                                  | 911,349     | 920,398    | 754,289    | 166,109                            | 674,455    |
| Capital Outlays   | --          | --         | --         | --                                 | 455        |
| TOTAL   | 2,096,712   | 2,106,232  | 1,858,385  | 247,847                            | 1,645,972  |
| Outdoor Recreation Programs (6254)                        |             |            |            |                                    |            |
| Personnel Services  | 313,375     | 295,322    | 269,948    | 25,374                             | 242,902    |
| Operations & Maintenance                                  | 218,349     | 218,920    | 152,110    | 66,810                             | 125,215    |
| Capital Outlays   | 8,432       | 8,432      | 7,975      | 457                                | 27,293     |
| TOTAL   | 540,156     | 522,674    | 430,033    | 92,641                             | 395,410    |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|  | 2017      |           |           | Variance<br>Positive<br>(Negative) | 2016      |
|--|-----------|-----------|-----------|------------------------------------|-----------|
|  | Budget    |           | Actual    |                                    | Actual    |
|  | Original  | Final     |           |                                    |           |
| Environmental Programs (Steven's Nature Center 6255) |           |           |           |                                    |           |
| Personnel Services                                   | \$306,314 | 306,314   | 252,274   | 54,040                             | 232,545   |
| Operations & Maintenance                             | 49,666    | 50,755    | 33,377    | 17,378                             | 47,430    |
| TOTAL  | 355,980   | 357,069   | 285,651   | 71,418                             | 279,975   |
| Total Community Recreation                           | 5,495,507 | 5,508,085 | 4,780,815 | 727,270                            | 4,470,607 |
| Cultural Arts & Downtown                             |           |           |           |                                    |           |
| Cultural Arts Administration (6355)                  |           |           |           |                                    |           |
| Personnel Services                                   | 881,691   | 881,691   | 833,551   | 48,140                             | 707,956   |
| Operations & Maintenance                             | 340,416   | 343,641   | 297,843   | 45,798                             | 264,121   |
| TOTAL  | 1,222,107 | 1,225,332 | 1,131,394 | 93,938                             | 972,077   |
| Cary Arts Center (6350)                              |           |           |           |                                    |           |
| Personnel Services                                   | 1,130,591 | 1,143,873 | 1,063,291 | 80,582                             | 1,002,819 |
| Operations & Maintenance                             | 791,051   | 798,096   | 702,481   | 95,615                             | 679,368   |
| Capital Outlays                                      | --        | 6,328     | 6,160     | 168                                | --        |
| TOTAL  | 1,921,642 | 1,948,297 | 1,771,932 | 176,365                            | 1,682,187 |
| The Cary Theatre (6351)                              |           |           |           |                                    |           |
| Personnel Services                                   | 190,113   | 205,392   | 172,936   | 32,456                             | 172,342   |
| Operations & Maintenance                             | 534,734   | 524,398   | 368,910   | 155,488                            | 363,574   |
| Capital Outlays                                      | --        | 16,820    | 16,221    | 599                                | --        |
| TOTAL  | 724,847   | 746,610   | 558,067   | 188,543                            | 535,916   |
| Special Downtown Events (6352)                       |           |           |           |                                    |           |
| Operations & Maintenance                             | 256,455   | 257,955   | 126,722   | 131,233                            | 119,874   |
| TOTAL  | 256,455   | 257,955   | 126,722   | 131,233                            | 119,874   |
| Festivals & Outdoor Programming (6353)               |           |           |           |                                    |           |
| Operations & Maintenance                             | 209,730   | 209,730   | 177,976   | 31,754                             | 142,288   |
| TOTAL  | 209,730   | 209,730   | 177,976   | 31,754                             | 142,288   |
| Historic Programs (Page-Walker Hotel 6354)           |           |           |           |                                    |           |
| Personnel Services                                   | 253,361   | 263,054   | 252,223   | 10,831                             | 242,303   |
| Operations & Maintenance                             | 89,386    | 91,083    | 81,721    | 9,362                              | 76,890    |
| TOTAL  | 342,747   | 354,137   | 333,944   | 20,193                             | 319,193   |
| Regency Amphitheatre (6356)                          |           |           |           |                                    |           |
| Operations & Maintenance                             | 768,626   | 1,128,523 | 738,697   | 389,826                            | (45,086)  |
| Capital Outlays                                      | 86,193    | 92,000    | 39,813    | 52,187                             | 21,307    |
| TOTAL  | 854,819   | 1,220,523 | 778,510   | 442,013                            | (23,779)  |
| Total Cultural Arts & Downtown                       | 5,532,347 | 5,962,584 | 4,878,545 | 1,084,039                          | 3,747,756 |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|   | 2017       |            |            |                                    | 2016       |
|---|------------|------------|------------|------------------------------------|------------|
|   | Budget     |            | Actual     | Variance<br>Positive<br>(Negative) | Actual     |
|   | Original   | Final      |            |                                    |            |
| Sports Venue                            |            |            |            |                                    |            |
| Sports Venue Administration (6305)      |            |            |            |                                    |            |
| Personnel Services                      | \$380,853  | 380,853    | 367,157    | 13,696                             | 343,536    |
| Operations & Maintenance                | 94,504     | 99,246     | 76,002     | 23,244                             | 67,916     |
| TOTAL                                   | 475,357    | 480,099    | 443,159    | 36,940                             | 411,452    |
| Tennis Park (6310)                      |            |            |            |                                    |            |
| Personnel Services                      | 1,323,335  | 1,437,044  | 1,433,561  | 3,483                              | 1,303,815  |
| Operations & Maintenance                | 795,787    | 788,907    | 694,873    | 94,034                             | 720,100    |
| Capital Outlays                         | ---        | 16,195     | 11,990     | 4,205                              | --         |
| TOTAL                                   | 2,119,122  | 2,242,146  | 2,140,424  | 101,722                            | 2,023,915  |
| Skate Park (6320)                       |            |            |            |                                    |            |
| Personnel Services                      | 182,922    | 192,068    | 176,493    | 15,575                             | 170,082    |
| Operations & Maintenance                | 92,818     | 93,565     | 67,133     | 26,432                             | 62,825     |
| TOTAL                                   | 275,740    | 285,633    | 243,626    | 42,007                             | 232,907    |
| Soccer Park (6330)                      |            |            |            |                                    |            |
| Personnel Services                      | 147,243    | 152,441    | 139,892    | 12,549                             | 147,812    |
| Operations & Maintenance                | 1,449,469  | 1,339,484  | 1,026,371  | 313,113                            | 1,090,034  |
| Capital Outlays                         | --         | 14,590     | 14,590     | --                                 | --         |
| TOTAL                                   | 1,596,712  | 1,506,515  | 1,180,853  | 325,662                            | 1,237,846  |
| USA Baseball (6340)                     |            |            |            |                                    |            |
| Personnel Services                      | 161,457    | 162,352    | 146,320    | 16,032                             | 150,920    |
| Operations & Maintenance                | 971,446    | 984,160    | 556,766    | 427,394                            | 730,596    |
| Capital Outlays                         | 8,432      | 4,356      | 4,355      | 1                                  | 8,334      |
| TOTAL                                   | 1,141,335  | 1,150,868  | 707,441    | 443,427                            | 889,850    |
| Total Sports Venue                      | 5,608,266  | 5,665,261  | 4,715,503  | 949,758                            | 4,795,970  |
| Total Parks, Recreation & Cultural Arts | 18,710,700 | 19,208,076 | 15,993,137 | 3,214,939                          | 14,332,313 |
| TOTAL GENERAL OPERATIONS, net           | 50,262,490 | 50,928,114 | 45,714,162 | 5,213,952                          | 41,310,071 |
| DEVELOPMENT AND INFRASTRUCTURE          |            |            |            |                                    |            |
| Planning (5505)                         |            |            |            |                                    |            |
| Personnel Services                      | 2,484,373  | 2,484,373  | 2,337,795  | 146,578                            | 2,087,599  |
| Operations & Maintenance                | 247,880    | 254,780    | 175,177    | 79,603                             | 280,423    |
| TOTAL                                   | 2,732,253  | 2,739,153  | 2,512,972  | 226,181                            | 2,368,022  |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|  | 2017       |            |            | Variance<br>Positive<br>(Negative) | 2016       |
|--|------------|------------|------------|------------------------------------|------------|
|  | Budget     |            | Actual     |                                    | Actual     |
|  | Original   | Final      |            |                                    |            |
| Planning-Affordable Housing (5507)               |            |            |            |                                    |            |
| Personnel Services                               | \$201,813  | 201,813    | 168,659    | 33,154                             | 152,997    |
| Operations & Maintenance                         | 9,167      | 9,659      | 6,238      | 3,421                              | 3,267      |
| TOTAL  | 210,980    | 211,472    | 174,897    | 36,575                             | 156,264    |
| Inspections and Permits (5510)                   |            |            |            |                                    |            |
| Personnel Services                               | 4,357,009  | 4,357,009  | 4,054,196  | 302,813                            | 3,913,778  |
| Operations & Maintenance                         | 279,837    | 295,106    | 241,439    | 53,667                             | 212,742    |
| Capital Outlays                                  | 37,482     | 37,482     | 37,481     | 1                                  | 57,781     |
| TOTAL  | 4,674,328  | 4,689,597  | 4,333,116  | 356,481                            | 4,184,301  |
| Development Support Services (5515)              |            |            |            |                                    |            |
| Personnel Services                               | 1,304,838  | 1,304,838  | 1,093,009  | 211,829                            | 851,334    |
| Operations & Maintenance                         | 60,564     | 64,214     | 36,800     | 27,414                             | 26,187     |
| TOTAL  | 1,365,402  | 1,369,052  | 1,129,809  | 239,243                            | 877,521    |
| Total Development                                | 8,982,963  | 9,009,274  | 8,150,794  | 858,480                            | 7,586,108  |
| Facility Design & Transportation Services (3600) |            |            |            |                                    |            |
| Personnel Services                               | 4,620,716  | 4,620,716  | 4,308,759  | 311,957                            | 4,052,814  |
| Operations & Maintenance                         | 1,818,535  | 2,069,845  | 1,320,855  | 748,990                            | 884,363    |
| Capital Outlay                                   | --         | --         | --         | --                                 | 16,693     |
| TOTAL  | 6,439,251  | 6,690,561  | 5,629,614  | 1,060,947                          | 4,953,870  |
| Water Resources (3500)                           |            |            |            |                                    |            |
| Personnel Services                               | 2,580,659  | 2,580,659  | 2,414,014  | 166,645                            | 2,276,650  |
| Operations & Maintenance                         | 231,353    | 240,788    | 187,744    | 53,044                             | 172,679    |
| Capital Outlay                                   | 57,006     | 57,006     | 55,145     | 1,861                              | 47,411     |
| TOTAL  | 2,869,018  | 2,878,453  | 2,656,903  | 221,550                            | 2,496,740  |
| Total Infrastructure                             | 9,308,269  | 9,569,014  | 8,286,517  | 1,282,497                          | 7,450,610  |
| DEVELOPMENT AND INFRASTRUCTURE                   | 18,291,232 | 18,578,288 | 16,437,311 | 2,140,977                          | 15,036,718 |
| Long Term Debt                                   |            |            |            |                                    |            |
| Principal  | 11,175,613 | 11,175,613 | 11,175,613 | --                                 | 10,555,953 |
| Interest   | 3,553,290  | 3,553,290  | 3,312,564  | 240,726                            | 3,612,236  |
| Miscellaneous expense                            | 270,000    | 270,000    | 184,862    | 85,138                             | 283,401    |
| Reimbursement from Utility Fund for Open Space   | (862,663)  | (862,663)  | (862,663)  | --                                 | (890,446)  |
| TOTAL DEBT SERVICE, net                          | 14,136,240 | 14,136,240 | 13,810,376 | 325,864                            | 13,561,144 |

## GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT G

|  | 2017        |             |               |                                    | 2016         |
|--|-------------|-------------|---------------|------------------------------------|--------------|
|  | Budget      |             | Actual        | Variance<br>Positive<br>(Negative) | Actual       |
|  | Original    | Final       |               |                                    |              |
| CONTINGENCIES  | \$15,000    | 15,000      | --            | 15,000                             | --           |
| TOTAL EXPENDITURES, net  | 155,391,710 | 156,087,575 | 141,481,720   | 14,605,855                         | 132,161,940  |
| Revenues Over Expenditures   | 1,121,305   | 610,726     | 20,253,528    | 19,642,802                         | 24,180,843   |
| OTHER FINANCING SOURCES (USES)   |             |             |               |                                    |              |
| Transfers In (Out), net:   |             |             |               |                                    |              |
| Transit Special Revenue Fund   | (829,545)   | (829,545)   | (829,545)     | --                                 | (1,281,506)  |
| Economic Development Fund  | (282,000)   | (383,522)   | (383,522)     | --                                 | (602,450)    |
| Internal Service Fund - Health & Dental                                  | (1,000,000) | (1,000,000) | (1,000,000)   | --                                 | --           |
| Capital Reserve Sub-Fund   | (4,444,500) | --          | --            | --                                 | (4,444,534)  |
| Streets Capital Project Sub-Fund   | (2,500,000) | (6,944,500) | (6,944,500)   | --                                 | (600,000)    |
| Downtown Capital Project Sub-Fund  | (5,150,000) | (5,780,000) | (5,780,000)   | --                                 | (8,764,590)  |
| General Government Capital Project Sub-Fund                              | (1,972,000) | (1,974,800) | (1,974,800)   | --                                 | (2,682,650)  |
| Fire Capital Project Sub-Fund  | (938,000)   | (938,000)   | (938,000)     | --                                 | (250,000)    |
| Parks and Recreation Capital Project Sub-Fund                            | (4,106,500) | (5,286,289) | (5,286,289)   | --                                 | (1,869,815)  |
| Proceeds from Sale of Assets   | 300,000     | 300,000     | 309,959       | 9,959                              | 591,684      |
| Capital Lease Proceeds   | 1,300,000   | 1,300,000   | 1,178,759     | (121,241)                          | 1,039,101    |
| General Obligation Bonds Issued  | --          | --          | --            | --                                 | 13,702,041   |
| Payment to Escrow for Advanced Defeasance<br>of General Obligation Bonds | --          | --          | --            | --                                 | (13,659,660) |
| Appropriation from Fund Balance  | 18,501,240  | 20,925,930  | --            | (20,925,930)                       | --           |
| TOTAL OTHER FINANCING USES, net  | (1,121,305) | (610,726)   | (21,647,938)  | (21,037,212)                       | (18,822,379) |
| Revenues and Other Sources Over (Under)<br>Expenditures and Other Uses   | \$ --       | --          | (1,394,410)   | (1,394,410)                        | 5,358,464    |
| FUND BALANCE - Beginning of Year   |             |             | 102,745,048   |                                    | 96,016,057   |
| Prior Period Adjustment - LEO Pension Fund                               |             |             | --            |                                    | 1,370,527    |
| FUND BALANCE - Beginning of Year, restated                               |             |             | 102,745,048   |                                    | 97,386,584   |
| FUND BALANCE - End of Year   |             |             | \$101,350,638 |                                    | 102,745,048  |

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

## TRANSIT SPECIAL REVENUE FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT H

|   | 2017             |                  |                  | Variance<br>Positive<br>(Negative) | 2016             |
|---|------------------|------------------|------------------|------------------------------------|------------------|
|   | Budget           |                  | Actual           |                                    | Actual           |
|   | Original         | Final            |                  |                                    |                  |
| <b>REVENUES</b>   |                  |                  |                  |                                    |                  |
| Federal Transit Administration Grant                    | \$1,611,842      | 1,611,842        | 979,498          | (632,344)                          | 1,551,645        |
| State Maintenance Assistance Program Grant              | 290,715          | 290,715          | 310,146          | 19,431                             | 290,715          |
| Vehicle License Fee                                     | 631,107          | 631,107          | 647,798          | 16,691                             | 681,648          |
| C-Tran Ticket Sales                                     | 349,600          | 349,600          | 325,249          | (24,351)                           | 380,090          |
| Miscellaneous Revenue                                   | 63,000           | 63,000           | --               | (63,000)                           | --               |
| <b>TOTAL REVENUE</b>                                    | <b>2,946,264</b> | <b>2,946,264</b> | <b>2,262,691</b> | <b>(683,573)</b>                   | <b>2,904,098</b> |
| <b>EXPENDITURES</b>                                     |                  |                  |                  |                                    |                  |
| Transit Operations (5700)                               |                  |                  |                  |                                    |                  |
| Personnel Services                                      | 342,523          | 342,523          | 328,651          | 13,872                             | 305,795          |
| Operations & Maintenance                                | 4,147,879        | 4,148,923        | 3,901,753        | 247,170                            | 3,269,182        |
| <b>TOTAL EXPENDITURES, net</b>                          | <b>4,490,402</b> | <b>4,491,446</b> | <b>4,230,404</b> | <b>261,042</b>                     | <b>3,574,977</b> |
| Revenue Under Expenditures                              | (1,544,138)      | (1,545,182)      | (1,967,713)      | (422,531)                          | (670,879)        |
| <b>OTHER FINANCING SOURCES</b>                          |                  |                  |                  |                                    |                  |
| Transfers In from General Fund                          | 829,545          | 829,545          | 829,545          | --                                 | 1,281,506        |
| Appropriation from Fund Balance                         | 714,593          | 715,637          | --               | (715,637)                          | --               |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <b>1,544,138</b> | <b>1,545,182</b> | <b>829,545</b>   | <b>(715,637)</b>                   | <b>1,281,506</b> |
| Revenues and Other Sources<br>Over (Under) Expenditures | \$ --            | --               | (1,138,168)      | (1,138,168)                        | 610,627          |
| FUND BALANCE - Beginning of Year                        |                  |                  | 1,900,796        |                                    | 1,290,169        |
| FUND BALANCE - End of Year                              |                  |                  | <u>\$762,628</u> |                                    | <u>1,900,796</u> |

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

## EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

### EXHIBIT I

|   | 2017           |                |                | Variance<br>Positive<br>(Negative) | 2016           |
|---|----------------|----------------|----------------|------------------------------------|----------------|
|   | Budget         |                | Actual         |                                    | Actual         |
|   | Original       | Final          |                |                                    |                |
| <b>RESTRICTED REVENUES</b>                  |                |                |                |                                    |                |
| 911 System Funding                          | \$516,622      | 516,622        | 516,623        | 1                                  | 523,129        |
| Interest earned                             | --             | --             | 801            | 801                                | 810            |
| <b>TOTAL REVENUE</b>                        | <b>516,622</b> | <b>516,622</b> | <b>517,424</b> | <b>802</b>                         | <b>523,939</b> |
| <b>EXPENDITURES</b>                         |                |                |                |                                    |                |
| Eligible 911 System Operations              |                |                |                |                                    |                |
| Personnel Services                          | --             | 192,100        | 81,283         | 110,817                            | 188,848        |
| Operations & Maintenance                    | 940,000        | 747,900        | 465,451        | 282,449                            | 621,950        |
| Capital Outlay                              | --             | --             | --             | --                                 | 85,945         |
| <b>TOTAL EXPENDITURES</b>                   | <b>940,000</b> | <b>940,000</b> | <b>546,734</b> | <b>393,266</b>                     | <b>896,743</b> |
| Revenue Under Expenditures                  | (423,378)      | (423,378)      | (29,310)       | 394,068                            | (372,804)      |
| <b>OTHER FINANCING SOURCES</b>              |                |                |                |                                    |                |
| Appropriation from Fund Balance             | 423,378        | 423,378        | --             | (423,378)                          | --             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>423,378</b> | <b>423,378</b> | <b>--</b>      | <b>(423,378)</b>                   | <b>--</b>      |
| Revenues Under Expenditures                 | \$ --          | --             | (29,310)       | (29,310)                           | (372,804)      |
| FUND BALANCE - Beginning of Year            |                |                | 218,921        |                                    | 591,725        |
| FUND BALANCE - End of Year                  |                |                | \$189,611      |                                    | 218,921        |

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

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# PROPRIETARY FUNDS FINANCIAL STATEMENTS

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

| EXHIBIT J  | Utility<br>Systems<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|--|---|
| ASSETS   | <u>                    </u>              | <u>                    </u>                               |
| Current Assets   |  |   |
| Equity in Pooled Cash and Investments                          | \$265,371,643                            | 9,760,175   |
| Accrued Interest on Investments                                | 785,300                                  | 1,115   |
| Accounts Receivable, net of allowance for<br>doubtful accounts | 13,043,943                               | 377,985   |
| Inventories  | --                                       | 45,027  |
| Equity in Pooled Cash and Investments-Restricted               |  |   |
| Unspent Debt Proceeds  | 19,746,149                               | --  |
| Customer Deposits & Other Restricted Funds                     | <u>2,250,260</u>                         | <u>9,000</u>  |
| TOTAL CURRENT ASSETS   | <u>301,197,295</u>                       | <u>10,193,302</u>   |
| Non-Current Assets   |  |   |
| Capital Assets   |  |   |
| Land, Land Improvements and Construction-in-Progress           | 207,392,479                              | --  |
| Other Capital Assets, net of accumulated depreciation          | <u>601,038,029</u>                       | <u>1,019,403</u>  |
| TOTAL NON-CURRENT ASSETS, net                                  | <u>808,430,508</u>                       | <u>1,019,403</u>  |
| <br>TOTAL ASSETS   | <br><u>1,109,627,803</u>                 | <br><u>11,212,705</u>                                     |
| DEFERRED OUTFLOW OF RESOURCES                                  |  |   |
| Deferred Contributions to Pension Plans                        | 3,964,183                                | 318,530   |
| Deferred Charge on Debt Refinancings                           | <u>2,127,208</u>                         | <u>--</u>   |
| TOTAL DEFERRED OUTFLOW OF RESOURCES                            | <u>6,091,391</u>                         | <u>318,530</u>  |
| LIABILITIES AND NET POSITION                                   |  |   |
| Current liabilities  |  |   |
| Accounts Payable and Accrued Liabilities                       | 7,026,378                                | 276,787   |
| Debt Payable   | 12,946,373                               | --  |
| Accrued Debt Interest Payable                                  | 1,491,265                                | --  |
| Retainage Payable  | 2,905,236                                | --  |
| Compensated Absences   | 1,043,433                                | 45,929  |
| Developer Fee Credits  | 1,289,000                                | --  |
| Advance from Customers   | 32,964                                   | --  |
| Miscellaneous Liabilities                                      | <u>1,282,120</u>                         | <u>--</u>   |
| TOTAL CURRENT LIABILITIES                                      | <u>28,016,769</u>                        | <u>322,716</u>  |

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

| EXHIBIT J                                       | Utility<br>Systems<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|--|---|
|   | <u>Fund</u>                              | <u>Service Funds</u>                                      |
| Non-Current liabilities                         |  |   |
| Debt Payable, net of deferred premium/discount  | \$309,915,143                            | --  |
| Deposits  | 2,101,598                                | 9,000   |
| Unearned Revenue                                | 831,402                                  | --  |
| Compensated Absences                            | 208,135                                  | 9,161   |
| Developer Fee Credits                           | 2,123,047                                | --  |
| Claims Incurred But Not Reported                | --                                       | 1,465,651   |
| Unfunded Pension Obligation                     | 2,608,917                                | 290,655   |
| Unfunded Other Post-Employment Benefits         | 11,779,513                               | 227,103   |
| Miscellaneous                                   | 205,700                                  | --  |
| TOTAL NON-CURRENT LIABILITIES                   | <u>329,773,455</u>                       | <u>2,001,570</u>  |
| TOTAL LIABILITIES                               | <u>357,790,224</u>                       | <u>2,324,286</u>  |
| DEFERRED INFLOW OF RESOURCES                    |  |   |
| Pension Deferrals                               | <u>2,386,197</u>                         | <u>75,739</u>   |
| NET POSITION                                    |  |   |
| Net Investment in Capital Assets                | 503,757,502                              | 1,019,403   |
| Restricted for Oasis Assistance Program         | 29,430                                   | --  |
| Unrestricted Net Position                       | <u>251,755,841</u>                       | <u>8,111,807</u>  |
| TOTAL NET POSITION                              | 755,542,773                              | <u>9,131,210</u>  |
| Adjustment for Internal Service Fund Activities | <u>757,337</u>                           |   |
| TOTAL NET POSITION - Business-Type Activities   | <u>\$756,300,110</u>                     |   |

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

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

| EXHIBIT K   | Utility Systems<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal Service Funds |
|---|---------------------------------------|--|
| <b>OPERATING REVENUES</b>                               |                                       |  |
| Charges for Services                                    | \$74,415,810                          | 1,608,078  |
| Health and Dental Premiums                              | --                                    | 19,626,437   |
| Other Operating Revenues                                | 2,164,793                             | --   |
| <b>TOTAL OPERATING REVENUES</b>                         | <b>76,580,603</b>                     | <b>21,234,515</b>                                      |
| <b>OPERATING EXPENSES</b>                               |                                       |  |
| Administrative  | 9,581,011                             | --   |
| Field Operations  | 9,783,260                             | --   |
| Utility Systems Management                              | 3,906,790                             | --   |
| Water Reclamation Facilities                            | 10,660,355                            | --   |
| Cary/Apex Water Treatment Plant                         | 6,550,129                             | --   |
| Miscellaneous Utility System Projects                   | 5,272,878                             | --   |
| Fleet Management Expense                                | --                                    | 1,448,621  |
| Insurance Claims & Administrative Fees                  | --                                    | 17,777,778   |
| Depreciation  | 16,680,476                            | 98,071   |
| <b>TOTAL OPERATING EXPENSES</b>                         | <b>62,434,899</b>                     | <b>19,324,470</b>                                      |
| <b>OPERATING INCOME</b>                                 | <b>14,145,704</b>                     | <b>1,910,045</b>                                       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                 |                                       |  |
| Water and Sewer Development Fees                        | 14,090,798                            | --   |
| Investment Earnings, net of market adjustment           | 517,213                               | (1,140)  |
| Reimbursements  | 75,444                                | --   |
| Miscellaneous Revenue                                   | 7,948                                 | --   |
| Reimbursement to Governmental Activities for Open Space | (862,663)                             | --   |
| Interest Expense, net of amount capitalized             | (5,728,483)                           | --   |
| Bond Service Expense                                    | (6,349)                               | --   |
| Debt Issuance Expense                                   | (436,786)                             | --   |
| Bond Refunding Loss Amortization                        | (417,371)                             | --   |
| Sale of Capital Assets                                  | 57,777                                | 6,025  |
| <b>TOTAL NONOPERATING REVENUE, net</b>                  | <b>7,297,528</b>                      | <b>4,885</b>   |



## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### EXHIBIT L

|  | Utility<br>Systems<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|--|---|
| OPERATING ACTIVITIES   |  |   |
| Cash Received from Customers   | \$75,774,793                             | 21,173,454  |
| Cash Paid for Goods and Services   | (18,891,404)                             | (374,761)   |
| Cash Paid To or On Behalf of Employees for Services                        | (19,256,271)                             | (895,420)   |
| Cash Paid for Health and Dental Insurance Claims                           | --                                       | (17,648,305)  |
| Other Operating Revenues Received  | 7,948                                    | --  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                                  | <u>37,635,066</u>                        | <u>2,254,968</u>  |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES                       |  |   |
| Transfers In   | --                                       | 1,000,000   |
| CAPITAL AND RELATED FINANCING ACTIVITIES                                   |  |   |
| Proceeds Received from Sale of Debt, including premium                     | 35,129,920                               | --  |
| Bond Issuance Costs & Debt Service Fees Paid                               | (443,135)                                | --  |
| Principal Payments on Long-term Debt, net of partner reimbursement         | (11,988,543)                             | --  |
| Interest Paid on Long-term Debt, net of partner reimbursement              | (11,031,820)                             | --  |
| Reimbursement to General Fund & Capital Project Fund for Open Space        | (862,663)                                | --  |
| Water & Sewer Development Fees Received                                    | 12,926,567                               | --  |
| Acquisition and Construction of Capital Assets                             | (23,443,302)                             | (80,825)  |
| Proceeds Received from Sale of Assets                                      | 57,777                                   | 6,025   |
| NET CASH PROVIDED BY (USED IN) CAPITAL AND<br>RELATED FINANCING ACTIVITIES | <u>344,801</u>                           | <u>(74,800)</u>   |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES                        |  |   |
| Investment Earnings Received, net of Unrealized Loss                       | 291,279                                  | (1,912)   |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                                  | 38,271,146                               | 3,178,255   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR                             | <u>249,096,906</u>                       | <u>6,590,920</u>  |
| CASH AND CASH EQUIVALENTS AT END OF YEAR                                   | <u>\$287,368,052</u>                     | <u>9,769,175</u>  |

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### EXHIBIT L

|   | Utility<br>Systems<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|--|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH  |  |   |
| PROVIDED BY OPERATING ACTIVITIES  |  |   |
| Operating Income  | \$14,145,704                             | 1,910,045   |
| Adjustments to Reconcile Operating Income to Net<br>Cash Provided by Operating Activities |  |   |
| Depreciation  | 16,680,476                               | 98,071  |
| Adjustment for LGERS Pension Expense  | 147,184                                  | 13,437  |
| Adjustment for Unfunded Other Post Employment Benefits                                    | 931,458                                  | 85,023  |
| Adjustment for Construction in Progress Write-off   | 3,224,343                                | --  |
| Changes in Assets and Liabilities -   |  |   |
| Increase in Accounts Receivable   | (825,938)                                | (61,061)  |
| Decrease in Inventory   | --                                       | 13,521  |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities                           | 2,688,849                                | (36,523)  |
| Increase in Compensated Absences Liability  | 238,215                                  | 6,805   |
| Increase in Miscellaneous Liability   | 376,699                                  | 225,650   |
| Increase in Deposits  | 99,369                                   | --  |
| Decrease in Advance from Customers  | (79,241)                                 | --  |
| Miscellaneous Revenue   | 7,948                                    | --  |
| TOTAL ADJUSTMENTS   | <u>23,489,362</u>                        | <u>344,923</u>  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | <u>\$37,635,066</u>                      | <u>2,254,968</u>  |
| NONCASH TRANSACTIONS  |  |   |
| Contributed Capital   | (\$11,945,486)                           | --  |
| Capitalized Interest  | (3,910,299)                              | --  |
| Deferred Loss on Refunding Amortization   | 417,371                                  | --  |
| Amortization of Deferred Premium & Discount   | (1,480,646)                              | --  |
| Net Change in Net Position from<br>Noncash Transactions                                   | <u>16,919,060</u>                        | <u>--</u>   |
| NET EFFECT OF NONCASH TRANSACTIONS  | <u>\$ --</u>                             | <u>--</u>   |

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



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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

The Town of Cary, North Carolina (the "Town") is located in the central part of the State and at June 30, 2017, has an estimated population of 160,390. The Town is governed by an elected mayor and six-member council. The Town's major operations include police and fire protection, sanitation services, recycling services, parks and recreation, transit, water and sewer systems, planning and general administration services.

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

The Town has implemented all applicable GASB pronouncements as required and as applicable in previous years. Included herein is a summary of implementations from the last few years. In fiscal year 2013, two GASB pronouncements required implementation: GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, re-named certain balance sheet items that were previously titled deferred revenues and changed the term Net Assets to Net Position and GASB 65, *Items Previously Reported as Assets and Liabilities*, was early implemented and required a prior period adjustment to write-off the balance of deferred issuance cost for both governmental and business-type activities. In fiscal year 2014 GASB 67, *Financial Reporting for Pension Plans*, became effective. Although it did not require implementation by the Town, it did affect the local government retirement system and directly related to the Town's implementation of GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Governmental Accounting Standards Board Pension Transition for Contributions Made Subsequent to the Measurement Date*, in fiscal year 2015, which resulted in a net pension asset and deferred inflows and outflows within the entity-wide statements for all activities.

In fiscal year 2016 several GASB statements became effective. GASB 72, *Fair Value Measurement and Application*, required some changes to the deposit Note 3 regarding how investments are valued and presented. This GASB also requires donated capital assets received after June 15, 2015 to be recorded at acquisition value instead of estimated fair value. Since the Town has always recorded donated infrastructure at acquisition value, these latter changes had little effect. GASB 76, *The Hierarchy of Generally Accepted Principles for State and Local Governments* did not require any reporting changes, but established guidance regarding the authority of statements and other publishing for governments. GASB 79, *Certain External Investment Pools and Pool Participants* had no effect on the Town due to the restrictions that exist in state statutes.

For fiscal year 2017 a couple GASB statements became effective that had an impact on the Town. The most significant change was GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which had been partially implemented in fiscal year 2016, with the remaining portion implemented in fiscal year 2017. For fiscal year 2016, GASB 73 clarified and changed guidelines for how the Law Enforcement Officers' Special Separation Allowance (LEOSSA) should be reported resulting in the LEOSSA being reported in the general fund, rather than a pension trust fund. For fiscal year 2017, the full LEOSSA pension liability was applied to the beginning net position for the General Fund, resulting in a prior period adjustment (see Notes 12.B. and 16). The LEOSSA details will still be managed separately and the remaining fund balance associated with these activities will be classified as committed. GASB 82, *Pension Issues*, clarifies some lingering issues associated with GASB 67, 68, and 73, including the definition of covered payroll.

The following are statements effective during fiscal year 2017, but not applicable to the Town: GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, changes how Other Post Employment Benefits (OPEB) are reported for units that have their OPEB in a qualifying trust. The Town does not currently have this type of arrangement. GASB 77, *Tax Abatement Disclosures*, aims to require units to disclose when the government has foregone tax revenue to which the unit is entitled in exchange for an individual or entity's promise to take specific action that contributes to economic development or otherwise benefits the community. The North Carolina Constitution does not allow government units to abate taxes. GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, sets guidance for pensions outside of local or state government that provide benefits to local or state government employees. GASB 79, *Certain External Investment Pools and Pool Participants* had no effect on the Town due to the restrictions that exist in state statutes. GASB 80, *Blending Requirements for Certain Component Units*, clarifies when to use the blending method for component units. The Town does have a component unit, the Cary Economic Development Corporation, however, it does not have any assets or liabilities so there is no change to how it is currently presented in the Town's financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. REPORTING ENTITY**

The Town of Cary is a municipal corporation that is governed by an elected mayor and a six-member council. The Town's basic financial statements include all funds over which the Town has accountability. The Cary Economic Development Corporation is the only component unit for the Town and it has no assets, liabilities or other activity to be recorded. It was created in 2002 as a mechanism for the Town to issue certificates of participation (COP's) and Limited Obligation Bonds (LOB's). It will remain in existence until all related debt is fully paid and can be used for future COP or LOB issuances.

#### **B. ENTITY-WIDE AND FUND FINANCIAL STATEMENTS**

The entity-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information for all of the activities of the Town. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on customer demand based fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program Revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materiality.

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. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Town has several non-major governmental funds; however, they are all reported as major funds in separate columns in the fund financial statements. There are no non-major business-type funds.

#### **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.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. Property taxes are recorded on an accrual basis and are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** *(Continued)*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes. Expenditures are generally recorded when a liability is incurred, which is the same as accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad valorem 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.

Sales taxes and certain intergovernmental revenues that are 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 because the tax is levied by Wake and Chatham Counties and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not subject to full accrual because they are generally not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of the grant agreements, the Town funds certain programs in combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. Excluding debt funding, 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. In the event that debt proceeds are included, the Town will spend debt proceeds first unless there is an agreement tying specific expenditures to grant proceeds. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The Town reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, various other taxes and licenses and state-shared revenues. The primary expenditures are for public safety, streets and highways, infrastructure planning, sanitation, recycling, parks and recreation, development activities, general government services, and debt service for the payment of general long-term principal, interest and related costs. Starting in fiscal year 2016, it also includes all activities related to the Law Enforcement Officers Separation Allowance, which was previously reported in a Pension Trust Fund.

**Capital Project Fund** - The Capital Project Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds) and infrastructure. The Town has six sub-funds within the Capital Project Fund: Street Projects, Parks and Recreation Projects, Fire Projects, General Governmental Projects, Downtown Projects, and General Capital Reserve.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** *(Continued)*

**Special Revenue Funds** – The Town operated four special revenue funds during fiscal year 2017. The Transit Special Revenue Fund is used to account for the operations of C-Tran, the Town's bus service, which is partially funded by federal and state grants. The Emergency Telephone System Special Revenue Fund is used to account for all allowable 911 expenditures covered by the related fees that are funneled through the State. The Community Development Block Grant (CDBG) Special Revenue Fund is used to account for activity related to the CDBG Federal entitlement grant received from the Department of Housing and Urban Development. The Economic Development Special Revenue Fund is used to account for special economic related activities in town, and may be partially funded by grant activity. All funds are annually budgeted, except the CDBG and Economic Development Special Revenue Funds, which have multi-year budgets. To provide better transparency, the Town has voluntarily chosen to report all of these funds as major in the basic financial statements.

The Town reports the following major enterprise fund:

**Utility System** - An enterprise fund is used to account for operations and maintenance of the utility system which includes two wastewater treatment facilities, the jointly owned Cary/Apex Water Treatment Plant and related infrastructure and the newly opened jointly owned Western Wake Regional Water Reclamation Facility and related infrastructure. This fund also covers acquisition and/or construction of other major utility capital facilities and infrastructure, as well as the debt service for the payment of utility long-term debt principal, interest and related costs. The fund is comprised of four sub-funds: Utility System Operations, Water Projects, Sewer Projects and Utility Capital Reserve. This is the Town's only enterprise fund.

The Town reports the following internal service funds:

**Fleet Internal Service Funds** – This fund is used to account for the financing of fleet services provided by the Public Works Department and charged to other departments of the Town on a cost-reimbursement basis. The primary activity is governmental and all balances are allocated accordingly for the entity-wide financial statements.

**Health Insurance Internal Service Funds** – This fund is used to account for employee and retiree health and dental claims expense incurred by the Town related to the decision to self-insure for these benefits. This fund also collects premiums from Town employees and retirees to cover claims expense for elected spouse and/or family coverage. The primary activity is governmental and all balances are allocated accordingly for the entity-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the entity-wide financial statements. Exceptions to this general rule are reimbursements to the General Fund and other charges between the Town's utility system function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

#### **D. BUDGETARY**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the General Capital Reserve Fund (a sub-fund of the Capital Project Fund), the Transit Special Revenue Fund, the Emergency Telephone System Special Revenue Fund, the Health Insurance Internal Service Fund, the Fleet Management Internal Service Fund and the Utility System Operations Fund and Utility Capital Reserve Fund (both of which are sub-funds of the Utility System Enterprise Fund). All annual appropriations lapse at the fiscal year-end. However, based on Town ordinance, funds for unpaid purchase orders or delayed projects may be rolled over to the subsequent year. Multi-year project ordinances are adopted for the Parks, Street, Fire, General Governmental, and Downtown Project Funds (all sub-funds of the Capital Project Fund), for the Water and Sewer Project Funds (both sub-funds of the Utility Systems Enterprise Fund) the Community Development Block Grant Special Revenue Fund and the Economic Development Special Revenue Fund.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **D. BUDGETARY** *(Continued)*

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at a functional level for all annually budgeted funds and a project-type level for the multi-year project funds. Amendments are required for any revisions that alter the total functional or project-type budget and must be approved by Town Council. The Town internally manages expenditures on a line item, departmental and project basis and, although not legally required, budget amendments may occur between line items and between departments of the same function or project type. All internal budget amendments must be approved by the Finance and Budget departments with some of these amendments being forwarded to the Town Manager for additional approval. During the year numerous budget amendments to the original budget were necessary. The original budget ordinance was adopted by July 1 of the fiscal year in accordance with State law.

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION)**

##### **1. Deposits and investments**

The deposits of the Town are secured as required by North Carolina General Statute ("G.S.") 159-31. The Town may establish official depositories with any bank or savings and loan association whose principal office is located in North Carolina.

G.S. 159-30(c) authorizes the Town to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed 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 bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund dedicated to serving North Carolina public units.

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices and in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-term portfolio's securities are valued at fair value. For the majority of investments, the Town both intends and has the ability to hold all securities to maturity. However, due to economic conditions and when it is beneficial to the Town, the Town may elect to sell investments prior to maturity on the secondary market. In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

The Town pools most moneys from all funds to facilitate disbursement and investment and maximize investment income. Exceptions of non-pooled funds may include, but are not limited to, unspent bond proceeds and escrowed or endowed funds restricted for specific purposes. For purposes of the Statement of Cash Flows, the Town's proprietary funds consider equity in pooled cash and investments to be cash equivalents as they are essentially demand deposit accounts and short term investments. Investment income is allocated based on each fund's monthly balance in relation to the total pooled cash balance.

##### **2. Receivables and payables**

According to the North Carolina General Statutes, ad valorem taxes levied on July 1, the beginning of the fiscal year, are due September 1, but interest and penalties do not accrue until the following January 6, the lien date. Property taxes on certain registered motor vehicles are assessed and collected throughout the year. The taxes levied for fiscal year 2017 are based on the assessed values as of January 1, 2016.

Within the fund financials ad valorem taxes receivable are not accrued as revenue because the amount is not considered "available." At June 30, taxes receivable are significantly past due and are not considered to be an available resource to finance the operations of the subsequent year. Accounting principles generally accepted in the United States of America state that property tax revenues, which are measurable but not available should be recorded as deferred inflow of resources. The receivable amount is reduced by an

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) *(Continued)***

allowance for doubtful accounts and an amount equal to the net receivable is included in the governmental Balance Sheet and the Statement of Net Position. Any property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflow of resources.

An allowance for doubtful accounts is maintained on the ad valorem taxes receivable as described above. The Town also maintains an allowance for doubtful accounts for the sanitation receivable, utility service accounts receivable, and other miscellaneous receivables.

There were no lending/borrowing arrangements between funds during fiscal year 2017. However, for the entity-wide financial statements, residual balances outstanding between the governmental activities and business-type activities are reported as due to or due from other activities.

#### **3. Inventories and prepaid items**

Inventory is determined by physical count and valued at cost using the first-in, first-out method. Inventory in the governmental fund types consists of expendable supplies held for consumption and retail items held for resale.

For consumable items, the cost thereof has been recorded in inventory at the time items were purchased. Expenditure occurs when items are issued from inventory. These inventories are accounted for in the central warehouse, which is managed by the Purchasing Division in the Finance Department. Total inventory is reported in the General Fund and Fleet Management Internal Service Fund, which is considered a governmental activity in the entity-wide Statement of Net Position. The Town also holds several inventories intended for retail resale. However, these are considered immaterial and inventory items are expensed as purchases are made and revenues are recorded when items are sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both entity-wide and fund financial statements and are expensed as balances are used.

#### **4. Restricted assets**

Certain cash balances, which are managed as a part of pooled cash, are restricted by purpose and source. Cash balances in the Utility Systems Fund and General Fund related to customer deposits are not available for appropriations or expenditures and are segregated on the Statement of Net Position and classified as restricted cash. Other cash balances in the major funds (Utility System Enterprise Fund and Capital Project Fund) are restricted for unspent debt proceeds and unspent grant or donation funding, and are only available for designated projects as described in the individual official statements, grant agreements and as approved by Council.

#### **5. Capital assets**

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (e.g., water & sewer lines, water tanks, roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements.

Capital assets are generally defined by the Town as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of two years. Exceptions include general infrastructure assets, which are defined by the Town as assets with an initial cost greater than \$50,000, and certain other intangible assets (including software) with a cost/value greater than \$25,000. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, while certain intangible assets are recorded at estimated fair value.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) (Continued)**

Governmental infrastructure assets (roads, sidewalks, bridges, etc.) acquired prior to July 1, 2001, consist of assets acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost based on deflated estimated replacement costs. The cost of normal maintenance and repairs that do not add to the value to the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense paid by the Town during the current fiscal year was almost \$11 million (net of partner reimbursements) in the Utility Systems Fund. Of this amount, \$3.9 million was capitalized and added to utility construction-in-progress.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital asset</u>                   | <u>Life</u>                                  |
|--|--|
| Automobiles and Light Trucks           | 3-5 years                                    |
| Heavy Trucks                           | 6-10 years                                   |
| Office Furniture and Equipment         | 5-10 years                                   |
| Maintenance and Construction Equipment | 3-10 years                                   |
| Utility System                         | 50 years                                     |
| Buildings                              | 50 years                                     |
| Streets, Sidewalks and Bridges         | 50 years                                     |
| Other Infrastructure                   | 25-50 years                                  |
| Software and Other Intangible Assets   | Based on individual useful life of the asset |

#### **6. Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to a pension plan (LGRS starting in fiscal year 2015 and LEOSSA starting in fiscal year 2017) and deferred charge on debt financings (unamortized loss on a bond defeasance). Prior to fiscal year 2013, this deferred charge on debt financings was netted against the related long-term debt, but is now reported separately. In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Deferred inflows include prepaid taxes related to property tax receivable and deferrals of pension expense. The deferred inflow related to prepaid taxes is also included in the General Fund's Statement of Revenues, Expenditures and Changes in Fund Balance. The pension related deferred outflow and deferred inflow are a direct result of the Town's implementation of GASB Statement 68 and 71 in fiscal year 2015 and GASB Statement 73 in the current fiscal year.

#### **7. Compensated absences**

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave, with such leave being fully vested when earned. Also, unlimited compensatory time for non-exempt employees, if not taken, is paid to the employee upon termination of employment. All vacation leave is accrued when incurred in the entity-wide and proprietary fund financial statements. Vacation leave accrued over the 30 day limit is converted to sick leave annually.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) *(Continued)***

The Town's sick leave policy provides for an 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 benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no liability for sick leave has been recorded.

#### **8. Long-term obligations**

In the entity-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. Bond refunding losses are amortized to expense over the life of the bonds. Bonds payable are reported net of the applicable bond premium and discount with the refunding loss being reported as a deferred outflow of resources (starting fiscal year 2013). Bond issuance costs are expensed in the period incurred (beginning in fiscal year 2013).

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 debt proceeds received, are reported as debt related expenditures.

In April 2015 Town Council adopted a Debt Management Policy, which restricts the use of long-term debt to financing capital projects and certain equipment that provide value to current and future citizens. Per the policy, debt will not be used for operational needs. Terms for debt instruments will typically be 20 years or less for non-utility debt and 30 years or less for utility related debt. In addition to state statute regulations, the policy outlines that tax supported debt service as a percentage of the approved General Fund operating budget will be 15% or less (limited flexibility is given to go up to 20%). Coverage ratios for the utility system debt will be maintained at 1.4 times for parity debt service and 1.1 times for all debt service. This is above the levels required in the current debt covenants, which is included in Note 9(D). For the fiscal year ending June 30, 2017, debt amounts (including debt service) and ratios are in accordance with the policy.

#### **9. Fund equity – Net Position**

Net position in entity-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; or unrestricted. Restricted net position represents 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.

#### **10. Fund equity – 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. For information on fund balance policy for the General Fund, see Note 15.

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.

*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.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) (Continued)**

*Prepayments* – portion of fund balance that is not an available resource because it represents resources that have already been spent for expenditures that will be incurred in future periods, and is therefore not spendable.

*Steven's Estate Endowment* – portion of fund balance that is not an available resource due to estate requirements. The principal amount is nonspendable; however, interest earned on these funds is considered spendable and restricted, and therefore handled differently.

#### **Restricted Fund Balance**

This classification includes amounts that are restricted to specific purposes externally imposed by donors, grantors, creditors or by state statute.

*Restricted for Stabilization by State Statute* – portion of fund balance that is restricted by G.S. 159-13(b)(16) and basically represents the amount of fund balance (in addition to the non-spendable portion) that is not liquid. This restriction is only applied to annually budgeted governmental funds.

*Restricted for Street Projects* – portion of fund balance that represents unspent Powell Bill funding, which is considered a restricted revenue source for street construction and maintenance expenditures. Unspent balance is split between the street project fund (appropriated to specific projects), the downtown project fund (appropriated to specific projects) and capital reserve fund (available for use). All of these funds are sub-funds of the Capital Project fund.

*Restricted for Parks, Recreation and Culture* – portion of fund balance restricted by grantors, donors or endowment or restricted by bond order as it relates to unspent debt, for parks, recreation & cultural resource related programs and activities.

*Restricted for Fire Projects & Activities* – portion of fund balance restricted by donors for fire department related activities.

*Restricted for Police Operations & Activities* – portion of fund balance that represents unspent drug forfeiture funds and other donations targeted to police that are restricted for specific police operations and activities. This restriction also includes unspent funds in the Emergency Telephone System Special Revenue Fund as dictated by the NC 911 Board.

*Restricted for General Governmental Projects* – portion of fund balance that represents unspent private grant funding related to a specific General Governmental project.

*Restricted for CDBG* - portion of fund balance restricted by the Department of Housing and Urban Development for Community Development Block Grant activities.

#### **Committed Fund Balance**

This classification includes portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town Council (highest level of decision-making authority) through a budget ordinance amendment. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise it.

*Committed for Street Projects* – includes (1) the entire non-restricted fund balance in the Street Project Fund (sub-fund of the Capital Project Fund), which is appropriated to specific street projects or (2) a portion of non-restricted fund balance in the Capital Reserve Fund (sub-fund of the Capital Project Fund) that is committed to street projects per Town ordinances or fee schedules.

*Committed for Downtown Projects* – includes entire non-restricted fund balance in the new Downtown Project Fund (sub-fund of Capital Project Fund), which is appropriated to specific downtown projects.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) (Continued)**

*Committed for Parks, Recreation and Culture* – includes (1) entire non-restricted fund balance in the Parks Project Fund (sub-fund of the Capital Project Fund), which is appropriated to specific parks, recreation and cultural resources projects or (2) a portion of non-restricted fund balance in the Capital Reserve Fund (sub-fund of the Capital Project Fund) that is committed to these same type of projects per Town ordinances or fee schedules or (3) a portion of fund balance in the General Fund specifically committed to a parks, recreation and cultural resources activity by Council action.

*Committed for Fire Projects* – entire non-restricted fund balance in the Fire Project Fund (sub-fund of Capital Project Fund), which is appropriated to specific fire projects.

*Committed for Police Operations & Activities (LEOSSA)* – portion of General Fund fund balance which is committed for payment of future retirement benefits associated with the Law Enforcement Officers' Special Separation Allowance. Prior to fiscal year 2016, these funds were retained in a Pension Trust Fund, but due to implementation of GASB 73 (see Note 1), starting in fiscal year 2016 these funds and other related activity are now reported in the General Fund.

*Committed for General Governmental Projects* – includes (1) entire non-restricted fund balance in the General Governmental Project Fund (sub-fund of the Capital Project Fund), which is appropriated to specific general governmental projects or (2) a portion of non-restricted fund balance in the General Fund specifically committed to a general governmental activity by Council action.

*Committed for Governmental Capital Projects* – portion of non-restricted fund balance in the Capital Reserve Fund (sub-fund of the Capital Projects Fund) that is available for any governmental project and is considered committed to this area per Town ordinances or fee schedules, and by definition of a capital reserve fund.

*Committed for Transit* – portion of non-restricted fund balance in the Transit Special Revenue Fund that is considered committed by Council and considered committed due to guidelines related to special revenue fund balance. This amount generally represents unspent transfers from the General Fund.

*Committed for Economic Development* – total non-restricted fund balance in the Economic Development Special Revenue Fund is considered committed by Council and considered committed due to guidelines related to special revenue fund balance. This amount general represents unspent transfers from the General Fund.

#### **Assigned Fund Balance**

This classification includes portion of fund balance that the Town intends to use for specific purposes. Assignments may be created, amended or eliminated by the Town Manager's office. Although managed as dedicated to specific areas, amounts are available for appropriation by council.

*Assigned for Subsequent Year Appropriations* - portion of total fund balance not already classified in restricted or committed that is (1) appropriated in fiscal year 2018 budget or (2) appropriated through the rollover process from fiscal year 2017 to 2018 as allowed by the Town's budget ordinance.

*Assigned for Affordable Housing* - portion of fund balance not already classified in restricted or committed that is assigned to affordable housing projects and activities, including rehabilitation, façade improvement and grants or loans to non-profit agencies who provide related services. These funds may be included in the Town's Annual Action Plan for the U.S. Department of Housing and Urban Development (HUD), but are not restricted like the Community Development Block Grant funds from HUD, that are accounted for in the CDBG Special Revenue Fund.

*Assigned for Workers' Compensation Self Insurance* – portion of fund balance in the General Fund not already classified in restricted or committed that is assigned to the workers compensation self insurance program for the payment of claims and the administration of the program.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY (NET POSITION) *(Continued)***

*Assigned for Small Claims Self Insurance* – portion of fund balance in the General Fund not already classified in restricted or committed that is assigned to the self insurance program for small claims, which covers claims expense, co-payments and deductibles not covered by the Town's insurance policy.

*Assigned for Parks, Recreation and Culture* – portion of fund balance in the General Fund not already classified in restricted or committed that is assigned to various parks, recreation and cultural resources projects or activities, including Town festivals and some Teen Council activities.

#### **Unassigned Fund Balance**

This classification includes the portion of fund balance that has not been restricted, committed or assigned to specific purposes and is available for general appropriation by Town Council. Only the General Fund may have a positive unassigned fund balance, while other government funds may have a negative unassigned fund balance if applicable.

For projects that include multiple revenue sources, the Town's standard practice is that resources will be used in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and lastly unassigned fund balance. The Finance Director or their appointee has the authority to deviate from this policy in order to comply with grant agreements, bond orders or if it is in the best interest of the Town.

In April 2015, the Town adopted a fund balance policy for the General Fund. At a minimum, assigned and unassigned fund balance (referred to as "accessible" in the policy) will be at least 25% of budgeted General Fund expenditures. Total fund balance shall be at least 40% of budgeted General Fund expenditures, which equates to approximately five months of operations. Amounts of assigned and unassigned over the minimum will be considered as a potential funding source for one-time capital needs. Accessible fund balance (as defined in the policy) can only be used in excess of these limits in order to provide for unforeseen shortfalls in revenues or for emergencies such as a natural disaster. In the event balances fall below these minimums, Council will adopt a plan to restore balances to meet the policy within a three year period at most. For the fiscal year ending June 30, 2017, fund balances and related practices remain in accordance with the policy.

#### **11. Pensions**

For the purpose of measuring the net pension liability, 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's employer contributions are recognized when due and the Town 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.

The Law Enforcement Officers Special Separation Allowance (LEOSSA) operates in a similar manner. The annual actuary analysis measures net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense. The plan currently operates on a pay-as-you-go basis, so it has no net position. Plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of LEOSSA. Since the plan is operated on a pay-as-you-go basis with no legal trust, there are no investments.

#### **12. Comparative data/reclassifications**

Comparative total data for the prior year have been presented in the fund financial statements for the annually budgeted governmental and proprietary funds in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There were no incidents of non-compliance for fiscal year 2017.

### Note 3 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 that exceed the federal depository insurance coverage level 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 amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2017, the Town's deposits (including certificates of deposit) had a carrying amount of \$38.5 million and a bank balance of \$38.7 million. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2017, the Town's petty cash fund totaled approximately \$19,525.

| <u>Investments</u>            | <u>Valuation<br/>Measurement<br/>Method</u> | <u>Fair Value</u>     | <u>Less than 1 Year</u> | <u>1-2 Years</u>   | <u>2-3 Years</u>   | <u>3-5 Years</u>  |
|-------------------------------|---|-----------------------|-------------------------|--------------------|--------------------|-------------------|
| US Treasuries                 | Fair Value Level 1                          | \$ 90,119,143         | 24,255,888              | 26,134,657         | 33,520,674         | 6,207,924         |
| US Agencies -                 |   |                       |                         |                    |                    |                   |
| FFCB                          | Fair Value Level 1                          | 94,104,843            | 41,969,614              | 31,552,632         | 18,585,808         | 1,996,789         |
| FHLB                          | Fair Value Level 2                          | 114,375,622           | 52,080,632              | 24,184,886         | 33,318,869         | 4,791,235         |
| FHLMC                         | Fair Value Level 1                          | 71,219,055            | 14,489,093              | 23,347,253         | 30,881,046         | 2,501,663         |
| FNMA                          | Fair Value Level 1                          | 56,146,605            | 15,271,503              | 22,244,364         | 18,630,738         | --                |
| Municipal Paper               | Fair Value Level 1                          | 20,756,493            | 10,104,219              | 3,847,819          | 5,666,334          | 1,138,121         |
| NCCMT Government<br>Portfolio | Amortized Cost                              | 38,595,803            | 38,595,803              | --                 | --                 | --                |
| <b>Total</b>                  |   | <b>\$ 485,317,564</b> | <b>196,766,752</b>      | <b>131,311,611</b> | <b>140,603,469</b> | <b>16,635,732</b> |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Fair Value Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Fair Value Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices. Funds invested in the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, are measured at amortized cost, which is the NCCMT's share price.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 3 DEPOSITS AND INVESTMENTS** (Continued)

*Interest Rate Risk* – In accordance with its investment policy, the Town manages its exposure to declines in fair values by requiring purchases of securities to be laddered with staggered maturity dates and limiting all securities to a final maturity of no more than five years.

