



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2018

TOWN of CARY
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF CARY, NORTH CAROLINA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

PREPARED BY THE TOWN OF CARY FINANCE DEPARTMENT:

Karen A. Mills, CPA, Chief Financial Officer
Kimberly O. Branch, CPA, Assistant Finance Director
Mary Beth Huber, Deputy Treasurer
Gregory L. Jenkins, II, Revenue Manager
Jessica Murphy-Rhem, CPA, Accounting Supervisor
Seth E. Larson, CPA, Senior Accountant
Michelle C. Brooks, CPA, Financial Operations Analyst
Jessica L. Randal, Accounting Manager
Judith K. DeNardis, Financial Reporting Analyst

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October 31, 2018

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

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

The Comprehensive Annual Financial Report of the Town of Cary, North Carolina (“the Town”) documents the Town’s financial position and results of operations as of and for the fiscal year ended June 30, 2018. This report is published in accordance with Generally Accepted Accounting Principles (GAAP), set forth by the Governmental Accounting Standards Board.

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, 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.

Cherry Bekaert LLP, concluded in an unmodified (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, 2018. The goal for the audit is to provide reasonable assurance that the financial statements of are free of material misstatement.

To provide further accountability, 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. The report is comprised of four primary sections.

The Introductory Section includes this letter of transmittal, Town Council introductions, an organization chart and responsibilities of Town government by department, and a certificate of achievement for excellence in financial reporting. *New this year is a FY 2018 Overview.* This management overview provides the reader a high level review of the financial planning and strategy that affect financial outcomes for the Town of Cary. The impacts of the local and national economy are also addressed. Additionally, the overview highlights some of the year’s best stories that demonstrate how Town resources were invested in employees, services and projects to support the vision outlined in the Imagine Cary Community Plan. These stories are organized to match the Community Plan sections on Work, Shop, Engage, Shape, Move, Serve, and Act.

The Financial Section includes the report of the independent auditors, Management’s Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements.

Management's Discussion and Analysis immediately follows the independent auditors' report and is designed to complement this letter of transmittal and the overview, and should be read in conjunction with it. The Financial Section also includes Required 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, 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 Compliance Section reports federal and state grants and awards compliance, as well as revenue bond covenant compliance. Three compliance audit reports on federal and state financial assistance received by the Town are 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 the Town's revenue bonds. Cherry Bekaert LLP also conducted each of the required compliance audits.

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 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.

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, 2017. This was the thirty-third consecutive year that Cary received this prestigious award. The Certificate of Achievement recognizes the Cary CAFR for voluntarily

meeting the highest standards established by experts in government finance. The FY 2018 report was also designed to meet the same standards of excellence in reporting.

This report reflects the work of dedicated staff in the Finance Department. They successfully managed to produce the CAFR on time under the pressure of five initiatives. First, like all employees, they have been challenged to adapt to a new way of thinking in every regard to maximize positive outcomes for citizens and colleagues. They implemented an extremely complex new accounting standard and related reporting requirements for Other Post-Employment Benefits. In transition to new reporting software, they prepared this document in parallel presentation systems. They streamlined the budgetary comparison statements to allow the reader to more readily compare divisions. Finally, also to better serve the reader, they incorporated an expanded scope of information in the new FY 2018 overview and expanded the statistical tables.

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 due to the Town Manager, Mayor and the members of Town Council for their unflinching support of the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,



Karen A. Mills, CPA
Chief Financial Officer

FY 2018 OVERVIEW

New in FY 2018, this overview highlights key financial results and financial management practices as well as how Town resources have been invested to accomplish the vision set forth in the Imagine Cary Community Plan.

EXECUTIVE SUMMARY

The Town of Cary remains in excellent financial condition following another year of positive financial results. The foundation is in place to continue to provide excellent services and future capital investments that will best fulfill the vision and highest priorities in the Imagine Cary Community Plan. This assessment is consistent with Cary's top bond ratings which reflect the opinions of independent government finance experts on Cary's financial management. Cary has maintained AAA ratings from all three bond rating agencies for the Town's general obligation bonds and the Town's utility system revenue bonds. This crucial benchmark of excellence is a source of pride for Town Council and staff. Cary's financial management is designed to maintain these high marks.

The Town is in the midst of a transformation to better prepare for the future. A strong foundation is in place, but the development growth patterns that generated notable revenue growth in the past are changing. The community continues to grow, however, at a slower pace. Along with aging infrastructure, the pressure on decision makers to choose their highest priorities for community improvements will increase. Staff is working with new energy to collaboratively break down silos, imagine and implement new efficiencies, improve decision making tools, and develop employees to create a new model of local government that will ensure Cary remains successful in the future.

PROFILE OF THE TOWN OF CARY



Cary is a thriving community of approximately 164,000 citizens 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, raise a family and retire. Cary encompasses approximately 60 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 southwestern 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 35.9 years. According to the American Community Survey, over 60 percent of Cary's adult population has a college degree, and over 19 percent were born in another country.

Several attributes contribute to continued growth in commercial and residential construction. Cary's attractive development, diversity, historically strong employment, higher education opportunities, warm climate, low crime rates and easy access to outstanding recreational and cultural amenities provide citizens with a high quality of life.

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. New residential development statistics are highlighted in the Live section of this overview, and commercial activity is addressed in the Shape section of this overview.

HISTORY



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 the development of Research Triangle Park in the 1960s, Cary began to grow as a bedroom community 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. 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, 2018, is estimated to be 163,930, representing a

21% increase from the April 1, 2010, U.S. Census estimate.

TOWN OF CARY GOVERNMENT

The Town has a Council-Manager form of government. The seven-member Council is the legislative body of Town government. Two council members and the mayor are elected at-large, and one council member is elected from each of four voting districts. 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 Comprehensive Annual Financial Report (CAFR) includes all the Town's activities in delivering and administering these services.

TRANSFORMATION

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. The Imagine Cary Community Plan, adopted January 24, 2017, sets out a long-term vision, policies and strategic actions with a time horizon to 2040. The Imagine Cary Community Plan can be found on the Town's website at www.townofcary.org.

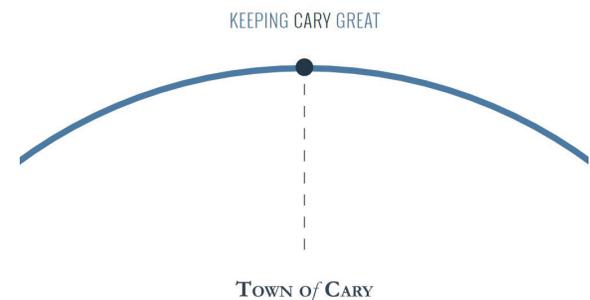
To implement the Imagine Cary Community Plan, Cary is in the midst of an exciting challenge: creating a model of local government that doesn't yet exist. Creating next-generation service models based on an adaptive mindset and a new way of thinking will ensure that Cary will stay ahead of the curve on trends affecting the community.

This bold mission is an opportunity for a community that, by all objective measures, is at the top of its game. Cary is defined by exceptional citizen service. The Cary Way, as it has come to be known inside the organization, is defined as, "Working together to change lives by exceptional service." Cary is consistently ranked one of the safest places to live for a community of its size and is a Google Fiber City. The Town has been recognized as a Gold Medal community for parks, recreation, and cultural resources and has been designated an ISO Class 1 Fire Department.

The techniques that allowed Cary to thrive over the past 30 years will not keep Cary successful over the next 30 years. To illustrate, Cary's leadership has adopted the concept of an arc. Now, Cary is at the top of that arc. Cary has decided to stay at the top rather than risk the path of decline that characterizes other once-great communities that did not maintain their place at the top.

At the same time Cary enjoys a number of positive attributes, the community also faces distinct challenges: an aging population, aging infrastructure, and limited land for development. These challenges can only be addressed with agile, adaptable, and technology-savvy approaches that support risk-taking and creativity in the pursuit of innovation. Commitment to excellence is a defining characteristic of Cary thanks to a culture of excellence set by the Council and, ultimately, Cary citizens.

The Town must remain true to its values while finding ways to change and grow to allow Cary to stay ahead of the curve, on top of the arc, and to become the local government that does not yet exist.'

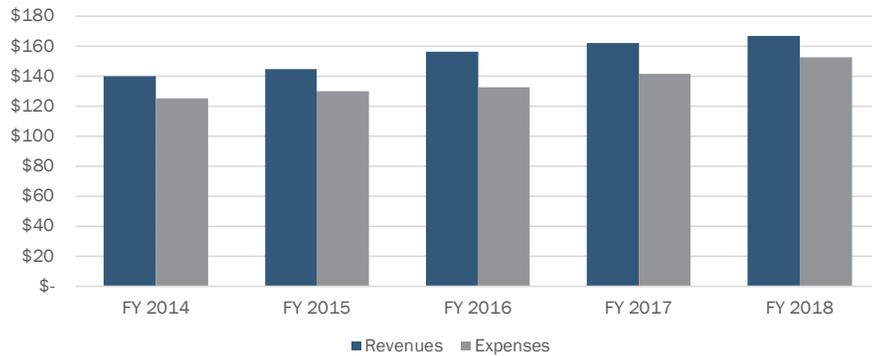


FY 2018 FINANCIAL RESULTS

GENERAL FUND

Cary's strong finances have long been a pivotal tool in the development of a remarkable community. Current year results and resources will contribute to continued success. FY 2018 General Fund operating revenues and expenditures maintained a positive growth trend as shown in the five-year perspective below.

**General Fund Revenues and Expenses
(in Millions)**



A summary of General Fund results on a budgetary basis compared to the final adjusted budget and FY 2017 actual results reflects a complete picture of the FY 2018 outcome. Traditional growth factors such as new development and a growing economy account for the increases in FY 2018 General Fund revenues. Similarly, increases in expenditures reflect expanded and enhanced programs.

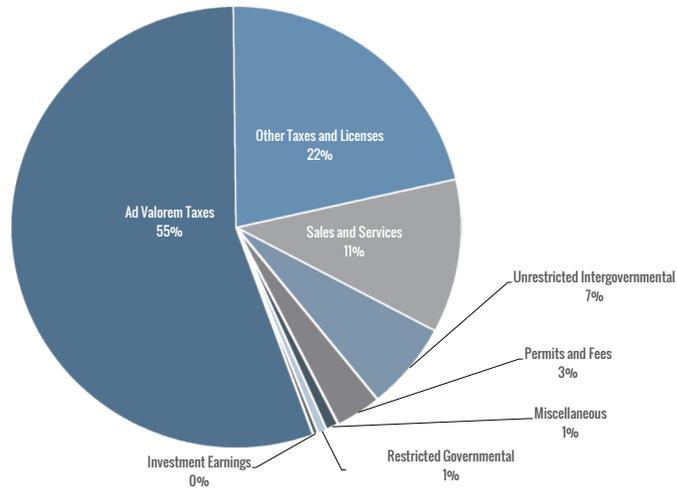
FY 2018 GENERAL FUND

	FY2018 Adj. Budget	FY2018 Actual	% of Budget	FY2017 Actual	FY2017 to FY2018 Variance	% Variance
Revenues	\$ 163.0	\$ 166.7	2%	\$ 161.7	\$ 5.0	3%
Expenditures						
General Government	30.4	25.2	(17%)	19.6	5.6	29%
Public Safety	50.2	47.4	(6%)	46	1.4	3%
Operations	51	47.4	(7%)	45.7	1.7	4%
Development & Infrastructure	18.6	16.6	(11%)	16.7	(0.1)	(1%)
Debt Service	16.5	16	(3%)	13.5	2.5	19%
Total Expenditures	166.7	152.6	(8%)	141.5	11.1	8%
Revenues Over (Under) Expenditures	(3.7)	14.1	(481%)	20.2	(6.1)	(30%)
Other Financing Sources (Uses)	(26.4)	(27.0)	2%	(21.6)	(5.4)	25%
Appropriation from Fund Balance	30.1	--	(100%)	--	--	--
Revenues & Other Sources Under Expenditures & Other Uses	--	(12.9)		(1.4)	(11.5)	821%
Fund Balance - Beginning of Year		101.3		102.7		
Fund Balance - End of Year		\$ 88.4		\$ 101.3		

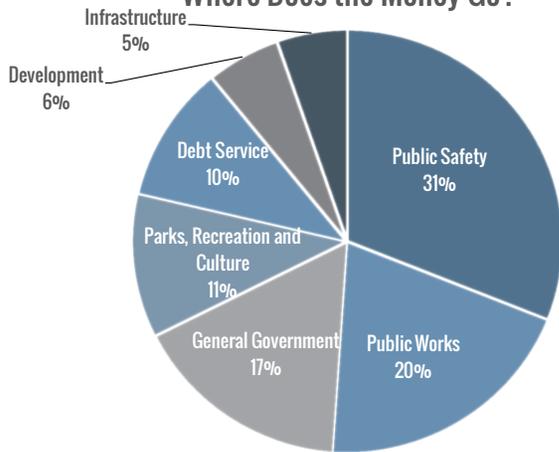
The final FY 2018 budget authorized \$30.1 million of investment from the General Fund's fund balance primarily to provide resources for capital projects. The positive operating results caused fund balance to decrease only \$12.9 million. As in the past, revenues exceeded budget, and expenditures came in under budget for a net positive budget variance of \$17.8 million or 10.7%. Other financing activities accounted for a budget variance of \$.6 million.

The sources and uses of FY 2018 General Fund operating resources are shown as a percentage of the whole for perspective. Ten year historical comparisons by revenue source are included in the Statistical Section in Table 7.

Where Does the Money Come From?



Where Does the Money Go?



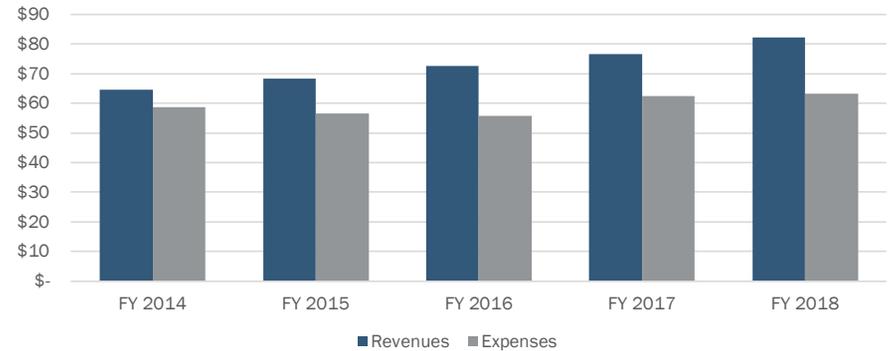
Ten year historical comparisons by expenditure function are included in the Statistical Section in Table 5.

The Town’s financial planning ensures that an adequate unreserved fund balance is available to ensure consistent cash flow, generate interest income, and eliminate the need for short term borrowings. Additionally, it provides flexibility for unanticipated opportunities and needs during emergencies. As of June 30, 2018, there was \$18.8 million in the General Fund’s fund balance above the Town’s minimum policy of 40% (approximately five months) of the expenditures. In the FY 2019 budget, \$5.1 million was appropriated for capital investment.

UTILITY FUND

Utility operations exceeded budget expectations by \$7.3 million. Utility revenues increased following a three percent rate increase and modest increases in consumption. The FY 2018 financial plan for the utility included a \$33.1 million net contribution from operations to capital projects. This purposeful undertaking helped avoid additional debt and limited utility rate increases. Given the positive FY 2018 results, operating equity decreased only \$25.8 million and has capacity to support additional capital needs in the future. The Utility Fund operating margin has grown primarily through rate increases designed to finance a larger component of the utility’s capital maintenance requirements.

Utility Fund Revenues and Expenses (in Millions)



In the Statistical Section Tables 6 and 8 provide ten-year historical Utility Enterprise Fund comparisons of operating and capital revenues and expenditures.

Cary invested over \$81 million in capital planning and infrastructure in FY 2018 for streets, parks, fire, general government, downtown and utility purposes.

An in-depth analysis of the financial position and FY 2018 activities is included in Management's Discussion and Analysis (MD&A), a component of the Town's basic financial statements. The format and content of MD&A is prescribed by governmental accounting standards and is highly technical. Some information in this overview is also discussed in MD&A.

The CAFR contains many more insights into Cary's operations, values and trends than basic financial statements. One section of the report contains statistical data and 10 year trends. These details provide context and history about Cary's financial position and direction. For example, Cary's tax base has increased 34% in 10 years to \$26.4 billion. Table 12 in the Statistical Section lists Cary's top 15 taxpayers in FY 2018. The list demonstrates strength in the diversity of the Cary tax base. Because the top 15 taxpayers constitute less than seven percent of the total base of taxpayers, the financial distress of any one taxpayer would not impair the stability of Cary's tax revenues.

Similar to the largest taxpayers, Table 29 in the Statistical Section lists the largest utility consumers. The top 10 FY 2018 utility ratepayers account for less than eight percent of the utility retail revenues. More notable is the fact that only five of the top 10 are industrial and office uses that generate less than four percent of the utility revenue. The remaining five ratepayers represent institutional and stable uses for schools, hospital, airport and multifamily residential. This positive characteristic of the utility provides confidence that the consumer base is diverse, and the reduction in demand of any one consumer would not impair the financial position of the utility.

ECONOMIC GROWTH

Development and population growth have been the main drivers for Cary's revenue growth for many years. An analysis of the development process and the volume of activity provides insight to current tax base growth. Development "in the pipeline" demonstrates potential for continued growth in the next few years because the process for developers from concept to permitted occupancy can take three years or more. A more detailed analysis of the development process and the FY 2018 activity is included in the Shape section of this overview. Key indicators from FY 2018 include:

- Cary's population is estimated at 163,930 at year end, an increase of 2.2 percent from June 30, 2017.
- Assessed value grew \$562 million (2.2%), to \$26.4 billion, detailed in Table 9 in the Statistical section of this report.
- Chatham County value grew to constitute 2.7% of Cary's total compared to 2.2% in FY 2017. See Table 9.
- Construction permit value, less certain other permit values, in FY 2018 was \$662.6 million, a 27% increase over FY 2017. That was the second highest annual value in the past 10 years. See Table 24.

Other economic factors affect the Town's revenue directly or indirectly, including the state and national economies.

- The local economy improved in FY 2018, and Cary experienced a 4.8% increase in sales tax revenue compared to FY 2017.
- Cary's unemployment rate, historically less than the county, state and national average, fell to 3.2% in June 2018. See Table 22 and the discussion of local employers in the Work section of this report.
- The Town continued to bring in visitors for amateur and professional sports. The quality of Town facilities and service draw NCAA, ACC, USA Baseball and USTA events at its soccer, baseball and tennis venues. NC Football Club and the Carolina Courage, an American professional women's soccer team, are at home in Cary at the WakeMed Soccer Park. The Town also welcomes the SAS Championship, a golf tournament on the Champions Tour played annually at

Prestonwood Country Club.

CARY'S FINANCIAL POSITION

Cary remains in excellent financial condition. Cary has capital resources, revenue capacity and an expense management culture that will provide Council with choices on how best to fulfill the vision and highest priorities in the Imagine Cary Community Plan. The vision and desire to provide even higher service levels continues upward on an exponential path. Setting priorities for capital investments and the quest for operational efficiencies have become essential discipline.

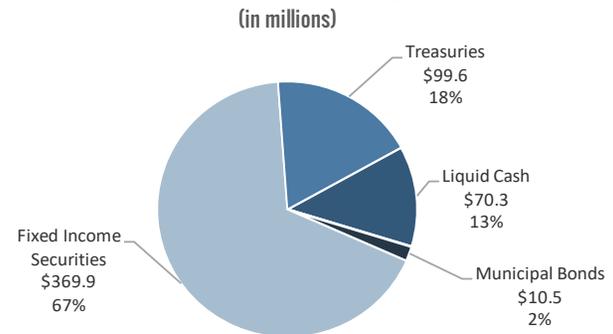
The core building blocks of AAA rated financial management are in place. Town finances are based on a solid foundation of fund balance, cash reserves, and manageable debt. Well maintained infrastructure and revenue capacity exists in the tax base and in model citizens who are here by choice. These assets provide Cary's elected officials the resources to protect Cary's position and to continue to provide quality services.

CASH MANAGEMENT

Cary manages the cash resources of all funds in one pool to maximize investment earnings and efficiency. At the end of the year the market value of Cary's pooled cash and investments for all funds totaled \$550.3 million. Investment income is allocated monthly to each fund based on average cash balances.

Throughout the year Cary maintains a minimum of \$40 million in bank accounts to ensure that Cary has immediate access to funds. The remainder of the portfolio is invested in securities that ensure the safety of the principal and earn maximum interest income.

Cash and Investments by Type



Cary's cash management policy complies with state law, which specifies the types of securities that may be purchased for investment. Permissible investments essentially include only highly rated securities to ensure the preservation of principal. Securities such as treasury obligations of the US government, its agencies and sponsored corporations as well as highly rated corporate and municipal bonds are allowable. Equity or speculative securities are not allowed. Cary's investments mature in less than five years.

A weekly cash forecasting model and investment plan considers Cary's balance of investments to ensure cash flow and diversity of securities. This approach results in a laddered portfolio with 660 average days to maturity. The portfolio maturity extends to April 2022 with approximately \$3.5 million maturing weekly. In all but the rarest of circumstances, investments are held to maturity. As a result, the Town does not incur any gains or losses due to market price fluctuations that are reported in the financial statements.

This approach prevents Cary's interest income from decreasing quickly in a falling rate environment. Conversely, in a rising rate environment, Cary's average investment portfolio yield rises more slowly than market rates. The portfolio investment earnings compare favorably against a benchmark of a simpler cash management approach based on investing routinely into two-year US

Treasury securities. Cary's managed approach has consistently outperformed the benchmark by 10 to 20 basis points. Measured conservatively on a \$400 million portfolio, 10 basis points provides an additional \$400,000 in investment income for Cary.

The Federal Reserve increased federal funds interest rates twice during FY 2018. These rate hikes impacted market interest rates, and the average rate on Cary's investment portfolio increased from 1.03% for FY 2017 to 1.31%. Moreover, the rate hikes impacted the Town's earnings on cash accounts.

Cary uses an independent financial advisor to project cash flow and to monitor and report quarterly on portfolio management. These financial advisors also support Cary's debt management program.

More details about Cary's deposits and investments are included in Note 2 to the financial statements.

DEBT MANAGEMENT

Cary's long-term obligations are explained in detail in Note 9 to the financial statements. A component of those long-term obligations is in the form of bonds issued to finance capital improvements. In FY 2018 Cary incurred new general obligation debt and refinanced both general obligation bonds and revenue bonds to reduce future interest expense.

GENERAL OBLIGATION BONDS

Certain street, parks and fire capital projects were funded with debt authorized by Cary voters in the 2012 referendum. Cary has borrowed against the \$80 million voter authorization three times. The third bond sale occurred in September 2017 for \$30 million. The competitive bond sale was conducted by the NC State Treasurer's office on behalf of Cary. The bonds sold in a low interest rate market with strong competition, demonstrated by 14 financial institutions that bid on the bonds. The winning bid was for an average interest rate of 2.5% for 20 years. For comparison, similar 2014 bonds bear an average

interest rate of almost 3%.

At the same time, Cary issued \$28.8 million of refunding bonds to refinance existing general obligation bond debt. The transaction reduced future interest expense by approximately \$1.4 million that benefits both the utility fund and the general fund over the next 11 years.

The bond rating agencies updated and confirmed Cary's general obligation bond AAA ratings as part of the bond sale process.

UTILITY REVENUE BOND SALE

Late in calendar year 2017 new federal legislation was proposed to limit a specific type of tax-exempt refinancing bond sale. In anticipation of the legislation's effective date of December 31, 2017, Cary moved quickly to refinance \$92 million of utility revenue bonds. Because Cary bonds are highly rated and relatively rare within the total tax-exempt bond market, the negotiated bond sale resulted in favorable interest rates. Cary locked in \$8.6 million of interest savings for the utility over the next 20 years. As part of the sale process, the bond rating agencies updated and confirmed Cary's AAA revenue bond ratings.

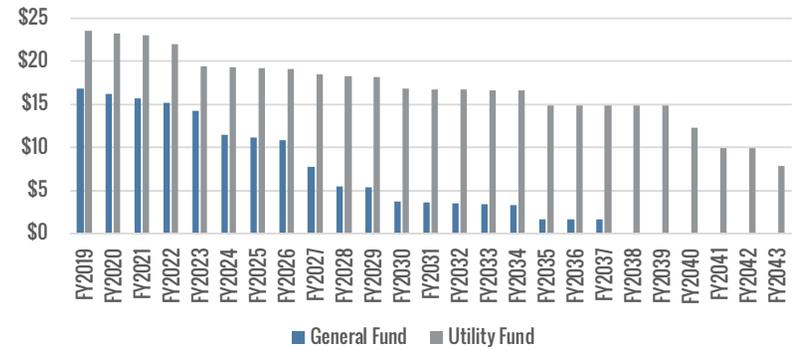


Staff members at Town Hall watched the bond sale as it progressed.

BONDED DEBT AMORTIZATION

Debt payments in the General Fund decline over time because the debt is repaid more aggressively than a traditional mortgage structure. Typically, debt incurred for general capital projects is repaid within 20 years or less and the payments shrink over time because, instead of level debt payments, the payments are structured with level principal commitments. As the debt is repaid, the interest component of the payments shrinks. This repayment structure, which is mandatory under North Carolina statutes for general government projects, creates debt capacity for the priorities of future elected officials. Utility Fund debt is structured with level payments over a longer term, which recognizes the longer life of utility assets and the capacity for future rate increases for utility service.

FUTURE DEBT SERVICE, in Millions



The Town has additional voter debt authorization of \$13.7 million in street bonds, \$1.8 million in parks and recreation bonds and \$.5 million in fire bonds resulting from a 2012 referendum that remains unissued at June 30, 2018. Of the \$16.05 million total in general obligation debt authorized but unissued at June 30, 2018, \$3.4 million has been appropriated to capital projects. Future capital projects could be funded with the remaining authorization.



PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Because Cary values employees are one of its most important resources, significant dollars (averaging 35%-40% of annual salary per employee) are spent each year on a competitive, comprehensive benefit program.

Cary is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS). The defined benefit pension plan is administered by the State of North Carolina. The pension plan is considered one of the top plans in the nation because it is well funded and prepared to meet future obligations to retirees.

Other Post-Employment Benefits (OPEB) are retiree benefits for health insurance. Cary established retiree health insurance benefits to attract and retain experienced employees and recognize the significant value of long-term service. These benefits include health, dental, vision and life insurance coverage to qualified retirees until the retiree reaches the age when they are eligible for Medicare. Upon eligibility for Medicare, Cary provides a Medicare supplemental policy. Cary funds retiree OPEB annual expenditures through the operating budget, and in FY 2018 those expenditures totaled \$2.0 million.

New accounting and reporting rules effective for all governments regarding future obligations for OPEB have changed Cary's financial statements. Cary's \$146.4 million obligation for OPEB constitutes a liability which had previously been reported in the notes to the financial statements. The new rules make the OPEB liability readily apparent on the face of the entity wide statements. Note 12 provides details about the program and obligation. The new reporting requirements did not change the economic financial position of Cary or mandate OPEB funding.

Over the last two fiscal years Cary specifically set aside a total of \$2.3 million for its OPEB liability in the Health Insurance Internal Service Fund. Another \$1.6 million was set aside in the FY 2019 budget. Additional resources exist in the net position of the Health Insurance Internal Service Fund. A study to examine alternatives to manage current and future liabilities is underway. The study is a

collaborative effort considering both financial and human resources priorities.

Benefits for law enforcement personnel include a separation allowance. Cary has a pension liability of almost \$10.9 million for this pension obligation and funds the separation allowance on a pay-as-you-go basis.

More information about these benefits is included in the Required Supplementary Information sub-section of the Financial Section of the CAFR.



RISK MANAGEMENT

Cary manages insurable risks through a combination of self-insurance and the purchase of insurance policies. Risk management consultants and a competitively selected insurance broker work with Cary to analyze and establish risk coverage in a cost-effective manner. Cary also uses a third-party actuary to estimate claims incurred but not reported.

Cary self-insures workers compensation coverage and employee health and dental claims up to certain limits for risks beyond those limits, exposure is covered with third party stop-loss policies. Cary also self-insures small claims

and losses under the deductible limits of property and liability coverage.

Cary's approximately \$20 million health insurance program is accounted for in an internal service fund. Schedules 16, 17 and 19 in the Internal Service Fund sub-section to the Financial Section of this report provide more details about annual activities.

Note 11 to the financial statements provides details about the self-insured claims, and Table 28 provides details on property and liability insurance in force during FY 2018.

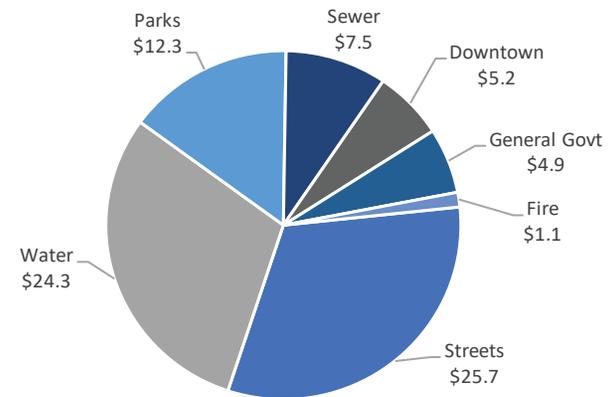


CAPITAL INVESTMENTS

Each year the town adopts a capital improvement budget and prepares a 10-year capital improvement plan. Annually, newly budgeted projects are added to the inventory of work and completed projects are placed into service. In FY 2018 the Town continued to manage approximately 400 capital projects. As the Town's infrastructure ages, a greater percentage of capital projects are for maintenance and rehabilitation.

Cary's financial commitment to capital planning and construction is notable. In FY 2018 total capital spending was over \$81 million, an average of over \$1.5 million invested in infrastructure planning and construction every week. Street, water and parks projects comprised almost 80 percent of total spending. The total budget for active projects in FY 2018 was over \$700 million.

FY 2018 CAPITAL SPENDING, in millions



During FY 2018 project spending facilitated the following accomplishments:

- Four newly constructed lanes of Green Level West Road from Glenmore Road / Capistrane Drive to NC-540 opened to traffic
- 43 miles of Cary-maintained streets were improved including 16 miles of milling and resurfacing; 62 street segments patched totaling seven miles; and 20 miles of street rejuvenation
- Design and permitting work continued on Fire Station #9
- Construction continued on a 42-inch third pipeline to provide raw water transmission capacity and redundancy
- Wake County broke ground on construction of the new downtown Cary regional library. The Town funded parking deck located on this site will be constructed as part of the larger project.



Fire Station 9 Design

FINANCIAL SYSTEMS AND BUDGETARY CONTROL

The Cary Town Council is required to adopt a balanced budget by July 1 of each year. The Town is empowered to levy a property tax on both real and personal property to fund general government activities. Water, sewer and reclaimed water rates are also levied to fund the utility enterprise system.

Most General Fund revenues are collected by other government agencies and remitted to Cary. Wake County and Chatham County bill and collect property taxes with notable success. Cary received 99.9% of the levied real property taxes in FY 2018. The NC Division of Motor Vehicles collects vehicle property taxes and license fees. The State of North Carolina collects and remits sales taxes. Cary manages revenue collection systems for fee-based services such as parks and development services. Solid waste fees are collected in concert with monthly utility billing.

Utility Fund revenues are collected by staff through the preparation and delivery of approximately 62,000 monthly bills for utility service to users in both Cary and Morrisville. The economic demographics of the user base are strong, and

Cary provides ratepayers with multiple ways to pay their utility bills. Almost 100% of active Cary utility ratepayers meet their obligations on a timely basis.

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, Examples include the General Fund and 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.

To manage hundreds of thousands of individual financial transactions Cary maintains a system of internal controls. Leadership from Council and management has established an effective internal control environment with clear and consistent expectations for ethical, prudent and transparent financial management and operations.

FINANCIAL REPORTING

In FY 2018 Cary's quarterly reports were strengthened with the addition of interim financial results and analysis. The reports are available at www.townofcary.org. The financial results were also presented at new quarterly meetings with Council.



LOOKING AHEAD: FY 2019 BUDGET AND ECONOMIC CONDITIONS

On June 28, 2018, the Cary Town Council approved a \$347 million budget for FY 2019. The budget allocates \$252 million for operations and \$95 million for capital projects. Highlights include:

- 12 new firefighters to staff a ladder truck for western Cary;
- An additional \$8.7 million for the Carpenter Fire Station Road widening;
- \$7.1 million for street improvements;
- \$2.7 million for stormwater assistance and drainage improvements;
- \$500,000 for continued downtown revitalization
- \$215,000 to renovate portions of two community centers.

An increased focus on employee training and the implementation of new technology to improve organizational efficiency and drive engagement are also included.

Cary's property tax rate remained unchanged at 35 cents per \$100 of real property value. However, to improve streets and sidewalks, the vehicle license fee increased from \$15 to \$30. And to move toward full cost recovery, the monthly solid waste fee increased a dollar – from \$16 to \$17 per month for residential service. Utility rates also increased three percent for a typical household.

Council adopted the FY 2019 budget based on growth patterns like 2018, with slightly increasing sales tax revenues. Subsequent to budget adoption, the North Carolina League of Municipalities (NCLM) published a quarterly revenue report that focuses on statewide revenues affecting municipalities. The September report states that "North Carolina's economic outlook continues to be positive, though with some signs of slowing." Multiple factors impact the outlook, but one key factor was strong job growth in the first six months of 2018.

In June 2018 the Supreme Court ruled that local sales taxes could be imposed on internet retailers in states where they have no physical presence. Because most of the top e-commerce retailers have a physical presence in North

Carolina, the retailers are already collecting and remitting sales tax. The NC Department of Revenue (DOR) reported an intent to collect sales taxes on most other internet retail sales beginning November 2018. DOR estimates an annual state revenue increase of \$75 million, and a corresponding local increase of \$35 million, annually. Given that the local annual increase of \$35 million would be spread to units across the state, the impact on Cary will be minimal.

Investment earnings are expected to increase for all funds. The Federal Reserve raised the federal funds rate three times in calendar year 2018 from 1.50% to 2.25%. Most economists anticipate another rate hike in December 2018. Rate increases benefit Cary's interest income earning potential on the \$500 million investment portfolio, increase the interest expense on approximately \$29.3 million of Cary's variable rate debt and increase interest rates on future debt financing.

The FY 2019 capital budget relies on additional debt. Cary plans to borrow approximately \$8.6 million in the fall of 2018 to finance a large portion of the construction of Fire Station #9 as well as a portion of the cost of two replacement aerial ladder trucks. The new Fire Station will be pledged as collateral for a competitively bid installment loan from a single financial institution. The debt will be repaid over 15-20 years, not to exceed the life of the respective new assets.

The FY 2019 budget document reflects a fresh perspective with modern formatting, style and generous use of pictures, charts and graphics. It represents a first step in creating a budget that integrates the Imagine Cary Community Plan, while conveying information in an inviting and easily-consumable format. The FY 2019 Annual Operating Budget and the Capital Improvements Budget/Plan can be found on the Town's website at www.townofcary.org.

LONG TERM FINANCIAL PLANNING

To ensure Cary maintains its AAA rating and remains in a strong financial position, Cary began work in FY 2018 to develop a financial forecasting model that projects the general fund financial position for five years. The model can

demonstrate the financial impact of significant development, tax rate increases and/or capital investments and incorporates inflation indicators by expense category. Reports illustrate Cary's actual and projected fund balance and debt capacity compared to Council policies to ensure that Cary remains in compliance with these important financial indicators.

Cary's utility rate strategy is informed by a 10-year utility rate model. The model processes projections on consumption, other revenues and expenditures. Over the past two years the model has been adjusted to reflect decreasing per capita demand based on Cary's experience and national trends. Industry experts attribute changing demand patterns to water efficient home appliances and environmental awareness. In Cary, price elasticity may also be a factor as well as heightened awareness due to the availability of hourly usage data through Aquastar. Reports from the model include a sophisticated dashboard of strategic indicators that are used by staff to recommend rates that meet or exceed Cary's policies for day's cash on hand and debt service coverage ratios.

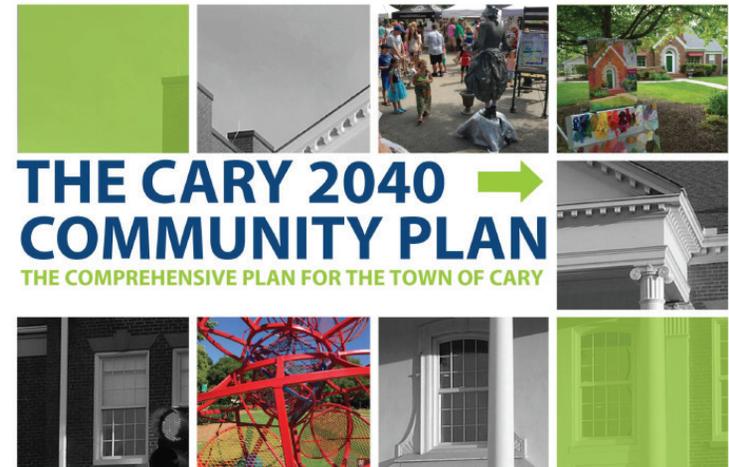
Plans are in place to enhance long term financial planning for financial sustainability and capital investments. Annually, Cary updates the 10-year capital plan as part of the budget process. In FY 2019, the capital plan will be reviewed and reconsidered in detail to ensure that the plan matches the Imagine Cary Community Plan and priorities outlined in Cary's Buried Infrastructure Asset Management Plan and master plans for transportation, parks, water, sewer and stormwater.



SERVICES AND PROJECT ACCOMPLISHMENTS

Town resources fund operations, capital investments and other initiatives to serve citizens. Citizen satisfaction with the Town has been gauged every other year since 1998 by a consultant in a scientifically valid citizen survey. In FY 2018 approximately 400 Cary residents were asked to state their opinions on how well their government works for them. Specific topics were addressed including housing, safety, quality of life, service, flooding, communications, street repair, the environment, and recreation facilities. The executive summary of the consultant's report begins with a summary statement that the results were "exceptionally positive" and goes on to conclude "This year's ratings represent the best results the Town has earned, exceeding the previous "gold standard" of the year 2012." The Cary Fire Department continued to earn the highest marks with A+ ratings for response time, competence, courteous, fairness and problem solving. The executive summary as well as the entire survey can be found on the Town's website at www.townofcary.org

Key events and accomplishments are highlighted in the following eight sections, which are organized to match the structure of Cary's guiding vision set out in the Imagine Cary Community Plan; Live, Work, Shop, Engage, Shape, Move, Serve and Act.





WORK: ASSURING CONTINUED PROSPERITY

Cary was long considered successful as a bedroom community to Research Triangle Park (RTP), and the cities of Raleigh and Durham. As part of the development of the Imagine Cary Community Plan, data analysis confirmed that Cary had grown into an employment center of its own. Business days result in a net migration of citizens into Cary for work.

A highly educated workforce and a competitive cost of doing business have drawn major employers. Cary is extremely fortunate to be the home of SAS Institute, the world's largest privately held software company. SAS Institute, Inc. has been recognized as one of the best places to work by Fortune Magazine for more than 20 years, and has provided stable, growing employment since its inception.

Other major employers within the town limits include Met Life, Verizon Business, Epic Games, Kellogg's Snacks, Fidelity Investments, John Deere Company, Siemen's Medical Solutions USA, HCL Technologies, ABB, Inc, American Airlines Reservations Center, and DB Global Technologies.

Notable employment news in FY 2018 included:

- Trilliant, a global leader in smart grid technology, announced they were relocating their HQ from Silicon Valley to Cary.
- MetLife broke ground on MetLife3 to make a place for 500 additional jobs.
- Verdesian Life Sciences created 35 new jobs. Verdesian helps farmers do more with less in the cutting-edge field of 'nutrient use efficiency'
- SAS Institute opened a new fraud and security intelligence division with 70

new employees.

The Cary unemployment rate has historically been extremely low and consistently lower than state and national averages. In June 2018, Cary's unemployment rate was 3.2%.

Beyond Cary's borders, citizens benefit from the employment base in RTP where there are approximately 50,000 jobs in high-technology fields at over 200 companies. Throughout the triangle region, state government, healthcare and three major universities round out a diverse group of employers in the region that has historically been stable and less sensitive to economic downturns. The employment community is repeatedly recognized in studies, rankings and accolades.

A comparison of Cary's principal employers in FY 2018 and its principal employers 10 years ago in FY 2009 are listed in Table 23 in the Statistical section. SAS Institute, Inc, remains the number one employer providing over six percent of the jobs in Cary.

Cary's own employees benefit from a positive environment that fosters their growth and job satisfaction. Cary's Statement of Values, listed along with the Mission Statement, recognizes that employees are our most important resource. Cary's Human Resource Department delivers a competitive, comprehensive benefits program to serve the needs of employees and their families.

NEW EMPLOYEE TRAINING ACADEMY

The Town kicked off a refreshed training program, maintaining Cary's commitment to employee development by utilizing trainers and skills from across the organization and broadening content. Classes include topics such as public speaking, technology use, and emotional and social intelligence. Subjects also include introverts and extroverts in the workplace, women's safety, personal budgeting, and supervisory training. Academy Shorts, a new sharing and learning concept, features one-hour opportunities for interested Town employees to share tips and skills on specific topics such as time management, organizational skills, and managing multiple priorities.

Since 2003, citizens have been enjoying a hands-on look at Cary's operations behind-the-scenes through the School of Government program. OneCary classes make this content available to all employees by offering a look at the people, equipment, and facilities providing services to citizens. Employees also have access to training on the main concepts of Town's organizational renaissance. Employees completing all OneCary classes earn recognition for their dedication to a well-rounded understanding of the Town.

EMPLOYEE RECOGNITION RECEPTION AND LUNCHEON

Cary manages a number of recognition programs, but the largest is the Town's annual Employee Recognition Reception and Employee Luncheon. Respecting the "OneCary" effort, employees from all parts of the organization contributed time and expertise to develop various aspects of new and exciting programs in FY 2018.

In November, over 300 employees gathered in the Cary Arts Center to celebrate 11 Employee of the Year nominees and 186 service award recipients. Also recognized were employees who were celebrating 5, 10, 15, 20, 25, and 30 years with the Town. Employees appreciated the chance to socialize and congratulate their coworkers.

In December, Cary's Mayor, Town Council members and retiree guests joined nearly 700 employees to celebrate and honor the work of staff at the annual Employee Luncheon.



SHOP: CREATING VIBRANT DESTINATIONS

SMALL BUSINESS SATURDAY PROCLAMATION

The Town of Cary has officially recognized Small Business Saturday with a proclamation for the past four years. Small Business Saturday is an initiative to encourage shopping locally in small businesses on the Saturday following Black Friday. The national promotion has been successful in bringing both awareness and increased sales to small businesses across the country. Council members presented the official Small Business Saturday Proclamation as part of the Cary Chamber 2017 Business Expo.

WEGMANS

In FY 2018 construction permits were issued for Twin Lakes Shopping Center, a 158,300 square foot commercial shopping center that includes the Cary's first highly anticipated Wegmans grocery store. A second Wegmans is planned in the Fenton development on the Town's eastern border.





ENGAGE: EXPERIENCING THE CARY COMMUNITY

BUILDING BRIDGES

In August 2014 an officer-involved shooting took place in Ferguson, Missouri. Over time incredible unrest developed throughout the country, specifically concerning the relationship of law enforcement and communities of color. While Cary did not see problems on this level, the incident did create conversation in the black community about the uncertainty. It was that uncertainty that drove a Cary resident, Tru Pettigrew, to the Cary Police Department. This key step was the beginning of a relationship and a partnership that would last.

Through the ensuing years, Tru and the members of the Cary Police Department have worked with diligence and persistence to ensure there is a relationship between communities of color and Cary police officers. Based on the premise that consistency builds familiarity and familiarity builds trust, opportunities were created through forums, classes, church visits and cookouts, to build and maintain close relationships. The most impactful of these efforts has been the Barbershop Rap Sessions.

Members of the police department and the black community began having regular conversations on the first Saturday morning of every month. These relationships grew in trust and familiarity and although these community members learned to trust Cary officers their trust only extended to the Town limits. To address this perception, police chiefs and police officers from other towns were invited to the discussions to help community members throughout our entire region. Police Chiefs and officers from Apex, Fuquay-Varina, Morrisville, Holly Springs, Raleigh, and Knightdale, as well as Wake County

Sheriff Donnie Harrison, have all attended the Barbershop Rap Sessions, and many have taken the concept back to barbershops in their towns.



In October 2017 Tru and the police chiefs from Cary, Apex and Raleigh attended the International Association of Chiefs of Police conference. This conference, which includes nearly 17,000 police chiefs and police executives from around the world, is the largest, most well attended conference for law enforcement professionals in the world. Together, Tru and our local police chiefs presented a workshop titled, "Barbershop Rap Sessions: Are They the Key to Community Engagement". In addition, the Commission on Accreditation for Law Enforcement funded a video that featured four of the area's local barbers talking about how transformative the Barbershop Rap Sessions had been in their shops and communities.

Just before the session began, the group learned that the Chief of Police from Ferguson was part of the assembled crowd. The workshop was successful, and afterwards, the Chief of Police from Ferguson sought advice on bringing the program to Ferguson. Since the concerns following riots in Ferguson drove Tru through the doors of the Cary Police Department the connection was incredibly meaningful and has shaped the world beyond Town limits.

BARBERSHOP RAP SESSIONS' INFLUENCE GROWS

Based on the success of Barbershop Rap Sessions, Cary spun off two similar

initiatives, Town Rap Sessions and the STARTERS Program. Like the Barbershop Rap Sessions, these two platforms promote open dialogue and foster greater understanding of others' perspectives.

In January, rap sessions for staff started at Town Hall to provide employees a forum to discuss race relations and other sensitive issues such as generational differences, the #MeToo movement and managing change. In addition, the Cary Police Department kicked off its Students That Are Restoring Trust, Empathy, Respect, and Support, or STARTERS program. This youth-focused mentoring program was initiated by high school resource officers and students to provide a discussion forum that is mediated and moderated by students. This program tackles issues that are important to today's youth and tomorrow's leaders.

CARY YOUTH LEADERSHIP TOWN HALL VISIT

In March, the Town welcomed 43 high school juniors participating in a Cary Chamber of Commerce Youth Leadership program. Established in 1998, Youth Leadership Cary develops the potential of future leaders. The program helps students understand how government, business and individual leaders work together as integral community members.

CARY TENNIS PARK – ATLANTIC TIRE CHAMPIONSHIPS

The Cary Tennis Park hosted the Atlantic Tire Championships, an ATP professional tennis tournament, September 11-17, 2017. The event featured 19 participants directly from the US Open Tennis Championships in New York and brought in players from 13 countries. This created the strongest field to date with the top two seeds ranked within the top 100 tennis players in the world. The event attracted approximately 5,000 spectators, the highest attendance in the three-year history of the event. Kevin King, the winner of the 2017 Atlantic Tire Championships, is a product of the strong program at the Cary Tennis Park, where he trained between the ages of 13-17.



ENVIRONMENTAL OUTREACH

To commemorate the 9-11 Day of Service, Spruce events spanned the course of two weeks. Volunteers worked with our fire fighters to “spruce up” 20 vegetable beds at five fire stations town-wide.

ENVIRONMENTAL OUTREACH SUMMARY FOR FY 2018	
Total number of projects	302
Total number of adopted spots	69
Total number of volunteers	2,741
Total number of community partners	79
Total volunteer hours	7,145
Total lbs. of trash collected	26,777
Total yards of mulch spread	600
Total compost workshops hosted	8

CARY APPROVED TO BECOME CERTIFIED LOCAL GOVERNMENT

Cary earned a designation as a Certified Local Government (CLG) under the National Park Service's Federal Preservation Program from the NC Department of Cultural Resources' (NCDRC) Historic Preservation Office. This certification establishes a partnership between three levels of government (federal, state and local) for the identification, evaluation and protection of historic and archaeological resources. North Carolina's CLGs receive expert technical historic preservation assistance from the National Park Service, the State Historic Preservation Office, and from other North Carolina CLGs. In addition, CLGs can apply for historic preservation grants available only to CLGs. To become a CLG Cary demonstrated to the State Historic Preservation Office that it has built a sound, local preservation program meeting federal and state laws and standards and established a professionally-qualified historic preservation commission. Close to 2,000 local governments participate in the CLG program across the country. In North Carolina, 51 local governments, including Cary, have been designated as a CLG.

PARK RENAMING FOR KAY STRUFFOLINO

In November 2017, Council renamed Meeting Place Park after Kay Struffolino, a citizen who has dedicated over 40 years of her life to the improvement of Cary. This park, near downtown, features the Meeting Place sculpture and received some finishing touches to go with its new name such as sculpture lighting, additional landscaping, and updated signage.

SHARE & CARE

Share & Care, an event now in its fourth year, provides a resource fair for persons with disabilities, their caregivers, families and friends by hosting almost 50 organizations and businesses. Agencies offering programs, services and resource information were on hand in February to network with over 200 attendees. This program has grown each year as the demand for resources for persons with disabilities increased.



CHINESE LANTERN FESTIVAL

The third annual Chinese Lantern Festival at Booth Amphitheatre was a success with over 84,000 attending.



DOWNTOWN CARY PARK

A cross departmental team worked throughout the year to hire a renowned consultant to lead the master planning process for the downtown park. The process was evidence of a new culture in the organization where employees volunteered to contribute to the process with time outside their traditional roles.

WWW.TOWNOFCARY.ORG

Cary's website continues to evolve to provide information and allow citizens to conduct business 24/7. In FY 2018 a feature was added that allows citizens to initiate new utility service. This enhancement added to the traffic that generated almost five million views in FY 2018.

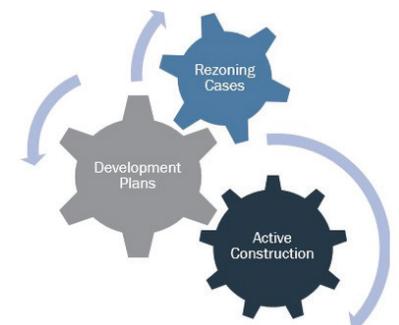


SHAPE: GUIDING COMMUNITY GROWTH

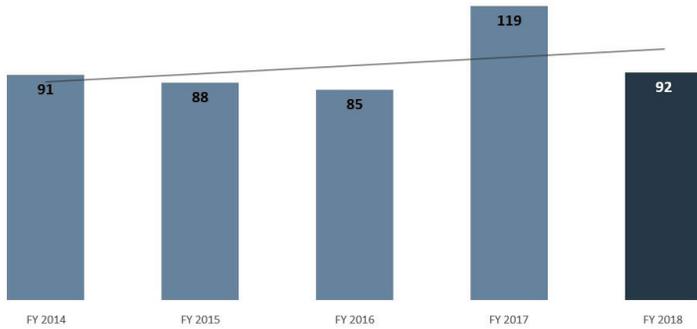
The process for new development is composed of three major stages. Land rezoning creates an entitlement for property. The process can take up to 12 months and is preceded by a pre-application process with staff to evaluate how a rezoning proposal fits within the Imagine Cary Community Plan. Development plan review is another year long iterative process that, on average, completes five staff review cycles. Next, developers obtain permits to initiate construction that must be completed within five years, including inspections.

At the end of FY 2018, there were 30 cases in the rezoning process. During FY 2018, the Town approved 92 nonresidential development plans. These plans can range from a development as small as three townhomes to a large mixed-use proposal.

Single-family permits are key indicators of economic activity in Cary. In FY 2018, the Town issued 1,128 single family permits, the highest number since FY 2014, and 4% greater than the five-year average of 1,087. Of the 1,128 single-family permits issued in FY 2018, 382 (34%) were attached/townhomes.

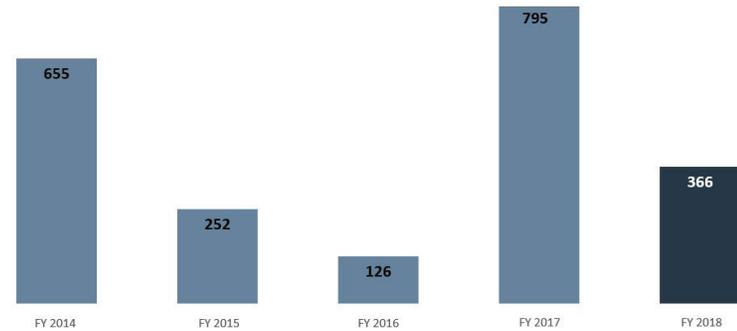


Non-Residential Development Plans Approved



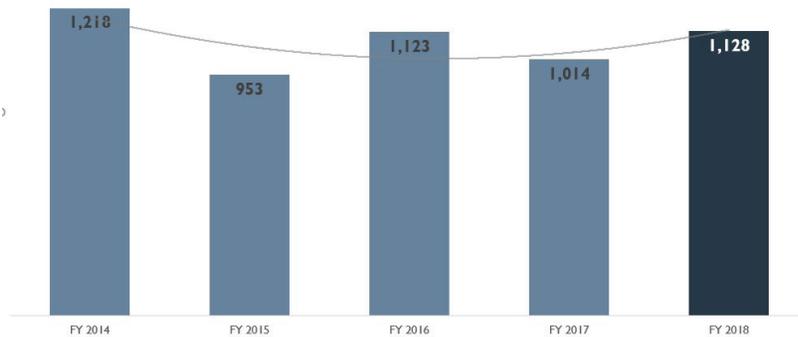
Multi-Family Unit Permits

Fiscal Year Totals



New Residential Permits

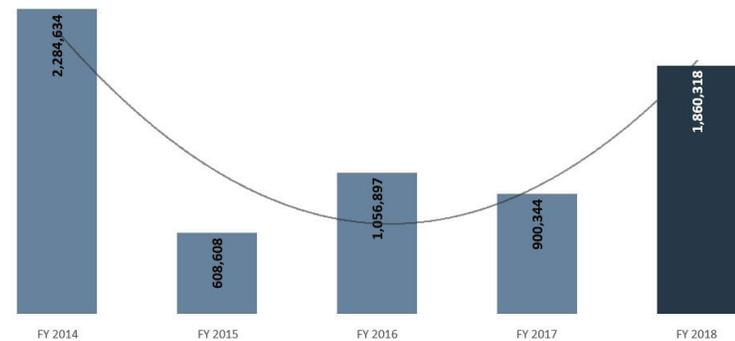
Fiscal Year Totals



Non-residential development is measured by square footage, and for FY 2018, totaled almost 1.9 million square feet. The permit for the third MetLife office and parking structure was a significant project and impacted the outcome, which was up 39% from the five-year average of almost 1.3 million.

New Non-Residential Permits

Square Footage



Multi-family permits are measured by individual units rather than the number of buildings and vary across years as a reflection of apartment occupancy rates. In FY 2018, 366 multifamily units were permitted which is down 17% from the five-year average of 439.

Permits for additions and alterations also contribute to growth in the Town's tax base. Permitted construction in FY 2018 totaled \$662 million in value as reported by contractors at permit application. Quarterly reports, available at

www.townofcary.org include more details about specific projects throughout the year. Table 24 in the Statistical section of this report includes 10 years of history for building permit counts and values.

Cary is empowered by state statute to extend its corporate limits by annexation. Just over 113 acres became part of the Town of Cary through 11 voluntary annexations in FY 2018, resulting in an increase of \$12.7 million to the tax base. These annexations are typically a step in the development process during the development plan review phase.

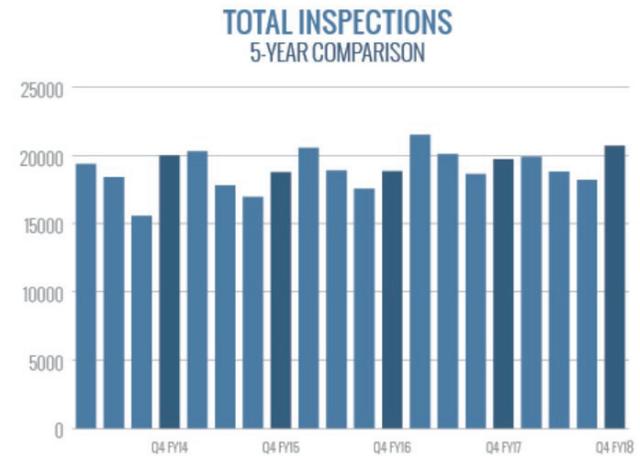
ELECTRONIC PLAN REVIEW FOR BUILDING PERMITS GOES LIVE



In FY 2018, Cary implemented electronic plan review for building permits. Electronic plan review saves design professionals, contractors and citizens printing costs for plans and reduces travel to Town Hall since plans can be submitted remotely, 24/7. In addition, the program improves staff efficiency during the review process and allows staff to access approved plans electronically from the field. This initiative has received overwhelmingly positive feedback from everyone involved.

TOTAL INSPECTIONS

Once permits are issued and construction begins, the inspection process begins. Inspections in FY 2018 totaled just over 77,200, which is up just slightly from the five-year average of approximately 76,049. The chart below demonstrates the cyclical nature of inspection activity. Variances in the volume of work reflect the impact of outdoor temperatures and weather on construction.



EASTERN CARY GATEWAY

The Eastern Cary Gateway is an 800-acre special planning area located on the Town's eastern border, adjacent to Raleigh along the interstate 40 corridor. Nearly one third of the area is undeveloped. The Town has focused on the area to ensure that new development and redevelopment fulfill the vision of the Imagine Cary Community Plan. A web page for the Eastern Cary Gateway (<http://bit.ly/EasternCaryGateway>) was created in FY 2018 to provide a consolidated point of information about development activity.

Eastern Cary Gateway Strategy Team

A multi-departmental Strategy Team is in place to discuss, plan, and ultimately implement a strategy that will ensure the success of the Eastern Cary Gateway Special Planning Area vision. Sub-groups have been formed to discuss high level strategies for implementing the vision. These sub-groups include Mobility, Soccer, Development, Relationships, Economic Development, and Town Participation. Staff from across the organization and almost every department as well as Cary Chamber of Commerce staff participate in the sub-group discussions. This team can ultimately be the model for proactively ensuring that Council's vision of the Special Planning Area becomes reality and a model for other high priority initiatives.

Fenton Rezoning

Progress toward the construction of Fenton, a proposed mixed-use development located in the Eastern Cary Gateway Special Planning Area, was a major focus area for the Town throughout the fiscal year. The Fenton project is an approximately 92-acre site on the north side of Cary Towne Boulevard between I-40 and Adams Elementary School.



The Preliminary Development Plan (PDP) proposes vertically mixed uses designed around an “L-shaped” main street where residential and/or office uses are located on top of ground-floor retail tenants. The PDP provides a variety of pedestrian corridors. A total of eight parking decks are proposed, with many of the buildings wrapping around and screening the decks. Several office buildings and one or more hotels are proposed as part of the project. Six community gathering areas are also integrated into the development to provide both passive and active opportunities for residents and visitors.



LIVE: FOSTERING STRONG NEIGHBORHOODS

LAURA DUNCAN ROAD/LAUREL PARK ELEMENTARY

In October 2017, a 10-year-old girl left Laurel Park Elementary School and was crossing the street to go home when she was hit by a car on Laura Duncan Road. Fortunately, she suffered only minor injuries. There was no crosswalk at this location. Laurel Park Elementary School is in Cary; the neighborhood across the street is in Apex town limits. Laura Duncan Road is a state road in Wake County. The Apex Police Department handled the law enforcement response, and the Cary Fire Department assisted as medical first responders. Following this near tragedy, citizens requested increased enforcement efforts and a crosswalk.

When Apex and Cary were looking at safety improvements in the aftermath of this incident, it became clear that neither jurisdiction had authority to do so. To ensure that jurisdictional authority is clear and to protect the safety of the public in the future, Cary supported an Apex legislative request to annex this section of roadway because Apex owns utilities within the right of way. The General Assembly approved legislation to make the annexation effective on

June 30.

STORMWATER

The Town initiated an adaptive stormwater management pilot program downtown in the Walnut Creek Basin, located east of Academy Street in the downtown Maynard Road. Future development of the Downtown Park and redevelopment opportunities throughout downtown, acted as a catalyst in choosing this location to initiate the pilot. The results and findings of this program will serve as a template for managing stormwater throughout Town.

Based on the outcome of the 2018 Council/Staff retreat, an Adaptive Stormwater Steering Committee was formed including five strategic work groups to focus on:

- Downtown Stormwater Citizen Working Group
- Basin Model Pilot Development
- Stormwater Ordinance Revisions
- Stormwater Infrastructure Maintenance Program
- Open Space Preservation

The Stormwater Steering Committee strives to achieve a 360-degree view of stormwater in Cary by drawing on expertise from a multi-departmental group of staff. To break the traditional autonomous program development mold, the Town added value by incorporating the perspectives of our Downtown Stormwater Citizen Working Group.

BASIN MODEL PILOT DEVELOPMENT

This year, the Town developed and began using the EPA Stormwater Management Model to predict stormwater runoff produced in the downtown area of the Walnut Creek Basin. This dynamic, computerized stormwater model provides an assessment of how rainfall runoff impacts both the public and private stormwater conveyance system. This model identifies current system performance, highlights underperforming infrastructure, and quantifies potential impacts from future development.



DOWNTOWN STORMWATER CITIZEN GROUP

The Downtown Stormwater Citizen Working Group consists of nine citizens with stormwater expertise and personal experience with flooding. Their heightened, proactive approach examines stormwater from a broader perspective than the traditional municipal approach. With a new perspective, the team looks beyond the public right-of-way and explores stormwater from a holistic, watershed perspective.

STORMWATER INFRASTRUCTURE MAINTENANCE PROGRAM

In FY 2016, the Town began developing a Stormwater Asset Management Program along with other Town owned buried assets: water, sewer and reclaimed water. Though stormwater infrastructure is very similar to these other systems, it has distinctive factors that warrant a uniquely tailored approach to manage the life span of the system. This GIS based program is used to help transition our stormwater maintenance program from a reactive to a more proactive program. The goal of this systematic approach is to find problems and address

them with maintenance before the issues disrupt the lives of citizens and the traveling public.

To further advance the maintenance program, the Town deployed a crew to clear stormwater pipes in the Downtown Pilot Area. This was possible without adding resources in our Public Works Department due to efficiencies created using innovative technology. In March, staff began collecting data for the Stormwater Condition Assessment tool while also clearing pipes so that the stormwater system works better. Public Works quickly identified a buried outlet and followed up to clear two catch basins and the associated pipe segments full of sediment along the streambanks of Walnut Creek. By investigating stormwater pipes upstream of the Town right-of-way, damage from stormwater in the right of way was prevented.



OPEN SPACE

The Open Space Group is identifying and documenting existing data sets and GIS layers for open space opportunities, while also reviewing the Town's policies to coordinate stormwater initiatives. The staff team expanded to include citizens and the Town's Environmental Advisory Board to holistically integrate shared goals relative to open space, tree canopy and stormwater management.

ORDINANCE

The Ordinance Group is evaluating existing stormwater-related ordinances and polices to determine if or how these inhibit or support the Town's adaptive approach to stormwater. The group has identified opportunities including the level and extent of service, private drainage assistance, the incorporation of green infrastructure and how the Town manages exempt subdivisions.

ACCOLADES

Cary continues to receive accolades from multiple organizations that reflect the desirability of the community as a place to live and work.

#6 Best Place to Live in America, Cary, HomeSnacks (January 7, 2018)

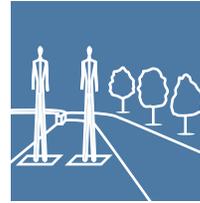
#25 City Where Millennials Are Buying Homes, Cary, SmartAsset (January 25, 2018)

#5 Safest City in North Carolina, Cary, HomeSnacks (January 15, 2018)

Umstead Ranked #1 Hotel in North Carolina, Cary, U.S. News & World Report (February 8, 2018)

#7 Best Place to Live in the USA, Raleigh-Cary MSA, U.S. News & World Report (February 26, 2018)

#4 Safest City in North Carolina, Cary, National Council for Home Safety and Security (March 7, 2018)



MOVE: PROVIDING TRANSPORTATION CHOICES

LOCOMOTIVE CHRISTENED IN HONOR OF THE TOWN OF CARY



Town Council and staff joined NCDOT Secretary, Jim Trogdon, and First Lady Cooper in August 2017, to christen the Cary-branded locomotive #1871. The locomotive's number corresponds to the charter date of the municipality after which it is named.

TRANSPORTATION TECHNOLOGY

The Town implemented the first thermal imaging sensor at an active pedestrian crossing downtown. Upon detection of pedestrians, technology automatically activates a pedestrian crossing in the traffic signal system.

NCDOT selected Cary to implement the first Vehicle to Infrastructure Technology called SPaT, Signal Phasing and Timing. This pilot project technology allows approaching cars to see traffic signal timing on their smartphones. Cary will be the first in North Carolina and the fifth in the nation to implement the technology.

GOCARY OPERATIONS

GoCary continues to see an increase in ridership due to service enhancements and expanded operations made possible through Wake Transit funding. The addition of Sunday service, 30-minute frequencies on four routes, and a new half-fare discount for students has contributed to a 13 percent increase in fixed route ridership when compared to the same period last year. Door-to-door ridership has also increased 9 percent for the same period.

The Town added the www.GoCary.org URL has improved marketing and brand recognition making it easier for citizens to access GoCary online features. A Google trip planner widget, better navigation to maps and schedules and a translation feature enhanced service in FY 2018.

WAKE TRANSIT

In November 2016, Wake County voters approved a half-cent sales tax increase dedicated to expanding the public transit network throughout Wake County.

Throughout the year the Town participated in planning for the FY 2019 Wake Transit Work Plan. Groundwork began for key projects such as the Downtown Multimodal Transit Facility Feasibility Study and an Operations and Maintenance Facility for GoCary.

NOTABLE CONSTRUCTION

In FY 2018, the project to widen Green Level West was completed. Four lanes including outside lanes for bicyclists and sidewalk on both sides of the street create a gateway to the Green Level destination center.

Extensive planning and coordination across the organization minimized interruptions to travel during the construction of Cary Parkway and High House Road intersection improvements.

A project to construct the final section of Morrisville Parkway is approximately 20 percent complete at fiscal year-end. This connection between NC Highway 55 and Green Level Church Road will provide a new interchange at NC Interstate 540 that should open in FY 2020.

Two greenway projects comprised the majority of park capital spending. The White Oak Creek Greenway is a 1.8 mile project that connects to the American Tobacco trail. The Crabtree Creek Greenway project will add approximately 1.7 miles to the Cary greenway system.



NOTABLE TRANSPORTATION PLANNING PROJECTS

Planning for significant future projects occurred throughout the year. The following potential projects were studied for consideration as part of a connected, well planned transportation system:

- McCrimmon Parkway
- Green Level Church Road
- Trinity Road
- Piney Plains Road
- Carpenter Fire Station Road/CSX Rail Separation
- US Highway 64 corridor



SERVE: MEETING COMMUNITY NEEDS

ADDRESSING THE OPIOID EPIDEMIC

Staff, along with partners from the private sector, Wake Community Public Health, NC Department of Health and Human Services, The Poe Center for Health Education, and the North Carolina Medical Society Alliance won a Bloomberg Philanthropy grant to address the opioid epidemic.

The grant award supports the use of wastewater analysis to estimate average opioid use in Cary. The objective is to transform public health practice through state-of-the-art analytics in an open-data platform. The platform can create opportunities to integrate datasets and develop predictive analytics. Moreover, it would promote collaboration across regions, increase civic engagement and reduce social stigma.

Since being named a Champion City by the Bloomberg Philanthropies Mayors Challenge program, Cary tested and improved the idea to build a healthier, stronger community. The Town measured, in near real-time, the daily collective concentration of various opioid metabolites in wastewater. This covered distinct areas through a contract with Biobot Analytics for sampling, chemical analysis, and data analysis.

During May and early June, Biobot Analytics conducted “proof of concept” testing. The first round of pilot-sampling began at 10 sample sites located throughout Town. Additionally, several workshops were held with public health, data analytic, and Bloomberg Foundation partners. Innovative discussions addressed how the new dataset will be used to create new, more effective programs combatting the opioid epidemic.

Also, an earnest community conversation about the stigma associated with the misuse of prescription drugs and drug overdoses began. The Fire Department is leading an effort to unmask the extent of the problem in our neighborhoods and offer some easily implemented, highly effective practices for families.

UTILITY PERFORMANCE REPORTING

The Town’s water quality report, also called the Consumer Confidence Report, is released in July every year. The report summarizes thousands of drinking water tests performed and demonstrates that the Town continues to provide high-quality drinking water that meets all state and federal regulatory standards. Then, in August the Town provides citizens and utility consumers an annual review of activities and regulatory compliance within our wastewater treatment facilities and the wastewater collection system. The Town’s water reclamation facilities continue to perform exceptionally well at consistently treating wastewater to high water quality and permit standards. There were no regulatory compliance violations during the reporting period.

In FY 2018, the wastewater plants were recognized for their high performance. The Western Wake Regional Water Reclamation Facility, (WWRWRF), was named an Exceptional Performing Facility by the NC Department of Environmental Quality. The recognition comes from three years of successful operation since

opening, achieving high level nutrient removal standards. As a result, the WWRWRF will benefit from reduced monitoring frequencies for select water quality parameters throughout the duration of our operating permit for the facility.

With a longer operating history, the North Cary and South Cary Water Reclamation Facilities are eligible and continue to be recognized as Exceptional Performing Facilities by the NC Department of Environmental Quality since their last permit renewal in 2014. These facilities are among the best performing facilities in the Neuse River Basin. A key indicator of performance, nitrogen removal, protects the environment by reducing nutrients in receiving waters and by recovering the nitrogen for beneficial reuse in the form of biosolids. Both facilities continue to discharge nitrogen concentrations below the Association's average of 2.79 parts per million (ppm). Both facilities continue to remove nitrogen at exceptional performance levels

SMART CITIES

In March, the Smart Cities Council (SCC) awarded Cary a 2018 Readiness Challenge Grant. As a recipient, Cary received international recognition for smart city efforts, professional services to develop a customized roadmap, and tailored products to accelerate the Town's smart city initiatives.

In FY 2018, the SCC facilitated Cary's Smart Cities Readiness Workshop to explore Cary's overall smart and connected community vision, public-private partnerships, healthy communities, data management infrastructure, and transportation options that integrate new technology. Over 100 municipal officials, department heads, technology innovators, local business leaders, non-profits, university representatives, and community influencers participated.

The project team will continue to develop a roadmap to present existing and planned smart city initiatives in a sharable and collaborative visual format. This living document can be refined as new technology is introduced. It will use the SCC's framework to map smart city initiatives to Cary's responsibility areas and to technology and governance enablers to identify intersection and opportunities across initiatives. This framework will be used to inventory

initiative data sources. It will create a mechanism to prioritize future initiatives by establishing a set of smart city project criteria against which initiatives are rated. It will identify targets, actions, teams and timelines for priority initiatives.

Also, in FY 2018, the Town was recognized with awards by both Smart Cities Dive (Rising Star) and Smart Cities Connect & US Ignite (Smart 50 Award). Cary earned the awards for the innovative use of testing 'smart' technology by creating a living lab/simulated smart city on Town Hall campus.

Town Hall campus represents a mini-city by utilizing existing facilities and a cost-effective ecosystem for experimenting with next generation Internet of Things (IoT). This program incubates IoT technologies powered by community partners. The group creates an ecosystem to test, develop and showcase solutions on our campus at little to no cost. This allows the Town to test technology before deploying on a larger scale.

The lessons learned, and the goal from the living lab, will be used to build the ultimate citizen connected community. Citizens increasingly expect the same level of service, technology, and communication from their Town government as they expect from the private sector. These initiatives aim to meet the community where they are with the technology they already use in their daily lives. Connectivity encompasses sending traffic data and road closures to Waze, using Alexa to find open gym times, or reporting a missed trash collection.

911 CONSOLIDATION

A project to study a consolidation of 911 services for Cary, Apex and Morrisville progressed throughout the year. Work is on schedule to meet a March 2019 deadline for Cary to add responsibility for the public safety answering point (PSAP) for Apex and Morrisville.

311

A cross-departmental team of staff worked throughout the year to foster the formation of a 311 Center. The Town's three call centers provide excellent

service. However, by bringing together representatives from each, as well as staff from other departments within the Town, 311 will uphold the Town's role as a leader in excellent service using cutting-edge technology as it meets the short- and long-term needs of the community. The centralized 311 system's advanced analytics will also help the Town identify potential risks and plan for solutions while adapting to changing conditions over time.