*Credit Risk* - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017 the Town had no investments in commercial paper. The Town has a formal policy that addresses the management of credit risk in various ways, including its compliance with NC G.S. 159-30, and its quarterly review of the investment portfolio by an independent consultant. The Town's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The Town's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2017.

*Concentration of Credit Risk* - The Town's policy does not limit the amount that the Town may invest in any one issuer; however the Town will make every effort to maintain a diversified investment portfolio according to security type and institution. More than 5 percent of the Town's investments are in Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association securities. These investments are 24%, 19%, 15% and 12% respectively, of the Town's total investments.

### **Note 4 RECEIVABLES AND RELATED ACCOUNTS**

Accounts Receivable as of year-end for the Town's individual major funds in the aggregate as presented in the fund financials and entity-wide totals, including the applicable allowances for uncollectible accounts, is as follows:

|  | General       | Capital Projects | Special Revenue | Total Governmental Funds | Full Accrual Adjustment | Entity-Wide Governmental Activity | Business-type Activities (Utility System) |
|--|---------------|------------------|-----------------|--------------------------|-------------------------|-----------------------------------|---|
| Receivables:                           |               |                  |                 |                          |                         |                                   |   |
| Housing Loans                          | \$ --         | --               | --              | --                       | 3,789,833               | 3,789,833                         | --  |
| Due from other Governments             | 13,377,508    | 1,608,479        | 202,359         | 15,188,346               | 22,714,876              | 37,903,222                        | 2,446,748                                 |
| Accounts                               | 1,422,669     | --               | --              | 1,422,669                | 586,783                 | 2,009,452                         | 11,154,974                                |
| Gross receivables                      | 14,800,177    | 1,608,479        | 202,359         | 16,611,015               | 27,091,492              | 43,702,507                        | 13,601,722                                |
| Less: Allowance                        |               |                  |                 |                          |                         |                                   |   |
| Accounts                               | (49,751)      | --               | --              | (49,751)                 | --                      | (49,751)                          | (557,779)                                 |
| Housing loans                          | --            | --               | --              | --                       | (600,500)               | (600,500)                         | --  |
| Net total receivables at June 30, 2017 | \$ 14,750,426 | 1,608,479        | 202,359         | 16,561,264               | 26,490,992              | 43,052,256                        | 13,043,943                                |

The amounts above do not include accrued interest receivable and ad valorem taxes receivable which are listed separately in the Basic Financial Statements. Taxes receivable of \$.6 million, as listed in the Basic Financial Statements, is net of a \$.2 million allowance for doubtful accounts.

Special Revenue Fund receivables include \$159,000 related to the Transit Fund, \$43,000 related to the Emergency Telephone System Fund. Health Insurance Internal Service Fund receivables of \$378,000 is included in Governmental Activities (primary customer) in the entity-wide financial statements.

For governmental activities, \$24 million of the \$43.7 million recorded as due from other governments is related to grants or other financial assistance that have been awarded. Of this grant total, \$19.8 million is considered unearned, which is the full balance of unearned revenue at June 30, 2017 for governmental activities. The remainder of the governmental

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 4 RECEIVABLES AND RELATED ACCOUNTS** (Continued)

receivables is related to sales tax and other similar allocations that relate to fiscal year 2017 and were received within the 90 day window after June 30, 2017. For Business-type activities the total \$2.4 million due from other governments is related to partner receivables from the Town of Apex related to shared water and reclamation facilities, including their portion of capital projects. All of the \$11.1 million recorded as accounts receivable is related to a variety of customer utility services.

In conformity with accounting principles generally accepted in the United States of America, revenues that are measurable but not available are reported as either an advance from customers/grantors or a deferred inflow of resources in the fund financials. The \$163,000 of advance from customers in the General Fund is mostly comprised of prepaid fees related to parks, recreation and culture activities. The \$11,000 advance from grantors is related to CDBG unspent funds. For Business-type activities the \$33,000 advance from customers relates to utility annexation agreements and the \$831,000 in unearned revenues is related to the Town of Apex's portion of the state revolving loan that also resides in long-term receivables. See Note 5 for details on deferred inflow of resources.

### **Note 5 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

At June 30, 2017, the various components of deferred outflows of resources related to the entity-wide statements are as follows:

|   | Governmental<br>Activities | Business-Type<br>Activities | Total      |
|---|----------------------------|-----------------------------|------------|
| Deferred Outflow Related to Pensions (Note 12.A.) | \$ 28,996,018              | 3,964,183                   | 32,960,201 |
| Deferred Charge on Debt Refinancing               | 1,384,564                  | 2,127,208                   | 3,511,772  |
| Total Deferred Outflows                           | \$ 30,380,582              | 6,091,391                   | 36,471,973 |

At June 30, 2017, the various components of deferred inflows of resources are as follows:

|  | Earned but<br>Unavailable | Received and<br>Unearned | Governmental<br>Fund Financial<br>Balance | Net Unearned<br>(Earned)<br>Portion of<br>Receivables | Entity-Wide<br>Governmental<br>Activity | Business-type<br>Activities<br>(Utility System) |
|--|---------------------------|--------------------------|---|---|---|---|
| <u>Governmental Deferred Inflows:</u>                                  |                           |                          |   |   |   |   |
| Ad Valorem Taxes   | \$ 683,108                | 26,079                   | 709,187                                   | (405,866)   | 303,321                                 | --  |
| Vehicle Tag Revenue  | 471,921                   | --                       | 471,921                                   | (513,236)   | (41,315)                                | --  |
| Total Deferred Inflows Related to<br>Property Taxes & Vehicle Tag Fees | \$ 1,155,029              | 26,079                   | 1,181,108                                 | (919,102)   | 262,006                                 | --  |
| Pension Activity (Note 12.A.)  |                           |                          |   |   | 8,473,837                               | 2,386,197                                       |
| Total Deferred Inflows of Resources<br>at June 30, 2017                |                           |                          |   |   | \$ 8,735,843                            | 2,386,197                                       |

More detail on Pension related Deferred Inflows and Outflows of Resources is provided in Note 12.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 6 CAPITAL ASSETS**

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

|   | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u><br><u>In (Out)</u> | <u>Ending</u><br><u>Balance</u> |
|---|------------------------------------|------------------|--------------------|-------------------------------------|---------------------------------|
| <b>Government Activities:</b>               |                                    |                  |                    |                                     |                                 |
| <u>Capital assets, Non-depreciable:</u>     |                                    |                  |                    |                                     |                                 |
| Land & Improvements                         | \$ 229,435,361                     | 5,749,315        | --                 | 6,228,824                           | 241,413,500                     |
| Construction-in-Progress                    | 65,378,349                         | 27,176,367       | (808,002)          | (16,808,959)                        | 74,937,755                      |
| Total Capital Assets, Non-depreciable       | 294,813,710                        | 32,925,682       | (808,002)          | (10,580,135)                        | 316,351,255                     |
| <u>Capital Assets, Depreciable:</u>         |                                    |                  |                    |                                     |                                 |
| Buildings & Improvements                    | 116,263,089                        | --               | (24,833)           | 4,479,288                           | 120,717,544                     |
| Machinery & Equipment                       | 21,808,643                         | 968,693          | (889,042)          | 1,012,482                           | 22,900,776                      |
| Vehicles                                    | 30,019,802                         | 1,318,888        | (2,027,972)        | 3,938,516                           | 33,249,234                      |
| Infrastructure                              | 737,809,171                        | 15,609,465       | --                 | 1,149,849                           | 754,568,485                     |
| Intangible Assets                           | 6,691,168                          | 733,228          | --                 | --                                  | 7,424,396                       |
| Total Capital Assets, Depreciable           | 912,591,873                        | 18,630,274       | (2,941,847)        | 10,580,135                          | 938,860,435                     |
| <u>Less Accumulated Depreciation for:</u>   |                                    |                  |                    |                                     |                                 |
| Buildings & Improvements                    | 30,687,262                         | 2,535,450        | (2,966)            | --                                  | 33,219,746                      |
| Machinery & Equipment                       | 16,325,858                         | 1,815,202        | (889,042)          | (21,126)                            | 17,230,892                      |
| Vehicles                                    | 20,671,690                         | 2,807,163        | (2,027,972)        | 21,126                              | 21,472,007                      |
| Infrastructure                              | 318,512,586                        | 18,751,309       | --                 | --                                  | 337,263,895                     |
| Intangible Assets                           | 733,272                            | 591,951          | --                 | --                                  | 1,325,223                       |
| Total Accumulated Depreciation              | 386,930,668                        | 26,501,075       | (2,919,980)        | --                                  | 410,511,763                     |
| Total Capital Assets, Depreciable, Net      | 525,661,205                        | (7,870,801)      | (21,867)           | 10,580,135                          | 528,348,672                     |
| Governmental Activities Capital Assets, Net | \$ 820,474,915                     | 25,054,881       | (829,869)          | --                                  | 844,699,927                     |

Total Governmental assets include Internal Service Fund book value of \$1 million. General infrastructure constructed and donated by area developers (and acquired through annexations) with a value of \$21.3 million is included in governmental additions.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 6 CAPITAL ASSETS** (Continued)

|  | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u><br><u>In (Out)</u> | <u>Ending</u><br><u>Balance</u> |
|--|------------------------------------|------------------|--------------------|-------------------------------------|---------------------------------|
| <b>Business-type Activities:</b>             |                                    |                  |                    |                                     |                                 |
| <u>Capital assets, Non-depreciable:</u>      |                                    |                  |                    |                                     |                                 |
| Land & Improvements                          | \$ 24,032,781                      | --               | --                 | 1,846,961                           | 25,879,742                      |
| Construction-in-Progress                     | 209,228,744                        | 26,853,190       | (3,224,342)        | (51,344,855)                        | 181,512,737                     |
| Total Capital Assets, Non-depreciable        | 233,261,525                        | 26,853,190       | (3,224,342)        | (49,497,894)                        | 207,392,479                     |
| <u>Capital assets, Depreciable:</u>          |                                    |                  |                    |                                     |                                 |
| Buildings & Improvements                     | 172,156,446                        | --               | --                 | 730,031                             | 172,886,477                     |
| Machinery & Equipment                        | 8,592,799                          | 192,012          | --                 | 694,735                             | 9,479,546                       |
| Vehicles                                     | 4,407,529                          | 140,470          | (200,767)          | 776,435                             | 5,123,667                       |
| Infrastructure                               | 561,954,518                        | 13,439,435       | --                 | 47,296,693                          | 622,690,646                     |
| Intangible Assets                            | 1,259,238                          | 272,800          | --                 | --                                  | 1,532,038                       |
| Total Capital Assets, Depreciable            | 748,370,530                        | 14,044,717       | (200,767)          | 49,497,894                          | 811,712,374                     |
| <u>Less Accumulated Depreciation for:</u>    |                                    |                  |                    |                                     |                                 |
| Buildings & Improvements                     | 31,127,134                         | 3,450,628        | --                 | --                                  | 34,577,762                      |
| Machinery & Equipment                        | 5,593,447                          | 542,526          | --                 | (366)                               | 6,135,607                       |
| Vehicles                                     | 3,446,677                          | 386,935          | (200,767)          | 366                                 | 3,633,211                       |
| Infrastructure                               | 152,768,139                        | 12,262,498       | --                 | --                                  | 165,030,637                     |
| Intangible Assets                            | 1,259,239                          | 37,889           | --                 | --                                  | 1,297,128                       |
| Total Accumulated Depreciation               | 194,194,636                        | 16,680,476       | (200,767)          | --                                  | 210,674,345                     |
| Total Capital Assets, Depreciable, Net       | 554,175,894                        | (2,635,759)      | --                 | 49,497,894                          | 601,038,029                     |
| Business-type Activities Capital Assets, Net | \$ 787,437,419                     | 24,217,431       | (3,224,342)        | --                                  | 808,430,508                     |

Area developers donated utility infrastructure with a gross value of \$13.4 million, which is included in the business-type asset additions. A total of \$11.9 million was recorded as a capital contribution which also includes \$1.5 million in developer agreement adjustments.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 6 CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions of the Town as follows:

|  |    |                   |
|--|----|-------------------|
| <u>Governmental Activities:</u>  |    |                   |
| General Governmental   | \$ | 1,754,108         |
| Development  |    | 42,192            |
| Facilities & Infrastructure  |    | 18,920,063        |
| Public Safety  |    | 1,958,377         |
| Public Works   |    | 884,936           |
| Environmental Protection   |    | 1,013,974         |
| Parks, Recreation and Culture  |    | 1,829,354         |
| Total depreciation expense (excluding internal service)  |    | 26,403,004        |
| Capital assets held by the Town's Fleet Management internal service fund are charged to the various functions based on their usage of assets |    | 98,071            |
| Total depreciation expense – governmental activities   | \$ | <u>26,501,075</u> |
| <br><u>Business-type Activities:</u>   |    |                   |
| Utility System   | \$ | <u>16,680,476</u> |

The Town has numerous active construction projects as of June 30, 2017. These projects include new street construction, widening and improvements of existing streets, new parks and related facilities, fire stations, fire trucks and pumpers, utility system improvements and new construction, utility plant expansions and other Town facilities and equipment. At year-end, the Town's significant commitments with contractors are as follows:

| <u>Capital project fund:</u>  | <u>Spent-to-date</u> | <u>Contract Commitments</u> |
|---|----------------------|-----------------------------|
| Cary Parkway (Evans to North Harrison)  | \$ 76,448            | 1,561,000                   |
| Crabtree Creek Greenway   | 928,595              | 3,655,000                   |
| Downtown Park   | 4,687,703            | 959,000                     |
| Fire Station #9 - Walnut Street Area  | 170,059              | 590,000                     |
| Green Level West Road Widening (NEPA / Design)  | 2,341,152            | 3,821,000                   |
| Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd to Green Level Church Road | 9,927,626            | 3,884,000                   |
| Sanitation & Recycling Trucks   | 1,720,406            | 1,748,000                   |
| Street Improvements - FY 2017   | 108,627              | 6,840,000                   |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 6 CAPITAL ASSETS** (Continued)

|   | <u>Spent-to-date</u>  | <u>Contract Commitments</u> |
|---|-----------------------|-----------------------------|
| Streetscape Improvements Along South Academy St and Dry Ave                     | \$ 7,382,686          | 815,000                     |
| Other Parks Projects  | 34,265,947            | 1,941,000                   |
| Other Street Projects   | 67,540,504            | 3,971,000                   |
| Other General Government Projects   | 18,115,504            | 1,321,000                   |
| Other Fire and Downtown Projects  | 11,408,443            | 187,000                     |
| <b>TOTAL CAPITAL PROJECT COMMITMENTS</b>  | <b>\$ 158,673,700</b> | <b>31,293,000</b>           |
|   |                       |                             |
| Utility system enterprise fund:   |                       |                             |
| Cary/Apex Water Treatment Plant – Phase 3 Expansion & Improvements (56mgd), net | \$ 55,834,129         | 8,436,000                   |
| Cary/Apex Water Treatment Plant - Lake Aeration Mixing System, net              | 3,495,097             | 623,000                     |
| Cary/Apex Water Treatment Plant - Process Basin Rehabilitation/Restoration, net | 198,367               | 870,000                     |
| Force Main Inspection & Rehabilitation - FY2008                                 | 2,745,149             | 952,000                     |
| Kilmayne Water Storage Tank   | 1,165,641             | 5,169,000                   |
| Sewer System Repair/Rehabilitation - FY 2012                                    | 1,293,991             | 1,135,000                   |
| Sewer System Repair/Rehabilitation - FY 2013                                    | 500,000               | 500,000                     |
| Sewer System Repair/Rehabilitation - FY 2015                                    | 1,025,179             | 1,506,000                   |
| Water Line Upgrades FY2017  | 573,208               | 3,556,000                   |
| Western Cary Water Storage Tank   | 1,690,142             | 7,246,000                   |
| Winding Pine Regional Pump Station, Gravity Sewer and Force Main                | 44,055                | 924,000                     |
| WWR-Water & Sewer Policy Implementation, net                                    | 1,359,128             | 975,000                     |
| WWRWMF - Beaver Creek Force Main, net   | 11,969,550            | 520,000                     |
| WWRWMF - Effluent Pipeline Phase 2, net   | 14,955,524            | 950,000                     |
| WWRWMF - New Water Reclamation Facility, net                                    | 79,029                | 3,104,000                   |
| Other Utility Projects, Net   | 129,785,941           | 7,979,000                   |
| <b>TOTAL UTILITY PROJECT COMMITMENTS</b>  | <b>\$ 226,714,130</b> | <b>44,445,000</b>           |

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 7 INTERFUND RECEIVABLES AND PAYABLES**

The Town has several interfund receivable/payable accounts. The allocation of internal profits and losses to the Utility System Enterprise Fund from the Health Insurance and Fleet Management Internal Service Funds amounted to \$.8 million. In the entity-wide financial statements, this amount is a net receivable for business-type activity and a net payable for governmental activities. No other interfund receivable or payable activity was recorded as of June 30, 2017.

### **Note 8 LEASES**

#### **A. OPERATING LEASES**

The Town leases and rents numerous pieces of equipment, facilities and supplies on a regular basis. Most of these agreements are short term in nature with no long term commitments and or significant financial impacts. Lease or rental agreements that are financially significant (either annually or over a multiple year commitment) are discussed specifically herein.

In fiscal year 2015 the Town entered into a seven year lease agreement with Air Liquide with the total cost being \$.2 million. In fiscal year 2017 lease payments of \$30,000 were made. As part of the joint ownership agreement and related inter-local agreement, Apex shared approximately seventeen percent (23%) of the total cost. Apex's cost over the life of the lease is approximately \$42,000. Apex's part of the annual lease payment is \$6,900. The remaining commitment for is slightly over \$.1 million at June 30, 2017 (\$35,000 related to Apex) with the expected annual lease payment for future years to be \$30,000 (\$6,900 related to Apex). Lease payment expense, as well as the related long-term liability, are included in the utility enterprise fund statements.

In fiscal year 2014 the Town entered into an agreement with Toshiba that will be effective until May 2018. Monthly charges averaged slightly over \$14,000 in fiscal year 2017, which includes a base charge of approximately \$6,000 with the remaining being a variable charge per copy. Considering average monthly cost and possible increase in volume, the total cost is estimated to be \$.8 million over the life of the lease. Approximately \$170,000 was paid in fiscal year 2017 (\$153,000 General Fund, \$17,000 Utility Enterprise Fund). Lease payments are allocated to operating departments throughout the Town and are therefore included as expenses in the General Fund and the operations sub-fund of the Utility Enterprise Fund. The expected annual lease payment for the subsequent year is expected to not exceed \$200,000 (\$180,000 General Fund, \$20,000 Utility Enterprise Fund). Due to the way the contract is structured, there is no related long-term liability recorded.

The Town has numerous agreements with Wake County Public Schools for the use of their facilities and equipment related to Town programs. The Town is required to pay certain rental fees according to the school fee schedule. Availability agreements exist for individual schools and are typically for a 25 year period. There is no minimum obligation for rental amounts since fees are based on specific needs, which are organized collectively with the Town and the school system on a periodic basis. Approximately \$110,000 was paid to Wake County Public Schools during fiscal year 2017 for this purpose and is included in General Fund expenditures. Amount to be paid in fiscal year 2018 is not expected to exceed \$110,000.

Starting in September 2013, the Town entered into a four year operating lease agreement with Carolina Recording Systems for a voice logging recorder used in the Town's main 911 center. Annual payments of \$15,000 were made with the last payment on this lease occurring during fiscal year 2017. The lease is likely to be renewed in fiscal year 2018. The total cost was approximately \$59,000 over the life of the lease. During fiscal year 2015, the Town entered into an additional five year lease agreement with the same company for similar equipment at the Town's backup 911 center. Annual payments (including what was paid in fiscal year 2017) are \$5,000 with the last payment due in fiscal year 2019. The total cost of this lease is \$26,000 over the life of the lease. Payments related to both leases are included as expenditures in the Emergency Telephone Special Revenue Fund. For the backup 911 center lease, there is a remaining commitment of \$10,000 at June 30, 2017 and the maximum payment expected in FY2018 is \$5,000. A related long-term liability is recorded in the entity-wide statements for Governmental activities.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 8 LEASES**

#### **A. OPERATING LEASES** *(Continued)*

After completing some of the Ontario capital leases in previous fiscal years and during fiscal year 2017, the Town opted to enter into a month-to-month operating lease agreement for various pieces of technical equipment and software. Although some specific pieces of equipment may have been purchased, in general, titles were not transferred to the Town for the related equipment after the respective capital leases were complete. Some of these operating leases ended during fiscal year 2017 and some are still active as of the date of this report (on a month-to-month basis). In fiscal year 2017, payments of approximately \$76,000 were made related to these operating lease agreements. Based on current activity, the expected maximum future annual commitment on Ontario active operating leases should not exceed \$100,000. These lease payments are included as expenditures in the General Fund with certain qualified pieces included as expenditures in the Emergency Telephone System Special Revenue Fund.

During December 2016, the Town entered into a 10 year operating lease with SUSO 4 Wellington, LP beginning April 1, 2017 for facilities intended to be used for Police Substation 3. Payments for fiscal year 2017 were \$10,000 and the total cost expected over the life of the 10 year lease is \$.5 million. At the end of the 10 year lease period, there are two options to renew for an additional five years each renewal period. The cost to renew for years 11-15 is \$.3 million and years 16-20 is \$.3 million. The future minimum lease payments for non-cancelable portion of the operating lease are \$.5 million and for fiscal year 2018 the maximum commitment is \$40,000. The lease payments are included as expenditures in the police operations within the General Fund. A related long-term liability is recorded in the entity-wide statements for Governmental activities.

Starting in FY16 the Town entered into an enterprise licensing agreement with Microsoft. The agreement covers unlimited per seat access to Microsoft products for three years from the contract date of November 30, 2015. At the expiration of the contract on November 30, 2017, the Town will have the option to renew. The contract requires payments of slightly less than \$.3 million for a total three year contract amount of \$.8 million. For fiscal year ending June 30, 2017, the Town paid nearly \$.3 million and the remaining commitment on the contract is \$.3 million.

#### **B. CAPITAL LEASES**

Over the past several years the Town has entered into numerous lease agreements with Ontario Leasing (later assigned to Bank Financial). The Town typically enters into a minimum of one new lease per year, but usually more. In fiscal year 2017, the Town entered into seven new capital leases with Ontario. For leases, only assets meeting the \$5,000 threshold for equipment or \$25,000 for software are added to asset inventory. The book value of leased assets at June 30, 2017 is \$.8 million with \$.4 million related to new capital leases started in fiscal year 2017. These are recorded as governmental-activity capital assets in the entity-wide financial statements, as well as the related long-term obligations.

The Ontario leases are typically for three years and at the end of the lease, the old equipment is usually replaced with the new equipment that will be financed through a similar lease or kept for a short-term through an operating lease (month-to-month). Imputed interest rates on these leases range from 0.25% to 5%. Title to the equipment does not transfer automatically to the Town upon completion of these leases; however, these leases meet the capital lease criteria due to the ratio of present value (of payments) to the fair value of the leased equipment. The Town may choose to purchase certain equipment at the end of the lease. The annual amount paid for active Ontario leases for fiscal year 2017, was \$1 million, which includes interest. Monthly debt service (including interest) on active Ontario leases was approximately \$.1 million at June 30, 2017.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 8 LEASES**

#### **A. CAPITAL LEASES (Continued)**

Most of these technology related capital lease payments are funded by the General Fund, with certain eligible pieces being funded by the Emergency Telephone System Special Revenue Fund. The future minimum lease obligations and the net present value of these future minimum lease payments as of June 30, 2017, are as follows:

| <u>Year Ending June 30</u>                     | <u>Ontario</u>      |
|--|---------------------|
| 2018 \$  | 866,422             |
| 2019   | 505,339             |
| 2020   | 281,532             |
| 2021   | 57,862              |
| Total minimum lease payments                   | 1,711,155           |
| Less: Interest                                 | (71,685)            |
| Present value of future minimum lease payments | <u>\$ 1,639,470</u> |

### **Note 9 LONG-TERM OBLIGATIONS**

#### **A. INSTALLMENT FINANCING AGREEMENTS**

In July 2008, the Town entered into an installment purchase agreement with RBC Bank (PNC Bank as of March 2012) to finance an aerial fire truck and a rescue truck. The financing required principal payments to begin in fiscal year 2009 with an interest rate of 3.56% to be paid semi-annually. Debt service payments will be funded by the General Fund. At June 30, 2017, no unspent proceeds remain available. At June 30, 2017, the installment purchase debt related to the fire trucks is \$151,828. The debt will be paid off in fiscal year 2018 with a principal payment of \$151,828 and interest payment of \$4,063 for a total of \$155,891.

#### **B. LIMITED OBLIGATION BONDS**

In June 2010, the Town refunded a portion of the 2002 certificates of participation by issuing \$15.2 million of Limited Obligation Bonds, resulting in a net present value savings of approximately \$.8 million (see debt section E for more information on refinancings). Limited obligation bonds, like certificates of participation, continue to pledge the underlying assets related to the original financing, but result in lower interest rates than certificates of participation. Interest rates range from 2% to 3.25%. Principal and interest requirements will be provided by General Fund appropriation in the year in which they become due. At June 30, 2017, no unspent proceeds remain available.

At June 30, 2017, the installment purchase debt related to the limited obligation bonds, series 2010 is \$7.9 million, with future debt service payments as follows:

| <u>Year Ending<br/>June 30</u> | <u>Governmental Activities</u> |                 | <u>Total</u>   |
|--------------------------------|--------------------------------|-----------------|----------------|
|                                | <u>Principal</u>               | <u>Interest</u> |                |
| 2018                           | \$ 2,405,000                   | 225,450         | 2,630,450      |
| 2019                           | 2,365,000                      | 152,100         | 2,517,100      |
| 2020                           | 800,000                        | 98,825          | 898,825        |
| 2021                           | 795,000                        | 66,925          | 861,925        |
| 2022                           | 790,000                        | 38,188          | 828,188        |
| 2023-2027                      | <u>780,000</u>                 | <u>12,675</u>   | <u>792,675</u> |
| Total                          | \$ 7,935,000                   | 594,163         | 8,529,163      |

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS**

#### **B. LIMITED OBLIGATION BONDS** *(Continued)*

In February 2012, the Town issued \$11.3 million in Limited Obligation Refunding Bonds, Series 2012 to refund all of the remaining certificates of participation, series 2002A except for the payment to be made in fiscal year 2013. The refunding was done as a private bank placement via a competitive bid and resulted in a fixed interest rate of 2.34%. The refunding resulted in net present value savings of over \$.8 million (see debt section E for more information on refinancings). Principal and interest requirements will be provided by General Fund appropriation in the year in which they become due. At June 30, 2017, no unspent proceeds remain available.

At June 30, 2017, the installment purchase debt related to the limited obligation bonds, series 2012 is \$6.7 million, with future debt service payments as follows:

| Year Ending<br>June 30 | Governmental Activities |          | Total     |
|------------------------|-------------------------|----------|-----------|
|                        | Principal               | Interest |           |
| 2018                   | \$ 115,000              | 154,733  | 269,733   |
| 2019                   | 115,000                 | 152,042  | 267,042   |
| 2020                   | 1,655,000               | 131,333  | 1,786,333 |
| 2021                   | 1,625,000               | 92,957   | 1,717,957 |
| 2022                   | 1,595,000               | 55,283   | 1,650,283 |
| 2023-2027              | 1,565,000               | 18,311   | 1,583,311 |
| Total                  | \$ 6,670,000            | 604,659  | 7,274,659 |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS** (Continued)

#### **C. GENERAL OBLIGATION BONDS**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

All of the Town's general obligation bonds are issued with a fixed rate, except for the Public Improvement, Series 2006, which is the Town's first and currently the only variable rate general obligation bonds held. Interest on these variable rate bonds is determined by a remarketing agent based upon market conditions. Average interest rate throughout fiscal year 2017 was .66%. In March 2014 the Town issued \$74.3 million of general obligation bonds to fund fire, parks, streets and wastewater projects. Interest on the bonds ranges from 3-5% with the wastewater bonds being paid back over 25 years and the remainder over 20 years. As of June 30, 2017, there is \$3 million outstanding unspent proceeds related to the Series 2014 general obligation bonds. In February 2016 the Town refunded a portion of the Series 2009 Public Improvement Bonds, saving over \$849,000. The refunding was done as a private bank placement via a competitive bid and resulted in a fixed interest rate of 2.45% (see debt section E for more information on refinancings).

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2017 are as follows:

| <u>Purpose</u>                  | <u>Interest Rates</u> | <u>Date Issued</u> | <u>Date Series Matures</u> | <u>Amount of Original Issue</u> | <u>Balance Outstanding June 30, 2017</u> |
|---------------------------------|-----------------------|--------------------|----------------------------|---------------------------------|--|
| <u>Governmental Activities</u>  |                       |                    |                            |                                 |  |
| Public Improvement, Series 2006 | Variable              | 7/12/2006          | 6/1/2027                   | \$ 47,255,000                   | \$ 31,055,000                            |
| Public Improvement, Series 2009 | 3% - 5%               | 6/1/2009           | 6/1/2021                   | 28,000,000                      | 6,223,396                                |
| Refunding Bonds, Series 2009    | 2% - 5.25%            | 6/1/2009           | 6/1/2020                   | 12,650,000                      | 3,250,000                                |
| Refunding Bonds, Series 2010B   | 4%                    | 10/5/2010          | 6/1/2022                   | 14,670,000                      | 12,730,000                               |
| Public Improvement, Series 2014 | 3% - 5%               | 3/4/2014           | 3/1/2034                   | 32,915,000                      | 25,735,000                               |
| Refunding Bonds, Series 2016A   | 2.45%                 | 2/18/2016          | 6/1/2029                   | 13,702,041                      | <u>13,540,909</u>                        |
| Total Governmental Activities   |                       |                    |                            |                                 | <u>\$ 92,534,305</u>                     |
| <u>Business-Type Activities</u> |                       |                    |                            |                                 |  |
| Public Improvement, Series 2009 | 3% - 5%               | 6/1/2009           | 6/1/2021                   | \$ 25,000,000                   | \$ 5,556,606                             |
| Refunding Bonds, Series 2009    | 2% - 5.25%            | 6/1/2009           | 6/1/2020                   | 27,370,000                      | 10,380,000                               |
| Refunding Bonds, Series 2010A   | 3% - 5%               | 6/15/2010          | 3/1/2022                   | 9,278,605                       | 5,760,000                                |
| Public Improvement, Series 2014 | 3% - 5%               | 3/4/2014           | 3/1/2039                   | 41,405,000                      | 38,470,000                               |
| Refunding Bonds, Series 2016A   | 2.45%                 | 2/18/2016          | 6/1/2029                   | 12,233,959                      | <u>12,090,091</u>                        |
| Total Business-Type Activities  |                       |                    |                            |                                 | <u>\$ 72,256,697</u>                     |

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9** LONG-TERM OBLIGATIONS

#### **C. GENERAL OBLIGATION BONDS** *(Continued)*

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending<br>June 30 | Governmental Activities |            | Business-type Activities |            |
|------------------------|-------------------------|------------|--------------------------|------------|
|                        | Principal               | Interest   | Principal                | Interest   |
| 2018                   | \$ 8,466,868            | 3,261,492  | 6,076,132                | 2,741,579  |
| 2019                   | 8,465,038               | 2,912,288  | 6,103,962                | 2,475,656  |
| 2020                   | 8,448,208               | 2,564,241  | 6,136,792                | 2,208,113  |
| 2021                   | 8,446,906               | 2,231,440  | 6,165,094                | 1,952,592  |
| 2022                   | 8,395,075               | 1,898,748  | 5,197,927                | 1,695,391  |
| 2023 – 2027            | 36,612,870              | 5,533,014  | 14,861,130               | 6,478,684  |
| 2028 – 2032            | 10,679,340              | 1,553,398  | 11,820,660               | 4,214,042  |
| 2033 – 2037            | 3,020,000               | 181,200    | 10,910,000               | 2,248,450  |
| 2038 – 2042            | --                      | --         | 4,985,000                | 282,188    |
| TOTAL                  | \$ 92,534,305           | 20,135,821 | 72,256,697               | 24,296,695 |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS** (Continued)

#### **D. REVENUE BONDS**

The Town issued the first series of revenue bonds in fiscal year 2001, the second series in fiscal year 2004, the third series in the latter part of fiscal year 2007, the fourth series in fiscal year 2013, fifth series in fiscal year 2015 and the last series in fiscal year 2017. The first series were paid off in fiscal year 2012. Part of the second series is related to an advanced refunding of a portion of the 1996 Sewer General Obligation bonds, which is discussed below in Section E. A portion of the bonds issued in 2013 is related to an advanced refunding of a portion of the 2004 Revenue bonds, which is discussed below in Section E. The balance of the 2004 Revenue bonds were paid off in fiscal year 2015. A portion of the bonds issued in 2015 advanced refunded a portion of the 2007 Revenue bonds, which is discussed below in Section E. In March 2017, the Town issued \$31.9 million of revenue bonds to fund water and wastewater projects. With these bonds, the Town pledges income derived from the acquired or constructed assets to pay debt service. \$19.2 remain unspent of the 2017 proceeds as of June 30, 2017. Revenue bonds outstanding at year-end are as follows:

| <u>Purpose</u>                      | <u>Interest Rates</u> | <u>Date Issued</u> | <u>Date Series Matures</u> | <u>Amount of Original Issue</u> | <u>Balance Outstanding June 30, 2017</u> |
|-------------------------------------|-----------------------|--------------------|----------------------------|---------------------------------|--|
| Series 2007 Combined Utility System | 3.88% - 5.00%         | 6/5/2007           | 12/1/2033                  | \$ 35,710,000                   | 10,130,000                               |
| Series 2013 Combined Utility System | 2.00% - 5.00%         | 1/29/2013          | 12/1/2042                  | 98,400,000                      | 97,080,000                               |
| Series 2015 Combined Utility System | 3.00% - 5.00%         | 3/11/2015          | 12/1/2039                  | 53,785,000                      | 51,940,000                               |
| Series 2017 Combined Utility System | 1.00% - 5.00%         | 3/16/17            | 12/1/2041                  | 31,955,000                      | 31,955,000                               |
|                                     |                       |                    |                            | Total Revenue Bonds             | \$ 191,105,000                           |

Revenue bond debt service requirements to maturity are as follows:

| <u>Year ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------|-----------------|--------------|
| 2018                       | \$ 3,980,000     | 8,097,231       | 12,077,231   |
| 2019                       | 4,165,000        | 7,961,222       | 12,126,222   |
| 2020                       | 4,390,000        | 7,798,881       | 12,188,881   |
| 2021                       | 4,630,000        | 7,618,481       | 12,248,481   |
| 2022                       | 5,065,000        | 7,403,856       | 12,468,856   |
| 2023 – 2027                | 29,345,000       | 33,009,381      | 62,354,381   |
| 2028 – 2032                | 36,510,000       | 25,853,794      | 62,363,794   |
| 2033 – 2037                | 44,795,000       | 17,837,141      | 62,632,141   |
| 2038 – 2042                | 50,255,000       | 7,916,656       | 58,171,656   |
| 2043 - 2047                | 7,970,000        | 199,250         | 8,169,250    |
| TOTAL                      | \$ 191,105,000   | 123,695,893     | 314,800,893  |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS**

#### **D. REVENUE BONDS (Continued)**

The total principal and interest remaining to be paid on all outstanding series of revenue bonds was \$314.8 million as of June 30, 2017. These revenue bonds are secured by a covenant to budget and collect revenues in the utility enterprise system sufficient enough to pay the principal and interest requirements. The Town has been in compliance with the covenants for all series of revenue bonds, which require the debt service coverage for parity indebtedness (revenue bonds only) to be 1.200 and for all indebtedness to be 1.000. Financial information below is from the Utility System Enterprise Fund.

|   |    |                   |              |
|---|----|-------------------|--------------|
| Net Income  | \$ | 21,780,669        |              |
| Adjustments:  |    |                   |              |
| Depreciation Expense  |    | 16,680,476        |              |
| Water & Sewer Development Fees                              |    | (14,090,798)      |              |
| Reimbursements  |    | (75,444)          |              |
| Sale of Capital Assets                                      |    | (57,777)          |              |
| Bond Interest Expense                                       |    | 5,728,483         |              |
| Bond Service Expenses & Refunding Loss                      |    | 854,157           |              |
| Payment to General Fund for Open Space                      |    | 862,663           |              |
| Administrative Costs Paid to the Other Funds                |    | 3,428,313         |              |
| Income Available for Debt Service                           |    | <u>35,110,742</u> |              |
| 15% of Unrestricted Net Position                            |    | <u>37,763,376</u> |              |
| Total Sources Available for Debt Service                    | \$ | <u>72,874,118</u> |              |
|   |    |                   | Coverage     |
| Parity Debt Service (Revenue Bonds Only)                    | \$ | 10,206,980        | <b>7.140</b> |
| Other Utility Debt Service (gross of partner reimbursement) |    | <u>12,908,692</u> |              |
| Total Debt Service  | \$ | <u>23,115,672</u> | <b>1.519</b> |

#### **E. REFUNDINGS AND REFINANCINGS**

The Town has defeased numerous Utility Systems Bonds over the years by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, all related trust account assets and liabilities for the defeased bonds are not included in the Town's financial statements.

In June 2009, the Town issued \$40 million in Refunding, Series 2009 bonds, which refunded the Park & Recreation Facilities, Series 1996 and Series 1998, a portion of the Public Improvement, Series 2001 and Water Bonds, Series 2001. The Series 1996 and 1998 bonds were fully called on July 1, 2009, qualifying as a current refund during fiscal year 2009. A portion of the Public Improvement, Series 2001 and Water Bonds, Series 2001 were advanced refunded. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$3.8 million, resulting in a refunding loss with an unamortized balance at June 30, 2017, of \$.2 million for Governmental-type and \$.5 million for Business-type for a total of \$.7 million to be amortized over the remaining life of the bonds. The Town completed this refunding to reduce its total debt service payments and to

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS**

#### **E. REFUNDINGS AND REFINANCINGS** *(Continued)*

obtain an economic gain (the difference between the present values of the old debt and new debt service payments) of \$2.7 million, of which \$.9 million is Governmental-type savings and \$1.8 million is Business-type savings.

In June 2010, the Town issued \$10.2 million in General Obligation Public Improvement Refunding Bonds, Series 2010A, which refunded a portion of the Public Improvement Bonds, Series 2001 and Water Bonds, Series 2001. \$.9 million of this debt is governmental and the remaining \$9.3 million is Business-Type Activities. The bonds were advanced refunded and were redeemed on March 1, 2011. The advance refunding resulted in a net present value savings of \$.6 million for the Town of which \$55,000 is Governmental Activities savings and \$.5 million is Business-Type Activities savings. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$561,000, resulting in a refunding loss with an unamortized balance at June 30, 2017 of \$.17 million for Business-Type Activities and \$37,336 for Governmental Activities, to be amortized over the remaining life of the bonds.

In addition, in June 2010, the Town issued \$15.2 in Limited Obligation Refunding Bonds, Series 2010 to refund a portion of the Certificates of Participation, Series 2002A and all of the remaining Series 2002B. The Series 2002B were fully called on June 15, 2010, and the Series 2002A were called on December 1, 2012. The refunding resulted in a net present value savings of \$.8 million all Governmental Activities savings. The reacquisition price on the defeased bonds exceeded the carrying value of the old debt in the amount of \$.3 million, resulting in a refunding loss with an unamortized balance at June 30, 2017, of \$91,500 Governmental Activities, to be amortized over the remaining life of the bonds.

In October, 2010, the Town issued \$14.7 million in General Obligation Public Improvement Refunding Bonds, Series 2010B, which refunded a portion of the Public Improvement Bonds, Series 2003. The bonds were advanced refunded and were redeemed on June 1, 2013. The advance refunding resulted in a net present value savings of \$.6 million all Governmental Activities savings. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$1.5 million, resulting in a refunding loss with an unamortized balance at June 30, 2017 of \$.6 million Governmental Activities, to be amortized over the remaining life of the bonds.

In February 2012, the Town issued \$11.3 million in Limited Obligation Refunding Bonds, Series 2012 to refund \$10.9 million (all but the FY 2013 portion of the Certificates of Participation, Series 2002A). The Series 2002A were called on December 1, 2012. The refunding resulted in a net present value savings of \$.8 million all Governmental Activities savings. The reacquisition price on the defeased bonds exceeded the carrying value of the old debt in the amount of \$.2 million, resulting in a refunding loss with an unamortized balance at June 30, 2017 of \$59,888 Governmental Activities, to be amortized over the remaining life of the bonds.

In March 2015, the Town refunded a portion of the 2007 revenue bonds when the Town issued the Combined Enterprise System Revenue and Revenue Refunding Bonds, Series 2015. The Town issued \$15.8 million of utility system revenue bonds to advance refund \$16.1 million of the 2007 revenue bonds that were eligible to be refunded. The advance refunding resulted in a net present value savings of \$1.3 million for the Town. The reacquisition price on the defeased bonds exceeded the carrying value of the old debt in the amount of \$1.4 million, resulting in a refunding loss with an unamortized balance at June 30, 2017 of \$1.1 million for Business-Type Activities. The 2007 Revenue Bonds that were eligible to be advanced refunded will be called on December 1, 2017.

In February 2016, the Town issued \$25.9 million in General Obligation Public Improvement Refunding Bonds, Series 2016A, which refunded a portion of the Public Improvement Bonds, Series 2009. \$13.7 million of this debt is governmental and the remaining \$12.2 million is business-type. The bonds were advanced refunded and will be redeemed on June 1, 2019. The advance refunding resulted in a net present value savings of \$.8 million for the Town of which \$.4 million is Governmental-type savings and \$.4 million is Business-type

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS**

#### **E. REFUNDINGS AND REFINANCINGS (Continued)**

savings. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$.8 million, resulting in a refunding loss with an unamortized balance at June 30, 2017 of \$.3 million for Business-type Activities and \$.4 million for Governmental Activities, to be amortized over the remaining life of the bonds.

#### **F. DEFERRED CHARGE ON DEBT REFINANCINGS**

Due to numerous refinancing opportunities, the Town has incurred accounting losses, which are deferred at the time of the loss and amortized over time. This deferred charge is shown on the statements as a deferred outflow of resources. Details for each activity are as follows:

|                                 | Governmental<br>Activities | Business-Type<br>Activities |
|---------------------------------|----------------------------|-----------------------------|
| Balance June 30, 2016           | \$ 1,669,998               | 2,544,579                   |
| Current Year Amortization       | (285,434)                  | (417,371)                   |
| Ending Balance at June 30, 2017 | \$ 1,384,564               | 2,127,208                   |

#### **G. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT – SECTION 108 LOAN**

On September 12, 2013 the Town Council approved an agreement with Memento Mori, LLC that provided authorization for the Town to pursue a Section 8 loan from the US Department of Housing and Urban Development (HUD). This loan was approved by the Department of Housing and Urban Development in June 2014 and will enable the Town to borrow funds related to the economic development plan by Memento Mori, LLC (“Memento”) to build a boutique hotel in downtown Cary. The loan amount was approved at \$1.4 million with a 20 year term, with the full amount from HUD coming in during fiscal year 2017. In early fiscal year 2017 the remaining approved funds were requested to complete the \$1.4 million agreement with Memento. Based on loan closing, payments are expected to start in fiscal year 2018. Since these funds have been loaned to Memento, in addition to a long term liability of \$1.4 million due to HUD, there is a corresponding long term receivable from Memento for the same amount. In the future, as debt service is due to HUD from the Town, the Town will receive payments from Memento to cover. Should Memento default on the receivable to the Town, as part of the loan agreement the Town will be required to use its future CDBG entitlement to repay the outstanding loan amount to HUD. Both the long-term liability and long-term receivable are recorded in the entity-wide statements for governmental activities.

#### **H. STATE REVOLVING LOAN**

During fiscal year 2004, the Town entered into a State Revolving Loan (SRL) to finance a biosolids dryer project. The draws for this loan were finalized during fiscal year 2007 for a total principal amount of \$10.2 million at a fixed interest rate of 2.42%. Repayment of this loan commenced on May 1, 2007, with annual principal and semi-annual interest payments through May 1, 2026. At June 30, 2017, the outstanding balance is \$4.6 million.

During fiscal year 2005, the Town entered into a State Revolving Loan to finance the planning, permitting, a portion of the design and other projects related to the new Western Wake Regional Wastewater Management Facility (WWRWMF). The initial loan was approved at \$5 million; however the loan draws were finalized during fiscal year 2007 based on actual costs for a total principal of \$4 million at a fixed interest rate of 2.205%. Repayment of the loan commenced during fiscal year 2008 and will continue through fiscal year 2027. Although this loan is the Town's debt, the Town has an interlocal agreement with the Town of Apex to pay a portion of the debt service (principal and interest) equal to their

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Note 9 LONG-TERM OBLIGATIONS

#### H. STATE REVOLVING LOAN (Continued)

proportionate share of the project. There was also an interlocal agreement with the Town of Holly Springs to pay their proportionate share of the loan, however Holly Springs withdrew from the project and a settlement agreement was approved by Council at the February 13, 2013 meeting. A portion of the settlement payment made by Holly Springs was pre-payment of their liability for future state revolving fund loan payments. The Town applied the funds of \$.3 million in May of 2013 against the principal of the loan and reduced Holly Springs' liability to zero. The principal amount has been recorded as a long-term receivable and will be netted against the SRL long-term liability on the face of the financial statements. At June 30, 2017, the outstanding balance is \$1.2 million (net of \$.58 million partner receivable).

In February 2011, the Town received a State Revolving Loan for \$1 million which was the balance of the \$5 million State Revolving Loan that was approved in 2005, but not fully distributed at that time. The interest rate is 2.205% with payments over 20 years and the first payment was due in May 2012. Like the original loan, the Town of Apex will pay a portion of the debt service (principal and interest) equal to their proportionate share of the project. At June 30, 2017, the outstanding balance is \$.48 million (net of \$.2 million partner receivable).

In April 2011, the Town formally accepted a \$35 million State Revolving Loan to finance a portion of the construction of the WWRWMF. Repayment is over a 20 year period, with an interest rate of 2.22% and principal and interest payments began in May 2015. As of June 30, 2017, the outstanding balance is \$29.75 million with all \$35 million in loan draws completed.

In January 2013, the Town formally accepted a \$2.7 million State Revolving planning loan to finance the design for the expansion of the Cary/Apex Water Treatment Plant from 40 million gallons per day to 56 million gallons per day. In August 2015, the loan amount was reduced by \$.2 million to \$2.5 million as all design payments were made and the final draw on the loan was not completed. The planning loan will be repaid over a 5 year period, with a zero percent interest rate and the principal payments began in May 2014. As of June 30, 2017, the balance on the loan is \$.47 million and the final payment will be made in FY 2018.

State revolving loan debt service requirements to maturity are as follows:

| Year Ending           | <u>Biosolids Dryer</u> |                 | <u>2005 WWRWMF #1</u> |                 | <u>2011 WWRWMF #2</u> |                 | <u>2011 Construction</u> |                 | <u>2013 WTP Planning</u> |                 | <u>Total SRL</u> |                 |
|-----------------------|------------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|------------------|-----------------|
|                       | <u>Principal</u>       | <u>Interest</u> | <u>Principal</u>      | <u>Interest</u> | <u>Principal</u>      | <u>Interest</u> | <u>Principal</u>         | <u>Interest</u> | <u>Principal</u>         | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| June 30               |                        |                 |                       |                 |                       |                 |                          |                 |                          |                 |                  |                 |
| 2018                  | \$ 511,161             | 111,331         | 178,734               | 39,411          | 52,061                | 16,071          | 1,750,000                | 660,450         | 473,728                  | --              | 2,965,684        | 827,263         |
| 2019                  | 511,161                | 98,961          | 178,734               | 35,470          | 52,061                | 14,923          | 1,750,000                | 621,600         | --                       | --              | 2,491,956        | 770,954         |
| 2020                  | 511,161                | 86,591          | 178,734               | 31,529          | 52,061                | 13,775          | 1,750,000                | 582,750         | --                       | --              | 2,491,956        | 714,645         |
| 2021                  | 511,161                | 74,221          | 178,734               | 27,588          | 52,061                | 12,628          | 1,750,000                | 543,900         | --                       | --              | 2,491,956        | 658,337         |
| 2022                  | 511,161                | 61,851          | 178,734               | 23,647          | 52,061                | 11,480          | 1,750,000                | 505,050         | --                       | --              | 2,491,956        | 602,028         |
| 2023 - 2027           | 2,044,644              | 123,701         | 893,671               | 59,116          | 260,308               | 40,178          | 8,750,000                | 1,942,500       | --                       | --              | 11,948,623       | 2,165,495       |
| 2028 - 2032           | --                     | --              | --                    | --              | 208,246               | 11,480          | 8,750,000                | 971,250         | --                       | --              | 8,958,246        | 982,730         |
| 2033 - 2037           | --                     | --              | --                    | --              | --                    | --              | 3,500,000                | 116,550         | --                       | --              | 3,500,000        | 116,550         |
| Sub-total             | 4,600,449              | 556,656         | 1,787,341             | 216,761         | 728,859               | 120,535         | 29,750,000               | 5,944,050       | 473,728                  | --              | 37,340,377       | 6,838,002       |
| Interlocal Agreements | --                     | --              | (582,861)             | (69,965)        | (248,540)             | (41,102)        | --                       | --              | --                       | --              | (831,401)        | (111,067)       |
| TOTAL                 | \$ 4,600,449           | 556,656         | 1,204,480             | 146,796         | 480,319               | 79,433          | 29,750,000               | 5,944,050       | 473,728                  | --              | 36,508,976       | 6,726,935       |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Note 9 LONG-TERM OBLIGATIONS (Continued)

#### I. CHANGES IN LONG-TERM LIABILITIES

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Refunded</u> | <u>Reductions</u>   | <u>Ending Balance</u> | <u>Amounts due<br/>within one year</u> |
|--|------------------------------|-------------------|-----------------|---------------------|-----------------------|--|
| <b>GOVERNMENTAL ACTIVITIES</b>                       |                              |                   |                 |                     |                       |  |
| Bonds & Notes Payable:                               |                              |                   |                 |                     |                       |  |
| General Obligation Debt                              | \$ 101,008,003               | --                | --              | (8,473,698)         | 92,534,305            | 8,466,868                              |
| Limited Obligation Bonds                             | 17,160,000                   | --                | --              | (2,555,000)         | 14,605,000            | 2,520,000                              |
| Installment Financing Agreements                     | 298,743                      | --                | --              | (146,915)           | 151,828               | 151,828                                |
| <b>Total Bonds &amp; Loans Payable</b>               | <b>118,466,746</b>           | <b>--</b>         | <b>--</b>       | <b>(11,175,613)</b> | <b>107,291,133</b>    | <b>11,138,696</b>                      |
| Deferred Adjustments:                                |                              |                   |                 |                     |                       |  |
| Premium  | 4,939,395                    | --                | --              | (593,746)           | 4,345,649             | --                                     |
| <b>Total Bonds &amp; Notes Payable, Net</b>          | <b>123,406,141</b>           | <b>--</b>         | <b>--</b>       | <b>(11,769,359)</b> | <b>111,636,782</b>    | <b>11,138,696</b>                      |
| Other Liabilities:                                   |                              |                   |                 |                     |                       |  |
| Capital Leases                                       | 1,470,629                    | 1,178,759         | --              | (1,009,918)         | 1,639,470             | 823,175                                |
| Compensated Absences                                 | 5,248,308                    | 4,695,388         | --              | (4,232,426)         | 5,711,270             | 4,635,352                              |
| Unfunded OPEB Liability                              | 53,007,814                   | 7,454,415         | --              | --                  | 60,462,229            | --                                     |
| Workers' Compensation Long-Term Reserve              | 2,900,000                    | 1,583,492         | --              | (1,353,521)         | 3,129,971             | 3,129,971                              |
| Health Insurance Long-Term Reserve                   | 1,240,000                    | 16,417,881        | --              | (16,192,229)        | 1,465,652             | 1,465,652                              |
| Small Claims Reserve                                 | 360,922                      | 831,191           | --              | (631,761)           | 560,352               | 560,352                                |
| Development Fee Credits                              | 4,431,910                    | 315,842           | --              | (717,653)           | 4,030,099             | 411,000                                |
| Net Pension Liability (LGRS)                         | 5,786,109                    | 19,392,069        | --              | --                  | 25,178,178            | --                                     |
| Law Separation Allowance Unfunded Pension Liability  | 9,458,317                    | 106,708           | --              | --                  | 9,565,025             | --                                     |
| HUD 108 CDBG Loan                                    | 1,214,643                    | 185,357           | --              | --                  | 1,400,000             | 74,500                                 |
| Other Long Term Agreements                           | 158,129                      | 1,173,441         | --              | (461,325)           | 870,245               | 424,230                                |
| <b>Total Other Liabilities</b>                       | <b>85,276,781</b>            | <b>53,334,543</b> | <b>--</b>       | <b>(24,598,833)</b> | <b>114,012,491</b>    | <b>11,524,232</b>                      |
| <b>Governmental Activities Long-Term Liabilities</b> | <b>\$ 208,682,922</b>        | <b>53,334,543</b> | <b>--</b>       | <b>(36,368,192)</b> | <b>225,649,273</b>    | <b>22,662,928</b>                      |

The beginning balance does not agree to the ending balance for fiscal year 2016 due to the implementation of GASB 73 related to the Law Enforcement Special Separation Allowance (LEOSSA). For fiscal year 2016, the ending long term liability was \$570,894. The implementation of GASB 73 required a prior period adjustment of \$8,511,799, which also included an adjustment related to deferred outflows in the amount of \$375,624.

Since governmental funds are the internal service funds primary customer, the long-term liabilities for them are included as part of the above totals for governmental activities. At year-end governmental long-term liabilities include the following for the Fleet Management Internal Service Fund; \$55,000 for compensated absences, \$227,000 for other post-employment benefits, and \$291,000 for Fleet's portion of the LGRS pension liability, as well as \$1.4 million of the Health Insurance Internal Service Fund long-term reserve for insurance claims. With the exception of Development Fee Credits (discussed below) and the HUD 108 CDBG Loan (discussed in Note 9.G), the majority of the remainder of the governmental liabilities will be satisfied by the General Fund, with \$10,000 of the long-term agreement being satisfied by the Emergency Telephone Special Revenue Fund.

The Town enters into numerous developer agreements throughout the year, which award developers credits toward future fees based on their contributions to the Town's street infrastructure system. These credits are calculated and specifically identifiable in each agreement and are recorded as long-term liabilities in the entity-wide financial statements. Usage of credits is tracked through the general receipting and permitting system of the Town, and credits are written off as they expire per individual contractual agreements. Of the \$717,000 reduction in the current year, \$265,000 relate to expired agreements. As credits are used, revenue is also recorded in the entity-wide financial statements for governmental activities.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Note 9 LONG-TERM OBLIGATIONS

#### I. CHANGES IN LONG-TERM LIABILITIES (Continued)

|  | <u>Beginning Balance</u> | <u>Additions</u> | <u>Refunded</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts due within<br/>one year</u> |
|--|--------------------------|------------------|-----------------|-------------------|-----------------------|--|
| <b>BUSINESS-TYPE ACTIVITIES</b>                |                          |                  |                 |                   |                       |  |
| Bonds & Notes Payable – Utility System:        |                          |                  |                 |                   |                       |  |
| General Obligation Debt                        | \$ 78,309,999            | --               | --              | (6,053,302)       | 72,256,697            | 6,076,132                              |
| Revenue Bonds                                  | 162,195,000              | 31,955,000       | --              | (3,045,000)       | 191,105,000           | 3,980,000                              |
| State Revolving Loans, net                     | 39,399,217               | --               | --              | (2,890,241)       | 36,508,976            | 2,890,241                              |
| Total Bonds & Loans Payable                    | 279,904,216              | 31,955,000       | --              | (11,988,543)      | 299,870,673           | 12,946,373                             |
| Deferred Adjustments:                          |                          |                  |                 |                   |                       |  |
| Discount                                       | (9,037)                  | --               | --              | 567               | (8,470)               | --                                     |
| Premium  | 21,305,604               | 3,174,919        | --              | (1,481,213)       | 22,999,310            | --                                     |
| Total Bonds & Notes Payable, Net               | 301,200,783              | 35,129,919       | --              | (13,469,189)      | 322,861,513           | 12,946,373                             |
| Other Liabilities – Utility System:            |                          |                  |                 |                   |                       |  |
| Compensated Absences                           | 1,013,355                | 1,086,494        | --              | (848,278)         | 1,251,571             | 1,043,433                              |
| Unfunded OPEB Liability                        | 10,848,055               | 931,458          | --              | --                | 11,779,513            | --                                     |
| Development Fee Credits                        | 3,082,330                | 1,727,571        | --              | (1,397,854)       | 3,412,047             | 1,289,000                              |
| Net Pension Liability (LGERS)                  | 193,308                  | 2,415,609        | --              | --                | 2,608,917             | --                                     |
| Durham Water Liability                         | 135,000                  | 127,000          | --              | --                | 262,000               | 262,000                                |
| Other Long Term Agreements                     | 115,500                  | 272,800          | --              | (23,100)          | 365,200               | 159,500                                |
| Total Other Liabilities                        | 15,387,548               | 6,560,932        | --              | (2,269,232)       | 19,679,248            | 2,753,933                              |
| Business-Type Activities Long-Term Liabilities | \$ 316,588,331           | 41,690,851       | --              | (15,738,421)      | 342,540,761           | 15,700,306                             |

All business-type liabilities will be liquidated by the Utility Systems Enterprise Fund.