SOLID WASTE ROUTE REBALANCING

The Town rerouted solid waste collections to rebalance the existing routes, maintain exemplary service levels, and eliminate the need to hire additional staff. The largest component of the schedule change included adding Monday collection service and discontinuing Friday collections. Communication efforts were extensive and less than one percent of affected households called with questions.



ACT: MOVING FROM VISION TO REALITY

BRANDING

The Town is undertaking its first major community branding initiative. This will give citizens advantages in the increasingly competitive regional, national and global marketplaces to secure the best jobs and opportunities for generations to come. Branding for the Town is a recommended action in the Imagine Cary Community Plan to uncover the community's brand identity and formulate a compelling brand strategy. North Star Destination Strategies, a branding consultant with expertise in government, began work late in the fiscal year.

NEW REPORTS

In FY 2018 significant progress was made on the development of a tool on the Town's Salesforce platform that will host a complete inventory of the Town's projects and services. Known as the Catalog of Projects and Services, this comprehensive list will allow Town leaders to set priorities. The catalog will hold multiple data points about each project and service to support decision making and reporting. The Catalog will facilitate a more comprehensive discussion about the relative value of current and future projects and services.

2018 COUNCIL/STAFF RETREAT AND QUARTERLY MEETINGS

During its annual retreat, the Council took an illuminating pause to reflect on accomplishments over the past year and to prepare for the adaptive challenges that lie ahead. This reflection was crucial to understanding where Cary is, and where it wants to go as a community.

The adoption of the Imagine Cary Community Plan in FY 2017 marked a crucial starting point for Cary to create new and different service models to better serve citizens. The adoption of the community plan was the ultimate pivot point for the community.



Dr. John Nalbandian, professor emeritus at the University of Kansas and former mayor of Lawrence, Kansas, joined the retreat. He led discussions relevant to elected officials and administrative staff including how critical their perspectives are both separately and collectively.

Dr. Nalbandian discussed the idea of creating model citizens. Model citizens are those individuals who understand that their quality of life depends on more than what they can do individually. Model citizens are those who say they want to give something back to their community, which is a metric of a resilient community.

Council also dedicated important planning time and attention at new quarterly meetings. The first meeting in this format was hosted on the SAS campus to provide a professional setting to focus on key projects and new financial and development updates. The new reporting and resulting discussions facilitate and strengthen the process for future decision making for the community.

CARY'S PIT CREW ACTIVATED

The Imagine Cary Project Implementation Team, or PIT Crew, is a multi-departmental team of staff focused on implementation of the Cary Community Plan. The PIT Crew has been meeting over the past year to develop a detailed understanding of the Strategic Initiatives and Actions in the Plan. The Imagine Cary Community Plan articulates Cary's vision and values and sets a course for Cary to continue to be a premier community offering new opportunities to citizens. Through thoughtful examination of the multiple elements of the plan, staff was able to align multiple focus areas. The four primary focus areas include Economic Development, Land Development, Move/Transportation, and Strong Neighborhoods. These focus areas connect the Strategic Initiatives and Actions of each chapter and were used to organize the PIT Crew into four Focus Teams. The Focus Teams have been working to create an Action Planning Guide. The Action Planning Guide will connect the Plan's strategic initiatives and actions with projects and services in the Catalog. It will also propose the following information for each Action: status, action overview, lead staff, internal and external partners, Catalog records, groupings and sequence, goals, milestones and performance measures.

The diverse input from each member of the PIT Crew has created a strong environment to collaborate and capitalize on existing opportunities for implementation of Imagine Cary. The Focus Teams will continue to meet and new staff is being added to the Teams to collaborate further on the Action Planning Guide. The collaboration of the PIT Crew will continue to open doors to share resources and identify cross-departmental opportunities for staff to work together to meet the vision of the Imagine Cary Community Plan.

BURIED ASSETS MANAGEMENT PLAN

A cross-departmental team of employees created a Buried Assets Management Plan to serve as a roadmap to protect investments in underground infrastructure including water, wastewater, stormwater and reclaimed water systems. A multi-year task list defines activities and timelines. Initial tasks include improving the quality of GIS and workorder data as well as refining a prioritization structure

for pipeline rehabilitation and replacement.

FY 2019 BUDGET DECISION MAKING

In preparation for the FY 2019 budget, for the first time, rather than having the priorities set by an executive team, the department directors worked together to develop a balanced General Fund operating budget to recommend to the Town Manager. Teams of directors and capital projects experts also worked on the General Fund and Utility Fund capital budgets to find resources in current projects and to prioritize capital requests. By sharing responsibility for these tasks, each director gained a better understanding and more complete picture of budgetary opportunities and challenges. This exercise emphasized the importance of collaboration to find efficiencies across departmental boundaries through shared expertise and new perspectives. These high functioning self-directed teams worked to create a recommended budget that will provide resources to continue to meet our citizens' expectations and to focus on tasks designed to build the community envisioned in Imagine Cary.

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

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

APPOINTED AND ADMINISTRATIVE STAFF

SEAN STEGALL

Town Manager⁽¹⁾

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⁽¹⁾

VIRGINIA JOHNSON

Town Clerk⁽¹⁾

KAREN MILLS

Chief Financial
Officer/Treasurer⁽¹⁾

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

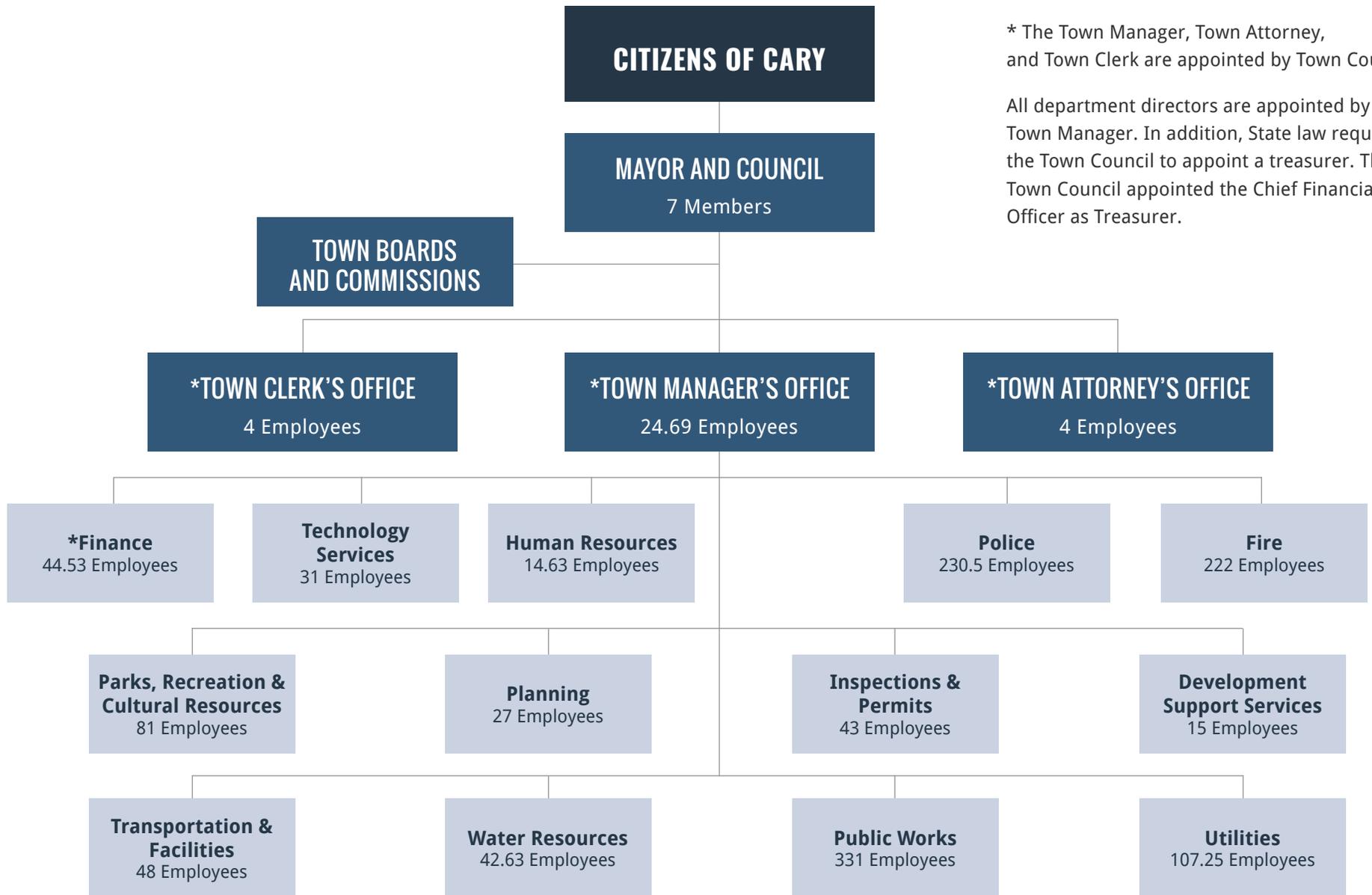
Development Services Director

JERRY JENSEN

Transportation & Facilities
Director

⁽¹⁾ Appointed by Town Council

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.

RESPONSIBILITIES OF TOWN GOVERNMENT BY DEPARTMENT

FISCAL YEAR 2018

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 ensures accessible and responsive government by preparing and keeping minutes and permanent records, providing administrative support to Council, and coordinating the Town's boards, commissions, committees and task forces. The Office also maintains the Charter, Code, and Land Development Ordinance and oversees the accurate and timely accumulation, preservation, and accessibility of public records. The position of Town Clerk is appointed by and reports directly to the Town Council. The office is also supported by one full-time Deputy Town Clerk.

Legal Division - advises and provides legal services to the Mayor and Council, the Town Manager, and Town departmental staff. The Department serves the municipal corporation that is the Town of Cary and does not provide advice to private citizens. Legal services provided include: drafting and review of ordinances, policies, and procedures; drafting, review, and negotiation of contracts and other legal instruments; representation of Council or staff at open meetings, including quasi-judicial hearings; assistance in the enforcement of Town ordinances; and representation in claims and litigation, by the Department or through appointed or retained outside counsel.

The Legal Department strives to provide exceptional legal service in support

of Council policies and initiatives, including the Imagine Cary Community Plan and other Town priorities. The Department operates in a manner that reflects and supports the Town's adaptive leadership culture, and that is efficient, effective, and responsive. At all times, the Department exercises independent, professional judgment in the rendering of candid advice.

The Town Attorney, a Senior Assistant Town Attorney, an Assistant Town Attorney, and a Legal Assistant serve in the Legal Department

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 Economic Development 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 Town 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.

Only with a sense of purpose and vision, can any organization, either public or private, achieve its full potential, and the responsibility for articulating and ensuring the strategic implementation of Cary's purpose and vision rests squarely in the Town Manager's Office. Our job is to reflect on the most pressing issues facing our community and how we adapt our people, our services, our operations, and our approaches to turn potential liabilities into strengths.

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 monthly newsletter (BUD), web site content (www.townofcary.org), media relations, advertising, new media efforts and research.

Economic Development Office facilitates business location, relocation, expansion, and retention activities throughout Cary, including downtown. This office works closely with the Cary Chamber of Commerce – the Town’s official economic development partner – as well as state and county economic development councils, departments, bureaus, and associations in the Research Triangle region.

POLICE DEPARTMENT

The Police Department’s mission is to protect life and property through community partnerships and the provision of the highest level of quality professional services. 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. Additional services provided include animal control, school resource officers and emergency communications. The Cary Police Department has proven itself a leader among law enforcement agencies. Proactive policing methods and a great relationship throughout the community have allowed the department to continually move forward and help our citizens maintain a high quality of life. Cary’s 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).

FIRE DEPARTMENT

The Fire Department continues the Town’s legacy of excellence by responding in an exemplary manner to present-day emergencies while anticipating future challenges. In a One Cary approach to community risk reduction as well as emergency service response, the Fire Department partners with other Cary departments and neighboring fire departments to ensure its fire suppression and prevention efforts stay responsive and progressive.

The fire department is comprised of 234 full-time employees operating out of nine fire stations located strategically throughout the Town. The department has been internationally accredited since 1999 through the Commission on Fire Accreditation International and in 2015 the Town received an ISO rating of 1.

FINANCE DEPARTMENT

The Finance Department administers the financial affairs of the Town. Financial functions are organized in four divisions: Accounting, Financial Strategy, Procurement, and Utility Accounts.

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. Also managed within this group are cash and investments, debt, grants, and risk management. Risk related to worker’s compensation and safety are managed by Human Resources.

The Financial Strategy Division 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, publishing budget documents and managing special projects. Special projects include internal performance measurement/benchmarking, operational analyses, and policy research and recommendations.

The Procurement Division is responsible for ensuring procurement functions are provided to all departments, as per local, state, and federal regulatory requirements, to purchase goods (apparatus, supplies, materials, and equipment), provide solicitation of services, and bid construction or repair work. The division also administers contracts, manages the Town’s warehoused inventory, manage internal couriers, and disposes of surplus property.

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 exists to promote Town of Cary Value Statement #2: “Employees are our most important resource. We will attract and

retain the best employees possible and invest in their personal and professional growth.” Adaptively, the Human Resources Department works to drive the culture of the organization. As the Town of Cary continues to move forward becoming the local government that doesn’t exist, we must provide an extraordinary work environment for employees that enhances their creativity and contributions while achieving outcomes identified in the Cary Community Plan. Technically, HR oversees a full range of responsibilities including recruitment and selection, competitive pay and benefits, organizational development, employee relations, and safety and training.

TECHNOLOGY SERVICES DEPARTMENT

The TS Department 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. The TS Department is focused on building a secure and connected workforce and community through the use of cloud, platform and data management strategies. We will continue our digital transformation journey through fostering a culture of exploring and testing new concepts and technologies while promoting creativity and cross organization collaboration.

PARKS, RECREATION AND CULTURAL RESOURCES DEPARTMENT

The Parks, Recreation and Cultural Resources Department consist 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 coordinates the work of all the Department’s divisions, which include Sports Venues, Cultural Arts and Community Recreation. In addition, responsibilities include management of 32 public park areas with unique offerings and 79 miles of greenways; environmental outreach; facility planning with the Transportation and Facilities Department; budget,

grant, and contract administration; volunteer management; customer service; sponsorships; policies and procedures; national accreditation; marketing and communications; special services, including specialized recreation and inclusion, community outreach, including Project Phoenix in coordination with the Cary Police Department.

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 the 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 provides 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 North Carolina F. C. 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.

PUBLIC WORKS DEPARTMENT – (General and Fleet Funds)

There are six non-Utility Fund Public Works divisions: PW/UT Administration, Facilities Management, Fleet Management, Operations, Solid Waste, Recycling, and Yard Waste.

The Public Works and Utilities Administration Division coordinates operations 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. Additional focus areas include call center management, telephone support, direct dispatch, and work order preparation for customer needs to be addressed 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 the 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 Fleet Management Division is responsible for the repair and maintenance of all Town vehicles and equipment. Responsibilities include planning preventive maintenance and replacement, providing fuel for all Town vehicles and equipment, managing the pool car fleet, analyzing equipment useful life and availability rates, and maintaining related cost data for all departments utilizing vehicle and equipment assets. The Fleet Management Division is accounted for in a separate internal service fund where services, parts, and fuels are charged to user departments.

The Operations Division performs a variety of duties serving both Utility and General Fund functions. Key areas of responsibility for General Fund functions include maintenance and repair of storm water conveyance systems, streets, sidewalks, curb and gutter, traffic signals, traffic signs and traffic markings. Other responsibilities include inclement weather response operations such as snow and ice control, storm recovery and debris removal and chipping services. The Operations group also provides program support to other divisions and departments across the Town and maintains around-the-clock response capabilities with 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. This division is also responsible for the collection of recyclables, yard waste and special and bulky items, as well as code enforcement for debris and health and safety related issues, emptying downtown litter containers, processing and disposing of debris resulting from inclement weather, loose leaf collection and the operation of the Dixon Avenue Citizen Convenience Center / Transfer Station. 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.

WATER RESOURCES DEPARTMENT – (General and Utility Funds)

The Water Resources Department plans for the Town’s long-range strategic water supply and wastewater treatment needs and protection of water quality to ensure that Cary remains highly competitive for economic development and quality of life. Water quality protection ensures that rainwater is managed well and our drinking water source, Jordan Lake, is protected from potential pollutants from both within our jurisdiction and regionally. The department prepares thorough master plans to ensure that high performing and cost-effective utility and storm water infrastructure is provided to meet these needs. Whether infrastructure is provided through Town-funded capital projects or private development, the department ensures that cohesive, quality and efficient infrastructure systems are provided to meet our utility and storm water management needs for a strong future.

TRANSPORTATION AND FACILITIES DEPARTMENT

The Transportation and Facilities Department focuses on project investments in transit, transportation and Town-wide facilities. We embrace a town-wide collaborative and adaptive effort in the development of capital projects to ensure holistic project delivery that is consistent with our Imagine Cary Community Plan. Specifically, the department is responsible for the planning, design, and construction of all Town facilities including parks, sidewalks, greenways, Town-owned buildings, streets, and bicycle routes. Real estate purchases associated with Town projects and related surveying and technical services are also

overseen by this group as well as management of the traffic signal system. The Town’s GoCary transit program is also assigned to this department.

PLANNING DEPARTMENT

The Planning Department applies a combination of Imagine Cary Community Plan principles, Cary’s Land Development Ordinance regulations and adaptive leadership concepts to respond to the diverse needs of citizens, business owners and developers. The staff develops and implements comprehensive land use plans, district and corridor plans and manages annexations, rezonings, development plan review, plat approvals, variance requests and the assigning of addressing. The Development Compliance team ensures that sites are developed in compliance with approved plans and addresses zoning compliance. Historic preservation and community development improvement programs are also supported by the department. Planning staff assembles demographic data, maintains and enforces zoning ordinances, processes sign and other permits, and prepares maps. The staff makes detailed presentations on rezoning and special use cases to the Town Council. The staff also makes presentations to and provides administrative staff support for the Zoning Board of Adjustment, the Planning and Zoning Board and the Historic Preservation Commission.

The Planning Department contributes to the success of the Town through its integral role in the implementation of the Imagine Cary Community Plan. Planning Department staff, in collaboration with fellow Town employees, citizens, and stakeholders strive to realize the values of the Community Plan, such as fostering strong neighborhoods, creating vibrant destinations, protecting natural resources, managing future land use, and encouraging redevelopment and infill, to meet the needs of a growing population and to ensure Cary remains great.

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 plan review, building code field inspections, and state mandated fire inspections for existing commercial and multi-family structures.

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 plan review group reviews construction drawings for compliance with the NC State Building Code and once approved, building permits are issued by the Development Services Department staff. The inspection group ensures buildings and other structures are constructed and/or altered in accordance with the approved plans and in compliance with the NC State Building Code. Lastly, mandated, routine fire inspections are completed on commercial and multi-family structures on a 1-year, 2-year, and 3- year schedule based on occupancy time.

The Inspections and Permits Department promotes life safety by ensuring state building code compliance while providing quality service and responsiveness to our citizens, contractors, and design professionals. The department leverages technology whenever possible to be more efficient and streamline work as evidenced by the implementation of electronic plan review for building permits in FY 2018.

DEVELOPMENT SERVICES DEPARTMENT

The Development Services Department (DSD) coordinates the Town's development review process, with a focus on providing accurate, timely, friendly, clear and consistent service. We offer a professional presence throughout development project lifetimes — from site plan to certificate of occupancy. DSD continuously examines models where we can proactively communicate and collaborate with those we serve, looking for ways to improve the development process.

The Department is organized into the following functional areas:

Development Customer Service Desk and Contact Center Receives incoming telephone calls, general emails, and other electronic media, answers general questions, and routes calls appropriately. Coordinates and schedules inspections for Planning, Zoning, Minimum Housing, Inspections and Permits, Fire Code Enforcement, and building permit-related inspections by other Town departments.

Development Technicians

Process and help facilitate the review of various development, building, water, sewer and reclaimed water applications. Calculate appropriate fees by applying current fee schedule to submitted plans. Additionally, development technicians facilitate the review of sign permits, and real estate plats. Development Technicians serve as a resource to citizens and the development community by providing assistance with Town applications, policies and procedures.

Development Liaisons

Help customers successfully navigate the development process. Serve as liaisons between Cary and the business community, developers, architects, engineers, landowners, attorneys, citizens and contractors who are conducting development related business. Development Liaisons are a customer's primary point of contact with the Town throughout the life of a project.

PUBLIC WORKS UTILITY DEPARTMENT - (Utility Fund)

The Utility Fund incorporates ten divisions: Administration, Utility Systems Management, Pretreatment, Reclaimed Water, Operations, North Water Reclamation Facility, South Cary Water Reclamation Facility, Western Wake Water Reclamation Facility, Cary/Apex Water Treatment Facility, and Remote Water Infrastructure.

The Public Works and Utilities Administration Division operates in the General Fund. Utility-related activity is reimbursed by the Utility Fund. This division coordinates operations 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. Additional focus areas include call center management, telephone support, direct dispatch, and work order preparation for customer needs to be addressed by operational staff.

The Utility Systems Management Division provides regulatory program oversight, maintenance management and implementation for wastewater pumping facilities, wastewater odor control, pump station SCADA and instrumentation, industrial wastewater flow data, and inflow/infiltration functions. This division participates in engineering studies and related system review functions.

The Pretreatment Division implements 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 helps prevent blockages and overflows in the sanitary collection system. The Pretreatment Division is the primary contact for regulatory agencies that assess the Town's overall regulation and control of what is discharged into the sanitary sewer collection system.

The Reclaimed Water Division provides regulatory program oversight, operations and maintenance of the Town's three reclaimed water distribution systems. This division participates in engineering studies and provides education and training to reclaimed water customers, cooling tower customers, and landscape contractors who use reclaimed water.

The Operations Division operates in the General Fund. Utility-related activity is reimbursed by the Utility Fund. This division performs a variety of duties serving both Utility and General Fund functions. Key areas of responsibility for General Fund functions include maintenance and repair of storm water conveyance systems, streets, sidewalks, curb and gutter, traffic signals, traffic signs and traffic markings. Other responsibilities include inclement weather response operations such as snow and ice control, storm recovery and debris

removal and chipping services. The Operations group also provides program support to other divisions and departments across the Town and maintains around-the-clock response capabilities with after-hours/weekend response teams for traffic signals and construction.

The North and South Cary Water Reclamation Facilities treat wastewater generated by Cary's utility customers. The North Cary facility is permitted and maintains the capacity to treat up to 12 million gallons of wastewater per day. The South Cary facility is permitted and maintains the capacity to treat up to 12.8 million gallons of wastewater per day. Operations also include performing preventive, predictive, and corrective maintenance for the main plant site, biosolids removal and disposal, and reclaimed water production.

The Western Wake Water Reclamation Facility treats wastewater generated by western Cary, Morrisville, Apex, and Wake County Research Triangle Park utility customers. The facility began accepting wastewater on July 30, 2014 and began discharging treated water to the Cape Fear River on August 11, 2014. The facility is permitted and maintains the capacity to treat 18 million gallons of wastewater per day. Ongoing efforts include preventive, predictive and corrective maintenance for the facility, 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.

The Cary/Apex Water Treatment (CAWTF) mission is to 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 Water Treatment Facility 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

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



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Presented to

**Town of Cary
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO





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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position as of June 30, 2017 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 31, 2018 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 31, 2018

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, 2018. 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, \$242 million (unrestricted) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's net position decreased by \$1.7 million in fiscal year 2018. The governmental net position decreased \$16.2 million and the business-type net position increased by \$14.5 million (including prior period adjustments). Excluding 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 2018, the Town implemented a new Other Post-Employment Benefits ("OPEB") accounting standard that recorded the full actuarial determined long-term liability. This change resulted in a prior period adjustment related to a change in accounting principle of \$71.6 million (\$56.4 million governmental and \$15.2 million business-type). With the prior period adjustment, the beginning liability was \$146 million and the fiscal year 2018 ending liability was \$146.4 million.
- In fiscal year 2018 the long-term liability associated with the Town's portion

of the Local Government Employee Retirement System ("LTERS"), decreased from \$27.8 million to \$19.5 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 \$248.6 million, an increase of \$20.4 million from the prior year. The total fund balance in the General Fund decreased \$12.9 million from fiscal year 2017. Total fund balance in the Capital Project Fund increased \$32.8 million partially due to reimbursements received for on-going infrastructure and sports turf fields construction. The fund balances in the four special revenue funds increased a total of \$.6 million. The increase was partially due to timing of the receipt of federal and local funds for transit during fiscal year 2018. 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 \$49.6 million, or 32.5% (3.9 months) of total general fund expenditures for the 2018 fiscal year.
- The Town issued \$31 million of general obligation public improvement bonds, Series 2017A to finance fire, parks and transportation projects that were approved as part of the 2012 community investment bond referendum. The Town also issued \$28.815 million in general obligation bonds to refinance \$31.5 million in existing bonds. The Town also issued \$92.925 million in combined enterprise system revenue refunding bonds, Series 2017B to refinance \$92.175 million in existing bonds. The Town repaid \$25.3 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 \$2.6 million, an increase of \$1.5 million from the prior year. Realized investment earnings increased about \$2 million from fiscal year 2017, however due to the market adjustment a smaller increase in earnings is shown. The average yield on the investment portfolio increased from 1.03% to 1.31%. The average yield on other deposits increased from .41% to .97%.

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.

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 and the Town's share of LGERS and OPEB plan with the latter two benefitting 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, 2018, assets exceeded liabilities by \$1.64 billion.

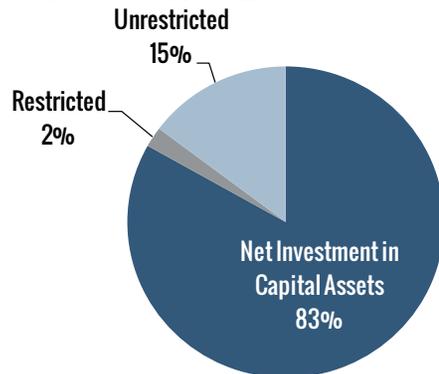
The following tables reflect net position in millions of dollars.

TOWN OF CARY'S NET POSITION

IN MILLIONS OF DOLLARS

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$313.5	283.1	299.8	301.2	613.3	584.3
Capital Assets	888.8	844.7	828.0	808.4	1,716.8	1,653.1
Total Assets	1,202.3	1,127.8	1,127.8	1,109.6	2,330.1	2,237.4
Deferred outflows of resources	23.1	30.4	3.8	6.1	26.9	36.5
Long-Term Liabilities	298.7	225.7	342.3	342.5	641.0	568.2
Other Liabilities	45.3	38.6	15.2	14.5	60.5	53.1
Total Liabilities	344.0	264.3	357.5	357.0	701.5	621.3
Deferred inflows of resources	12.4	8.7	3.3	2.4	15.7	11.1
Net Position:						
Net Investment in Capital Assets	839.0	785.3	524.4	503.8	1,363.4	1,289.1
Restricted	34.4	30.6	.1	--	34.5	30.6
Unrestricted	(4.4)	69.3	246.3	252.5	241.9	321.8
Total Net Position	\$869.0	885.2	770.8	756.3	1,639.8	1,641.5

Breakdown of 2018 Total Net Position



By far, the largest portion of the Town's net position (\$1.4 billion or 83%) 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 (\$34.5 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 (\$241.9 million or 15%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

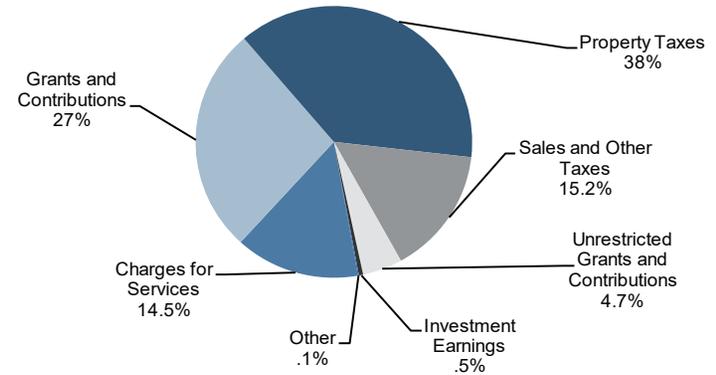
At the end of the current fiscal year, the Town has positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation has held true for the past sixteen fiscal years since the net position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

The Town's net position decreased by \$1.7 million for the fiscal year ended June 30, 2018. This included a prior period adjustment of \$71.6 million (\$56.4 million governmental and \$15.2 million business-type) related to OPEB. Excluding the prior period adjustment, an increase was 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 \$44.4 million (including developer fee credit adjustments) for streets, land, and other general infrastructure and \$8.7 million for utility infrastructure.

TOWN OF CARY CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$35.3	33.8	93.6	90.7	128.9	124.5
Operating Grants and Contributions	7.0	6.6	--	--	7.0	6.6
Capital Grants and Contributions	58.3	34.1	8.8	12.0	67.1	46.1
General Revenues:						
Property Taxes	92.3	90.0	--	--	92.3	90.0
Sales Tax	33.8	32.2	--	--	33.8	32.2
Occupancy Tax	1.3	1.2	--	--	1.3	1.2
ABC Revenue	1.0	0.9	--	--	1.0	0.9
Other Taxes	0.8	0.1	--	--	0.8	0.1
Grants and contributions not not restricted to specific programs	11.4	11.2	--	--	11.4	11.2
Investment Earnings	1.2	0.6	1.4	0.5	2.6	1.1
Other	0.3	0.3	0.2	--	0.5	0.3
Total Revenues	242.7	211.0	104.0	103.2	346.7	314.2
Expenses:						
General Government	29.0	21.7	--	--	29.0	21.7
Public Safety	51.6	52.0	--	--	51.6	52.0
Public Works	32.0	32.8	--	--	32.0	32.8
Parks, Recreation and Culture	20.8	20.5	--	--	20.8	20.5
Development	11.4	8.7	--	--	11.4	8.7
Infrastructure	53.8	41.6	--	--	53.8	41.6
Interest on Long-Term Debt & Fees	3.9	3.2	--	--	3.9	3.2
Water and Sewer	--	--	74.3	69.4	74.3	69.4
Total Expenses	202.5	180.5	74.3	69.4	276.8	249.9
Increase in Net Position	40.2	30.5	29.7	33.8	69.9	64.3
NET POSITION - Beginning of Year	885.2	863.2	756.3	722.5	1,641.5	1,585.7
Prior Period Adjustment	(56.4)	(8.5)	(15.2)	--	(71.6)	(8.5)
NET POSITION - Beginning of Year, restated	828.8	854.7	741.1	722.5	1,569.9	1,577.2
NET POSITION - End of Year	\$869.0	885.2	770.8	756.3	1,639.8	1,641.5

Revenues by Source - Governmental Activities



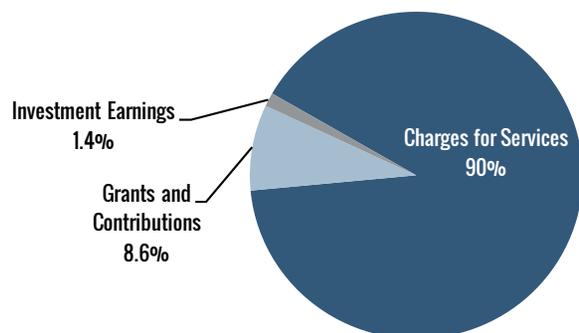
Governmental Activities: Governmental activities increased the Town's net position by \$40.2 million (excluding the prior period adjustment of \$56.4 million), accounting for 58% of the total growth in net position of the Town of Cary. Key elements of this increase are as follows:

- Property taxes, the largest single revenue source, increased by \$2.3 million (2.6%). The tax rate remained at \$.35 per hundred dollars valuation of taxable property. The revenue increase, therefore, was due to an increase in the tax base primarily from new development.
- Charges for services increased by \$1.5 million (4.4%) partially resulting from modest increases in revenue from residential and commercial building permit activity, transportation development fees and recreation payment-in-lieu payments.
- Capital grants and contributions revenue increased \$24.2 million (71%) as a result of an increase in developer donated streets and other infrastructure. Grants for highway and greenway projects and revenue from an interlocal agreement for construction of sports turf fields also contributed to the increase.
- Sales tax revenue increased \$1.6 million (5%) partially due a modest

population increase of 2.2% and continued improvement in the local economic climate.

- Investment earnings increased \$.6 million (100%). Realized earnings, which does not include the mark to market adjustment, increased over \$.9 million due to an increase in the earnings rate.
- Expenses increased \$22 million (12.2%) 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.

Revenues by Source - Business-type Activities



Business-type Activities: Business-type operational activities increased the Town of Cary's net position by \$29.7 million (excluding the prior period adjustment of \$15.2 million), accounting for 42% of the total growth in the Town's net position. Key elements of the Business-type increase are as follows:

- Charges for services revenue increased \$2.9 million (3.2%) primarily from a utility rate increase of 3% for a typical residential customer. The utility rates were increased due to increased operating costs and debt service for capital infrastructure. Wholesale water sales to Durham also contributed to the increased revenue.

- Capital grants and contributions revenue decreased \$3.2 million (26.7%) partially due to a decrease in developer donated water and sewer lines.
- Investment earnings increased \$.9 million (180%). Realized earnings, which does not include the mark to market adjustment, increased over \$1.1 million due to an increase in the earnings rate.
- Water and sewer expenses increased \$4.9 million (7%) from the prior year partially due to an increase in personnel related costs and increased construction costs related to the Cary/Apex raw water transmission pipeline.

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 \$248.6, an increase of \$20.4 million compared to the prior year. Total governmental fund balance consists of 1) \$2.1 million of nonspendable funds due to the nature of the balances, 2) \$20.5 million restricted for stabilization per state statute, 3) \$31.8 million restricted for specific purposes, but available for appropriation by Council, 4) \$130.9 million already committed by Council for specific activities and projects (commitments can be changed by Council), 4) \$13.8 million assigned to specific activities and areas that can be appropriated by Council and 5) \$49.5 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 \$88.4 million. Of this total, \$67.4 million (76%) 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 \$8.8 million appropriated in the fiscal year 2019 budget, \$9 million of restricted, committed or assigned funds for specific purposes and \$49.6 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 \$12.9 million during the 2018 fiscal year. Key components of this change are as follows:

- Property taxes, the largest revenue source, increased by \$2.3 million (2.6%) mainly due to an increase in the tax base.
- Other taxes increased \$1.7 million (5%) over the prior year as a result of an increase in sales tax revenue from a continued improvement in the economic climate.
- Restricted Intergovernmental revenue increased \$.4 million (66%) primarily due to increased federal seized drug fund revenue and grant funds received from the Federal Emergency Management Administration (FEMA) for Hurricane Matthew.
- Sales and service revenue increased \$.8 million (4.7%) partially due to increased revenues from various sports venues.
- Operational expenditures increased \$11.2 million (8%) from the prior year due to expenditures for expanded/enhanced programs and facilities and increased personnel costs.
- Transfers to the Capital Projects Fund increased \$3.5 million (16.9%) 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 \$158.3 million, an increase of \$32.8 million from the prior year in part due to revenue received from grants and development fees for expenditures associated with mainly street and parks and recreation capital projects. In addition, transfers from the General Fund for Downtown and facility-related projects increased the Capital Project Fund fund balance.

The Transit Special Revenue fund had an increase in fund balance of \$.4 million partially due to revenue received from a county administered transit tax. The CDBG Special Revenue fund ended FY2018 with a \$.1 million deficit fund balance due to the timing of grant funds.

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 \$14.5 million (including the prior period adjustment for OPEB) as compared to previous year, the unrestricted net position decreased \$6.8 million (2.7%), from \$251.8 million at June 30, 2017 to \$245 million at June 30, 2018. This decrease is due to increased operating costs, including depreciation and debt related interest expense and a decrease in water and sewer development fee revenue. There continues to be an increased focus on large capital areas such as the Cary/Apex Water Raw Water Transmission Pipeline, which contributed \$9.1 million to the total increase in net investment in capital assets of \$20.6 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 \$10.5 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, transfers to the general government capital project fund for storm water related capital purchases and expenditures incurred for the replacement of vehicles included in the Takata airbag recall. 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 2018. The original adopted budget for fiscal year 2018 anticipated an appropriation from fund balance of \$19.6 million. Budget adjustments, discussed above, throughout the year increased authorized spending by \$10.5 million. Net variances in revenues and expenditures resulted in a decrease in fund balance of \$12.9 million. Due to economic conditions, the Town was very conservative in estimating numerous revenues for fiscal year 2018, including ad valorem taxes, other taxes and unrestricted intergovernmental revenue which together were \$1.6 million more than the budgeted amount. Total expenditures were under the revised budget by \$14.1 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, 2018, totals \$1.71 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 \$63.7 million (3.9%). Of this increase, 69.3% was in governmental activities and 30.7% in business-type activities.

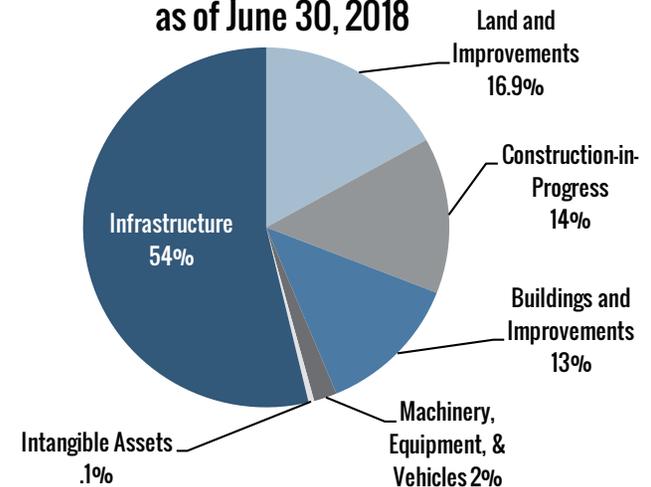
- Addition of general infrastructure and land assets of \$44.4 million (including developer fee credit adjustments) for developer donated streets and park land;
- Construction-in-progress decreases for completion of radio system and public safety computer-aided dispatch systems and increases for parks, downtown, general government and utility projects and
- Addition of utility infrastructure assets of \$8.7 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	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$264.2	241.4	26.3	25.9	290.5	267.3
Construction-in-Progress	72.0	75.0	168.5	181.5	240.5	256.5
Buildings and Improvements	84.9	87.5	135.0	138.3	219.9	225.8
Machinery and Equipment	14.3	5.7	5.5	3.3	19.8	9.0
Vehicles	13.1	11.8	2.2	1.5	15.3	13.3
Infrastructure	431.9	417.3	490.4	457.7	922.3	875.0
Intangible Assets	8.4	6.0	0.1	0.2	8.5	6.2
Total Assets	\$888.8	844.7	828.0	808.4	1,716.8	1,653.1

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

Entity-Wide Capital Assets as of June 30, 2018



Long-term Debt: As of June 30, 2018, the Town of Cary had total debt outstanding of \$411 million (\$440.8 net of deferred adjustments). Of this, \$177 million is debt backed by the full faith and credit of the Town in the form of general obligation bonds. \$65 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. \$12 million in debt is in the form of asset backed debt and is secured by the town hall campus and other property. The \$188 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, 2018, the amount due for these loans totaled \$34 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		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$112.4	92.5	65.0	72.3	177.4	164.8
Limited Obligation Bonds	12.1	14.6	--	--	12.1	14.6
Certificates of Participation and Installment Purchase Contracts	--	0.2	--	--	-	0.2
Revenue Bonds	--	--	187.9	191.1	187.9	191.1
State Revolving Loans, net	--	--	33.6	36.5	33.6	36.5
Total	124.5	107.3	286.5	299.9	411.0	407.2
Deferred Adjustments, net	7.6	4.3	22.2	23.0	29.8	27.3
Total, net	\$132.1	111.6	308.7	322.9	440.8	434.5

In the current year, the Town issued \$31 million of general obligation bonds to be financed over 20 years with interest rates ranging from 2% to 5%. The bonds will fund fire, transportation and parks projects. At the same time, the Town also issued \$28.8 million of general obligation bonds to ensure \$1.3 million in present value debt service savings. Governmental activities saved \$.7 million and business-type activities saved \$.6 million. The Town also issued \$92.9 million of revenue bonds to ensure \$6.3 million in present value debt service

savings, all to business-type activities.

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 \$1.9 billion. Practically, these statutory limits exceed the Town’s realistic debt capacity. The Town has additional voter debt authorization of \$13.7 million in street bonds, \$1.8 million in parks and recreation bonds and \$.5 million in fire bonds resulting from a 2012 referenda that remain unissued at June 30, 2018. Of the \$16.05 million total in general obligation debt authorized but unissued at June 30, 2018, \$3.4 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, 2018 unemployment rate is 3.2%. Cary’s unemployment rate compares favorably to the state’s average unemployment rate of 4.2%. The Town’s estimated population at June 30, 2018, was 163,930, an increase of 3,540 during the year. The number of both single family residential and multi-family residential new construction permits issued increased 0.7% from the prior year while the number of all nonresidential building permits issued decreased 6.5%. These factors were considered in preparing the Town’s budget for fiscal year 2019.

The tax rate in the fiscal year 2019 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.

Other key items to note in the fiscal year 2019 budget include:

- an appropriation of \$5.1 million from General Fund fund balance primarily comprised of transfers to governmental capital projects;
- increase the solid waste fee from \$16 to \$17 per month for residential service;
- increase in the vehicle license fee from \$15 to \$30 to fund transportation capital projects and for general use;
- increases in some water and sewer rates to cover increased costs of related capital infrastructure improvements. For a typical 5,000 gallon per month 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 2019 includes \$93.7 million in funding for the following purposes in addition to the current \$589.2 million ongoing capital project authorizations:

- \$36.2 million for transportation projects;
- \$7.5 million for parks and recreation projects;
- \$5.2 million for general government projects;
- \$2.8 million for fire projects;
- \$.8 million for downtown projects;
- \$14.1 million (net of partner reimbursements) for water projects; and
- \$27.1 million (net of partner reimbursements) for sewer projects, primarily related to pump station and waste water plant improvements.

The Town's capital improvement plan for ten years beyond fiscal year 2019 totals \$1.6 billion.

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, Chief Financial Officer, Town of Cary, Post Office Box 8005, Cary, North Carolina 27512-8005; (919) 469-4110 or karen.mills@townofcary.org.

BASIC FINANCIAL STATEMENTS



ENTITY-WIDE FINANCIAL STATEMENTS





STATEMENT OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

EXHIBIT A

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS			
Equity in Pooled Cash and Investments	\$230,091,792	272,219,418	502,311,210
Accrued Interest on Investments	842,687	973,815	1,816,502
Ad Valorem Taxes Receivable, net	132,071	--	132,071
Accounts Receivable, net	42,122,325	17,027,731	59,150,056
Inventories	1,942,302	--	1,942,302
Prepaid Assets	34,230	--	34,230
Equity in Pooled Cash and Investments - Restricted	38,351,150	9,597,878	47,949,028
Capital Assets:			
Land, Land Improvements and Construction in Progress	336,191,779	194,832,259	531,024,038
Other Capital Assets, Net of Accumulated Depreciation	552,640,619	633,146,977	1,185,787,596
TOTAL ASSETS	1,202,348,955	1,127,798,078	2,330,147,033
DEFERRED OUTFLOW OF RESOURCES			
Deferred Contributions to OPEB	7,054,585	1,622,359	8,676,944
Deferred Contributions to Pension Plans	14,990,162	1,062,489	16,052,651
Deferred Charge on Debt Refinancings	1,049,717	1,141,926	2,191,643
TOTAL DEFERRED OUTFLOW OF RESOURCES	23,094,464	3,826,774	26,921,238
LIABILITIES			
Accounts Payable and Accrued Liabilities	23,295,120	7,969,600	31,264,720
Internal Balances	1,304,063	(1,304,063)	--
Accrued Bond Interest	577,551	1,411,834	1,989,385
Retainage Payable	939,393	3,376,214	4,315,607
Advance from Customers	171,099	(2,895)	168,204
Unearned Revenues	18,282,528	755,958	19,038,486
Deposits	754,050	2,134,776	2,888,826
Miscellaneous	--	860,620	860,620
Long-term Liabilities:			
Portion Due or Payable Within One Year	22,601,487	13,984,906	36,586,393
Portion Due or Payable After One Year	276,120,786	328,381,070	604,501,856
TOTAL LIABILITIES	344,046,077	357,568,020	701,614,097
DEFERRED INFLOWS OF RESOURCES			
Prepaid Taxes & Vehicle Tags	64,799	--	64,799
OPEB Deferrals	11,554,207	2,657,149	14,211,356
Pension Deferrals	774,472	624,007	1,398,479
TOTAL DEFERRED INFLOWS OF RESOURCES	12,393,478	3,281,156	15,674,634

STATEMENT OF NET POSITION

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

EXHIBIT A

	Governmental Activities	Business Type Activities	Total Primary Government
NET POSITION			
Net Investment in Capital Assets	\$838,986,743	524,405,493	1,363,392,236
Restricted for:			
Stabilization by State Statute	20,503,825	--	20,503,825
Steven's Endowment (Nonspendable)	231,377	--	231,377
Street Projects	7,838,407	--	7,838,407
Parks, Recreation and Culture	4,106,122	--	4,106,122
Public Safety	1,681,769	--	1,681,769
General Government Projects	6,551	--	6,551
Oasis Program	--	31,321	31,321
Unrestricted	(4,350,930)	246,338,862	241,987,932
TOTAL NET POSITION	\$869,003,864	770,775,676	1,639,779,540

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, 2018

EXHIBIT B

FUNCTIONS / PROGRAMS:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$28,956,230	1,381,774	113,982	(5,756)	(27,466,230)	--	(27,466,230)
Public Safety	51,561,522	450,928	1,547,030	--	(49,563,564)	--	(49,563,564)
Public Works	31,996,047	10,204,188	118,407	--	(21,673,452)	--	(21,673,452)
Parks, Recreation and Culture	20,836,664	12,249,099	754,136	7,853,804	20,375	--	20,375
Development	11,430,564	5,275,593	1,079,250	--	(5,075,721)	--	(5,075,721)
Infrastructure	53,800,825	5,765,749	3,356,586	50,505,616	5,827,126	--	5,827,126
Interest Expense & Debt Service Fees	3,914,795	--	--	--	(3,914,795)	--	(3,914,795)
TOTAL GOVERNMENTAL ACTIVITIES	202,496,647	35,327,331	6,969,391	58,353,664	(101,846,261)	--	(101,846,261)
Business-type Activities:							
Utility	74,346,492	93,554,711	--	8,814,674	--	28,022,893	28,022,893
TOTAL BUSINESS-TYPE ACTIVITIES	74,346,492	93,554,711	--	8,814,674	--	28,022,893	28,022,893
Total Primary Government	\$276,843,139	128,882,042	6,969,391	67,168,338	(101,846,261)	28,022,893	(73,823,368)
General revenues:							
					92,315,794	--	92,315,794
					33,772,686	--	33,772,686
					1,267,356	--	1,267,356
					969,988	--	969,988
					837,004	--	837,004
					11,366,443	--	11,366,443
					1,217,658	1,387,496	2,605,154
					239,691	--	239,691
					104,977	224,770	329,747
					142,091,597	1,612,266	143,703,863
					40,245,336	29,635,159	69,880,495
					885,209,779	756,300,110	1,641,509,889
					(56,451,251)	(15,159,593)	(71,610,844)
					828,758,528	741,140,517	1,569,899,045
					\$869,003,864	770,775,676	1,639,779,540

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



GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

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	\$77,012,796	135,962,972	1,069,230	--	59,884	460,213	214,565,095
Accrued Interest on Investments	338,235	503,979	--	--	--	--	842,214
Ad Valorem Taxes Receivable, net of allowance for doubtful accounts	132,071	--	--	--	--	--	132,071
Accounts Receivable, net of allowance for doubtful accounts	15,997,516	1,526,169	876,674	57,756	--	--	18,458,115
Due from Special Revenue Funds	150,000	--	--	--	--	--	150,000
Inventories	1,870,803	--	--	--	--	--	1,870,803
Other Assets	34,230	--	--	--	--	--	34,230
TOTAL UNRESTRICTED ASSETS	95,535,651	137,993,120	1,945,904	57,756	59,884	460,213	236,052,528
RESTRICTED ASSETS							
Equity in Pooled Cash and Investments							
Unspent Debt Proceeds	--	18,171,294	--	--	--	--	18,171,294
Unspent Restricted Grants & Intergovernmental	1,267,490	11,194,989	--	376,646	--	--	12,839,125
Customer Deposits & Other Funds Held	5,555,209	1,776,522	--	--	--	--	7,331,731
TOTAL RESTRICTED ASSETS	6,822,699	31,142,805	--	376,646	--	--	38,342,150
TOTAL ASSETS	102,358,350	169,135,925	1,945,904	434,402	59,884	460,213	274,394,678
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	12,576,731	9,744,279	722,118	85	26,704	--	23,069,917
Retainage Payable	4,110	935,283	--	--	--	--	939,393
Self Insurance Payable	277,578	--	--	--	--	--	277,578
Advance from Customers	152,564	18,535	--	--	--	--	171,099
Deposits	745,052	--	--	--	--	--	745,052
Due to General Fund	--	--	--	--	150,000	--	150,000
TOTAL LIABILITIES	13,756,035	10,698,097	722,118	85	176,704	--	25,353,039
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Receivable & Prepaid	174,497	--	--	--	--	--	174,497
Vehicle Tags Receivable & Prepaid	--	166,055	83,028	--	--	--	249,083
TOTAL DEFERRED INFLOWS OF RESOURCES	174,497	166,055	83,028	--	--	--	423,580

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

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	
FUND BALANCES							
Nonspendable:							
Inventories	\$1,870,803	--	--	--	--	--	1,870,803
Prepayments	34,230	--	--	--	--	--	34,230
Steven's Estate Endowment	231,377	--	--	--	--	--	231,377
Restricted:							
Stabilization by State Statute	18,860,801	769,556	815,712	57,756	--	--	20,503,825
Street Projects	--	23,174,066	--	--	--	--	23,174,066
Parks, Recreation and Culture	62,821	6,423,084	--	--	--	--	6,485,905
Fire Projects & Activities	8,924	455,852	--	--	--	--	464,776
Police Operations & Activities	1,296,284	--	--	376,561	--	--	1,672,845
General Governmental Projects	--	6,551	--	--	--	--	6,551
Committed:							
Street Projects	--	53,720,689	--	--	--	--	53,720,689
Downtown Projects	--	17,683,996	--	--	--	--	17,683,996
Parks, Recreation and Culture	69,426	30,971,845	--	--	--	--	31,041,271
Fire Projects	--	1,776,974	--	--	--	--	1,776,974
Police Operations & Activities (LEOSSA)	2,560,678	--	--	--	--	--	2,560,678
General Governmental Projects	--	14,163,517	--	--	--	--	14,163,517
Governmental Capital Projects	--	9,125,643	--	--	--	--	9,125,643
Transit	--	--	325,046	--	--	--	325,046
Economic Development	--	--	--	--	--	460,213	460,213
Assigned:							
Subsequent Year Appropriations	8,809,880	--	--	--	--	--	8,809,880
Affordable Housing	546,775	--	--	--	--	--	546,775
Worker's Compensation Self Insurance	1,811,168	--	--	--	--	--	1,811,168
Small Claims Self Insurance	2,354,250	--	--	--	--	--	2,354,250
Parks, Recreation and Culture	303,664	--	--	--	--	--	303,664
Fund Balance Unassigned	49,606,737	--	--	--	(116,820)	--	49,489,917
TOTAL FUND BALANCES	88,427,818	158,271,773	1,140,758	434,317	(116,820)	460,213	248,618,059
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$102,358,350	169,135,925	1,945,904	434,402	59,884	460,213	274,394,678

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, 2018

EXHIBIT D

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

	Governmental Funds	Internal Service Funds	Total
ENDING FUND BALANCE - GOVERNMENTAL FUNDS	\$248,618,059	--	248,618,059
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	887,714,013	1,118,385	888,832,398
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.	5,169,768	211,914	5,381,682
Internal service fund current assets (cash and inventory) included as governmental activities. Current internal service fund receivables are included in number above.	--	15,607,658	15,607,658
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.	472,166	--	472,166
Internal service fund current liabilities included as governmental activities (accounts payable and other accrued liabilities).	--	(495,685)	(495,685)
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.	(755,990)	(9,000)	(764,990)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(296,207,917)	(2,514,356)	(298,722,273)
Pension activity relating to deferred outflows and deferred inflows is not used or reported in the funds.	14,059,110	156,580	14,215,690
OPEB activity relating to deferred outflows and deferred inflows in not used or reported in the funds	(4,443,597)	(56,025)	(4,499,622)
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.	358,781	--	358,781
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$854,984,393</u>	<u>14,019,471</u>	<u>869,003,864</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, 2018

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	
REVENUES							
Ad Valorem Taxes	\$92,316,526	--	--	--	--	--	92,316,526
Other Taxes and Licenses	36,141,693	--	705,341	693,077	--	--	37,540,111
Unrestricted Intergovernmental	10,763,146	603,297	--	--	--	--	11,366,443
Restricted Intergovernmental	1,108,817	11,968,731	1,730,800	--	918,429	21,000	15,747,777
Permits and Fees	5,504,544	10,196,238	706,238	--	--	--	16,407,020
Sales and Services	18,776,152	--	458,703	--	--	--	19,234,855
Investment Earnings, net of market adjustment	594,962	730,404	--	3,036	110	--	1,328,512
Miscellaneous	1,525,896	648,681	--	--	--	--	2,174,577
TOTAL REVENUES	166,731,736	24,147,351	3,601,082	696,113	918,539	21,000	196,115,821
EXPENDITURES							
Current:							
General Government, net	25,249,241	10,079,203	--	--	--	757,987	36,086,431
Public Safety, net	47,371,838	1,131,577	--	451,407	--	--	48,954,822
Public Works, net	30,589,874	--	--	--	--	--	30,589,874
Parks, Recreation and Culture	16,829,819	12,293,275	--	--	--	--	29,123,094
Development	8,516,410	--	--	--	1,036,599	--	9,553,009
Infrastructure	8,127,184	25,719,520	4,952,386	--	--	--	38,799,090
Debt service:							
Principal	12,423,432	--	--	--	--	--	12,423,432
Interest	3,889,883	--	--	--	--	--	3,889,883
Bond Service Charges	470,809	--	--	--	--	--	470,809
Reimbursement for Open Space	(822,264)	--	--	--	--	--	(822,264)
TOTAL EXPENDITURES	152,646,226	49,223,575	4,952,386	451,407	1,036,599	757,987	209,068,180
REVENUES OVER (UNDER) EXPENDITURES	14,085,510	(25,076,224)	(1,351,304)	244,706	(118,060)	(736,987)	(12,952,359)
OTHER FINANCING SOURCES (USES)							
Transfers In	49,000	24,451,401	1,778,434	--	--	844,000	27,122,835
Transfers Out	(28,504,995)	--	(49,000)	--	--	--	(28,553,995)
Sale of Assets & Material	296,798	--	--	--	--	--	296,798
Capital Lease Obligations Issued	850,457	--	--	--	--	--	850,457
General Obligation Bonds Issued	17,042,667	31,035,000	--	--	--	--	48,077,667
Premium Received on General Obligation Bonds	207,237	2,348,062	--	--	--	--	2,555,299
Payment to Escrow for Defeasance of Debt	(16,949,494)	--	--	--	--	--	(16,949,494)
TOTAL OTHER FINANCING SOURCES (USES)	(27,008,330)	57,834,463	1,729,434	--	--	844,000	33,399,567
NET CHANGE IN FUND BALANCE	(12,922,820)	32,758,239	378,130	244,706	(118,060)	107,013	20,447,208
FUND BALANCE - Beginning of Year	101,350,638	125,513,534	762,628	189,611	1,240	353,200	228,170,851
FUND BALANCE - End of Year	\$88,427,818	158,271,773	1,140,758	434,317	(116,820)	460,213	248,618,059

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, 2018

EXHIBIT F

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$20,447,208
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.	24,547,105
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 \$112,000 (see separate item below for combined internal service fund activity).	(28,385,300)
Donated general infrastructure and other capital contributions related to developer agreements do not affect the Governmental Funds, but should be included as a revenue on the Statement of Activities.	44,423,513
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.	1,904,454
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.	12,423,432
Contracts for long-term capital lease obligations and net activity related to GO Bond refinancing 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.	(34,533,929)
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	(6,314,872)
Local Government Employee Retirement System expense adjustment	(185,095)
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.	315,073
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.	445,897
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 \$1.3 million related to future catastrophic losses.	5,594,540
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$40,245,336</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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
REVENUES					
Ad Valorem Taxes					
Current Year	\$ 90,766,060	90,766,060	91,851,308	1,085,248	89,328,983
Prior Years	150,000	150,000	400,272	250,272	582,287
Penalties and Interest	65,000	65,000	64,946	(54)	62,217
TOTAL	90,981,060	90,981,060	92,316,526	1,335,466	89,973,487
Other Taxes and Licenses					
ABC Revenue	960,953	960,953	977,114	16,161	915,344
Wake County Sales Tax	15,326,401	15,326,401	15,223,210	(103,191)	14,678,520
One Half Cent Sales Tax	18,295,215	18,295,215	18,549,476	254,261	17,556,298
Occupancy Tax	1,300,000	1,300,000	1,267,356	(32,644)	1,198,422
Animal Licenses	7,739	7,739	7,680	(59)	9,190
Rental Vehicle Tax	110,000	110,000	116,857	6,857	130,383
TOTAL	36,000,308	36,000,308	36,141,693	141,385	34,488,157
Unrestricted Intergovernmental					
Utility and Piped Natural Gas Sales Tax	9,943,328	9,943,328	10,091,457	148,129	9,931,205
Wine and Beer Tax	690,814	690,814	671,689	(19,125)	690,814
TOTAL	10,634,142	10,634,142	10,763,146	129,004	10,622,019
Restricted Intergovernmental					
Federal Grants	--	--	739,609	739,609	335,016
State Grants	--	--	57,011	57,011	65,784
County Grants and Other Restricted Funding	276,769	276,769	312,197	35,428	265,194
TOTAL	276,769	276,769	1,108,817	832,048	665,994
Permits and Fees					
Building Permits	2,691,453	2,691,453	3,446,718	755,265	3,307,935
Rezoning/Variance Request Fees	40,125	40,125	37,100	(3,025)	50,575
Site/Final Plan Review Fees	275,000	275,000	269,375	(5,625)	340,014
Inspection Fees	492,152	492,152	500,601	8,449	462,206
Traffic Impact Analysis Fee	225,000	225,000	228,950	3,950	289,608
Grading Permits	230,000	230,000	192,148	(37,852)	197,424
Miscellaneous Permits and Fees	425,986	425,986	829,652	403,666	773,307
TOTAL	4,379,716	4,379,716	5,504,544	1,124,828	5,421,069

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
Sales and Services					
Sanitation Fees	\$ 9,375,133	9,375,133	9,341,552	(33,581)	9,214,096
Rental Revenue	92,201	92,201	104,985	12,784	120,604
Cellular Tower Lease Proceeds	804,000	804,000	877,467	73,467	880,888
Community Rec Misc Program Revenues	25,500	25,500	36,784	11,284	34,512
Sports Program Revenues	528,000	528,000	552,054	24,054	564,200
Senior Program Revenues	198,300	198,300	219,034	20,734	191,199
Community Center Program Revenues	1,489,000	1,489,000	1,558,131	69,131	1,476,760
Outdoor Recreation Program Revenues	186,000	186,000	263,715	77,715	251,585
Environmental (Steven's Nature) Program Revenues	39,800	39,800	34,144	(5,656)	36,298
Cary Art Center Program Revenues	774,500	774,500	890,182	115,682	815,431
The Cary Theater Program Revenues	108,500	108,500	159,851	51,351	132,412
Downtown Events Program Revenues	19,000	19,000	20,121	1,121	16,472
Festival and Outdoor Program Revenues	176,000	176,000	162,539	(13,461)	169,145
Historic (Page-Walker) Program Revenues	117,000	117,000	135,194	18,194	133,198
Sports Venue Misc Program Revenues	378,933	378,933	330,226	(48,707)	173,581
Tennis Park Revenues	1,880,383	1,880,383	2,083,152	202,769	1,816,059
Skate Park Revenues	131,600	131,600	112,200	(19,400)	110,904
Soccer Park Revenues	699,826	699,826	747,993	48,167	706,512
USA Baseball Revenues	608,870	608,870	703,333	94,463	609,240
Misc Parks and Rec Program Revenues	56,500	56,500	65,612	9,112	70,349
Miscellaneous Sales and Services	275,000	275,000	377,883	102,883	409,112
TOTAL	17,964,046	17,964,046	18,776,152	812,106	17,932,557
Investment Earnings, net of Market Adjustment	1,144,440	1,144,440	594,962	(549,478)	309,067
Investment Earnings, net	1,144,440	1,144,440	594,962	(549,478)	309,067
Miscellaneous					
Donations	187,000	187,000	89,673	(97,327)	39,757
Wake County Reimbursement	604,100	604,100	521,023	(83,077)	617,973
NCDOT Traffic Signal Reimbursement	462,390	462,390	511,636	49,246	844,410
Miscellaneous Revenues	350,989	350,989	403,564	52,575	820,758
TOTAL	1,604,479	1,604,479	1,525,896	(78,583)	2,322,898
TOTAL REVENUES	162,984,960	162,984,960	166,731,736	3,746,776	161,735,248

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
EXPENDITURES					
GENERAL GOVERNMENT					
Legislative (4110)	\$ 813,356	815,419	760,173	55,246	707,184
Town Clerk (4130)	684,121	668,547	466,068	202,479	264,992
Legal (4140)	1,370,401	1,378,561	1,160,011	218,550	976,352
Town Manager (4200,4250)	2,858,783	4,036,782	3,273,550	763,232	1,915,072
Public Information (4220)	1,363,794	1,414,458	1,086,211	328,247	1,014,321
Technology Services (4500)	11,403,974	12,429,902	10,750,181	1,679,721	8,408,378
Capital Lease Purchases (4520)	1,300,000	1,300,000	850,457	449,543	1,178,759
Accounting (4410)	3,477,325	3,488,981	3,233,905	255,076	2,852,621
Purchasing (4420)	987,810	1,017,396	963,295	54,101	1,000,340
Budget (4450)	665,842	565,474	453,875	111,599	621,448
Human Resources (4600)	2,011,036	1,986,381	1,790,944	195,437	1,732,892
Town-Wide Expenses (4610)	1,958,566	2,059,566	2,059,241	325	725,283
Workers' Compensation	1,646,816	1,646,816	1,935,496	(288,680)	1,727,220
Small Claims	1,888,904	1,252,621	265,178	987,443	249,883
Reimbursement	--	--	--	--	(7,218)
Contingencies	90,000	90,000	169	89,831	--
Reimbursement from Fleet Management Internal Service Fund	(263,504)	(263,504)	(263,504)	--	(267,454)
Reimbursement from Utility System Enterprise Fund	(3,536,009)	(3,536,009)	(3,536,009)	--	(3,548,625)
TOTAL GENERAL GOVERNMENT, net	28,721,215	30,351,391	25,249,241	5,102,150	19,551,448

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
PUBLIC SAFETY					
Police (5110, 5120)	\$ 25,973,588	26,083,196	24,942,888	1,140,308	23,766,248
Fire (5300)	22,954,982	22,878,103	21,912,349	965,754	21,744,753
Law Enforcement Separation Allowance Benefit	1,230,341	1,230,341	552,114	678,227	495,206
Reimbursement from Parks, Recreation & Culture	(35,410)	(35,410)	(35,513)	103	(37,784)
TOTAL PUBLIC SAFETY, net	50,123,501	50,156,230	47,371,838	2,784,392	45,968,423
OPERATIONS					
Public Works					
Public Works Administration (7010)	1,441,093	1,434,234	1,366,582	67,652	1,300,668
Facilities (7015)	18,994,017	19,062,945	18,870,141	192,804	17,439,513
Field Operations (7020)	16,382,192	16,290,877	14,178,876	2,112,001	14,952,967
Solid Waste Management (7025)	5,227,238	5,245,605	5,063,059	182,546	4,892,610
Recycling (7026)	2,144,237	2,173,581	2,011,377	162,204	1,704,463
Yard Waste Division (7027)	3,034,163	3,031,283	2,505,879	525,404	2,368,541
Reimbursement	(784,132)	(784,132)	(750,934)	(33,198)	(699,521)
Reimbursement from Other Parks, Recreation & Culture	(2,969,418)	(3,022,827)	(2,201,871)	(820,956)	(2,262,382)
Reimbursement from Utility System Enterprise Fund	(11,571,010)	(11,571,010)	(10,453,235)	(1,117,775)	(9,975,834)
Total Public Works, net	31,898,380	31,860,556	30,589,874	1,270,682	29,721,025

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
Parks, Recreation & Cultural Arts Administration (6210)	\$ 2,312,597	1,981,557	1,921,578	59,979	1,618,274
Community Recreation					
Community Recreation (6250)	507,191	448,116	431,265	16,851	400,004
Sports Programs (6251)	1,589,005	1,447,665	1,360,707	86,958	1,274,115
Senior Programs (6252)	626,121	600,352	589,133	11,219	532,627
Community Centers (6253)	2,444,994	2,270,579	1,959,572	311,007	1,858,385
Outdoor Recreation Program (6254)	611,561	557,917	426,563	131,354	430,033
Environmental Program (6255)	426,614	392,975	316,336	76,639	285,651
Total Community Recreation	6,205,486	5,717,604	5,083,576	634,028	4,780,815
Cultural Arts & Downtown					
Cultural Arts Administration (6355)	1,270,145	1,326,731	1,206,479	120,252	1,131,394
Cary Arts Center (6350)	2,090,084	1,999,462	1,853,841	145,621	1,771,932
The Cary Theatre (6351)	668,873	645,660	623,814	21,846	558,067
Special Downtown Events (6352)	238,465	233,465	109,736	123,729	126,722
Festivals and Outdoor (6353)	223,422	232,922	188,591	44,331	177,976
Historic Programs (6354)	364,408	366,284	351,544	14,740	333,944
Regency Amphitheatre (6356)	898,546	803,818	410,073	393,745	778,510
Total Cultural Arts & Downtown	5,753,943	5,608,342	4,744,078	864,264	4,878,545
Sports Venue					
Sports Venue Administration (6305)	479,808	475,352	467,117	8,235	443,159
Tennis Park (6310)	2,218,840	2,420,279	2,309,926	110,353	2,140,424
Skate Park (6320)	307,401	300,240	247,096	53,144	243,626
Soccer Park (6330)	1,441,870	1,415,677	1,144,031	271,646	1,180,853
USA Baseball (6340)	1,311,362	1,232,458	912,417	320,041	707,441
Total Sports Venue	5,759,281	5,844,006	5,080,587	763,419	4,715,503
Total Parks, Recreation & Cultural Arts	20,031,307	19,151,509	16,829,819	2,321,690	15,993,137
TOTAL OPERATIONS, net	51,929,687	51,012,065	47,419,693	3,592,372	45,714,162

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
DEVELOPMENT AND INFRASTRUCTURE					
Development					
Planning (5505)	\$ 2,735,554	2,832,609	2,510,098	322,511	2,512,972
Affordable Housing (5507)	184,509	185,069	182,125	2,944	174,897
Inspections and Permits (5510)	4,712,834	4,708,182	4,409,893	298,289	4,333,116
Development Support Services (5515)	1,401,925	1,418,919	1,414,294	4,625	1,129,809
Total Development	9,034,822	9,144,779	8,516,410	628,369	8,150,794
Infrastructure					
Facility Design (3600)	6,383,055	6,321,523	5,166,699	1,154,824	5,629,614
Water Resources (3500)	2,925,711	2,963,122	2,799,131	163,991	2,656,903
Sustainability (3610)	194,811	219,811	161,354	58,457	--
Total Infrastructure	9,503,577	9,504,456	8,127,184	1,377,272	8,286,517
TOTAL DEVELOPMENT AND INFRASTRUCTURE	18,538,399	18,649,235	16,643,594	2,005,641	16,437,311
DEBT SERVICE					
Principal	12,658,696	12,658,696	12,423,432	235,264	11,175,613
Interest	3,964,968	3,964,968	3,889,883	75,085	3,312,564
Bond Service Charges	746,700	746,700	470,809	275,891	184,862
Reimbursement for Open Space	(822,264)	(822,264)	(822,264)	--	(862,663)
TOTAL DEBT SERVICE, net	16,548,100	16,548,100	15,961,860	586,240	13,810,376

GENERAL FUND BUDGETARY COMPARISON STATEMENT

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
TOTAL EXPENDITURES, net	\$ 165,860,902	166,717,021	152,646,226	14,070,795	141,481,720
Revenue Over Expenditures	(2,875,942)	(3,732,061)	14,085,510	17,817,571	20,253,528
OTHER FINANCING SOURCES (USES)					
Transfers In (Out), net:					
Transit Special Revenue Fund	(1,778,434)	(1,729,434)	(1,729,434)	--	(829,545)
Economic Development Fund	(825,000)	(844,000)	(844,000)	--	(383,522)
Internal Service Fund - Fleet	--	(88,782)	(88,782)	--	--
Internal Service Fund - Health & Dental	(1,342,378)	(1,342,378)	(1,342,378)	--	(1,000,000)
Capital Reserve Sub-Fund	--	(184,000)	(184,000)	--	--
Streets Capital Project Sub-Fund	(4,500,000)	(4,570,000)	(4,570,000)	--	(6,944,500)
Downtown Capital Project Sub-Fund	--	(7,000,000)	(7,000,000)	--	(5,780,000)
General Government Capital Project Sub-Fund	(7,126,350)	(7,726,350)	(7,726,350)	--	(1,974,800)
Fire Capital Project Sub-Fund	--	--	--	--	(938,000)
Parks and Recreation Capital Project Sub-Fund	(3,229,201)	(4,971,051)	(4,971,051)	--	(5,286,289)
Proceeds from Sale of Assets	300,000	300,000	296,798	(3,202)	309,959
Capital Lease Proceeds	1,300,000	1,300,000	850,457	(449,543)	1,178,759
General Obligation Bonds Issued	500,000	17,449,494	17,042,667	(406,827)	--
Premium Received on General Obligation Bonds	--	--	207,237	207,237	--
Payment to Escrow	--	(16,949,494)	(16,949,494)	--	--
Appropriation from Fund Balance	19,577,305	30,088,056	--	(30,088,056)	--
TOTAL OTHER FINANCING USES, net	2,875,942	3,732,061	(27,008,330)	(30,740,391)	(21,647,938)
Revenues and Other Sources (Under) Expenditures and Other Uses	\$ --	--	(12,922,820)	(12,922,820)	(1,394,410)
FUND BALANCE - Beginning of Year			101,350,638		102,745,048
FUND BALANCE - End of Year			\$ 88,427,818		\$ 101,350,638

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT H

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
REVENUES					
Federal Transit Administration Grant	\$ 1,675,991	1,675,991	1,513,313	(162,678)	979,498
State Maintenance Assistance Program Grant	290,709	290,709	217,487	(73,222)	310,146
Wake County Transit Tax	1,415,706	1,415,706	705,341	(710,365)	--
Vehicle License Fee	650,000	650,000	706,238	56,238	647,798
C-Tran Ticket Sales	353,510	353,510	458,703	105,193	325,249
Miscellaneous Revenues	44,942	44,942	--	(44,942)	--
TOTAL REVENUE	4,430,858	4,430,858	3,601,082	(829,776)	2,262,691
EXPENDITURES					
Transit Operations (5700)					
Personnel Services	484,943	484,943	401,935	83,008	328,651
Operations & Maintenance	5,730,549	5,683,023	4,550,451	1,132,572	3,901,753
TOTAL EXPENDITURES, net	6,215,492	6,167,966	4,952,386	1,215,580	4,230,404
Revenue Over (Under) Expenditures	(1,784,634)	(1,737,108)	(1,351,304)	385,804	(1,967,713)
OTHER FINANCING SOURCES (USES)					
Transfers in from General Fund	1,778,434	1,778,434	1,778,434	--	829,545
Transfers out to General Fund	--	(49,000)	(49,000)	--	--
Appropriation from Fund Balance	6,200	7,674	--	(7,674)	--
TOTAL OTHER FINANCING SOURCES (USES)	1,784,634	1,737,108	1,729,434	(7,674)	829,545
Revenues and Other Sources Over (Under) Expenditures	\$ --	--	378,130	378,130	(1,138,168)
FUND BALANCE - Beginning of Year			762,628		1,900,796
FUND BALANCE - End of Year			\$ 1,140,758		\$ 762,628