The Town enters into numerous developer agreements throughout the year, which award developers credits toward future fees based on their contributions to the Town's utility infrastructure system (water, sewer and reclaimed). These credits are calculated and specifically identifiable in each agreement and are recorded as long-term liabilities in both the entity-wide and fund financial statements. Usage of credits is tracked through the general receipting and permitting system of the Town, and credits are written off as they expire per individual contractual agreements. Of the nearly \$1.4 million decrease in the current year, \$233,000 relate to expired agreements. As credits are used, revenue is also recorded.

Both the LGERS and Law Enforcement pension liability increased this year and discussion on those two liabilities can be found in notes 12.A and 12.B, respectively.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 9 LONG-TERM OBLIGATIONS** (Continued)

#### **J. AUTHORIZED UNISSUED BONDS AND LEGAL DEBT MARGIN**

The Town is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the Town may have outstanding to 8 percent of the appraised value of property subject to taxation. At June 30, 2017, such statutory limit for the Town was \$2.1 billion providing a legal debt margin of approximately \$1.8 billion. The Town does not intend to extend its debt to any amount near the legal debt limit.

At June 30, 2017, the Town had authorized but not issued general obligation bonds of \$40.2 million, \$5.4 million, and \$1.4 million, designated for streets, parks/recreational facilities and fire facilities respectively for a total of \$47 million.

### **Note 10 ACCOUNTS PAYABLE, AND OTHER ACCRUED LIABILITIES**

Accounts payable and other accrued liabilities as of year-end for the Town's individual major funds in the aggregate as presented in the fund financials and entity-wide statements are as follows:

|                                | General           | Capital Projects | Special Revenue | Total Governmental Funds | Full Accrual Adjustment | Entity-Wide Governmental Activity | Business-type Activities (Utility System) |
|--------------------------------|-------------------|------------------|-----------------|--------------------------|-------------------------|-----------------------------------|---|
| Salaries and employee benefits | \$ 4,386,249      | --               | 4,710           | 4,390,959                | 15,720                  | 4,406,679                         | 211,952                                   |
| Due to other governments       | 4,447,765         | --               | --              | 4,447,765                | --                      | 4,447,765                         | --  |
| Due to Vendors                 | 3,101,482         | 1,404,026        | 355,769         | 4,861,277                | 261,067                 | 5,122,344                         | 6,692,009                                 |
| Miscellaneous                  | 362,902           | 787,795          | --              | 1,150,697                | --                      | 1,150,697                         | 122,417                                   |
| <b>\$</b>                      | <b>12,298,398</b> | <b>2,191,821</b> | <b>360,479</b>  | <b>14,850,698</b>        | <b>276,787</b>          | <b>15,127,485</b>                 | <b>7,026,378</b>                          |

The governmental amount for the Special Revenue Funds is comprised of approximately \$12,000 for the CDBG Fund, \$1,000 for the Emergency Telephone System Fund and \$348,000 for the Transit Fund. The full accrual adjustment represents the Fleet Management Internal Service Fund accounts payable and accrued liabilities. For presentation purposes, the accounts payable portion of the worker's compensation and small claims liability is included with the long-term liabilities on the Entity-Wide financial statements and in the supporting note.

### **Note 11 RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; on-the-job injuries to employees; and natural disasters. The Town administers three self-funded programs that cover small claims and losses, employee, spouse and dependent health and dental claims, and workers' compensation. The Town contracted with a third-party to perform an actuarial valuation for an estimate of claims incurred, but not reported for workers compensation and health and dental as of June 30, 2017.

**Workers' Compensation** – The Town is self-insured for statutory workers' compensation coverage with a retention per occurrence of \$.6 million for all employee classifications, a maximum limit of indemnity per occurrence of \$1 million, and a maximum limit of indemnity of \$1 million for aggregate claims losses. Based on historical trends, the third party administrator and actuarial information from the prior year, a reserve of \$3.1 million was calculated as of June 30, 2017, for claims incurred but not reported and for items reported but not paid. This entire amount is estimated to be paid within the next fiscal year and included in the current portion of long-term liabilities within the entity-wide statements. \$204,000 of this liability is considered a current liability within the fund financials; however, it is included in long-term liabilities for readability purposes. The full amount of the liability is estimated to be paid within the next fiscal year and included in the current portion of long-term liabilities within the entity wide statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 11 RISK MANAGEMENT** (Continued)

**Small Claims and Losses** - The Town self-funds small claims and losses incurred during the year that fall below the Town's insurance deductible. Claims are administered by an internal Risk Manager. Based on historical data and information available, management estimated and reserved \$.5 million for claims incurred but not reported and for claims reported but not paid. This entire amount is estimated to be paid within the next fiscal year and included in the current portion of long-term liabilities within the entity-wide statements. \$21,000 of this liability is considered a current liability within the fund financials; however, it is included in long-term liabilities for readability purposes. The full amount of the liability is estimated to be paid within the next fiscal year and included in the current portion of long-term liabilities within the entity wide statements.

**Health and Dental Claims** - Since fiscal year 2003, the Town has self-funded health and dental coverage for all permanent employees, which is handled by a third party administrator. Employees can also pay a portion of the premium to add a spouse or dependent(s). These claims are also administered by the third party administrator. Based on the information available, the third party administrator and actuarial information from the prior year a reserve of \$1.4 million was calculated, as of June 30, 2017 for health claims incurred but not reported and for items reported but not paid. A reserve of less than \$70,000 was calculated for dental claims incurred but not reported and for items reported but not paid. \$1.1 million (most in health and only \$45,000 in dental) of this liability is considered a current liability within the fund financials; however, it is included in long-term liabilities for readability purposes. The full amount of the liability is estimated to be paid within the next fiscal year and included in the current portion of long-term liabilities within the entity wide statements.

All reserves and estimated claims reported but not paid and incurred but not recorded are accrued and reported within the General Fund and the Health Insurance Internal Service Fund in the fund financials and in governmental activities in the entity-wide financials.

The following is a reconciliation of changes in liabilities for claims from amounts reported June 30, 2015 to the current fiscal year ended June 30, 2017:

|   | Workers'<br>Compensation | Small Claims<br>and Losses | Dental<br>Claims | Health<br>Claims | Total        |
|---|--------------------------|----------------------------|------------------|------------------|--------------|
| Balance June 30, 2015                                   | \$ 2,202,492             | 493,774                    | 73,122           | 1,379,225        | 4,148,613    |
| Claims reported and changes in<br>estimates for FY 2016 | 1,981,534                | 566,006                    | 1,122,758        | 13,984,648       | 17,654,946   |
| Claims paid in FY 2016                                  | (1,284,026)              | (698,858)                  | (1,135,880)      | (14,183,873)     | (17,302,637) |
| Balance June 30, 2016                                   | 2,900,000                | 360,922                    | 60,000           | 1,180,000        | 4,500,922    |
| Claims reported and changes in<br>estimates for FY 2017 | 1,583,492                | 831,191                    | 1,327,229        | 15,090,652       | 18,832,564   |
| Claims paid in FY 2017                                  | (1,353,521)              | (631,761)                  | (1,317,624)      | (14,874,605)     | (18,177,511) |
| Balance June 30, 2017                                   | \$ 3,129,971             | 560,352                    | 69,605           | 1,396,047        | 5,155,975    |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 11 RISK MANAGEMENT** (Continued)

The Town provides for property and liability coverage through comprehensive third party insurance policies. The Town's property and liability coverage at June 30, 2017 are as follows:

#### Property Coverage

| Coverage  | Liability<br>Coverage Limits |
|---|------------------------------|
| Property Insurance – Building and Contents                                    | \$ 439,683,595               |
| Extra coverage for Town Hall and Operations Center                            | 1,000,000                    |
| Communication Equipment   | 2,051,261                    |
| Highway Department Equipment  | 5,331,728                    |
| Leased Equipment  | 400,000                      |
| General and Automobile Liability  | 1,000,000                    |
| Excess Liability  | 6,000,000                    |
| Tort Liability for Public Officials, Law Enforcement and Employment Practices | 3,000,000                    |
| Workers' Compensation   | Statutory                    |
| Per Retention per Accident and/or Disease                                     | 600,000                      |
| Employers' Liability per occurrence   | 1,000,000                    |
| Aggregate Retention   | 1,000,000                    |

Deductibles are established at appropriate levels as determined by management and an independent insurance consultant. For fiscal year 2017, the self-insured retention was \$25,000 per incident for catastrophic damage, \$100,000 per claim for Public Officials and \$250,000 per claim for Law Enforcement and Employment practices, and deductibles for other damages ranged from \$5,000 to \$10,000 per year. The Town's Chief Financial Officer and Wake County and Chatham County's Tax Collectors and Revenue Collectors are covered by individual bonds of \$100,000 each. The Town's Assistant Finance Director is covered by a \$50,000 individual bond. The Town carries no separate flood insurance.

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **A. LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

*Plan Description:* The Town 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 governmental entities. Article 3 of General Statute 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. LGERS 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, by calling (919) 981-5454, or by visiting their website at [www.osc.nc.gov](http://www.osc.nc.gov).

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **A. LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Continued)**

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of 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 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's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.31% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The Town's contributions to LGERS for the years ended June 30, 2017, 2016 and 2015 were \$5.9, \$5.0 and \$5.1 million, respectively. The contributions made by the Town equaled the required contributions for each year. The fiscal year 2017 contribution is determined using annual covered payroll (annual payroll of active employees covered by the plan), which is estimated at \$80 million.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2017, the Town reported a liability of \$27.8 million for its proportionate share of the net pension liability (\$25.2 million governmental, \$2.6 million business-type). The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Town's proportion was 1.31%, which was an decrease of .02% from its proportion measured as of June 30, 2015.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **A. LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Continued)**

For the year ended June 30, 2017, the Town recognized pension expense of approximately \$1.3 million (\$1.2 million governmental, \$.1 million business-type). At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows | Deferred<br>Inflows |
|---|----------------------|---------------------|
| Differences Between Expected and Actual Experience  | \$ 522,068           | (973,671)           |
| Changes of Assumptions  | 1,903,168            | --                  |
| Net Difference Between Projected and Actual Earning on Pension Plan Investments                           | 24,350,377           | (8,987,585)         |
| Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions | --                   | (703,628)           |
| Town Contributions Subsequent to the Measurement Date   | 5,943,794            | --                  |
|   | <u>\$ 32,719,407</u> | <u>(10,664,884)</u> |

\$5.9 million reported as deferred outflows (listed above) resulted from Town contributions made subsequent to the measurement date of June 30, 2016. This will be recognized as a decrease to the net pension liability in fiscal year 2018. Other amounts reported as deferred inflows will be recognized as an addition to pension expense as follows:

| Fiscal Year | Expense<br>Adjustment<br>Debit(Credit) |
|-------------|--|
| 2017        | \$ 2,331,921                           |
| 2018        | 2,334,598                              |
| 2019        | 7,136,203                              |
| 2020        | 4,308,007                              |
| 2021        | --                                     |
| Thereafter  | --                                     |

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

|                           |  |
|---------------------------|--|
| Inflation                 | 3.0%   |
| Salary Increases          | 3.50 – 7.75%, including inflation and productivity factor          |
| Investment rate of return | 7.25%, 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 portion of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **A. LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Continued)**

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

| Asset Class          | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed Income         | 29.0%             | 1.4%                                   |
| Global Equity        | 42.0              | 5.3                                    |
| Real Estate          | 8.0               | 4.3                                    |
| Alternatives         | 8.0               | 8.9                                    |
| Credit               | 7.0               | 6.0                                    |
| Inflation Protection | 6.0               | 4.0                                    |
|                      | <u>100.0%</u>     |  |

The information above is based on 30 year expectation developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

**Sensitivity of the Town's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate:** The table below presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25 percent) than the current rate:

|   | 1% Decrease<br>(6.25%) | Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|--------------------------|------------------------|
| Town's Proportionate Share of the Net Pension Asset (Liability) | \$ (65,951,740)        | (27,787,095)             | 4,090,853              |

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **B. LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE**

*Plan Description* - The Town of Cary administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate standalone financial report.

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

|   |                   |
|---|-------------------|
| Retirees receiving benefits   | 14                |
| Terminated plan members entitled to<br>but not yet receiving benefits | 0                 |
| Active plan members   | <u>190</u>        |
| Total   | <u><u>204</u></u> |

*Summary of Significant Accounting Policies* - The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on a modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria outlined in GASB Statement 73, which states that contributions and earnings of the plan must be irrevocable, pension assets must be dedicated to providing benefits to plan members, and assets are legally protected from the creditors and other parties. Although the Town does dedicate funds by segregating these activities in a separate sub-fund of the General Fund for accounting purposes, since the assets are not invested in a qualifying trust, they must be presented and recorded as part of General Fund activity and cannot be considered in the actuarial valuation that calculates the long-term liability. Fund balance related to this sub-fund is considered committed and displayed as such on the governmental fund balance sheet. Investments related to these committed funds are handled in accordance with standard investment practices of the Town.

*Actuarial Assumptions* - The entry age actuarial cost method was used in the December 31, 2015 valuation. This method allocates the actuarial present value of each member's projected benefits on a level basis over the member's compensation between the entry age of the member and the expected exit age. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                  |  |
|------------------|--|
| Inflation        | 3.00%  |
| Salary Increases | 3.50% to 7.35%, including inflation and<br>productivity factor |
| Discount rate    | 3.86%  |

The discount rate is based on the yield of the Bond Buyer General Obligation 20 Year Municipal Bond index as of December 31, 2016.

Mortality rates are based on the RP-2015 Mortality tables with adjustments for mortality improvements based on Scale AA.

*Contributions* - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. For the current year, the Town contributed \$.6 million, or 4.26% of annual covered payroll. Annual covered payroll (annual payroll of active employees covered by the plan) is estimated at \$13.7 million.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **B. LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE (Continued)**

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

At June 30, 2017, the Town reported a total pension liability of \$9.6 million. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$.4 million.

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Changes of assumptions and other inputs  | \$ --                             | (195,150)                        |
| Benefit payments and administrative expenses<br>subsequent to the measurement date | 240,794                           | --                               |
| Total  | <u>\$ 240,794</u>                 | <u>(195,150)</u>                 |

\$240,794 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|            |          |
|------------|----------|
| 2018       | \$36,751 |
| 2019       | 36,751   |
| 2020       | 36,751   |
| 2021       | 36,751   |
| 2022       | 36,751   |
| Thereafter | 11,395   |

\$240,794 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate* - The following presents the Town's total pension liability calculated using the discount rate of 3.86%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1% point lower (2.86%) or 1% point higher (4.86%) than the current rate:

|                         | 1% Decrease<br>(2.86%) | Current Discount Rate<br>(3.86%) | 1% Increase<br>(4.86%) |
|-------------------------|------------------------|----------------------------------|------------------------|
| Total Pension Liability | <u>\$(10,388,660)</u>  | <u>(9,565,025)</u>               | <u>(8,807,762)</u>     |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **B. LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE (Continued)**

| Schedule of Changes in Total Pension Liability<br>Law Enforcement Officers' Special Separation Allowance |                     |
|--|---------------------|
|  | 2017                |
| Beginning Balance  | \$ 9,458,317        |
| Service Cost   | 382,760             |
| Interest on total pension liability  | 330,966             |
| Changes of benefit terms   | --                  |
| Difference between expected and actual experience in the<br>measurement of the total pension liability   | --                  |
| Changes in assumptions or other inputs   | (231,901)           |
| Benefit payments   | (375,117)           |
| Other changes  | --                  |
| Net Changes  | <u>106,708</u>      |
| Total Pension Liability as of December 31, 2016  | <u>\$ 9,565,025</u> |

The beginning balance and benefit payments made relate to the prior period adjustment in the General Fund as mentioned in Note 9.I. and Note 16.

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

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

#### **C. SUPPLEMENTAL RETIREMENT INCOME PLAN (401K and 401A)**

*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 all permanent full-time employees, as well as law enforcement officers employed by the Town. All employees, with the exception of law enforcement officers, are given a choice between the plan statutorily defined for officers (401k) and a 401A plan. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All employees begin participation at the date of employment. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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, NC 27699-1410, or by calling (919)981-5454.

*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. The Town makes an equal contribution of 5% of monthly salary to all other permanent employees. Also, all employees may make voluntary contributions to the plan. Contributions for law enforcement officers for the year ended June 30, 2016, were \$1 million which consisted of \$.7 million from the Town and \$.3 million voluntary contributions from the law enforcement officers. Contributions for all other employees were \$4.4 million, which consisted of \$3 million from the Town and \$1.4 million voluntary contributions from other employees.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **D. DEATH BENEFIT PLAN**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for member of LGERS and through group-term life insurance from a private provider.

*Plan Description* - The Death Benefit Plan through LGERS (Death Benefit Plan) is a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those 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 month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. For the additional group-term life insurance plan, the Town provides at no cost coverage to all active employees working 20 or more hours per week at one times salary (up to maximum of \$250,000). Employees can further elect to participate in various voluntary insurance programs with no cost to the Town.

*Funding Policy* – For the Death Benefit Plan, 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 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, 2017, the Town made contributions to the State for death benefits of \$59,000. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .06% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. For the additional group-term life insurance plan, the Town funds on a pay-as-you-go basis.

#### **E. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*Plan Description* - The Town administers a single-employer defined benefit healthcare plan ("the health plan"), which provides post-retirement health care benefits to retirees of the Town, provided they meet any of the retirement options available through the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and reach the 15 year service level of creditable service with the Town. Upon reaching the 15 year service level, the Town will pay 50% of the group plan individual premium and will increase that amount 5% for each additional year of service to the 25 year service level. Health care, prescription drugs, pre-65 dental and vision coverage are provided in the health plan. When the eligible retiree has turned 65 and is no longer covered by the health plan, the Town will continue to provide a substantially equal monetary benefit to the post-65 retiree to cover a premium Medicare supplement and the prescription drug plan. If the benefit is higher than the premium, the amount is available to the retiree in a health reimbursement account (HRA). In addition to this, a lump sum life insurance benefit of \$5,000 is provided to those retirees who have at least 25 years of service at the time of retirement. Dependent or spouse coverage in the health plan must be paid in full by the retiree.

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

|   | General Employees |
|---|-------------------|
| Retirees, spouses and dependents receiving benefits | 185               |
| Active plan members – Employees                     | 1,147             |
| Total   | <u>1,332</u>      |

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **E. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

*Funding Policy* – The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees as authorized by the Town's Council approved personnel ordinance. In addition, the budget for these expenditures is approved, along with other healthcare expenditures as part of the annual budget process. In addition to coverage from employees, the Town's members can elect to pay a range of \$80 to \$270 per pay period for spouse, dependent or family coverage. For fiscal year 2017, the Town chose to fund the plan benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 11.89% of annual covered payroll. For the current year, the Town contributed \$1.4 million (includes implicit subsidy), or 1.85% of annual covered payroll. The 185 members receiving benefits includes retirees, dependents and several prior employees who are not eligible, but are included in the group insurance and pay 100% of the premium. The Town self-funds health and dental coverage for all retirees, similar to how it is handled for active employees. Like employees, retirees also have the option of upgrading to an increased benefit package. This increased premium expense, along with dependent and/or spouse coverage (for any package option) is paid for in full by the retiree. The total contributed during fiscal year 2017 by retirees over and above the basic benefit was \$.2 million.

*Summary of Significant Accounting Policies* – Post-employment expenditures are made from the General Fund, Utility Enterprise Fund and the Fleet Management Internal Service Fund, which is maintained on the modified accrual basis of accounting throughout the year and adjusted to full accrual where required for reporting purposes. Although all self-insurance activities for retiree insurance, as well as active employee insurance, is managed in the Health Insurance Internal Service Fund, no funds are set aside in a qualified trust fund to pay benefits and administration costs. These expenditures are paid within the fiscal year as they come due.

*Annual OPEB Cost and Net OPEB Obligation* – The Town's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost 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:

|  | <u>Governmental</u>  | <u>Business-Type</u> | <u>Total</u>       |
|--|----------------------|----------------------|--------------------|
| Annual Required Contribution (ARC)         | \$ 8,457,117         | 1,056,756            | 9,513,873          |
| Interest on Net OPEB Obligation            | 2,271,203            | 283,797              | 2,555,000          |
| Adjustment to ARC                          | <u>(1,958,299)</u>   | <u>(244,701)</u>     | <u>(2,203,000)</u> |
| Annual OPEB Cost (Expense)                 | 8,770,021            | 1,095,852            | 9,865,873          |
| Amount Paid in FY2017 for Retiree Benefits | <u>(1,315,606)</u>   | <u>(164,394)</u>     | <u>(1,480,000)</u> |
| Increase in Net OPEB Obligation            | 7,454,415            | 931,458              | 8,385,873          |
| Net OPEB Obligation, June 30, 2016         | <u>53,007,814</u>    | <u>10,848,055</u>    | <u>63,855,869</u>  |
| Net OPEB Obligation, June 30, 2017         | <u>\$ 60,462,229</u> | <u>11,779,513</u>    | <u>72,241,742</u>  |

As allowed by GASB, the same actuarial analysis was used for fiscal year 2017 that was used for fiscal year 2016. The analysis is dated December 31, 2015 and uses the projected unit credit methodology for costing. The amortization method for the prior year portion of the annual OPEB cost is level percent of pay (open) over 30 years (amortization factor of 28.9774). The asset valuation method is based on market value of assets. A 4% investment rate of return was used and a range of 6.5% to 4.0% was used for medical cost trend rate, which includes a 3.75% inflation rate. The year of ultimate trend rate is 2021. The implicit rate subsidy included in the amount paid of the \$1.4 million was estimated based on prior year amounts and ratios compared to actual payouts.

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 12 PENSION PLAN OBLIGATIONS**

#### **E. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015 through 2017 are as follows:

| For Year Ended<br>June 30 | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|---------------------------|---------------------|--|------------------------|
| 2017                      | \$ 9,865,873        | 15.01%   | \$ 72,241,742          |
| 2016                      | 9,817,221           | 12.35%   | 63,855,869             |
| 2015                      | 8,620,758           | 16.70%   | 55,251,118             |

*Funding Status and Funding Progress* – As of June 30, 2017, the plan was not funded and this status has not changed. At December 31, 2015 the actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$107.3 million. The covered payroll (annual payroll of active employees covered by the plan) for the fiscal year 2017 is estimated at \$80 million, and the ratio of the UAAL to the covered payroll was 134.04%. 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 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### **Note 13 INTERFUND TRANSFERS**

A summary of interfund transfers by fund for the year ended June 30, 2017, is as follows:

|  | TRANSFERS FROM:<br>Governmental<br>General<br>Fund |
|--|--|
| TRANSFERS TO:                              |  |
| Governmental:                              |  |
| Capital Project Fund                       | \$ 20,923,589                                      |
| Transit Special Revenue                    | 829,545  |
| Economic Development -<br>Special Revenue  | 383,522  |
| Business:                                  |  |
| Internal Service Fund -<br>Health & Dental | 1,000,000  |
| TOTAL                                      | \$ 23,136,656                                      |

Transfers to the Capital Project Fund are for funding of specific capital needs. Transfers to the Special Revenue Funds are for operations pertaining to those specific purposes. Transfers to the Health and Dental Internal Service fund are intended to mitigate future catastrophic losses related to other post employment benefits (OPEB).

## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 14 NET INVESTMENT IN CAPITAL ASSETS**

The following table provides detail information regarding the Net Investment in Capital Assets that is presented in the entity-wide financial statements:

|   | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> |
|---|-----------------------------------|------------------------------------|
| Capital Assets, net of accumulated depreciation | \$ 844,699,927                    | 808,430,508                        |
| <u>Deduct:</u>                                  |                                   |                                    |
| Debt (net of deferred premium & discount)       | (111,636,782)                     | (322,861,513)                      |
| Deferred Refunding Loss                         | 1,384,564                         | 2,127,208                          |
| Capital Leases portion related to assets        | (830,160)                         | --                                 |
| Developer Fee Credits                           | (4,030,099)                       | (3,412,047)                        |
| LT Obligations related to Intangible Assets     | (382,198)                         | (272,800)                          |
| <u>Add:</u>                                     |                                   |                                    |
| Long-term debt not related to assets            | 56,060,873                        | --                                 |
| Unspent debt proceeds                           | --                                | 19,746,146                         |
| Net Investment in Capital Assets                | <u>\$ 785,266,125</u>             | <u>503,757,502</u>                 |

### **Note 15 FUND BALANCE**

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

|  |                       |
|--|-----------------------|
| Appropriated in the Fiscal Year 2018 Budget<br>(including approved rollovers)        | \$ 20,244,930         |
| Parks, Recreation & Culture  | 450,446               |
| Public Safety Operations & Projects  | 902,010               |
| Affordable Housing   | 509,457               |
| LEO Pension Benefits   | 1,867,327             |
| Workers' Compensation  | 2,099,847             |
| Small Claims Self Insurance  | <u>1,445,797</u>      |
| Restricted, Committed or Assigned for Specific<br>Purposes (excluding stabilization) | 27,519,814            |
| Unassigned   | <u>54,111,060</u>     |
| AVAILABLE FUND BALANCE   | 81,630,874            |
| Nonspendable   | 2,488,768             |
| Stabilization by State Statute   | <u>17,230,996</u>     |
| TOTAL FUND BALANCE   | <u>\$ 101,350,638</u> |

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## NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### **Note 15 FUND BALANCE** *(Continued)*

Nonspendable fund balance includes balances in inventory, prepaid assets and endowments at June 30, 2017. For a breakdown of the Nonspendable portion and of what is restricted, committed and assigned within available fund balance, see detail presented in Exhibit C.

Stabilization by State Statute is calculated on all Governmental funds that operate under an annual budget. Outstanding encumbrances of \$2.2 million related to the General Fund and \$6,000 related to the Transit Special Revenue Fund are included in this calculation and are considered amounts needed to pay any commitments related to purchase orders, contracts and other obligations that remain unperformed at year end.

In April 2015, Town Council approved a fund balance policy for the General Fund to maintain "accessible" fund balance at a level of at least 25% and total fund balance at a level of 40% of budgeted general fund expenditures (approximately five months of expenditures). Accessible fund balance is defined as the total of assigned and unassigned fund balance. Use of fund balance over these limits is limited to pay-as-you-go capital expenditures and other one-time only expenditures. Flexibility is given to go below policy levels to accommodate emergencies or dire financial circumstances. In the event limits are breached, Town Council will adopt a plan of specific actions to be taken to restore fund balance to levels according to the policy within a maximum of three fiscal years. Balances at June 30, 2017 are in conformity with this policy.

### **Note 16 PRIOR PERIOD ADJUSTMENTS**

As discussed in Notes 1 and 12b, the Town adopted GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68*, which relates to reporting of the Law Enforcement Special Separation Allowance. The implementation of this statement required that the Town record the beginning pension liability in full, as well as, the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (ending December 31, 2016). As a result, beginning net position of the Governmental activities has been restated, resulting in a prior period adjustment of \$8.5 million.

### **Note 17 SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through October 11, 2017, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued and the following significant items occurred after June 30, 2017 and prior to the report date:

The Town issued \$59,850,000 of Series 2017A and 2017B general obligations bond on September 26, 2017 and closed on the bonds October 11, 2017. Series 2017A was \$31,035,000 and was used to fund fire, parks, and transportation projects that were part of the 2012 bond referendum. Series 2017B was \$28,815,000 and refunded a portion of the Series 2009A public improvement bonds and all of the Series 2016A general obligation bonds saving the Town over \$1.4 million. The original bonds funded both general and utility fund projects, so the general fund will realize \$757,386 in savings and the utility fund \$676,242.

### **Note 18 CONTINGENT LIABILITIES**

The Town receives amounts from federal, state, and local government agencies in the form of grants. The disbursement of funds under these programs is subject to audit in accordance with Office of Management and Budget Uniform Guidance. The Town expects the amount, if any, of expenditures that may be disallowed by the granting agencies as a result of these audits to be immaterial.

The Town is a defendant in other various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town Attorney and management that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.



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# REQUIRED SUPPLEMENTARY INFORMATION

## **THIS SECTION CONTAINS ADDITIONAL INFORMATION REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.**

### LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Notes to the Required Schedules

### LOCAL GOVERNMENT EMPLOYEE RETIREMENT SYSTEM

- Schedule of Proportionate Share of Net Pension Liability (Asset) & Contribution Information
- Notes to the Required Schedules

### OTHER POST-EMPLOYMENT BENEFITS

- Schedule of Funding Progress
- Schedule of Employer Contributions
- Notes to the Required Schedules

**LAW ENFORCEMENT SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTAL INFORMATION (A)**

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

| <u>Schedule of Changes in Total Pension Liability</u> |                      |                 |   |                             |  |   |                     |                  |   | <u>Schedule of Total Pension Liability as a Percentage of Covered Payroll</u> |                    |  |  |
|---|----------------------|-----------------|---|-----------------------------|--|---|---------------------|------------------|---|---|--------------------|--|--|
| Year Ended<br>June 30                                 | Beginning<br>Balance | Service<br>Cost | Interest on<br>Total Pension<br>Liability | Changes of<br>Benefit Terms | Difference<br>Between Expected<br>and Actual<br>Experience | Changes of<br>Assumptions and<br>Other Inputs | Benefit<br>Payments | Other<br>Changes | Ending Balance<br>of Total<br>Pension Liability | Total<br>Pension<br>Liability   | Covered<br>Payroll | Total Pension<br>Liability as<br>a Percentage<br>of Covered<br>Payroll |  |
| 2017  | \$ 9,458,317         | 382,760         | 330,966                                   | --                          | --   | (231,901)                                     | (375,117)           | --               | 9,565,025                                       | \$ 9,565,025  | 13,704,470         | 69.79 %  |  |
| 2016  | 4,587,575            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 9,458,317                                       | 9,458,317   | 14,471,527         | 65.36  |  |
| 2015  | 4,080,626            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 4,587,575                                       | 4,587,575   | 13,007,942         | 35.27  |  |
| 2014  | 3,625,334            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 4,080,626                                       | 4,080,626   | 12,297,703         | 33.18  |  |
| 2013  | 3,400,536            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 3,625,334                                       | 3,625,334   | 11,920,542         | 30.41  |  |
| 2012  | 2,906,273            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 3,400,536                                       | 3,400,536   | 11,828,618         | 28.75  |  |
| 2011  | 3,250,334            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 2,906,273                                       | 2,906,273   | 10,820,231         | 26.86  |  |
| 2010  | 2,034,300            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 3,250,334                                       | 3,250,334   | 10,181,334         | 31.92  |  |
| 2009  | 1,646,923            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 2,034,300                                       | 2,034,300   | 10,217,019         | 19.91  |  |
| 2008  | 1,030,468            | (1)             | (1)                                       | (1)                         | (1)  | (1)   | (1)                 | (1)              | 1,646,923                                       | 1,646,923   | 9,320,964          | 17.67  |  |

(1) Information is only required starting in fiscal year 2017; however, information has been provided where available. All plan information will be included in the future as part of GASB 73 implementation.

Notes to the Required Schedules:

(A) 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                                 | 12/31/2015       |
| Actuarial cost method                     | Entry Age Normal |
| Actuarial assumptions:                    |                  |
| Discount rate (1)                         | 3.86%            |
| Projected salary increases <sup>(1)</sup> | 3.50 - 7.35%     |
| Cost of living adjustments                | None             |

<sup>(1)</sup>Includes inflation at 3.00%

(B) Related to implementation of GASB 73, the contributions previously made and the assets that are held in the General Fund fund balance, cannot be used to offset the liability. These funds are committed in the General Fund, but were not invested in a qualifying trust starting FY2017. Historic info prior to FY2017 will remain as previously reported.

**LOCAL GOVERNMENT EMPLOYEE RETIREMENT SYSTEM (LGRS)  
REQUIRED SUPPLEMENTAL INFORMATION**

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS<sup>(1)</sup>

**Schedule of Proportionate Share of Net Pension Liability (Asset) & Contribution Information**

| Fiscal Year | Town % LGRS Net Pension Liability(Asset) | Town Portion LGRS Net Pension Asset(Liability) | Covered Payroll <sup>(2)(5)</sup> | Ratio of Share to Covered Payroll <sup>(2)</sup> | Total Plan Fiduciary Net Position as % of Total Pension Liability <sup>(3)</sup> | Contractually Required Contribution | Actual Contributions | Deficiency (Excess) | Covered Payroll <sup>(4)(5)</sup> | Contributions as a % of Covered Payroll |
|-------------|--|--|-----------------------------------|--|--|-------------------------------------|----------------------|---------------------|-----------------------------------|---|
| 2017        | 1.31 %                                   | \$ 27,787,095                                  | 75,026,000                        | 37.04 %  | 91.47 %  | \$ 5,943,794                        | 5,943,794            | --                  | 80,016,854                        | 7.43 %                                  |
| 2016        | 1.33                                     | 5,979,417                                      | 72,700,000                        | 8.22   | 98.09  | 5,006,042                           | 5,006,042            | --                  | 75,026,000                        | 6.67                                    |
| 2015        | 1.31                                     | (7,741,950)                                    | 63,804,015                        | (12.13)  | 102.64   | 5,073,735                           | 5,073,735            | --                  | 72,700,000                        | 6.98                                    |
| 2014        | 1.30                                     | 15,707,359                                     | 62,177,970                        | 25.26  | 94.35  | 4,784,512                           | 4,784,512            | --                  | 63,804,015                        | 7.50                                    |
| 2013        | (1)                                      | (1)  | 59,966,991                        | (1)  | (1)  | 4,402,313                           | 4,402,313            | --                  | 62,177,970                        | 7.08                                    |
| 2012        | (1)                                      | (1)  | 58,907,760                        | (1)  | (1)  | 4,445,550                           | 4,445,550            | --                  | 59,966,991                        | 7.41                                    |
| 2011        | (1)                                      | (1)  | 58,825,772                        | (1)  | (1)  | 3,948,832                           | 3,948,832            | --                  | 58,907,760                        | 6.70                                    |
| 2010        | (1)                                      | (1)  | 59,350,682                        | (1)  | (1)  | 2,914,999                           | 2,914,999            | --                  | 58,825,772                        | 4.96                                    |
| 2009        | (1)                                      | (1)  | 50,926,701                        | (1)  | (1)  | 2,864,607                           | 2,864,607            | --                  | 59,350,682                        | 4.83                                    |
| 2008        | (1)                                      | (1)  | 49,940,678                        | (1)  | (1)  | 2,679,341                           | 2,679,341            | --                  | 50,926,701                        | 5.26                                    |

Notes to the Required Schedules:

(1) Information is only required starting in Fiscal Year 2015; however, information has been provided where available. All plan information will be included in the future as part of GASB 68 implementation.

(2) For pension plan information, the amount of covered payroll used for the ratio is related to prior fiscal year due to the 1 year lag in measurement date.

(3) This % is provided by the State and will be the same for all participant employers in the LGRS plan.

(4) For contribution information, the amount of covered payroll is related to current fiscal year (no lag).

(5) Covered payroll includes total payroll of covered employees, but may include compensation which has been excluded from the amount on which contributions to the pension plan are based. Calculation of covered payroll does include some estimates and assumptions.

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTAL INFORMATION**

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS<sup>(1)</sup>

**Schedule of Funding Progress**

| Actuarial Valuation Date <sup>(1)</sup> | Actuarial Value of Assets | Actuarial Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) Obligation | Funded Ratio | Covered Payroll | UAAL As a Percentage Of Covered Payroll |
|---|---------------------------|---|--------------------------------|--------------|-----------------|---|
| 12/31/2016                              | -- \$                     | 107,252,194                                     | 107,252,194                    | -- %         | \$ 80,016,854   | 134.04 %                                |
| 12/31/2015                              | --                        | 107,252,194                                     | 107,252,194                    | --           | 75,026,000      | 142.95                                  |
| 12/31/2014                              | --                        | 94,169,414                                      | 94,169,414                     | --           | 72,700,000      | 129.53                                  |
| 12/31/2013                              | --                        | 94,169,414                                      | 94,169,414                     | --           | 63,804,015      | 147.59                                  |
| 12/31/2012                              | --                        | 74,171,607                                      | 74,171,607                     | --           | 62,177,970      | 119.29                                  |
| 12/31/2011                              | --                        | 74,171,607                                      | 74,171,607                     | --           | 59,966,991      | 123.69                                  |
| 12/31/2010                              | --                        | 79,907,566                                      | 79,907,566                     | --           | 58,907,760      | 135.65                                  |
| 12/31/2009                              | --                        | 79,907,566                                      | 79,907,566                     | --           | 58,825,772      | 135.84                                  |
| 12/31/2008                              | --                        | 64,771,083                                      | 64,771,083                     | --           | 59,350,682      | 109.13                                  |
| 12/31/2007                              | --                        | 64,771,083                                      | 64,771,083                     | --           | 50,926,701      | 127.18                                  |

**Schedule of Employer Contributions**

| Year Ended June 30 | Annual Required Contribution | Actual Amount Contributed | Percentage Contributed |
|--------------------|------------------------------|---------------------------|------------------------|
| 2017               | \$ 9,513,873                 | 1,480,000                 | 15.56 %                |
| 2016               | 9,513,873                    | 1,212,470                 | 12.74                  |
| 2015               | 8,397,459                    | 1,440,000                 | 17.15                  |
| 2014               | 8,397,459                    | 1,221,521                 | 14.55                  |
| 2013               | 6,837,337                    | 988,000                   | 14.45                  |
| 2012               | 6,837,337                    | 827,333                   | 12.10                  |
| 2011               | 7,648,760                    | 518,579                   | 6.78                   |
| 2010               | 7,648,760                    | 423,374                   | 5.54                   |
| 2009               | 7,298,324                    | 355,058                   | 4.86                   |
| 2008               | 7,298,324                    | 301,144                   | 4.12                   |

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                     | 12/31/2015                              |
| Actuarial cost method         | Projected unit credit                   |
| Amortization method           | Level percent of pay, open              |
| Remaining amortization period | 30 years                                |
| Asset valuation method        | Market value of assets                  |
| Actuarial assumptions:        |   |
| Investment rate of return     | 4.00%                                   |
| Medical cost trend rate       | 6.50% - 4.00%                           |
| Year of ultimate trend rate   | 2021                                    |
| Inflation                     | 3.75%                                   |
| Mortality                     | RP 2014 Blue Collar (Projected to 2019) |

**Notes:**

(1) Actuary calculations were performed as of 12/31/15 and will be updated in the subsequent fiscal year.

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# CAPITAL PROJECT FUND

The Capital Project Fund consists of six sub-funds: Street Project Fund, Downtown Project Fund, Parks, Recreation and Cultural Resources Project Fund, Fire Project Fund, General Governmental Project Fund and a General Capital Reserve Fund. These funds are treated as one fund in the Basic Financial Statements. The following statements are included as supplementary information.

**Combining Balance Sheet** – Sub-fund breakdown of balance sheet information from the Basic Financial Statements.

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances** – Sub-fund breakdown of information from the Basic Financial Statements.

**Project Schedules of Revenues, Expenditures, and Changes in Fund Balances** – Detail of multi-year projects and the associated revenue and expenditure budget to actual comparisons. Each sub-fund is presented separately.

**General Capital Reserve** - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to actual comparison for the annually budgeted General Capital Reserve Fund.

# CAPITAL PROJECT FUND - SUB-FUND COMBINING BALANCE SHEET

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016

| Schedule 1  | Street<br>Project<br>Fund | Downtown<br>Project Fund | Parks,<br>Recreation<br>and Cultural<br>Resources<br>Project Fund | Fire<br>Project<br>Fund | General<br>Governmental<br>Project Fund | General<br>Capital<br>Reserve<br>Fund | June 30,           |                    |
|---|---------------------------|--------------------------|---|-------------------------|---|---------------------------------------|--------------------|--------------------|
|   |                           |                          |   |                         |   |                                       | 2017               | 2016               |
| ASSETS  |                           |                          |   |                         |   |                                       |                    |                    |
| UNRESTRICTED ASSETS   |                           |                          |   |                         |   |                                       |                    |                    |
| Equity in Pooled Cash and Investments   | \$35,166,430              | 15,834,647               | 18,342,963  | 2,340,688               | 12,733,369                              | 29,860,894                            | 114,278,991        | 110,533,903        |
| Accrued Interest on Investments   | --                        | --                       | --  | --                      | --                                      | 357,401                               | 357,401            | 281,240            |
| Accounts Receivable, net of allowance<br>for doubtful accounts                        | 1,004,000                 | --                       | 134,004   | --                      | --                                      | 470,475                               | 1,608,479          | 580,917            |
| <b>TOTAL UNRESTRICTED ASSETS</b>  | <b>36,170,430</b>         | <b>15,834,647</b>        | <b>18,476,967</b>   | <b>2,340,688</b>        | <b>12,733,369</b>                       | <b>30,688,770</b>                     | <b>116,244,871</b> | <b>111,396,060</b> |
| RESTRICTED ASSETS   |                           |                          |   |                         |   |                                       |                    |                    |
| Equity in Pooled Cash and Investments   | --                        | --                       | --  | --                      | --                                      | --                                    | --                 | 1,745,624          |
| Unspent Debt Proceeds   | --                        | --                       | --  | --                      | --                                      | --                                    | --                 | --                 |
| Unspent Restricted Grants & Intergovernmental<br>Customer Deposits & Other Funds Held | 7,526,501                 | 10,438                   | 1,863,238   | --                      | 696                                     | 2,117,706                             | 11,518,579         | 14,000,012         |
|   | --                        | --                       | 2,808   | --                      | --                                      | 1,296,790                             | 1,299,598          | 1,127,022          |
| <b>TOTAL RESTRICTED ASSETS</b>  | <b>7,526,501</b>          | <b>10,438</b>            | <b>1,866,046</b>  | <b>--</b>               | <b>696</b>                              | <b>3,414,496</b>                      | <b>12,818,177</b>  | <b>16,872,658</b>  |
| <b>TOTAL ASSETS</b>   | <b>43,696,931</b>         | <b>15,845,085</b>        | <b>20,343,013</b>   | <b>2,340,688</b>        | <b>12,734,065</b>                       | <b>34,103,266</b>                     | <b>129,063,048</b> | <b>128,268,718</b> |
| LIABILITIES AND FUND BALANCES   |                           |                          |   |                         |   |                                       |                    |                    |
| LIABILITIES   |                           |                          |   |                         |   |                                       |                    |                    |
| Accounts Payable  | 601,294                   | --                       | 566,631   | 25,515                  | 210,589                                 | 787,792                               | 2,191,821          | 5,708,417          |
| Retainage Payable   | 619,253                   | --                       | 391,914   | --                      | 13,377                                  | --                                    | 1,024,544          | 826,944            |
| Advance from Customers  | --                        | --                       | --  | --                      | 18,535                                  | --                                    | 18,535             | 18,535             |
| <b>TOTAL LIABILITIES</b>  | <b>1,220,547</b>          | <b>--</b>                | <b>958,545</b>  | <b>25,515</b>           | <b>242,501</b>                          | <b>787,792</b>                        | <b>3,234,900</b>   | <b>6,553,896</b>   |
| DEFERRED INFLOWS OF RESOURCES   |                           |                          |   |                         |   |                                       |                    |                    |
| Vehicle Tags Receivable & Prepaid   | --                        | --                       | --  | --                      | --                                      | 314,614                               | 314,614            | 342,157            |
| FUND BALANCES   |                           |                          |   |                         |   |                                       |                    |                    |
| Restricted:   |                           |                          |   |                         |   |                                       |                    |                    |
| Stabilization by State Statute  | --                        | --                       | --  | --                      | --                                      | 513,262                               | 513,262            | 437,049            |
| Street Projects   | 7,526,501                 | 10,438                   | --  | --                      | --                                      | 2,117,706                             | 9,654,645          | 12,668,641         |
| Parks, Recreation and Cultural Projects   | --                        | --                       | 1,866,046   | --                      | --                                      | 508,995                               | 2,375,041          | 2,192,224          |
| Fire  | --                        | --                       | --  | --                      | --                                      | --                                    | --                 | 1,202,907          |
| General Governmental  | --                        | --                       | --  | --                      | 696                                     | --                                    | 696                | 5,246              |
| Committed:  |                           |                          |   |                         |   |                                       |                    |                    |
| Street Projects   | 34,949,883                | --                       | --  | --                      | --                                      | 13,013,524                            | 47,963,407         | 44,185,842         |
| Downtown Projects   | --                        | 15,834,647               | --  | --                      | --                                      | --                                    | 15,834,647         | 11,014,480         |
| Parks, Recreation and Cultural Projects   | --                        | --                       | 17,518,422  | --                      | --                                      | 9,620,455                             | 27,138,877         | 24,027,361         |
| Fire Projects   | --                        | --                       | --  | 2,315,173               | --                                      | --                                    | 2,315,173          | 3,377,927          |
| General Governmental Projects   | --                        | --                       | --  | --                      | 12,490,868                              | --                                    | 12,490,868         | 14,869,725         |
| Governmental Capital Projects   | --                        | --                       | --  | --                      | --                                      | 7,226,918                             | 7,226,918          | 7,391,263          |
| <b>TOTAL FUND BALANCES</b>  | <b>42,476,384</b>         | <b>15,845,085</b>        | <b>19,384,468</b>   | <b>2,315,173</b>        | <b>12,491,564</b>                       | <b>33,000,860</b>                     | <b>125,513,534</b> | <b>121,372,665</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b>         | <b>\$43,696,931</b>       | <b>15,845,085</b>        | <b>20,343,013</b>   | <b>2,340,688</b>        | <b>12,734,065</b>                       | <b>34,103,266</b>                     | <b>129,063,048</b> | <b>128,268,718</b> |

## CAPITAL PROJECT FUND - SUB-FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

| Schedule 2                                    | Street              |                          | Parks,<br>Recreation<br>and Cultural<br>Resources | Fire               | General                      | General                    | June 30,            |                     |
|---|---------------------|--------------------------|---|--------------------|------------------------------|----------------------------|---------------------|---------------------|
|   | Project<br>Fund     | Downtown<br>Project Fund | Project Fund                                      | Project<br>Fund    | Governmental<br>Project Fund | Capital<br>Reserve<br>Fund | 2017                | 2016                |
| <b>REVENUES</b>                               |                     |                          |   |                    |                              |                            |                     |                     |
| Unrestricted Intergovernmental                | \$ --               | --                       | --  | --                 | --                           | 617,909                    | 617,909             | 600,949             |
| Restricted Intergovernmental                  | 1,602,470           | --                       | 2,468,271   | --                 | --                           | 3,822,179                  | 7,892,920           | 5,635,089           |
| Permits and Fees                              | --                  | --                       | --  | --                 | --                           | 8,428,154                  | 8,428,154           | 8,872,792           |
| Investment Earnings, net of market adjustment | --                  | --                       | --  | --                 | --                           | 262,863                    | 262,863             | 1,399,614           |
| Reimbursements from Developers & Others       | 3,647,100           | --                       | --  | --                 | --                           | --                         | 3,647,100           | --                  |
| Miscellaneous                                 | 1,220,000           | --                       | 390,170   | --                 | 25,034                       | 186,686                    | 1,821,890           | 728,352             |
| <b>TOTAL REVENUES</b>                         | <b>6,469,570</b>    | <b>--</b>                | <b>2,858,441</b>                                  | <b>--</b>          | <b>25,034</b>                | <b>13,317,791</b>          | <b>22,670,836</b>   | <b>17,236,796</b>   |
| <b>EXPENDITURES</b>                           |                     |                          |   |                    |                              |                            |                     |                     |
| General Government, net                       | --                  | 1,116,658                | --  | --                 | 5,049,870                    | --                         | 6,166,528           | 7,032,647           |
| Public Safety, net                            | --                  | --                       | --  | 2,476,200          | --                           | --                         | 2,476,200           | 3,204,377           |
| Parks, Recreation and Culture                 | --                  | --                       | 10,655,105  | --                 | --                           | --                         | 10,655,105          | 13,868,848          |
| Infrastructure                                | 20,155,723          | --                       | --  | --                 | --                           | --                         | 20,155,723          | 18,540,632          |
| <b>TOTAL EXPENDITURES</b>                     | <b>20,155,723</b>   | <b>1,116,658</b>         | <b>10,655,105</b>                                 | <b>2,476,200</b>   | <b>5,049,870</b>             | <b>--</b>                  | <b>39,453,556</b>   | <b>42,646,504</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>     | <b>(13,686,153)</b> | <b>(1,116,658)</b>       | <b>(7,796,664)</b>                                | <b>(2,476,200)</b> | <b>(5,024,836)</b>           | <b>13,317,791</b>          | <b>(16,782,720)</b> | <b>(25,409,708)</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                     |                          |   |                    |                              |                            |                     |                     |
| Transfers In                                  | 6,944,500           | 5,780,000                | 5,286,289   | 938,000            | 1,974,800                    | --                         | 20,923,589          | 18,611,589          |
| Transfers Between Sub-Funds, net              | 6,999,085           | 150,000                  | 5,534,392   | (727,461)          | 666,629                      | (12,622,645)               | --                  | --                  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>13,943,585</b>   | <b>5,930,000</b>         | <b>10,820,681</b>                                 | <b>210,539</b>     | <b>2,641,429</b>             | <b>(12,622,645)</b>        | <b>20,923,589</b>   | <b>18,611,589</b>   |
| <b>NET CHANGE IN FUND BALANCE</b>             | <b>257,432</b>      | <b>4,813,342</b>         | <b>3,024,017</b>                                  | <b>(2,265,661)</b> | <b>(2,383,407)</b>           | <b>695,146</b>             | <b>4,140,869</b>    | <b>(6,798,119)</b>  |
| <b>FUND BALANCE - Beginning of year</b>       | <b>42,218,952</b>   | <b>11,031,743</b>        | <b>16,360,451</b>                                 | <b>4,580,834</b>   | <b>14,874,971</b>            | <b>32,305,714</b>          | <b>121,372,665</b>  | <b>128,170,784</b>  |
| <b>FUND BALANCE - End of Year</b>             | <b>\$42,476,384</b> | <b>15,845,085</b>        | <b>19,384,468</b>                                 | <b>2,315,173</b>   | <b>12,491,564</b>            | <b>33,000,860</b>          | <b>125,513,534</b>  | <b>121,372,665</b>  |

## STREET PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 3

|  | Project<br>Authorization | Prior<br>Years   | Actual<br>Current<br>Year | Total<br>To Date  |
|--|--------------------------|------------------|---------------------------|-------------------|
| <b>REVENUES</b>                                  |                          |                  |                           |                   |
| NCDOT Municipal Agreements                       | \$1,231,201              | 1,231,201        | --                        | 1,231,201         |
| State and Federal Grants                         | 15,556,649               | 1,872,792        | 1,602,470                 | 3,475,262         |
| Non Governmental Grants                          | 1,000,000                | --               | --                        | --                |
| Developer Reimbursement (Paid by Developers)     | 933,767                  | 907,767          | --                        | 907,767           |
| State Reimbursement                              | 3,647,100                | --               | 3,647,100                 | 3,647,100         |
| Miscellaneous                                    | 1,417,808                | 207,404          | 1,220,000                 | 1,427,404         |
| <b>TOTAL REVENUES</b>                            | <b>23,786,525</b>        | <b>4,219,164</b> | <b>6,469,570</b>          | <b>10,688,734</b> |
| Less: Completed Projects                         | (648,767)                | (648,767)        | --                        | (648,767)         |
| <b>Total Revenues, net of completed projects</b> | <b>23,137,758</b>        | <b>3,570,397</b> | <b>6,469,570</b>          | <b>10,039,967</b> |

### EXPENDITURES

| <u>Asset-Related Projects</u>  | <u>Project #</u> |            |           |           |           |
|--|------------------|------------|-----------|-----------|-----------|
| Annual Sidewalk Improvements - FY 2009   | ST1179           | 1,000,000  | 990,958   | --        | 990,958   |
| Annual Sidewalk Improvements - FY 2012   | ST1210           | 500,000    | 486,091   | 6,717     | 492,808   |
| Annual Sidewalk Improvements - FY 2013   | ST1223           | 500,000    | 113,519   | 137,038   | 250,557   |
| Cary Parkway (Evans to North Harrison)   | ST1230           | 2,800,000  | 22,467    | 53,981    | 76,448    |
| Cary Signal System System Software Upgrade *   | ST1225           | 150,000    | 92,200    | --        | 92,200    |
| Cary Transit (C-Tran) - FY 2013 - Cary Transit Land<br>Acquisition - Transit Facility Site | ST1222           | 1,255,000  | --        | 1,255,000 | 1,255,000 |
| DT - Streetscape Improvements Along South<br>Academy St and Dry Ave                        | ST1238           | 8,000,000  | 4,651,130 | 2,731,556 | 7,382,686 |
| Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd<br>to Green Level Church Rd   | ST1123           | 16,832,100 | 4,426,872 | 5,500,754 | 9,927,626 |
| Sidewalk and Pedestrian Improvements - FY 2015   | ST1244           | 600,000    | 72        | 81,545    | 81,617    |
| Sidewalk and Pedestrian Improvements - FY 2016   | ST1253           | 780,000    | --        | 84,474    | 84,474    |
| Sidewalk and Pedestrian Improvements - FY 2017   | ST1260           | 1,000,000  | --        | 17        | 17        |
| Sidewalk Improvements - FY 2007  | ST1147           | 1,000,000  | 972,671   | --        | 972,671   |
| Sidewalk Improvements - FY 2011  | ST1196           | 500,000    | 494,088   | --        | 494,088   |
| Sidewalk Improvements FY 2004  | ST1116           | 500,000    | 492,879   | --        | 492,879   |
| Sidewalks - Bond Funded  | ST1240           | 1,832,000  | 122,929   | 25,037    | 147,966   |