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT I

	2018			Variance Positive (Negative)	2017
	Budget		Actual		Actual
	Original	Final			
REVENUES					
911 System Funding	\$ 693,076	693,076	693,077	1	516,623
Investment Earnings, net of Market Adjustment	--	--	3,036	3,036	801
TOTAL REVENUE	693,076	693,076	696,113	3,037	517,424
EXPENDITURES					
Eligible 911 System Operations					
Personnel Services	204,200	204,200	20,481	183,719	81,283
Operations & Maintenance	446,700	446,700	430,926	15,774	465,451
Capital Outlay	20,000	20,000	--	20,000	--
TOTAL EXPENDITURES, net	670,900	670,900	451,407	219,493	546,734
Revenue Over (Under) Expenditures	22,176	22,176	244,706	222,530	(29,310)
OTHER FINANCING SOURCES (USES)					
Appropriation from Fund Balance	(22,176)	(22,176)	--	22,176	--
TOTAL OTHER FINANCING SOURCES (USES)	(22,176)	(22,176)	--	22,176	--
Revenues and Other Sources Over (Under) Expenditures	\$ --	--	244,706	244,706	(29,310)
FUND BALANCE - Beginning of Year			189,611		218,921
FUND BALANCE - End of Year			\$ 434,317		\$ 189,611

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





PROPRIETARY FUNDS FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

EXHIBIT J	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Equity in Pooled Cash and Investments	\$272,219,418	15,526,686
Accrued Interest on Investments	973,815	473
Accounts Receivable, net of allowance for doubtful accounts	17,027,731	211,914
Inventories	--	71,499
Equity in Pooled Cash and Investments-Restricted		
Unspent Debt Proceeds	7,312,549	--
Customer Deposits & Other Restricted Funds	2,285,329	9,000
TOTAL CURRENT ASSETS	299,818,842	15,819,572
Non-Current Assets		
Capital Assets		
Land, Land Improvements and Construction-in-Progress	194,832,259	--
Other Capital Assets, net of accumulated depreciation	633,146,977	1,118,385
Total Capital Assets, net	827,979,236	1,118,385
TOTAL NON-CURRENT ASSETS, net	827,979,236	1,118,385
TOTAL ASSETS	1,127,798,078	16,937,957
DEFERRED OUTFLOW OF RESOURCES		
Deferred Contributions to Pension Plans	1,062,489	136,912
Deferred Contributions to OPEB	1,622,359	87,835
Deferred Charge on Debt Refinancings	1,141,926	--
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,826,774	224,747
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts Payable and Accrued Liabilities	7,969,600	495,685
Debt Payable	12,540,381	--
Accrued Debt Interest Payable	1,411,834	--
Retainage Payable	3,376,214	--
Compensated Absences	1,079,025	51,157
Developer Fee Credits	206,000	--
Advance from Customers	(2,895)	--
Miscellaneous Liabilities	1,020,120	--
TOTAL CURRENT LIABILITIES	27,600,279	546,842

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

EXHIBIT J	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
Non-Current liabilities		
Debt Payable, net of deferred premium/discount	\$296,159,765	--
Deposits	2,134,776	9,000
Unearned Revenue	755,958	--
Compensated Absences	302,039	14,320
Developer Fee Credits	2,985,677	--
Claims Incurred But Not Reported	--	760,000
Unfunded Pension Obligation	1,512,517	206,778
Unfunded Other Post-Employment Benefits	27,374,872	1,482,101
Miscellaneous	46,200	--
TOTAL NON-CURRENT LIABILITIES	331,271,804	2,472,199
TOTAL LIABILITIES	358,872,083	3,019,041
DEFERRED INFLOW OF RESOURCES		
Pension Deferrals	624,007	(19,668)
OPEB Deferrals	2,657,149	143,860
TOTAL DEFERRED INFLOWS OF RESOURCES	3,281,156	124,192
NET POSITION		
Net Investment in Capital Assets	524,405,493	1,118,385
Restricted for Oasis Assistance Program	31,321	--
Unrestricted Net Position	245,034,799	12,901,086
TOTAL NET POSITION	769,471,613	14,019,471
Adjustment for Internal Service Fund Activities	1,304,063	
TOTAL NET POSITION - Business-Type Activities	\$770,775,676	

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, 2018

EXHIBIT K	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$80,045,254	1,549,156
Health and Dental Premiums	--	20,736,834
Other Operating Revenues	<u>1,991,851</u>	<u>--</u>
TOTAL OPERATING REVENUES	<u>82,037,105</u>	<u>22,285,990</u>
OPERATING EXPENSES		
Administrative	10,647,713	--
Field Operations	10,028,912	--
Utility Systems Management	4,170,047	--
Water Reclamation Facilities	9,764,136	--
Cary/Apex Water Treatment Plant	7,008,473	--
Miscellaneous Utility System Projects	3,446,384	--
Fleet Management Expense	--	1,622,588
Insurance Claims & Administrative Fees	--	15,906,574
Depreciation	<u>18,120,833</u>	<u>112,273</u>
TOTAL OPERATING EXPENSES	<u>63,186,498</u>	<u>17,641,435</u>
OPERATING INCOME	<u>18,850,607</u>	<u>4,644,555</u>
NONOPERATING REVENUES (EXPENSES)		
Water and Sewer Development Fees	11,517,606	--
Investment Earnings, net of market adjustment	1,387,496	1,398
Reimbursements	93,645	--
Miscellaneous Revenue	388,167	--
Reimbursement to Governmental Activities for Open Space	(822,264)	--
Interest Expense	(9,975,323)	--
Bond Service Expense	(12,213)	--
Debt Issuance Expense	(784,680)	--
Bond Refunding Loss Amortization	(401,085)	--
Sale of Capital Assets	<u>95,201</u>	<u>42,553</u>
TOTAL NONOPERATING REVENUE, net	<u>1,486,550</u>	<u>43,951</u>

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT L

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING ACTIVITIES		
Cash Received from Customers	\$78,050,636	22,452,062
Cash Paid for Goods and Services	(22,000,079)	(654,779)
Cash Paid To or On Behalf of Employees for Services	(19,815,209)	(941,715)
Cash Paid for Health and Dental Insurance Claims	--	(16,353,555)
Other Operating Revenues Received	388,167	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>36,623,515</u>	<u>4,502,013</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
Transfers In	--	1,431,160
CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds Received from Sale of Debt, including premium	117,734,236	--
Bond Issuance Costs & Debt Service Fees Paid	(796,893)	--
Payment to Escrow	(116,927,552)	--
Principal Payments on Long-term Debt, net of partner reimbursement	(12,883,638)	--
Interest Paid on Long-term Debt, net of partner reimbursement	(11,536,772)	--
Reimbursement to General Fund & Capital Project Fund for Open Space	(822,264)	--
Water & Sewer Development Fees Received	11,302,498	--
Acquisition and Construction of Capital Assets	(29,538,068)	(211,255)
Proceeds Received from Sale of Assets	95,201	42,553
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(43,373,252)</u>	<u>(168,702)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Investment Earnings Received, net of Unrealized Loss	1,198,981	2,040
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(5,550,756)	5,766,511
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>287,368,052</u>	<u>9,769,175</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$281,817,296</u></u>	<u><u>15,535,686</u></u>

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT L

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$18,850,607	4,644,555
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	18,120,833	112,273
Adjustment for LGERS Pension Expense	43,104	2,334
Adjustment for Unfunded Other Post Employment Benefits	1,470,556	79,618
Adjustment for Construction in Progress Write-off	1,085,499	--
Changes in Assets and Liabilities -		
(Increase) Decrease in Accounts Receivable	(3,983,788)	166,071
(Increase) in Inventory	--	(26,472)
Increase in Accounts Payable and Accrued Liabilities	943,221	218,898
Increase in Compensated Absences Liability	129,496	10,387
Decrease in Miscellaneous Liability	(421,500)	(705,651)
Increase in Deposits	33,178	--
Decrease in Advance from Customers	(35,858)	--
Increase in Miscellaneous Revenue	388,167	--
TOTAL ADJUSTMENTS	<u>17,772,908</u>	<u>(142,542)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$36,623,515</u>	<u>4,502,013</u>
NONCASH TRANSACTIONS		
Contributed Capital	(\$8,751,277)	--
Developer Fee Writeoff	(5,262)	--
Deferred Loss on Refunding Amortization	413,317	--
Refunding Activity	580,201	--
Amortization of Deferred Premium & Discount	(1,500,219)	--
Effect of change in accounting principal related to OPEB	15,159,593	1,231,405
Net Change in Net Position from Noncash Transactions	<u>(5,896,353)</u>	<u>(1,231,405)</u>
NET EFFECT OF NONCASH TRANSACTIONS	<u>\$ --</u>	<u>--</u>

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





NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

The Town of Cary, North Carolina (the "Town") is located in the central part of the State and at June 30, 2018, has an estimated population of 163,930. 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 2014 GASB Statement 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 Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 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 Statement 72, *Fair Value Measurement and Application*, required some changes to the deposit Note 3 regarding how investments are valued and presented. This GASB Statement 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 Statement 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 Statement 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 two GASB Statements became effective that had an impact on the Town. The most significant change was GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which had been partially implemented in fiscal year 2016, with the remaining portion implemented in fiscal year 2017. For fiscal year 2016, GASB Statement 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. The LEOSSA details will still be managed separately and the remaining fund balance associated with these activities will be classified as committed. GASB Statement 82, *Pension Issues*, clarifies some lingering issues associated with GASB Statements 67, 68, and 73, including the definition of covered payroll.

The following were statements effective during fiscal year 2017, but not applicable to the Town: GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, changes how Other Post Employment Benefits (OPEB) plans are reported and is applicable for units that have their OPEB in a qualifying trust. The Town does not currently have this type of arrangement. GASB Statement 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 Statement 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 Statement 79, *Certain External Investment Pools and Pool Participants* had no effect on the Town due to the restrictions that exist in state statutes. GASB Statement 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.

Fiscal year 2018 introduced several new GASB pronouncements. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions closely relates to GASB 74 and applies to the employer part of government units who have Other Post-Employment Benefits (OPEB)*. GASB 75 clarified and changed guidelines for how OPEB should be reported for fiscal year 2018. The full actuarial determined OPEB liability was applied proportionally to the beginning net position for the General and Utility fund, resulting in a prior period adjustment. GASB Statement 81, *Irrevocable Split Interest Agreements* applies to governments that are the beneficiary of an agreement such as charitable lead trusts, charitable remainder trusts and life-interests in real estate. At this time, the Town does not have this type of agreement, therefore the standard does not apply. GASB Standard 85, *Omnibus 2017*, addresses a few inconsistencies that have developed in practice and clarifies previous guidance on a range of subjects. This standard has little impact on the Town

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

and was implemented. GASB Standard 86, *Certain Debt Extinguishment Issues* clarifies accounting for in-substance defeasance transactions where only assets acquired with only existing resources are placed in an irrevocable trust for the purpose of extinguishing the debt. Historically, the Town uses the refunding proceeds to extinguish the debt, a situation for which this standard does not apply. This standard also includes a few additional disclosures related to extinguished debt that the Town has implemented. Finally, GASB Standard 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* has been fully implemented in fiscal year 2018. Interest cost before the end of the construction period had previously been accounted for based on GASB Standard 62, which this standard supersedes. Interest cost incurred before the end of the construction period will now be expensed in the period in which the cost is incurred for fiscal year 2018 and going forward.

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 reporting 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 financial, 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 are 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,

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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

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.

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 the bills are paid.

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 generally accepted accounting principles 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. It also includes all activities related to the Law Enforcement Officers Separation Allowance.

Capital Projects Fund - The Capital Projects 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 Projects Fund: Street Projects, Parks and Recreation Projects, Fire Projects, General Governmental Projects, Downtown Projects, and General Capital Reserve.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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

Special Revenue Funds – The Town operated four special revenue funds during fiscal year 2018. The Transit Special Revenue Fund is used to account for the operations of GoCary, the Town's transit system, which is partially funded by federal and state grants, and Wake County sales tax. The Emergency Telephone System Special Revenue Fund is used to account for all allowable 911 expenditures reimbursable by the State from telecommunication fees remitted by providers. 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 the 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 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 three 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 activity 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 fund or project-type budget and must be approved by Town Council. Cross-functional amendments may be made by Town Management and reported to Town Council on a quarterly basis. 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. 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 2018 are based on the assessed values as of January 1, 2017.

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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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.

The General Fund loaned funds to the CDBG special revenue fund (see note 7) in fiscal year 2018. The loan was for cash flow purposes until grant funds were received and a fiscal year 2019 appropriation was available on July 1, 2018. The funds have been paid back in early fiscal year 2019. There were no other lending/borrowing activity arrangements between funds for fiscal year 2018. 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 of 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. 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 are expensed in the period in which they are incurred. The total interest expense paid by the Town during the current fiscal year was almost \$11.6 million (net of partner reimbursements) in the Utility Systems Fund.

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 three items that meet this criterion, contributions made to a pension plan (LTERS & LEOSSA), contributions made to other post-employment benefits (OPEB) 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, deferrals of pension expense, and deferrals of OPEB 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, GASB Statement 73 in fiscal year 2017, and those related to OPEB, GASB Statement 75 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 2019 budget or (2) appropriated through the rollover process from fiscal year 2018 to 2019 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 Chief Financial Officer 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, 2018, 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, 2018

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The CDBG fund has a negative fund balance as of June 30, 2018 in the amount of \$116,820. This is the result of timing of grant reimbursement and unrealized program income related to the Section 8 HUD loan, as referenced in Note 9.G. and Note 17. A temporary cash loan was recorded at year end to cover expenditures and was paid off in full in early fiscal year 2019.

Note 3 DEPOSITS AND INVESTMENTS

Deposits

All of the Town's deposits are either insured or collateralized 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, 2018, the Town's deposits (including certificates of deposit) had a carrying amount of \$13.3 million and a bank balance of \$14.9 million. Of the bank balance, \$1 million was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled approximately \$16,825.

Investments	Valuation		Less than 1 Year	1-2 Years	2-3 Years	3-5 Years
	Measurement	Fair Value				
	Method					
US Treasuries	Fair Value Level 1	\$ 99,584,712	25,915,207	33,208,557	25,986,417	14,474,531
US Agencies -						
FFCB	Fair Value Level 1	76,918,485	31,524,078	18,393,124	14,360,948	12,640,335
FHLB	Fair Value Level 2	147,108,249	24,094,119	41,217,563	63,797,465	17,999,102
FHLMC	Fair Value Level 1	68,426,937	23,124,942	34,331,863	5,135,578	5,834,554
FNMA	Fair Value Level 1	77,462,623	22,134,863	18,343,173	22,634,947	14,349,640
Municipal Paper	Fair Value Level 1	10,470,689	3,801,750	5,546,090	1,122,849	--
NCCMT Government						
Portfolio	Amortized Cost	57,010,281	57,010,281	--	--	--
Total		\$ 536,981,976	187,605,240	151,040,370	133,038,204	65,298,162

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 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, 2018

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, 2018 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, 2018. 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, 2018.

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 27%, 14%, 13% and 14% 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	\$ --	--	--	--	4,029,411	4,029,411	--
Due from other Governments	14,604,325	1,526,169	934,430	17,064,924	22,683,034	39,747,958	5,246,712
Accounts	1,459,467	-	-	1,459,467	423,041	1,882,508	12,414,558
Gross receivables	16,063,792	1,526,169	934,430	18,524,391	27,135,486	45,659,877	17,661,270
Less: Allowance							
Accounts	(66,276)	--	--	(66,276)	--	(66,276)	(633,539)
Housing loans	--	--	--	--	(3,471,276)	(3,471,276)	--
Net total receivables at June 30, 2018	\$ 15,997,516	1,526,169	934,430	18,458,115	23,664,210	42,122,325	17,027,731

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 \$288,000, as listed in the Basic Financial Statements, is net of a \$156,000 allowance for doubtful accounts.

Special Revenue Fund receivables include \$877,000 related to the Transit Fund, \$57,000 related to the Emergency Telephone System Fund. Health Insurance Internal Service Fund receivables of \$211,914 is included in Governmental Activities (primary customer) in the entity-wide financial statements.

For governmental activities, \$24 million of the \$45.7 million accounts receivable balance is recorded as due from other governments and is related to grants or other financial assistance that was awarded. Of this grant total, \$18.3 million is considered unearned, which is the full balance of unearned revenue at June 30, 2018 for governmental activities. The remainder of the governmental receivables is related to sales tax and other similar allocations that relate to fiscal year 2018 and were received within the 90-day window after June 30, 2018. Within the housing loans are two loans to Memento Mori, LLC. totaling \$2.8 million. It was determined that payments to the Town from Memento Mori, LLC. are uncertain. Therefore, to be conservative an allowance was recorded for the full amount of both loans. See Note 17 for additional information.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 4 RECEIVABLES AND RELATED ACCOUNTS *(continued)*

For Business-type activities due from other governments include \$4.5 million related to partner receivables from the Town of Apex related to shared water and reclamation facilities, including their portion of capital projects; \$6 million related to a mutual aid agreement with the City of Durham for backup water supply; and \$41,000 related to Chatham County for raw water purchases. All the \$12.4 million recorded as accounts receivable is related to 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 \$171,000 of advance from customers in the Governmental Funds is mostly comprised of prepaid fees related to parks, recreation and culture activities. For Business-type activities the (\$3,000) advance from customers relates to utility annexation agreements and the \$756,000 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, 2018, the various components of deferred outflows of resources related to the entity-wide statements are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflow Related to Pensions (Note 12.A.)	\$ 14,990,162	1,062,489	16,052,651
Deferred Outflow Related to OPEB (Note 12. E)	7,054,585	1,622,359	8,676,944
Deferred Charge on Debt Refinancing	1,049,717	1,141,926	2,191,643
Total Deferred Outflows	<u>\$ 23,094,464</u>	<u>3,826,774</u>	<u>26,921,238</u>

At June 30, 2018, the various components of deferred inflows of resources are as follows:

	Earned but Unavailable	Received and Unearned	Governmental Fund Financial Balance	Net Unearned (Earned) Portion of Receivables	Entity-Wide Governmental Activity	Business-type Activities (Utility System)
<u>Governmental Deferred Inflows:</u>						
Ad Valorem Taxes	\$ 174,497	--	174,497	154,455	328,952	--
Vehicle Tag Revenue	249,083	--	249,083	(513,236)	(264,153)	--
Total Deferred Inflows Related to Property Taxes & Vehicle Tag Fees	<u>\$ 423,580</u>	<u>--</u>	<u>423,580</u>	<u>(358,781)</u>	<u>64,799</u>	<u>--</u>
Pension Activity (Note 12.A & B.)					774,472	624,007
OPEB Activity (Note 12.C.)					\$ 11,554,207	2,657,149
Total Deferred Inflows of Resources at June 30, 2018					<u>\$ 12,393,478</u>	<u>3,281,156</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 6 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Government Activities:					
<u>Capital assets, Non-depreciable:</u>					
Land & Improvements	\$ 241,413,500	10,516,886	--	12,236,271	264,166,657
Construction-in-Progress	74,937,755	26,420,685	(3,903,796)	(25,429,522)	72,025,122
Total Capital Assets, Non-depreciable	316,351,255	36,937,571	(3,903,796)	(13,193,251)	336,191,779
<u>Capital Assets, Depreciable:</u>					
Buildings & Improvements	120,717,544	--	--	--	120,717,544
Machinery & Equipment	22,900,776	647,306	(620,512)	10,273,951	33,201,521
Vehicles	33,249,234	1,767,435	(1,407,578)	2,621,214	36,230,305
Infrastructure	754,568,485	33,575,168	--	308,320	788,451,973
Intangible Assets	7,424,396	3,606,360	--	--	11,030,756
Total Capital Assets, Depreciable	938,860,435	39,596,269	(2,028,090)	13,203,485	989,632,099
<u>Less Accumulated Depreciation for:</u>					
Buildings & Improvements	33,219,746	2,584,238	--	--	35,803,984
Machinery & Equipment	17,230,892	2,306,995	(620,512)	--	18,917,375
Vehicles	21,472,007	3,052,353	(1,407,578)	10,234	23,127,016
Infrastructure	337,263,895	19,257,030	--	--	356,520,925
Intangible Assets	1,325,223	1,296,957	--	--	2,622,180
Total Accumulated Depreciation	410,511,763	28,497,573	(2,028,090)	10,234	436,991,480
Total Capital Assets, Depreciable, Net	528,348,672	11,098,696	--	13,193,251	552,640,619
Governmental Activities Capital Assets, Net	\$ 844,699,927	48,036,267	(3,903,796)	--	888,832,398

Total Governmental assets include Internal Service Fund book value of \$1.6 million. General infrastructure constructed and donated by area developers (and acquired through annexations) with a value of \$44.4 million is included in governmental additions. Included in this amount is \$.3 million in developer agreement adjustments.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 6 CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Business-type Activities:					
<u>Capital assets, Non-depreciable:</u>					
Land & Improvements	\$ 25,879,742	--	--	469,194	26,348,936
Construction-in-Progress	181,512,737	29,458,660	(1,085,499)	(41,402,575)	168,483,323
Total Capital Assets, Non-depreciable	<u>207,392,479</u>	<u>29,458,660</u>	<u>(1,085,499)</u>	<u>(40,933,381)</u>	<u>194,832,259</u>
<u>Capital assets, Depreciable:</u>					
Buildings & Improvements	172,886,477	--	--	104,830	172,991,307
Machinery & Equipment	9,479,546	81,143	--	2,685,028	12,245,717
Vehicles	5,123,667	463,981	(314,811)	782,120	6,054,957
Infrastructure	622,690,646	8,751,276	--	37,351,170	668,793,092
Intangible Assets	1,532,038	--	--	--	1,532,038
Total Capital Assets, Depreciable	<u>811,712,374</u>	<u>9,296,400</u>	<u>(314,811)</u>	<u>40,923,148</u>	<u>861,617,111</u>
<u>Less Accumulated Depreciation for:</u>					
Buildings & Improvements	34,577,762	3,458,977	--	--	38,036,739
Machinery & Equipment	6,135,607	658,687	--	--	6,794,294
Vehicles	3,633,211	552,384	(314,811)	(10,233)	3,860,551
Infrastructure	165,030,637	13,359,852	--	--	178,390,489
Intangible Assets	1,297,128	90,933	--	--	1,388,061
Total Accumulated Depreciation	<u>210,674,345</u>	<u>18,120,833</u>	<u>(314,811)</u>	<u>(10,233)</u>	<u>228,470,134</u>
Total Capital Assets, Depreciable, Net	<u>601,038,029</u>	<u>(8,824,433)</u>	<u>--</u>	<u>40,933,381</u>	<u>633,146,977</u>
Business-type Activities Capital Assets, Net	<u>\$ 808,430,508</u>	<u>20,634,227</u>	<u>(1,085,499)</u>	<u>--</u>	<u>827,979,236</u>

Area developers donated utility infrastructure with a gross value of \$8.7 million, which is included in the business-type asset additions.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 6 CAPITAL ASSETS (Continued)

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

Governmental Activities:		
General Governmental	\$	2,956,430
Development		71,728
Facilities & Infrastructure		19,452,601
Public Safety		2,025,353
Public Works		937,239
Environmental Protection		1,100,270
Parks, Recreation and Culture		1,841,679
Total depreciation expense (excluding internal service)		28,385,300
Capital assets held by the Town's Fleet Management internal service fund are charged to the various functions based on their usage of assets		112,273
Total depreciation expense – governmental activities	\$	<u>28,497,573</u>
Business-type Activities:		
Utility System	\$	<u>18,120,833</u>

The Town has numerous active construction projects as of June 30, 2018. 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>Spent-to-date</u>	<u>Contract Commitments</u>
<u>Capital project fund:</u>		
Carpenter Fire Station Road / CSX Rail Grade Separation (NEPA / Design)	\$ 6,207,425	3,330,000
Cary Parkway (Evans to North Harrison)	1,831,437	1,386,000
Cary Parkway/High House Road Intersection	1,805,529	3,120,000
Crabtree Creek Greenway	4,338,899	937,000
Downtown Park Master Plan	45,043	692,000
Garmon Operations Center - Facility Improvements - Phase II	536,312	1,828,000
Library Lower Level	--	630,000
Library Parking Structure	5,572,856	8,467,000
Morrisville Parkway and Carpenter Upchurch Road Intersection Improvements	346,928	851,000
Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd to Green Level Church Rd	13,496,229	3,339,000
Reduce Congestion Through Intersection Improvements (Based on LOS) - Bond Funded	1,628,359	2,341,000

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Note 6 CAPITAL ASSETS (Continued)

	Spent-to-date	Contract Commitments
Sanitation & Recycling Trucks	1,759,916	1,666,000
Street Improvements - FY 2018	1,309,723	4,100,000
Transportation Feasibility Studies	71,457	570,000
White Oak Creek Greenway- American Tobacco Trail Segment	4,060,304	1,116,000
All Other Parks	35,976,737	2,080,000
All Other Streets	61,533,500	4,629,000
All other GG	18,492,375	1,477,000
Other Fire and Downtown Projects	5,023,706	409,000
TOTAL CAPITAL PROJECT COMMITMENTS	\$ 164,036,735	42,968,000
Utility system enterprise fund:		
Cary/Apex Water Treatment Facility – Process Basin Rehabilitation/Restoration, Net	\$ 533,911	629,000
Cary/Apex Water Treatment Plant - Phase III Expansion, Net	57,470,058	4,821,000
Cary/Apex Water Treatment Plant - Raw Water Transmission Pipeline, Net	8,924,551	8,865,000
Force Main Inspection & Rehabilitation - FY 2008	2,779,828	815,000
Green Level West Road Water Line - Phase III	444,673	1,832,000
Holly Brook – Phase I, II and III Sewer Extension	1,286,396	1,335,000
Holly Brook Subdivision Water Lines	1,060,824	1,051,000
Kilmayne Water Storage Tank	5,076,058	1,000,000
NC55 Water Line Extension - Phase II	9,678	2,000,000
NCWRF - Diffused Air System	314,580	992,000
SCADA Conversion - North Cary Water Reclamation Facility	356,626	637,000
Sewer System Repair/Replacement - FY 2018	28,933	612,000
Upgrade Water Lines - FY 2017	2,445,590	1,242,000
Upgrade Water Lines - FY 2018	25,774	2,285,000
Western Cary Water Storage Tank	4,918,165	4,017,000
Wimberly Road Water Line	528,405	3,422,000
Winding Pine Regional Pump Station, Gravity Sewer and Force Main	309,218	667,000
WWRWMF - New Water Reclamation Facility, Net	119,483	3,175,000
Other Utility Projects, Net	119,209,240	10,788,000
TOTAL UTILITY PROJECT COMMITMENTS	\$ 205,841,991	50,185,000

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 \$1.3 million. In the entity-wide financial statements, this amount is a net receivable for business-type activity and a net payable for governmental activities. The Town has a fund financial receivable in the General Fund for \$150,000, with a corresponding payable in the Community Development Block Grant Special Revenue Fund. This temporary cash loan was recorded at year end to cover expenditures and was paid off in full in early fiscal year 2019. No other interfund receivable or payable activity was recorded as of June 30, 2018.

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 2018 lease payments of \$30,000 were made. As part of the joint ownership agreement and related inter-local agreement, Apex shared approximately twenty-three 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 approximately \$90,000 at June 30, 2018 (\$28,000 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 ended during fiscal year 2018. Monthly charges averaged slightly over \$14,000 in fiscal year 2018, which includes a base charge of approximately \$6,000 with the remaining being a variable charge per copy. Approximately \$170,000 was paid in fiscal year 2018 (\$160,000 General Fund, \$10,000 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 \$107,000 was paid to Wake County Public Schools during fiscal year 2018 for this purpose and is included in General Fund expenditures. Amount to be paid in fiscal year 2019 is not expected to exceed \$110,000.

Starting in fiscal year 2015, the Town entered into a five-year lease agreement with the Carolina Recording for call recording equipment at the Town's backup 911 center. Annual payments (including what was paid in fiscal year 2018) 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 the lease are included as expenditures in the Emergency Telephone Special Revenue Fund. There is a remaining commitment of \$5,000 at June 30, 2018 and the maximum payment expected in fiscal year 2019 is \$5,000. A related long-term liability is recorded in the entity-wide statements for Governmental activities.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 8 LEASES

A. OPERATING LEASES *(Continued)*

After completing some of the Ontario capital leases in previous fiscal years and during fiscal year 2018, 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 2018 and some are still active as of the date of this report (on a month-to-month basis). In fiscal year 2018, payments of approximately \$35,000 were made related to these operating lease agreements. Based on the decrease in current activity, the expected maximum future annual commitment on Ontario active operating leases should not exceed \$35,000. 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. Base payments for fiscal year 2018 were slightly under \$39,000 and the approximate total cost of payments expected over the life of the 10-year lease is \$441,000. Other fees and charges related to this property is approximately 23 percent of the base lease payment, which brings the total paid for fiscal year 2018 to \$50,000. The maximum total lease amount with fees is \$550,000. At the end of the 10-year lease period, there are two options to renew for an additional five years each renewal period, though renewal is not reasonably assured. The approximate cost to renew for years 11-15 is \$274,000 and years 16-20 is \$318,000. The future minimum lease payments for non-cancelable portion of the operating lease are \$392,000 and for fiscal year 2019 the maximum base 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.

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 2018, the Town entered into nineteen 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, 2018 is \$.6 million with \$.2 million related to new capital leases started in fiscal year 2018. 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 2018, was \$1 million, which includes interest. Monthly debt service (including interest) on active Ontario leases was approximately \$.1 million at June 30, 2018.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, are as follows:

	<u>Year Ending June 30</u>	<u>Ontario</u>
	2019	\$ 776,213
	2020	550,769
	2021	198,278
	2022	<u>27,773</u>
Total minimum lease payments		1,553,033
Less: Interest		<u>(30,320)</u>
Present value of future minimum lease payments		<u>\$ 1,522,713</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 are funded by the General Fund. At June 30, 2018, no unspent proceeds remain available. The final debt service payment was made June 1, 2018.

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, 2018, no unspent proceeds remain available.

At June 30, 2018, the installment purchase debt related to the limited obligation bonds, series 2010 is \$5.5 million, with future debt service payments as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	780,000	12,675	792,675
Total	<u>\$ 5,530,000</u>	<u>368,713</u>	<u>5,898,713</u>

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, 2018, no unspent proceeds remain available.

At June 30, 2018, the installment purchase debt related to the limited obligation bonds, series 2012 is \$6.5 million, with future debt service payments as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
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	1,565,000	18,311	1,583,311
Total	<u>\$ 6,555,000</u>	<u>449,926</u>	<u>7,004,926</u>

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 2018 was 1.04%. In October 2017 the Town issued \$31,035,000 of general obligation bonds to fund fire, parks and streets projects. In addition, the Town issued \$28,815,000 to refinance a portion of the Series 2009 public improvement bonds and all of the Series 2016A refunding bonds (see debt section E for more information on refinancings). Interest on the bonds ranges from 2-5% with the bonds being paid back over 20 years for the new money portion and the term remains the same for the bonds refunded. As of June 30, 2018, there is \$18.1 million outstanding unspent proceeds related to the Series 2017A general obligation bonds, which is included in the net position calculation.

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, 2018 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, 2018</u>
Governmental Activities					
Public Improvement, Series 2006	Variable	7/12/2006	6/1/2027	\$ 47,255,000	\$ 29,255,000
Public Improvement, Series 2009	3% - 5%	6/1/2009	6/1/2021	28,000,000	1,555,849
Refunding Bonds, Series 2009	2% - 5.25%	6/1/2009	6/1/2020	12,650,000	2,125,000
Refunding Bonds, Series 2010B	4%	10/5/2010	6/1/2022	14,670,000	10,390,000
Public Improvement, Series 2014	3% - 5%	3/4/2014	3/1/2034	32,915,000	24,220,000
Public Improvement, Series 2017A	2% - 5%	10/11/17	6/1/2037	31,035,000	29,680,000
Refunding Bonds, Series 2017B	2% - 5%	10/11/17	6/1/2029	15,222,965	15,162,210
Total Governmental Activities					<u>112,388,059</u>
Business-Type Activities					
Public Improvement, Series 2009	3% - 5%	6/1/2009	6/1/2021	\$ 25,000,000	\$ 1,389,151
Refunding Bonds, Series 2009	2% - 5.25%	6/1/2009	6/1/2020	27,370,000	6,890,000
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	37,390,000
Refunding Bonds, Series 2017B	2% - 5%	10/11/17	6/1/2029	12,233,959	13,537,792
Total Business-Type Activities					<u>64,966,943</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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 June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 9,886,132	4,145,315	5,988,868	2,568,720
2020	9,823,014	3,722,845	5,966,987	2,303,924
2021	9,815,372	3,317,272	5,989,628	2,053,294
2022	9,770,938	2,912,005	5,029,062	1,801,159
2023	9,304,146	2,514,800	2,740,855	1,573,356
2024 – 2028	39,194,217	7,373,487	14,690,783	6,058,845
2029 – 2033	16,844,240	2,787,396	10,680,760	3,823,805
2034 – 2038	7,750,000	534,250	11,340,000	1,817,938
2039 – 2043	--	--	2,540,000	95,250
TOTAL	\$ 112,388,059	27,307,370	64,966,943	22,096,291

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, sixth series in fiscal year 2017 and a refunding series 2017B in fiscal year 2018. The first three series issued have been paid off or refinanced 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. As of June 30, 2018, \$7.3 million remains unspent of the 2017 proceeds. The refunding Series 2017B which were issued in December 2017, will be discussed in more detail in Section E. 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, 2018</u>
Series 2013 Combined Utility System	2.00% - 5.00%	1/29/2013	12/1/2042	\$ 98,400,000	\$ 12,765,000
Series 2015 Combined Utility System	3.00% - 5.00%	3/11/2015	12/1/2039	53,785,000	50,975,000
Series 2017 Combined Utility System	1.00% - 5.00%	3/16/17	12/1/2041	31,955,000	31,210,000
Series 2017B Revenue Refunding	1.75% - 5.00%	12/21/2017	12/1/2042	92,925,000	92,925,000
				Total Revenue Bonds	<u>\$ 187,875,000</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

D. REVENUE BONDS (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year ending June 30	Principal	Interest	Total
2019	\$ 4,135,000	7,582,481	11,717,481
2020	4,350,000	7,429,006	11,779,006
2021	4,590,000	7,250,056	11,840,056
2022	5,020,000	7,042,775	12,062,775
2023	5,265,000	6,799,869	12,064,869
2024 – 2028	30,660,000	29,763,169	60,423,169
2029 – 2033	38,715,000	22,161,744	60,876,744
2034 – 2038	47,450,000	13,787,497	61,237,497
2039 – 2043	47,690,000	4,593,356	52,283,356
TOTAL	\$ 187,875,000	106,409,953	294,284,953

The total principal and interest remaining to be paid on all outstanding series of revenue bonds was \$294.3 million as of June 30, 2018. 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. Unrestricted net position is prior to internal service adjustment.

Net Income	\$ 20,883,882
Adjustments:	
Depreciation Expense	18,120,833
Water & Sewer Development Fees	(11,517,606)
Reimbursements	(93,645)
Sale of Capital Assets	(95,201)
Bond Interest Expense	9,975,323
Bond Service Expenses & Refunding Loss	1,185,765
Payment to General Fund for Open Space	822,264
Administrative Costs Paid to the Other Funds	3,572,336
Income Available for Debt Service	42,853,951
15% of Unrestricted Net Position	36,755,220
Total Sources Available for Debt Service	\$ 79,609,171

Parity Debt Service (Revenue Bonds Only)	11,907,118	Coverage	6.686
Other Utility Debt Service (gross of partner reimbursement)	12,606,937		
Total Debt Service	\$ 24,514,055		1.748

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

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, 2018, of \$91,901 for Governmental-type and \$257,258 for Business-type for a total of \$349,159 to be amortized over the remaining life of the bonds. The Town completed this refunding to reduce its total debt service payments and to 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, 2018 of \$137,756 for Business-Type Activities and \$25,069 for Governmental Activities, to be amortized over the remaining life of the bonds.

In addition, in June 2010, the Town issued \$15.2 million 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, 2018, of \$76,250 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, 2018 of \$.5 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, 2018 of \$49,160 Governmental Activities, to be amortized over the remaining life of the bonds.

The Town refunded a portion of the 2004 revenue bonds when the Town issued the Combined Enterprise System Revenue and Revenue Refunding Bonds, Series 2013. As part of this transaction, the Town issued \$12.7 million of utility system revenue bonds to advance refund \$14.1 million of the 2004 revenue bonds. This advance refunding resulted in a net present value savings of \$1.8 million for the Town. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$1.1 million, resulting in a refunding loss with an unamortized balance at June 30, 2018 of \$0. The remaining 2004 Revenue Bonds were called on 12/1/14 and the trust accounts have been closed.

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, 2018 of \$1 million for Business-Type Activities. The 2007 Revenue Bonds that were eligible to be advanced refunded were 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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

E. REFUNDINGS AND REFINANCINGS (Continued)

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 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, 2018 of \$0 due to the refunding of these bonds. The Series 2016A bonds were redeemable at anytime and in October 2017, the Town refinanced the entire outstanding balance of \$25.61 million when issuing the General Obligation Refunding Bonds, Series 2017B.

In October 2017, the Town advanced refunded a portion of the 2009 public improvement bonds and current refunded all of the Series 2016A refunding bonds when the Town issued \$28.185 million of General Obligation Refunding Bonds, Series 2017B. This refunding resulted in net present value savings of \$1.3 million for the Town with \$.7 million in savings for Governmental Activities and \$.6 million in savings for Business-Type Activities. The reacquisition price on these defeased bonds exceeded the carrying value of the old debt in the amount of \$594,211 resulting in a refunding loss with an unamortized balance at June 30, 2018 of \$294,248 Governmental Activities and \$262,826 Business-Type Activities. The remaining 2009 public improvement bonds will be called on June 1, 2019.

In advance of federal legislation taking effect in January 2018 which would no longer allow advance refunding of municipal bonds, the Town refunded the 2007 bonds that were callable on December 1, 2017 and advanced refunded a large portion of the Series 2013 revenue bonds. The Town issued \$92.925 million of Combined Enterprise Utility System Revenue Refunding Bonds, Series 2017B which resulted in \$.6 million in net present value savings for Business-Type Activities. The refunding resulted in a gain of \$536,136 with an unamortized balance at June 30, 2018 of \$523,904 for Business-Type Activities.

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 Activities	Business-Type Activities
Balance June 30, 2017	\$ 1,384,564	2,127,208
Loss Due to Current Year Refinancing	(53,961)	(584,197)
Current Year Amortization	(280,886)	(401,085)
Ending Balance at June 30, 2018	\$ 1,049,717	1,141,926

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

The Town entered into a Purchase and Development Agreement ('PDA') agreement with Momento Mori, LLC ('MM,LLC') on October 26, 2012 pursuant to which the Town sold property to MM, LLC for the construction of a hotel for economic development including jobs and capital investment in Cary's downtown. Under the PDA the Town financed the purchase price of \$951,350 for the property sold and loaned to MM, LLC, \$1.4 million which the Town secured through a \$1.4 million Section 8 loan from the US Department of Housing and Urban Development (HUD). Both Town loans are secured by mortgages on the property and the \$1.4 million loan has personal guarantees and a blanket lien on personal property through Uniform Commercial Code filings with the North Carolina Secretary of State. This arrangement created both an accounts receivable with MM, LLC. and a long term liability with HUD. Subsequent to June 30, 2018, Momento Mori, LLC. filed Chapter 11 bankruptcy protection. Based on an appraisal of the property, the property value exceeds the value of all secured loans, including the Town's secured loans. The Town will pursue collection of these receivables in full as a creditor of MM, LLC, however to remain consistent with the Town's conservative financial management and transparent reporting practices, the Town has recorded an allowance of \$1.6 million for the HUD loan with interest and \$1.2 million for the land loan with interest. 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 or fund the loan through an appropriation. The total amount due to HUD as of June 30, 2018 is \$1.3 million. See Notes 4 and 17 for additional details. Both the long-term liability and long-term receivable are recorded in the entity-wide statements for governmental activities.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

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, 2018, the outstanding balance is \$4.1 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 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, 2018, the outstanding balance is \$1.1 million (net of \$.53 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, 2018, the outstanding balance is \$.45 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, 2018, the outstanding balance is \$28 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, 2018, the balance on the loan is \$0 with the final payment being made on May 1, 2018.

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

Year Ending June 30	Biosolids Dryer		2005 WWRWMF #1		2011 WWRWMF #2		2011 Construction		Total SRL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	511,161	49,480	178,734	19,705	52,061	10,332	1,750,000	466,200	2,491,956	545,717
2024 - 2028	1,533,483	74,221	714,937	39,411	260,308	34,439	8,750,000	1,748,250	11,258,728	1,896,321
2029 - 2033	--	--	--	--	156,185	6,888	8,750,000	777,000	8,906,185	783,888
2034 - 2038	--	--	--	--	--	--	1,750,000	38,350	1,750,000	38,350
Sub-total	4,089,288	445,325	1,608,607	177,350	676,798	104,465	28,000,000	5,283,100	34,374,693	6,010,240
Interlocal Agreements	--	--	(525,170)	(57,244)	(230,788)	(35,622)	--	--	(755,958)	(92,866)
TOTAL	\$ 4,089,288	445,325	1,083,437	120,106	446,010	68,843	28,000,000	5,283,100	33,618,735	5,917,374

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 9 LONG-TERM OBLIGATIONS

I. CHANGES IN LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Refunded</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts due within one year</u>
GOVERNMENTAL ACTIVITIES						
Bonds & Notes Payable:						
General Obligation Debt	\$ 92,534,305	46,257,965	(16,652,607)	(9,751,604)	112,388,059	9,886,132
Limited Obligation Bonds	14,605,000	--	--	(2,520,000)	12,085,000	2,480,000
Installment Financing Agreements	151,828	--	--	(151,828)	--	--
Total Bonds & Loans Payable	107,291,133	46,257,965	(16,652,607)	(12,423,432)	124,473,059	12,366,132
Deferred Adjustments:						
Premium	4,345,649	4,210,255	(186,102)	(787,685)	7,582,117	--
Total Bonds & Notes Payable, Net	111,636,782	50,468,220	(16,838,709)	(13,211,117)	132,055,176	12,366,132
Other Liabilities:						
Capital Leases	1,639,470	850,457	--	(967,214)	1,522,713	746,477
Compensated Absences	5,711,270	4,970,625	--	(4,677,982)	6,003,913	4,597,030
Unfunded OPEB Liability, restated	118,736,973	298,478	--	--	119,035,451	--
Workers' Compensation Long-Term Reserve	3,129,971	797,906	--	(1,627,877)	2,300,000	2,300,000
Health Insurance Long-Term Reserve	1,465,652	14,290,863	--	(14,996,515)	760,000	760,000
Small Claims Reserve	560,352	537,856	--	(808,696)	289,512	289,512
Development Fee Credits	4,030,099	110,950	--	(590,754)	3,550,295	156,000
Net Pension Liability (LGERS)	25,178,178	--	--	(7,180,297)	17,997,881	--
Law Separation Allowance Unfunded Pension Liability	9,565,025	1,355,488	--	--	10,920,513	--
HUD 108 CDBG Loan	1,400,000	--	--	(66,000)	1,334,000	67,000
Other Long Term Agreements	870,245	3,606,361	--	(1,523,787)	2,952,819	1,319,336
Total Other Liabilities	172,287,235	26,818,984	--	(32,439,122)	166,667,097	10,235,355
Governmental Activities Long-Term Liabilities	\$ 283,924,017	77,287,204	(16,838,709)	(45,650,239)	298,722,273	22,601,487

The beginning balance does not agree to the ending balance for fiscal year 2017 due to the implementation of GASB 75 related to Other Post Employment Benefits (OPEB). For fiscal year 2017, the ending long term liability was \$60.4 million. The implementation of GASB 75 required a prior period adjustment of \$56.4 million, which also included an adjustment related to deferred outflows in the amount of \$1.6 million.

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; \$65,000 for compensated absences, \$1.5 million for other post-employment benefits, and \$206,000 for Fleet's portion of the LGERS pension liability, as well as \$.8 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 \$5,000 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 \$590,000 reduction in the current year, \$414,000 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, 2018

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 one year</u>
BUSINESS-TYPE ACTIVITIES						
Bonds & Notes Payable – Utility System:						
General Obligation Debt	\$ 72,256,697	13,592,036	(14,868,393)	(6,013,397)	64,966,943	5,988,868
Revenue Bonds	191,105,000	92,925,000	(92,175,000)	(3,980,000)	187,875,000	4,135,000
State Revolving Loans, net	36,508,976	--	--	(2,890,241)	33,618,735	2,416,513
Total Bonds & Loans Payable	299,870,673	106,517,036	(107,043,393)	(12,883,638)	286,460,678	12,540,381
Deferred Adjustments:						
Discount	(8,470)	--	8,236	234	--	--
Premium	22,999,310	10,840,820	(10,100,207)	(1,500,455)	22,239,468	--
Total Bonds & Notes Payable, Net	322,861,513	117,357,856	(117,135,364)	(14,383,859)	308,700,146	12,540,381
Other Liabilities – Utility System:						
Compensated Absences	1,251,571	1,102,744	--	(973,251)	1,381,064	1,079,025
Unfunded OPEB Liability, restated	27,306,231	68,641	--	--	27,374,872	--
Development Fee Credits	3,412,047	--	--	(220,370)	3,191,677	206,000
Net Pension Liability (LGERS)	2,608,917	--	--	(1,096,400)	1,512,517	--
Durham Water Liability	262,000	--	(262,000)	--	--	--
Other Long Term Agreements	365,200	--	--	(159,500)	205,700	159,500
Total Other Liabilities	35,205,966	1,171,385	(262,000)	(2,449,521)	33,665,830	1,444,525
Business-Type Activities Long-Term Liabilities	\$ 358,067,479	118,529,241	(117,397,364)	(16,833,380)	342,365,976	13,984,906

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

The beginning balance does not agree to the ending balance for fiscal year 2017 due to the implementation of GASB 75 related to Other Post Employment Benefits (OPEB). For fiscal year 2017, the ending long term liability was \$11.8 million. The implementation of GASB 75 required a prior period adjustment of \$15.2 million, which also included an adjustment related to deferred outflows in the amount of \$.4 million.

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. As credits are used, revenue is also recorded.

Discussion on liabilities related to LGERS and OPEB can be found in notes 12.A and 12.E, respectively.

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, 2018, such statutory limit for the Town was \$2.1 billion providing a legal debt margin of approximately \$1.9 billion. The Town does not intend to extend its debt to any amount near the legal debt limit.

At June 30, 2018, the Town had authorized but not issued general obligation bonds of \$13.7 million, \$1.8 million, and \$.5 million, designated for streets, parks/recreational facilities and fire facilities respectively for a total of \$16 million.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 4,793,837	--	7,409	4,801,246	16,812	4,818,058	245,819
Due to other governments	4,380,985	--	--	4,380,985	--	4,380,985	--
Due to Vendors	3,018,168	8,657,955	741,498	12,417,621	208,391	12,626,012	7,601,364
Miscellaneous	383,741	1,086,324	--	1,470,065	--	1,470,065	122,417
	<u>\$ 12,576,731</u>	<u>9,744,279</u>	<u>748,907</u>	<u>23,069,917</u>	<u>225,203</u>	<u>23,295,120</u>	<u>7,969,600</u>

The governmental amount for the Special Revenue Funds is comprised of approximately \$27,000 for the CDBG Fund and \$722,000 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, 2018.

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 \$2.3 million was calculated as of June 30, 2018, for claims incurred but not reported and for items reported but not paid. \$214,000 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.

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 \$.3 million for claims incurred but not reported and for claims reported but not paid. \$64,000 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 \$.8 million was calculated, as of June 30, 2018 for health claims incurred but not reported and for items reported but not paid. A reserve of \$60,000 was calculated for dental claims incurred but not reported and for items reported but not paid. \$1.2 million (of which \$49,000 relates to dental) 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 11 RISK MANAGEMENT

The following is a reconciliation of changes in liabilities for claims from amounts reported June 30, 2016 to the current fiscal year ended June 30, 2018:

	Workers' Compensation	Small Claims and Losses	Dental Claims	Health Claims	Total
Balance June 30, 2016	\$ 2,900,000	360,922	60,000	1,180,000	4,500,922
Claims reported and changes in 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
Claims reported and changes in estimates for FY 2018	797,906	537,856	1,486,879	12,803,984	15,626,625
Claims paid in FY 2018	(1,627,877)	(808,696)	(1,496,484)	(13,500,031)	(17,433,088)
Balance June 30, 2018	\$ 2,300,000	289,512	60,000	700,000	3,349,512

The Town provides for property and liability coverage through comprehensive third party insurance policies. The Town's property and liability coverage at June 30, 2018 are as follows:

Property Coverage

Coverage	Liability Coverage Limits
Property Insurance – Building and Contents	\$ 614,203,710
Extra coverage for Town Hall and Operations Center	1,000,000
Communication Equipment	2,051,261
Highway Dept Equipment	5,331,728
Leased Equipment	400,000
General and Automobile Liability	1,000,000
Excess Liability	9,000,000
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 2018, the self-insured retention was \$25,000 per incident for automobile catastrophic damage, \$100,000 per claim for Public Officials and \$100,000 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, Assistant Finance Director, Wake County's and Chatham County's Tax Collectors and Revenue Collectors are covered by individual bonds of \$100,000 each. The Town carries no separate flood insurance.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB 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.

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, 2018, was 8.25% of compensation for law enforcement officers and 7.55% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The Town's contributions to LGERS for the years ended June 30, 2018, 2017 and 2016 were \$6.1, \$5.9 and \$5.0 million, respectively. The contributions made by the Town equaled the required contributions for each year.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Town reported a liability of \$19.5 million for its proportionate share of the net pension liability (\$18 million governmental, \$1.5 million business-type). The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 1.28%, which was an decrease of .03% from its proportion measured as of June 30, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

A. LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of approximately \$.3 million (\$.2 million governmental, \$.1 million business-type). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,123,980	(552,278)
Changes of Assumptions	2,786,355	--
Net Difference Between Projected and Actual Earning on Pension Plan Investments	4,737,148	--
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	--	(687,802)
Town Contributions Subsequent to the Measurement Date	6,139,890	--
	<u>\$ 14,787,373</u>	<u>(1,240,080)</u>

\$6.1 million reported as deferred outflows (listed above) resulted from Town contributions made subsequent to the measurement date of June 30, 2017. This will be recognized as a decrease to the net pension liability in fiscal year 2019. Other amounts reported as deferred outflows/(inflows) will be recognized as an addition to pension expense as follows:

Fiscal Year	Expense Adjustment Debit(Credit)
2019	\$ 766,596
2020	5,451,669
2021	2,694,313
2022	(1,505,175)
2023	--
Thereafter	--
Total	<u>\$ 7,407,403</u>

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

Inflation	3.0%
Salary Increases	3.50 – 8.10%, including inflation and productivity factor
Investment rate of return	7.20%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB 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, 2017 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 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate: The table below presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20%, 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 (6.20%) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's Proportionate Share of the Net Pension Asset (Liability)	\$ (58,570,655)	(19,510,398)	13,092,586

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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB 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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	--
Active plan members	<u>188</u>
Total	<u><u>210</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, 2016 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50% to 7.35%, including inflation
Discount rate	3.16%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2015 Mortality tables.

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. The Town paid \$.5 million as benefits came due for the reporting period.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB 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, 2018, the Town reported a total pension liability of \$10.9 million. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$.1 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 458,021	\$ --
Changes of assumptions and other inputs	502,277	(158,399)
Benefit payments and administrative expenses subsequent to the measurement date	304,980	--
Total	<u>\$ 1,265,278</u>	<u>\$ (158,399)</u>

\$304,980 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 155,694
2020	155,694
2021	155,694
2022	155,694
2023	179,123
Thereafter	--
Total	<u>\$ 801,899</u>

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 3.16%, 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 (2.16%) or 1% point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	<u>\$(11,806,130)</u>	<u>(10,920,513)</u>	<u>(10,105,329)</u>

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

	2018
Beginning Balance	\$ 9,565,025
Service Cost	339,228
Interest on total pension liability	359,635
Changes of benefit terms	--
Difference between expected and actual experience in the measurement of the total pension liability	549,809
Changes in assumptions or other inputs	602,934
Benefit payments	(496,118)
Other changes	--
Net Changes	<u>1,355,488</u>
Total Pension Liability as of December 31, 2017	<u>\$ 10,920,513</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

B. LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE (Continued)

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.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 230,533	53,459	283,992
Pension Liability	19,510,398	10,920,513	30,430,911
Proportionate share of the net pension liability	1.28%	N/A	
Deferred Outflow of Resources			
Differences between expected and actual experience	1,123,980	458,021	1,582,001
Changes of assumptions	2,786,355	502,277	3,288,632
Net difference between projected and actual earnings on plan investments	4,737,148	--	4,737,148
Changes in proportion and differences between contributions and proportionate share of contributions	--	--	--
Benefit payments and administrative costs paid subsequent to the measurement date	6,139,890	304,980	6,444,870
Deferred Inflow of Resources			
Differences between expected and actual experience	552,278	--	552,278
Changes of assumptions	--	158,399	158,399
Net difference between projected and actual earnings on plan investments	--	--	--
Changes in proportion and differences between contributions and proportionate share of contributions	687,802	--	687,802

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

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, 2018, were \$1.2 million which consisted of \$.8 million from the Town and \$.4 million voluntary contributions from the law enforcement officers. Contributions for all other employees were \$4.4 million, which consisted of \$3.2 million from the Town and \$1.2 million voluntary contributions from other employees.

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, 2018, the Town made contributions to the State for death benefits of \$52,500. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .05% 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

E. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description - The Town administers a single-employer defined benefit healthcare plan (“the health plan”). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB statement 75.

Benefits Provided - The health plan 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. Healthcare, 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 excess credit is forfeited. In addition to this, a lump sum life insurance benefit of \$10,000 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. A separate report was not issued for the plan.

At June 30, 2017, the date of the last actuarial valuation (used in these calculations), membership of the plan consisted of the following:

	General Employees
Inactive employees or beneficiaries currently receiving benefit payments	260
Active employees	<u>1,190</u>
Total	<u><u>1,450</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$146.4 million (\$119 million governmental and \$27.4 million business-type) was measured as of June 30, 2017 and was determined by an actuarial valuation date of April 1, 2018.

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

Inflation	3.75%
Salary Increases	4.00% average, including inflation
Discount Rate	3.55%
Healthcare cost trend rates	6.50% starting 3.50% ultimate

The discount rate is based on a the yield of a 20 year Aa Municipal Bond as of the measurement date.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2017	\$ 146,043,204
Changes for the year:	
Service Cost	6,812,380
Interest Cost	4,281,585
Change of benefit terms	--
Difference between expected and actual experience	7,224,444
Changes in assumptions or other inputs	(15,987,775)
Benefit payments	(1,963,515)
Net Changes	367,119
Balance at June 30, 2018	\$ 146,410,323

Changes in assumptions and other inputs reflect a change in the discount rate from 2.95% to 3.55%

Mortality rates were based on the RP 2014 Blue Collar projected to 2022 using scale MP 2017.

An experience study has not been conducted at the time of issuing the report.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Town, as well as, what the Town's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.55%) or 1 percentage point higher (4.55%) than the current discount rate:

	<u>1% Decrease (2.55%)</u>	<u>Current Discount Rate</u> <u>(3.55%)</u>	<u>1% Increase (4.55%)</u>
Total OPEB Liability	\$ 179,333,136	\$ 146,410,323	\$ 121,006,645

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Town, as well as, what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower (2.55%) or 1 percentage point higher (4.55%) than the current discount rate:

	<u>1% Decrease (Starting</u> <u>5.50%, ultimate 2.50%)</u>	<u>Current Rate (Starting 6.50%,</u> <u>ultimate 3.50%)</u>	<u>1% Decrease (Starting</u> <u>7.50%, ultimate 4.50%)</u>
Total OPEB Liability	\$ 112,628,462	\$ 146,410,323	\$ 253,583,637

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 12 PENSION PLAN and OPEB OBLIGATIONS

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

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$7.9 million (\$6.4 million governmental and \$1.5 million business-type). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,421,728	--
Changes of assumptions	--	(14,211,356)
Benefit payments and administrative costs made subsequent to the measurement date	2,255,216	--
Total	<u>\$ 8,676,944</u>	<u>(14,211,356)</u>

\$2,255,216 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (973,701)
2020	(973,701)
2021	(973,701)
2022	(973,701)
2023	(973,701)
Thereafter	(2,921,123)
Total	<u>\$ (7,789,628)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Note 13 INTERFUND TRANSFERS

A summary of interfund transfers by fund for the year ended June 30, 2018, is as follows:

	TRANSFERS FROM:		
	General Fund	Transit Special Revenue Fund	TOTAL
TRANSFERS TO:			
Governmental:			
General Fund	\$ --	49,000	49,000
Capital Project Fund	24,451,401	--	24,451,401
Transit Special Revenue	1,778,434	--	1,778,434
Economic Development Special Revenue	844,000	--	844,000
Business:			
Internal Service Funds			
Fleet	88,782	--	88,782
Health and Dental	1,342,378	--	1,342,378
TOTAL	\$ 28,504,995	49,000	28,553,995

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 General Fund are for transit services that were originally budgeted in the Transit Fund but actually paid for in the General Fund. Transfers to the Fleet Internal Service Fund are for vehicle replacement due to a Takata airbag recall. 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, 2018

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 Activities	Business-Type Activities
Capital Assets, net of accumulated depreciation	\$ 888,832,398	827,979,236
<u>Deduct:</u>		
Debt (net of deferred premium & discount)	(132,055,176)	(308,700,141)
Deferred Refunding Loss	1,049,717	1,141,926
Capital Leases portion related to assets	(603,286)	--
Developer Fee Credits	(3,550,295)	(3,191,677)
LT Obligations related to Intangible Assets	(2,555,729)	(136,400)
<u>Add:</u>		
Long-term debt not related to assets	69,697,820	--
Unspent debt proceeds	18,171,294	7,312,549
Net Investment in Capital Assets	<u>\$ 838,986,743</u>	<u>524,405,493</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 2019 Budget (including approved rollovers)	\$ 8,809,880
Parks, Recreation & Culture	435,911
Public Safety Operations & Projects	1,305,208
Affordable Housing	546,775
LEO Pension Benefits	2,560,678
Workers' Compensation	1,811,168
Small Claims Self Insurance	<u>2,354,250</u>
Restricted, Committed or Assigned for Specific Purposes (excluding stabilization)	17,823,870
Unassigned	<u>49,606,737</u>
AVAILABLE FUND BALANCE	67,430,607
Nonspendable	2,136,410
Stabilization by State Statute	<u>18,860,801</u>
TOTAL FUND BALANCE	<u>\$ 88,427,818</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Note 15 FUND BALANCE (Continued)

Nonspendable fund balance includes balances in inventory, prepaid assets and endowments at June 30, 2018. 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 \$2.4 million related to the General Fund and \$22,000 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, 2018 are in conformity with this policy.

Note 16 PRIOR PERIOD ADJUSTMENTS

As discussed in Notes 1 and 12e, the Town adopted GASB statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. This standard relates to reporting of the Town's retiree healthcare. 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 related to OPEB during the measurement period (fiscal year ending June 30, 2017). As a result, beginning net position of the Governmental activities has been restated, resulting in a prior period adjustment of \$56.4 million for governmental activities and \$15.2 million for business-type activities.

Note 17 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through October 31, 2018, 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, 2018 and prior to the report date:

The Town entered into a Purchase and Development Agreement ('PDA') agreement with Momento Mori, LLC ('MM,LLC') on October 26, 2012 pursuant to which the Town sold property to MM, LLC for the construction of a hotel for economic development including jobs and capital investment in Cary's downtown. Under the PDA the Town financed the purchase price of \$951,350 for the property sold and loaned to MM, LLC, \$1.4 million which the Town secured through a \$1.4 million Section 8 loan from the US Department of Housing and Urban Development (HUD). Both Town loans are secured by mortgages on the property and the \$1.4 million loan has personal guarantees and a blanket lien on personal property through Uniform Commercial Code filings with the North Carolina Secretary of State. This arrangement created both an accounts receivable with MM, LLC. and a long term liability with HUD. Subsequent to June 30, 2018, Momento Mori, LLC. filed Chapter 11 bankruptcy protection. Based on an appraisal of the property, the property value exceeds the value of all secured loans, including the Town's secured loans. The Town will pursue collection of these receivables in full as a creditor of MM, LLC, however to remain consistent with the Town's conservative financial management and transparent reporting practices, the Town has recorded an allowance of \$1.6 million for the HUD loan with interest and \$1.2 million for the land loan with interest. See notes 4 and 9.G for additional information.

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.

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

- Total OPEB Liability
- Notes to the Schedule

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

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll

	<u>2018</u>	<u>2017</u>
Service cost	\$ 339,228	382,760
Interest on total pension liability	359,635	330,966
Changes of benefit terms	-	-
Difference between expected and actual experience	549,809	-
Changes of assumptions and other inputs	602,934	(231,901)
Benefit payments	(496,118)	(375,117)
Other changes	-	-
Net change in total LEOSSA pension liability	1,355,488	106,708
Total LEOSSA pension liability-beginning	9,565,025	9,458,317
Total LEOSSA pension liability-ending	<u>\$ 10,920,513</u>	<u>9,565,025</u>
Covered-employee payroll	<u>\$ 13,576,799</u>	<u>14,471,527</u>
Total pension liability as a percentag of covered payroll	<u>80.44%</u>	<u>66.10%</u>

(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	12/31/2016
Actuarial cost method	Entry Age Normal

Actuarial assumptions:

Discount rate (1)	3.16%
Projected salary increases(1)	3.50 - 7.35%
Cost of living adjustments	None

(1)Includes inflation at 2.50%

(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 no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits. Historic info prior to fiscal year 2017 will remain as previously reported.

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

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS⁽¹⁾

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

Fiscal Year	Town % LGERS Net Pension Liability(Asset)	Town Portion LGERS Net Pension Asset(Liability)	Covered Payroll ^{2,5}	Ratio of Share to Covered Payroll	Total Plan Fiduciary Net Position as % of Total Pension Liability ³	Contractually Required Contribution	Actual Contributions	Deficiency (Excess)	Covered Payroll ^{4,5}	Contributions as a % of Covered Payroll
2018	1.28 % \$	19,510,398	80,016,854	24.38 %	94.18 % \$	6,139,890	6,139,890	--	80,044,211	7.67 %
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

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 standard 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 LGERS 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⁽¹⁾

	<u>2018</u>
Total OPEB liability	
Service Cost	\$ 6,812,380
Interest	4,281,585
Changes in benefit terms	--
Difference between expected and actual experience	7,224,444
Change of assumptions or other inputs	(15,987,775)
Benefit payments	<u>(1,963,515)</u>
Net change in total OPEB liability	367,119
Total OPEB liability-beginning	<u>146,043,204</u>
Total OPEB liability-ending	<u>\$ 146,410,323</u>
Covered employee payroll	\$ 71,230,547
Total OPEB liability as a percentage of covered-employee payroll	205.54%

Notes to Schedule:

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

<u>Fiscal year</u>	<u>Rate</u>
2018	3.55%

Information is required beginning in fiscal year 2018. All plan information will be included in the future as part of GASB standard 75 implementation.

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, 2018

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

Schedule 1	Street Project Fund	Downtown Project Fund	and Cultural Resources Project Fund	Fire Project Fund	General Governmental Project Fund	Capital Reserve Fund	June 30,	
							2018	2017
ASSETS								
UNRESTRICTED ASSETS								
Equity in Pooled Cash and Investments	\$42,753,743	20,731,333	20,481,295	1,790,444	14,585,849	35,620,308	135,962,972	114,278,991
Accrued Interest on Investments	--	--	--	--	--	503,979	503,979	357,401
Accounts Receivable, net of allowance for doubtful accounts	11,313	--	1,083,224	--	--	431,632	1,526,169	1,608,479
TOTAL UNRESTRICTED ASSETS	42,765,056	20,731,333	21,564,519	1,790,444	14,585,849	36,555,919	137,993,120	116,244,871
RESTRICTED ASSETS								
Equity in Pooled Cash and Investments								
Unspent Debt Proceeds	15,335,659	--	2,379,783	455,852	--	--	18,171,294	---
Unspent Restricted Grants & Intergovernmental	3,982,646	10,438	3,350,031	--	6,551	3,845,323	11,194,989	11,518,579
Customer Deposits & Other Funds Held	--	--	2,808	--	--	1,773,714	1,776,522	1,299,598
TOTAL RESTRICTED ASSETS	19,318,305	10,438	5,732,622	455,852	6,551	5,619,037	31,142,805	12,818,177
TOTAL ASSETS	62,083,361	20,741,771	27,297,141	2,246,296	14,592,400	42,174,956	169,135,925	129,063,048
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	3,138,285	3,047,337	2,066,278	13,470	392,585	1,086,324	9,744,279	2,191,821
Retainage Payable	725,210	--	198,861	--	11,212	--	935,283	1,024,544
Advance from Customers	--	--	--	--	18,535	--	18,535	18,535
TOTAL LIABILITIES	3,863,495	3,047,337	2,265,139	13,470	422,332	1,086,324	10,698,097	3,234,900
DEFERRED INFLOWS OF RESOURCES								
Vehicle Tags Receivable & Prepaid	--	--	--	--	--	166,055	166,055	314,614
FUND BALANCES								
Restricted:								
Stabilization by State Statute	--	--	--	--	--	769,556	769,556	513,262
Street Projects	19,318,305	10,438	--	--	--	3,845,323	23,174,066	9,654,645
Parks, Recreation and Cultural Projects	--	--	5,732,621	--	--	690,463	6,423,084	2,375,041
Fire	--	--	--	455,852	--	--	455,852	---
General Governmental	--	--	--	--	6,551	--	6,551	696
Committed:								
Street Projects	38,901,561	--	--	--	--	14,819,128	53,720,689	47,963,407
Downtown Projects	--	17,683,996	--	--	--	--	17,683,996	15,834,647
Parks, Recreation and Cultural Projects	--	--	19,299,381	--	--	11,672,464	30,971,845	27,138,877
Fire Projects	--	--	--	1,776,974	--	--	1,776,974	2,315,173
General Governmental Projects	--	--	--	--	14,163,517	--	14,163,517	12,490,868
Governmental Capital Projects	--	--	--	--	--	9,125,643	9,125,643	7,226,918
TOTAL FUND BALANCES	58,219,866	17,694,434	25,032,002	2,232,826	14,170,068	40,922,577	158,271,773	125,513,534
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$62,083,361	20,741,771	27,297,141	2,246,296	14,592,400	42,174,956	169,135,925	129,063,048

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 2	Street		Recreation	Fire	General	General	June 30,	
	Project	Downtown	and Cultural	Project	Governmental	Capital	2018	2017
	Fund	Project Fund	Resources	Fund	Project Fund	Reserve		
			Project Fund			Fund		
REVENUES								
Unrestricted Intergovernmental	\$ --	--	--	--	--	603,297	603,297	617,909
Restricted Intergovernmental	2,226,647	--	5,892,484	--	--	3,849,600	11,968,731	7,892,920
Permits and Fees	--	--	--	--	--	10,196,238	10,196,238	8,428,154
Investment Earnings, net of market adjustment	223,352	--	--	--	--	507,052	730,404	262,863
Reimbursements from Developers & Others	---	--	--	--	--	--	---	3,647,100
Miscellaneous	100	--	446,170	--	15,725	186,686	648,681	1,821,890
TOTAL REVENUES	2,450,099	--	6,338,654	--	15,725	15,342,873	24,147,351	22,670,836
EXPENDITURES								
General Government, net	--	5,150,651	--	--	4,928,552	--	10,079,203	6,166,528
Public Safety, net	--	--	--	1,131,577	--	--	1,131,577	2,476,200
Parks, Recreation and Culture	--	--	12,293,275	--	--	--	12,293,275	10,655,105
Infrastructure	25,719,520	--	--	--	--	--	25,719,520	20,155,723
TOTAL EXPENDITURES	25,719,520	5,150,651	12,293,275	1,131,577	4,928,552	--	49,223,575	39,453,556
REVENUES OVER (UNDER) EXPENDITURES	(23,269,421)	(5,150,651)	(5,954,621)	(1,131,577)	(4,912,827)	15,342,873	(25,076,224)	(16,782,720)
OTHER FINANCING SOURCES (USES)								
Transfers In	4,570,000	7,000,000	4,971,051	---	7,726,350	184,000	24,451,401	20,923,589
Transfers Between Sub-Funds, net	5,939,562	---	2,756,327	44,286	(1,135,019)	(7,605,156)	--	--
General Obligation Bonds Issued	26,500,000	---	3,605,000	930,000	---	---	31,035,000	---
Premium Received on General Obligation Bonds	2,003,341	---	269,777	74,944	---	---	2,348,062	---
TOTAL OTHER FINANCING SOURCES (USES)	39,012,903	7,000,000	11,602,155	1,049,230	6,591,331	(7,421,156)	57,834,463	20,923,589
NET CHANGE IN FUND BALANCE	15,743,482	1,849,349	5,647,534	(82,347)	1,678,504	7,921,717	32,758,239	4,140,869
FUND BALANCE - Beginning of year	42,476,384	15,845,085	19,384,468	2,315,173	12,491,564	33,000,860	125,513,534	121,372,665
FUND BALANCE - End of Year	\$58,219,866	17,694,434	25,032,002	2,232,826	14,170,068	40,922,577	158,271,773	125,513,534

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, 2018

Schedule 3

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
NCDOT Municipal Agreements	\$1,231,201	1,231,201	--	1,231,201
State and Federal Grants	21,624,649	3,475,262	2,226,647	5,701,909
Non Governmental Grants	1,000,000	--	--	--
Investment Earnings	250,000	--	223,352	223,352
Other Taxes	1,538,000	--	--	--
Developer Reimbursement (Paid by Developers)	450,000	424,000	--	424,000
State Reimbursement	3,647,100	3,647,100	--	3,647,100
Miscellaneous	1,252,808	1,262,404	100	1,262,504
TOTAL REVENUES	30,993,758	10,039,967	2,450,099	12,490,066
Less: Completed Projects	(7,969,201)	(2,666,427)	--	(2,666,427)
Total Revenues, net of completed projects	23,024,557	7,373,540	2,450,099	9,823,639
EXPENDITURES				
<u>Asset-Related Projects</u>	<u>Project #</u>			
Annual Sidewalk Improvements - FY 2009	ST1179	1,000,000	990,958	--
Annual Sidewalk Improvements - FY 2012	ST1210	500,000	492,808	--
Annual Sidewalk Improvements - FY 2013	ST1223	500,000	250,557	6,086
Cary Parkway (Evans to North Harrison)	ST1230	2,800,000	76,448	1,754,989
Cary Transit (C-Tran) - FY 2013 - Cary Transit Land Acquisition - Transit Facility Site *	ST1222	1,255,000	1,255,000	--
DT - Streetscape Improvements Along South Academy St and Dry Ave	ST1238	8,000,000	7,382,686	281,905
GoCary Capital Amenities	ST1266	75,000	--	--
GoCary Regional Operations and Maintenance Facility	ST1267	1,000,000	--	--
Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd to Green Level Church Rd	ST1123	16,835,383	9,927,626	3,568,603
Sidewalk and Pedestrian Improvements - FY 2015	ST1244	600,000	81,617	4,320
Sidewalk and Pedestrian Improvements - FY 2016	ST1253	780,000	84,474	4,465
Sidewalk and Pedestrian Improvements - FY 2017	ST1260	1,000,000	17	66,950
Sidewalk and Pedestrian Improvements - FY 2018	ST1268	1,070,000	--	5,840
Sidewalk Improvements - FY 2007	ST1147	1,000,000	972,671	--