## STREET PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 3

|   | Project<br>Authorization | Prior<br>Years   | Actual<br>Current<br>Year | Total<br>To Date |
|---|--------------------------|------------------|---------------------------|------------------|
| <u>Asset-Related Projects</u>               |                          | <u>Project #</u> |                           |                  |
| Signal System - Bond Funds                  | \$2,900,000              | 2,220,954        | 185,004                   | 2,405,958        |
| Signal System – Camera Coverage Expansion   | 350,000                  | --               | 257,068                   | 257,068          |
| STM - 111 Prince William Lane *             | 31,152                   | 31,152           | --                        | 31,152           |
| STM - Bowden Street Drainage Improvements   | 9,000                    | --               | 7,890                     | 7,890            |
| STM - Bridle Creek Culvert Assessment       | 105,000                  | --               | 2,160                     | 2,160            |
| STM - Creighton Ct *                        | 20,015                   | 20,014           | --                        | 20,014           |
| STM - Green Level Church                    | 109,000                  | 35,701           | --                        | 35,701           |
| STM - Greg Dr at Key West Mews              | 18,000                   | --               | --                        | --               |
| STM - Queensferry Drainage                  | 5,000                    | 1,226            | --                        | 1,226            |
| STM - Stonewater Glen                       | 155,000                  | 26,037           | 97,671                    | 123,708          |
| STM - Storm Drainage - MAIN                 | 861,873                  | --               | --                        | --               |
| STM - Trailing Fig Culvert Repair           | 20,000                   | 13,028           | --                        | 13,028           |
| STM - Vinecrest Court                       | 25,000                   | 605              | 12,596                    | 13,201           |
| STM - Walnut Near Warren Avenue             | 95,000                   | 3,200            | --                        | 3,200            |
| TCAP - Walker Street Extension              | 7,200,632                | 1,695,691        | --                        | 1,695,691        |
| Traffic Signalization FY2005                | 200,000                  | 175,881          | --                        | 175,881          |
| Traffic Signalization FY2006                | 243,818                  | 212,676          | --                        | 212,676          |
| Traffic Signalization FY2007                | 300,000                  | 159,095          | 20,770                    | 179,865          |
| Traffic Signalization FY2008                | 229,967                  | 5,375            | --                        | 5,375            |
| Traffic Signalization FY2009                | 300,000                  | 266,582          | --                        | 266,582          |
| Traffic Signalization FY2011                | 400,000                  | 21,683           | 62,420                    | 84,103           |
| Traffic Signalization FY2012                | 200,000                  | 36,477           | --                        | 36,477           |
| Traffic Signalization FY2013                | 250,000                  | --               | --                        | --               |
| Total Expenditures                          | 51,277,557               | 17,791,253       | 10,521,698                | 28,312,951       |
| Less: Completed Projects (noted by *)       | (201,167)                | (143,366)        | --                        | (143,366)        |
| Construction-in-Progress                    | 51,076,390               | 17,647,887       | 10,521,698                | 28,169,585       |
| <u>Expense Projects</u>                     |                          | <u>Project#</u>  |                           |                  |
| Annexation Areas - Street Repaving          | 400,000                  | 376,954          | --                        | 376,954          |
| Bicycle Facilities - Bond Funded            | 975,700                  | 483,162          | 213,931                   | 697,093          |
| Bicycle Facilities Implementation - FY 2012 | 20,000                   | 8,867            | --                        | 8,867            |

## STREET PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 3

|   |        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|---|--------|--------------------------|----------------|---------------------------|------------------|
| <i>Expense Projects (cont'd)</i>  |        |                          |                |                           |                  |
| Bicycle Facilities Implementation - FY 2013   | ST1224 | \$20,000                 | 9,471          | 6,547                     | 16,018           |
| Bridge/Culvert Repairs - FY 2013 *  | ST1227 | 56,309                   | --             | --                        | --               |
| Carpenter Fire Station Road / CSX Rail Grade<br>Separation (NEPA / Design)  | ST1204 | 18,220,000               | 1,290,291      | 434,912                   | 1,725,203        |
| Cary Parkway/High House Road Intersection   | ST1231 | 3,920,000                | 331,686        | 499,856                   | 831,542          |
| Cary Transit - FY 2017  | ST1258 | 15,000                   | --             | 12,724                    | 12,724           |
| Green Level Church at Horton Creek  | ST1257 | 300,000                  | --             | 25,633                    | 25,633           |
| Green Level Church Road Improvements - Austin Pond Road to<br>Green Hope School Road *                                  | ST1209 | 679,842                  | 628,364        | 22,344                    | 650,708          |
| Green Level West Bridge Replacement Sidewalk  | ST1234 | 25,000                   | --             | 13,796                    | 13,796           |
| Green Level West Road Widening (NEPA / Design)  | ST1206 | 14,000,000               | 1,629,592      | 711,560                   | 2,341,152        |
| Intersection Improvements - FY 2016   | ST1251 | 1,000,000                | 29,048         | 24,334                    | 53,382           |
| Intersection Improvements - FY 2017   | ST1259 | 3,250,000                | --             | 200,000                   | 200,000          |
| Kildaire Farm Road Widening   | ST1084 | 9,657,201                | 9,490,872      | --                        | 9,490,872        |
| Lake Pine Road Widening and Sidewalk Improvements   | ST1245 | 133,000                  | --             | --                        | --               |
| Morrisville Parkway and Carpenter Upchurch Road Intersection<br>Improvements  | ST1252 | 1,200,000                | 22,468         | 51,463                    | 73,931           |
| Morrisville Parkway Interchange - NCTA  | ST1248 | 5,100,000                | --             | --                        | --               |
| NC 540 Interchange with Morrisville Parkway   | ST1220 | 3,125,000                | 891,497        | 228,539                   | 1,120,036        |
| Rail and Community Cohesion Impact Studies - I - NC 54 / Harrison<br>Avenue Bridge /West Raleigh-East Cary Rail Study * | ST1214 | 665,000                  | 376,843        | --                        | 376,843          |
| Reduce Congestion Through Intersection Improvements<br>(Based on LOS) - Bond Funded                                     | ST1237 | 3,000,000                | 519,815        | 297,702                   | 817,517          |
| Reedy Creek Road Improvements (NEPA / Design)   | ST1207 | 670,000                  | 503,493        | 93,122                    | 596,615          |
| Spot Improvements (Based on Levels of Service, Safety<br>and Citizen Concerns) - FY 2015                                | ST1246 | 250,000                  | 4,990          | 24,443                    | 29,433           |
| Spot Improvements (Based on Levels of Service, Safety<br>and Citizen Concerns) - FY 2016                                | ST1255 | 200,000                  | --             | 18,054                    | 18,054           |
| Street Improvements - FY 2015   | ST1243 | 5,000,000                | 4,024,324      | 522,615                   | 4,546,939        |
| Street Improvements - FY 2016   | ST1256 | 5,619,000                | 303,567        | 5,043,513                 | 5,347,080        |
| Street Improvements - FY 2017   | ST1261 | 6,927,000                | --             | 108,627                   | 108,627          |
| Thoroughfare Street Lights  | ST1131 | 250,000                  | 80,360         | 26,561                    | 106,921          |
| Traffic Calming   | ST1107 | 927,808                  | 523,379        | 12,000                    | 535,379          |
| Traffic Signal - Cary Glen/Carpenter Fire Station   | ST1235 | 250,000                  | 107,575        | --                        | 107,575          |

## STREET PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 3

|  | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|--|--------------------------|----------------|---------------------------|------------------|
| <i>Expense Projects (cont'd)</i>   |                          |                |                           |                  |
| Traffic Signalization Projects - FY 2015                                   | \$250,000                | --             | --                        | --               |
| Tryon & Piney Plains - Phase I *   | 14,617,000               | 14,509,123     | --                        | 14,509,123       |
| Tryon Road Widening - Phase II (Piney Plains Rd<br>to New Waverly Place) * | 9,309,573                | 9,183,722      | --                        | 9,183,722        |
| Tryon Road/Regency Parkway Intersection Improvements *                     | 3,000                    | --             | 2,211                     | 2,211            |
| Walnut Street Pedestrian and Traffic Improvements<br>(US1/64 Overpass)     | 7,000,000                | 4,100,604      | 1,039,538                 | 5,140,142        |
| Yates Store Road through Montvale  | 500,000                  | --             | --                        | --               |
| Total Expenditures   | 117,535,433              | 49,430,067     | 9,634,025                 | 59,064,092       |
| Less: Completed Projects (noted by *)                                      | (25,330,724)             | (24,698,053)   | (24,557)                  | (24,722,610)     |
| Other Projects-in-Progress   | 92,204,709               | 24,732,014     | 9,609,468                 | 34,341,482       |
| TOTAL EXPENDITURES   | 168,812,990              | 67,221,320     | 20,155,723                | 87,377,043       |
| Total Completed Projects   | (25,531,891)             | (24,841,419)   | (24,557)                  | (24,865,976)     |
| TOTAL PROJECTS IN PROGRESS   | 143,281,099              | 42,379,901     | 20,131,166                | 62,511,067       |
| Revenues Under Expenditures, net of completed projects                     | (120,143,341)            | (38,809,504)   | (13,661,596)              | (52,471,100)     |
| OTHER FINANCING SOURCES  |                          |                |                           |                  |
| General Obligation Bonds Issued  | 60,221,823               | 35,025,966     | --                        | 35,025,966       |
| Sale of Assets   | 83,776                   | 83,776         | --                        | 83,776           |
| Transfers In, net  |                          |                |                           |                  |
| General Fund   | 16,993,731               | 10,049,231     | 6,944,500                 | 16,993,731       |
| Capital Reserve Sub-Fund -<br>NCDOT Loan Payment                           | 8,411,152                | 8,411,152      | --                        | 8,411,152        |
| Capital Reserve Sub-Fund   | 59,315,983               | 51,650,983     | 6,999,085                 | 58,650,068       |
| TOTAL OTHER FINANCING SOURCES  | 145,026,465              | 105,221,108    | 13,943,585                | 119,164,693      |
| Less: Completed Projects   | (24,883,124)             | (25,515,957)   | 1,298,748                 | (24,217,209)     |
| Total Other Financing Sources, net of completed projects                   | 120,143,341              | 79,705,151     | 15,242,333                | 94,947,484       |
| Increase   | --                       | 40,895,647     | 1,580,737                 | 42,476,384       |
| Adjustment for Completed Projects  | --                       | 1,323,305      | (1,323,305)               | --               |
| FUND BALANCE   | \$ --                    | 42,218,952     | 257,432                   | 42,476,384       |

## DOWNTOWN PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 4

|  | Project Authorization | Prior Years | Actual Current Year | Total To Date |           |
|--|-----------------------|-------------|---------------------|---------------|-----------|
| <b>REVENUES</b>                                |                       |             |                     |               |           |
| Miscellaneous Revenues                         | \$19,683              | 19,683      | --                  | 19,683        |           |
| Less: Completed Projects                       | (19,683)              | (19,683)    | --                  | (19,683)      |           |
| <b>TOTAL REVENUES</b>                          | <b>--</b>             | <b>--</b>   | <b>--</b>           | <b>--</b>     |           |
| <b>EXPENDITURES</b>                            |                       |             |                     |               |           |
| <u>Asset-Related Projects</u>                  | <u>Project #</u>      |             |                     |               |           |
| 122 E Chatham Upfits *                         | DT1119                | 328,631     | 327,251             | 1,380         | 328,631   |
| 212 E Cedar Parking Lot                        | DT1124                | 225,000     | 99,610              | 58,904        | 158,514   |
| Downtown Development Opportunity               | DT1131                | 5,000,000   | --                  | --            | --        |
| Library Lower Level                            | DT1132                | 630,000     | --                  | --            | --        |
| Library Parking Structure                      | DT1129                | 7,150,000   | 116,650             | 709,586       | 826,236   |
| Mayton Inn Access Road                         | DT1117                | 106,124     | 97,758              | 7,595         | 105,353   |
| Midtown Square Sidewalk                        | DT1128                | 250,000     | -                   | 243,203       | 243,203   |
| Regional Stormwater                            | DT1123                | 1,214,590   | 14,591              | 40,420        | 55,011    |
| Total Expenditures                             |                       | 14,904,345  | 655,860             | 1,061,088     | 1,716,948 |
| Less: Completed Projects (noted by *)          |                       | (328,631)   | (327,251)           | (1,380)       | (328,631) |
| Construction-in-Progress                       |                       | 14,575,714  | 328,609             | 1,059,708     | 1,388,317 |
| <u>Expense Projects</u>                        |                       |             |                     |               |           |
| 118, 120 and 124 Park Street Demolition        | DT1130                | 45,000      | --                  | 43,550        | 43,550    |
| Business Improvement District Development Fees | DT1108                | 700,399     | 188,325             | 12,020        | 200,345   |
| Development Around Park                        | DT1134                | 25,000      | --                  | --            | --        |
| Downtown Available Funds (Parent Project)      | DT1000                | 2,118,413   | --                  | --            | --        |
| Downtown Façade Assistance                     | DT1133                | 9,070       | --                  | --            | --        |
| Land - Downtown Park                           | DT1127                | 5,000       | 1,299               | --            | 1,299     |
| Other Projects-in-Progress                     |                       | 2,902,882   | 189,624             | 55,570        | 245,194   |

## DOWNTOWN PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 4

|  | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|--|--------------------------|----------------|---------------------------|------------------|
| TOTAL EXPENDITURES                                       | \$17,807,227             | 845,484        | 1,116,658                 | 1,962,142        |
| Total Completed Projects                                 | (328,631)                | (327,251)      | (1,380)                   | (328,631)        |
| TOTAL PROJECTS IN PROGRESS                               | 17,478,596               | 518,233        | 1,115,278                 | 1,633,511        |
| Revenues Under Expenditures, net of completed projects   | (17,478,596)             | (518,233)      | (1,115,278)               | (1,633,511)      |
| OTHER FINANCING SOURCES                                  |                          |                |                           |                  |
| Transfers In, net  |                          |                |                           |                  |
| General Fund   | 16,661,016               | 10,881,015     | 5,780,000                 | 16,661,015       |
| Capital Reserve Sub-Fund                                 | 1,126,528                | 976,529        | 150,000                   | 1,126,529        |
| TOTAL OTHER FINANCING SOURCES                            | 17,787,544               | 11,857,544     | 5,930,000                 | 17,787,544       |
| Less: Completed Projects                                 | (308,948)                | (308,330)      | (618)                     | (308,948)        |
| Total Other Financing Sources, net of completed projects | 17,478,596               | 11,549,214     | 5,929,382                 | 17,478,596       |
| Increase   | --                       | 11,030,981     | 4,814,104                 | 15,845,085       |
| Adjustment for Completed Projects                        | --                       | 762            | (762)                     | --               |
| FUND BALANCE   | \$ --                    | 11,031,743     | 4,813,342                 | 15,845,085       |

**PARKS, RECREATION AND CULTURAL RESOURCES PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 5

|   | Project<br>Authorization | Prior<br>Years   | Actual           |                  |
|---|--------------------------|------------------|------------------|------------------|
|   |                          |                  | Current<br>Year  | Total<br>To Date |
| <b>REVENUES</b>                           |                          |                  |                  |                  |
| Wake County Grant                         | \$6,292,700              | 1,800,000        | 1,700,000        | 3,500,000        |
| State and Federal Grants                  | 11,787,802               | 1,439,590        | 768,271          | 2,207,861        |
| Rental Payments                           | 1,500,000                | 380,170          | 380,170          | 760,340          |
| Investment Earnings                       | 36,920                   | 36,920           | --               | 36,920           |
| Reimbursement from Apex                   | 284,608                  | --               | --               | --               |
| Reimbursement from Chatham County         | 60,000                   | 60,000           | --               | 60,000           |
| Contributions                             | 400,000                  | 328,503          | 10,000           | 338,503          |
| <b>TOTAL REVENUES</b>                     | <b>20,362,030</b>        | <b>4,045,183</b> | <b>2,858,441</b> | <b>6,903,624</b> |
| Less: Completed Projects                  | (436,944)                | (436,945)        | ---              | (436,945)        |
| Total Revenues, net of completed projects | 19,925,086               | 3,608,238        | 2,858,441        | 6,466,679        |

EXPENDITURES

| <u>Asset-Related Projects</u>   | <u>Project #</u> |           |           |           |           |
|---|------------------|-----------|-----------|-----------|-----------|
| Annie Jones Greenway Renovation *   | PR1150           | 531,751   | 520,609   | 7,541     | 528,150   |
| Artificial Turf Fields  | PR1190           | 1,918,450 | 1,662,736 | 16,706    | 1,679,442 |
| Black Creek Greenway Renovation - Phases I & II -<br>Phase V New Construction | PR1129           | 375,000   | 119,275   | 197,453   | 316,728   |
| Carpenter Neighborhood Park   | PR1144           | 2,983,000 | 2,644,442 | 284,828   | 2,929,270 |
| Carpenter Park Memorial *   | PR1203           | 50,000    | 48,827    | (1,635)   | 47,192    |
| Cary Tennis Park Court Renovations  | PR1155           | 100,000   | 100,000   | --        | 100,000   |
| Cary Tennis Park Expansion - Interlocal                                       | PR1193           | 6,508,000 | 769,613   | 3,484,659 | 4,254,272 |
| Crabtree Creek Greenway   | PR1166           | 5,398,000 | 494,166   | 434,429   | 928,595   |
| Crescent Green Bridge Replacement *   | PR1215           | 142,000   | 140,278   | --        | 140,278   |
| Downtown Park   | PR1185           | 5,639,000 | 2,030,473 | 2,657,230 | 4,687,703 |
| DT - Public Art - Parking Deck  | PR1232           | 780,000   | 55,600    | 65,000    | 120,600   |
| Good Hope Farm  | PR1128           | 179,789   | 87,289    | 12,738    | 100,027   |
| Greenway & Open Space Acquisition   | PR1039           | 1,480,300 | 1,258,468 | 7,520     | 1,265,988 |
| Greenway Connections to Morrisville Trail System *                            | PR1156           | 130,000   | 118,534   | 5,027     | 123,561   |
| Hemlock Bluffs Renovation Project *   | PR1134           | 247,000   | 228,584   | --        | 228,584   |

**PARKS, RECREATION AND CULTURAL RESOURCES PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 5

|   | Project # | Project Authorization | Prior Years | Actual       |           | Total To Date |
|---|-----------|-----------------------|-------------|--------------|-----------|---------------|
|   |           |                       |             | Current Year |           |               |
| <i>Asset-Related Projects (cont'd)</i>                            |           |                       |             |              |           |               |
| Hinshaw Greenway Renovations                                      | PR1218    | \$200,000             | --          | --           | --        |               |
| Jack Smith Park   | PR1074    | 4,540,345             | 3,889,646   | 425,333      | 4,314,979 |               |
| Kids Together Playground - Misting Garden                         | PR1239    | 130,000               | --          | --           | --        |               |
| MacDonald Woods Park Restrooms                                    | PR1240    | 300,000               | --          | 42,755       | 42,755    |               |
| MacDonald Woods Renovation *                                      | PR1142    | 410,000               | 401,230     | 1,770        | 403,000   |               |
| Mills Park - Phase II   | PR1184    | 1,070,000             | 103,107     | 3,651        | 106,758   |               |
| Mills School-Park   | PR1111    | 1,810,000             | 1,601,138   | 17,192       | 1,618,330 |               |
| New Hope Church Road Trailhead Park                               | PR1095    | 2,075,431             | 1,945,945   | 7,724        | 1,953,669 |               |
| P-006 Neighborhood Park   | PR1242    | 100,000               | --          | 16,200       | 16,200    |               |
| P-007 Community Park  | PR1143    | 250,000               | --          | --           | --        |               |
| Panther Branch Greenway (Cameron Pond/540 Segment to Mills Park)  | PR1187    | 2,405,840             | 105,508     | 1,090        | 106,598   |               |
| Public Art - Carpenter Park                                       | PR1245    | 60,000                | --          | --           | --        |               |
| Public Art - DT - Downtown Park *                                 | PR1214    | 161,000               | 65,500      | 84,500       | 150,000   |               |
| Public Art - Kids Together Playground - Misting Garden            | PR1246    | 40,000                | --          | 10,000       | 10,000    |               |
| Recreational Facility Improvements                                | PR1247    | 330,000               | --          | 60,711       | 60,711    |               |
| Recreational Facility Sound System Replacements                   | PR1248    | 90,000                | --          | --           | --        |               |
| Restroom Replacement adjacent to Sertoma Amphitheater             | PR1146    | 200,000               | --          | 5,100        | 5,100     |               |
| Ritter Park Shade Structure *                                     | PR1226    | 25,000                | 21,529      | 1,270        | 22,799    |               |
| Sports Turf Fields  | PR1188    | 2,601,355             | 2,168,322   | 113,688      | 2,282,010 |               |
| TCAP - Cary Elementary Renovation Project *                       | PR1109    | 358,905               | --          | 46,928       | 46,928    |               |
| TCAP/Public Art - Walker Street Extension                         | PR1140    | 100,000               | 68,300      | --           | 68,300    |               |
| Thomas Brooks Drainage/USAB NTF Field Replacement                 | PR1236    | 450,000               | --          | 272,067      | 272,067   |               |
| USA Baseball National Training Complex Improvements - Interlocal  | PR1164    | 6,455,000             | 28,000      | 82,500       | 110,500   |               |
| WakeMed Soccer Park Facility Improvements - Phase II - Interlocal | PR1202    | 1,150,000             | 704,262     | --           | 704,262   |               |
| Weldon Ridge Greenway *   | PR1169    | 175,000               | 149,878     | --           | 149,878   |               |
| Western Cary Disc Golf Course                                     | PR1252    | 50,000                | --          | --           | --        |               |
| White Oak Creek Greenway - MacArthur Park Section                 | PR1251    | 7,007,500             | --          | 406,586      | 406,586   |               |
| White Oak Creek Greenway - Ph IV *                                | PR1057    | 4,609,000             | 4,545,270   | 41,249       | 4,586,519 |               |

**PARKS, RECREATION AND CULTURAL RESOURCES PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 5

|  | Project # | Project Authorization | Prior Years | Actual       |  | Total To Date |
|--|-----------|-----------------------|-------------|--------------|--|---------------|
|  |           |                       |             | Current Year |  |               |
| <i>Asset-Related Projects (cont'd)</i>   |           |                       |             |              |  |               |
| White Oak Creek Greenway- American Tobacco Trail Segment   | PR1186    | \$5,630,070           | 244,886     | (128,439)    |  | 116,447       |
| White Oak Creek Greenway Trailhead   | PR1213    | 185,000               | --          | 2,000        |  | 2,000         |
| Total Expenditures   |           | 69,431,736            | 26,321,415  | 8,685,371    |  | 35,006,786    |
| Less: Completed Projects (noted by *)  |           | (6,839,656)           | (6,240,242) | (186,650)    |  | (6,426,892)   |
| Construction-in-Progress   |           | 62,592,080            | 20,081,173  | 8,498,721    |  | 28,579,894    |
| <i>Expense Projects</i>  |           |                       |             |              |  |               |
| Annie Jones Greenway Stream Bank Stabilization *   | PR1205    | 75,000                | 2,203       | --           |  | 2,203         |
| Athletic Field Fencing Amenities Replacement (Windscreen, Safety Cap, Padding and Netting) - FY 2017 * | PR1234    | 72,000                | --          | 39,900       |  | 39,900        |
| Athletic Field Fencing Repair/Replacement - FY 2017 *  | PR1235    | 96,000                | --          | 30,911       |  | 30,911        |
| Cary Tennis Park - Lighting and Scoreboard   | PR1231    | 55,000                | 50,685      | --           |  | 50,685        |
| Cary Tennis Park Court Renovations   | PR1182    | 1,200,000             | 845,135     | 213,312      |  | 1,058,447     |
| Community Garden *   | PR1177    | 25,000                | --          | 24,924       |  | 24,924        |
| DT - Downtown Park - Future Phases Master Plan   | PR1237    | 100,000               | --          | --           |  | --            |
| Greenway Resurfacing - FY 2017   | PR1238    | 262,000               | --          | --           |  | --            |
| Greenway Resurfacing Projects - FY 2013 *  | PR1172    | 343,670               | 262,402     | 64,385       |  | 326,787       |
| Greenway Resurfacing Projects - FY 2014 *  | PR1195    | 362,500               | 52,009      | 309,683      |  | 361,692       |
| Greenway Storm Damage Repair   | PR1253    | 550,000               | --          | 168,591      |  | 168,591       |
| Koka Booth Amphitheatre Improvements - FY 2016   | PR1220    | 350,000               | --          | 12,650       |  | 12,650        |
| Meeting Place Pocket Park  | PR1221    | 75,000                | --          | 66,445       |  | 66,445        |
| Mills Park Community Center Planning Funding   | PR1241    | 50,000                | --          | --           |  | --            |
| Old Reedy Creek Road Trailhead Parking Lot   | PR1151    | 1,105,000             | 190,372     | 513,628      |  | 704,000       |
| Park and Greenway Renovations - FY 2013  | PR1180    | 200,000               | 88,072      | 25,176       |  | 113,248       |
| Park and Greenway Renovations - FY 2014  | PR1197    | 140,000               | 78,249      | 3,389        |  | 81,638        |
| Park and Greenway Renovations - FY 2015  | PR1211    | 226,000               | 196,941     | 3,775        |  | 200,716       |
| Park and Greenway Renovations - FY 2016  | PR1222    | 255,000               | --          | 500          |  | 500           |
| Park and Greenway Renovations - FY 2017  | PR1243    | 125,000               | --          | 82,802       |  | 82,802        |
| Park, Greenway and Facility Sign Plan Implementation   | PR1159    | 370,000               | 284,766     | 32,010       |  | 316,776       |
| Playground Surface Repairs/Replacement - FY 2016 *   | PR1223    | 57,000                | 56,895      | --           |  | 56,895        |
| Playground Surface Repairs/Replacement - FY 2017 *   | PR1244    | 83,000                | --          | 66,041       |  | 66,041        |

**PARKS, RECREATION AND CULTURAL RESOURCES PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 5

|   | Project # | Project Authorization | Prior Years       | Actual            |  | Total To Date     |
|---|-----------|-----------------------|-------------------|-------------------|--|-------------------|
|   |           |                       |                   | Current Year      |  |                   |
| <i>Expense Projects (cont'd)</i>                                    |           |                       |                   |                   |  |                   |
| PRCR Venue Wayfinding Signage                                       | PR1158    | \$243,000             | 153,379           | --                |  | 153,379           |
| Professional Level Sand Based Athletic Field Renovation - FY 2016 * | PR1224    | 275,000               | 239,551           | 4,310             |  | 243,861           |
| Restroom Replacement - FY 2016 *                                    | PR1225    | 135,000               | 129,408           | --                |  | 129,408           |
| Sertoma Amphitheater Improvements                                   | PR1227    | 200,000               | --                | 28,836            |  | 28,836            |
| Landscape Architect - Bonds   | PR1189    | 362,510               | 265,158           | 96,152            |  | 361,310           |
| Tennis Court Fencing Repair/Replacement - FY 2017 *                 | PR1249    | 60,000                | --                | 45,024            |  | 45,024            |
| Tennis Court Renovations - FY 2017                                  | PR1250    | 160,000               | --                | 112,780           |  | 112,780           |
| WakeMed Soccer Park Improvements - FY 2016                          | PR1230    | 220,000               | 10,500            | 24,510            |  | 35,010            |
| Total Expenditures  |           | 7,832,680             | 2,905,725         | 1,969,734         |  | 4,875,459         |
| Less: Completed Projects (noted by *)                               |           | (1,584,170)           | (742,466)         | (585,179)         |  | (1,327,645)       |
| Other Projects-in-Progress  |           | 6,248,510             | 2,163,259         | 1,384,555         |  | 3,547,814         |
| <b>TOTAL EXPENDITURES</b>   |           | <b>77,264,416</b>     | <b>29,227,140</b> | <b>10,655,105</b> |  | <b>39,882,245</b> |
| Total Completed Projects  |           | (8,423,825)           | (6,982,708)       | (771,829)         |  | (7,754,537)       |
| <b>TOTAL PROJECTS IN PROGRESS</b>                                   |           | <b>68,840,591</b>     | <b>22,244,432</b> | <b>9,883,276</b>  |  | <b>32,127,708</b> |
| Revenues Under Expenditures, net of completed projects              |           | (48,915,505)          | (18,636,194)      | (7,024,835)       |  | (25,661,029)      |
| <b>OTHER FINANCING SOURCES</b>                                      |           |                       |                   |                   |  |                   |
| General Obligation Bonds Issued                                     |           | 19,374,565            | 15,504,565        | --                |  | 15,504,565        |
| Transfers In, net   |           |                       |                   |                   |  |                   |
| General Fund  |           | 15,474,747            | 10,188,458        | 5,286,289         |  | 15,474,747        |
| Capital Reserve Sub-Fund  |           | 22,053,075            | 15,849,385        | 5,534,392         |  | 21,383,777        |
| <b>TOTAL OTHER FINANCING SOURCES</b>                                |           | <b>56,902,387</b>     | <b>41,542,408</b> | <b>10,820,681</b> |  | <b>52,363,089</b> |
| Less: Completed Projects  |           | (7,986,882)           | (7,696,198)       | 378,606           |  | (7,317,592)       |
| Total Other Financing Sources, net of completed projects            |           | 48,915,505            | 33,846,210        | 11,199,287        |  | 45,045,497        |
| Increase  |           | --                    | 15,210,016        | 4,174,452         |  | 19,384,468        |
| Adjustment for Completed Projects                                   |           | --                    | 1,150,435         | (1,150,435)       |  | --                |
| <b>FUND BALANCE</b>   |           | <b>\$ --</b>          | <b>16,360,451</b> | <b>3,024,017</b>  |  | <b>19,384,468</b> |

## FIRE PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 6

EXPENDITURES

|   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|---|--------------------------|----------------|---------------------------|------------------|
| <u>Asset-Related Projects</u>                       |                          |                |                           |                  |
| Aerial Ladder Truck (New Company Northwestern Area) | <i>FR1051</i>            | --             | 989,908                   | 989,908          |
| Fire Pumper Replace - #1706 *                       | <i>FR1043</i>            | 599,451        | 9,149                     | 608,600          |
| Fire Pumper Replacement                             | <i>FR1052</i>            | --             | 591,890                   | 591,890          |
| Fire Pumper Replacement - #1834 *                   | <i>FR1046</i>            | 612,260        | 410                       | 612,670          |
| Fire Pumper Replacement - #1958 *                   | <i>FR1049</i>            | 536,546        | 46,430                    | 582,976          |
| Fire Station - Southwestern Cary                    | <i>FR1047</i>            | --             | 3,200                     | 3,200            |
| Fire Station #10 - Northwestern Cary                | <i>FR1044</i>            | 417,330        | 385,033                   | 802,363          |
| Fire Station #2 - 601 E. Chatham Street *           | <i>FR1027</i>            | 4,871,667      | 64,525                    | 4,936,192        |
| Fire Station #9 - Walnut Street Area                | <i>FR1048</i>            | --             | 170,059                   | 170,059          |
| Thermal Imaging Camera Replacement *                | <i>FR1053</i>            | --             | 195,095                   | 195,095          |
| Traffic Signal Pre-emption - Phase II               | <i>FR1038</i>            | 102,906        | -                         | 102,906          |
| Total Expenditures                                  | 20,881,000               | 7,140,160      | 2,455,699                 | 9,595,859        |
| Less: Completed Projects (noted by *)               | (8,985,000)              | (6,619,929)    | (315,609)                 | (6,935,538)      |
| Construction-in-Progress                            | 11,896,000               | 520,231        | 2,140,090                 | 2,660,321        |
| <u>Expense Projects</u>                             |                          |                |                           |                  |
| Fire Station #2 Foundation Repairs                  | <i>FR1050</i>            | --             | 20,501                    | 20,501           |
| Other Projects-in-Progress                          | 250,000                  | --             | 20,501                    | 20,501           |
| TOTAL EXPENDITURES                                  | 21,131,000               | 7,140,160      | 2,476,200                 | 9,616,360        |
| Total Completed Projects                            | (8,985,000)              | (6,619,929)    | (315,609)                 | (6,935,538)      |
| TOTAL PROJECTS IN PROGRESS                          | 12,146,000               | 520,231        | 2,160,591                 | 2,680,822        |
| Revenues Under Expenditures                         | (12,146,000)             | (520,231)      | (2,160,591)               | (2,680,822)      |

## FIRE PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 6

|  | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|--|--------------------------|----------------|---------------------------|------------------|
| OTHER FINANCING SOURCES (USES)                           |                          |                |                           |                  |
| General Obligation Bonds Issued                          | \$6,450,000              | 5,450,000      | --                        | 5,450,000        |
| Transfers In (Out), net                                  |                          |                |                           |                  |
| General Fund   | 5,466,000                | 4,528,000      | 938,000                   | 5,466,000        |
| Capital Reserve Sub-Fund                                 | 2,393,000                | 1,742,994      | (727,461)                 | 1,015,533        |
| Installment Purchase Proceeds                            | 6,822,000                | --             | --                        | --               |
| TOTAL OTHER FINANCING SOURCES, net                       | 21,131,000               | 11,720,994     | 210,539                   | 11,931,533       |
| Less: Completed Projects                                 | (8,985,000)              | (8,775,000)    | 1,839,462                 | (6,935,538)      |
| Total Other Financing Sources, net of completed projects | 12,146,000               | 2,945,994      | 2,050,001                 | 4,995,995        |
| Increase (Decrease)                                      | --                       | 2,425,763      | (110,590)                 | 2,315,173        |
| Adjustment for Completed Projects                        | --                       | 2,155,071      | (2,155,071)               | --               |
| FUND BALANCE   | \$ --                    | 4,580,834      | (2,265,661)               | 2,315,173        |

## GENERAL GOVERNMENTAL PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 7

|  | Project Authorization | Actual         |               | Total To Date  |
|--|-----------------------|----------------|---------------|----------------|
|  |                       | Prior Years    | Current Year  |                |
| <b>REVENUES</b>  |                       |                |               |                |
| Nextel Payments  | \$ --                 | 159,688        | --            | 159,688        |
| Miscellaneous  | 18,370                | 116,845        | --            | 116,845        |
| Miscellaneous Grants   | 64,078                | 23,190         | 25,034        | 48,224         |
| <b>TOTAL REVENUES</b>  | <b>82,448</b>         | <b>299,723</b> | <b>25,034</b> | <b>324,757</b> |
| <b>EXPENDITURES</b>  |                       |                |               |                |
| <u>Asset-Related Projects</u>  | <u>Project #</u>      |                |               |                |
| Application Software Replacement - Arc Info - FY 2015 *                      | GG1121                | 80,000         | 71,906        | 2,750          |
| Application Software Replacement CLASS and FASTER - FY 2017                  | GG1144                | 575,000        | --            | 165,920        |
| Cary TV 11 Equipment Replacement *   | GG1145                | 197,000        | --            | 196,951        |
| Conference Room Technology Upgrades  | GG1113                | 188,100        | 43,829        | 68,620         |
| Electric Vehicle Charging Stations - Duke Grant                              | GG1148                | 12,800         | --            | --             |
| Equipment Wash Stations - WakeMed Soccer Park and USA Baseball Complex *     | GG1114                | 260,000        | 176,348       | 72,340         |
| Evidence Room Expansion or Relocation  | GG1146                | 2,200,000      | --            | --             |
| Fiber Optics Cable Extension to West Cary *                                  | GG1116                | 250,000        | 60,009        | --             |
| Fiber Optics Cable Plan  | GG1106                | 100,000        | 61,236        | --             |
| Garmon Operations Center - Facility Improvements - Phase II                  | GG1126                | 350,000        | 34,282        | --             |
| Heavy Equipment Replacement Project *  | GG1139                | 704,065        | --            | 525,332        |
| Land - 7117 Carpenter Fire Station Road                                      | GG5018                | 5,000          | 900           | --             |
| Land - Land Banking (Main)   | GG5000                | 1,079,246      | --            | --             |
| One Solution Software  | GG1112                | 1,467,000      | 667,658       | --             |
| PAMDR - Unnamed Tributary Swift Creek - Phase II                             | GG1082                | 1,438,882      | 1,392,569     | 12,500         |
| Park James @ Kirkfield   | GG7014                | 305,000        | 17,430        | 269,381        |
| PWUT Facility Improvements Phase I – Dixon Avenue Citizen Convenience Center | GG1119                | 750,000        | 8,824         | --             |
| Radio System Upgrade   | GG1066                | 9,746,448      | 8,052,612     | 295,047        |
| Replacement of the Computer-Aided Dispatch (CAD) System                      | GG1078                | 1,700,000      | 1,501,016     | 25,791         |
| Sanitation and Recycling Truck Replacement *                                 | GG1075                | 5,243,199      | --            | 1,720,406      |
| STM - 112 Summer Lakes Dr  | GG6006                | \$479,595      | 48,407        | 74,737         |
| STM - 1516 Kilarney  | GG6008                | 282,000        | 40,933        | 184,388        |
| STM - 221 Trimble Avenue *   | GG7018                | 319,131        | 303,513       | 15,618         |

## GENERAL GOVERNMENTAL PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 7

|   | Project # | Project Authorization | Actual      |              | Total To Date |
|---|-----------|-----------------------|-------------|--------------|---------------|
|   |           |                       | Prior Years | Current Year |               |
| <i>Asset-Related Projects (cont'd)</i>                              |           |                       |             |              |               |
| STM - 322 Willow Street *   | GG6007    | \$637,362             | 625,631     | 11,731       | 637,362       |
| STM - Town Properties Storm Drainage - MAIN- PS146                  | GG6000    | 670,819               | --          | --           | --            |
| Town Website Overhaul   | GG1132    | 505,000               | 175,501     | 208,978      | 384,479       |
| Work Order Management/311   | GG1111    | 850,000               | 204,486     | 584,592      | 789,078       |
| Total Expenditures  |           | 30,395,647            | 13,487,090  | 4,435,082    | 17,922,172    |
| Less: Completed Projects (noted by *)                               |           | (3,989,231)           | (1,237,408) | (2,545,127)  | (3,782,535)   |
| Construction-in-Progress  |           | 26,406,416            | 12,249,682  | 1,889,955    | 14,139,637    |
| <i>Expense Projects</i>   |           |                       |             |              |               |
| AH - Affordable Housing Administration                              | GG4004    | 49,145                | 32,766      | 15,066       | 47,832        |
| AH - Affordable Housing Main Project                                | GG4000    | 84,913                | --          | --           | --            |
| AH - Downtown Rehabilitation and Façade                             | GG4002    | 293,591               | 92,273      | 105,787      | 198,060       |
| AH - Housing Rehabilitation   | GG4001    | 665,211               | 411,475     | 183,455      | 594,930       |
| AH - Minimum Housing Demolition                                     | GG4005    | 99,500                | 26,389      | --           | 26,389        |
| Cary Green Pgm - NFWF/Wells Fargo Grant                             | GG1143    | 54,078                | 22,782      | 24,745       | 47,527        |
| Facility Security   | GG1138    | 100,000               | --          | 328          | 328           |
| Fire Station #4 - Roof Replacement *                                | GG1136    | 200,000               | 193,324     | --           | 193,324       |
| Historic Preservation Implementation Activities                     | GG1109    | 25,000                | 3,834       | 8,048        | 11,882        |
| Land-Misc Unassigned Exp  | GG5001    | 138,980               | 137,979     | --           | 137,979       |
| Parking Lot Resurfacing and Renovations - FY 2015                   | GG1129    | 169,650               | 139,854     | --           | 139,854       |
| Parking Lot Resurfacing and Renovations - FY 2016                   | GG1141    | 124,650               | 52,164      | 58,585       | 110,749       |
| Relamping of Town Facilities  | GG1142    | 125,000               | 25,000      | --           | 25,000        |
| Roof Assessment and Rehabilitation - FY 2017                        | GG1147    | 400,000               | --          | 115,662      | 115,662       |
| STM - 937 Ralph Twiss/Clark   | GG7009    | 49,670                | 49,669      | --           | 49,669        |
| STM - Joel Ct @ Bayoak Drive  | GG7015    | 222,000               | 16,712      | 4,727        | 21,439        |
| STM - King George Stream Restoration                                | GG7011    | 40,000                | --          | --           | --            |
| STM - Storm Drainage - Private - MAIN - PS35                        | GG7000    | 93,099                | 11,693      | --           | 11,693        |
| STM - Two Creeks Near Plantree                                      | GG7017    | 75,000                | 14,482      | 8,467        | 22,949        |
| STM - Westhigh Near Jodhpur   | GG7016    | 50,000                | 31,076      | 4,009        | 35,085        |
| Stormwater Condition Assessment - FY 2015                           | GG1130    | 750,000               | 37,478      | 68,329       | 105,807       |
| Upgrade Pedestrian Crossings (Relocation of Push Buttons) - FY 2015 | GG1135    | 90,000                | --          | 17,580       | 17,580        |
| Total Expenditures  |           | 3,899,487             | 1,298,950   | 614,788      | 1,913,738     |
| Less: Completed Projects (noted by *)                               |           | (200,000)             | (193,324)   | --           | (193,324)     |
| Other Projects-in-Progress  |           | 3,699,487             | 1,105,626   | 614,788      | 1,720,414     |

## GENERAL GOVERNMENTAL PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 7

|  | Project<br>Authorization | Actual         |                 | Total<br>To Date |
|--|--------------------------|----------------|-----------------|------------------|
|  |                          | Prior<br>Years | Current<br>Year |                  |
| TOTAL EXPENDITURES                                       | \$34,295,134             | 14,786,040     | 5,049,870       | 19,835,910       |
| Reimbursements from Utility System Enterprise Fund       | (81,771)                 | (81,771)       | --              | (81,771)         |
| TOTAL EXPENDITURES, net                                  | 34,213,363               | 14,704,269     | 5,049,870       | 19,754,139       |
| Total Completed Projects                                 | (4,189,231)              | (1,430,732)    | (2,545,127)     | (3,975,859)      |
| TOTAL PROJECTS IN PROGRESS                               | 30,024,132               | 13,273,537     | 2,504,743       | 15,778,280       |
| Revenues Under Expenditures, net of completed projects   | (29,941,684)             | (12,973,814)   | (2,479,709)     | (15,453,523)     |
| OTHER FINANCING SOURCES                                  |                          |                |                 |                  |
| Sale of Assets   | --                       | 3,400          | --              | 3,400            |
| Installment Purchase Procees                             | 2,000,000                | --             | --              | --               |
| Transfers In, net  |                          |                |                 |                  |
| General Fund   | 18,018,238               | 16,043,441     | 1,974,800       | 18,018,241       |
| Capital Reserve Sub-Fund                                 | 12,872,827               | 11,992,827     | 666,629         | 12,659,456       |
| Utility System Enterprise Fund (Operations Sub-Fund)     | 384,678                  | 384,678        | --              | 384,678          |
| 911 Special Revenue Fund                                 | 855,171                  | 855,171        | --              | 855,171          |
| TOTAL OTHER FINANCING SOURCES                            | 34,130,914               | 29,279,517     | 2,641,429       | 31,920,946       |
| Less: Completed Projects                                 | (4,189,230)              | (3,990,792)    | 14,933          | (3,975,859)      |
| Total Other Financing Sources, net of completed projects | 29,941,684               | 25,288,725     | 2,656,362       | 27,945,087       |
| Increase   | --                       | 12,314,911     | 176,653         | 12,491,564       |
| Adjustment for Completed Projects                        | --                       | 2,560,060      | (2,560,060)     | --               |
| FUND BALANCE   | \$ --                    | 14,874,971     | (2,383,407)     | 12,491,564       |

## GENERAL CAPITAL RESERVE SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

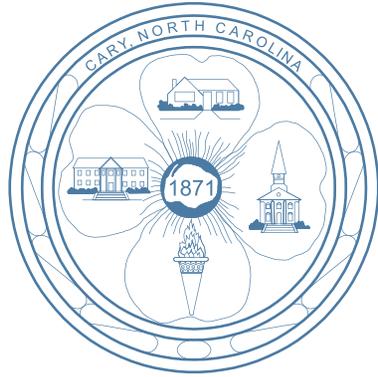
TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Schedule 8

|  | 2017               |                     | Variance<br>Positive<br>(Negative) | 2016                |
|--|--------------------|---------------------|------------------------------------|---------------------|
|  | Budget             | Actual              |                                    | Actual              |
| <b>REVENUES</b>  |                    |                     |                                    |                     |
| Vehicle Licenses   | \$1,126,362        | 1,296,181           | 169,819                            | 1,363,462           |
| Powell Bill  | 3,749,860          | 3,822,179           | 72,319                             | 3,787,821           |
| Payments in Lieu of Recreation                                 |                    |                     |                                    |                     |
| Land and Greenway Dedications                                  | --                 | 4,533,629           | 4,533,629                          | 5,004,277           |
| Payments in Lieu of Streets                                    | --                 | 760,155             | 760,155                            | 884,693             |
| Utility Franchise Fee  | 569,592            | 617,909             | 48,317                             | 600,949             |
| Transportation Development Fees                                | 945,198            | 1,838,189           | 892,991                            | 1,620,360           |
| Investment Earnings, net of market adjustment                  | 1,007,250          | 262,863             | (744,387)                          | 1,399,614           |
| Miscellaneous  | ---                | 186,686             | 186,686                            | 300,293             |
| <b>TOTAL REVENUES</b>  | <b>7,398,262</b>   | <b>13,317,791</b>   | <b>5,919,529</b>                   | <b>14,961,469</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                    |                     |                                    |                     |
| Transfers In (Out), net  |                    |                     |                                    |                     |
| General Fund   | --                 | --                  | --                                 | 4,444,534           |
| Street Project Sub-Fund  | (7,665,000)        | (6,999,085)         | 665,915                            | (11,710,471)        |
| Downtown Project Sub-Fund                                      | (150,000)          | (150,000)           | --                                 | 691                 |
| Parks, Recreation and Cultural Resources Sub-Fund              | (6,224,000)        | (5,534,392)         | 689,608                            | (892,738)           |
| Fire Project Sub-Fund  | (650,000)          | 727,461             | 1,377,461                          | (650,000)           |
| General Governmental Project Sub-Fund                          | (880,000)          | (666,629)           | 213,371                            | (1,556,345)         |
| Appropriation from Fund Balance                                | 8,170,738          | --                  | (8,170,738)                        | --                  |
| <b>TOTAL OTHER FINANCING USES, net</b>                         | <b>(7,398,262)</b> | <b>(12,622,645)</b> | <b>(5,224,383)</b>                 | <b>(10,364,329)</b> |
| Revenues and Other Sources Over<br>Expenditures and Other Uses | <b>\$ --</b>       | <b>695,146</b>      | <b>695,146</b>                     | <b>4,597,140</b>    |
| <b>FUND BALANCE - Beginning of Year</b>                        |                    | <b>32,305,714</b>   |                                    | <b>27,708,574</b>   |
| <b>FUND BALANCE - End of Year</b>                              |                    | <b>\$33,000,860</b> |                                    | <b>32,305,714</b>   |



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# UTILITY SYSTEM ENTERPRISE FUND

The Utility System Enterprise Fund consists of four sub-funds: Utility System Operations Fund, Water Project Fund, Sewer Project Fund and the Utility System Capital Reserve Fund. These funds are combined and treated as one fund in the Basic Financial Statements. The following statements are included as supplementary information.

**Combining Statement of Net Position** – Sub-fund breakdown of balance sheet information from the Basic Financial Statements.

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position** – Sub-fund breakdown of information from the Basic Financial Statements.

**Utility System Operations Schedule of Revenues, Expenditures, and Changes in Fund Net Position** – Budget to actual comparison (non-GAAP) of the operations sub-fund with a reconciliation to the full accrual combining statement.

**Water and Sewer Project Schedules of Revenues, Expenditures, and Changes in Fund Net Position** – Detail of multi-year projects and the associated revenue and expenditure budgets to actual comparisons (non-GAAP) with a reconciliation to the full accrual combining statement. Each sub-fund is presented separately.

**Utility System Capital Reserve Schedule of Revenues, Expenditures and Changes in Fund Net Position** – Budget to actual comparison (non-GAAP) for the annually budgeted Capital Reserve Fund with a reconciliation to the full accrual combining statement.

## UTILITY SYSTEMS ENTERPRISE FUND - SUB-FUND COMBINING SCHEDULE OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

| Schedule 9   | Utility System<br>Operations | Water<br>Projects  | Sewer<br>Projects  | Utility System<br>Capital Reserve | June 30,             |                      |
|--|------------------------------|--------------------|--------------------|-----------------------------------|----------------------|----------------------|
|  |                              |                    |                    |                                   | 2017                 | 2016                 |
| <b>ASSETS</b>  |                              |                    |                    |                                   |                      |                      |
| <b>Current Assets</b>  |                              |                    |                    |                                   |                      |                      |
| Equity in Pooled Cash and Investments                          | \$86,010,673                 | 67,206,157         | 57,443,185         | 54,711,628                        | 265,371,643          | 240,823,333          |
| Accrued Interest on Investments                                | 289,540                      | --                 | --                 | 495,760                           | 785,300              | 559,366              |
| Accounts Receivable, net of allowance for<br>doubtful accounts | 11,385,869                   | 1,602,198          | 6,752              | 49,124                            | 13,043,943           | 12,218,005           |
| Equity in Pooled Cash and Investments-Restricted               | 2,131,028                    | 13,678,172         | 6,067,977          | 119,232                           | 21,996,409           | 8,273,573            |
| <b>TOTAL CURRENT ASSETS</b>                                    | <b>99,817,110</b>            | <b>82,486,527</b>  | <b>63,517,914</b>  | <b>55,375,744</b>                 | <b>301,197,295</b>   | <b>261,874,277</b>   |
| <b>Non-Current Assets</b>                                      |                              |                    |                    |                                   |                      |                      |
| <b>Capital Assets</b>  |                              |                    |                    |                                   |                      |                      |
| Land, Land Improvements and<br>Construction in Progress        | 39,932,560                   | 80,619,578         | 86,840,341         | --                                | 207,392,479          | 233,261,525          |
| Other Capital Assets, net of accumulated depreciation          | 601,038,029                  | --                 | --                 | --                                | 601,038,029          | 554,175,894          |
| <b>TOTAL NON-CURRENT ASSETS, net</b>                           | <b>640,970,589</b>           | <b>80,619,578</b>  | <b>86,840,341</b>  | <b>--</b>                         | <b>808,430,508</b>   | <b>787,437,419</b>   |
| <b>TOTAL ASSETS</b>  | <b>740,787,699</b>           | <b>163,106,105</b> | <b>150,358,255</b> | <b>55,375,744</b>                 | <b>1,109,627,803</b> | <b>1,049,311,696</b> |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                           |                              |                    |                    |                                   |                      |                      |
| Deferred Contributions to Pension Plans                        | 3,964,183                    | --                 | --                 | --                                | 3,964,183            | 2,227,334            |
| Deferred Charge on Debt Refinancings                           | 2,127,208                    | --                 | --                 | --                                | 2,127,208            | 2,544,579            |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>                     | <b>6,091,391</b>             | <b>--</b>          | <b>--</b>          | <b>--</b>                         | <b>6,091,391</b>     | <b>4,771,913</b>     |
| <b>LIABILITIES AND NET ASSETS</b>                              |                              |                    |                    |                                   |                      |                      |
| <b>Current liabilities</b>                                     |                              |                    |                    |                                   |                      |                      |
| Accounts Payable and Accrued Liabilities                       | 1,645,906                    | 3,197,340          | 2,062,741          | 120,391                           | 7,026,378            | 4,337,528            |
| Debt Payable   | 12,946,373                   | --                 | --                 | --                                | 12,946,373           | 11,988,542           |
| Accrued Debt Interest Payable                                  | 1,491,265                    | --                 | --                 | --                                | 1,491,265            | 1,403,657            |
| Retainage Payable  | --                           | 2,468,706          | 436,530            | --                                | 2,905,236            | 2,800,365            |
| Compensated Absences   | 1,043,433                    | --                 | --                 | --                                | 1,043,433            | 893,169              |
| Developer Fee Credits  | --                           | --                 | --                 | 1,289,000                         | 1,289,000            | 23,000               |
| Advance from Customers   | --                           | --                 | --                 | 32,964                            | 32,964               | 112,206              |
| Miscellaneous  | 421,500                      | --                 | --                 | 860,620                           | 1,282,120            | 1,018,720            |
| <b>TOTAL CURRENT LIABILITIES</b>                               | <b>17,548,477</b>            | <b>5,666,046</b>   | <b>2,499,271</b>   | <b>2,302,975</b>                  | <b>28,016,769</b>    | <b>22,577,187</b>    |

## UTILITY SYSTEMS ENTERPRISE FUND - SUB-FUND COMBINING SCHEDULE OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

| Schedule 9   | Utility System<br>Operations | Water<br>Projects  | Sewer<br>Projects  | Utility System<br>Capital Reserve | June 30,           |                    |
|--|------------------------------|--------------------|--------------------|-----------------------------------|--------------------|--------------------|
|  |                              |                    |                    |                                   | 2017               | 2016               |
| <b>Non-Current liabilities</b>                       |                              |                    |                    |                                   |                    |                    |
| Debt Payable, net of deferred premium/discount       | \$309,915,143                | --                 | --                 | --                                | 309,915,143        | 289,212,243        |
| Deposits   | 2,101,598                    | --                 | --                 | --                                | 2,101,598          | 2,002,229          |
| Unearned Revenue                                     | 831,402                      | --                 | --                 | --                                | 831,402            | 906,846            |
| Compensated Absences                                 | 208,135                      | --                 | --                 | --                                | 208,135            | 120,184            |
| Developer Fee Credits                                | --                           | --                 | --                 | 2,123,047                         | 2,123,047          | 3,059,330          |
| Unfunded Pension Obligation                          | 2,608,917                    | --                 | --                 | --                                | 2,608,917          | 193,308            |
| Unfunded Other Post-Employment Benefits              | 11,779,513                   | --                 | --                 | --                                | 11,779,513         | 10,848,055         |
| Miscellaneous  | 205,700                      | --                 | --                 | --                                | 205,700            | 92,400             |
| <b>TOTAL OTHER LIABILITIES</b>                       | <b>327,650,408</b>           | <b>--</b>          | <b>--</b>          | <b>2,123,047</b>                  | <b>329,773,455</b> | <b>306,434,595</b> |
| <b>TOTAL LIABILITIES</b>                             | <b>345,198,885</b>           | <b>5,666,046</b>   | <b>2,499,271</b>   | <b>4,426,022</b>                  | <b>357,790,224</b> | <b>329,011,782</b> |
| <b>DEFERRED INFLOW OF RESOURCES</b>                  |                              |                    |                    |                                   |                    |                    |
| Pension Deferrals                                    | 2,386,197                    | --                 | --                 | --                                | 2,386,197          | 2,917,774          |
| <b>TOTAL NET POSITION</b>                            | <b>399,294,008</b>           | <b>157,440,059</b> | <b>147,858,984</b> | <b>50,949,722</b>                 | <b>755,542,773</b> | <b>722,154,053</b> |
| Adjustment for Internal Service Fund Activities      | 757,337                      | --                 | --                 | --                                | 757,337            | 419,902            |
| <b>TOTAL NET POSITION - Business-Type Activities</b> | <b>\$400,051,345</b>         | <b>157,440,059</b> | <b>147,858,984</b> | <b>50,949,722</b>                 | <b>756,300,110</b> | <b>722,573,955</b> |