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, 2018

Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<i>Asset-Related Projects</i>	<i>Project #</i>				
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	147,966	11,850	159,816
Signal System - Bond Funds	ST1239	2,900,000	2,405,958	48,900	2,454,858
Signal System – Camera Coverage Expansion *	ST1254	350,000	257,068	--	257,068
STM - Arbor Brook	ST6041	563,000	--	14,222	14,222
STM - Bowden Street Drainage Improvements *	ST6036	7,890	7,890	--	7,890
STM - Bridle Creek Culvert Assessment *	ST6037	81,885	2,160	79,725	81,885
STM - Green Level Church *	ST6025	35,701	35,701	--	35,701
STM - Greg Dr at Key West Mews *	ST6029	54,000	--	54,000	54,000
STM - Kilarney 1600B	ST6039	25,000	--	--	--
STM - Pamlico SCM Easement	ST6042	1,000	--	--	--
STM - Queensferry Drainage *	ST6033	1,226	1,226	--	1,226
STM - Stonewater Glen *	ST6032	123,708	123,708	--	123,708
STM - Storm Drainage - MAIN	ST6000	124,235	--	--	--
STM - Trailing Fig Culvert Repair *	ST6034	13,028	13,028	--	13,028
STM - Two Creeks	ST6040	550,000	--	--	--
STM - Vinecrest Court	ST6035	69,000	13,201	608	13,809
STM - Walnut Near Warren Avenue *	ST6030	3,200	3,200	--	3,200
TCAP - Walker Street Extension *	ST1158	7,438,308	1,695,691	237,676	1,933,367
Traffic Signalization FY2005	ST1129	200,000	175,881	--	175,881
Traffic Signalization FY2006	ST1143	243,818	212,676	--	212,676
Traffic Signalization FY2007	ST1157	300,000	179,865	22,773	202,638
Traffic Signalization FY2008	ST1173	229,967	5,375	--	5,375
Traffic Signalization FY2009 *	ST1187	300,000	266,582	--	266,582
Traffic Signalization FY2011	ST1198	400,000	84,103	53,863	137,966
Traffic Signalization FY2012	ST1217	200,000	36,477	--	36,477
Total Expenditures		53,462,349	28,169,585	6,216,775	34,386,360
Less: Completed Projects (noted by *)		(9,663,946)	(3,661,254)	(371,401)	(4,032,655)
Construction-in-Progress		43,798,403	24,508,331	5,845,374	30,353,705

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, 2018

Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<u>Expense Projects</u>	<u>Project#</u>				
Annexation Areas - Street Repaving *	ST1146	\$400,000	376,954	14,636	391,590
Aviation Parkway Sidewalk Reimbursement - NE Quadrant at I-40 Interchange	ST1262	56,000	--	--	--
Bicycle Facilities - Bond Funded	ST1241	975,700	697,093	394	697,487
Bicycle Facilities Implementation - FY 2012	ST1211	20,000	8,867	--	8,867
Bicycle Facilities Implementation - FY 2013	ST1224	20,000	16,018	750	16,768
Bicycle Facilities Implementation - FY 2018	ST1263	25,000	--	--	--
Bridge & Culvert Repairs FY 2018	ST1272	85,000	--	--	--
Carpenter Fire Station Road / CSX Rail Grade Separation (NEPA / Design)	ST1204	21,220,000	1,725,203	4,482,222	6,207,425
Carpenter Fire Station Road Widening NC 55 to East of Cameron Pond	ST1273	1,100,000	--	--	--
Cary Parkway/High House Road Intersection	ST1231	4,910,089	831,542	973,987	1,805,529
Cary Transit - FY 2017 *	ST1258	15,000	12,724	--	12,724
GoCary ADA Bus Stop Improvements	ST1264	895,000	--	--	--
GoCary Bus Stop Sign Replacement	ST1265	43,000	--	--	--
Green Level Church at Horton Creek *	ST1257	300,000	25,632	23,861	49,493
Green Level West Bridge Replacement Sidewalk *	ST1234	25,000	13,796	--	13,796
Green Level West Road Widening (NEPA / Design)	ST1206	10,000,000	2,341,152	3,173,769	5,514,921
Intersection Improvements - FY 2016	ST1251	1,000,000	53,382	280,434	333,816
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 Improvements	ST1252	1,264,310	73,931	272,996	346,927
Morrisville Parkway Interchange - NCTA	ST1248	5,100,000	--	--	--
NC 540 Interchange with Morrisville Parkway Reduce Congestion Through Intersection Improvements (Based on LOS) - Bond Funded	ST1220	3,121,717	1,120,036	404,712	1,524,748
Reedy Creek Road Improvements (NEPA / Design)	ST1207	7,067,500	596,615	333,987	930,602
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2015	ST1246	250,000	29,433	9,011	38,444
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2016	ST1255	200,000	18,054	4,898	22,952
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2018	ST1269	225,000	--	15,904	15,904

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, 2018

Schedule 3

	Project	Prior	Actual	Total	
	Authorization	Years	Current Year	To Date	
<i>Expense Projects (cont'd)</i>	<i>Project#</i>				
Street Improvements - FY 2015 *	ST1243	\$5,000,000	4,546,938	422,720	4,969,658
Street Improvements - FY 2016	ST1256	5,619,000	5,347,080	226,622	5,573,702
Street Improvements - FY 2017	ST1261	6,927,000	108,627	6,537,658	6,646,285
Street Improvements - FY 2018	ST1270	6,500,000	--	1,309,723	1,309,723
Thoroughfare Street Lights	ST1131	250,000	106,921	1,627	108,548
Traffic Calming	ST1107	927,808	535,380	18,602	553,982
Traffic Signal - Cary Glen/Carpenter Fire Station *	ST1235	250,000	107,574	42,000	149,574
Traffic Signalization FY2013	ST1226	250,000	--	26,565	26,565
Traffic Signalization Projects - FY 2015	ST1247	250,000	--	--	--
Traffic Signalization Projects - FY 2018	ST1271	400,000	--	--	--
Transportation Feasibility Studies	ST1274	600,000	--	71,457	71,457
Walnut Street Pedestrian and Traffic Improvements (US1/64 Overpass)	ST1208	7,000,000	5,140,141	43,368	5,183,509
Yates Store Road through Montvale	ST1249	500,000	--	--	--
Total Expenditures		110,645,840	34,341,482	19,502,745	53,844,227
Less: Completed Projects (noted by *)		(15,647,201)	(14,574,490)	(503,215)	(15,077,705)
Other Projects-in-Progress		94,998,639	19,766,992	18,999,530	38,766,522
TOTAL EXPENDITURES		164,108,189	62,511,067	25,719,520	88,230,587
Total Completed Projects		(25,311,147)	(18,235,744)	(874,616)	(19,110,360)
TOTAL PROJECTS IN PROGRESS		138,797,042	44,275,323	24,844,904	69,120,227
Revenues Under Expenditures, net of completed projects		(115,772,485)	(36,901,783)	(22,394,805)	(59,296,588)

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, 2018

Schedule 3

	Project Authorization	Prior Years	Actual Current Year	Total To Date
OTHER FINANCING SOURCES				
General Obligation Bonds Issued	\$44,300,276	19,544,245	26,500,000	46,044,245
General Obligation Bond Premium Received	2,003,341	--	2,003,341	2,003,341
Transfers In, net				
General Fund	21,063,731	16,493,731	4,570,000	21,063,731
Capital Reserve Sub-Fund - NCDOT Loan Payment	1,922,617	1,922,617	--	1,922,617
Capital Reserve Sub-Fund	63,824,466	56,986,891	5,939,562	62,926,453
TOTAL OTHER FINANCING SOURCES	133,114,431	94,947,484	39,012,903	133,960,387
Less: Completed Projects	(17,341,946)	(17,299,633)	855,700	(16,443,933)
Total Other Financing Sources, net of completed projects	115,772,485	77,647,851	39,868,603	117,516,454
Increase	--	40,746,068	17,473,798	58,219,866
Adjustment for Completed Projects	--	1,730,316	(1,730,316)	--
FUND BALANCE	\$ --	42,476,384	15,743,482	58,219,866

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, 2018

Schedule 4

		Project	Actual		Total
		Authorization	Prior	Current	To Date
			Years	Year	
EXPENDITURES					
<u>Asset-Related Projects</u>		<u>Project #</u>			
212 E Cedar Parking Lot *	DT1124	\$158,514	158,514	--	158,514
Chatham Street Parking Spaces	DT1135	15,000	--	11,795	11,795
Downtown Development Opportunity	DT1131	5,000,000	--	--	--
Library Lower Level	DT1132	630,000	--	--	--
Library Parking Structure	DT1129	14,150,000	826,236	4,746,620	5,572,856
Mayton Inn Access Road	DT1117	106,124	105,353	--	105,353
Midtown Square Sidewalk	DT1128	292,660	243,203	47,337	290,540
Regional Stormwater	DT1123	1,214,590	55,011	1,610	56,621
Total Expenditures		21,566,888	1,388,317	4,807,362	6,195,679
Less: Completed Projects (noted by *)		(158,514)	(158,514)	---	(158,514)
Construction-in-Progress		21,408,374	1,229,803	4,807,362	6,037,165
<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	200,346	334,218	534,564
Development Around Park	DT1134	25,000	--	--	--
Downtown Available Funds (Parent Project)	DT1000	2,027,239	--	--	--
Downtown Façade Assistance	DT1133	9,070	--	9,070	9,070
Jones House Updates	DT1136	100,000	--	--	--
Land - Downtown Park	DT1127	5,000	1,299	--	1,299
Other Projects-in-Progress		2,911,708	245,195	343,288	588,483

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, 2018

Schedule 4

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
TOTAL EXPENDITURES	\$24,478,596	1,633,512	5,150,650	6,784,162
Total Completed Projects	(158,514)	(158,514)	--	(158,514)
TOTAL PROJECTS IN PROGRESS	24,320,082	1,474,998	5,150,650	6,625,648
Revenues Under Expenditures, net of completed projects	(24,320,082)	(1,474,998)	(5,150,650)	(6,625,648)
OTHER FINANCING SOURCES				
Transfers In, net				
General Fund	23,352,068	16,352,067	7,000,000	23,352,067
Capital Reserve Sub-Fund	1,126,528	1,126,529	--	1,126,529
TOTAL OTHER FINANCING SOURCES	24,478,596	17,478,596	7,000,000	24,478,596
Less: Completed Projects	(158,514)	(158,514)	--	(158,514)
Total Other Financing Sources, net of completed projects	24,320,082	17,320,082	7,000,000	24,320,082
Increase	--	15,845,084	1,849,350	17,694,434
FUND BALANCE	\$ --	15,845,085	1,849,349	17,694,434

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, 2018

Schedule 5

	Project Authorization	Prior Years	Actual	Total To Date
			Current Year	
REVENUES				
Wake County Grant	\$8,107,350	3,250,000	2,600,000	5,850,000
State and Federal Grants	17,339,240	2,094,299	3,292,484	5,386,783
Rental Payments	1,500,000	760,341	380,170	1,140,511
Investment Earnings	13,537	13,537	--	13,537
Reimbursement from Apex	284,608	--	--	--
Reimbursement from Chatham County	60,000	60,000	15,000	75,000
Contributions	350,000	288,500	51,000	339,500
TOTAL REVENUES	27,654,735	6,466,677	6,338,654	12,805,331
Less: Completed Projects	(932,000)	(932,500)	(15,000)	(947,500)
Total Revenues, net of completed projects	26,722,735	5,534,177	6,323,654	11,857,831

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Artificial Turf Fields	PR1190	1,918,450	1,679,442	15,466	1,694,908
Black Creek Greenway Renovation - Phases I & II - Phase V New Construction	PR1129	5,626,000	316,728	20,920	337,648
Carpenter Fire Station Rd. Neighborhood Park	PR1242	600,000	16,200	60,099	76,299
Carpenter Neighborhood Park *	PR1144	2,983,000	2,929,270	38,311	2,967,581
Cary Tennis Park Court Renovations *	PR1155	100,000	100,000	--	100,000
Cary Tennis Park Expansion - Interlocal	PR1193	7,380,500	4,254,272	515,470	4,769,742
Cary Tennis Park Lighting & Bleacher Enhancements	PR1269	1,115,000	--	216,182	216,182
Crabtree Creek Greenway	PR1166	5,398,000	928,595	3,410,304	4,338,899
Downtown Park	PR1185	5,639,000	4,687,703	573,740	5,261,443
DT - Public Art - Parking Deck	PR1232	168,100	120,600	47,500	168,100
Good Hope Farm	PR1128	179,789	100,027	47,304	147,331
Greenway & Open Space Acquisition	PR1039	1,480,300	1,265,988	--	1,265,988

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, 2018

Schedule 5

	Project #	Project Authorization	Prior Years	Actual		Total To Date
				Current Year		
<i><u>Asset-Related Projects (cont'd)</u></i>						
Higgins Greenway	PR1267	\$200,000	--	--	--	--
Hinshaw Greenway Renovations	PR1218	200,000	--	--	--	--
Jack Smith Park *	PR1074	4,540,345	4,314,977	8,476		4,323,453
Kids Together Playground - Misting Garden	PR1239	130,000	--	79,072		79,072
Koka Booth Amphitheatre Lighting Replacement *	PR1265	303,000	--	303,000		303,000
MacDonald Woods Park Restrooms	PR1240	300,000	42,755	216,389		259,144
Mills Park - Phase II	PR1184	1,070,000	106,758	9,769		116,527
Mills School-Park	PR1111	1,810,000	1,618,329	150		1,618,479
New Hope Church Road Trailhead Park *	PR1095	2,075,431	1,953,669	91,797		2,045,466
New Hope Disc Golf Course	PR1252	50,000	--	9,315		9,315
P-010 Neighborhood Park	PR1255	850,000	--	59,750		59,750
Panther Branch Greenway (Cameron Pond/540 Segment to Mills Park)	PR1187	4,856,939	106,598	4,288		110,886
Public Art - Carpenter Park	PR1245	60,000	--	30,000		30,000
Public Art - Kids Together Playground - Misting Garden	PR1246	40,000	10,000	30,000		40,000
Public Art - P-006 Neighborhood Park	PR1259	10,000	--	3,600		3,600
Public Art - P-010 Neighborhood Park	PR1260	10,000	--	10,000		10,000
Public Art - Park and Greenway Amenities	PR1261	20,000	--	--		--
Public Art- Black Creek Greenway	PR1258	35,000	--	20,054		20,054
Recreational Facility Improvements	PR1247	330,000	60,711	58,975		119,686
Recreational Facility Sound System Replacements	PR1248	90,000	--	--		--
Restroom Replacement adjacent to Sertoma Amphitheater	PR1146	200,000	5,100	90,831		95,931
Roberts Road Community Park	PR1143	250,000	--	--		--
Sports Turf Fields	PR1188	2,601,355	2,282,010	13,845		2,295,855
Swift Creek Greenway Construction	PR1268	300,000	--	--		--
TCAP/Public Art - Walker Street Extension *	PR1140	100,000	68,300	--		68,300
Thomas Brooks Drainage/USAB NTF Field Replacement	PR1236	1,000,000	272,067	64,844		336,911
USA Baseball National Training Complex Improvements - Interlocal	PR1164	6,455,000	110,500	170,690		281,190
WakeMed Soccer Park Facility Improvements - Phase II - Interlocal	PR1202	3,520,000	704,262	42,017		746,279
White Oak Creek Greenway - MacArthur Park Section	PR1251	7,007,500	406,586	481,089		887,675

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, 2018

Schedule 5

	Project #	Project Authorization	Prior Years	Actual	Total
				Current Year	To Date
<i><u>Asset-Related Projects (cont'd)</u></i>					
White Oak Creek Greenway- American Tobacco Trail Segment	PR1186	\$5,630,070	116,447	3,943,857	4,060,304
White Oak Creek Greenway Trailhead	PR1213	185,000	2,000	12,060	14,060
Total Expenditures		76,817,779	28,579,894	10,699,164	39,279,058
Less: Completed Projects (noted by *)		(10,101,776)	(9,366,216)	(441,585)	(9,807,801)
Construction-in-Progress		66,716,003	19,213,678	10,257,579	29,471,257
<i><u>Expense Projects</u></i>					
Annie Jones and Dunham Park Tennis Ct. Renovations	PR1263	200,000	--	--	--
Athletic Field Bleacher Replacement - FY2018 *	PR1254	48,000	--	--	--
Cary Tennis Park - Lighting and Scoreboard *	PR1231	55,000	50,685	--	50,685
Cary Tennis Park Court Renovations	PR1182	925,000	1,058,447	(214,183)	844,264
DT - Downtown Park - Future Phases Master Plan	PR1237	861,900	--	45,043	45,043
Greenway Pedestrian Structure Repair and Resurfacing Projects FY2018	PR1264	350,000	--	--	--
Greenway Resurfacing - FY 2017	PR1238	262,000	--	234,765	234,765
Greenway Storm Damage Repair	PR1253	550,000	168,591	380,979	549,570
Koka Booth Amphitheatre Improvements - FY 2016	PR1220	350,000	12,650	190,217	202,867
Meeting Place Pocket Park *	PR1221	75,000	66,445	8,554	74,999
Mills Park Community Center Planning Funding	PR1241	50,000	--	--	--
Old Reedy Creek Road Trailhead Parking Lot	PR1151	1,105,000	704,000	222,415	926,415
Park and Greenway Renovations - FY 2013	PR1180	130,000	113,248	1,457	114,705
Park and Greenway Renovations - FY 2014	PR1197	140,000	81,638	19,294	100,932
Park and Greenway Renovations - FY 2015	PR1211	226,000	200,716	3,449	204,165
Park and Greenway Renovations - FY 2016	PR1222	255,000	500	179,803	180,303
Park and Greenway Renovations - FY 2017 *	PR1243	125,000	82,802	39,213	122,015
Park and Greenway Renovations - FY 2018	PR1256	270,000	--	40,559	40,559
Park, Greenway and Facility Sign Plan Implementation	PR1159	445,000	316,776	23,336	340,112
Playground Surface Repairs/Replacement	PR1257	83,000	--	80,716	80,716

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, 2018

Schedule 5

	Project Authorization	Prior Years	Actual Current Year	Total To Date	
<i>Expense Projects (cont'd)</i>	<i>Project #</i>				
PRCR Venue Wayfinding Signage	PR1158	\$243,000	153,379	--	153,379
Sertoma Amphitheater Improvements	PR1227	200,000	28,836	165,374	194,210
Sports Venue Assessment	PR1266	130,000	--	110,700	110,700
Landscape Architect - Bonds	PR1189	362,510	361,311	--	361,311
Tennis Court Renovations - FY 2017 *	PR1250	160,000	112,780	3,200	115,980
Tennis Court Renovations - FY 2018	PR1262	72,000	--	59,220	59,220
WakeMed Soccer Park Improvements - FY 2016	PR1230	220,000	35,010	--	35,010
Total Expenditures		7,893,410	3,547,814	1,594,111	5,141,925
Less: Completed Projects (noted by *)		(463,000)	(312,712)	(50,967)	(363,679)
Other Projects-in-Progress		7,430,410	3,235,102	1,543,144	4,778,246
TOTAL EXPENDITURES		84,711,189	32,127,708	12,293,275	44,420,983
Total Completed Projects		(10,564,776)	(9,678,928)	(492,552)	(10,171,480)
TOTAL PROJECTS IN PROGRESS		74,146,413	22,448,780	11,800,723	34,249,503
Revenues Under Expenditures, net of completed projects		(47,423,678)	(16,914,603)	(5,477,069)	(22,391,672)
OTHER FINANCING SOURCES					
General Obligation Bonds Issued		15,863,988	12,258,988	3,605,000	15,863,988
General Obligation Bond Premium Received		269,777	--	269,777	269,777
Transfers In, net					
General Fund		18,572,390	13,601,339	4,971,051	18,572,390
Capital Reserve Sub-Fund		22,350,299	19,185,178	2,756,327	21,941,505
TOTAL OTHER FINANCING SOURCES		57,056,454	45,045,505	11,602,155	56,647,660
Less: Completed Projects		(9,632,776)	(9,281,776)	57,790	(9,223,986)
Total Other Financing Sources, net of completed projects		47,423,678	35,763,729	11,659,945	47,423,674
Increase		--	18,849,126	6,182,876	25,032,002
Adjustment for Completed Projects		--	535,342	(535,342)	--
FUND BALANCE		\$ --	19,384,468	5,647,534	25,032,002

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, 2018

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total To Date	
EXPENDITURES					
<i>Asset-Related Projects</i>					
Aerial Ladder Truck (New Company Northwestern Area)	<i>FR1051</i>	\$1,400,000	989,908	103,461	1,093,369
Fire Pumper Replacement *	<i>FR1052</i>	650,000	591,888	4,897	596,785
Fire Pumper Replacement - #1706	<i>FR1054</i>	650,000	--	616,373	616,373
Fire Station - Southwestern Cary	<i>FR1047</i>	800,000	3,200	--	3,200
Fire Station #10 - Northwestern Cary	<i>FR1044</i>	925,000	802,361	10,714	813,075
Fire Station #9 - Walnut Street Area	<i>FR1048</i>	7,900,000	170,059	379,032	549,091
Traffic Signal Pre-emption - Phase II	<i>FR1038</i>	221,000	102,905	--	102,905
Total Expenditures		12,546,000	2,660,321	1,114,477	3,774,798
Less: Completed Projects (noted by *)		(650,000)	(591,888)	(4,897)	(596,785)
Construction-in-Progress		11,896,000	2,068,433	1,109,580	3,178,013
<i>Expense Projects</i>					
Fire Station #2 Foundation Repairs	<i>FR1050</i>	250,000	20,501	17,100	37,601
Other Projects-in-Progress		250,000	20,501	17,100	37,601
TOTAL EXPENDITURES		12,796,000	2,680,822	1,131,577	3,812,399
Total Completed Projects		(650,000)	(591,888)	(4,897)	(596,785)
TOTAL PROJECTS IN PROGRESS		12,146,000	2,088,934	1,126,680	3,215,614
Revenues Under Expenditures		(12,146,000)	(2,088,934)	(1,126,680)	(3,215,614)

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, 2018

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total To Date
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	\$2,107,674	1,177,674	930,000	2,107,674
General Obligation Bond Premium Received	74,944	--	74,944	74,944
Transfers In, net				
General Fund	2,947,326	2,947,326	--	2,947,326
Capital Reserve Sub-Fund	968,500	870,995	44,286	915,281
Installment Purchase Proceeds	6,697,556	--	--	--
TOTAL OTHER FINANCING SOURCES, net	12,796,000	4,995,995	1,049,230	6,045,225
Less: Completed Projects	(650,000)	(649,999)	53,214	(596,785)
Total Other Financing Sources, net of completed projects	12,146,000	4,345,996	1,102,444	5,448,440
Increase (Decrease)	--	2,257,062	(24,236)	2,232,826
Adjustment for Completed Projects	--	58,111	(58,111)	--
FUND BALANCE	\$ --	2,315,173	(82,347)	2,232,826

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, 2018

Schedule 7

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Nextel Payments	\$ --	159,688	--	159,688
Miscellaneous	18,370	116,845	--	116,845
Miscellaneous Grants	64,078	48,224	15,725	63,949
TOTAL REVENUES	82,448	324,757	15,725	340,482
Less: Completed Projects	(28,370)	(276,535)	(9,869)	(286,404)
Total Revenues, net of completed projects	54,078	48,222	5,856	54,078

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Application Software Replacement CLASS and FASTER - FY 2017	GG1144	800,000	165,920	436,263	602,183
Conference Room Technology Upgrades	GG1113	215,400	112,449	33,678	146,127
Electric Vehicle Charging Stations - Duke Grant *	GG1148	12,800	--	9,869	9,869
Electric Vehicle Charging Stations for Library Parking Deck	GG1150	110,000	--	--	--
Evidence Room Expansion or Relocation	GG1146	2,200,000	--	49,000	49,000
Fiber Optics Cable Plan	GG1106	100,000	61,236	--	61,236
Garmon Operations Center - Facility Improvements - Phase II	GG1126	2,250,000	34,282	502,030	536,312
Heavy Equipment Replacement Project *	GG1139	778,734	--	299,350	299,350
Historic Town Facility Preservation	GG1152	1,000,000	--	--	--
Land - 7117 Carpenter Fire Station Road	GG5018	5,000	900	--	900
Land - Land Banking (Main)	GG5000	1,076,046	--	--	--
One Solution Software *	GG1112	1,467,000	667,658	--	667,658
PAMDR - Unnamed Tributary Swift Creek - Phase II *	GG1082	1,438,882	1,405,069	12,500	1,417,569
PWUT Facility Improvements Phase I – Dixon Avenue Citizen Convenience Center	GG1119	750,000	8,824	--	8,824
Radio System Upgrade *	GG1066	9,746,448	8,347,659	364,324	8,711,983
Replacement of the Computer-Aided Dispatch (CAD) System *	GG1078	1,700,000	1,526,807	5,600	1,532,407
Sand/Salt Storage Structure	GG1155	150,000	--	--	--
Sanitation and Recycling Truck Replacement *	GG1075	4,467,793	--	1,759,916	1,759,916
STM - 112 Summer Lakes Dr	GG6006	879,595	123,144	8,876	132,020
STM - 1516 Kilarney	GG6008	282,000	225,321	6,787	232,108

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, 2018

Schedule 7

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<u>Asset-Related Projects (cont'd)</u>					
STM - Park James @ Kirkfield *	GG7014	\$306,876	286,811	20,065	306,876
STM - S Walker Street	GG6013	10,000	--	--	--
STM - Town Properties Storm Drainage - MAIN- PS146	GG6000	560,819	--	--	--
Stormwater Jet Vacuum Truck	GG1158	400,000	--	--	--
Stormwater Outpost and Camera *	GG1159	200,000	--	31,937	31,937
Town Website Overhaul	GG1132	505,000	384,479	42,714	427,193
Work Order Management/311	GG1111	850,000	789,078	--	789,078
Total Expenditures		32,262,393	14,139,637	3,582,909	17,722,546
Less: Completed Projects (noted by *)		(16,763,207)	(12,234,004)	(2,503,561)	(14,737,565)
Construction-in-Progress		15,499,186	1,905,633	1,079,348	2,984,981
<u>Expense Projects</u>					
ADA Improvements - Town Facilities	GG1149	335,350	--	65,056	65,056
AH - Affordable Housing Administration	GG4004	49,145	47,832	--	47,832
AH - Affordable Housing Main Project	GG4000	84,913	--	--	--
AH - Downtown Rehabilitation and Façade	GG4002	393,591	198,060	123,625	321,685
AH - Housing Rehabilitation	GG4001	965,211	594,930	144,698	739,628
AH - Minimum Housing Demolition	GG4005	99,500	26,389	28,600	54,989
Cary Green Pgm - NFWF/Wells Fargo Grant	GG1143	54,078	47,527	--	47,527
Facility Painting Interior and Exterior - FY2018 *	GG1151	70,000	--	69,798	69,798
Facility Security *	GG1138	100,000	328	48,634	48,962
Historic Preservation Implementation Activities	GG1109	46,000	11,882	9,107	20,989
HVAC Replacements and Major Maintenance - FY 2018	GG1153	120,000	--	77,139	77,139
Imagine Cary Act Stories	GG1157	75,000	--	--	--
Land-Misc Unassigned Exp	GG5001	142,180	137,979	3,200	141,179
Parking Lot Resurfacing and Renovations - FY 2015	GG1129	169,650	139,854	22,356	162,210
Parking Lot Resurfacing and Renovations - FY 2016	GG1141	124,650	110,749	--	110,749
Parking Lot Resurfacing and Renovations - FY 2018	GG1154	101,000	--	--	--
Relamping of Town Facilities	GG1142	225,000	25,000	11,371	36,371
Roof Assessment and Rehabilitation - FY 2017	GG1147	1,170,000	115,662	385,702	501,364
STM - 1600 Kilarney	GG7020	20,000	--	--	--
STM - 910 Brookgreen	GG7019	20,000	--	14,163	14,163
STM - 937 Ralph Twiss/Clark *	GG7009	49,670	49,669	--	49,669
STM - Joel Ct @ Bayoak Drive	GG7015	222,000	21,439	18,421	39,860
STM - Storm Drainage - Private - MAIN - PS35	GG7000	341,223	11,693	--	11,693

GENERAL GOVERNMENTAL PROJECT 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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 7

	Project Authorization	Actual		Total To Date	
		Prior Years	Current Year		
<i>Expense Projects (cont'd)</i>					
STM - Two Creeks Near Plantree	GG7017	\$75,000	22,949	13,955	36,904
STM - Westhigh Near Jodhpur	GG7016	50,000	35,085	--	35,085
Stormwater Condition Assessment - FY 2015	GG1130	1,250,000	105,807	255,644	361,451
Town Hall Pedestrian Bridge	GG1156	300,000	--	49,175	49,175
Upgrade Pedestrian Crossings (Relocation of Push Buttons) - FY 2015	GG1135	120,000	17,580	4,999	22,579
Total Expenditures		6,773,161	1,720,414	1,345,643	3,066,057
Less: Completed Projects (noted by *)		(219,670)	(49,997)	(118,432)	(168,429)
Other Projects-in-Progress		6,553,491	1,670,417	1,227,211	2,897,628
TOTAL EXPENDITURES		39,035,554	15,860,051	4,928,552	20,788,603
Reimbursements from Utility System Enterprise Fund		(81,771)	(81,771)	--	(81,771)
TOTAL EXPENDITURES, net		38,953,783	15,778,280	4,928,552	20,706,832
Total Completed Projects		(16,982,877)	(12,284,001)	(2,621,993)	(14,905,994)
TOTAL PROJECTS IN PROGRESS		21,970,906	3,494,279	2,306,559	5,800,838
Revenues Under Expenditures, net of completed projects		(21,916,828)	(3,446,057)	(2,300,703)	(5,746,760)
OTHER FINANCING SOURCES (USES)					
Sale of Assets		--	3,400	--	3,400
Installment Purchase Proceeds		2,000,000	--	--	--
Transfers In, net					
General Fund		22,669,426	14,943,076	7,726,350	22,669,426
Capital Reserve Sub-Fund		12,962,061	11,758,761	(1,135,019)	10,623,742
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		38,871,336	27,945,086	6,591,331	34,536,417
Less: Completed Projects		(16,954,508)	(15,828,480)	1,208,891	(14,619,589)
Total Other Financing Sources, net of completed projects		21,916,828	12,116,606	7,800,222	19,916,828
Increase		--	8,670,549	5,499,519	14,170,068
Adjustment for Completed Projects		--	3,821,015	(3,821,015)	--
FUND BALANCE		\$ --	12,491,564	1,678,504	14,170,068

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 8

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Vehicle Licenses	\$1,199,279	1,413,007	213,728	1,296,181
Powell Bill	3,772,111	3,849,600	77,489	3,822,179
Payments in Lieu of Recreation				
Land and Greenway Dedications	--	4,623,330	4,623,330	4,533,629
Payments in Lieu of Streets	--	1,795,455	1,795,455	760,155
Utility Sales Tax	616,272	603,297	(12,975)	617,909
Transportation Development Fees	1,300,384	2,364,446	1,064,062	1,838,189
Investment Earnings, net of market adjustment	1,313,235	507,052	(806,183)	262,863
Miscellaneous	181,467	186,686	5,219	186,686
TOTAL REVENUES	8,382,748	15,342,873	6,960,125	13,317,791
OTHER FINANCING SOURCES (USES)				
Transfers In (Out), net				
General Fund	184,000	184,000	--	--
Street Project Sub-Fund	(6,837,575)	(5,939,562)	898,013	(6,999,085)
Downtown Project Sub-Fund	---	---	--	(150,000)
Parks, Recreation and Cultural Resources Sub-Fund	(3,165,121)	(2,756,327)	408,794	(5,534,392)
Fire Project Sub-Fund	(97,500)	(44,286)	53,214	727,461
General Governmental Project Sub-Fund	(1,203,300)	1,135,019	2,338,319	(666,629)
Appropriation from Fund Balance	2,736,748	--	(2,736,748)	--
TOTAL OTHER FINANCING USES, net	(8,382,748)	(7,421,156)	961,592	(12,622,645)
Revenues and Other Sources Over Expenditures and Other Uses	\$ --	7,921,717	7,921,717	695,146
FUND BALANCE - Beginning of Year		33,000,860		32,305,714
FUND BALANCE - End of Year		\$40,922,577		33,000,860



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, 2018

WITH COMPARATIVE TOTALS FOR JUNE 30, 2017

Schedule 9	Utility System Operations	Water Projects	Sewer Projects	Utility System Capital Reserve	June 30,	
					2018	2017
ASSETS						
Current Assets						
Equity in Pooled Cash and Investments	\$58,580,038	82,015,387	66,841,779	64,782,214	272,219,418	265,371,643
Accrued Interest on Investments	254,275	--	--	719,540	973,815	785,300
Accounts Receivable, net of allowance for doubtful accounts	13,802,463	3,027,582	158,229	39,457	17,027,731	13,043,943
Equity in Pooled Cash and Investments-Restricted	2,166,097	4,053,637	3,258,912	119,232	9,597,878	21,996,409
TOTAL CURRENT ASSETS	74,802,873	89,096,606	70,258,920	65,660,443	299,818,842	301,197,295
Non-Current Assets						
Capital Assets						
Land, Land Improvements and Construction in Progress	36,244,373	102,083,472	56,504,414	--	194,832,259	207,392,479
Other Capital Assets, net of accumulated depreciation	633,146,977	--	--	--	633,146,977	601,038,029
TOTAL NON-CURRENT ASSETS, net	669,391,350	102,083,472	56,504,414	--	827,979,236	808,430,508
TOTAL ASSETS	744,194,223	191,180,078	126,763,334	65,660,443	1,127,798,078	1,109,627,803
DEFERRED OUTFLOW OF RESOURCES						
Deferred Contributions to Pension Plans	1,062,489	--	--	--	1,062,489	3,964,183
Deferred Contributions to OPEB	1,622,359	--	--	--	1,622,359	--
Deferred Charge on Debt Refinancings	1,141,926	--	--	--	1,141,926	2,127,208
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,826,774	--	--	--	3,826,774	6,091,391
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts Payable and Accrued Liabilities	2,042,369	4,693,448	1,114,551	119,232	7,969,600	7,026,378
Debt Payable	12,540,381	--	--	--	12,540,381	12,946,373
Accrued Debt Interest Payable	1,411,834	--	--	--	1,411,834	1,491,265
Retainage Payable	--	3,321,594	54,620	--	3,376,214	2,905,236
Compensated Absences	1,079,025	--	--	--	1,079,025	1,043,433
Developer Fee Credits	--	--	--	206,000	206,000	1,289,000
Advance from Customers	--	--	--	(2,895)	(2,895)	32,964
Miscellaneous	159,500	--	--	860,620	1,020,120	1,282,120
TOTAL CURRENT LIABILITIES	17,233,109	8,015,042	1,169,171	1,182,957	27,600,279	28,016,769

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

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

WITH COMPARATIVE TOTALS FOR JUNE 30, 2017

Schedule 9	Utility System	Water	Sewer	Utility System	June 30,	
	Operations	Projects	Projects	Capital Reserve	2018	2017
Non-Current liabilities						
Debt Payable, net of deferred premium/discount	\$296,159,765	--	--	--	296,159,765	309,915,143
Deposits	2,134,776	--	--	--	2,134,776	2,101,598
Unearned Revenue	755,958	--	--	--	755,958	831,402
Compensated Absences	302,039	--	--	--	302,039	208,135
Developer Fee Credits	--	--	--	2,985,677	2,985,677	2,123,047
Unfunded Pension Obligation	1,512,517	--	--	--	1,512,517	2,608,917
Unfunded Other Post-Employment Benefits	27,374,872	--	--	--	27,374,872	11,779,513
Miscellaneous	46,200	--	--	--	46,200	205,700
TOTAL OTHER LIABILITIES	328,286,127	--	--	2,985,677	331,271,804	329,773,455
TOTAL LIABILITIES	345,519,236	8,015,042	1,169,171	4,168,634	358,872,083	357,790,224
DEFERRED INFLOW OF RESOURCES						
Pension Deferrals	624,007	--	--	--	624,007	2,386,197
OPEB Deferrals	2,657,149	--	--	--	2,657,149	--
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,281,156	--	--	--	3,281,156	2,386,197
TOTAL NET POSITION	399,220,605	183,165,036	125,594,163	61,491,809	769,471,613	755,542,773
Adjustment for Internal Service Fund Activities	1,304,063	--	--	--	1,304,063	757,337
TOTAL NET POSITION - Business-Type Activities	\$400,524,668	183,165,036	125,594,163	61,491,809	770,775,676	756,300,110