## UTILITY SYSTEMS ENTERPRISE FUND - SUB-FUND COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Schedule 10

|   | Utility System<br>Operations | Water<br>Projects  | Sewer<br>Projects  | Utility System<br>Capital Reserve | June 30,           |                    |
|---|------------------------------|--------------------|--------------------|-----------------------------------|--------------------|--------------------|
|   |                              |                    |                    |                                   | 2017               | 2016               |
| <b>OPERATING REVENUES</b>   |                              |                    |                    |                                   |                    |                    |
| Charges for Services  | \$74,415,810                 | --                 | --                 | --                                | 74,415,810         | 70,279,268         |
| Other Operating Revenues  | 2,164,793                    | --                 | --                 | --                                | 2,164,793          | 2,294,731          |
| <b>TOTAL OPERATING REVENUES</b>   | <b>76,580,603</b>            | <b>--</b>          | <b>--</b>          | <b>--</b>                         | <b>76,580,603</b>  | <b>72,573,999</b>  |
| <b>OPERATING EXPENSES</b>   |                              |                    |                    |                                   |                    |                    |
| Administrative  | 9,581,011                    | --                 | --                 | --                                | 9,581,011          | 9,043,687          |
| Field Operations  | 9,783,260                    | --                 | --                 | --                                | 9,783,260          | 8,966,843          |
| Utility Systems Management  | 3,906,790                    | --                 | --                 | --                                | 3,906,790          | 3,406,742          |
| Water Reclamation Facilities  | 10,660,355                   | --                 | --                 | --                                | 10,660,355         | 9,971,169          |
| Cary/Apex Water Treatment Plant   | 6,550,129                    | --                 | --                 | --                                | 6,550,129          | 6,277,117          |
| Miscellaneous Utility System Projects   | --                           | 1,218,625          | 4,054,253          | --                                | 5,272,878          | 2,217,454          |
| Depreciation  | 16,680,476                   | --                 | --                 | --                                | 16,680,476         | 15,763,305         |
| <b>TOTAL OPERATING EXPENSES</b>   | <b>57,162,021</b>            | <b>1,218,625</b>   | <b>4,054,253</b>   | <b>--</b>                         | <b>62,434,899</b>  | <b>55,646,317</b>  |
| <b>OPERATING INCOME (LOSS)</b>  | <b>19,418,582</b>            | <b>(1,218,625)</b> | <b>(4,054,253)</b> | <b>--</b>                         | <b>14,145,704</b>  | <b>16,927,682</b>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                              |                    |                    |                                   |                    |                    |
| Water and Sewer Development Fees  | --                           | --                 | --                 | 14,090,798                        | 14,090,798         | 10,356,978         |
| Investment Earnings, net of market adjustment                                   | 189,540                      | 44,030             | 8,834              | 274,809                           | 517,213            | 2,726,503          |
| Reimbursements  | 75,444                       | --                 | --                 | --                                | 75,444             | 75,444             |
| Miscellaneous Revenue   | --                           | --                 | --                 | 7,948                             | 7,948              | --                 |
| Reimbursement to Governmental Activities for Open Space                         | (862,663)                    | --                 | --                 | --                                | (862,663)          | (890,446)          |
| Interest Expense, net of amount capitalized                                     | (5,728,483)                  | --                 | --                 | --                                | (5,728,483)        | (5,480,595)        |
| Bond Service Expense  | (6,349)                      | --                 | --                 | --                                | (6,349)            | (10,495)           |
| Debt Issuance Expense   | (436,786)                    | --                 | --                 | --                                | (436,786)          | (33,504)           |
| Bond Refunding Loss Amortization  | (417,371)                    | --                 | --                 | --                                | (417,371)          | (395,244)          |
| Sale of Capital Assets  | 57,777                       | --                 | --                 | --                                | 57,777             | 88,646             |
| <b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>                                     | <b>(7,128,891)</b>           | <b>44,030</b>      | <b>8,834</b>       | <b>14,373,555</b>                 | <b>7,297,528</b>   | <b>6,437,287</b>   |
| <b>INCOME (LOSS) BEFORE TRANSFERS<br/>AND CAPITAL CONTRIBUTIONS</b>             | <b>12,289,691</b>            | <b>(1,174,595)</b> | <b>(4,045,419)</b> | <b>14,373,555</b>                 | <b>21,443,232</b>  | <b>23,364,969</b>  |
| Capital Contributions   | 11,945,486                   | --                 | --                 | --                                | 11,945,486         | 9,505,943          |
| Transfers between Sub-Funds, net  | (6,683,797)                  | 3,489,359          | 9,852,761          | (6,658,323)                       | --                 | --                 |
| <b>CHANGE IN NET POSITION</b>   | <b>17,551,380</b>            | <b>2,314,764</b>   | <b>5,807,342</b>   | <b>7,715,232</b>                  | <b>33,388,718</b>  | <b>32,870,912</b>  |
| Adjustment for Internal Service Activities                                      | 337,437                      | --                 | --                 | --                                | 337,437            | (144,430)          |
| <b>CHANGE IN NET POSITION - Business-Type Activities</b>                        | <b>17,888,817</b>            | <b>2,314,764</b>   | <b>5,807,342</b>   | <b>7,715,232</b>                  | <b>33,726,155</b>  | <b>32,726,482</b>  |
| <b>NET POSITION - Beginning of Year, Business-Type Activities</b>               | <b>368,233,381</b>           | <b>131,684,543</b> | <b>177,927,594</b> | <b>44,728,437</b>                 | <b>722,573,955</b> | <b>689,847,473</b> |
| <b>Reclassifications:</b>   |                              |                    |                    |                                   |                    |                    |
| Reclassification of Long-term Debt & Other Liabilities                          | (33,193,623)                 | 29,212,030         | 5,475,540          | (1,493,947)                       | --                 | --                 |
| Reclassification of Capital Assets Transferred<br>from Construction-in-Progress | 47,122,770                   | (5,771,278)        | (41,351,492)       | --                                | --                 | --                 |
| <b>TOTAL NET POSITION - End of Year, Business-Type Activities</b>               | <b>\$400,051,345</b>         | <b>157,440,059</b> | <b>147,858,984</b> | <b>50,949,722</b>                 | <b>756,300,110</b> | <b>722,573,955</b> |

## UTILITY SYSTEM OPERATIONS SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 11

|                                       | 2017              |                   | Variance<br>Positive<br>(Negative) | 2016              |
|---------------------------------------|-------------------|-------------------|------------------------------------|-------------------|
|                                       | Budget            | Actual            |                                    | Actual            |
| <b>REVENUES</b>                       |                   |                   |                                    |                   |
| Operating Revenues                    |                   |                   |                                    |                   |
| Charges for Services                  |                   |                   |                                    |                   |
| Water                                 | \$28,525,778      | 29,554,962        | 1,029,184                          | 28,189,901        |
| Sewer                                 | 43,079,272        | 44,860,848        | 1,781,576                          | 42,089,367        |
| <b>TOTAL CHARGES FOR SERVICES</b>     | <b>71,605,050</b> | <b>74,415,810</b> | <b>2,810,760</b>                   | <b>70,279,268</b> |
| Other Operating Revenues              |                   |                   |                                    |                   |
| Connection Fees                       | 819,426           | 891,869           | 72,443                             | 918,315           |
| Inspection Fees                       | 253,403           | 331,840           | 78,437                             | 392,180           |
| Reconnection Fees                     | 114,621           | 120,711           | 6,090                              | 123,135           |
| Pretreatment Program Fees             | 195,512           | 187,661           | (7,851)                            | 182,230           |
| Cross Connection Inspection Fees      | 276,413           | 262,500           | (13,913)                           | 259,750           |
| Penalties                             | 269,596           | 295,335           | 25,739                             | 312,388           |
| Biosolids product                     | 29,423            | 44,011            | 14,588                             | 44,303            |
| Miscellaneous Revenues                | 16,492            | 30,866            | 14,374                             | 62,430            |
| <b>TOTAL OTHER OPERATING REVENUES</b> | <b>1,974,886</b>  | <b>2,164,793</b>  | <b>189,907</b>                     | <b>2,294,731</b>  |
| <b>TOTAL OPERATING REVENUES</b>       | <b>73,579,936</b> | <b>76,580,603</b> | <b>3,000,667</b>                   | <b>72,573,999</b> |
| NON-OPERATING REVENUES                |                   |                   |                                    |                   |
| Investment Earnings                   | 730,750           | 971,003           | 240,253                            | 718,850           |
| Market Adjustment                     | --                | (781,463)         | (781,463)                          | 310,201           |
| Investment Earnings, net              | 730,750           | 189,540           | (541,210)                          | 1,029,051         |
| <b>TOTAL REVENUES</b>                 | <b>74,310,686</b> | <b>76,770,143</b> | <b>2,459,457</b>                   | <b>73,603,050</b> |
| <b>EXPENDITURES</b>                   |                   |                   |                                    |                   |
| ADMINISTRATIVE                        |                   |                   |                                    |                   |
| Utility Administration (7010)         |                   |                   |                                    |                   |
| Personnel Services                    | 708,997           | 627,037           | 81,960                             | 602,490           |
| Operations & Maintenance              | 93,918            | 72,484            | 21,434                             | 68,491            |
| <b>TOTAL</b>                          | <b>802,915</b>    | <b>699,521</b>    | <b>103,394</b>                     | <b>670,981</b>    |

## UTILITY SYSTEM OPERATIONS SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 11

|  | 2017              |                  | Variance<br>Positive<br>(Negative) | 2016             |
|--|-------------------|------------------|------------------------------------|------------------|
|  | Budget            | Actual           |                                    | Actual           |
| <b>Water Resources (3500)</b>                              |                   |                  |                                    |                  |
| Personnel Services   | \$1,993,522       | 1,727,261        | 266,261                            | 1,559,171        |
| Operations & Maintenance                                   | 447,083           | 297,948          | 149,135                            | 474,372          |
| Capital Outlays  | --                | --               | --                                 | 18,149           |
| Reimbursement from Utility Water Projects                  | --                | --               | --                                 | (24,903)         |
| Reimbursement from Utility Sewer Projects                  | --                | (83,193)         | 83,193                             | (118,415)        |
| <b>TOTAL, net</b>  | <b>2,440,605</b>  | <b>1,942,016</b> | <b>498,589</b>                     | <b>1,908,374</b> |
| <b>Pretreatment (7012)</b>                                 |                   |                  |                                    |                  |
| Personnel Services   | 369,599           | 364,795          | 4,804                              | 349,466          |
| Operations & Maintenance                                   | 50,216            | 32,242           | 17,974                             | 29,932           |
| <b>TOTAL</b>   | <b>419,815</b>    | <b>397,037</b>   | <b>22,778</b>                      | <b>379,398</b>   |
| <b>Utility Accounts (4440)</b>                             |                   |                  |                                    |                  |
| Personnel Services   | 1,256,792         | 1,146,079        | 110,713                            | 1,134,815        |
| Operations & Maintenance                                   | 1,018,302         | 842,535          | 175,767                            | 740,059          |
| Capital Outlays  | 34,000            | 3,558            | 30,442                             | 5,581            |
| <b>TOTAL</b>   | <b>2,309,094</b>  | <b>1,992,172</b> | <b>316,922</b>                     | <b>1,880,455</b> |
| <b>Other Administrative Costs</b>                          |                   |                  |                                    |                  |
| Payment to Health Internal Service Fund                    | 89,430            | 89,430           | --                                 | 109,230          |
| Payment to General Fund for Self Insurance                 | 225,500           | 225,500          | --                                 | 224,238          |
| Payment to General Fund for Indirect Costs                 | 3,323,125         | 3,323,125        | --                                 | 3,331,350        |
| Reimbursement from Apex for Indirect Costs                 | --                | (209,742)        | 209,742                            | (184,084)        |
| <b>TOTAL, net</b>  | <b>3,638,055</b>  | <b>3,428,313</b> | <b>209,742</b>                     | <b>3,480,734</b> |
| <b>TOTAL ADMINISTRATIVE, net</b>                           | <b>9,610,484</b>  | <b>8,459,059</b> | <b>1,151,425</b>                   | <b>8,319,942</b> |
| <b>FIELD OPERATIONS</b>                                    |                   |                  |                                    |                  |
| <b>Water Distribution and Wastewater Collection (7020)</b> |                   |                  |                                    |                  |
| Personnel Services   | 6,493,801         | 6,228,902        | 264,899                            | 5,957,603        |
| Operations & Maintenance                                   | 3,899,367         | 3,423,188        | 476,179                            | 3,014,151        |
| Capital Outlays  | 95,653            | 139,117          | (43,464)                           | 306,237          |
| Reimbursement from Apex                                    | --                | --               | --                                 | (13,360)         |
| <b>TOTAL FIELD OPERATIONS, net</b>                         | <b>10,488,821</b> | <b>9,791,207</b> | <b>697,614</b>                     | <b>9,264,631</b> |

## UTILITY SYSTEM OPERATIONS SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 11

|   | 2017              |                   | Variance<br>Positive<br>(Negative) | 2016              |
|---|-------------------|-------------------|------------------------------------|-------------------|
|   | Budget            | Actual            |                                    | Actual            |
| <b>UTILITY SYSTEMS MANAGEMENT</b>                       |                   |                   |                                    |                   |
| Water and Wastewater Pumping (7030)                     |                   |                   |                                    |                   |
| Personnel Services                                      | \$1,832,628       | 1,760,850         | 71,778                             | 1,675,688         |
| Operations & Maintenance                                | 2,429,749         | 1,948,946         | 480,803                            | 1,654,840         |
| Capital Outlays   | 392,399           | 282,167           | 110,232                            | 145,671           |
| Reimbursement from Apex                                 | --                | --                | --                                 | (32,078)          |
| <b>TOTAL UTILITY SYSTEMS MAINTENANCE, net</b>           | <b>4,654,776</b>  | <b>3,991,963</b>  | <b>662,813</b>                     | <b>3,444,121</b>  |
| <b>WASTEWATER TREATMENT FACILITIES</b>                  |                   |                   |                                    |                   |
| North Cary Wastewater Treatment Facility (7051)         |                   |                   |                                    |                   |
| Personnel Services                                      | 1,504,587         | 1,414,651         | 89,936                             | 1,364,310         |
| Operations & Maintenance                                | 4,322,261         | 3,304,944         | 1,017,317                          | 2,243,559         |
| Capital Outlays   | 103,831           | 100,869           | 2,962                              | 100,083           |
| <b>TOTAL</b>  | <b>5,930,679</b>  | <b>4,820,464</b>  | <b>1,110,215</b>                   | <b>3,707,952</b>  |
| South Cary Wastewater Treatment Facility (7052)         |                   |                   |                                    |                   |
| Personnel Services                                      | 1,841,226         | 1,710,131         | 131,095                            | 1,658,367         |
| Operations & Maintenance                                | 2,771,930         | 2,080,467         | 691,463                            | 2,205,704         |
| Capital Outlays   | 70,000            | 43,360            | 26,640                             | 81,980            |
| <b>TOTAL</b>  | <b>4,683,156</b>  | <b>3,833,958</b>  | <b>849,198</b>                     | <b>3,946,051</b>  |
| Western Wake Regional Water Reclamation Facility (7055) |                   |                   |                                    |                   |
| Personnel Services                                      | 1,650,836         | 1,619,654         | 31,182                             | 1,498,089         |
| Operations & Maintenance                                | 2,351,069         | 1,939,584         | 411,485                            | 2,200,845         |
| Capital Outlays   | 29,600            | 14,801            | 14,799                             | --                |
| Reimbursement from Apex                                 | (1,341,303)       | (1,501,255)       | 159,952                            | (1,328,867)       |
| <b>TOTAL, net</b>                                       | <b>2,690,202</b>  | <b>2,072,784</b>  | <b>617,418</b>                     | <b>2,370,067</b>  |
| <b>TOTAL WASTEWATER TREATMENT FACILITIES, net</b>       | <b>13,304,037</b> | <b>10,727,206</b> | <b>2,576,831</b>                   | <b>10,024,070</b> |
| <b>WATER TREATMENT PLANT (7053)</b>                     |                   |                   |                                    |                   |
| Personnel Services                                      | 2,405,507         | 2,353,571         | 51,936                             | 2,277,574         |
| Operations & Maintenance                                | 6,058,006         | 5,436,556         | 621,450                            | 5,355,467         |
| Capital Outlays   | --                | --                | --                                 | 37,324            |
| Reimbursement from Apex                                 | (1,922,848)       | (1,366,291)       | (556,557)                          | (1,429,955)       |
| <b>TOTAL WATER TREATMENT PLANT, net</b>                 | <b>6,540,665</b>  | <b>6,423,836</b>  | <b>116,829</b>                     | <b>6,240,410</b>  |

## UTILITY SYSTEM OPERATIONS SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 11

|   | 2017              |                   | Variance<br>Positive<br>(Negative) | 2016              |
|---|-------------------|-------------------|------------------------------------|-------------------|
|   | Budget            | Actual            |                                    | Actual            |
| <b>DEBT SERVICE</b>                                       |                   |                   |                                    |                   |
| Long-term Debt Principal Payment                          | \$12,069,399      | 12,063,987        | 5,412                              | 11,804,553        |
| State Revolving Loan Partner Reimbursements               | --                | (75,444)          | 75,444                             | (72,117)          |
| Net Principal Payment                                     | 12,069,399        | 11,988,543        | 80,856                             | 11,732,436        |
| Interest Expense  | 11,766,734        | 11,051,685        | 715,049                            | 11,299,904        |
| State Revolving Loan Partner Reimbursements               | --                | (19,865)          | 19,865                             | (24,855)          |
| Net Interest Expense                                      | 11,766,734        | 11,031,820        | 734,914                            | 11,275,049        |
| TOTAL CARY DEBT SERVICE, net                              | 23,836,133        | 23,020,363        | 815,770                            | 23,007,485        |
| Paid to General Fund for Open Space Debt Service          | 862,663           | 862,663           | --                                 | 890,446           |
| TOTAL DEBT SERVICE  | 24,698,796        | 23,883,026        | 815,770                            | 23,897,931        |
| <b>TOTAL EXPENDITURES</b>                                 | <b>69,297,579</b> | <b>63,276,297</b> | <b>6,021,282</b>                   | <b>61,191,105</b> |
| Revenues Over Expenditures                                | 5,013,107         | 13,493,846        | 8,480,739                          | 12,411,945        |
| <b>OTHER REVENUES (EXPENDITURES)</b>                      |                   |                   |                                    |                   |
| Transfers Out, net  |                   |                   |                                    |                   |
| Sewer Project Sub-Fund                                    | (4,337,488)       | (4,337,488)       | --                                 | (3,790,688)       |
| Water Project Sub-Fund                                    | (2,346,309)       | (2,346,309)       | --                                 | (870,000)         |
| Bond Service Expenses                                     | (27,000)          | (6,349)           | 20,651                             | (10,495)          |
| Debt Issuance Costs & Expenses                            | (600,000)         | (436,786)         | 163,214                            | (33,504)          |
| Debt Issued   | 600,000           | 442,350           | (157,650)                          | 12,233,959        |
| Payment to Escrow for Advance Defeasance of Debt          | --                | --                | --                                 | (12,196,119)      |
| Receipts from Sale of Assets                              | 10,000            | 57,777            | 47,777                             | 107,387           |
| Appropriation from Fund Balance                           | 1,687,690         | --                | (1,687,690)                        | --                |
| TOTAL OTHER EXPENDITURES, net                             | (5,013,107)       | (6,626,805)       | (1,613,698)                        | (4,559,460)       |
| Revenues Over Expenditures (Including Other Expenditures) | \$ --             | 6,867,041         | 6,867,041                          | 7,852,485         |

## UTILITY SYSTEM OPERATIONS SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 11

|  | 2017   |                      | Variance<br>Positive<br>(Negative) | 2016               |
|--|--------|----------------------|------------------------------------|--------------------|
|  | Budget | Actual               |                                    | Actual             |
| ADJUSTMENT TO ACCRUAL BASIS                                |        |                      |                                    |                    |
| Add (Deduct)   |        |                      |                                    |                    |
| Revenue Adjustments:                                       |        |                      |                                    |                    |
| Contributed Assets   |        | \$11,945,486         |                                    | \$9,141,612        |
| Expenditure Adjustments:                                   |        |                      |                                    |                    |
| Unfunded Other Post-Employment Expense                     |        | (931,458)            |                                    | (967,264)          |
| Pension Expense Credit                                     |        | (147,183)            |                                    | 210,266            |
| Capital Outlays  |        | 332,485              |                                    | 466,888            |
| Depreciation   |        | (16,680,476)         |                                    | (15,763,305)       |
| Increase in Compensated Absences Liability                 |        | (238,218)            |                                    | (11,774)           |
| Durham Water Expense                                       |        | (127,000)            |                                    | (135,000)          |
| Long-term Lease Expense, net                               |        | 23,100               |                                    | 64,500             |
| Debt Related Adjustments:                                  |        |                      |                                    |                    |
| Issuance of Long-Term Debt                                 |        | (442,350)            |                                    | (37,840)           |
| Long-term Debt Principal Payment (gross)                   |        | 12,063,987           |                                    | 11,804,552         |
| Bond Premium Amortization & Adjustment                     |        | 1,481,213            |                                    | 1,213,594          |
| Bond Discount Amortization                                 |        | (567)                |                                    | (567)              |
| Deferred Loss on Refunding Amortization                    |        | (417,371)            |                                    | (395,244)          |
| Capitalized Interest                                       |        | 3,910,299            |                                    | 4,490,822          |
| Decrease Debt Interest Payable                             |        | (87,608)             |                                    | 93,933             |
| Other Adjustments:   |        |                      |                                    |                    |
| Loss on Disposal of Assets                                 |        | --                   |                                    | (18,741)           |
| Total Accrual Adjustment                                   |        | <u>10,684,339</u>    |                                    | <u>10,156,432</u>  |
| CHANGE IN NET POSITION                                     |        | 17,551,380           |                                    | 18,008,917         |
| Adjustment for Internal Service Activities                 |        | <u>337,437</u>       |                                    | <u>(144,430)</u>   |
| CHANGE IN NET POSITION - Business-Type Activities          |        | <u>17,888,817</u>    |                                    | <u>17,864,487</u>  |
| NET POSITION - Beginning of Year, Business-Type Activities |        | 368,233,381          |                                    | 338,436,501        |
| Reclassification Between Utility Sub-Funds, net            |        | <u>13,929,147</u>    |                                    | <u>11,932,393</u>  |
| NET POSITION - End of Year, Business-Type Activities       |        | <u>\$400,051,345</u> |                                    | <u>368,233,381</u> |

## WATER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 12

|                             | Project Authorization | Actual       |               | Total To Date |
|-----------------------------|-----------------------|--------------|---------------|---------------|
|                             |                       | Prior Years  | Current Year  |               |
| <b>REVENUES</b>             |                       |              |               |               |
| Investment Earnings         | \$56,214              | 6,214        | 44,030        | 50,244        |
| Raleigh Reimbursement       | 510,000               | --           | --            | --            |
| Miscellaneous Reimbursement | 36,255                | --           | --            | --            |
| Sub-total                   | 602,469               | 6,214        | 44,030        | 50,244        |
| Less: Completed Projects    | (36,255)              | --           | --            | --            |
| <b>TOTAL REVENUES</b>       | <b>566,214</b>        | <b>6,214</b> | <b>44,030</b> | <b>50,244</b> |

**EXPENDITURES**

| <u>Asset-Related Projects</u>  | <u>Project #</u> |            |            |           |            |
|--|------------------|------------|------------|-----------|------------|
| Annexation - Franklin Heights Waterline  | WT5017           | 416,250    | 400,390    | --        | 400,390    |
| Annexation - Pink Acres Street Water Extension   | WT5018           | 130,000    | --         | --        | --         |
| Aquastar *   | WT1123           | 259,947    | --         | 226,655   | 226,655    |
| Aquastar Additional Infrastructure   | WT1228           | 75,000     | --         | --        | --         |
| Arthur Pierce Road Water Line Connector  | WT1252           | 500,000    | --         | --        | --         |
| Bobcat - Replacement - #1447 - Water *   | WT1253           | 44,177     | --         | 40,398    | 40,398     |
| Cary / Raleigh Water System Mutual Aid Interconnection Project                                   | WT1195           | 1,313,000  | 826,956    | 32,021    | 858,977    |
| Cary Parkway NC54 Waterline Connector  | WT1207           | 200,000    | 5,986      | --        | 5,986      |
| Cary Parkway Southwest Water Line Extension  | WT1161           | 8,650,000  | 404,310    | 19,093    | 423,403    |
| Cary/Apex Water Treatment Facility – Equipment Storage Building                                  | WT1236           | 50,000     | --         | --        | --         |
| Cary/Apex Water Treatment Facility – Gas Chromotography Mass Spectrometer *                      | WT1237           | 175,000    | --         | 173,472   | 173,472    |
| Cary/Apex Water Treatment Facility – Jordan Lake Allocation Capital Costs                        | WT1239           | 655,743    | --         | --        | --         |
| Cary/Apex Water Treatment Facility – New Clearwell   | WT1240           | 5,400,000  | --         | --        | --         |
| Cary/Apex Water Treatment Plant - Phase III Expansion  | WT1148           | 77,500,000 | 65,180,449 | 6,353,651 | 71,534,100 |
| Cary/Apex Water Treatment Plant - Air Release Valve Upgrades for 42-inch Water Transmission Line | WT1206           | 1,075,000  | 83,060     | 24,872    | 107,932    |
| Cary/Apex Water Treatment Plant - Lake Aeration Mixing System                                    | WT1163           | 4,876,000  | 399,234    | 4,136,865 | 4,536,099  |
| Cary/Apex Water Treatment Plant - Raw Water Transmission Pipeline                                | WT1194           | 22,250,000 | 1,518,982  | 1,214,971 | 2,733,953  |
| Cary/Apex Water Treatment Plant - Residuals Transfer Pump Replacements                           | WT1221           | 250,000    | --         | --        | --         |
| Cary-Apex-Chatham Interconnection  | WT1254           | 50,000     | --         | --        | --         |
| Cary-Apex-Holly Springs Interconnection  | WT1255           | 100,000    | --         | --        | --         |

## WATER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

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Schedule 12

|  | Project # | Project Authorization | Actual      |              | Total To Date |
|--|-----------|-----------------------|-------------|--------------|---------------|
|  |           |                       | Prior Years | Current Year |               |
| <i>Asset-Related Projects (cont'd)</i>                           |           |                       |             |              |               |
| Crossroads Ground Storage Tank and Booster Pump Station          | WT1242    | \$5,600,000           | --          | 76,124       | 76,124        |
| Davis Drive Booster Pump Station Modifications                   | WT1257    | 125,000               | --          | --           | --            |
| Extend Water Mains - FY 2014 *                                   | WT1222    | 250,000               | 25,746      | 222,738      | 248,484       |
| Extend Water Mains - FY 2017                                     | WT1259    | 306,216               | --          | --           | --            |
| Green Level Church Road Water Line - Phase I *                   | WT1128    | 1,051,000             | 992,590     | (20)         | 992,570       |
| Green Level West Road Water Line - Phase III                     | WT1212    | 2,400,000             | --          | --           | --            |
| Green Level West Road Water Line Phase I                         | WT1129    | 3,571,000             | 2,582,699   | 82,011       | 2,664,710     |
| Holly Brook Subdivision Water Lines                              | WT1244    | 2,776,439             | 48,128      | 93,264       | 141,392       |
| Holly Springs Road Waterline *                                   | WT1054    | 1,750,000             | 986,206     | 400,156      | 1,386,362     |
| Holt Road to Davis Drive Water Line Connection                   | WT1166    | 1,920,000             | 38,392      | 10,570       | 48,962        |
| Jenks-Carpenter/Holt Road Water Line Reinforcement               | WT1178    | 3,053,000             | 20,611      | --           | 20,611        |
| Kildaire Farm Road Water Line Reinforcement - Central            | WT1245    | 3,100,000             | --          | 5,950        | 5,950         |
| Kilmayne Water Storage Tank                                      | WT1214    | 7,000,000             | 1,120,873   | 44,768       | 1,165,641     |
| Kit Creek Road Water Line Connection                             | WT1223    | 725,000               | 17,295      | 19,079       | 36,374        |
| Large Valve Repair/Replacement - FY 2009                         | WT1167    | 200,000               | 138,515     | --           | 138,515       |
| MM - Upgrade Water Lines - FY 2011 *                             | WT1182    | 436,000               | --          | --           | --            |
| MM - Upgrade Water Lines FY2007 *                                | WT1135    | 1,031,720             | 390,490     | --           | 390,490       |
| NC-540 Western Wake Parkway Water Conflicts                      | WT1171    | 4,606,460             | 3,756,185   | --           | 3,756,185     |
| NC55 Water Line Extension - Phase II                             | WT1097    | 2,337,000             | 9,438       | --           | 9,438         |
| New Water Storage Tank Sites                                     | WT1260    | 1,000,000             | --          | --           | --            |
| Old Apex Road Water Line Reinforcement                           | WT1172    | 1,694,000             | 5,987       | --           | 5,987         |
| Old Apex Tank Flow Meter and Control Valve and Vault             | WT1198    | 125,000               | 104,223     | --           | 104,223       |
| Old Apex Tank Modeling Study and Additional Storage Improvements | WT1199    | 630,000               | 365,001     | --           | 365,001       |
| Plumtree Tank Modifications                                      | WT1216    | 2,050,000             | 1,363,873   | 168,729      | 1,532,602     |
| TCAP - Streetscape Water Upgrade                                 | WT1157    | 1,313,000             | 708,955     | 76,418       | 785,373       |
| Towerview Court Water Line Interconnection                       | WT1261    | 75,000                | --          | --           | --            |
| Truck, Dump, 10-11 Cubic Yards - #1977 - Replacement - Water *   | WT1262    | 127,110               | --          | 125,055      | 125,055       |

## WATER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

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Schedule 12

|   | Project # | Project Authorization | Actual       |              | Total To Date |
|---|-----------|-----------------------|--------------|--------------|---------------|
|   |           |                       | Prior Years  | Current Year |               |
| <b><u>Asset-Related Projects (cont'd)</u></b>                                 |           |                       |              |              |               |
| Truck, Dump, 12 - 14 Cubic Yard - #2079 - Replacement - Water                 | WT1263    | \$161,059             | --           | --           | --            |
| Truck, With Crane, 0 - 25 Feet - #2309 - Replacement - Water *                | WT1264    | 129,401               | --           | 129,401      | 129,401       |
| Upgrade Water Lines - FY 2013 *   | WT1217    | 831,600               | 815,675      | --           | 815,675       |
| Upgrade Water Lines - FY 2014 *   | WT1225    | 1,000,000             | 987,187      | --           | 987,187       |
| Upgrade Water Lines - FY 2015   | WT1234    | 600,000               | 506,791      | 71,795       | 578,586       |
| Upgrade Water Lines - FY 2016   | WT1247    | 5,000,000             | 2,431,381    | 1,764,374    | 4,195,755     |
| Upgrade Water Lines - FY 2017   | WT1265    | 5,000,000             | --           | 573,208      | 573,208       |
| Valve Operating and Exercising Machine *                                      | WT1266    | 100,000               | --           | 99,460       | 99,460        |
| Water Line Oversizings - FY 2016 *  | WT1248    | 145,000               | --           | 130,100      | 130,100       |
| Water Line Oversizings - FY 2017  | WT1267    | 152,000               | --           | --           | --            |
| Water Line Relocation NCDOT U4716 *   | WT1220    | 258,961               | 172,640      | 7,465        | 180,105       |
| Water Line Upgrades - FY 2007 *   | WT1138    | 396,000               | 390,104      | --           | 390,104       |
| Water Main Extensions - FY 2016   | WT1243    | 302,777               | 8,000        | 38,252       | 46,252        |
| Water System Monitoring Protection Project                                    | WT1156    | 608,000               | 1,000        | --           | 1,000         |
| Western Cary Water Storage Tank   | WT1189    | 9,310,000             | 1,352,079    | 338,063      | 1,690,142     |
| Wimberly Road Water Line  | WT1142    | 4,306,000             | 85,200       | 252,180      | 337,380       |
| Less: Local Government Reimbursements   |           | (26,872,787)          | (15,872,582) | (2,427,988)  | (18,300,570)  |
| Total Expenditures  |           | 174,651,073           | 72,372,049   | 14,523,150   | 86,895,199    |
| Less: Completed Projects (noted by *)   |           | (7,945,666)           | (4,760,640)  | (1,514,981)  | (6,275,621)   |
| Construction in Progress  |           | 166,705,407           | 67,611,409   | 13,008,169   | 80,619,578    |
| <b><u>Expense Projects</u></b>  |           |                       |              |              |               |
| Cary/Apex Water Treatment Facility – Improvements Project – FY 2016           | WT1238    | 30,000                | --           | --           | --            |
| Cary/Apex Water Treatment Facility – Process Basin Rehabilitation/Restoration | WT1241    | 4,000,000             | --           | 257,620      | 257,620       |
| Cary/Apex Water Treatment Plant - Clearwell Repainting                        | WT1231    | 175,000               | 3,200        | --           | 3,200         |
| Cary/Apex Water Treatment Plant - Improvements Project - FY 2015              | WT1230    | 105,000               | 42,520       | --           | 42,520        |
| Cary/Apex Water Treatment Plant - Ozone Generator Reconditioning              | WT1232    | 200,000               | 149,576      | 41,200       | 190,776       |
| Cary/Apex Water Treatment Plant - Raw Water Line Cleaning                     | WT1209    | 200,000               | 75,844       | --           | 75,844        |
| Elevated Water Storage Tank Repainting - Carpenter Tank                       | WT1258    | 150,000               | --           | --           | --            |
| Harrison Elevated Water Tank Renovation                                       | WT1213    | 800,000               | 632,823      | 1,988        | 634,811       |

## WATER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

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|   | Project # | Project Authorization | Actual            |                   | Total To Date     |
|---|-----------|-----------------------|-------------------|-------------------|-------------------|
|   |           |                       | Prior Years       | Current Year      |                   |
| <i>Expense Projects (cont'd)</i>  |           |                       |                   |                   |                   |
| Jordan Lake Partnership   | WT1177    | \$367,500             | 163,492           | 47,697            | 211,189           |
| Long Range Water Resources Plan   | WT1193    | 1,604,607             | 1,216,056         | 231,741           | 1,447,797         |
| MM - Utility Merger Study *   | WT1116    | 1,225,140             | 1,074,421         | 142               | 1,074,563         |
| NCDOT P-5201 Morrisville Pkwy RR Grade Sep  | WT1227    | 238,504               | 202               | --                | 202               |
| Pressure Zone Separation Control Valve Improvements                               | WT1200    | 25,000                | 2,938             | --                | 2,938             |
| Remote Water System Programmable Logic Controller Replacements and SCADA Upgrades | WT1233    | 150,000               | 4,906             | --                | 4,906             |
| Throttling Valve at Surles Court Pump Station                                     | WT1246    | 100,000               | --                | 62,423            | 62,423            |
| Water Main Condition Assessment Program   | WT1191    | 325,000               | 122,526           | 6,600             | 129,126           |
| Water Resource Planning and Management *  | WT1070    | 555,178               | 554,622           | --                | 554,622           |
| Water Resources Master Plan   | WT1249    | 500,000               | --                | 20,097            | 20,097            |
| Water System - Air Release Valve Replacements                                     | WT1268    | 150,000               | --                | --                | --                |
| Water System - Critical Water Line Locating and Testing                           | WT1250    | 350,000               | --                | 113,502           | 113,502           |
| Water System - Valve Replacements - FY 2016                                       | WT1251    | 125,000               | --                | --                | --                |
| Water System - Valve Replacements - FY 2017                                       | WT1256    | 125,000               | --                | --                | --                |
| Water System Pressure Monitoring *  | WT1205    | 100,000               | --                | --                | --                |
| Water System Water Quality Enhancements   | WT1219    | 150,000               | --                | --                | --                |
| Less: Local Government Reimbursements   |           | (1,083,300)           | (62,362)          | (68,729)          | (131,091)         |
| Total Expenditures  |           | 10,667,629            | 3,980,764         | 714,281           | 4,695,045         |
| Less: Completed Projects (noted by *)   |           | (1,880,318)           | (1,629,042)       | (142)             | (1,629,184)       |
| Other Projects-in-Progress  |           | 8,787,311             | 2,351,722         | 714,139           | 3,065,861         |
| <b>TOTAL EXPENDITURES</b>   |           | <b>185,318,702</b>    | <b>76,352,813</b> | <b>15,237,431</b> | <b>91,590,244</b> |
| Total Completed Projects  |           | (9,825,984)           | (6,389,682)       | (1,515,123)       | (7,904,805)       |
| <b>TOTAL PROJECT IN PROGRESS</b>  |           | <b>175,492,718</b>    | <b>69,963,131</b> | <b>13,722,308</b> | <b>83,685,439</b> |
| Revenues Under Expenditures   |           | (174,926,504)         | (69,956,917)      | (13,678,278)      | (83,635,195)      |

## WATER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
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Schedule 12

|  |               | Actual      |  |               |
|--|---------------|-------------|--|---------------|
|  | Project       | Prior       | Current  | Total         |
|  | Authorization | Years       | Year   | To Date       |
| OTHER FINANCING SOURCES                                  |               |             |  |               |
| Sale of Surplus Assets & Material                        | \$324,059     | 213,338     | --   | 213,338       |
| Debt Issued  | 80,876,091    | 40,486,480  | 26,037,111   | 66,523,591    |
| Premium Related to Debt Issued                           | 3,174,919     | --          | 3,174,919  | 3,174,919     |
| State Revolving Loan                                     | 2,617,514     | 2,499,183   | --   | 2,499,183     |
| Transfers In, net  |               |             |  |               |
| Utility System Operations Sub-Fund                       | 6,505,697     | 4,259,754   | 2,346,309  | 6,606,063     |
| Capital Reserve Sub-Fund                                 | 91,217,954    | 88,200,336  | 1,143,050  | 89,343,386    |
| TOTAL OTHER FINANCING SOURCES                            | 184,716,234   | 135,659,091 | 32,701,389   | 168,360,480   |
| Less: Completed Projects                                 | (9,789,730)   | (9,675,369) | 1,770,564  | (7,904,805)   |
| Total Other Financing Sources, net of completed projects | 174,926,504   | 125,983,722 | 34,471,953   | 160,455,675   |
| Increase   | --            | 56,026,805  | 20,793,675   | 76,820,480    |
| Adjustment for Closed Projects                           | --            | 3,285,687   | (3,285,687)  | --            |
| FUND BALANCE   | \$ --         | 59,312,492  | 17,507,988   | 76,820,480    |
| ADJUSTMENT TO ACCRUAL BASIS                              |               |             |  |               |
| Add (Deduct)   |               |             |  |               |
|  |               |             | Construction-in-Progress Current Year                      | 14,523,150    |
|  |               |             | Construction-in-Progress Write-Off                         | (504,344)     |
| Grant Revenue Earned in Previous Years                   |               |             |  |               |
|  |               |             | Debt proceeds & Related Premium                            | (29,212,030)  |
|  |               |             | CHANGE IN NET POSITION                                     | 2,314,764     |
|  |               |             | NET POSITION - Beginning of Year, Business-Type Activities | 131,684,543   |
|  |               |             | Reclassification Between Utility Sub-Funds, net            | 23,440,752    |
|  |               |             | NET POSITION - End of Year, Business-Type Activities       | \$157,440,059 |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

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### Schedule 13

|   | Project<br>Authorization | Actual           |                 |                  |
|---|--------------------------|------------------|-----------------|------------------|
|   |                          | Prior<br>Years   | Current<br>Year | Total<br>To Date |
| <b>REVENUES</b>                               |                          |                  |                 |                  |
| Intergovernmental Grants                      | \$1,215,676              | 1,215,676        | --              | 1,215,676        |
| Investment Earnings                           | 291,752                  | 291,751          | 8,834           | 300,585          |
| Developer Reimbursements (Paid by Developers) | 272,669                  | 126,169          | --              | 126,169          |
| Miscellaneous Reimbursements                  | 768,842                  | 767,993          | --              | 767,993          |
| <b>TOTAL REVENUES</b>                         | <b>2,548,939</b>         | <b>2,401,589</b> | <b>8,834</b>    | <b>2,410,423</b> |
| Less: Completed Projects                      | (515,930)                | (506,246)        | (8,834)         | (515,080)        |
| Total Revenues, net of completed projects     | 2,033,009                | 1,895,343        | --              | 1,895,343        |

### EXPENDITURES

| <u>Asset-Related Projects</u>  | <u>Project #</u> |           |           |         |           |
|--|------------------|-----------|-----------|---------|-----------|
| Annexation - Franklin Heights Sewer Line                                 | SW5017           | 787,000   | 706,248   | 7,970   | 714,218   |
| Annexation - Pink Acres Street Sewer Extension                           | SW5018           | 215,000   | 4,960     | 1,835   | 6,795     |
| Biosolid Aeration System Improvements                                    | SW1154           | 2,500,000 | 2,059,491 | 8,212   | 2,067,703 |
| Blanche Drive Area Sewer Improvements                                    | SW1257           | 175,000   | --        | --      | --        |
| Blanche Drive Pump Station Expansion - Inflow and Infiltration Reduction | SW1258           | 1,200,000 | --        | --      | --        |
| Bobcat - Replacement - #2287 - Sewer FY 2017 *                           | SW1304           | 93,503    | --        | 80,937  | 80,937    |
| Carystone Pump Station Elimination                                       | SW1184           | 410,000   | 1,405     | 10,925  | 12,330    |
| Copperleaf Reserve Easement Acquisition                                  | SW1256           | 205,000   | 113,304   | 3,730   | 117,034   |
| Crabtree Interceptor/York Interceptor Improvements                       | SW1155           | 475,000   | 253,836   | 7,155   | 260,991   |
| Extend Reclaimed Water Mains - FY 2012                                   | SW1223           | 105,000   | --        | --      | --        |
| Extend Reclaimed Water Mains - FY 2013                                   | SW1241           | 110,250   | --        | --      | --        |
| Extend Reclaimed Water Mains - FY 2016                                   | SW1286           | 127,628   | --        | --      | --        |
| Force Main Inspection & Rehabilitation - FY 2008                         | SW1156           | 3,600,000 | 2,155,186 | 589,963 | 2,745,149 |
| Force Main Inspection and Rehabilitation - FY 2010                       | SW1202           | 2,500,000 | --        | 253,190 | 253,190   |
| Glenridge Pump Station Improvements *                                    | SW1224           | 175,000   | 67,361    | 1,070   | 68,431    |
| Green Level Interceptor  | SW1130           | 7,510,969 | 7,059,137 | 89,297  | 7,148,434 |
| Holly Brook - Phase I, II and III Sewer Extension                        | SW1288           | 2,886,706 | 377,610   | 28,800  | 406,410   |
| Holly Springs Road Sewer Rehabilitation                                  | SW1259           | 365,000   | 282,319   | (6,416) | 275,903   |
| Jack Branch Interceptor  | SW1269           | 1,150,000 | 5,745     | 1,195   | 6,940     |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

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### Schedule 13

|   | Project # | Project Authorization | Actual      |              |               |
|---|-----------|-----------------------|-------------|--------------|---------------|
|   |           |                       | Prior Years | Current Year | Total To Date |
| <i>Asset-Related Projects (cont'd)</i>                              |           |                       |             |              |               |
| Kensington Pump Station Connection to Downstream Gravity Sewer *    | SW1226    | \$65,000              | 49,825      | --           | 49,825        |
| Kit Creek Basin Sanitary Sewer                                      | SW1115    | 971,548               | 47,500      | --           | 47,500        |
| Kit Creek Pump Station Improvements                                 | SW1235    | 1,300,000             | 1,280,170   | --           | 1,280,170     |
| Lower Swift Creek Parallel Interceptor                              | SW1247    | 3,150,000             | 81,695      | --           | 81,695        |
| Lynn's Branch Parallel Interceptor                                  | SW1270    | 250,000               | --          | --           | --            |
| MacGregor Pump Station Elimination                                  | SW1186    | 360,000               | 3,084       | 129          | 3,213         |
| Miscellaneous Pump Station Grinder Exchange/Rebuild Project *       | SW1237    | 240,000               | 236,501     | 1,134        | 237,635       |
| MM - Kit Creek Basin Sanitary Sewers                                | SW1132    | 5,471,452             | 3,004,434   | 4,102        | 3,008,536     |
| MM - Northwest Cary Wastewater Conveyance to WWRWRF                 | SW1157    | 818,000               | 745,698     | 64,106       | 809,804       |
| MM - Paramount Pump Station Elimination                             | SW1191    | 2,010,000             | 28,977      | 115,074      | 144,051       |
| MM - Replacement/ Rehabilitation Sewer Main - FY 2007 *             | SW1134    | 1,161,300             | 1,079,787   | 81,473       | 1,161,260     |
| MM - Replacement/Rehabilitation of Existing Sewer Mains - FY 2008 * | SW1159    | 580,650               | --          | 580,650      | 580,650       |
| MM - Telemetry Upgrades for Morrisville WW Pump Stations            | SW1127    | 160,000               | 129,848     | 75,498       | 205,346       |
| MM - York Interceptor Basin Improvements                            | SW1260    | 1,650,000             | --          | 1,376,914    | 1,376,914     |
| Morris Branch Pump Station Improvements                             | SW1238    | 800,000               | 782,186     | --           | 782,186       |
| Nancy Branch Interceptor Capacity Improvements                      | SW1249    | 1,400,000             | --          | --           | --            |
| NCWRF - Diffused Air System   | SW1290    | 6,800,000             | --          | 85,880       | 85,880        |
| NCWRF - Odor Control *  | SW1102    | 1,982,960             | 1,529,161   | 15,521       | 1,544,682     |
| NCWRF Contingency Improvements *                                    | SW1229    | 355,000               | 348,355     | 5,490        | 353,845       |
| NCWRF - Mobile Engine Driven Pump Replacement *                     | SW1307    | 90,000                | --          | 87,135       | 87,135        |
| Northwestern Area/Jordan Lake Reclaimed Water Project Phase II      | SW1138    | 7,457,176             | 4,925,681   | 78,210       | 5,003,891     |
| RDU Center Pump Station Force Main Replacement                      | SW1308    | 1,570,000             | --          | --           | --            |
| Reclaimed Water Line Oversizings - FY 2015 *                        | SW1275    | 144,700               | 24,726      | --           | 24,726        |
| Reclaimed Water Line Oversizings - FY 2016 *                        | SW1297    | 150,000               | 30,830      | 98,976       | 129,806       |
| Reclaimed Water Line Oversizings - FY 2017                          | SW1309    | 159,500               | --          | --           | --            |
| Reclaimed Water Main Extensions - FY 2017                           | SW1305    | 134,010               | --          | --           | --            |
| Sanitary Sewer Oversizings - FY 2016 *                              | SW1298    | 185,000               | --          | --           | --            |
| Sanitary Sewer Oversizings - FY 2017                                | SW1310    | 190,000               | --          | --           | --            |
| SCADA Conversion - North Cary Water Reclamation Facility            | SW1263    | 1,250,000             | 4,860       | 21,919       | 26,779        |
| Sewer Flow Management Modeling Scenarios                            | SW1264    | 300,000               | 25,769      | 20,727       | 46,496        |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 13

|  | Project # | Project Authorization | Actual      |              |               |
|--|-----------|-----------------------|-------------|--------------|---------------|
|  |           |                       | Prior Years | Current Year | Total To Date |
| <i>Asset-Related Projects (cont'd)</i>   |           |                       |             |              |               |
| Sewer System Repair/Rehabilitation - FY 2011 *   | SW1212    | \$1,233,540           | 1,233,540   | --           | 1,233,540     |
| Sewer System Repair/Rehabilitation - FY 2012   | SW1232    | 1,294,052             | 167,301     | 1,126,690    | 1,293,991     |
| Sewer System Repair/Rehabilitation - FY 2013   | SW1245    | 500,000               | --          | 500,000      | 500,000       |
| Sewer System Repair/Rehabilitation - FY 2015   | SW1279    | 1,600,000             | 3,295       | 1,021,884    | 1,025,179     |
| Sewer System Repair/Rehabilitation - FY 2016   | SW1303    | 2,730,407             | 351,566     | 38,625       | 390,191       |
| Sewer System Repair/Replacement - FY 2017  | SW1315    | 5,985,982             | --          | --           | --            |
| SCWRF Headworks Upgrades   | SW1217    | 525,000               | 448,943     | --           | 448,943       |
| SCWRF Improvements Project   | SW1266    | 435,000               | 248,145     | 11,875       | 260,020       |
| SCWRF - Replacement High Efficiency Turbo Blower - FY 2014                             | SW1265    | 250,000               | 192,440     | 44,600       | 237,040       |
| SCWRF - Thermal Biosolids Dryer - Dewatered Cake Pump                                  | SW1301    | 225,000               | 21,950      | 21,950       | 43,900        |
| Swift Creek Pump Station Parallel Force Main *   | SW1170    | 11,181,773            | 10,673,765  | --           | 10,673,765    |
| Swift Creek Regional Pumping Station Improvements<br>(Existing Equipment Improvements) | SW1171    | 1,538,239             | 1,028,056   | 34,168       | 1,062,224     |
| TCAP - Streetscape Sewer Upgrade   | SW1177    | 1,278,000             | 456,757     | 193,479      | 650,236       |
| Terrace II Pump Station Elimination  | SW1287    | 250,000               | --          | 2,750        | 2,750         |
| Town Hall Drive Pump Station Elimination *   | SW1172    | 215,000               | 213,138     | --           | 213,138       |
| Truck, Dump, 10-11 Cubic Yard - Replacement - #1976 - Sewer *                          | SW1316    | 127,110               | --          | 125,055      | 125,055       |
| Upper Crabtree Creek Pump Station, Force Main and Interceptor Parallel                 | SW1239    | 3,080,000             | 254,382     | --           | 254,382       |
| Van with CCTV - Replacement - #1685 - Sewer *  | SW1317    | 304,000               | --          | 296,310      | 296,310       |
| Walnut Creek Pump Station Electrical Improvements                                      | SW1174    | 450,000               | 423,743     | 8,745        | 432,488       |
| Wastewater Collection System Odor Improvements - Town-Wide *                           | SW1234    | 175,000               | 174,087     | --           | 174,087       |
| Wastewater Pump Station Improvements   | SW1175    | 1,794,014             | 1,170,201   | 28,474       | 1,198,675     |
| Wastewater Pump Station Improvements - FY 2017   | SW1319    | 604,213               | --          | 13,460       | 13,460        |
| Wastewater Pump Station Parallel Force Main - FY 2017                                  | SW1320    | 6,370,452             | --          | 6,320        | 6,320         |
| Wastewater Pump Station Parallel Force Mains   | SW1176    | 7,154,548             | 3,991,450   | 28,346       | 4,019,796     |
| Wastewater SCADA Project   | SW1121    | 1,266,694             | 252,153     | 767,225      | 1,019,378     |
| Western Cary Collection System Odor Control  | SW1105    | 930,000               | 927,366     | --           | 927,366       |
| Winding Pine Regional Pump Station, Gravity Sewer and Force Main                       | SW1284    | 1,800,000             | --          | 44,055       | 44,055        |
| WWRWMF - Beaver Creek Force Main *   | SW1147    | 27,492,027            | 16,625,792  | --           | 16,625,792    |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 13

|  | Project          | Actual       |              |             |              |
|--|------------------|--------------|--------------|-------------|--------------|
|  |                  | Prior        | Current      | Total       |              |
|  | Authorization    | Years        | Year         | To Date     |              |
| <u>Asset-Related Projects (cont'd)</u>                           |                  |              |              |             |              |
|  | <u>Project #</u> |              |              |             |              |
| WWRWMF - Beaver Creek Pump Station                               | SW1146           | \$20,157,682 | 15,673,793   | 104,548     | 15,778,341   |
| WWRWMF - W Cary Force Main South                                 | SW1144           | 9,943,176    | 6,137,593    | --          | 6,137,593    |
| WWRWMF - W Cary Pump Station Upgrade                             | SW1143           | 11,279,482   | 8,933,301    | 67,473      | 9,000,774    |
| WWRWMF - Reedy Branch Gravity Sewer Interceptor *                | SW1145           | 12,304,175   | 6,468,455    | --          | 6,468,455    |
| WWRWMF - Beaver Creek Gravity Sewer *                            | SW1178           | 2,065,000    | 1,343,372    | --          | 1,343,372    |
| WWRWMF - Beaver Creek Trunk Sewer *                              | SW1179           | 4,800,000    | 3,349,685    | --          | 3,349,685    |
| WWRWMF - Effluent Pipeline Phase 1 *                             | SW1181           | 2,385,901    | 1,603,095    | --          | 1,603,095    |
| WWRWMF - Effluent Pipeline Phase 2                               | SW1182           | 30,720,840   | 22,642,366   | --          | 22,642,366   |
| WWRWMF - Effluent Pump Station *                                 | SW1124           | 8,957,953    | 6,861,603    | --          | 6,861,603    |
| WWRWMF - Holly Springs Effluent Force Main *                     | SW1180           | 39,374       | 38,524       | --          | 38,524       |
| WWRWMF - New Water Reclamation Facility *                        | SW1123           | 4,137,168    | --           | 119,742     | 119,742      |
| WWRWMF - Process and Instrumentation Analyzers *                 | SW1318           | 35,000       | --           | 33,360      | 33,360       |
| WWRWMF - Project Management *                                    | SW1125           | 2,595,224    | 2,153,107    | --          | 2,153,107    |
| WWRWMF - Water & Sewer Policy Implementation                     | SW1200           | 2,358,645    | 1,309,637    | 63,850      | 1,373,487    |
| WWRWMF - SCADA   | SW1148           | 3,570,954    | 3,520,113    | 420         | 3,520,533    |
| Less: Local Government Reimbursements                            |                  | (31,455,202) | (23,846,311) | (74,466)    | (23,920,777) |
| Total Expenditures   |                  | 230,432,775  | 122,492,092  | 8,419,739   | 130,911,831  |
| Less: Completed Projects (noted by *)                            |                  | (62,776,196) | (42,596,692) | (1,474,798) | (44,071,490) |
| Construction in Progress   |                  | 167,656,579  | 79,895,400   | 6,944,941   | 86,840,341   |
| <u>Expense Projects</u>  |                  |              |              |             |              |
| Cleaning and Video Surveying of Sewer Interceptors - FY 2010     | SW1203           | 2,436,300    | 1,068,427    | 488,694     | 1,557,121    |
| Demolition of Lagoons - South Cary Water Reclamation Facility    | SW1251           | 325,000      | 28,330       | 4,060       | 32,390       |
| Force Main Discharge Manhole Coating                             | SW1091           | 215,600      | 81,564       | 134,036     | 215,600      |
| Force Main Easement Clearing Project - Survey and Clear          | SW1252           | 200,000      | 43,981       | 26,863      | 70,844       |
| NCWRF - Clarifier Equipment Repair and Replacement               | SW1291           | 200,000      | --           | 196,439     | 196,439      |
| NCWRF - Diffuser and Air Piping Replacement - Digester #1 and #2 | SW1292           | 500,000      | 34,536       | --          | 34,536       |
| NCWRF - Administration Building Roof                             | SW1289           | 240,000      | 231,940      | --          | 231,940      |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 13

|   | Project         | Actual                |             |              |               |
|---|-----------------|-----------------------|-------------|--------------|---------------|
|   |                 | Project Authorization | Prior Years | Current Year | Total To Date |
| <u>Expense Projects</u>   | <u>Project#</u> |                       |             |              |               |
| NCWRF - HVAC Replacement *  | SW1306          | \$15,000              | --          | 13,663       | 13,663        |
| NCWRF - Mixer Replacements  | SW1254          | 500,000               | 289,805     | 201,559      | 491,364       |
| NCWRF - Pavement Repairs  | SW1272          | 50,000                | 10,712      | 37,523       | 48,235        |
| NCWRF - Valve Replacements *  | SW1294          | 225,000               | 80,564      | 35,867       | 116,431       |
| NCWRF - Variable Frequency Drive Replacement  | SW1274          | 200,000               | 149,971     | 23,932       | 173,903       |
| NCWRF - Variable Frequency Drive Replacement  | SW1295          | 200,000               | --          | --           | --            |
| Pump Station Variable Frequency Drive Replacements                                  | SW1296          | 125,000               | --          | --           | --            |
| Reclaimed Water System Blowoff Metering   | SW1276          | 210,000               | 8,565       | --           | 8,565         |
| SCWRF - Aeration Basin and Air Header Repairs                                       | SW1280          | 175,000               | 101,233     | --           | 101,233       |
| SCWRF - Ultra Violet System Restoration and Power Surge Suppression *               | SW1282          | 200,000               | 170,121     | 8,869        | 178,990       |
| SCWRF - Thermal Dryer – Centrifuge Rebuild  | SW1300          | 175,000               | --          | 64,016       | 64,016        |
| SCWRF - Clarifier Equipment Repair and Replacement                                  | SW1311          | 200,000               | --          | --           | --            |
| SCWRF - Generator Automated Transfer Switch Replacement                             | SW1312          | 90,000                | --          | --           | --            |
| SCWRF - Roof Replacement  | SW1299          | 74,300                | --          | 56,488       | 56,488        |
| SCWRF - Thermal Biosolids Dryer - Dewatered Cake Mixer Repair/Replacement           | SW1313          | 100,000               | --          | --           | --            |
| SCWRF - Thermal Biosolids Dryer - Induction Fan Replacement                         | SW1314          | 100,000               | --          | --           | --            |
| SCWRF - Thermal Biosolids Dryer - Rotary Drum Replacement                           | SW1302          | 1,200,000             | --          | --           | --            |
| Swift Creek Regional Pumping Station Improvements (Existing Equipment Improvements) | SW1171          | 51,761                | 31,761      | --           | 31,761        |
| Updated Reclaimed Water System Master Plan  | SW1211          | 350,000               | 248,799     | 25,900       | 274,699       |
| Walnut Creek Pump Station Check Valve Replacement and Wet Well Piping Repairs       | SW1240          | 265,000               | 123,121     | 16,345       | 139,466       |
| Wastewater System Flow Study - FY 2014 *  | SW1268          | 175,000               | 174,371     | --           | 174,371       |
| Total Expenditures  |                 | 8,797,961             | 2,877,801   | 1,334,254    | 4,212,055     |
| Less: Completed Projects (noted by *)   |                 | (855,000)             | (656,996)   | (58,399)     | (715,395)     |
| Other Projects-in-Progress  |                 | 7,942,961             | 2,220,805   | 1,275,855    | 3,496,660     |

## SEWER PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 13

|  | Project<br>Authorization | Actual         |                 | Total<br>To Date |
|--|--------------------------|----------------|-----------------|------------------|
|  |                          | Prior<br>Years | Current<br>Year |                  |
| TOTAL EXPENDITURES                                       | \$239,230,736            | 125,369,893    | 9,753,993       | 135,123,886      |
| Total Completed Projects                                 | (63,631,196)             | (43,253,688)   | (1,533,197)     | (44,786,885)     |
| TOTAL PROJECTS IN PROGRESS                               | 175,599,540              | 82,116,205     | 8,220,796       | 90,337,001       |
| Revenues Under Expenditures                              | (173,566,531)            | (80,220,862)   | (8,220,796)     | (88,441,658)     |
| OTHER FINANCING SOURCES                                  |                          |                |                 |                  |
| State Revolving Loan                                     | 1,904,893                | 2,057,478      | --              | 2,057,478        |
| Debt Issued (includes budgeted, but not issued)          | 144,177,237              | 100,107,198    | 5,475,540       | 105,582,738      |
| Transfers In, net  |                          |                |                 |                  |
| Utility System Operations Sub-Fund                       | 16,607,756               | 12,270,268     | 4,337,488       | 16,607,756       |
| Capital Reserve Sub-Fund                                 | 73,991,911               | 63,968,860     | 5,515,273       | 69,484,133       |
| TOTAL OTHER FINANCING SOURCES                            | 236,681,797              | 178,403,804    | 15,328,301      | 193,732,105      |
| Less: Completed Projects                                 | (63,115,266)             | (49,083,353)   | 4,811,548       | (44,271,805)     |
| Total Other Financing Sources, net of completed projects | 173,566,531              | 129,320,451    | 20,139,849      | 149,460,300      |
| Increase   | --                       | 49,099,589     | 11,919,053      | 61,018,642       |
| Adjustment for Closed Projects                           | --                       | 6,335,911      | (6,335,911)     | --               |
| FUND BALANCE   | \$ --                    | 55,435,500     | 5,583,142       | 61,018,642       |

### ADJUSTMENT TO ACCRUAL BASIS

|  | Add (Deduct)         |
|--|----------------------|
| Construction-in-Progress Current Year                      | 8,419,739            |
| Construction-in-Progress Write-Off & Other Adj             | (2,719,999)          |
| State Revolving Loan Proceeds                              | (5,475,540)          |
| CHANGE IN NET POSITION                                     | 5,807,342            |
| NET POSITION - Beginning of Year, Business-Type Activities | 177,927,594          |
| Reclassification Between Utility Sub-Funds, net            | (35,875,952)         |
| NET POSITION - End of Year, Business-Type Activities       | <u>\$147,858,984</u> |

## UTILITY SYSTEM CAPITAL RESERVE SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 14

|   | 2017               |                     | Variance<br>Positive<br>(Negative) | 2016               |
|---|--------------------|---------------------|------------------------------------|--------------------|
|   | Budget             | Actual              |                                    | Actual             |
| <b>REVENUES</b>                               |                    |                     |                                    |                    |
| Water Development Fees                        | \$3,367,698        | 5,068,852           | 1,701,154                          | 3,906,259          |
| Sewer Development Fees                        | 5,122,321          | 7,553,844           | 2,431,523                          | 6,155,747          |
| Reclaimed Water Development Fees              | --                 | 303,871             | 303,871                            | 271,223            |
| Investment Earnings, net of market adjustment | 1,279,800          | 274,809             | (1,004,991)                        | 1,659,453          |
| Miscellaneous                                 | --                 | 7,948               | 7,948                              | --                 |
| <b>TOTAL REVENUES</b>                         | <b>9,769,819</b>   | <b>13,209,324</b>   | <b>3,439,505</b>                   | <b>11,992,682</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                    |                     |                                    |                    |
| Transfers (Out), net                          |                    |                     |                                    |                    |
| Transfer to Water Project Sub-Fund            | (3,017,619)        | (1,143,050)         | 1,874,569                          | (7,958,329)        |
| Transfer to Sewer Project Sub-Fund            | (10,979,535)       | (5,515,273)         | 5,464,262                          | (1,399,812)        |
| Appropriation from Fund Balance               | 4,227,335          | --                  | (4,227,335)                        | --                 |
| <b>TOTAL OTHER FINANCING USES, net</b>        | <b>(9,769,819)</b> | <b>(6,658,323)</b>  | <b>3,111,496</b>                   | <b>(9,358,141)</b> |
| Revenues Over Other Financing Uses            | \$ --              | 6,551,001           | 6,551,001                          | 2,634,541          |
| <b>ADJUSTMENT TO ACCRUAL BASIS</b>            |                    |                     |                                    |                    |
| Add   |                    |                     |                                    |                    |
| Development Fee Credits Used                  |                    | 1,164,231           |                                    | 23,749             |
| <b>CHANGE IN NET POSITION</b>                 |                    | <b>7,715,232</b>    |                                    | <b>2,658,290</b>   |
| <b>NET POSITION - Beginning of Year</b>       |                    | <b>44,728,437</b>   |                                    | <b>42,070,147</b>  |
| Reclassification:                             |                    |                     |                                    |                    |
| Reclassification of Long-Term Liability       |                    | (1,493,947)         |                                    | (8,992,909)        |
| <b>NET POSITION - End of Year</b>             |                    | <b>\$50,949,722</b> |                                    | <b>44,728,437</b>  |



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# INTERNAL SERVICE FUNDS

**Combining Statement of Net Position** – Breakdown of balance sheet information from the Basic Financial Statements.

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position** – Breakdown of information from the Basic Financial Statements.

**Combining Statement of Cash Flows** – Breakdown of information from the Basic Financial Statements.

**Garage Internal Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Net Position** – Budget to actual comparison (non-GAAP) of the Town's internal service fund that accounts for fleet management.

**Health Insurance Fund Schedule of Revenues, Expenditures, and Changes in Fund Net Position** – Budget to actual comparison (non-GAAP) of the Town's internal service fund that accounts for employee health and dental insurance premiums and claims.

## INTERNAL SERVICE FUNDS - COMBINING SCHEDULE OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

| Schedule 15  | Fleet<br>Management | Health<br>Insurance | Total             |
|--|---------------------|---------------------|-------------------|
| <b>ASSETS</b>  |                     |                     |                   |
| Current Assets   |                     |                     |                   |
| Equity in Pooled Cash and Investments                          | \$1,171,033         | 8,589,142           | 9,760,175         |
| Accrued Interest on Investments                                | 1,115               | --                  | 1,115             |
| Accounts Receivable, net of allowance for<br>doubtful accounts | --                  | 377,985             | 377,985           |
| Inventories  | 45,027              | --                  | 45,027            |
| Equity in Pooled Cash and Investments-Restricted               | 9,000               | --                  | 9,000             |
| <b>TOTAL CURRENT ASSETS</b>                                    | <b>1,226,175</b>    | <b>8,967,127</b>    | <b>10,193,302</b> |
| Non-Current Assets   |                     |                     |                   |
| Capital Assets, net of accumulated depreciation                | 1,019,403           | --                  | 1,019,403         |
| <b>TOTAL ASSETS</b>  | <b>2,245,578</b>    | <b>8,967,127</b>    | <b>11,212,705</b> |
| DEFERRED OUTFLOW OF RESOURCES                                  |                     |                     |                   |
| Deferred Contributions to Pension Plans                        | 318,530             | --                  | 318,530           |
| <b>LIABILITIES</b>   |                     |                     |                   |
| Current liabilities  |                     |                     |                   |
| Accounts Payable and Accrued Liabilities                       | 254,283             | 22,504              | 276,787           |
| Compensated Absences   | 45,929              | --                  | 45,929            |
| <b>TOTAL CURRENT LIABILITIES</b>                               | <b>300,212</b>      | <b>22,504</b>       | <b>322,716</b>    |
| Non-Current liabilities  |                     |                     |                   |
| Deposits   | 9,000               | --                  | 9,000             |
| Compensated Absences   | 9,161               | --                  | 9,161             |
| Claims Incurred But Not Reported                               | --                  | 1,465,651           | 1,465,651         |
| Unfunded Pension Obligation                                    | 290,655             | --                  | 290,655           |
| Unfunded Other Post-Employment Benefits                        | 227,103             | --                  | 227,103           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                           | <b>535,919</b>      | <b>1,465,651</b>    | <b>2,001,570</b>  |
| <b>TOTAL LIABILITIES</b>                                       | <b>836,131</b>      | <b>1,488,155</b>    | <b>2,324,286</b>  |
| DEFERRED INFLOW OF RESOURCES                                   |                     |                     |                   |
| Pension Deferrals  | 75,739              | --                  | 75,739            |
| <b>NET POSITION</b>  |                     |                     |                   |
| Invested in Capital Assets, Net of Related Debt                | 1,019,403           | --                  | 1,019,403         |
| Unrestricted Net Position                                      | 632,835             | 7,478,972           | 8,111,807         |
| <b>TOTAL NET POSITION</b>                                      | <b>\$1,652,238</b>  | <b>7,478,972</b>    | <b>9,131,210</b>  |

## INTERNAL SERVICE FUNDS - COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 16

|   | Fleet<br>Management | Health<br>Insurance | Total             |
|---|---------------------|---------------------|-------------------|
| OPERATING REVENUES                                |                     |                     |                   |
| Charges for Services                              | \$1,608,078         | --                  | 1,608,078         |
| Health and Dental Premiums                        | --                  | 19,626,437          | 19,626,437        |
| TOTAL OPERATING REVENUES                          | <u>1,608,078</u>    | <u>19,626,437</u>   | <u>21,234,515</u> |
| OPERATING EXPENSES                                |                     |                     |                   |
| Fleet Management Expense                          | 1,448,621           | --                  | 1,448,621         |
| Insurance Claims & Administrative Fees            | --                  | 17,777,778          | 17,777,778        |
| Depreciation                                      | 98,071              | --                  | 98,071            |
| TOTAL OPERATING EXPENSES                          | <u>1,546,692</u>    | <u>17,777,778</u>   | <u>19,324,470</u> |
| OPERATING INCOME                                  | <u>61,386</u>       | <u>1,848,659</u>    | <u>1,910,045</u>  |
| NONOPERATING REVENUES                             |                     |                     |                   |
| Investment Earnings, net of market adjustment     | (1,140)             | --                  | (1,140)           |
| Gain on Sale of Assets                            | 6,025               | --                  | 6,025             |
| TOTAL NONOPERATING REVENUE                        | <u>4,885</u>        | <u>--</u>           | <u>4,885</u>      |
| INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | 66,271              | 1,848,659           | 1,914,930         |
| Transfers In                                      | --                  | 1,000,000           | 1,000,000         |
| CHANGE IN NET POSITION                            | 66,271              | 2,848,659           | 2,914,930         |
| TOTAL NET POSITION - Beginning of Year            | <u>1,585,967</u>    | <u>4,630,313</u>    | <u>6,216,280</u>  |
| TOTAL NET POSITION - End of Year                  | <u>\$1,652,238</u>  | <u>7,478,972</u>    | <u>9,131,210</u>  |

## INTERNAL SERVICE FUNDS -COMBINING SCHEDULE OF CASH FLOWS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Schedule 17

|  | Fleet<br>Management | Health<br>Insurance | Total            |
|--|---------------------|---------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |                     |                     |                  |
| Cash Received from Customers   | \$1,608,078         | 19,565,376          | 21,173,454       |
| Cash Paid for Goods and Services   | (374,761)           | --                  | (374,761)        |
| Cash Paid To or On Behalf of Employees for Services & Benefits                           | (895,420)           | --                  | (895,420)        |
| Cash Paid for Health and Dental Claims   | --                  | (17,648,305)        | (17,648,305)     |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b>337,897</b>      | <b>1,917,071</b>    | <b>2,254,968</b> |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                     |                     |                  |
| Acquisition and Construction of Capital Assets   | (80,825)            | --                  | (80,825)         |
| Proceeds Received from Sale of Assets  | 6,025               | --                  | 6,025            |
| <b>NET CASH USED IN CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                     | <b>(74,800)</b>     | <b>--</b>           | <b>(74,800)</b>  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   |                     |                     |                  |
| Investment Earnings Received, net of Unrealized Loss                                     | (1,912)             | --                  | (1,912)          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>261,184</b>      | <b>2,917,071</b>    | <b>3,178,255</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                    | <b>918,849</b>      | <b>5,672,071</b>    | <b>6,590,920</b> |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <b>\$1,180,033</b>  | <b>8,589,142</b>    | <b>9,769,175</b> |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b> |                     |                     |                  |
| Operating Income   | \$61,386            | 1,848,659           | 1,910,045        |
| <b>Adjustments to Reconcile Operating Income to Net Cash</b>                             |                     |                     |                  |
| <b>Provided by Operating Activities</b>  |                     |                     |                  |
| Depreciation   | 98,071              | --                  | 98,071           |
| Adjustment for LGERS Pension Expense   | 13,437              | --                  | 13,437           |
| Adjustment for Unfunded Other Post Employment Benefits                                   | 85,023              | --                  | 85,023           |
| <b>Changes in Assets and Liabilities -</b>   |                     |                     |                  |
| Increase in Accounts Receivable  | --                  | (61,061)            | (61,061)         |
| Decrease in Inventory  | 13,521              | --                  | 13,521           |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities                          | 59,654              | (96,177)            | (36,523)         |
| Increase in Compensated Absences Liability   | 6,805               | --                  | 6,805            |
| Increase in Miscellaneous Liability  | --                  | 225,650             | 225,650          |
| <b>TOTAL ADJUSTMENTS</b>   | <b>276,511</b>      | <b>68,412</b>       | <b>344,923</b>   |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b>\$337,897</b>    | <b>1,917,071</b>    | <b>2,254,968</b> |

## FLEET MANAGEMENT INTERNAL SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Schedule 18

|   | 2017             |                           |                                    | 2016                    |
|---|------------------|---------------------------|------------------------------------|-------------------------|
|   | Budget           | Actual                    | Variance<br>Positive<br>(Negative) | Actual                  |
| <b>REVENUES</b>   |                  |                           |                                    |                         |
| Vehicle Maintenance & Repair                            | \$1,557,517      | 1,608,078                 | 50,561                             | 1,297,937               |
| Investment Earnings, net of market adjustment           | 3,950            | (1,140)                   | (5,090)                            | 3,769                   |
| <b>TOTAL REVENUES</b>                                   | <b>1,561,467</b> | <b>1,606,938</b>          | <b>45,471</b>                      | <b>1,301,706</b>        |
| <b>EXPENDITURES (5660)</b>                              |                  |                           |                                    |                         |
| Personnel Services                                      | 1,050,708        | 873,426                   | 177,282                            | 897,842                 |
| Operations & Maintenance                                | 480,294          | 463,275                   | 17,019                             | 584,770                 |
| Capital Outlays   | 87,599           | 87,481                    | 118                                | --                      |
| <b>TOTAL EXPENDITURES</b>                               | <b>1,618,601</b> | <b>1,424,182</b>          | <b>194,419</b>                     | <b>1,482,612</b>        |
| Revenues Under Expenditures                             | (57,134)         | 182,756                   | 239,890                            | (180,906)               |
| <b>OTHER FINANCING SOURCES</b>                          |                  |                           |                                    |                         |
| Proceeds from Sale of Assets                            | 10,000           | 6,025                     | (3,975)                            | 4,071                   |
| Appropriation from Fund Balance                         | 47,134           | --                        | (47,134)                           | --                      |
| <b>TOTAL OTHER FINANCING SOURCES</b>                    | <b>57,134</b>    | <b>6,025</b>              | <b>(51,109)</b>                    | <b>4,071</b>            |
| Revenues and Other Sources<br>Over (Under) Expenditures | <u>\$ --</u>     | <u>188,781</u>            | <u>188,781</u>                     | <u>(176,835)</u>        |
| <b>ADJUSTMENT TO ACCRUAL BASIS</b>                      |                  |                           |                                    |                         |
| Add (Deduct)  |                  |                           |                                    |                         |
| Capital Outlays   |                  | 80,826                    |                                    | --                      |
| Depreciation Expense                                    |                  | (98,071)                  |                                    | (85,430)                |
| Capital Contributions                                   |                  | --                        |                                    | 47,813                  |
| Increase in Compensated Absences Liability              |                  | (6,805)                   |                                    | 8,057                   |
| Unfunded Other Post-Employment Expense                  |                  | (85,023)                  |                                    | (82,251)                |
| Pension Expense Adjustment                              |                  | (13,437)                  |                                    | 17,879                  |
| Total Accrual Adjustment                                |                  | <u>(122,510)</u>          |                                    | <u>(93,932)</u>         |
| <b>CHANGE IN NET POSITION</b>                           |                  | <u>66,271</u>             |                                    | <u>(270,767)</u>        |
| <b>NET POSITION - Beginning of Year</b>                 |                  | <u>1,585,967</u>          |                                    | <u>1,856,734</u>        |
| <b>NET POSITION - End of Year</b>                       |                  | <u><u>\$1,652,238</u></u> |                                    | <u><u>1,585,967</u></u> |

## HEALTH INSURANCE INTERNAL SERVICE FUND - SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Schedule 19

|  | 2017              |                   | Variance<br>Positive<br>(Negative) | 2016              |
|--|-------------------|-------------------|------------------------------------|-------------------|
|  | Budget            | Actual            |                                    | Actual            |
| <b>REVENUES</b>  |                   |                   |                                    |                   |
| Health Insurance Premiums -  |                   |                   |                                    |                   |
| Employees  | \$12,277,865      | 13,660,120        | 1,382,255                          | 11,812,511        |
| Spouse and Dependents  | 3,312,246         | 3,489,797         | 177,551                            | 3,070,123         |
| Retirees   | 1,341,586         | 1,100,216         | (241,370)                          | 1,062,505         |
| Cobra  | --                | 38,875            | 38,875                             | 18,852            |
| Total Health Premiums  | <u>16,931,697</u> | <u>18,289,008</u> | <u>1,357,311</u>                   | <u>15,963,991</u> |
| Dental Insurance Premiums -  |                   |                   |                                    |                   |
| Employees  | 792,539           | 503,002           | (289,537)                          | 494,295           |
| Spouse and Dependents  | 591,847           | 716,920           | 125,073                            | 586,355           |
| Retirees   | 153,821           | 112,926           | (40,895)                           | 107,950           |
| Cobra  | --                | 4,581             | 4,581                              | 4,355             |
| Total Dental Premiums  | <u>1,538,207</u>  | <u>1,337,429</u>  | <u>(200,778)</u>                   | <u>1,192,955</u>  |
| <b>TOTAL REVENUES</b>  | <u>18,469,904</u> | <u>19,626,437</u> | <u>1,156,533</u>                   | <u>17,156,946</u> |
| <b>EXPENDITURES</b>  |                   |                   |                                    |                   |
| Health Expenditures  |                   |                   |                                    |                   |
| Employees and Families Claims  | 13,612,404        | 12,355,270        | 1,257,134                          | 13,339,941        |
| Retiree Claims   | 1,576,158         | 2,118,608         | (542,450)                          | 1,495,890         |
| Retirees Medicare Premiums Paid  | 210,000           | 219,163           | (9,163)                            | 230,989           |
| Total Health Expenditures  | <u>15,398,562</u> | <u>14,693,041</u> | <u>705,521</u>                     | <u>15,066,820</u> |
| Dental Expenditures  |                   |                   |                                    |                   |
| Employees and Families Claims  | 1,317,286         | 1,343,700         | (26,414)                           | 1,266,375         |
| Retiree Claims   | 146,365           | 131,030           | 15,335                             | 95,607            |
| Total Dental Expenditures  | <u>1,463,651</u>  | <u>1,474,730</u>  | <u>(11,079)</u>                    | <u>1,361,982</u>  |
| Flexible Spending Benefit Paid by Town                                     | 480,000           | 361,514           | 118,486                            | 333,736           |
| Administration   | 1,736,325         | 1,881,304         | (144,979)                          | 1,798,333         |
| Contracted Services  | 204,366           | 188,204           | 16,162                             | 262,273           |
| Reimbursements from Operating Funds for Certain<br>Administrative Expenses | <u>(813,000)</u>  | <u>(813,000)</u>  | <u>--</u>                          | <u>(993,000)</u>  |
| <b>TOTAL EXPENDITURES, net</b>   | <u>18,469,904</u> | <u>17,785,793</u> | <u>684,111</u>                     | <u>17,830,144</u> |
| Revenues Over (Under) Expenditures   | <u>--</u>         | <u>1,840,644</u>  | <u>1,840,644</u>                   | <u>(673,198)</u>  |

## HEALTH INSURANCE INTERNAL SERVICE FUND - SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND NET POSITION BUDGET AND ACTUAL (NON-GAAP)

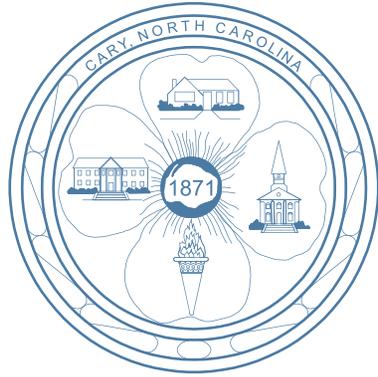
TOWN OF CARY, NORTH CAROLINA

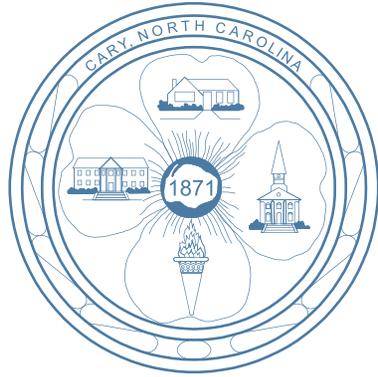
FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

### Schedule 19

|   | 2017        |             |                                    | 2016      |
|---|-------------|-------------|------------------------------------|-----------|
|   | Budget      | Actual      | Variance<br>Positive<br>(Negative) | Actual    |
| OTHER FINANCING SOURCE (USE)                                      |             |             |                                    |           |
| Transfers In from General Fund                                    | \$1,000,000 | 1,000,000   | --                                 | --        |
| Appropriation to Fund Balance                                     | (1,000,000) | --          | 1,000,000                          | --        |
| TOTAL OTHER FINANCING SOURCE                                      | --          | 1,000,000   | 1,000,000                          | --        |
| Excess of Revenues and Other Sources<br>Over (Under) Expenditures | \$ --       | 2,840,644   | 2,840,644                          | (673,198) |
| ADJUSTMENT TO ACCRUAL BASIS                                       |             |             |                                    |           |
| Deduct  |             |             |                                    |           |
| Decrease in Claims Incurred But Not Reported                      |             | 8,015       |                                    | (198,543) |
| CHANGE IN NET POSITION  |             | 2,848,659   |                                    | (871,741) |
| NET POSITION - Beginning of Year                                  |             | 4,630,313   |                                    | 5,502,054 |
| NET POSITION - End of Year  |             | \$7,478,972 |                                    | 4,630,313 |





## COMMUNITY DEVELOPMENT BLOCK GRANT - SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

Schedule 20

|                                       | Total Budget<br>Authorization | Prior Years<br>Actual | Current Year<br>Actual | Actuals<br>To Date | Variance<br>Positive<br>(Negative) |         |
|---------------------------------------|-------------------------------|-----------------------|------------------------|--------------------|------------------------------------|---------|
| <b>REVENUES</b>                       |                               |                       |                        |                    |                                    |         |
| Community Development Block Grant -   |                               |                       |                        |                    |                                    |         |
| 2013 Authorization                    | \$208,504                     | 208,504               | --                     | 208,504            | --                                 |         |
| 2014 Authorization                    | 116,371                       | 38,124                | 63,633                 | 101,757            | (14,614)                           |         |
| 2015 Authorization                    | 458,648                       | 20,964                | 155,184                | 176,148            | (282,500)                          |         |
| 2016 Authorization                    | 556,639                       | --                    | 66,817                 | 66,817             | (489,822)                          |         |
| Community Development Block Grant     | 1,340,162                     | 267,592               | 285,634                | 553,226            | (786,936)                          |         |
| Program Income                        | 1,493,630                     | 14,000                | 1,402,067              | 1,416,067          | (77,563)                           |         |
| Interest Earnings                     | 207                           | 207                   | 80                     | 287                | 80                                 |         |
| <b>TOTAL REVENUE</b>                  | <b>2,833,999</b>              | <b>281,799</b>        | <b>1,687,781</b>       | <b>1,969,580</b>   | <b>(864,419)</b>                   |         |
| Less: Completed Projects              | (230,000)                     | --                    | (230,000)              | (230,000)          | --                                 |         |
| <b>Total Revenue, net</b>             | <b>2,603,999</b>              | <b>281,799</b>        | <b>1,457,781</b>       | <b>1,739,580</b>   | <b>(864,419)</b>                   |         |
| <b>EXPENDITURES</b>                   |                               |                       |                        |                    |                                    |         |
|                                       | <i>Project #</i>              |                       |                        |                    |                                    |         |
| Program Administration                | <i>CD1014</i>                 | 10,000                | 6,192                  | 207                | 6,399                              | 3,601   |
| Program Administration                | <i>CD1016</i>                 | 9,111                 | --                     | 5,000              | 5,000                              | 4,111   |
| Total Program Administration          |                               | 19,111                | 6,192                  | 5,207              | 11,399                             | 7,712   |
| Habitat for Humanity                  | <i>CD0315</i>                 | 107,500               | --                     | --                 | --                                 | 107,500 |
| Habitat for Humanity                  | <i>CD0316</i>                 | 175,000               | --                     | --                 | --                                 | 175,000 |
| Resource for Seniors                  | <i>CD1914</i>                 | 66,103                | 64,491                 | --                 | 64,491                             | 1,612   |
| Resource for Seniors                  | <i>CD1916</i>                 | 29,960                | --                     | 22,609             | 22,609                             | 7,351   |
| Dorcus Ministries*                    | <i>CD2014*</i>                | 50,000                | --                     | 50,000             | 50,000                             | --      |
| Dorcus Ministries                     | <i>CD2016</i>                 | 175,000               | --                     | --                 | --                                 | 175,000 |
| The Caring Place                      | <i>CD2213</i>                 | 174,307               | 164,905                | --                 | 164,905                            | 9,402   |
| The Caring Place*                     | <i>CD2215*</i>                | 150,000               | --                     | 150,000            | 150,000                            | --      |
| White Oak Foundation-Public Services  | <i>CD2515</i>                 | 35,000                | 32,003                 | 2,997              | 35,000                             | --      |
| White Oak Foundation-Public Services* | <i>CD2516*</i>                | 30,000                | --                     | 30,000             | 30,000                             | --      |
| White Oak Foundation                  | <i>CD3315</i>                 | 175,000               | --                     | --                 | --                                 | 175,000 |
| White Oak Foundation-Community Ctr    | <i>CD3316</i>                 | 100,000               | --                     | --                 | --                                 | 100,000 |

## COMMUNITY DEVELOPMENT BLOCK GRANT - SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 20

|                                       |                | Total Budget<br>Authorization | Prior Years<br>Actual | Current Year<br>Actual | Actuals<br>To Date | Variance<br>Positive<br>(Negative) |
|---------------------------------------|----------------|-------------------------------|-----------------------|------------------------|--------------------|------------------------------------|
| Mayton Inn HUD 108 Loan               | <i>CD3013</i>  | \$1,407,500                   | 1,214,643             | 192,857                | 1,407,500          | --                                 |
| HUD 108 Loan Payment                  | <i>CD3116</i>  | 76,786                        | --                    | 8,816                  | 8,816              | 67,970                             |
| Hope Center at Pullen*                | <i>CD3415*</i> | --                            | --                    | --                     | --                 | --                                 |
| Rebuilding Together                   | <i>CD3415</i>  | 30,000                        | --                    | 23,620                 | 23,620             | 6,380                              |
| Rebuilding Together<br>Reserve        | <i>CD3516</i>  | 25,000<br>7,732               | --<br>--              | --<br>--               | --<br>--           | 25,000<br>7,732                    |
| <b>TOTAL EXPENDITURES</b>             |                | <b>2,833,999</b>              | <b>1,482,234</b>      | <b>486,106</b>         | <b>1,968,340</b>   | <b>865,659</b>                     |
| Less: Completed Projects (noted by *) |                | (230,000)                     | --                    | (230,000)              | (230,000)          | --                                 |
| <b>PROJECTS IN PROGRESS</b>           |                | <b>2,603,999</b>              | <b>1,482,234</b>      | <b>256,106</b>         | <b>1,738,340</b>   | <b>865,659</b>                     |
| Revenue Over (Under) Expenditures     |                | --                            | (1,200,435)           | 1,201,675              | 1,240              | 1,240                              |
| <b>FUND BALANCE</b>                   |                | <b>\$ --</b>                  | <b>(1,200,435)</b>    | <b>1,201,675</b>       | <b>1,240</b>       | <b>1,240</b>                       |

## ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND - BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA  
FROM INCEPTION TO JUNE 30, 2017

### Schedule 21

|  |  | Total Budget<br>Authorization | Prior Years<br>Actual | Current Year<br>Actual | Actuals<br>To Date | Variance<br>Positive<br>(Negative) |
|--|--|-------------------------------|-----------------------|------------------------|--------------------|------------------------------------|
| <b>RESTRICTED REVENUES</b>             |  |                               |                       |                        |                    |                                    |
| Department of Commerce Grant           |  | \$273,700                     | --                    | 48,000                 | 48,000             | (225,700)                          |
| <b>EXPENDITURES</b>                    |  |                               |                       |                        |                    |                                    |
|  |  | <i>Project #</i>              |                       |                        |                    |                                    |
| Economic Development Administration    |  | 564,000                       | 282,000               | 282,000                | 564,000            | --                                 |
| <u>Specific Development Projects -</u> |  |                               |                       |                        |                    |                                    |
| HCL America                            |  | 247,400                       | --                    | 96,000                 | 96,000             | 151,400                            |
| Met Life                               |  | 601,522                       | 128,826               | 472,696                | 601,522            | --                                 |
| CBC Americas                           |  | 23,500                        | --                    | --                     | --                 | 23,500                             |
| Proto Labs                             |  | 300,000                       | --                    | --                     | --                 | 300,000                            |
| Kellogg                                |  | 216,450                       | --                    | 216,450                | 216,450            | --                                 |
| DB Global Technologies                 |  | 104,000                       | --                    | --                     | --                 | 104,000                            |
| <b>TOTAL EXPENDITURES</b>              |  | <b>2,056,872</b>              | <b>410,826</b>        | <b>1,067,146</b>       | <b>1,477,972</b>   | <b>578,900</b>                     |
| Revenue Under Expenditures             |  | (1,783,172)                   | (410,826)             | (1,019,146)            | (1,429,972)        | 353,200                            |
| <b>OTHER FINANCING SOURCES</b>         |  |                               |                       |                        |                    |                                    |
| Transfers In from General Fund         |  | 1,783,172                     | 1,399,650             | 383,522                | 1,783,172          | --                                 |
| <b>FUND BALANCE</b>                    |  | <b>\$ --</b>                  | <b>988,824</b>        | <b>(635,624)</b>       | <b>353,200</b>     | <b>353,200</b>                     |

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# STATISTICAL SECTION

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

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

**Revenue Capacity** – These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

**Debt Capacity** – These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

**Demographic and Economic** – These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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



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# FINANCIAL TRENDS INFORMATION

## NET POSITION BY COMPONENT <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 1

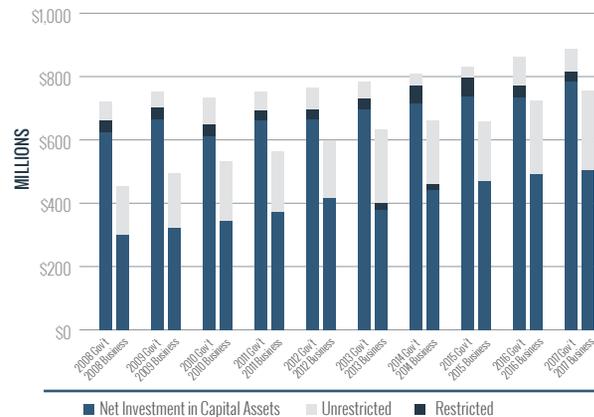
|  | 2008             | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
|--|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Governmental Activities</b>                     |                  |                |                |                |                |                |                |                |                |                |
| Net Investment in Capital Assets                   | \$624.4          | 663.7          | 611.1          | 661.7          | 664.7          | 697.4          | 714.6          | 735.8          | 734.4          | 785.3          |
| Restricted   | 36.0             | 38.9           | 36.6           | 28.7           | 30.3           | 33.7           | 55.3           | 59.6           | 36.4           | 30.6           |
| Unrestricted                                       | 62.3             | 49.3           | 84.7           | 60.0           | 70.8           | 52.4           | 37.8           | 37.3           | 92.4           | 69.3           |
| <b>Total Governmental Activities Net Position</b>  | <b>722.7</b>     | <b>751.9</b>   | <b>732.4</b>   | <b>750.4</b>   | <b>765.8</b>   | <b>783.5</b>   | <b>807.7</b>   | <b>832.7</b>   | <b>863.2</b>   | <b>885.2</b>   |
| <b>Business-type Activities</b>                    |                  |                |                |                |                |                |                |                |                |                |
| Net Investment in Capital Assets                   | 299.7            | 320.8          | 343.3          | 372.3          | 416.1          | 377.4          | 441.7          | 469.9          | 491.8          | 503.8          |
| Restricted   | --               | --             | --             | --             | --             | 22.8           | 17.9           | 91.2           | --             | --             |
| Unrestricted                                       | 153.6            | 173.1          | 188.7          | 191.0          | 182.9          | 231.1          | 201.8          | 188.3          | 230.7          | 252.5          |
| <b>Total Business-type Activities Net Position</b> | <b>453.3</b>     | <b>493.9</b>   | <b>532.0</b>   | <b>563.3</b>   | <b>599.0</b>   | <b>631.3</b>   | <b>661.4</b>   | <b>749.4</b>   | <b>722.5</b>   | <b>756.3</b>   |
| <b>Primary Government</b>                          |                  |                |                |                |                |                |                |                |                |                |
| Net Investment in Capital Assets                   | 924.1            | 984.5          | 954.4          | 1,034.0        | 1,080.8        | 1,074.8        | 1,156.3        | 1,205.7        | 1,226.2        | 1,289.1        |
| Restricted   | 36.0             | 38.9           | 36.6           | 28.7           | 30.3           | 56.5           | 73.2           | 150.8          | 36.4           | 30.6           |
| Unrestricted                                       | 215.9            | 222.4          | 273.4          | 251.0          | 253.7          | 283.5          | 239.6          | 225.6          | 323.1          | 321.8          |
| <b>Total Primary Government Net Position</b>       | <b>\$1,176.0</b> | <b>1,245.8</b> | <b>1,264.4</b> | <b>1,313.7</b> | <b>1,364.8</b> | <b>1,414.8</b> | <b>1,469.1</b> | <b>1,582.1</b> | <b>1,585.7</b> | <b>1,641.5</b> |

NOTES:

(1) This table was prepared using the accrual basis of accounting and is displayed in millions.

(2) Restricted totals for Governmental Activities have been restated in years prior to fiscal year 2011 to include Restriction for Stabilization by Statute.

### NET POSITION BY COMPONENT



## CHANGES IN NET POSITION <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 2

|  | 2008               | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               | 2016               | 2017               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Expenses</b>                                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities:                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Government                               | \$74,303,560       | 63,448,686         | 84,267,257         | 54,549,869         | 59,448,999         | 59,607,266         | 18,283,189         | 19,153,478         | 20,833,719         | 21,736,606         |
| Public Safety                                    | 35,721,948         | 37,689,195         | 39,121,280         | 41,397,584         | 42,960,590         | 45,480,515         | 46,089,584         | 46,280,026         | 49,039,555         | 52,004,616         |
| Public Works                                     | 23,756,743         | 25,279,822         | 25,168,640         | 25,845,778         | 26,631,970         | 28,121,047         | 29,210,079         | 27,910,623         | 29,815,695         | 32,806,255         |
| Parks, Recreation and Culture                    | 12,261,772         | 13,463,176         | 14,088,173         | 14,347,312         | 15,540,731         | 15,583,423         | 17,213,506         | 18,169,806         | 19,549,293         | 20,540,759         |
| Development <sup>(2)</sup>                       | --                 | --                 | --                 | --                 | --                 | --                 | 7,406,335          | 8,418,518          | 7,500,918          | 8,692,837          |
| Infrastructure <sup>(2)</sup>                    | --                 | --                 | --                 | --                 | --                 | --                 | 32,106,589         | 37,033,027         | 41,756,708         | 41,632,137         |
| Interest Expense                                 | 4,896,880          | 3,894,776          | 4,380,753          | 3,716,091          | 3,172,167          | 2,800,458          | 2,531,856          | 3,923,208          | 3,410,347          | 3,146,884          |
| Debt service - Other                             | 120,766            | 132,606            | 252,769            | 518,229            | 599,803            | 497,751            | --                 | --                 | --                 | --                 |
| Total Governmental Activities Expense            | 151,061,669        | 143,908,261        | 167,278,872        | 140,374,863        | 148,354,260        | 152,090,460        | 152,841,138        | 160,888,686        | 171,906,235        | 180,560,094        |
| Total Business-type Activity - Utility Systems   | 42,594,264         | 44,832,396         | 49,871,584         | 52,263,448         | 53,815,758         | 55,196,322         | 63,160,023         | 63,938,566         | 62,436,941         | 69,415,893         |
| <b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>         | <b>193,655,933</b> | <b>188,740,657</b> | <b>217,150,456</b> | <b>192,638,311</b> | <b>202,170,018</b> | <b>207,286,782</b> | <b>216,001,161</b> | <b>224,827,252</b> | <b>234,343,176</b> | <b>249,975,987</b> |
| <b>Program Revenues</b>                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities:                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Charges for Services                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Governmental                             | 12,758,839         | 9,214,685          | 7,285,717          | 7,236,787          | 8,777,662          | 10,907,839         | 1,461,503          | 1,336,807          | 1,837,556          | 1,591,229          |
| Public Safety                                    | 364,632            | 370,818            | 282,948            | 224,324            | 265,116            | 307,200            | 286,424            | 378,204            | 336,926            | 506,885            |
| Public Works                                     | 5,336,582          | 7,023,543          | 7,280,299          | 7,574,691          | 8,121,253          | 8,112,252          | 8,926,987          | 8,836,566          | 9,837,676          | 10,516,875         |
| Parks, Recreation and Culture                    | 4,700,390          | 4,705,826          | 5,078,122          | 5,310,494          | 6,715,990          | 6,719,930          | 8,733,411          | 9,429,792          | 11,747,875         | 11,567,217         |
| Development <sup>(2)</sup>                       | --                 | --                 | --                 | --                 | --                 | --                 | 4,958,274          | 3,747,472          | 4,577,949          | 5,131,461          |
| Infrastructure <sup>(2)</sup>                    | --                 | --                 | --                 | --                 | --                 | --                 | 5,087,765          | 4,081,071          | 4,287,823          | 4,450,810          |
| Operating Grants and Contributions               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Governmental                             | 6,098,239          | 6,351,978          | 6,181,412          | 5,570,607          | 6,084,145          | 5,646,238          | --                 | 15,000             | 15,000             | 1,597,672          |
| Public Safety                                    | 304,791            | 287,257            | 1,093,817          | 345,903            | 866,141            | 380,882            | 2,496,169          | 1,242,202          | 1,077,893          | 905,047            |
| Public Works                                     | --                 | 39,912             | 118,072            | 111,186            | 105,021            | 88,128             | 96,640             | 106,253            | 110,422            | 113,842            |
| Parks, Recreation and Culture                    | 30,113             | 40,004             | 26,944             | 87,165             | 101,413            | 101,262            | 94,594             | 89,966             | 474,644            | 510,240            |
| Development <sup>(2)</sup>                       | --                 | --                 | --                 | --                 | --                 | --                 | 263,124            | 725,629            | 281,355            | 335,855            |
| Infrastructure <sup>(2)</sup>                    | --                 | --                 | --                 | --                 | --                 | --                 | 2,757,353          | 2,718,991          | 2,934,744          | 3,131,082          |
| Capital Grants and Contributions                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Governmental                             | 92,670,276         | 35,264,292         | 13,562,752         | 22,579,255         | 22,920,204         | 28,128,404         | 421,160            | 430,542            | (235)              | 3,652,891          |
| Public Safety                                    | --                 | --                 | 179,268            | --                 | --                 | 106,320            | 7,988              | --                 | --                 | --                 |
| Cultural and Recreational                        | 330,251            | 2,029,625          | 1,514,817          | 2,645,396          | 2,363,029          | 1,134,869          | 1,589,724          | 3,401,058          | 1,789,715          | 3,254,884          |
| Infrastructure <sup>(2)</sup>                    | --                 | --                 | --                 | --                 | --                 | --                 | 21,833,148         | 34,201,284         | 27,259,686         | 27,217,844         |
| Total Governmental Activities Program Revenues   | 122,594,113        | 65,327,940         | 42,604,168         | 51,685,808         | 56,319,974         | 61,633,324         | 59,014,264         | 70,740,837         | 66,569,029         | 74,483,834         |
| Business-type Activity (Utility System):         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Charges for Services                             | 65,640,092         | 57,906,360         | 62,727,352         | 67,572,235         | 73,992,389         | 75,156,199         | 78,923,821         | 79,084,816         | 82,930,977         | 90,671,401         |
| Capital Grants and Contributions                 | 19,771,505         | 21,858,752         | 23,207,834         | 14,822,501         | 15,453,704         | 13,935,475         | 12,967,026         | 13,003,281         | 9,505,943          | 11,945,486         |
| Total Business-type Activity Program Revenues    | 85,411,597         | 79,765,112         | 85,935,186         | 82,394,736         | 89,446,093         | 89,091,674         | 91,890,847         | 92,088,097         | 92,436,920         | 102,616,887        |
| <b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b> | <b>208,005,710</b> | <b>145,093,052</b> | <b>128,539,354</b> | <b>134,080,544</b> | <b>145,766,067</b> | <b>150,724,998</b> | <b>150,905,111</b> | <b>162,828,934</b> | <b>159,005,949</b> | <b>177,100,721</b> |

## CHANGES IN NET POSITION <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 2

|  | 2008                 | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Revenue (Expense)  |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities  | (\$28,467,556)       | (78,580,321)        | (124,674,704)       | (88,689,055)        | (92,034,286)        | (90,457,136)        | (93,826,874)        | (90,147,849)        | (105,337,206)       | (106,076,260)       |
| Business-type Activity   | 42,817,333           | 34,932,716          | 36,063,602          | 30,131,288          | 35,630,335          | 33,895,352          | 28,730,824          | 28,149,531          | 29,999,979          | 33,200,994          |
| <b>TOTAL PRIMARY GOVERNMENT<br/>NET REVENUE (EXPENSE)</b>                              | <b>14,349,777</b>    | <b>(43,647,605)</b> | <b>(88,611,102)</b> | <b>(58,557,767)</b> | <b>(56,403,951)</b> | <b>(56,561,784)</b> | <b>(65,096,050)</b> | <b>(61,998,318)</b> | <b>(75,337,227)</b> | <b>(72,875,266)</b> |
| General Revenues and Other Changes in Net Position                                     |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities:   |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Ad Valorem Taxes   | 58,217,802           | 64,920,931          | 66,654,176          | 67,246,736          | 70,248,805          | 71,168,182          | 78,879,037          | 79,820,733          | 87,222,479          | 89,995,124          |
| Sales Tax  | 24,168,200           | 22,557,180          | 21,899,210          | 23,696,949          | 22,735,105          | 24,008,964          | 25,894,844          | 28,211,446          | 30,522,315          | 32,234,818          |
| Occupancy Tax  | 712,375              | 655,705             | 627,776             | 724,825             | 786,849             | 838,514             | 931,852             | 1,035,772           | 1,130,099           | 1,198,422           |
| ABC Revenue  | 507,606              | 467,988             | 428,338             | 468,934             | 521,915             | 634,453             | 655,502             | 758,564             | 854,257             | 909,067             |
| Privilege License Revenue  | 1,722,785            | 1,794,199           | 1,631,132           | 1,596,040           | 1,623,016           | 1,671,965           | 1,665,233           | 1,534,910           | --                  | --                  |
| Other Taxes  | 84,189               | 89,743              | 86,377              | 93,229              | 92,506              | 93,464              | 100,529             | 109,979             | 112,277             | 145,850             |
| Unrestricted Intergovernmental   | 7,267,076            | 8,163,827           | 8,673,920           | 8,686,913           | 7,985,481           | 8,110,761           | 8,418,689           | 11,140,351          | 11,303,283          | 11,239,928          |
| Investment Earnings, net of market adjustment  | 11,079,649           | 6,756,498           | 3,113,436           | 2,077,748           | 920,498             | 432,367             | 1,263,991           | 1,363,057           | 2,674,110           | 635,198             |
| Gain (Loss) on Sale of Capital Assets  | (189,427)            | 113,353             | (199,969)           | 98,914              | 279,421             | 85,447              | 43,412              | 95,399              | 505,465             | 229,437             |
| General Donations  | --                   | --                  | --                  | 10,000              | --                  | --                  | --                  | --                  | --                  | --                  |
| Miscellaneous Revenue  | 1,089,446            | 1,285,311           | 1,358,896           | 1,017,459           | 1,320,513           | 1,195,389           | 162,417             | 78,097              | 44,082              | 47,201              |
| Transfers In, net  | 12,207,246           | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           | --                  | --                  | --                  | --                  |
| <b>Total Governmental Activities</b>   | <b>116,866,947</b>   | <b>107,804,735</b>  | <b>105,273,292</b>  | <b>106,717,747</b>  | <b>107,514,109</b>  | <b>109,239,506</b>  | <b>118,015,506</b>  | <b>124,148,308</b>  | <b>134,368,367</b>  | <b>136,635,045</b>  |
| Business-type Activity:  |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Investment Earnings, net of market adjustment  | 9,554,573            | 6,536,161           | 3,063,452           | 2,124,874           | 915,137             | 508,292             | 1,385,781           | 1,454,440           | 2,726,503           | 517,213             |
| Gain on Sale of Capital Assets   | --                   | --                  | --                  | --                  | --                  | 2,075               | --                  | --                  | --                  | --                  |
| Miscellaneous Revenue  | 111,410              | 93,164              | 35,311              | 88,292              | 28,253              | 60,931              | --                  | 724,934             | --                  | 7,948               |
| Transfers In, net  | (12,207,246)         | (1,000,000)         | (1,000,000)         | (1,000,000)         | (1,000,000)         | (1,000,000)         | --                  | --                  | --                  | --                  |
| <b>Total Business-type Activity</b>  | <b>(2,541,263)</b>   | <b>5,629,325</b>    | <b>2,098,763</b>    | <b>1,213,166</b>    | <b>(56,610)</b>     | <b>(428,702)</b>    | <b>1,385,781</b>    | <b>2,179,374</b>    | <b>2,726,503</b>    | <b>525,161</b>      |
| <b>TOTAL PRIMARY GOVERNMENT GENERAL REVENUES<br/>AND OTHER CHANGES IN NET POSITION</b> | <b>114,325,684</b>   | <b>113,434,060</b>  | <b>107,372,055</b>  | <b>107,930,913</b>  | <b>107,457,499</b>  | <b>108,810,804</b>  | <b>119,401,287</b>  | <b>126,327,682</b>  | <b>137,094,870</b>  | <b>137,160,206</b>  |
| Change in Net Position   |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities  | 88,399,391           | 29,224,414          | (19,401,412)        | 18,028,692          | 15,479,823          | 18,782,370          | 24,188,632          | 34,000,459          | 29,031,161          | 30,558,785          |
| Business type Activity   | 40,276,070           | 40,562,041          | 38,162,365          | 31,344,454          | 35,573,725          | 33,466,650          | 30,116,605          | 30,328,905          | 32,726,482          | 33,726,155          |
| <b>TOTAL PRIMARY GOVERNMENT CHANGE<br/>IN NET POSITION</b>                             | <b>\$128,675,461</b> | <b>69,786,455</b>   | <b>18,760,953</b>   | <b>49,373,146</b>   | <b>51,053,548</b>   | <b>52,249,020</b>   | <b>54,305,237</b>   | <b>64,329,364</b>   | <b>61,757,643</b>   | <b>64,284,940</b>   |

NOTES:

- <sup>(1)</sup> This table was prepared using the accrual basis of accounting.  
<sup>(2)</sup> A departmental reorganization occurred in FY2014.

## FUND BALANCES, GOVERNMENTAL FUNDS <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

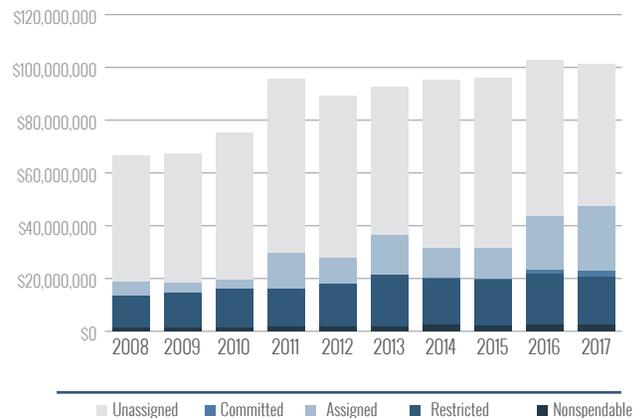
Table 3

|   | 2008                 | 2009               | 2010               | 2011               | 2012              | 2013              | 2014               | 2015               | 2016               | 2017               |
|---|----------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| <b>GENERAL FUND</b>                       |                      |                    |                    |                    |                   |                   |                    |                    |                    |                    |
| Nonspendable                              | \$1,194,876          | 1,336,384          | 1,445,054          | 1,617,583          | 1,685,338         | 1,848,550         | 2,353,177          | 2,148,248          | 2,589,095          | 2,488,768          |
| Restricted                                | 12,220,196           | 13,330,043         | 14,421,985         | 14,379,250         | 16,221,935        | 19,270,196        | 17,571,257         | 17,479,883         | 18,921,593         | 18,215,234         |
| Committed                                 | --                   | --                 | --                 | 275,597            | 42,307            | 67,704            | 83,826             | 91,329             | 1,727,093          | 1,936,389          |
| Assigned                                  | 5,483,259            | 3,574,907          | 3,574,592          | 13,236,403         | 10,023,775        | 15,224,953        | 11,362,363         | 11,786,098         | 20,564,421         | 24,599,187         |
| Unassigned                                | 47,589,462           | 49,090,199         | 55,779,809         | 66,217,880         | 61,258,026        | 56,263,915        | 63,977,908         | 64,510,499         | 58,942,846         | 54,111,060         |
| <b>Total General Fund</b>                 | <b>66,487,793</b>    | <b>67,331,533</b>  | <b>75,221,440</b>  | <b>95,726,713</b>  | <b>89,231,381</b> | <b>92,675,318</b> | <b>95,348,531</b>  | <b>96,016,057</b>  | <b>102,745,048</b> | <b>101,350,638</b> |
| <b>ALL OTHER GOVERNMENTAL FUNDS</b>       |                      |                    |                    |                    |                   |                   |                    |                    |                    |                    |
| Capital Project                           |                      |                    |                    |                    |                   |                   |                    |                    |                    |                    |
| Restricted                                | 51,882,008           | 23,812,056         | 20,194,279         | 14,061,554         | 13,758,939        | 14,151,503        | 36,782,100         | 41,066,144         | 16,506,067         | 12,543,644         |
| Committed                                 | 69,560,576           | 86,818,543         | 100,326,684        | 85,024,390         | 79,048,246        | 74,044,594        | 87,730,782         | 87,104,640         | 104,866,598        | 112,969,890        |
| Special Revenue                           |                      |                    |                    |                    |                   |                   |                    |                    |                    |                    |
| Restricted                                | 368,427              | 1,204,188          | 720,683            | 210,767            | 117,102           | 3,120             | 674,456            | 830,320            | 554,965            | 199,051            |
| Committed                                 | 777,034              | 676,214            | 690,391            | 817,092            | 426,216           | 750,816           | 1,018,761          | 1,761,957          | 2,553,576          | 1,107,628          |
| Unassigned                                | --                   | --                 | --                 | --                 | --                | --                | --                 | --                 | (1,200,435)        | --                 |
| <b>Total All Other Governmental Funds</b> | <b>\$122,588,045</b> | <b>112,511,001</b> | <b>121,932,037</b> | <b>100,113,803</b> | <b>93,350,503</b> | <b>88,950,033</b> | <b>126,206,099</b> | <b>130,763,061</b> | <b>123,280,771</b> | <b>126,820,213</b> |

NOTES:

<sup>(1)</sup> This table was prepared using the modified accrual basis of accounting.

### GENERAL FUND - FUND BALANCE BY FISCAL YEAR



## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS <sup>(1)</sup>

Table 4

|   | 2008                | 2009                | 2010               | 2011               | 2012                | 2013               | 2014               | 2015               | 2016               | 2017               |
|---|---------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>REVENUES</b>                               |                     |                     |                    |                    |                     |                    |                    |                    |                    |                    |
| Ad Valorem Taxes                              | \$58,208,899        | 64,851,809          | 66,648,963         | 67,349,568         | 70,312,078          | 71,097,974         | 78,687,433         | 79,900,162         | 87,300,410         | 89,973,487         |
| Other Taxes and Licenses                      | 27,629,187          | 25,998,847          | 25,106,865         | 27,014,009         | 26,168,697          | 27,671,141         | 30,572,864         | 32,517,592         | 33,142,090         | 35,004,780         |
| Unrestricted Intergovernmental                | 7,267,076           | 8,163,827           | 8,673,920          | 8,686,913          | 7,985,481           | 8,110,761          | 8,418,689          | 11,140,351         | 11,303,283         | 11,239,928         |
| Restricted Intergovernmental                  | 6,969,790           | 9,130,356           | 9,071,824          | 8,724,674          | 8,296,025           | 8,849,872          | 9,023,082          | 8,850,316          | 8,447,748          | 11,584,259         |
| Permits and Fees                              | 10,463,425          | 7,153,411           | 5,581,224          | 5,521,347          | 7,305,932           | 9,218,784          | 11,953,112         | 11,288,290         | 14,253,928         | 14,497,021         |
| Sales and Services                            | 9,511,633           | 11,234,157          | 11,714,146         | 11,859,207         | 13,211,223          | 13,260,981         | 15,837,834         | 16,238,536         | 17,605,194         | 18,257,806         |
| Investment Earnings, net of market adjustment | 10,939,450          | 6,616,841           | 2,808,943          | 1,625,479          | 912,452             | 426,203            | 1,257,048          | 1,356,546          | 2,610,121          | 572,811            |
| Reimbursements                                | --                  | --                  | --                 | --                 | --                  | --                 | 247,970            | 350,966            | --                 | 3,647,100          |
| Miscellaneous                                 | 2,176,517           | 3,219,407           | 3,021,004          | 3,165,034          | 4,409,515           | 3,390,173          | 1,779,020          | 1,589,846          | 2,624,845          | 4,144,788          |
| <b>TOTAL REVENUES</b>                         | <b>133,165,977</b>  | <b>136,368,655</b>  | <b>132,626,889</b> | <b>133,946,231</b> | <b>138,601,403</b>  | <b>142,025,889</b> | <b>157,777,052</b> | <b>163,232,605</b> | <b>177,287,619</b> | <b>188,921,980</b> |
| <b>EXPENDITURES</b>                           |                     |                     |                    |                    |                     |                    |                    |                    |                    |                    |
| Current:                                      |                     |                     |                    |                    |                     |                    |                    |                    |                    |                    |
| General Government                            | 28,164,126          | 31,483,603          | 29,542,906         | 29,011,517         | 30,391,880          | 29,653,364         | 28,466,539         | 22,547,564         | 24,983,488         | 26,785,122         |
| Public Safety                                 | 32,746,570          | 34,014,789          | 35,744,914         | 37,142,140         | 39,814,392          | 40,551,948         | 43,657,794         | 46,483,094         | 48,815,112         | 48,991,357         |
| Public Works                                  | 21,841,084          | 23,085,326          | 22,812,651         | 23,831,652         | 25,248,442          | 25,833,602         | 26,889,770         | 26,695,624         | 26,977,758         | 29,721,025         |
| Parks, Recreation and Culture                 | 10,114,592          | 10,582,886          | 10,954,118         | 11,859,573         | 12,286,767          | 12,831,839         | 17,936,667         | 21,078,002         | 28,201,161         | 26,648,242         |
| Development <sup>(2)</sup>                    | --                  | --                  | --                 | --                 | --                  | --                 | 6,905,274          | 8,335,750          | 9,080,598          | 8,636,900          |
| Infrastructure <sup>(2)</sup>                 | --                  | --                  | --                 | --                 | --                  | --                 | 15,707,351         | 20,147,407         | 29,566,219         | 32,672,644         |
| Debt service:                                 |                     |                     |                    |                    |                     |                    |                    |                    |                    |                    |
| Principal                                     | 6,423,209           | 8,296,355           | 7,969,735          | 7,575,082          | 9,807,673           | 9,570,193          | 13,298,770         | 10,417,753         | 10,555,953         | 11,175,613         |
| Interest                                      | 4,994,690           | 3,988,326           | 4,400,383          | 3,784,667          | 3,680,121           | 3,268,400          | 2,803,642          | 3,978,512          | 3,612,236          | 3,312,564          |
| Bond Service Charges                          | 76,077              | 335,293             | 342,527            | 370,211            | 322,207             | 244,535            | 464,899            | 227,895            | 283,401            | 184,862            |
| Reimbursement for Open Space                  | --                  | --                  | --                 | --                 | --                  | --                 | (946,012)          | (918,229)          | (890,446)          | (862,663)          |
| Capital Projects <sup>(3)</sup>               | 52,387,430          | 41,997,076          | 21,622,624         | 24,884,877         | 32,950,758          | 22,813,538         | --                 | --                 | --                 | --                 |
| <b>TOTAL EXPENDITURES</b>                     | <b>156,747,778</b>  | <b>153,783,654</b>  | <b>133,389,858</b> | <b>138,459,719</b> | <b>154,502,240</b>  | <b>144,767,419</b> | <b>155,184,694</b> | <b>158,993,372</b> | <b>181,185,480</b> | <b>187,265,666</b> |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>     | <b>(23,581,801)</b> | <b>(17,414,999)</b> | <b>(762,969)</b>   | <b>(4,513,488)</b> | <b>(15,900,837)</b> | <b>(2,741,530)</b> | <b>2,592,358</b>   | <b>4,239,233</b>   | <b>(3,897,861)</b> | <b>1,656,314</b>   |

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS <sup>(1)</sup>

Table 4

|   | 2008                 | 2009              | 2010             | 2011               | 2012                | 2013             | 2014              | 2015             | 2016               | 2017             |
|---|----------------------|-------------------|------------------|--------------------|---------------------|------------------|-------------------|------------------|--------------------|------------------|
| OTHER FINANCING SOURCES (USES)                              |                      |                   |                  |                    |                     |                  |                   |                  |                    |                  |
| Transfers In  | \$26,706,589         | 33,598,505        | 6,026,091        | 4,914,703          | 18,344,736          | 9,345,645        | 23,397,447        | 15,171,967       | 20,495,545         | 22,136,656       |
| Transfers Out   | (14,501,534)         | (32,598,505)      | (5,026,091)      | (3,914,703)        | (17,344,736)        | (8,345,645)      | (23,397,447)      | (15,171,967)     | (20,495,545)       | (23,136,656)     |
| Sale of Assets  | 1,047,481            | 207,172           | 741,886          | 202,620            | 357,594             | 148,139          | 180,536           | 219,439          | 591,684            | 309,959          |
| Capital Lease Obligations Issued                            | 1,095,961            | 2,129,500         | 737,828          | 958,419            | 1,261,901           | 636,858          | 1,157,013         | 765,816          | 1,039,101          | 1,178,759        |
| Installment Purchase Contracts                              | --                   | 1,315,000         | --               | --                 | --                  | --               | --                | --               | --                 | --               |
| General Obligation Bonds Issued                             | --                   | 43,871,785        | 16,131,395       | 14,670,000         | 9,189,679           | (2,090,321)      | 32,915,000        | --               | 13,702,041         | --               |
| Premium Received on General Obligation Bonds                | --                   | --                | 395,765          | 2,090,321          | 2,090,321           | 2,090,321        | 3,084,372         | --               | --                 | --               |
| Payment to Escrow for Advanced<br>Defeasance of Debt        | --                   | (13,797,515)      | (16,278,744)     | (16,582,347)       | (11,206,974)        | --               | --                | --               | (13,659,660)       | --               |
| Miscellaneous   | --                   | --                | --               | (102,060)          | (50,316)            | --               | --                | --               | --                 | --               |
| TOTAL OTHER FINANCING SOURCES, net                          | <u>14,348,497</u>    | <u>34,725,942</u> | <u>2,728,130</u> | <u>2,236,953</u>   | <u>2,642,205</u>    | <u>1,784,997</u> | <u>37,336,921</u> | <u>985,255</u>   | <u>1,673,166</u>   | <u>488,718</u>   |
| NET CHANGE IN FUND BALANCE                                  | <u>(\$9,233,304)</u> | <u>17,310,943</u> | <u>1,965,161</u> | <u>(2,276,535)</u> | <u>(13,258,632)</u> | <u>(956,533)</u> | <u>39,929,279</u> | <u>5,224,488</u> | <u>(2,224,695)</u> | <u>2,145,032</u> |
| Debt Service as a percentage of<br>non-capital expenditures | 8.6%                 | 9.6%              | 10.4%            | 9.5%               | 10.2%               | 9.7%             | 11.8%             | 9.8%             | 9.2%               | 9.1%             |

NOTES:

<sup>(1)</sup> This table was prepared using the modified accrual basis of accounting.

<sup>(2)</sup> A departmental reorganization occurred during FY2014.

<sup>(3)</sup> Beginning in FY2014, capital project expenditures are included in the functional areas.

# GOVERNMENTAL FUND EXPENDITURES BY FUNCTION <sup>(9)</sup> <sup>(10)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

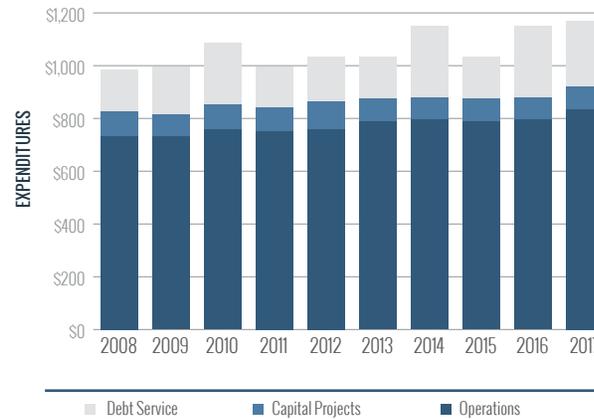
Table 5

| Fiscal Year | General Government (1) (11) | Public Safety (2) (11) | Public Works (3) | Parks, Recreation and Culture (4) (11) | Development (5) | Infrastructure (6) (11) | Debt Service (7) | Capital Projects (8) | Fiscal Year Total | Per Capita Expenditures |
|-------------|-----------------------------|------------------------|------------------|--|-----------------|-------------------------|------------------|----------------------|-------------------|-------------------------|
| 2017        | \$20,618,594                | 46,515,157             | 29,721,025       | 15,993,137                             | 8,636,900       | 12,516,921              | 13,810,376       | 39,453,556           | 187,265,666       | 1,168                   |
| 2016        | 17,950,841                  | 45,610,735             | 26,977,758       | 14,332,313                             | 9,080,598       | 11,025,587              | 13,561,144       | 42,646,504           | 181,185,480       | 1,152                   |
| 2015        | 16,848,734                  | 44,094,581             | 26,695,624       | 14,612,652                             | 8,335,750       | 10,686,628              | 13,705,931       | 24,013,472           | 158,993,372       | 1,033                   |
| 2014        | 16,635,615                  | 41,680,461             | 26,889,770       | 13,795,424                             | 6,905,274       | 7,835,464               | 15,621,299       | 25,875,375           | 155,238,682       | 1,036                   |
| 2013        | 29,653,364                  | 40,551,948             | 25,833,602       | 12,831,839                             | --              | --                      | 13,083,128       | 22,813,538           | 144,767,419       | 999                     |
| 2012        | 30,391,880                  | 39,814,392             | 25,248,442       | 12,286,767                             | --              | --                      | 13,810,001       | 32,950,758           | 154,502,240       | 1,086                   |
| 2011        | 29,011,517                  | 37,142,140             | 23,831,652       | 11,859,573                             | --              | --                      | 11,729,960       | 24,884,877           | 138,459,719       | 993                     |
| 2010        | 29,542,906                  | 35,744,914             | 22,812,651       | 10,954,118                             | --              | --                      | 12,712,645       | 21,622,624           | 133,389,858       | 986                     |
| 2009        | 31,483,603                  | 34,014,789             | 23,085,326       | 10,582,886                             | --              | --                      | 12,619,974       | 41,997,076           | 153,783,654       | 1,172                   |
| 2008        | 28,093,465                  | 32,746,570             | 21,911,745       | 10,114,592                             | --              | --                      | 11,493,976       | 52,387,430           | 156,747,778       | 1,247                   |

NOTES:

- (1) Includes Legislative, Town Clerk, Legal, Administrative, Budget, Public Information, Technology Services, Accounting, Purchasing, Human Resources, Emergency Telephone System, Economic Development and Self-Insurance.
- (2) Includes Police and Fire.
- (3) Includes Public Works Administration, Facilities Management, Field Operations, Disaster Management, Solid Waste, Recycling and Yard Waste.
- (4) Includes Parks, Recreation and Cultural Resources Administration, Recreational Programs, Athletics, Cultural Arts, Amphitheatre operations, Skate Park, Tennis Park, Soccer Park, USA Baseball National Training Complex at Thomas Brooks Park, and the Cary Arts Center.
- (5) Includes Planning, Affordable Housing, Inspection & Permits and Development Support.
- (6) Includes Transportation & Facilities and Water Resources - Infrastructure.
- (7) Includes all principal, interest, and service charges paid through the General Fund for bonded debt and installment purchases, net of reimbursements from other funds.
- (8) Includes project expenditures from all of the Capital Project Fund sub-funds (street, downtown, parks, fire and general governmental projects).
- (9) This table was prepared using the modified accrual basis of accounting.
- (10) A departmental reorganization occurred during FY2014.
- (11) Capital project expenditures are not included and presented in a separate column.

## GENERAL GOVERNMENTAL EXPENDITURES - PER CAPITA



## UTILITY SYSTEM ENTERPRISE FUND EXPENDITURES BY FUNCTION <sup>(1) (2)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

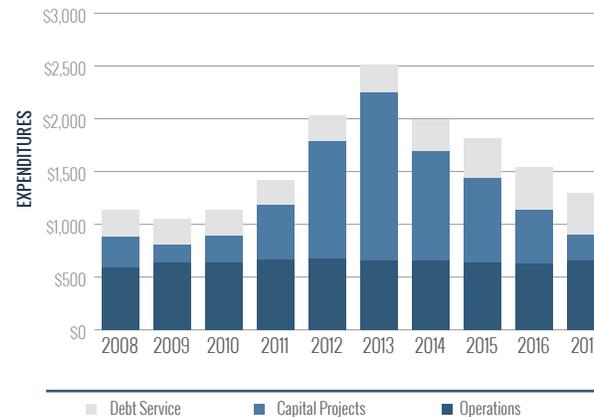
Table 6

| Fiscal Year | Administrative <sup>(2)</sup> | Field Operations | Utility Systems Management | Wastewater Treatment Facilities | Water Treatment Plant, net | Other Expenditures (not including transfers) <sup>(3)</sup> | Debt Service <sup>(4)</sup> | Capital Projects | Fiscal Year Total | Per Customer Expenditures |
|-------------|-------------------------------|------------------|----------------------------|---------------------------------|----------------------------|---|-----------------------------|------------------|-------------------|---------------------------|
| 2017        | \$8,459,059                   | 9,791,207        | 3,991,963                  | 10,727,206                      | 6,423,836                  | 443,135   | 23,883,026                  | 15,237,431       | 78,956,863        | 1,296                     |
| 2016        | 8,319,942                     | 9,264,631        | 3,444,121                  | 10,024,070                      | 6,240,410                  | 43,999  | 23,897,931                  | 30,741,357       | 91,976,461        | 1,540                     |
| 2015        | 7,577,816                     | 9,617,352        | 3,224,896                  | 11,178,461                      | 5,724,272                  | 6,199   | 22,060,528                  | 46,599,746       | 105,989,270       | 1,818                     |
| 2014        | 8,926,053                     | 8,127,485        | 2,858,198                  | 11,448,438                      | 5,738,271                  | 317,056   | 17,341,937                  | 58,450,005       | 113,207,443       | 1,992                     |
| 2013        | 9,098,272                     | 7,674,000        | 2,926,766                  | 10,517,874                      | 5,208,880                  | 889,631   | 14,548,508                  | 87,825,092       | 138,689,023       | 2,514                     |
| 2012        | 9,686,337                     | 7,862,124        | 2,888,965                  | 10,288,209                      | 4,998,096                  | 51,648  | 13,224,249                  | 59,108,441       | 108,108,069       | 2,033                     |
| 2011        | 8,746,832                     | 7,854,628        | 2,481,630                  | 10,346,423                      | 4,688,478                  | 583,604   | 12,480,169                  | 26,730,106       | 73,911,870        | 1,417                     |
| 2010        | 8,175,698                     | 7,146,792        | 2,471,057                  | 9,510,146                       | 4,795,636                  | 135,515   | 12,686,261                  | 12,374,227       | 57,295,332        | 1,137                     |
| 2009        | 6,863,284                     | 7,439,182        | 2,621,157                  | 9,221,740                       | 4,739,192                  | 319,292   | 12,205,140                  | 8,102,283        | 51,511,270        | 1,052                     |
| 2008        | 5,917,047                     | 6,526,864        | 2,711,113                  | 8,626,042                       | 4,465,462                  | 7,219   | 12,427,542                  | 13,736,398       | 54,417,687        | 1,137                     |

NOTES:

- <sup>(1)</sup> This table was prepared using the modified accrual basis of accounting.
- <sup>(2)</sup> Division includes administration, water conservation and pretreatment. Due to departmental reorganization in FY2014, water resources was added to this total.
- <sup>(3)</sup> Does not include any payments to escrow related to the advanced defeasance of debt.
- <sup>(4)</sup> Includes debt service paid to Morrisville for their utility debt as part of the 2006 merger agreement.

### UTILITY EXPENDITURES - PER CUSTOMER



## GOVERNMENTAL FUND REVENUES BY SOURCE <sup>(7)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

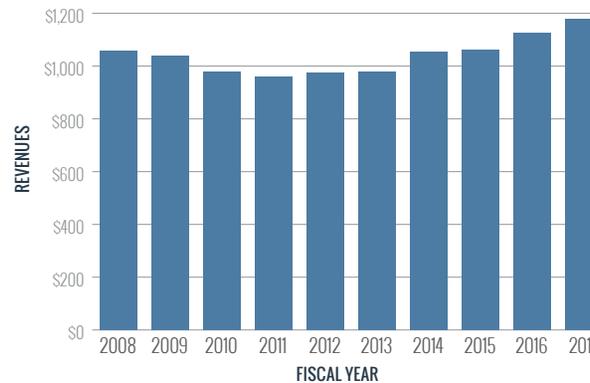
Table 7

| Fiscal Year | Taxes & Licenses <sup>(1)</sup> | Permits and Fees <sup>(2)</sup> | Inter-Governmental <sup>(3)</sup> | Sales and Service <sup>(4)</sup> | Investment Earnings <sup>(5)</sup> | Reimbursements and Miscellaneous <sup>(6)</sup> | Fiscal Year Total | Per Capita Revenues |
|-------------|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|------------------------------------|---|-------------------|---------------------|
| 2017        | \$124,978,267                   | 14,497,021                      | 22,824,187                        | 18,257,806                       | 572,811                            | 7,791,888                                       | 188,921,980       | 1,178               |
| 2016        | 120,442,500                     | 14,253,928                      | 19,751,031                        | 17,605,194                       | 2,610,121                          | 2,624,845                                       | 177,287,619       | 1,127               |
| 2015        | 112,417,754                     | 11,288,290                      | 19,990,667                        | 16,238,536                       | 1,356,546                          | 1,940,812                                       | 163,232,605       | 1,061               |
| 2014        | 109,260,297                     | 11,953,112                      | 17,441,771                        | 14,717,859                       | 1,257,048                          | 3,146,965                                       | 157,777,052       | 1,053               |
| 2013        | 98,769,115                      | 9,218,784                       | 16,960,633                        | 13,260,981                       | 426,203                            | 3,390,173                                       | 142,025,889       | 980                 |
| 2012        | 96,480,775                      | 7,305,932                       | 16,281,506                        | 13,211,223                       | 912,452                            | 4,409,515                                       | 138,601,403       | 974                 |
| 2011        | 94,363,577                      | 5,521,347                       | 17,411,587                        | 11,859,207                       | 1,625,479                          | 3,165,034                                       | 133,946,231       | 961                 |
| 2010        | 91,755,828                      | 5,581,224                       | 17,745,744                        | 11,714,146                       | 2,808,943                          | 3,021,004                                       | 132,626,889       | 981                 |
| 2009        | 90,850,656                      | 7,153,411                       | 17,294,183                        | 11,234,157                       | 6,616,841                          | 3,219,407                                       | 136,368,655       | 1,040               |
| 2008        | 85,838,086                      | 10,463,425                      | 14,236,866                        | 9,511,633                        | 10,939,450                         | 2,176,517                                       | 133,165,977       | 1,059               |

NOTES:

- <sup>(1)</sup> Includes all ad valorem taxes, penalties and interest, Wake County sales tax, animal and business licenses and ABC revenues.
- <sup>(2)</sup> Includes building permits, plan review fees, inspection fees, traffic impact analysis fees, grading permits, development fees and vehicle license fees.
- <sup>(3)</sup> Includes revenue sharing entitlements, wine and beer tax, utility & piped natural gas sales tax, and federal, state and local grants.
- <sup>(4)</sup> Includes sanitation fees, recreation fees, athletic fees, cultural art fees and facility rentals. Starting in FY2015 cell tower leases, recycled goods and festival revenues were reclassified from miscellaneous to sales and service.
- <sup>(5)</sup> Includes interest earned on all governmental fund cash balances.
- <sup>(6)</sup> Includes developer and intergovernmental reimbursements, fines, donations, and miscellaneous revenues. Totals prior to FY2015 also include cell tower lease proceeds, recycled goods sales and festival revenues, which were reclassified in FY2015 to sales and service.
- <sup>(7)</sup> This table was prepared using the modified accrual basis of accounting.

### GENERAL GOVERNMENT REVENUES - PER CAPITA



## UTILITY SYSTEM ENTERPRISE FUND REVENUES BY SOURCE <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

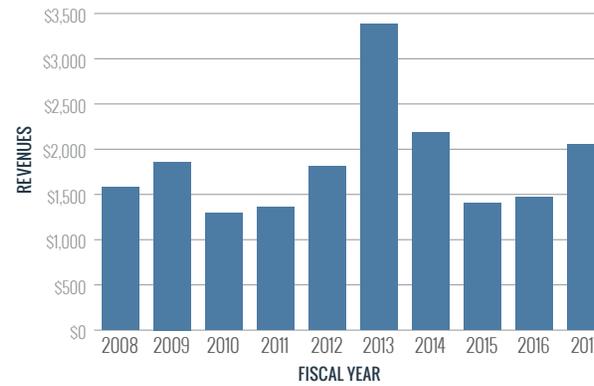
Table 8

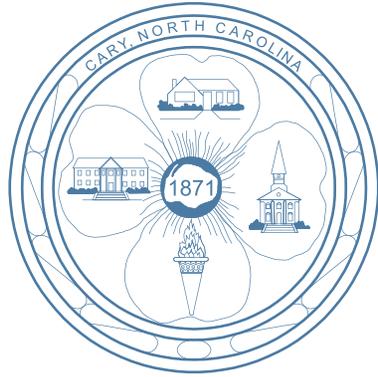
| Fiscal Year | Charge for Services | Other Operating Revenues | Investment Earnings <sup>(2)</sup> | Debt Proceeds <sup>(3)</sup> | Other Revenues & Reimbursements <sup>(4)</sup> | Development Fees | Total       | Per Customer Revenues |
|-------------|---------------------|--------------------------|------------------------------------|------------------------------|--|------------------|-------------|-----------------------|
| 2017        | \$74,415,810        | 2,164,793                | 517,213                            | 35,129,920                   | 65,725   | 12,926,567       | 125,220,028 | 2,056                 |
| 2016        | 70,279,268          | 2,294,731                | 2,726,503                          | 1,787,840                    | 471,718  | 10,333,229       | 87,893,289  | 1,471                 |
| 2015        | 66,027,145          | 2,234,105                | 1,454,440                          | --                           | 1,617,402                                      | 10,749,949       | 82,083,041  | 1,408                 |
| 2014        | 62,365,850          | 2,103,578                | 1,385,781                          | 43,969,775                   | 117,897  | 14,002,711       | 123,945,592 | 2,181                 |
| 2013        | 59,322,612          | 1,900,904                | 508,292                            | 111,509,486                  | 380,971  | 13,017,268       | 186,639,533 | 3,383                 |
| 2012        | 59,493,635          | 1,734,365                | 915,137                            | 22,047,645                   | 698,591  | 11,558,415       | 96,447,788  | 1,814                 |
| 2011        | 56,780,324          | 1,518,837                | 1,676,045                          | 1,041,230                    | 798,885  | 8,899,219        | 70,714,540  | 1,356                 |
| 2010        | 50,622,622          | 1,247,727                | 2,670,899                          | 133,532                      | 60,684   | 10,564,341       | 65,299,805  | 1,296                 |
| 2009        | 45,303,024          | 1,236,627                | 6,475,153                          | 26,944,462                   | 508,109  | 10,631,698       | 91,099,073  | 1,861                 |
| 2008        | 45,663,744          | 1,739,388                | 9,524,435                          | --                           | 1,187,986                                      | 17,464,905       | 75,580,458  | 1,579                 |

NOTES:

- <sup>(1)</sup> This table was prepared using the modified accrual basis of accounting.
- <sup>(2)</sup> Includes interest earned on all utility funds, net of market adjustment.
- <sup>(3)</sup> Includes net proceeds related to refinancings, as well as premium proceeds.
- <sup>(4)</sup> Includes proceeds from the sale of assets, non-operational grants, and miscellaneous non-operating revenues and reimbursements.

### UTILITY REVENUES - PER CUSTOMER





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# REVENUE CAPACITY INFORMATION

# ASSESSED VALUE OF TAXABLE PROPERTY

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 9

| Assessed Value <sup>(1)</sup> |                  |                               |                          |                |                |                               |                          |             |                              |  |  |
|-------------------------------|------------------|-------------------------------|--------------------------|----------------|----------------|-------------------------------|--------------------------|-------------|------------------------------|--|--|
| Fiscal Year                   | Wake County      |                               |                          |                | Chatham County |                               |                          |             | Total Taxable Assessed Value | Property Tax Rate (Per \$100 Assessed Value) | Percent Increase in Value <sup>(2)</sup> |
|                               | Real Property    | Personal Value <sup>(3)</sup> | Public Service Companies | Total          | Real Property  | Personal Value <sup>(3)</sup> | Public Service Companies | Total       |                              |  |  |
| 2017                          | \$22,422,150,417 | 2,652,703,877                 | 200,394,135              | 25,275,248,429 | 531,841,234    | 43,829,037                    | 908,409                  | 576,578,680 | 25,851,827,109               | 0.35   | 9%                                       |
| 2016                          | 20,447,660,798   | 2,464,112,857                 | 205,463,503              | 23,117,237,158 | 496,266,808    | 40,374,537                    | 951,164                  | 537,592,509 | 23,654,829,667               | 0.37   | 4%                                       |
| 2015                          | 19,737,556,962   | 2,394,339,390                 | 158,833,736              | 22,290,730,088 | 472,674,584    | 36,044,703                    | 986,703                  | 509,705,990 | 22,800,436,078               | 0.35   | 1%                                       |
| 2014                          | 19,253,499,683   | 2,651,269,323                 | 162,771,304              | 22,067,540,310 | 435,659,172    | 49,167,191                    | 394,609                  | 485,220,972 | 22,552,761,282               | 0.35   | 5%                                       |
| 2013                          | 18,857,725,430   | 2,133,248,139                 | 170,128,429              | 21,161,101,998 | 394,972,085    | 401,770                       | 878,780                  | 396,252,635 | 21,557,354,633               | 0.33   | 2%                                       |
| 2012                          | 18,514,164,317   | 2,046,015,418                 | 178,069,414              | 20,738,249,149 | 353,693,337    | 19,776,296                    | 825,992                  | 374,295,625 | 21,112,544,774               | 0.33   | 2%                                       |
| 2011                          | 18,206,613,074   | 1,980,628,344                 | 181,841,878              | 20,369,083,296 | 294,963,513    | 15,467,594                    | 666,918                  | 311,098,025 | 20,680,181,321               | 0.33   | 1%                                       |
| 2010                          | 17,939,455,888   | 2,023,192,430                 | 185,795,054              | 20,148,443,372 | 249,088,101    | 55,939                        | 8,486                    | 249,152,526 | 20,397,595,898               | 0.33   | 4%                                       |
| 2009                          | 17,227,574,159   | 2,096,477,149                 | 199,632,118              | 19,523,683,426 | 172,245,824    | 108,478                       | 8,104                    | 172,362,406 | 19,696,045,832               | 0.33   | 42%                                      |
| 2008                          | 11,630,554,484   | 2,032,274,542                 | 159,867,253              | 13,822,696,279 | 92,646,821     | 21,132                        | 7,923                    | 92,675,876  | 13,915,372,155               | 0.42   | 7%                                       |

NOTES:

<sup>(1)</sup> Assessed Value is established by Wake County and Chatham County Assessors' offices. Assessed valuations are established at 100% of estimated market value for real property and 100% of actual value for personal property.

<sup>(2)</sup> A revaluation of all property is required every eight years by state statute. A revaluation occurred in 2008 in Wake County and in 2009 in Chatham County.

<sup>(3)</sup> Includes vehicles.

## COMPARISON OF TOWN OF CARY AND COUNTY ASSESSED VALUES

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 10

| Fiscal<br>Year | Wake County Assessed Value |                               | Ratio<br>of Town<br>to County | Chatham County Assessed Value |                                  | Ratio<br>of Town<br>to County |
|----------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                | Town of<br>Cary            | Wake<br>County <sup>(1)</sup> |                               | Town of<br>Cary               | Chatham<br>County <sup>(2)</sup> |                               |
| 2017           | \$25,275,248,429           | 141,411,010,294               | 17.87 %                       | \$576,578,680                 | 10,062,280,684                   | 5.73 %                        |
| 2016           | 23,117,237,158             | 131,950,999,915               | 17.52                         | 537,592,509                   | 9,737,933,280                    | 5.52                          |
| 2015           | 22,290,730,088             | 127,947,523,008               | 17.42                         | 509,705,990                   | 9,418,243,039                    | 5.41                          |
| 2014           | 22,067,540,310             | 127,426,491,226               | 17.32                         | 485,220,972                   | 9,376,365,069                    | 5.17                          |
| 2013           | 21,161,101,998             | 122,450,151,129               | 17.28                         | 396,252,635                   | 9,110,794,992                    | 4.35                          |
| 2012           | 20,738,249,149             | 120,555,400,651               | 17.20                         | 374,295,625                   | 8,844,926,975                    | 4.23                          |
| 2011           | 20,369,083,296             | 119,535,621,641               | 17.04                         | 311,098,025                   | 8,693,574,553                    | 3.58                          |
| 2010           | 20,148,443,372             | 118,801,424,109               | 16.96                         | 249,152,526                   | 8,493,656,963                    | 2.93                          |
| 2009           | 19,523,683,426             | 116,610,525,500               | 16.74                         | 172,362,406                   | 7,638,601,923                    | 2.26                          |
| 2008           | 13,822,696,279             | 83,122,951,280                | 16.63                         | 92,675,876                    | 7,108,930,000                    | 1.30                          |

NOTES:

<sup>(1)</sup> 2008-2017 data from Wake County Finance Department.

<sup>(2)</sup> 2008-2017 data from Chatham County Finance Department.

## PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 11

| Fiscal Year | Town of Cary | Wake County <sup>(1)</sup> | Chatham County <sup>(2)</sup> | Combined Tax Rate per \$100 of Assessed Value |                |
|-------------|--------------|----------------------------|-------------------------------|---|----------------|
|             |              |                            |                               | Wake County                                   | Chatham County |
| 2017        | \$0.35       | 0.600                      | 0.634                         | 0.950   | 0.984          |
| 2016        | 0.37         | 0.615                      | 0.622                         | 0.985   | 0.992          |
| 2015        | 0.35         | 0.578                      | 0.622                         | 0.928   | 0.972          |
| 2014        | 0.35         | 0.534                      | 0.622                         | 0.884   | 0.972          |
| 2013        | 0.33         | 0.534                      | 0.622                         | 0.864   | 0.952          |
| 2012        | 0.33         | 0.534                      | 0.622                         | 0.864   | 0.952          |
| 2011        | 0.33         | 0.534                      | 0.622                         | 0.864   | 0.952          |
| 2010        | 0.33         | 0.534                      | 0.602                         | 0.864   | 0.932          |
| 2009        | 0.33         | 0.534                      | 0.653                         | 0.864   | 0.983          |
| 2008        | 0.42         | 0.678                      | 0.617                         | 1.098   | 1.037          |

NOTES:

<sup>(1)</sup> A revaluation of all property is required every eight years by state statute. A revaluation occurred in December 2015 (current fiscal year) in Wake County. Chatham County's last revaluation occurred in December 2008 (Fiscal Year 2009), with the next one planned for December 2016 (Fiscal Year 2017).

<sup>(2)</sup> In April 1995, the Town expanded into Chatham County.

## PRINCIPAL PROPERTY TAXPAYERS

TOWN OF CARY, NORTH CAROLINA

NINE YEARS AGO AND CURRENT YEAR <sup>(3)</sup>

Table 12

| Taxpayer                                   | Type of Enterprise      | 2008                     |      |   | 2017                                    |      |   |
|--|-------------------------|--------------------------|------|---|---|------|---|
|  |                         | Total Assessed Valuation | Rank | Percentage of Total Town Assessed Valuation | Total Assessed Valuation <sup>(1)</sup> | Rank | Percentage of Total Town Assessed Valuation |
| SAS Institute, Inc.                        | Computer Software       | \$245,519,141            | 1    | 1.76 %                                      | \$536,746,722                           | 1    | 2.08 %                                      |
| Highwoods Realty Limited Partnership       | Real Estate Investments | 37,990,654               | 12   | .27   | 201,675,332                             | 2    | .78   |
| WMCI Raleigh LLC                           | Real Estate Development | <sup>(2)</sup>           |      | --  | 132,320,193                             | 3    | .51   |
| Cary Venture Limited Partnership           | Real Estate Investments | 78,143,251               | 3    | .56   | 99,006,170                              | 4    | .38   |
| KRG Parkside LLC                           | Real Estate Development | <sup>(2)</sup>           |      | ---   | 88,317,715                              | 5    | .34   |
| Crossroads Plaza, 1743 LP                  | Real Estate Investments | 44,327,219               | 8    | .32   | 83,541,775                              | 6    | .32   |
| Bradford Spe LLC                           | Real Estate Development | <sup>(2)</sup>           |      | --  | 77,205,153                              | 7    | .30   |
| Four Star Ventures LLC                     | Real Estate Development | 59,075,119               | 5    | .42   | 59,258,623                              | 8    | .23   |
| Kellogg/Austin Quality Foods, Inc.         | Baked Goods             | 41,092,201               | 11   | .30   | 57,028,505                              | 9    | .22   |
| MLC Automotive LLC                         | Automotive              | <sup>(2)</sup>           |      | --  | 56,095,808                              | 10   | .22   |
| Siemens Medical Solutions                  | Healthcare Technology   | <sup>(2)</sup>           |      | --  | 54,264,123                              | 11   | .21   |
| Tradition at Stonewater Apartments         | Real Estate Development | <sup>(2)</sup>           |      | --  | 53,460,056                              | 12   | .21   |
| Morguard Lodge Apartments LLC              | Real Estate Development | <sup>(2)</sup>           |      | --  | 53,335,582                              | 13   | .21   |
| Intercontinental Fund III Regency Lakeview | Real Estate Development | 42,561,911               | 9    | .31   | 53,120,012                              | 14   | .21   |
| Guardian Tryon Village LLC                 | Real Estate Development | <sup>(2)</sup>           |      | --  | 52,653,329                              | 15   | .20   |
| R H Donnelley, Inc.                        | Publishing              | 78,304,946               | 2    | .56   | <sup>(2)</sup>                          |      | --  |
| MCI Communication Services Inc.            | Telecommunications      | 59,438,056               | 4    | .43   | <sup>(2)</sup>                          |      | --  |
| Weeks Realty LP                            | Real Estate Development | 54,410,610               | 6    | .39   | <sup>(2)</sup>                          |      | --  |
| Corning Road LLC                           | Real Estate Investments | 54,058,166               | 7    | .39   | <sup>(2)</sup>                          |      | --  |
| Duke Energy Progress                       | Electric Utility        | 41,741,244               | 10   | .30   | <sup>(2)</sup>                          |      | --  |
| SVF Weston Lakeside LLC                    | Real Estate Development | 36,443,195               | 13   | .26   | <sup>(2)</sup>                          |      | --  |
| Prestonwood Country Club, Inc.             | Country Club            | 34,364,116               | 14   | .25   | <sup>(2)</sup>                          |      | --  |
| Pizzagalli Properties LLC                  | Real Estate Development | 34,090,841               | 15   | .24   | <sup>(2)</sup>                          |      | --  |
| <b>Total</b>                               |                         | <u>\$941,560,670</u>     |      | <u>6.76 %</u>                               | <u>\$1,658,029,098</u>                  |      | <u>6.42 %</u>                               |

NOTES:

<sup>(1)</sup> Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2017.

<sup>(2)</sup> Not within top fifteen ranking.

<sup>(3)</sup> Source: Wake County, North Carolina Revenue Department

## PROPERTY TAX LEVIES AND COLLECTIONS

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

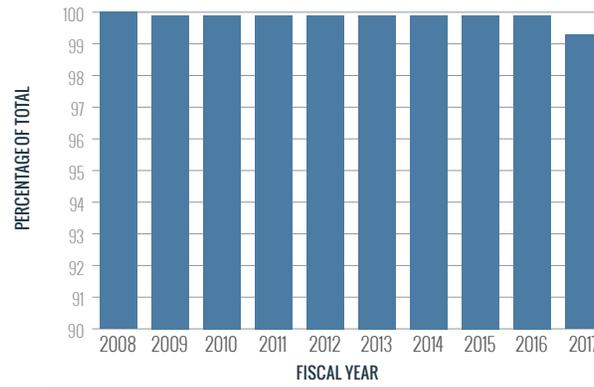
Table 13

| Fiscal Year | Net Levy     | Collected within the Fiscal Year of Tax Levy |                 | Collections in Subsequent Years <sup>(1)</sup> | Total Collections to Date |                 |
|-------------|--------------|--|-----------------|--|---------------------------|-----------------|
|             |              | Amount                                       | Percent of Levy |  | Amount                    | Percent of Levy |
| 2017        | \$89,914,221 | 89,284,084                                   | 99.3 %          | \$ --  | 89,284,084                | 99.3 %          |
| 2016        | 87,321,107   | 86,712,014                                   | 99.3            | 569,220  | 87,281,234                | 99.9            |
| 2015        | 79,856,172   | 79,254,550                                   | 99.2            | 585,355  | 79,839,905                | 99.9            |
| 2014        | 78,746,669   | 78,031,508                                   | 99.0            | 689,219  | 78,720,727                | 99.9            |
| 2013        | 71,093,526   | 70,567,236                                   | 99.2            | 498,693  | 71,065,929                | 99.9            |
| 2012        | 69,608,379   | 69,206,629                                   | 99.4            | 370,170  | 69,576,799                | 99.9            |
| 2011        | 67,897,001   | 67,406,048                                   | 99.2            | 462,261  | 67,868,309                | 99.9            |
| 2010        | 66,767,280   | 66,126,105                                   | 99.0            | 612,386  | 66,738,491                | 99.9            |
| 2009        | 64,748,494   | 64,185,203                                   | 99.1            | 529,397  | 64,714,600                | 99.9            |
| 2008        | 58,258,580   | 57,718,968                                   | 99.0            | 539,612  | 58,258,580                | 100.0           |

NOTES:

<sup>(1)</sup> Includes writeoffs.

### PERCENT NET LEVY COLLECTED TO DATE





## ANALYSIS OF CURRENT TAX LEVY

TOWN OF CARY, NORTH CAROLINA

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Table 15

|  | Town-Wide               |      | Total Levy          |  |                           |
|--|-------------------------|------|---------------------|--|---------------------------|
|  | Property Valuation      | Rate | Total Levy          | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy:                                       |                         |      |                     |  |                           |
| Property Taxed at Current Year's Rate                | \$25,805,776,452        | 0.35 | 90,470,371          | 84,198,222                                   | 6,272,149                 |
| Penalties  | --                      |      | 43,381              | 43,381                                       | --                        |
| <b>Total</b>   | <b>25,805,776,452</b>   |      | <b>90,513,752</b>   | <b>84,241,603</b>                            | <b>6,272,149</b>          |
| Discoveries:   |                         |      |                     |  |                           |
| Current Year Taxes                                   | --                      | 0.35 | --                  | --   | --                        |
| Prior Year Taxes                                     | 46,050,657              |      | 72,679              | 70,955                                       | 1,724                     |
| <b>Total</b>   | <b>25,851,827,109</b>   |      | <b>90,586,431</b>   | <b>84,312,558</b>                            | <b>6,273,873</b>          |
| Abatements   | --                      |      | (672,210)           | (650,332)                                    | (21,878)                  |
| <b>Total Property Valuation</b>                      | <b>\$25,851,827,109</b> |      |                     |  |                           |
| <b>Net Levy</b>                                      |                         |      | <b>89,914,221</b>   | <b>83,662,226</b>                            | <b>6,251,995</b>          |
| Uncollected at June 30, 2017                         |                         |      | (630,137)           | (83,302)                                     | (546,835)                 |
| <b>Current Year Taxes Collected, net</b>             |                         |      | <b>\$89,284,084</b> | <b>83,578,924</b>                            | <b>5,705,160</b>          |
| <b>Current Levy Collection Percentage</b>            |                         |      | <b>99.30%</b>       | <b>99.90%</b>                                | <b>91.25%</b>             |
| Secondary Market Disclosures:                        |                         |      |                     |  |                           |
| Assessed Valuation:                                  |                         |      |                     |  |                           |
| Assessment Ratio                                     |                         |      |                     | 100.00%                                      |                           |
| Real Property  |                         |      |                     | \$22,953,991,651                             |                           |
| Personal Property                                    |                         |      |                     | 2,696,532,914                                |                           |
| Public Service Companies                             |                         |      |                     | 201,302,544                                  |                           |
| <b>Total Assessed Valuation</b>                      |                         |      |                     | <b>\$25,851,827,109</b>                      |                           |
| Tax Rate per \$100                                   |                         |      |                     | 0.35   |                           |
| Levy (includes discoveries, releases and abatements) |                         |      |                     | \$90,586,431                                 |                           |

NOTES:

(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

(3) The levy includes interest and penalties.

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# DEBT CAPACITY INFORMATION

## RATIOS OF OUTSTANDING DEBT BY TYPE

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

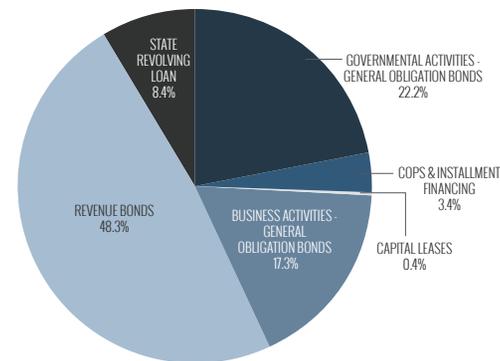
Table 16

| Fiscal Year | Governmental Activities                 |   |                | Business-Type Activities                |                              |                                     | Total Primary Government | Per Capita <sup>(3)(4)</sup> |
|-------------|---|---|----------------|---|------------------------------|-------------------------------------|--------------------------|------------------------------|
|             | General Obligation Bonds <sup>(1)</sup> | COPS, LOBS & Installment Financing <sup>(1)</sup> | Capital Leases | General Obligation Bonds <sup>(1)</sup> | Revenue Bonds <sup>(1)</sup> | State Revolving Loan <sup>(2)</sup> |                          |                              |
| 2017        | \$96,723,543                            | 14,913,239  | 1,639,470      | 75,429,422                              | 210,923,117                  | 36,508,975                          | 436,137,766              | 2,719                        |
| 2016        | 105,764,918                             | 17,641,223  | 1,470,629      | 82,140,373                              | 179,661,192                  | 39,399,218                          | 426,077,553              | 2,709                        |
| 2015        | 113,782,157                             | 20,394,115  | 1,477,266      | 88,104,516                              | 183,337,148                  | 40,539,461                          | 447,634,663              | 2,909                        |
| 2014        | 121,912,725                             | 23,162,090  | 1,738,674      | 94,247,417                              | 143,640,339                  | 43,494,973                          | 428,196,218              | 2,857                        |
| 2013        | 97,310,800                              | 25,541,080  | 1,365,817      | 55,636,720                              | 146,250,103                  | 44,492,429                          | 370,596,949              | 2,556                        |
| 2012        | 104,452,346                             | 28,432,107  | 1,606,905      | 60,670,878                              | 49,340,524                   | 31,665,450                          | 276,168,210              | 1,941                        |
| 2011        | 111,793,159                             | 31,153,590  | 1,319,674      | 65,890,850                              | 51,745,932                   | 10,284,309                          | 272,187,514              | 1,953                        |
| 2010        | 115,938,181                             | 33,392,373  | 1,321,414      | 69,722,448                              | 54,666,341                   | 10,230,332                          | 285,271,089              | 2,109                        |
| 2009        | 121,249,575                             | 35,813,715  | 2,294,404      | 72,877,432                              | 57,541,749                   | 10,862,528                          | 300,639,403              | 2,292                        |
| 2008        | 95,598,177                              | 37,450,301  | 1,653,130      | 46,572,965                              | 60,382,157                   | 11,494,724                          | 253,151,454              | 2,014                        |

NOTES:

- (1) Debt is net of any related premiums or discounts.
- (2) State revolving loan amount is net of a long-term receivable relating to interlocal agreements with the Town of Apex and the Town of Holly Springs for their portions of the Western Wake Regional Wastewater Management Facility loan according to their respective partner percentages for the various regional plant projects.
- (3) See Table 22 for population data.
- (4) % of Personal Income cannot be calculated because separate personal income data is not available for the Town of Cary. See Table 22 for further explanation.

### FISCAL YEAR 2017 OUTSTANDING DEBT TOTAL PRIMARY GOVERNMENT



## RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

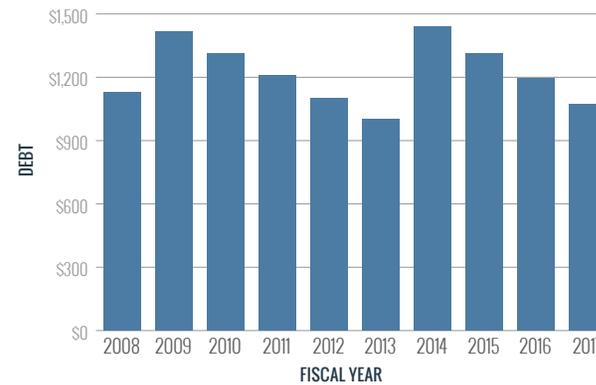
Table 17

| Fiscal Year | Population <sup>(1)</sup> | Assessed Value   | General Bonded Debt <sup>(2)</sup> | Allowable Statutory Deductions <sup>(3)</sup> | Net Bonded Debt <sup>(4)</sup> | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita | Gross Bonded Debt Per Capita |
|-------------|---------------------------|------------------|------------------------------------|---|--------------------------------|--|----------------------------|------------------------------|
| 2017        | 160,390                   | \$25,851,827,109 | 172,152,965                        | 16,140,000                                    | 156,012,965                    | .60 %                                      | \$973                      | 1,073                        |
| 2016        | 157,259                   | 23,654,829,667   | 187,905,291                        | 19,660,000                                    | 168,245,291                    | .71  | 1,070                      | 1,195                        |
| 2015        | 153,868                   | 22,800,436,078   | 201,886,673                        | 23,210,000                                    | 178,676,673                    | .78  | 1,161                      | 1,312                        |
| 2014        | 149,851                   | 22,552,761,282   | 216,160,142                        | 26,590,000                                    | 189,570,142                    | .84  | 1,265                      | 1,443                        |
| 2013        | 144,982                   | 21,557,354,634   | 145,415,001                        | 29,900,000                                    | 115,515,001                    | .54  | 797                        | 1,003                        |
| 2012        | 142,257                   | 21,112,544,774   | 156,770,000                        | 33,130,000                                    | 123,640,000                    | .59  | 869                        | 1,102                        |
| 2011        | 139,382                   | 20,680,181,321   | 168,509,999                        | 36,545,814                                    | 131,964,185                    | .64  | 947                        | 1,209                        |
| 2010        | 135,264                   | 20,397,595,898   | 177,705,000                        | 39,948,603                                    | 137,756,397                    | .68  | 1,018                      | 1,314                        |
| 2009        | 131,173                   | 19,696,045,832   | 186,090,000                        | 43,176,456                                    | 142,913,544                    | .73  | 1,090                      | 1,419                        |
| 2008        | 125,699                   | 13,915,372,155   | 141,864,997                        | 45,606,486                                    | 96,258,511                     | .69  | 766                        | 1,129                        |

NOTES:

- (1) All data is estimated by the Town of Cary Planning Department, except for 2010, which is from the U.S. Census Bureau.
- (2) General bonded debt includes all general obligation bonds (general and utility). Amount does not include revenue bonds. See Table 16 for details.
- (3) Deductions are made for gross debt incurred for water per statutory requirements. Amount is also used in the calculation for debt applicable to debt limit in Table 18.
- (4) Net bonded debt equals general bonded debt less allowable statutory deductions.

### GROSS BONDED DEBT - PER CAPITA



## COMPUTATION OF LEGAL DEBT MARGIN

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 18

| Fiscal Year | Assessed Value   | Debt Limit<br>8% of Total<br>Assessed<br>Value | Less:<br>Amount of Debt<br>Applicable to<br>Debt Limit | Legal<br>Debt<br>Margin | Net Debt<br>as a<br>% of<br>Debt<br>Limit |
|-------------|------------------|--|--|-------------------------|---|
| 2017        | \$25,851,827,109 | 2,068,146,169                                  | (219,650,674)  | 1,848,495,495           | 10.62%                                    |
| 2016        | 23,654,829,667   | 1,892,386,373                                  | (234,442,143)  | 1,657,944,230           | 12.39%                                    |
| 2015        | 22,800,436,078   | 1,824,034,886                                  | (291,228,054)  | 1,532,806,832           | 15.97%                                    |
| 2014        | 22,552,761,282   | 1,804,220,903                                  | (305,150,906)  | 1,499,069,997           | 16.91%                                    |
| 2013        | 21,557,354,634   | 1,724,588,371                                  | (307,161,211)  | 1,417,427,160           | 17.81%                                    |
| 2012        | 21,112,544,774   | 1,689,003,582                                  | (426,859,283)  | 1,262,144,299           | 25.27%                                    |
| 2011        | 20,680,181,321   | 1,654,414,506                                  | (357,336,516)  | 1,297,077,990           | 21.60%                                    |
| 2010        | 20,397,595,898   | 1,631,807,672                                  | (365,293,341)  | 1,266,514,331           | 22.39%                                    |
| 2009        | 19,696,045,832   | 1,575,683,667                                  | (373,852,961)  | 1,201,830,706           | 23.73%                                    |
| 2008        | 13,915,372,155   | 1,113,229,772                                  | (388,553,399)  | 724,676,373             | 34.90%                                    |

NOTES:

(1) Calculation for Net Debt Applicable to Debt Limit:

|   |                      |
|---|----------------------|
| Governmental General Obligation Bonds (includes related premium & discount)       | \$96,723,543         |
| Utility General Obligation Bonds (includes related premium & discount)            | 75,429,422           |
| General Obligation Bonds Authorized, Not Issued <sup>(2)</sup>                    | 47,085,000           |
| Certificates of Participation, Limited Obligation Bonds and Installment Purchases | 14,913,239           |
| Capital Leases  | <u>1,639,470</u>     |
| Gross Bonded Debt   | 235,790,674          |
| Statutory Deductions:   |                      |
| Bonded Debt Included in Gross Debt Incurred for Water                             | <u>(16,140,000)</u>  |
| Total Net Debt Applicable to Debt Limit   | <u>\$219,650,674</u> |

(2) General Obligation Bonds Authorized, Not Issued for FY2017

| Description    | Date<br>Approved |                     |
|----------------|------------------|---------------------|
| Transportation | 11/6/2012        | \$40,215,000        |
| Parks          | 11/6/2012        | 5,430,000           |
| Fire           | 11/6/2012        | 1,440,000           |
|                |                  | <u>\$47,085,000</u> |

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2017

Table 19

|                                   | Governmental<br>Activities Debt | Percentage<br>Applicable to<br>Town of Cary <sup>(2)</sup> | Amount<br>Applicable to<br>Town of Cary |
|-----------------------------------|---------------------------------|--|---|
| Direct Debt:                      |                                 |  |   |
| Town of Cary                      | \$113,276,252 <sup>(1)</sup>    | 100.00%  | \$113,276,252                           |
| Overlapping Debt <sup>(3)</sup> : |                                 |  |   |
| County of Wake                    | 1,727,865,000                   | 17.87%   | 308,831,802                             |
| County of Chatham                 | --                              | 5.73%  | --                                      |
| Total Overlapping Debt            | 1,727,865,000                   |  | 308,831,802                             |
| <b>TOTAL</b>                      | <b>\$1,841,141,252</b>          |  | <b>\$422,108,054</b>                    |

NOTES:

<sup>(1)</sup> Includes all Governmental Activities debt. See Table 16.

<sup>(2)</sup> Allocated based on assessed valuation.

<sup>(3)</sup> Overlapping debt is owed in total by Wake and Chatham Counties and benefits all areas within the respective counties, including cities and towns. Payment of this debt is the responsibility of Wake and Chatham Counties. Overlapping for Wake County debt does not include debt of the Special Airport District of Durham and Wake County, as these bonds are payable by the Airport Authority out of Airport revenues.

## BOND COVERAGE - COMBINED ENTERPRISE SYSTEM BONDS

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

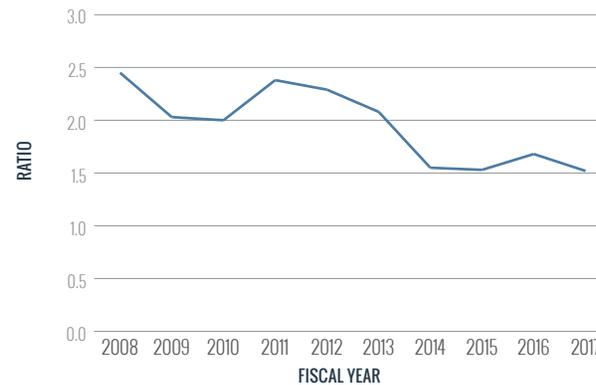
Table 20

| Fiscal Year | Revenue                                   | Current Expenses <sup>(2)</sup> | Income                     | Total Debt Service | Principal <sup>(3)</sup> | Interest <sup>(3)</sup> | Coverage | 15% of Utility            | Revenue Bond Debt Service | Coverage <sup>(4)</sup> |
|-------------|---|---------------------------------|----------------------------|--------------------|--------------------------|-------------------------|----------|---------------------------|---------------------------|-------------------------|
|             | Available for Debt Service <sup>(1)</sup> |                                 | Available for Debt Service |                    |                          |                         |          | Unrestricted Net Position |                           |                         |
| 2017        | \$77,105,764                              | 41,995,022                      | 35,110,742                 | 23,115,672         | 12,063,987               | 11,051,685              | 1.52     | \$37,763,376              | 10,206,980                | 7.14                    |
| 2016        | 75,300,502                                | 36,557,203                      | 38,743,299                 | 23,104,457         | 11,804,553               | 11,299,904              | 1.68     | \$34,545,458              | 9,876,857                 | 7.42                    |
| 2015        | 71,291,969                                | 39,017,865                      | 32,274,104                 | 21,080,510         | 10,685,108               | 10,395,402              | 1.53     | 28,159,226                | 7,977,206                 | 7.58                    |
| 2014        | 65,959,873                                | 40,868,133                      | 25,091,740                 | 16,226,874         | 8,020,108                | 8,206,766               | 1.55     | 30,205,589                | 7,838,238                 | 7.05                    |
| 2013        | 61,961,664                                | 33,656,322                      | 28,305,342                 | 13,588,804         | 7,606,814                | 5,981,990               | 2.08     | 34,628,318                | 5,338,846                 | 11.79                   |
| 2012        | 62,471,787                                | 32,869,609                      | 29,602,178                 | 12,940,447         | 7,953,767                | 4,986,680               | 2.29     | 27,365,411                | 4,577,481                 | 12.45                   |
| 2011        | 60,520,299                                | 31,620,735                      | 28,899,564                 | 12,144,826         | 7,016,891                | 5,127,935               | 2.38     | 28,593,836                | 5,203,486                 | 11.05                   |
| 2010        | 54,969,108                                | 30,089,803                      | 24,879,305                 | 12,464,515         | 6,898,849                | 5,565,666               | 2.00     | 28,062,098                | 5,264,476                 | 10.06                   |
| 2009        | 53,168,976                                | 28,819,608                      | 24,349,368                 | 11,971,839         | 6,939,487                | 5,032,352               | 2.03     | 25,774,948                | 5,322,835                 | 9.42                    |
| 2008        | 57,256,680                                | 27,334,284                      | 29,922,396                 | 12,195,226         | 6,919,698                | 5,275,528               | 2.45     | 22,842,123                | 5,381,838                 | 9.80                    |

NOTES:

- (1) Includes charges for services, other operating revenues, investment earnings, and miscellaneous revenues in the utility systems enterprise fund.
- (2) Includes administrative, field operations, utility systems maintenance, water reclamation facilities, and Cary/Apex water treatment plant in the utility systems enterprise fund. Excludes reimbursement to general fund for indirect costs, depreciation, interest expense and other debt related expenses.
- (3) Debt service does not include the reduction for the portion of the state revolving loan reimbursed by interlocal partners.
- (4) Income available for debt service plus 15% utility operations fund balance over revenue bond debt service.

### DEBT SERVICE COVERAGE - TOTAL DEBT



## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT TO TOTAL GENERAL EXPENDITURES

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

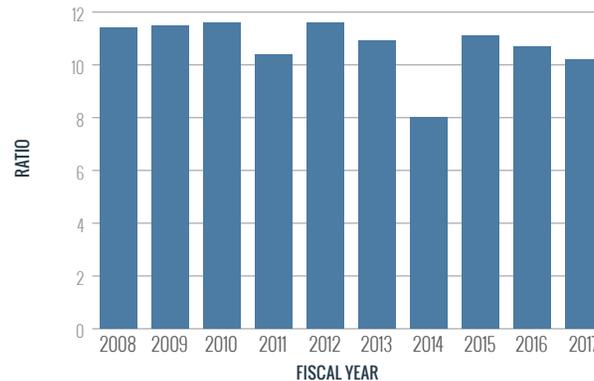
Table 21

| Fiscal Year | Principal    | Interest  | Total Debt Service <sup>(1)</sup> | Total General Expenditures | Ratio of Debt Service to Total General Expenditures |
|-------------|--------------|-----------|-----------------------------------|----------------------------|---|
| 2017        | \$11,175,613 | 3,312,564 | 14,488,177                        | 141,481,720                | 10.2 %  |
| 2016        | 10,555,953   | 3,612,236 | 14,168,189                        | 132,161,940                | 10.7  |
| 2015        | 10,417,753   | 3,978,512 | 14,396,265                        | 129,627,217                | 11.1  |
| 2014        | 7,268,770    | 2,768,004 | 10,036,774                        | 124,815,402                | 8.0   |
| 2013        | 9,570,193    | 3,268,400 | 12,838,593                        | 117,377,865                | 10.9  |
| 2012        | 9,807,673    | 3,680,121 | 13,487,794                        | 116,450,837                | 11.6  |
| 2011        | 7,575,082    | 3,784,667 | 11,359,749                        | 108,872,685                | 10.4  |
| 2010        | 7,969,735    | 4,400,383 | 12,370,118                        | 106,221,359                | 11.6  |
| 2009        | 8,296,355    | 3,988,326 | 12,284,681                        | 106,515,936                | 11.5  |
| 2008        | 6,423,209    | 4,994,690 | 11,417,899                        | 99,925,295                 | 11.4  |

NOTES:

<sup>(1)</sup> Includes installment purchases; does not include capital leases.  
Includes General Fund debt only.

### RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES





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# DEMOGRAPHIC AND ECONOMIC INFORMATION

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT TO TOTAL GENERAL EXPENDITURES

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 22

| Fiscal Year | Population <sup>(1)</sup> | Per Capita Personal Income <sup>(2)</sup> | Median Age <sup>(3)</sup> | Wake County Unemployment Rate (%) <sup>(4)</sup> | Cary Unemployment Rate (%) <sup>(4)</sup> |
|-------------|---------------------------|---|---------------------------|--|---|
| 2017        | 160,390                   | \$41,985                                  | 36.6                      | 3.6  | 3.3                                       |
| 2016        | 157,259                   | 41,785                                    | 36.6                      | 4.3  | 3.6                                       |
| 2015        | 153,868                   | 41,785                                    | 36.6                      | 5.0  | 4.1                                       |
| 2014        | 149,851                   | 41,785                                    | 36.6                      | 5.0  | 3.9                                       |
| 2013        | 144,982                   | 41,554                                    | 36.6                      | 6.5  | 4.9                                       |
| 2012        | 142,257                   | 42,332                                    | 36.6                      | 7.6  | 5.8                                       |
| 2011        | 139,382                   | 42,344                                    | 36.6                      | 8.4  | 6.3                                       |
| 2010        | 135,234                   | 32,974                                    | 33.7                      | 8.5  | 6.4                                       |
| 2009        | 131,173                   | 32,974                                    | 33.7                      | 8.6  | 6.6                                       |
| 2008        | 125,699                   | 32,974                                    | 33.7                      | 4.6  | 3.5                                       |

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NOTES:

- (1) 2008 - 2010 data is as of April 30 and has been revised based on the 2010 Census. Data for 2011 - 2017 is as of June 30 as estimated by the Town of Cary Planning Department.
- (2) 2008 - 2010 data is from U.S. Census Bureau, Census 2000. 2011 - 2017 data is from the American Community Survey. Separate personal income data for Cary is unavailable from the U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) 2008 - 2010 data is from U.S. Census Bureau, Census 2000. 2011 through 2017 data is from the U.S. Census Bureau, Census 2010.
- (4) Data is from the U.S. Department of Labor, Bureau of Labor Statistics for the month of June.

## PRINCIPAL EMPLOYERS

TOWN OF CARY, NORTH CAROLINA  
NINE YEARS AGO AND CURRENT YEAR

Table 23

| Employer                                    | (2)<br>2008   |      |   | (1)<br>2017   |      |   |
|---|---------------|------|---|---------------|------|---|
|   | Employees     | Rank | Percentage<br>of Total Town<br>Employment | Employees     | Rank | Percentage<br>of Total Town<br>Employment |
| SAS Institute, Inc.                         | 4,320         | 1    | 6.63 %                                    | 5,616         | 1    | 6.33 %                                    |
| Conduent, Inc.                              | (4)           |      | --  | 3,300         | 2    | 3.72                                      |
| Met Life                                    | (4)           |      | --  | 2,600         | 3    | 2.93                                      |
| Verizon Business                            | (4)           |      | --  | 2,000         | 4    | 2.26                                      |
| Siemens Medical Solutions USA               | 750           | 8    | 1.15                                      | 1,600         | 5    | 1.80                                      |
| HCL Technologies                            | (4)           |      | --  | 1,400         | 6    | 1.58                                      |
| ABB, Inc.                                   | (4)           |      | --  | 1,300         | 7    | 1.47                                      |
| Singh Management Company, Inc.              | (4)           |      | --  | 1,288         | 8    | 1.45                                      |
| Town of Cary                                | 1,157         | 4    | 1.78                                      | 1,222         | 9    | 1.38                                      |
| American Airlines Reservation Center        | 1,067         | 5    | 1.64                                      | 1,200         | 10   | 1.35                                      |
| Cary Towne Center                           | 2,540         | 2    | 3.90                                      | (4)           |      | --  |
| MCI Worldcom                                | 1,800         | 3    | 2.76                                      | (4)           |      | --  |
| WakeMed Cary                                | 1,126         | 6    | 1.73                                      | (4)           |      | --  |
| Austin Quality Foods/Kelloggs               | 770           | 7    | 1.18                                      | (4)           |      | --  |
| John Deere - Agricultural and Turf Division | 400           | 9    | .61                                       | (4)           |      | --  |
| Global Knowledge Network                    | 370           | 10   | .57                                       | (4)           |      | --  |
| Total                                       | <u>14,300</u> |      | <u>21.95 %</u>                            | <u>21,526</u> |      | <u>24.27 %</u>                            |
| Total Employment <sup>(3)</sup>             | <u>65,166</u> |      |   | <u>88,689</u> |      |   |

NOTES:

- (1) From '2016\_Major\_Employers\_by\_Size.pdf', Wake County Economic Development website.  
 (2) From Town of Cary Annual Operating Budget Fiscal Year 2009, approved June 2008.  
 (3) Total employment is from the U.S. Department of Labor, Bureau of Labor Statistics for the month of June.  
 (4) Not within top ten ranking.

## COMMERCIAL ACTIVITY

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

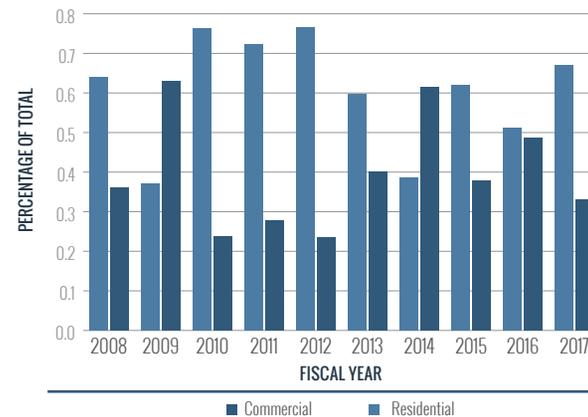
Table 24

| Fiscal Year | Commercial |               | Residential |               | Total  |               | Sales <sup>(2)</sup> |            | Bank Deposits             |
|-------------|------------|---------------|-------------|---------------|--------|---------------|----------------------|------------|---------------------------|
|             | Number     | Value         | Number      | Value         | Number | Value         | Total Taxable        | Per Capita | at June 30 <sup>(3)</sup> |
| 2017        | 638        | \$172,195,683 | 2,882       | \$350,395,583 | 3,520  | \$522,591,266 | (2)                  | (2)        | (4)                       |
| 2016        | 628        | 288,778,925   | 2,741       | 303,625,699   | 3,369  | 592,404,624   | (2)                  | (2)        | \$3,506,831,000           |
| 2015        | 535        | 169,945,449   | 2,423       | 277,886,584   | 2,958  | 447,832,033   | (2)                  | (2)        | 3,264,182,000             |
| 2014        | 558        | 519,999,528   | 2,659       | 326,078,101   | 3,217  | 846,077,629   | (2)                  | (2)        | 3,138,957,000             |
| 2013        | 520        | 207,076,301   | 2,561       | 308,482,214   | 3,081  | 515,558,515   | (2)                  | (2)        | 2,866,728,000             |
| 2012        | 427        | 83,728,341    | 2,361       | 272,232,209   | 2,788  | 355,960,550   | (2)                  | (2)        | 2,684,627,000             |
| 2011        | 416        | 75,450,554    | 2,252       | 197,146,669   | 2,668  | 272,597,223   | (2)                  | (2)        | 2,259,273,000             |
| 2010        | 343        | 83,513,481    | 2,634       | 269,125,766   | 2,977  | 352,639,247   | (2)                  | (2)        | 2,185,106,000             |
| 2009        | 381        | 379,265,695   | 2,254       | 223,923,821   | 2,635  | 603,189,516   | \$1,354,632,738      | 10,015     | 2,219,655,000             |
| 2008        | 517        | 298,949,778   | 3,402       | 528,741,923   | 3,919  | 827,691,701   | 1,425,763,884        | 10,869     | 1,910,456,000             |

NOTES:

- (1) Compiled by the Town of Cary Permits and Inspections Department. Numbers represent new construction and additions. Residential includes multi-family construction.
- (2) Data from the North Carolina Department of Revenue, Sales and Use Tax Division. As of July 2009, total taxable sales by municipality is unavailable from the North Carolina Department of Revenue.
- (3) Federal Deposit Insurance Corporation Summary of Deposits data.
- (4) Information is unavailable.

### GROWTH MIX - BUILDING PERMIT VALUES



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# OPERATING INFORMATION

# EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS <sup>(2)</sup>

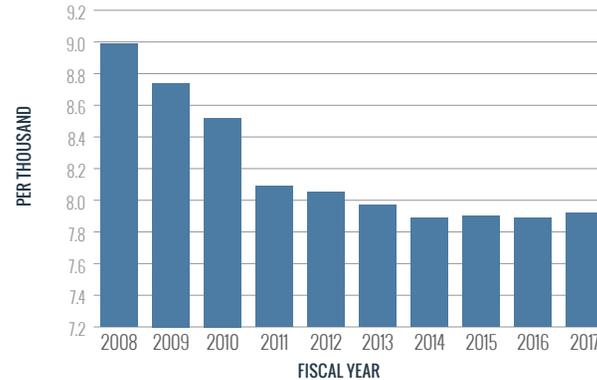
Table 25

| Fiscal Year | Town Clerk | Legal | Administration | Technology Services | Finance | Human Resources | Planning | Engineering | Transportation & Facilities | Water Resources | Development Support Services | Inspections & Permits | Police | Fire   | Public Works / Utilities | Public Works | Utilities | Parks, Recreation and Culture | Fiscal Year Total | Employees Per Thousand Population |
|-------------|------------|-------|----------------|---------------------|---------|-----------------|----------|-------------|-----------------------------|-----------------|------------------------------|-----------------------|--------|--------|--------------------------|--------------|-----------|-------------------------------|-------------------|-----------------------------------|
| 2017        | 4.00       | 4.00  | 24.69          | 31.00               | 44.53   | 14.63           | 27.00    | --          | 48.00                       | 42.63           | 15.00                        | 43.00                 | 230.50 | 222.00 | --                       | 331.00       | 107.25    | 81.00                         | 1270.23           | 7.92                              |
| 2016        | 4.00       | 4.00  | 23.69          | 29.00               | 43.55   | 14.63           | 26.00    | --          | 47.00                       | 40.63           | 14.00                        | 43.00                 | 225.50 | 219.00 | --                       | 322.00       | 107.00    | 78.50                         | 1241.50           | 7.89                              |
| 2015        | 4.00       | 4.00  | 23.69          | 25.00               | 43.50   | 13.63           | 26.00    | --          | 43.00                       | 38.50           | 11.63                        | 42.00                 | 223.50 | 216.00 | --                       | 318.50       | 106.75    | 75.25                         | 1214.95           | 7.90                              |
| 2014        | 3.75       | 3.00  | 21.63          | 25.00               | 43.50   | 13.63           | 24.00    | --          | 42.00                       | 38.50           | 11.63                        | 39.00                 | 217.50 | 216.00 | --                       | 312.50       | 102.75    | 67.25                         | 1181.64           | 7.89                              |
| 2013        | 3.75       | 3.00  | 15.63          | 24.00               | 43.50   | 12.25           | 30.00    | 62.00       | --                          | --              | --                           | 43.63                 | 216.50 | 222.00 | 406.25                   | --           | --        | 73.00                         | 1155.51           | 7.97                              |
| 2012        | 3.75       | 3.00  | 15.63          | 24.00               | 42.50   | 12.25           | 27.00    | 62.00       | --                          | --              | --                           | 45.63                 | 215.50 | 221.00 | 401.25                   | --           | --        | 72.00                         | 1145.51           | 8.05                              |
| 2011        | 3.75       | 3.00  | 15.63          | 23.00               | 49.13   | 12.25           | 27.00    | 62.00       | --                          | --              | --                           | 45.63                 | 211.50 | 206.00 | 398.00                   | --           | --        | 70.25                         | 1127.14           | 8.09                              |
| 2010        | 3.75       | 3.00  | 14.63          | 24.00               | 54.13   | 12.25           | 33.00    | 64.00       | --                          | --              | --                           | 49.63                 | 207.00 | 206.00 | 413.75                   | --           | --        | 67.50                         | 1152.64           | 8.52                              |
| 2009        | 3.75       | 3.00  | 14.63          | 24.00               | 54.13   | 12.25           | 33.00    | 64.00       | --                          | --              | --                           | 50.63                 | 201.00 | 206.00 | 412.00                   | --           | --        | 67.50                         | 1145.89           | 8.74                              |
| 2008        | 3.00       | 3.00  | 13.63          | 23.00               | 51.13   | 11.63           | 33.00    | 64.00       | --                          | --              | --                           | 50.63                 | 196.50 | 206.00 | 410.25                   | --           | --        | 63.75                         | 1129.52           | 8.99                              |

NOTES:

- (1) Regular full and part-time employees only, expressed as full time equivalents. Does not include temporary employees.
- (2) As of June 30 of the fiscal year. Data provided by the Town of Cary Budget Department.
- (3) Overhires are budgeted in Public Safety to accommodate staffing transitions. As of 6/30/17, the 12 overhire positions were vacant.
- (4) Engineering was eliminated and Transportation & Facilities, Water Resources and Development Support Services were created and Public Works and Utilities were separated as part of a reorganization during FY2014.

## EMPLOYEES PER THOUSAND POPULATION



## OPERATING INDICATORS BY FUNCTION/PROGRAM <sup>(13)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 26

| Function/Program                                    | 2008           | 2009           | 2010           | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      |
|---|----------------|----------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Public Safety</b>                                |                |                |                |           |           |           |           |           |           |           |
| <b>Police</b>                                       |                |                |                |           |           |           |           |           |           |           |
| Number of Part I Crimes <sup>(1)</sup>              | 2,632          | 2,394          | 2,330          | 2,416     | 2,289     | 2,220     | 2,122     | 2,132     | 2,089     | 1,873     |
| Number of Part II Crimes <sup>(2)</sup>             | 2,349          | 2,116          | 2,351          | 2,532     | 3,067     | 2,691     | 2,581     | 2,525     | 2,650     | 2,757     |
| Number of Arrests (Adults-16 years of age and over) | 2,118          | 2,057          | 2,025          | 1,725     | 1,870     | 1,744     | 1,707     | 1,537     | 1,462     | 1,225     |
| Number of Arrests (Juvenile)                        | 173            | 135            | 148            | 121       | 129       | 127       | 121       | 92        | 61        | 85        |
| <b>Fire</b>   |                |                |                |           |           |           |           |           |           |           |
| Total Fire Loss in Dollars                          | 1,933,916      | 5,016,634      | 1,901,248      | 2,768,745 | 1,770,873 | 2,928,811 | 3,027,046 | 2,094,333 | 2,742,675 | 1,948,851 |
| Dollar Loss Per Capita                              | 14.79          | 36.90          | 13.67          | 19.87     | 12.55     | 20.38     | 20.51     | 13.58     | 17.82     | 12.24     |
| % Emergency Calls Responded to within 5 minutes     | 86.9%          | 90.4%          | 91.7%          | 92.0%     | 91.9%     | 90.8%     | 90.5%     | 90.1%     | 91.0%     | 90.9%     |
| <b>Development and Infrastructure</b>               |                |                |                |           |           |           |           |           |           |           |
| <b>Inspections and Permits</b>                      |                |                |                |           |           |           |           |           |           |           |
| Certificates of Occupancy <sup>(3)</sup>            | 4,018          | 2,837          | 2,786          | 2,319     | 3,444     | 3,434     | 3,713     | 3,271     | 3,579     | 3,718     |
| Number of Inspections                               | 97,426         | 66,003         | 71,292         | 63,503    | 58,879    | 68,818    | 73,344    | 73,852    | 75,830    | 79,982    |
| Number of Permits Issued                            | 9,808          | 8,049          | 8,287          | 8,099     | 7,515     | 8,018     | 8,339     | 7,743     | 9,192     | 8,749     |
| <b>Transportation &amp; Facilities</b>              |                |                |                |           |           |           |           |           |           |           |
| Streets Resurfaced (miles)                          | 6.00           | 7.10           | 11.50          | 10.00     | 8.50      | 21.00     | 19.00     | 21.00     | 19.60     | 20.08     |
| Streets Maintained (miles) <sup>(4)</sup>           | 427.71         | 437.51         | 427.27         | 432.59    | 444.19    | 453.78    | 458.44    | 466.30    | 470.40    | 475.14    |
| <b>Transit</b>                                      |                |                |                |           |           |           |           |           |           |           |
| Annual Ridership                                    | 124,600        | 147,846        | 186,773        | 229,965   | 282,675   | 327,887   | 342,864   | 317,167   | 290,268   | 256,070   |
| <b>Parks, Recreation and Culture</b>                |                |                |                |           |           |           |           |           |           |           |
| Athletic Program Participants <sup>(5)</sup>        | 15,884         | 16,211         | 27,863         | 56,260    | 59,402    | 74,619    | 63,986    | 61,382    | 59,839    | 67,403    |
| Special Events                                      | 88             | 85             | 92             | 84        | 90        | 88        | 102       | 115       | 115       | 122       |
| Cultural Arts Program Participants <sup>(6)</sup>   | 9,800          | 9,640          | 10,726         | 8,585     | 11,859    | 11,583    | 133,321   | 145,044   | 217,133   | 239,726   |
| Concerts & Performances                             | 81             | 92             | 81             | 90        | 107       | 88        | 120       | 159       | 217       | 319       |
| Recreation Program Participants                     | 57,533         | 57,564         | 58,172         | 59,737    | 62,008    | 72,242    | 75,759    | 75,769    | 76,173    | 80,688    |
| Facility Rental Hours                               | 6,867          | 6,907          | 8,111          | 7,942     | 11,275    | 10,085    | 11,966    | 23,233    | 28,961    | 32,076    |
| <b>Public Works and Utilities</b>                   |                |                |                |           |           |           |           |           |           |           |
| <b>Refuse Collection</b>                            |                |                |                |           |           |           |           |           |           |           |
| Refuse Collected (tons per year)                    | 30,339         | 31,801         | 30,356         | 30,562    | 31,133    | 31,412    | 32,050    | 33,383    | 34,724    | 35,457    |
| Recyclables Collected (tons per year)               | 8,467          | 9,329          | 11,141         | 11,190    | 11,406    | 11,503    | 11,781    | 11,983    | 11,662    | 11,431    |
| Yard Waste Composted                                | <sup>(7)</sup> | <sup>(7)</sup> | <sup>(7)</sup> | 16,554    | 18,665    | 19,371    | 20,147    | 21,680    | 22,171    | 20,860    |

## OPERATING INDICATORS BY FUNCTION/PROGRAM <sup>(13)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 26

| Function/Program  | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Water   |        |        |        |        |        |        |        |        |        |        |
| Number of Utility Customers <sup>(8)</sup>              | 47,852 | 48,949 | 50,388 | 52,155 | 53,173 | 55,171 | 56,839 | 58,307 | 59,743 | 60,905 |
| Average Daily Water Production <sup>(9)</sup>           | 18.06  | 16.31  | 16.30  | 17.28  | 17.31  | 16.24  | 16.84  | 17.51  | 18.21  | 18.69  |
| Annual Peak Day Production <sup>(9)</sup>               | 28.08  | 25.01  | 28.51  | 27.84  | 29.02  | 28.34  | 24.87  | 26.53  | 29.11  | 24.95  |
| Wastewater - Average Daily Flow                         |        |        |        |        |        |        |        |        |        |        |
| South Cary Water Reclamation Facility <sup>(10)</sup>   | 4.67   | 4.92   | 5.07   | 4.74   | 5.00   | 5.00   | 5.43   | 5.26   | 5.44   | 5.03   |
| North Cary Water Reclamation Facility <sup>(11)</sup>   | 5.97   | 6.25   | 6.09   | 5.60   | 5.70   | 5.85   | 6.49   | 6.55   | 6.54   | 6.38   |
| Western Wake Water Reclamation Facility <sup>(12)</sup> | --     | --     | --     | --     | --     | --     | --     | 4.58   | 4.84   | 4.44   |

-----  
NOTES:

- <sup>(1)</sup> Part I Crimes: Murder, Rape Robbery, Aggravated Assault, Burglary, Larceny, Auto Theft, Arson
- <sup>(2)</sup> Part II Crimes: All others, including vandalism, drug violations, etc.
- <sup>(3)</sup> Includes residential and commercial building certificates of occupancy for new construction, alterations & additions.
- <sup>(4)</sup> In Fiscal Year 2010, the Town entered into a "street-swap" agreement with the North Carolina Department of Transportation, resulting in a net reduction in the number of Town-maintained street miles.
- <sup>(5)</sup> Method of reporting participants was modified to capture actual participation at Cary Tennis Park and other athletic programs. In FY2014, Cary Tennis Park social group use was down.
- <sup>(6)</sup> In FY2014, method for tracking program participants changed.
- <sup>(7)</sup> Not available.
- <sup>(8)</sup> Includes Morrisville customers.
- <sup>(9)</sup> Total capacity is 40 million gallons per day. Cary owns 77% of the plant or 30.8 million gallons per day capacity.
- <sup>(10)</sup> 12.8 million gallons per day capacity.
- <sup>(11)</sup> 12.0 million gallons per day capacity.
- <sup>(12)</sup> Western Wake Water Reclamation Facility began operation on July 28, 2014. Total capacity of the plant is 18.0 million gallons per day. Cary owns 66% of the plant or 11.9 million gallons per day.
- <sup>(13)</sup> Data provided by Town Staff.

## CAPITAL ASSETS BY FUNCTION/PROGRAM <sup>(5)</sup>

TOWN OF CARY, NORTH CAROLINA  
LAST TEN FISCAL YEARS

Table 27

| Function/Program                                 | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Public Safety</b>                             |       |       |       |       |       |       |       |       |       |       |
| Police Stations                                  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Fire Stations                                    | 7     | 7     | 7     | 7     | 7     | 7     | 8     | 8     | 8     | 9     |
| <b>Parks, Recreation and Culture</b>             |       |       |       |       |       |       |       |       |       |       |
| # of Parks                                       | 21    | 22    | 22    | 23    | 27    | 27    | 27    | 28    | 32    | 32    |
| Park Acres                                       | 1,870 | 2,300 | 2,401 | 2,425 | 2,518 | 2,518 | 2,542 | 2,552 | 2,700 | 2,700 |
| # of Parks with Trail Systems                    | 11    | 12    | 12    | 12    | 17    | 17    | 17    | 17    | 12    | 12    |
| Park Trail Mileage <sup>(4)</sup>                | 14.0  | 15.0  | 15.0  | 15.0  | 15.0  | 15.0  | 10.9  | 11.0  | 12.0  | 12    |
| Number of Greenways                              | 35    | 38    | 38    | 39    | 36    | 38    | 42    | 42    | 44    | 44    |
| Greenway Miles <sup>(4)</sup>                    | 33.5  | 40.0  | 40.2  | 41.3  | 63.0  | 69.2  | 71.3  | 74.0  | 85.0  | 85    |
| Community Centers/Facilities                     | 15    | 15    | 15    | 15    | 15    | 15    | 16    | 16    | 16    | 16    |
| Number of Ballfields                             | 30    | 30    | 30    | 31    | 31    | 31    | 31    | 31    | 31    | 31    |
| Number of Soccer Fields <sup>(1)</sup>           | 17    | 19    | 19    | 22    | 22    | 25    | 25    | 25    | 25    | 25    |
| <b>Utilities</b>                                 |       |       |       |       |       |       |       |       |       |       |
| Water Treatment Plants                           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Wastewater Treatment Plants <sup>(3)</sup>       | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 3     | 3     | 3     |
| Miles of Sewer Lines <sup>(2)</sup>              | 788   | 798   | 806   | 818   | 826   | 832   | 834   | 847   | 862   | 913   |
| Miles of Water Lines <sup>(2)</sup>              | 915   | 963   | 973   | 983   | 994   | 1,008 | 992   | 1,018 | 1,048 | 933   |
| <b>Public Works</b>                              |       |       |       |       |       |       |       |       |       |       |
| Refuse Collection Trucks<br>and Recycling Trucks | 25    | 47    | 34    | 36    | 38    | 36    | 39    | 37    | 38    | 41    |

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NOTES:

- (1) In 2005, the Town took over operation and maintenance of seven additional soccer fields. at WakeMed Soccer Park (SAS Soccer Park prior to FY2008), which is owned by Wake County.
- (2) Beginning Fiscal Year 2006, includes addition of Morrisville water and sewer lines due to utility merger on 4/1/2006. Prior to FY2017, included some proposed and private lines. FY2017 includes only existing lines and pressurized sewer mains.
- (3) The Western Wake Regional Water Reclamation Facility began treating wastewater in July, 2014.
- (4) In FY2014, a change to the method of calculating park trail mileage and greenway mileage occurred.
- (5) Data provided by Town Staff.

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## INSURANCE IN FORCE <sup>(1)(2)</sup>

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2016 - JUNE 30, 2017

Table 28

Real and Personal Property and EDP:

Blanket policy - Includes buildings such as Town Hall facilities, fire stations, library, public works facilities, parks and recreation areas, etc. and personal property owned by the Town including electronic data processing equipment.

|                                       |                  |
|---------------------------------------|------------------|
|                                       | \$439,683,595    |
| Equipment Breakdown                   | 100,000,000      |
| Earthquake                            | 5,000,000        |
| Flood                                 | 5,000,000        |
| Business Income                       | 1,000,000        |
| Extra Expense at Specified Locations: |                  |
| Town Hall A                           | 1,000,000        |
| Town Hall B                           | (Blanket for all |
| Operations Center (Buildings A and B) | three sites)     |

Inland Marine:

|  |           |
|--|-----------|
| Hwy Department Equipment                   | 5,331,728 |
| Miscellaneous Equipment                    | 5,000,000 |
| Computer Equipment                         | 5,744,000 |
| Communications Equipment                   | 2,051,261 |
| Leased/Rented Equipment                    | 400,000   |
| Equipment in Transit                       | 500,000   |
| Data, Media & Computer Programs in Transit | 500,000   |
| Animal Floater                             | 22,600    |

Commercial General Liability:

|                                   |           |
|-----------------------------------|-----------|
| General Liability Each Occurrence | 1,000,000 |
| General Liability Aggregate       | 2,000,000 |
| Products Aggregate                | 2,000,000 |
| Personal & Advertising Injury     | 1,000,000 |

Commercial Automobile Liability & Physical Damage:

|   |                   |
|---|-------------------|
| Liability:  | 1,000,000         |
| Physical Damage:  |                   |
| Owned Auto Physical Damage (vehicles valued at \$40,001-\$100,000): |                   |
| Comprehensive - \$5,000 deductible                                  | Actual Cash Value |
| Collision - \$5,000 deductible                                      | Actual Cash Value |
| Owned Auto Physical Damage (vehicles valued at \$100,001 & up):     |                   |
| Comprehensive - \$10,000 deductible                                 | Actual Cash Value |
| Collision - \$10,000 deductible                                     | Actual Cash Value |

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## INSURANCE IN FORCE <sup>(1)(2)</sup>

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2016 - JUNE 30, 2017

Table 28

|  |   |
|--|---|
| Owned Auto Physical Damage (Motorcycles):                          |   |
| Comprehensive - \$1,000 deductible                                 | Actual Cash Value                                   |
| Collision - \$1,000 deductible                                     | Actual Cash Value                                   |
| Catastrophic Physical Damage (vehicles valued less than \$40,001): |   |
| Comprehensive - \$25,000 deductible                                | Actual Cash Value                                   |
| Hired Auto Physical Damage:  |   |
| Collision - \$1,000 deductible                                     | Actual Cash Value or<br>\$80,000, whichever is less |
| <br>   |   |
| <u>Tort Liability:</u>   |   |
| Public Officials Liability   | \$3,000,000   |
| Law Enforcement Liability  | 3,000,000   |
| Employment Practices Liability                                     | 3,000,000   |
| <br>   |   |
| <u>Excess Liability:</u>   |   |
| General/Auto/Public Official/Employment Practices/Law Enforcement  | 6,000,000   |
| <br>   |   |
| <u>Crime:</u>  |   |
| Employee Theft   | 1,000,000   |
| Forgery or Alteration  | 1,000,000   |
| Inside - Theft of Money & Securites                                | 20,000  |
| Outside the Premises   | 20,000  |
| Computer Fraud   | 1,000,000   |
| <br>   |   |
| <u>Cyber Liability:</u>  |   |
| Privacy Liability  | 1,000,000   |
| Privacy Regulatory Liability                                       | 1,000,000   |
| Security Liability   | 1,000,000   |
| Media Liability  | 1,000,000   |
| Breach Notification  | 1,000,000   |
| Breach Mitigation  | 1,000,000   |
| Crisis Management  | 1,000,000   |
| Data Restoration   | 1,000,000   |
| Network Extortion  | 1,000,000   |
| <br>   |   |
| <u>Public Official Bonds:</u>                                      |   |
| Chief Financial Officer  | 100,000   |
| Treasurer/Assistant Finance Director                               | 50,000  |
| Wake County Tax Collector  | 100,000   |
| Chatham County Revenue Collector                                   | 100,000   |

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## INSURANCE IN FORCE <sup>(1)(2)</sup>

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2016 - JUNE 30, 2017

Table 28

Workers Compensation:

|  |              |
|--|--------------|
| Regular Employees  | Self Insured |
| Police Officers/Firefighters   | Self Insured |
| Specific Retention   |              |
| Each Accident  |              |
| Regular Employees  | \$600,000    |
| Police Officers/Firefighters   | 600,000      |
| Each Employee for Disease  |              |
| Regular Employees  | 600,000      |
| Police Officers/Firefighters   | 600,000      |
| Specific Limit Each Accident   |              |
| Workers' Compensation  | Statutory    |
| Employers' Liability   | 1,000,000    |
| Specific Limit Each Employee for Disease                               |              |
| Workers' Compensation  | Statutory    |
| Employers' Liability   | 1,000,000    |
| Aggregate Excess Insurance   |              |
| Loss Fund Percentage for the Liability Period                          | 150%         |
| Minimum Loss Fund for the Liability Period                             | 3,677,913    |
| Maximum Limit of Indemnity of the CORPORATION for the Liability Period | 1,000,000    |

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NOTES:

<sup>(1)</sup> Represents insurance in force on July 1, 2016. Insurance was renewed on July 1, 2017 for the fiscal year ended June 30, 2018.

<sup>(2)</sup> Data provided by Town Staff.

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## TOP TEN UTILITY CUSTOMERS <sup>(1)</sup>

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

Table 29

| Customer                   | Industry                 | Total Sales Revenue | % of Total Sales Revenue |
|----------------------------|--------------------------|---------------------|--------------------------|
| Wake County Schools        | Public Schools           | \$973,860           | 1.31 %                   |
| Biogen                     | Biopharmaceuticals       | 973,530             | 1.31                     |
| SAS                        | Software                 | 419,535             | 0.56                     |
| SVT Ventures, LLP          | Real Estate Investment   | 401,981             | 0.54                     |
| WakeMed Cary Hospital      | Hospital                 | 400,138             | 0.54                     |
| SEMF                       | Multi-Family Residential | 327,924             | 0.44                     |
| Cisco Systems              | Computer Hardware        | 263,094             | 0.35                     |
| Four Star Ventures         | Real Estate Development  | 259,627             | 0.35                     |
| LSREF3 Raleigh LLC         | Multi-Family Residential | 255,748             | 0.34                     |
| Bexley @ Carpenter Village | Multi-Family Residential | 246,447             | 0.33                     |
|                            |                          | <u>\$4,521,884</u>  | <u>6.07 %</u>            |

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NOTES:

(1) Data provided by Town Staff.

## UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

|   | 2013   | 2014   | 2015   | 2016   | 2017   |
|---|--------|--------|--------|--------|--------|
| <b>WATER RATES</b>                            |        |        |        |        |        |
| <b><u>Base Charges (flat monthly fee)</u></b> |        |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |        |        |        |        |        |
| 5/8" & 3/4" meters                            | \$3.07 | 3.07   | 3.07   | 3.07   | 3.07   |
| 1" meters                                     | 6.61   | 6.61   | 6.61   | 6.61   | 6.61   |
| 1 1/2" meters                                 | 21.71  | 21.71  | 21.71  | 21.71  | 21.71  |
| 2" meters                                     | 26.41  | 26.41  | 26.41  | 26.41  | 26.41  |
| 3" meters                                     | 71.08  | 71.08  | 71.08  | 71.08  | 71.08  |
| 4" meters                                     | 107.70 | 107.70 | 107.70 | 107.70 | 107.70 |
| 6" meters                                     | 132.94 | 132.94 | 132.94 | 132.94 | 132.94 |
| <b><u>Outside Corporate Limits</u></b>        |        |        |        |        |        |
| 5/8" & 3/4" meters                            | 9.21   | 9.21   | 9.21   | 9.21   | 9.21   |
| 1" meters                                     | 19.83  | 19.83  | 19.83  | 19.83  | 9.21   |
| 1 1/2" meters                                 | 65.13  | 65.13  | 65.13  | 65.13  | 65.13  |
| 2" meters                                     | 79.23  | 79.23  | 79.23  | 79.23  | 79.23  |
| 3" meters                                     | 213.24 | 213.24 | 213.24 | 213.24 | 213.24 |
| 4" meters                                     | 323.10 | 323.10 | 323.10 | 323.10 | 323.10 |
| 6" meters                                     | 398.82 | 398.82 | 398.82 | 398.82 | 398.82 |
| <b><u>Single Family/Residential</u></b>       |        |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |        |        |        |        |        |
| Tier 1 (usage 0 - 5,000 gallons)              | 3.60   | 3.60   | 4.09   | 4.38   | 4.56   |
| Tier 2 (usage 5,001 - 8,000 gallons)          | 4.08   | 4.08   | 4.64   | 4.90   | 5.11   |
| Tier 3 (usage 8,001 - 23,000 gallons)         |        |        |        |        |        |
| or up to water budget amount                  | 5.79   | 5.79   | 5.99   | 6.20   | 6.46   |
| Tier 4 (usage > 23,000 gallons)               |        |        |        |        |        |
| or over to water budget amount                | 11.29  | 11.29  | 11.49  | 11.70  | 12.19  |

## UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

|   | 2013    | 2014   | 2015   | 2016   | 2017   |
|---|---------|--------|--------|--------|--------|
| <b><u>Outside Corporate Limits</u></b>        |         |        |        |        |        |
| Tier 5 (usage 0 - 5,000 gallons)              | \$10.80 | 10.80  | 12.27  | 13.14  | 13.69  |
| Tier 6 (usage 5,001 - 8,000 gallons)          | 12.24   | 12.24  | 13.92  | 14.70  | 15.32  |
| Tier 7 (usage 8,001 - 23,000 gallons)         |         |        |        |        |        |
| or up to water budget amount                  | 17.37   | 17.37  | 17.97  | 18.60  | 19.38  |
| Tier 8 (usage > 23,000 gallons)               |         |        |        |        |        |
| or over to water budget amount                | 33.87   | 33.87  | 34.47  | 35.10  | 36.57  |
| <b><u>Multi-Family/Non-Residential</u></b>    |         |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |         |        |        |        |        |
| Tier 1 (usage 0 - Water Budget Amount)        | 4.08    | 4.08   | 4.64   | 4.90   | 5.11   |
| Tier 2 (usage > than Water Budget Amount)     | 11.88   | 11.88  | 11.88  | 11.88  | 12.38  |
| <b><u>Outside Corporate Limits</u></b>        |         |        |        |        |        |
| Tier 3 (usage 0 - Water Budget Amount)        | 12.24   | 12.24  | 13.92  | 14.70  | 15.32  |
| Tier 4 (usage > than Water Budget Amount)     | 35.64   | 35.64  | 35.64  | 35.64  | 37.14  |
| <b>IRRIGATION RATES</b>                       |         |        |        |        |        |
| <b><u>Base Charges (flat monthly fee)</u></b> |         |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |         |        |        |        |        |
| 5/8" & 3/4" meters                            | 3.07    | 3.07   | 3.07   | 3.07   | 3.07   |
| 1" meters                                     | 6.61    | 6.61   | 6.61   | 6.61   | 3.07   |
| 1 1/2" meters                                 | 21.71   | 21.71  | 21.71  | 21.71  | 21.71  |
| 2" meters                                     | 26.41   | 26.41  | 26.41  | 26.41  | 26.41  |
| 3" meters                                     | 71.08   | 71.08  | 71.08  | 71.08  | 71.08  |
| 4" meters                                     | 107.70  | 107.70 | 107.70 | 107.70 | 107.70 |
| 6" meters                                     | 132.94  | 132.94 | 132.94 | 132.94 | 132.94 |

## UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

|   | 2013   | 2014   | 2015   | 2016   | 2017     |
|---|--------|--------|--------|--------|----------|
| <b><u>Outside Corporate Limits</u></b>                            |        |        |        |        |          |
| 5/8" & 3/4" meters  | \$9.21 | 9.21   | 9.21   | 9.21   | 9.21     |
| 1" meters   | 19.83  | 19.83  | 19.83  | 19.83  | 9.21     |
| 1 1/2" meters   | 65.13  | 65.13  | 65.13  | 65.13  | 65.13    |
| 2" meters   | 79.23  | 79.23  | 79.23  | 79.23  | 79.23    |
| 3" meters   | 213.24 | 213.24 | 213.24 | 213.24 | 213.24   |
| 4" meters   | 323.10 | 323.10 | 323.10 | 323.10 | 323.10   |
| 6" meters   | 398.82 | 398.82 | 398.82 | 398.82 | 398.82   |
| <b><u>Single Family/Residential</u></b>                           |        |        |        |        |          |
| <b><u>Inside Corporate Limits</u></b>                             |        |        |        |        |          |
| Tier 1 (usage 0 - 15,000 gallons)<br>or up to water budget amount | 5.79   | 5.79   | 5.99   | 6.20   | 6.46     |
| Tier 2 (usage > 15,000 gallons)<br>or over to water budget amount | 11.29  | 11.29  | 11.49  | 11.70  | 12.19    |
| <b><u>Outside Corporate Limits</u></b>                            |        |        |        |        |          |
| Tier 3 (usage 0 - 15,000 gallons)<br>or up to water budget amount | 17.37  | 17.37  | 17.97  | 18.60  | 19.38    |
| Tier 4 (usage > 15,000 gallons)<br>or over to water budget amount | 33.87  | 33.87  | 34.47  | 35.10  | 36.57    |
| <b><u>Multi-Family/Non-Residential</u></b>                        |        |        |        |        |          |
| <b><u>Inside Corporate Limits</u></b>                             |        |        |        |        |          |
| Tier 1 (usage 0 - Water Budget Amount)                            | 6.38   | 6.38   | 6.38   | 6.38   | 6.46     |
| Tier 2 (usage > than Water Budget Amount)                         | 11.88  | 11.88  | 11.88  | 11.88  | 1,219.00 |
| <b><u>Outside Corporate Limits</u></b>                            |        |        |        |        |          |
| Tier 3 (usage 0 - Water Budget Amount)                            | 19.14  | 19.14  | 19.14  | 19.14  | 19.38    |
| Tier 4 (usage > than Water Budget Amount)                         | 35.64  | 35.64  | 35.64  | 35.64  | 36.57    |
| <b><u>Reclaimed Water Rate</u></b>                                | 3.60   | 3.60   | 3.60   | 3.60   | 3.75     |

## UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

|   | 2013   | 2014   | 2015   | 2016   | 2017   |
|---|--------|--------|--------|--------|--------|
| <b>SEWER RATES</b>                            |        |        |        |        |        |
| <b><u>Base Charges (flat monthly fee)</u></b> |        |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |        |        |        |        |        |
| 5/8" & 3/4" meters                            | \$3.07 | 3.07   | 3.07   | 3.07   | 3.07   |
| 1" meters                                     | 6.61   | 6.61   | 6.61   | 6.61   | 3.07   |
| 1 1/2" meters                                 | 21.71  | 21.71  | 21.71  | 21.71  | 21.71  |
| 2" meters                                     | 26.41  | 26.41  | 26.41  | 26.41  | 26.41  |
| 3" meters                                     | 71.08  | 71.08  | 71.08  | 71.08  | 71.08  |
| 4" meters                                     | 107.70 | 107.70 | 107.70 | 107.70 | 107.70 |
| 6" meters                                     | 132.94 | 132.94 | 132.94 | 132.94 | 132.94 |
| <b><u>Outside Corporate Limits</u></b>        |        |        |        |        |        |
| 5/8" & 3/4" meters                            | 9.21   | 9.21   | 9.21   | 9.21   | 9.21   |
| 1" meters                                     | 19.83  | 19.83  | 19.83  | 19.83  | 9.21   |
| 1 1/2" meters                                 | 65.13  | 65.13  | 65.13  | 65.13  | 65.13  |
| 2" meters                                     | 79.23  | 79.23  | 79.23  | 79.23  | 79.23  |
| 3" meters                                     | 213.24 | 213.24 | 213.24 | 213.24 | 213.24 |
| 4" meters                                     | 323.10 | 323.10 | 323.10 | 323.10 | 323.10 |
| 6" meters                                     | 398.82 | 398.82 | 398.82 | 398.82 | 398.82 |
| <b><u>Single Family/Residential</u></b>       |        |        |        |        |        |
| <b><u>Inside Corporate Limits</u></b>         |        |        |        |        |        |
| Tier 1: (charge per 1,000 gallons)            | 8.47   | 9.10   | 9.10   | 9.36   | 9.75   |
| <b><u>Outside Corporate Limits</u></b>        |        |        |        |        |        |
| Tier 2: (charge per 1,000 gallons)            | 25.41  | 27.30  | 27.30  | 28.08  | 29.26  |

**NOTES:**

(1) With the exception of base rates, all rates are per 1,000 gallons of usage

(2) The Town of Morrisville's water and sewer system officially merged with the Town of Cary system effective April 1, 2006. As a part of the merger agreement, merger related costs were recovered through rate differentials from FY2007 through FY2012. Morrisville customers began paying the same rates as Cary customers in FY2013. Historical comparisons start at FY2013, with a 10 year history eventually being presented.



## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

| Grantor/Pass-Through<br>Grantor/Program Titles                 | Federal<br>CFDA<br>Number | State/ Pass<br>Through<br>Grantor's<br>Number | Federal<br>Expenditures<br>(Direct & Pass-<br>Through) | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|--|---------------------------|---|--|-----------------------|-------------------------------------|-----------------------|
| FEDERAL GRANTS:  |                           |   |  |                       |                                     |                       |
| Cash Programs:   |                           |   |  |                       |                                     |                       |
| <u>U.S. Department of Housing and Urban Development</u>        |                           |   |  |                       |                                     |                       |
| Passed through the County of Wake, North Carolina              |                           |   |  |                       |                                     |                       |
| <b>Community Development Block Grant</b>                       |                           |   |  |                       |                                     |                       |
|  | 14.218                    |   | \$473,058  | --                    | 270,606                             | --                    |
| <u>U.S. Department of Transportation</u>                       |                           |   |  |                       |                                     |                       |
| Passed through North Carolina Department<br>of Transportation: |                           |   |  |                       |                                     |                       |
| <b>Highway Planning and Construction Cluster:</b>              |                           |   |  |                       |                                     |                       |
| <b>SAFE TEA-LU CMAQ Funds :</b>                                |                           |   |  |                       |                                     |                       |
| Crabtree Creek Greenway  | 20.205                    | C-5163  | 347,543  | --                    | --                                  | 86,886                |
| Cary Parkway and High House Intersection                       | 20.205                    | C-5165  | 397,631  | --                    | --                                  | 99,408                |
| Total SAFE TEA-LU CMAQ Funds                                   |                           |   | 745,174  | --                    | --                                  | 186,294               |
| <b>STP-DA Funds:</b>   |                           |   |  |                       |                                     |                       |
| Green Level Road West Road                                     | 20.205                    | U-5500  | 5,626  | --                    | --                                  | 1,406                 |
| Green Level Road West Road                                     | 20.205                    | U-5500B                                       | 623,121  | --                    | --                                  | 155,780               |
| Reedy Creek Road Widening                                      | 20.205                    | U-5501  | 38,452   | --                    | --                                  | 38,452                |
| Morrisville Parkway Extension                                  | 20.205                    | U-5315  | 48,108   | --                    | --                                  | 12,027                |
| Old Reedy Creek Trailhead                                      | 20.205                    | EL-5100GG                                     | 432,492  | --                    | --                                  | 326,721               |
| Total STP-DA Funds   |                           |   | 1,147,799  | --                    | --                                  | 534,386               |
| <b>Total Highway Planning and Construction Cluster</b>         |                           |   | 1,892,973  | --                    | --                                  | 720,680               |
| <b>Federal Transit Cluster:</b>                                |                           |   |  |                       |                                     |                       |
| Section 5307   |                           |   |  |                       |                                     |                       |
| 2016 - 2017  | 20.507                    | NC-95-X091/ NC-<br>2016-011-0100              | 2,230,040  | --                    | --                                  | 1,932,307             |
| Section 5339   |                           |   |  |                       |                                     |                       |
| 2016 - 2017  | 20.526                    | NC-95-X091                                    | 298,715  | --                    | --                                  | 448,073               |
| <b>Total Federal Transit Cluster:</b>                          |                           |   | 2,528,755  | --                    | --                                  | 2,380,380             |
| Total U.S. Department of Transportation                        |                           |   | 4,421,728  | --                    | --                                  | 3,101,060             |

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

| Grantor/Pass-Through<br>Grantor/Program Titles  | Federal<br>CFDA<br>Number | State/ Pass<br>Through<br>Grantor's<br>Number | Federal<br>Expenditures<br>(Direct & Pass-<br>Through) | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|---|---------------------------|---|--|-----------------------|-------------------------------------|-----------------------|
| <u>U.S. National Endowment for the Arts</u>   |                           |   |  |                       |                                     |                       |
| Passed through North Carolina Department of<br>Cultural Resources<br><b>North Carolina Arts Council Program Grant</b>                 | 45.025                    | FY17-89113                                    | \$10,000   | --                    | --                                  | --                    |
| <u>Executive Office of the President</u>  |                           |   |  |                       |                                     |                       |
| Office of National Drug Control and Policy<br>Passed through City of Durham<br><b>High Intensity Drug Trafficking Area Grant 2015</b> | 95.001                    | 15.G15GA0004A                                 | 5,058  | --                    | --                                  | --                    |
| <u>Executive Office of the President</u>  |                           |   |  |                       |                                     |                       |
| Office of National Drug Control and Policy<br>Passed through City of Durham<br><b>High Intensity Drug Trafficking Area Grant 2016</b> | 95.001                    | 16.G16GA0004A                                 | 9,768  | --                    | --                                  | --                    |
| <u>U.S. Department of Homeland Security</u>   |                           |   |  |                       |                                     |                       |
| Federal Emergency Management Agency<br><b>Disaster Grants - Public Assistance</b>   | 97.036                    | PA-04-NC-4285                                 | 161,843  | --                    | --                                  | --                    |
| TOTAL FEDERAL FINANCIAL ASSISTANCE  |                           |   | 5,081,455  | --                    | 270,606                             | 3,101,060             |
| STATE FINANCIAL ASSISTANCE:   |                           |   |  |                       |                                     |                       |
| North Carolina Department of Environmental Quality  |                           |   |  |                       |                                     |                       |
| <b>Community Waste Reduction and Recycling Grant</b>  |                           | 7013  | --   | 27,000                | --                                  | 3,000                 |
| North Carolina Department of Commerce - The One<br>North Carolina Fund:   |                           |   |  |                       |                                     |                       |
| <b>NC One Grant - HCL America, Inc</b>  |                           | 2013-10746                                    | --   | 48,000                | --                                  | 48,000                |
| North Carolina Department of Health and Human Services<br>Division of Aging and Adult Services  |                           |   |  |                       |                                     |                       |
| <b>Senior Center Development</b>  |                           |   | --   | 10,878                | --                                  | 3,626                 |
| North Carolina Department of Public Safety<br>Governor's Crime Commission   |                           |   |  |                       |                                     |                       |
| Internet Crimes Against Children Task Force<br><b>Human Exploitation Rescue Operation</b>   |                           | PROJ011745                                    | --   | 35,166                | --                                  | --                    |

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

| Grantor/Pass-Through<br>Grantor/Program Titles  | Federal<br>CFDA<br>Number | State/ Pass<br>Through<br>Grantor's<br>Number | Federal<br>Expenditures<br>(Direct & Pass-<br>Through) | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|---|---------------------------|---|--|-----------------------|-------------------------------------|-----------------------|
| North Carolina Department of Transportation<br>Division of highways<br><b>Non-State System Street-Aid Allocation Fund (Powell Bill)</b> |                           | DOT-4/ WBS<br>32570                           | \$ --  | 6,936,173             | --                                  | --                    |
| Public Transportation Division<br><b>State Maintenance Assistance Program -<br/>C-Tran Transit Operations</b>                           |                           | DOT-9/ WBS<br>36234.34.7.1                    | --   | 310,146               | --                                  | 2,402,653             |
| Total North Carolina Department of Transportation   |                           |   | --   | <u>7,246,319</u>      | --                                  | <u>2,402,653</u>      |
| TOTAL STATE FINANCIAL ASSISTANCE  |                           |   | --   | <u>7,367,363</u>      | --                                  | <u>2,457,279</u>      |
| TOTAL FINANCIAL ASSISTANCE  |                           |   | <u>\$5,081,455</u>                                     | <u>7,367,363</u>      | <u>270,606</u>                      | <u>5,558,339</u>      |

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### 1. General

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state financial award programs of the Town of Cary, North Carolina. All federal and state financial awards received directly from federal and state agencies as well as federal financial awards passed through other government agencies are included on the schedule. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. The Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Cary.

### 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in the notes to the Town's basic financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance and the State Single Audit Implementation Act, wherein certain types of expenditures are not allowable or limited as to reimbursement. The Town of Cary has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### 3. Relationship to Basic Financial Statements

- a) State award revenues for Powell Bill of \$3.8 million are reported in the Town's basic financial statements in the Capital Project Funds. At June 30, 2017, \$9.7 million of unexpended Powell Bill Funds is included in the Capital Project Fund's fund balance as Reserved for Streets-Powell Bill. The activity in this account for the year ended June 30, 2017 is as follows:

|   |                    |
|---|--------------------|
| Balance of unexpended Powell Bill<br>Funds at June 30, 2016 | \$12,668,639       |
| Revenues received   | 3,822,179          |
| Interest earned on unexpended Powell<br>Bill funds          | 100,000            |
| Expenditures (including adjustments)                        | 6,936,173          |
| Balance of unexpended Powell Bill<br>funds at June 30, 2017 | <u>\$9,654,645</u> |

### 4. Prior Year Expenditures

Where allowed by grant agreement, prior year expenditures that have not been previously tested may be included in the Schedule of Awards at June 30, 2017. Generally this occurs when grants are awarded after the related project or program has started incurring expenses and retroactive reimbursement is allowed per the funding agreement or when corrections are made due to previous year(s) omissions.

**Report of Independent Auditor 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***

The Honorable Mayor and  
Members of the Town Council  
Town of Cary, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cary, North Carolina (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated October 19, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 Town'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina  
October 19, 2017



**Report of Independent Auditor on Compliance for Each Major Federal Program  
on Internal Control over Compliance In Accordance with the OMB Uniform  
Guidance and the State Single Audit Implementation Act**

The Honorable Mayor and  
Members of the Town Council  
Town of Cary, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Cary, North Carolina's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town'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 each of the Town'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; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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 each major federal program. However, our audit does not provide a legal determination on the Town's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the Town'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 and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the 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.

**Purpose of this Report**

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



Raleigh, North Carolina  
October 19, 2017



**Report of Independent Auditor on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act**

The Honorable Mayor and  
Members of the Town Council  
Town of Cary, North Carolina

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

We have audited the Town of Cary, North Carolina (the "Town"), 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 each of its major State programs for the year ended June 30, 2017. The Town's major state 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 each of its major state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major state 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 applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town'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 each major state program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on Each Major State Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

**Report on Internal Control over Compliance**

Management of the Town 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, we considered the Town'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the 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.

**Purpose of this Report**

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

Cherry Bekaert LLP

Raleigh, North Carolina  
October 19, 2017







**TOWN OF CARY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2017

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**I – Summary of Auditor’s Results (continued)**

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

Auditee qualified as low-risk auditee?  X  yes   no

**State Awards**

Internal control over major state programs:

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

Noncompliance material to state awards?   yes  X  no

Type of auditor’s report issued on compliance for major state programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the Audit Manual for Governmental Auditors in North Carolina?   yes  X  no

Identification of major state programs:

Names of State Program or Cluster

Non-State System Street-Aid Allocation Fund (Powell Bill)



**TOWN OF CARY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2017*

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**II – Financial Statement Findings**

None.

**III – Federal Award Findings and Questioned Costs**

None.

**IV – State Award Findings and Questioned Costs**

None.



## Report of Independent Auditor on Revenue Bond Covenant

The Honorable Mayor  
and Members of the Town Council  
Town of Cary, North Carolina

### Report on the Schedule

We have audited the accompanying Revenue Bond Statement of Revenues, Expenses, Debt Service and Debt Service Coverage (the "Schedule") of the Town of Cary, North Carolina (the "Town"), as of and for the year ended June 30, 2017 as defined in the official statement and amendment for the Combined Enterprise System Revenue Bonds, Series 2007, Series 2013, Series 2015, and Series 2017 (the "Bonds").

### Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the schedule 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the schedule 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 Town'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 presentation of the schedule.

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, the Schedule referred to above presents fairly, in all material respects, as described in the Bonds referred to in the first paragraph, of the Town as of and for the year ended June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

We have audited, 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*, the financial statements of the Town as of and for the year ended June 30, 2017, and our report thereon dated October 19, 2017, expressed as an unmodified opinion on those financial statements.

### Restricted Use

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina  
October 19, 2017



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## REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT SERVICE COVERAGE

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2017

|   |                            |
|---|----------------------------|
| Operating Revenues:                                 |                            |
| Charges for Services                                | \$74,415,810               |
| Other Operating Revenues                            | <u>2,164,793</u>           |
| Total Operating Revenues                            | 76,580,603                 |
| Operations and Maintenance Expenses                 | <u>(45,754,423)</u>        |
| Operating Income Before Depreciation & Amortization | 30,826,180                 |
| Less:   |                            |
| Depreciation and Amortization Expense               | <u>(16,680,476)</u>        |
| OPERATING INCOME                                    | 14,145,704                 |
| Non-Operating Revenues                              | 14,749,180                 |
| Non-Operating Expenses                              | <u>(7,114,215)</u>         |
| NET INCOME  | <u><u>\$21,780,669</u></u> |

### Determination of Income Available for Debt Service

|   |                            |
|---|----------------------------|
| Net Income  | \$21,780,669               |
| Adjustments:  |                            |
| Depreciation and Amortization Expense                                   | 16,680,476                 |
| Water and Sewer Development Fees  | (14,090,798)               |
| Reimbursements  | (75,444)                   |
| Sale of Capital Assets  | (57,777)                   |
| Bond Interest Expense   | 5,728,483                  |
| Debt Issuance Expense   | 436,786                    |
| Bond Refunding Loss   | 417,371                    |
| Payment to General Fund for Open Space                                  | 862,663                    |
| Administrative Costs Paid to the General Fund                           | <u>3,428,313</u>           |
| Income Available for Debt Service                                       | 35,110,742                 |
| 15% of Unrestricted Net Position  | <u>37,763,376</u>          |
| Income Available for Debt Service Plus 15% of Unrestricted Net Position | <u><u>\$72,874,118</u></u> |

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## REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT SERVICE COVERAGE

TOWN OF CARY, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2017

### Debt Service Requirements and Coverage

Parity Debt Service:

|                           |                     |
|---------------------------|---------------------|
| Series 2007 Revenue Bonds | \$1,863,475         |
| Series 2013 Revenue Bonds | 5,088,975           |
| Series 2015 Revenue Bonds | 2,977,888           |
| Series 2017 Revenue Bonds | 276,642             |
|                           | <u>\$10,206,980</u> |

**Debt Service Coverage - Parity Indebtedness** 7.140

**Revenue Bond Covenant Requirement** 1.200

System GO. Debt Service:

|                               |                    |
|-------------------------------|--------------------|
| 2009 Public Improvement Bonds | \$1,708,656        |
| 2009 Refunding Bonds          | 4,076,000          |
| 2010A Refunding Bonds         | 230,400            |
| 2014 Public Improvement Bonds | 2,631,225          |
| 2016A Refunding Bonds         | 413,155            |
|                               | <u>\$9,059,436</u> |

Subordinated Debt Service 3,849,256

Sum of Parity, Subordinated and GO Debt Service \$23,115,672

**Debt Service Coverage - Sum of Parity,  
System GO and Subordinated Indebtedness** 1.519

**Revenue Bond Covenant Requirement** 1.000

KEEPING CARY GREAT



TOWN *of* CARY