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 10

	Utility System Operations	Water Projects	Sewer Projects	Utility System Capital Reserve	June 30,	
					2018	2017
OPERATING REVENUES						
Charges for Services	\$80,045,254	--	--	--	80,045,254	74,415,810
Other Operating Revenues	1,991,851	--	--	--	1,991,851	2,164,793
TOTAL OPERATING REVENUES	82,037,105	--	--	--	82,037,105	76,580,603
OPERATING EXPENSES						
Administrative	10,647,713	--	--	--	10,647,713	9,581,011
Field Operations	10,028,912	--	--	--	10,028,912	9,783,260
Utility Systems Management	4,170,047	--	--	--	4,170,047	3,906,790
Water Reclamation Facilities	9,764,136	--	--	--	9,764,136	10,660,355
Cary/Apex Water Treatment Plant	7,008,473	--	--	--	7,008,473	6,550,129
Miscellaneous Utility System Projects	--	1,246,094	2,200,290	--	3,446,384	5,272,878
Depreciation	18,120,833	--	--	--	18,120,833	16,680,476
TOTAL OPERATING EXPENSES	59,740,114	1,246,094	2,200,290	--	63,186,498	62,434,899
OPERATING INCOME (LOSS)	22,296,991	(1,246,094)	(2,200,290)	--	18,850,607	14,145,704
NONOPERATING REVENUES (EXPENSES)						
Water and Sewer Development Fees	--	--	--	11,517,606	11,517,606	14,090,798
Investment Earnings, net of market adjustment	271,163	200,692	880	914,761	1,387,496	517,213
Reimbursements	93,645	--	--	--	93,645	95,309
Miscellaneous Revenue	--	224,770	163,397	--	388,167	7,948
Reimbursement to Governmental Activities for Open Space	(822,264)	--	--	--	(822,264)	(862,663)
Interest Expense, net of amount capitalized	(9,975,323)	--	--	--	(9,975,323)	(5,748,348)
Bond Service Expense	(12,213)	--	--	--	(12,213)	(6,349)
Debt Issuance Expense	(784,680)	--	--	--	(784,680)	(436,786)
Bond Refunding Loss Amortization	(401,085)	--	--	--	(401,085)	(417,371)
Sale of Capital Assets	95,201	--	--	--	95,201	57,777
TOTAL NONOPERATING REVENUE (EXPENSE)	(11,535,556)	425,462	164,277	12,432,367	1,486,550	7,297,528
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,761,435	(820,632)	(2,036,013)	12,432,367	20,337,157	21,443,232
Capital Contributions	8,751,277	--	--	--	8,751,277	11,945,486
Transfers between Sub-Funds, net	(41,666,455)	28,116,845	15,445,151	(1,895,541)	--	--
CHANGE IN NET POSITION	(22,153,743)	27,296,213	13,409,138	10,536,826	29,088,434	33,388,718
Adjustment for Internal Service Activities	546,725	--	--	--	546,725	337,437
CHANGE IN NET POSITION - Business-Type Activities	(21,607,018)	27,296,213	13,409,138	10,536,826	29,635,159	33,726,155
NET POSITION - Beginning of Year, Business-Type Activities	400,051,345	157,440,059	147,858,984	50,949,722	756,300,110	722,573,955
Change in Accounting Principal - Pensions	(15,159,593)	--	--	--	(15,159,593)	--
NET POSITION - Beginning of Year, Business-Type Activities, restated	384,891,752	157,440,059	147,858,984	50,949,722	741,140,517	722,573,955
Reclassifications:						
Reclassification of Long-term Debt & Other Liabilities	(5,261)	--	--	5,261	--	--
Reclassification of Capital Assets Transferred from Construction-in-Progress	37,245,195	(1,571,236)	(35,673,959)	--	--	--
TOTAL NET POSITION - End of Year, Business-Type Activities	\$400,524,668	183,165,036	125,594,163	61,491,809	770,775,676	756,300,110

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 11

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Charges for Services				
Water	\$30,525,511	32,896,450	2,370,939	29,554,962
Sewer	46,064,477	46,857,404	792,927	44,860,848
TOTAL CHARGES FOR SERVICES	76,589,988	79,753,854	3,163,866	74,415,810
Other Operating Revenues				
Connection Fees	833,073	777,405	(55,668)	891,869
Inspection Fees	350,000	330,538	(19,462)	331,840
Reconnection Fees	135,320	122,769	(12,551)	120,711
Pretreatment Program Fees	186,265	181,440	(4,825)	187,661
Cross Connection Inspection Fees	265,000	272,700	7,700	262,500
Penalties	282,037	275,597	(6,440)	295,335
Biosolids product	44,300	64,429	20,129	44,011
Miscellaneous Revenues	19,155	(33,027)	(52,182)	30,866
TOTAL OTHER OPERATING REVENUES	2,115,150	1,991,851	(123,299)	2,164,793
TOTAL OPERATING REVENUES	78,705,138	81,745,705	3,040,567	76,580,603
NON-OPERATING REVENUES				
Investment Earnings	568,260	895,906	327,646	971,003
Market Adjustment	--	(624,743)	(624,743)	(781,463)
Investment Earnings, net	568,260	271,163	(297,097)	189,540
TOTAL REVENUES	79,273,398	82,016,868	2,743,470	76,770,143
EXPENDITURES				
ADMINISTRATIVE				
Utility Administration (7010)				
Personnel Services	703,841	692,173	11,668	627,037
Operations & Maintenance	80,291	58,761	21,530	72,484
TOTAL	784,132	750,934	33,198	699,521

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 11

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Water Resources (3500)				
Personnel Services	\$2,003,741	2,003,736	5	1,727,261
Operations & Maintenance	510,832	375,792	135,040	297,948
Reimbursement from Utility Sewer Projects	--	--	--	(83,193)
TOTAL, net	<u>2,514,573</u>	<u>2,379,528</u>	<u>135,045</u>	<u>1,942,016</u>
Pretreatment (7012)				
Personnel Services	379,591	379,545	46	364,795
Operations & Maintenance	48,905	34,875	14,030	32,242
Capital Outlays	47,607	47,603	4	--
TOTAL	<u>476,103</u>	<u>462,023</u>	<u>14,080</u>	<u>397,037</u>
Utility Accounts (4440)				
Personnel Services	1,174,182	1,122,801	51,381	1,146,079
Operations & Maintenance	1,259,820	999,736	260,084	842,535
Capital Outlays	34,000	3,776	30,224	3,558
TOTAL	<u>2,468,002</u>	<u>2,126,313</u>	<u>341,689</u>	<u>1,992,172</u>
Other Administrative Costs				
Payment to Health Internal Service Fund	105,224	105,224	--	89,430
Payment to General Fund for Self Insurance	240,936	240,936	--	225,500
Payment to General Fund for Indirect Costs	3,295,074	3,295,073	1	3,323,125
Reimbursement from Apex for Indirect Costs	--	(68,897)	68,897	(209,742)
TOTAL, net	<u>3,641,234</u>	<u>3,572,336</u>	<u>68,898</u>	<u>3,428,313</u>
TOTAL ADMINISTRATIVE, net	<u>9,884,044</u>	<u>9,291,134</u>	<u>592,910</u>	<u>8,459,059</u>
FIELD OPERATIONS				
Water Distribution and Wastewater Collection (7020)				
Personnel Services	6,944,035	6,526,369	417,666	6,228,902
Operations & Maintenance	4,328,855	3,456,754	872,101	3,423,188
Capital Outlays	162,280	282,667	(120,387)	139,117
TOTAL FIELD OPERATIONS, net	<u>11,435,170</u>	<u>10,265,790</u>	<u>1,169,380</u>	<u>9,791,207</u>

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 11

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
UTILITY SYSTEMS MANAGEMENT				
Water and Wastewater Pumping (7030)				
Personnel Services	\$1,552,479	1,519,597	32,882	1,760,850
Operations & Maintenance	2,371,276	1,850,495	520,781	1,948,946
Capital Outlays	357,751	205,984	151,767	282,167
TOTAL	4,281,506	3,576,076	705,430	3,991,963
Reclaimed Water (7031)				
Personnel Services	\$164,850	147,068	17,782	--
Operations & Maintenance	563,777	465,409	98,368	--
TOTAL	728,627	612,477	116,150	--
TOTAL UTILITY SYSTEMS MANAGEMENT, net	5,010,133	4,188,553	821,580	3,991,963
WASTEWATER TREATMENT FACILITIES				
North Cary Wastewater Treatment Facility (7051)				
Personnel Services	1,503,667	1,486,871	16,796	1,414,651
Operations & Maintenance	2,650,187	2,020,132	630,055	3,304,944
Capital Outlays	131,625	115,938	15,687	100,869
TOTAL	4,285,479	3,622,941	662,538	4,820,464
South Cary Wastewater Treatment Facility (7052)				
Personnel Services	1,835,401	1,822,722	12,679	1,710,131
Operations & Maintenance	2,600,825	2,099,848	500,977	2,080,467
Capital Outlays	74,176	72,683	1,493	43,360
TOTAL	4,510,402	3,995,253	515,149	3,833,958
Western Wake Regional Water Reclamation Facility (7055)				
Personnel Services	1,619,254	1,557,396	61,858	1,619,654
Operations & Maintenance	2,397,808	2,142,799	255,009	1,939,584
Capital Outlays	40,570	32,385	8,185	14,801
Reimbursement from Apex	(1,572,318)	(1,518,467)	(53,851)	(1,501,255)
TOTAL, net	2,485,314	2,214,113	271,201	2,072,784
TOTAL WASTEWATER TREATMENT FACILITIES, net	11,281,195	9,832,307	1,448,888	10,727,206
WATER TREATMENT PLANT (7053)				
Personnel Services	2,452,569	2,452,469	100	2,353,571
Operations & Maintenance	6,796,957	6,564,052	232,905	5,436,556
Capital Outlays	54,590	53,870	720	--
Reimbursement from Apex	(2,012,066)	(1,934,984)	(77,082)	(1,366,291)
TOTAL WATER TREATMENT PLANT, net	7,292,050	7,135,407	156,643	6,423,836

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 11

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REMOTE WATER INFRASTRUCTURE				
Personnel Services	157,896	138,328	19,568	--
Operations & Maintenance	168,438	69,313	99,125	--
Capital Outlays	27,179	27,178	1	--
TOTAL REMOTE WATER INFRASTRUCTURE	353,513	234,819	118,694	--
DEBT SERVICE				
Long-term Debt Principal Payment	\$13,021,817	12,959,082	62,735	12,063,987
State Revolving Loan Partner Reimbursements	--	(75,444)	75,444	(75,444)
Net Principal Payment	13,021,817	12,883,638	138,179	11,988,543
Interest Expense	11,666,074	11,554,973	111,101	11,051,685
State Revolving Loan Partner Reimbursements	--	(18,201)	18,201	(19,865)
Net Interest Expense	11,666,074	11,536,772	129,302	11,031,820
TOTAL CARY DEBT SERVICE, net	24,687,891	24,420,410	267,481	23,020,363
Paid to General Fund for Open Space Debt Service	822,264	822,264	--	862,663
TOTAL DEBT SERVICE	25,510,155	25,242,674	267,481	23,883,026
TOTAL EXPENDITURES	70,766,260	66,190,684	4,575,576	63,276,297
Revenues Over Expenditures	8,507,138	15,826,184	7,319,046	13,493,846
OTHER REVENUES (EXPENDITURES)				
Transfers Out, net				
Sewer Project Sub-Fund	(15,730,615)	(15,730,615)	--	(4,337,488)
Water Project Sub-Fund	(25,935,840)	(25,935,840)	--	(2,346,309)
Bond Service Expenses	(31,200)	(12,213)	18,987	(6,349)
Debt Issuance Costs & Expenses	(900,000)	(784,680)	115,320	(436,786)
Debt Issued	117,827,552	117,734,236	(93,316)	442,350
Payment to Escrow for Advance Defeasance of Debt	(116,927,552)	(116,927,552)	--	--
Receipts from Sale of Assets	10,000	95,201	85,201	57,777
Appropriation from Fund Balance	33,180,517	--	(33,180,517)	--
TOTAL OTHER EXPENDITURES, net	(8,507,138)	(41,561,463)	(33,054,325)	(6,626,805)
Revenues Over Expenditures (Including Other Expenditures)	\$ --	(25,735,279)	(25,735,279)	6,867,041

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 11

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
ADJUSTMENT TO ACCRUAL BASIS				
Add (Deduct)				
Revenue Adjustments:				
Contributed Assets		\$8,751,277		11,945,486
Charge Refunds (Durham Water Revenue)		291,400		--
Expenditure Adjustments:				
Unfunded Other Post-Employment Expense		(1,470,556)		(931,458)
Pension Expense Credit		(43,104)		(147,183)
Capital Outlays		545,125		332,485
Depreciation		(18,120,833)		(16,680,476)
Increase in Compensated Absences Liability		(129,497)		(238,218)
Durham Water Expense		262,000		(127,000)
Long-term Lease Expense, net		164,761		23,100
Debt Related Adjustments:				
Issuance of Long-Term Debt		(806,684)		(442,350)
Long-term Debt Principal Payment (gross)		12,959,082		12,063,987
Bond Premium Amortization & Adjustment		1,500,455		1,481,213
Bond Discount Amortization		(236)		(567)
Deferred Loss on Refunding Amortization		(401,085)		(417,371)
Capitalized Interest		--		3,910,299
Decrease Debt Interest Payable		79,431		(87,608)
Total Accrual Adjustment		<u>3,581,536</u>		<u>10,684,339</u>
CHANGE IN NET POSITION		(22,153,743)		17,551,380
Adjustment for Internal Service Activities		<u>546,725</u>		<u>337,437</u>
CHANGE IN NET POSITION - Business-Type Activities		<u>(21,607,018)</u>		17,888,817
NET POSITION - Beginning of Year, Business-Type Activities		400,051,345		368,233,381
Change in Accounting Principal - Pensions		<u>(15,159,593)</u>		--
NET POSITION - Beginning of Year, Business-Type Activities - Restated		384,891,752		368,233,381
Reclassification Between Utility Sub-Funds, net		<u>37,239,934</u>		<u>13,929,147</u>
NET POSITION - End of Year, Business-Type Activities		<u>\$400,524,668</u>		<u>400,051,345</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, 2018

Schedule 12

	Project Authorization	Actual		Total To Date	
		Prior Years	Current Year		
REVENUES					
Investment Earnings	\$56,214	50,244	200,692	250,936	
Raleigh Reimbursement	510,000	--	--	--	
TOTAL REVENUES	566,214	50,244	200,692	250,936	
EXPENDITURES					
<i>Asset-Related Projects</i>	<i>Project #</i>				
Annexation - Franklin Heights Waterline	WT5017	416,250	400,390	11,516	411,906
Annexation - Pink Acres Street Water Extension	WT5018	130,000	--	120,987	120,987
Aquastar Additional Infrastructure	WT1228	75,000	--	--	--
Arthur Pierce Road Water Line Connector	WT1252	500,000	--	--	--
Cary / Raleigh Water System Mutual Aid Interconnection Project	WT1195	1,313,000	858,977	35,764	894,741
Cary Parkway NC54 Waterline Connector	WT1207	200,000	5,986	--	5,986
Cary Parkway Southwest Water Line Extension	WT1161	8,650,000	423,403	65,502	488,905
Cary/Apex Water Treatment Facility – Equipment Storage Building	WT1236	50,000	--	--	--
Cary/Apex Water Treatment Facility – Future Expansion	WT1289	700,000	--	525,300	525,300
Cary/Apex Water Treatment Facility – Jordan Lake Allocation Capital Costs	WT1239	655,743	--	--	--
Cary/Apex Water Treatment Facility – Laboratory Information Management System	WT1270	175,000	--	32,303	32,303
Cary/Apex Water Treatment Facility – New Clearwell	WT1240	5,400,000	--	--	--
Cary/Apex Water Treatment Plant - Phase III Expansion	WT1148	77,500,000	71,534,100	3,241,915	74,776,015
Cary/Apex Water Treatment Plant - Air Release Valve Upgrades for 42-inch Water Transmission Line *	WT1206	1,075,000	107,932	--	107,932
Cary/Apex Water Treatment Plant - Lake Aeration Mixing System	WT1163	4,876,000	4,536,099	58,620	4,594,719
Cary/Apex Water Treatment Plant - Process Conversion to Ozone/Biofiltration	WT1271	500,000	--	--	--
Cary/Apex Water Treatment Plant - Raw Water Transmission Pipeline	WT1194	22,250,000	2,733,953	9,101,751	11,835,704
Cary/Apex Water Treatment Plant - Residuals Transfer Pump Replacements	WT1221	400,000	--	--	--
Cary/Apex Water Treatment Plant - Surge Tanks	WT1272	720,000	--	--	--
Cary/Apex Water Treatment Plant - Water System Radio Software and Antennas	WT1273	400,000	--	--	--
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)

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2018

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	376,157	452,281
Davis Drive Booster Pump Station Modifications	WT1257	125,000	--	--	--
Extend Water Mains - FY 2017	WT1259	306,216	--	250,232	250,232
Extend Water Mains - FY 2018	WT1274	302,447	--	89,653	89,653
Green Level West Road Water Line - Phase III	WT1212	2,400,000	--	444,673	444,673
Green Level West Road Water Line Phase I	WT1129	3,571,000	2,664,710	620,671	3,285,381
Heavy Equipment Replacement - Water *	WT1275	200,000	--	117,086	117,086
Holly Brook Subdivision Water Lines	WT1244	2,776,439	141,392	919,432	1,060,824
Holt Road to Davis Drive Water Line Connection	WT1166	1,920,000	48,962	18,176	67,138
Infrastructure GIS Asset Data - Water	WT1276	200,000	--	--	--
Jenks-Carpenter/Holt Road Water Line Reinforcement	WT1178	4,253,000	20,611	950	21,561
Kildaire Farm Road Water Line Reinforcement - Central	WT1245	3,100,000	5,950	--	5,950
Kilmayne Water Storage Tank	WT1214	7,750,000	1,165,641	3,910,417	5,076,058
Kit Creek Road Water Line Connection	WT1223	725,000	36,374	35,711	72,085
Large Valve Repair/Replacement - FY 2009 *	WT1167	200,000	138,515	9,375	147,890
Maynard Road Waterline Reinforcement - Southeast	WT1277	1,590,000	--	32	32
Maynard Road Waterline Reinforcement - Southwest - Ph 2	WT1278	520,000	--	40,252	40,252
Morrisville Parkway Water Line Connections	WT1279	350,000	--	--	--
NC-540/Morrisville Parkway Water Line	WT1288	750,000	--	--	--
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	240	9,678
NCDOT I-5506 1-40 and Aviation Parkway Water Line Relocation	WT1280	350,000	--	128,071	128,071
New Water Storage Tank Sites	WT1260	1,000,000	--	--	--
Old Apex Road Water Line Reinforcement	WT1172	1,694,000	5,987	38,008	43,995
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	1,680	366,681
Plumtree Tank Modifications	WT1216	2,275,000	1,532,602	425,925	1,958,527
TCAP - Streetscape Water Upgrade	WT1157	1,313,000	785,373	839	786,212
Towerview Court Water Line Interconnection	WT1261	75,000	--	4,178	4,178

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, 2018

Schedule 12

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<u>Asset-Related Projects (cont'd)</u>					
Truck, Dump, 12 - 14 Cubic Yard - #2079 - Replacement - Water *	WT1263	\$161,059	--	157,823	157,823
Tryon Road Water Line Upsizing	WT1281	220,000	--	--	
Upgrade Water Lines - FY 2015 *	WT1234	600,000	578,586	20,945	599,531
Upgrade Water Lines - FY 2016	WT1247	5,000,000	4,195,755	662,282	4,858,037
Upgrade Water Lines - FY 2017	WT1265	5,000,000	573,208	1,872,382	2,445,590
Upgrade Water Lines - FY 2018	WT1282	5,000,000	--	25,774	25,774
Water Line Oversizings - FY 2017	WT1267	152,000	--	--	--
Water Line Oversizings - FY 2018	WT1283	160,000	--	--	--
Water Main Extensions - FY 2016	WT1243	302,777	46,252	242,243	288,495
Water System Monitoring Protection Project *	WT1156	608,000	1,000	--	1,000
Western Cary Water Storage Tank	WT1189	9,310,000	1,690,142	3,228,023	4,918,165
White Oak Church Road Water Line	WT1284	950,000	--	50,378	50,378
Wimberly Road Water Line	WT1142	4,306,000	337,380	191,025	528,405
Less: Local Government Reimbursements		(27,440,887)	(18,260,673)	(4,035,051)	(22,295,724)
Total Expenditures		181,509,504	80,619,578	23,041,240	103,660,818
Less: Completed Projects (noted by *)		(3,268,895)	(1,270,432)	(306,909)	(1,577,341)
Construction in Progress		178,240,609	79,349,146	22,734,331	102,083,477
<u>Expense Projects</u>					
Cary/Apex Water Treatment Facility - Filter Pipe Gallery Piping Removal	WT1269	150,000	--	--	--
Cary/Apex Water Treatment Facility – Improvements Project – FY 2016	WT1238	30,000	--	30,000	30,000
Cary/Apex Water Treatment Facility – Process Basin Rehabilitation/Restoration	WT1241	4,000,000	257,620	448,787	706,407
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	9,925	52,445
Cary/Apex Water Treatment Plant - Ozone Generator Reconditioning *	WT1232	200,000	190,776	--	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	750,000	--	--	--
Harrison Elevated Water Tank Renovation *	WT1213	1,100,000	634,811	--	634,811

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, 2018

Schedule 12

	Project #	Project Authorization	Prior Years	Actual	
				Current Year	Total To Date
<i>Expense Projects (cont'd)</i>					
Jordan Lake Partnership	WT1177	\$407,500	211,189	--	211,189
Long Range Water Resources Plan *	WT1193	1,604,607	1,447,797	111,200	1,558,997
NCDOT P-5201 Morrisville Pkwy RR Grade Sep *	WT1227	406,116	202	405,913	406,115
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	37,444	42,350
Throttling Valve at Surles Court Pump Station *	WT1246	100,000	62,423	1,833	64,256
Water Main Condition Assessment Program	WT1191	375,000	129,126	6,875	136,001
Water Resources Master Plan	WT1249	500,000	20,097	245,163	265,260
Water Storage Tank Repainting - Old Apex *	WT1285	150,000	--	--	--
Water System - Air Release Valve Replacements	WT1268	300,000	--	4,818	4,818
Water System - Critical Water Line Locating and Testing	WT1250	525,000	113,502	61,498	175,000
Water System Master Plan	WT1287	350,000	--	--	--
Water System - Valve Replacements - FY 2016	WT1251	125,000	--	--	--
Water System - Valve Replacements - FY 2017	WT1256	125,000	--	--	--
Water System - Valve Replacements - FY 2018	WT1286	125,000	--	2,407	2,407
Water System Water Quality Enhancements	WT1219	150,000	--	--	--
Less: Local Government Reimbursements		(1,117,800)	(131,090)	(125,875)	(256,965)
Total Expenditures		11,010,423	3,065,861	1,239,988	4,305,849
Less: Completed Projects (noted by *)		(4,443,723)	(2,353,467)	(518,946)	(2,872,413)
Other Projects-in-Progress		6,566,700	712,394	721,042	1,433,436
TOTAL EXPENDITURES		192,519,927	83,685,439	24,281,228	107,966,667
Total Completed Projects		(7,712,618)	(3,623,899)	(825,855)	(4,449,754)
TOTAL PROJECT IN PROGRESS		184,807,309	80,061,540	23,455,373	103,516,913
Revenues Under Expenditures		(184,241,095)	(80,011,296)	(23,254,681)	(103,265,977)

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, 2018

Schedule 12

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
OTHER FINANCING SOURCES				
Debt Issued	\$68,882,835	68,882,835	--	68,882,835
State Revolving Loan	2,617,514	2,499,183	--	2,499,183
Transfers In, net				
Utility System Operations Sub-Fund	30,582,897	4,647,057	25,935,840	30,582,897
Capital Reserve Sub-Fund	89,870,467	84,426,600	5,443,869	89,870,469
TOTAL OTHER FINANCING SOURCES	191,953,713	160,455,675	31,379,709	191,835,384
Less: Completed Projects	(7,712,618)	(6,377,920)	(1,334,698)	(7,712,618)
Total Other Financing Sources, net of completed projects	184,241,095	154,077,755	30,045,011	184,122,766
Increase	--	74,066,459	6,790,330	80,856,789
Adjustment for Closed Projects	--	2,754,021	(2,754,021)	--
FUND BALANCE	\$ --	76,820,480	4,036,309	80,856,789
ADJUSTMENT TO ACCRUAL BASIS				
Add (Deduct)				
			23,041,240	
			(6,106)	
			224,770	
			27,296,213	
NET POSITION - Beginning of Year, Business-Type Activities			157,440,059	
			(1,571,236)	
NET POSITION - End of Year, Business-Type Activities			\$183,165,036	

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, 2018

Schedule 13

Project	Actual		Total To Date	
	Prior Years	Current Year		
REVENUES				
Intergovernmental Grants	\$1,315,677	1,215,676	100,000	1,315,676
Investment Earnings	350,387	291,751	880	292,631
Developer Reimbursements (Paid by Developers)	272,669	126,169	--	126,169
Miscellaneous Reimbursements	261,746	261,747	--	261,747
TOTAL REVENUES	2,200,479	1,895,343	100,880	1,996,223
Less: Completed Projects	(600,119)	(470,118)	(880)	(470,998)
Total Revenues, net of completed projects	1,600,360	1,425,225	100,000	1,525,225

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Annexation - Franklin Heights Sewer Line	SW5017	787,000	714,218	335	714,553
Annexation - Pink Acres Street Sewer Extension	SW5018	215,000	6,795	195,628	202,423
Biosolid Aeration System Improvements *	SW1154	2,500,000	2,067,703	21,115	2,088,818
Blanche Drive Area Sewer Improvements	SW1257	175,000	--	2,166	2,166
Blanche Drive Pump Station Expansion - Inflow and Infiltration Reduction *	SW1258	1,200,000	--	--	--
Carystone Pump Station Elimination	SW1184	410,000	12,330	1,245	13,575
Copperleaf Reserve Easement Acquisition *	SW1256	205,000	117,034	--	117,034
Crabtree Interceptor/York Interceptor Improvements *	SW1155	475,000	260,991	163,390	424,381
Extend Reclaimed Water Mains - FY 2012	SW1223	105,000	--	23,991	23,991
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	2,745,149	34,679	2,779,828
Force Main Inspection and Rehabilitation - FY 2010	SW1202	2,500,000	253,190	33,306	286,496
Green Level Interceptor	SW1130	7,510,969	7,148,434	8,390	7,156,824
Heavy Equipment - Sewer *	SW1321	600,000	--	531,429	531,429
Holly Brook - Phase I, II and III Sewer Extension	SW1288	2,886,706	406,410	879,986	1,286,396
Holly Springs Road Sewer Rehabilitation *	SW1259	365,000	275,903	65,772	341,675
I-40 Pump Station Improvements	SW1322	200,000	--	164,365	164,365
Jack Branch Interceptor	SW1269	1,150,000	6,940	--	6,940

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, 2018

Schedule 13

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<i>Asset-Related Projects (cont'd)</i>					
Kit Creek Basin Sanitary Sewer *	SW1115	\$971,548	47,500	--	47,500
Kit Creek Pump Station Improvements *	SW1235	1,300,000	1,280,170	2,038	1,282,208
Kit Creek Pump Station & Morris Branch Regional Pump Station Parallel Force Main along Green Level Church Rd.	SW1323	2,000,000	--	--	--
Lower Swift Creek Parallel Interceptor	SW1247	3,150,000	81,695	(56)	81,639
Lynn's Branch Parallel Interceptor	SW1270	250,000	--	--	--
MacGregor Pump Station Elimination *	SW1186	360,000	3,213	355,631	358,844
MM - Kit Creek Basin Sanitary Sewers *	SW1132	5,471,452	3,008,536	46,117	3,054,653
MM - Northwest Cary Wastewater Conveyance to WWRWRF	SW1157	818,000	809,805	--	809,805
MM - Paramount Pump Station Elimination	SW1191	2,010,000	144,051	42,562	186,613
MM - Telemetry Upgrades for Morrisville WW Pump Stations *	SW1127	160,000	205,346	(45,346)	160,000
MM - York Interceptor Basin Improvements	SW1260	1,650,000	1,376,914	22,321	1,399,235
Morris Branch Pump Station Improvements *	SW1238	800,000	782,186	2,024	784,210
Nancy Branch Interceptor Capacity Improvements *	SW1249	1,400,000	--	--	--
NCWRF - Diffused Air System	SW1290	7,220,000	85,880	228,700	314,580
NCWRF - Forklift New *	SW1324	110,000	--	109,703	109,703
Northwestern Area/Jordan Lake Reclaimed Water Project Phase II	SW1138	7,457,176	5,003,891	17,818	5,021,709
RDU Center Pump Station Force Main Replacement	SW1308	1,570,000	--	1,346,780	1,346,780
Reclaimed Water Line Oversizings - FY 2017 *	SW1309	159,500	--	--	--
Reclaimed Water Line Oversizings - FY 2018	SW1326	167,475	--	--	--
Reclaimed Water Main Extensions - FY 2017	SW1305	134,010	--	--	--
Sanitary Sewer Oversizings - FY 2017 *	SW1310	190,000	--	--	--
Sanitary Sewer Oversizings - FY 2018	SW1327	195,000	--	--	--
SCADA Conversion - North Cary Water Reclamation Facility	SW1263	1,250,000	26,779	329,847	356,626
Sewer Flow Management Modeling Scenarios	SW1264	450,000	46,496	71,000	117,496

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, 2018

Schedule 13

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<i>Asset-Related Projects (cont'd)</i>					
Sewer System Repair/Rehabilitation - FY 2012 *	SW1232	\$1,294,052	1,293,991	--	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	1,025,179	331,822	1,357,001
Sewer System Repair/Rehabilitation - FY 2016	SW1303	2,730,407	390,191	74,558	464,749
Sewer System Repair/Replacement - FY 2017	SW1315	5,985,982	--	334,586	334,586
Sewer System Repair/Replacement - FY 2018	SW1334	5,428,112	--	28,933	28,933
SCWRF Headworks Upgrades	SW1217	525,000	448,943	--	448,943
SCWRF Improvements Project	SW1266	435,000	260,020	--	260,020
SCWRF - Replacement High Efficiency Turbo Blower - FY 2014 *	SW1265	250,000	237,040	--	237,040
SCWRF - Thermal Biosolids Dryer - Rotary Drum Replacement	SW1302	1,200,000	--	--	--
SCWRF - Thermal Biosolids Dryer - Dewatered Cake Pump	SW1301	225,000	43,900	35,338	79,238
Swift Creek Regional Pumping Station Improvements (Existing Equipment Improvements)	SW1171	1,538,239	1,062,224	51,949	1,114,173
TCAP - Streetscape Sewer Upgrade	SW1177	1,278,000	650,236	(1,060)	649,176
Terrace II Pump Station Elimination	SW1287	250,000	2,750	2,962	5,712
Upper Crabtree Creek Pump Station, Force Main and Interceptor Parallel	SW1239	4,180,000	254,382	750	255,132
Walnut Creek Pump Station Electrical Improvements *	SW1174	450,000	432,488	--	432,488
Wastewater Pump Station Improvements	SW1175	1,794,014	1,198,675	9,002	1,207,677
Wastewater Pump Station Improvements - FY 2017	SW1319	604,213	13,460	67,318	80,778
Wastewater Pump Station Parallel Force Main - FY 2017	SW1320	6,370,452	6,320	76,731	83,051
Wastewater Pump Station Parallel Force Mains	SW1176	7,154,548	4,019,796	5,738	4,025,534
Wastewater SCADA Project	SW1121	1,266,694	1,019,378	47,110	1,066,488
Western Cary Collection System Odor Control	SW1105	930,000	927,366	--	927,366
Winding Pine Regional Pump Station, Gravity Sewer and Force Main	SW1284	2,300,000	44,055	265,163	309,218

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, 2018

Schedule 13

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<i>Asset-Related Projects (cont'd)</i>					
WWRWMF - Beaver Creek Pump Station	SW1146	\$20,157,682	15,778,341	173,065	15,951,406
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	9,000,774	179,158	9,179,932
WWRWMF - Effluent Pipeline Phase 2 *	SW1182	30,720,840	22,642,366	23,935	22,666,301
WWRWMF - New Water Reclamation Facility *	SW1123	4,017,427	--	181,035	181,035
WWRWMF - Water & Sewer Policy Implementation *	SW1200	2,358,645	1,373,487	--	1,373,487
WWRWMF - SCADA *	SW1148	3,570,954	3,520,533	13,528	3,534,061
Less: Local Government Reimbursements		(14,977,466)	(12,360,706)	(139,131)	(12,499,837)
Total Expenditures		179,727,167	86,840,341	6,417,426	93,257,767
Less: Completed Projects (noted by *)		(54,695,042)	(35,358,186)	(1,395,167)	(36,753,353)
Construction in Progress		125,032,125	51,482,155	5,022,259	56,504,414
<i>Expense Projects</i>					
Cleaning and Video Surveying of Sewer Interceptors - FY 2010	SW1203	2,884,500	1,557,121	443,307	2,000,428
Demolition of Lagoons - South Cary Water Reclamation Facility	SW1251	325,000	32,390	2,615	35,005
Force Main Discharge Manhole Coating *	SW1091	215,600	215,600	--	215,600
Force Main Easement Clearing Project - Survey and Clear	SW1252	200,000	70,844	9,400	80,244
Miscellaneous Pump Station Grinder Rebuild FY 2018	SW1336	150,000	--	53,266	53,266
NCWRF - Clarifier Equipment Repair and Replacement	SW1291	350,000	196,439	108,106	304,545
NCWRF - Continuous Three Train Operation	SW1325	50,000	--	--	--
NCWRF - Diffuser and Air Piping Replacement – Digester #1 and #2	SW1292	500,000	34,536	31,320	65,856

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, 2018

Schedule 13

	Project#	Project Authorization	Prior Years	Actual	
				Current Year	Total To Date
<u>Expense Projects</u>					
NCWRF - Mixer Replacements	SW1254	\$700,000	491,363	79,788	571,151
NCWRF - Pavement Repairs *	SW1272	50,000	48,235	--	48,235
NCWRF - Variable Frequency Drive Replacement *	SW1274	200,000	173,903	25,885	199,788
NCWRF - Variable Frequency Drive Replacement	SW1295	200,000	--	25,128	25,128
Pump Station Variable Frequency Drive Replacements	SW1296	125,000	--	--	--
Reclaimed Water System Blowoff Metering	SW1276	210,000	8,565	158,920	167,485
SCWRF - Aeration Basin and Air Header Repairs	SW1280	275,000	101,234	--	101,234
SCWRF - Aeration Basin Blower Replacements *	SW1328	325,000	--	--	--
SCWRF - Aeration Basin Recycle Pump Replacements	SW1329	80,000	--	--	--
SCWRF - Clarifier Equipment Repair and Replacement	SW1311	400,000	--	143,525	143,525
SCWRF - Generator Automated Transfer Switch Replacement	SW1312	90,000	--	--	--
SCWRF - Gravity Belt Thickener Rebuild	SW1331	150,000	--	--	--
SCWRF - HVAC Replacement *	SW1332	56,400	--	--	--
SCWRF - Peak Flow Management Study	SW1330	150,000	--	--	--
SCWRF - Roof Replacement *	SW1299	74,300	56,488	12,212	68,700
SCWRF - Thermal Biosolids Dryer - Dewatered Cake Mixer Repair/Replacement	SW1313	100,000	--	--	--
SCWRF - Thermal Dryer – Centrifuge Rebuild	SW1300	175,000	64,016	--	64,016
SCWRF - Thermal Biosolids Dryer - Induction Fan Replacement	SW1314	100,000	--	--	--
SCWRF - Variable Frequency Drive Replacement	SW1333	200,000	--	--	--
Sewer System Monitoring - Bloomberg Grant	SW1337	100,000	--	--	--
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	274,699	27,425	302,124
Walnut Creek Pump Station Check Valve Replacement and Wet Well Piping Repairs	SW1240	265,000	139,466	--	139,466
Waste Water System Master Plan Update	SW1335	250,000	--	--	--
Total Expenditures		9,352,561	3,496,660	1,120,897	4,617,557
Less: Completed Projects (noted by *)		(1,271,300)	(768,926)	(65,522)	(834,448)
Other Projects-in-Progress		8,081,261	2,727,734	1,055,375	3,783,109

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, 2018

Schedule 13

Project	Actual			Total
	Prior	Current		
Authorization	Years	Year		To Date
TOTAL EXPENDITURES	\$189,079,728	90,337,001	7,538,323	97,875,324
Total Completed Projects	(55,966,342)	(36,127,112)	(1,460,689)	(37,587,801)
TOTAL PROJECTS IN PROGRESS	133,113,386	54,209,889	6,077,634	60,287,523
Revenues Under Expenditures	(131,513,026)	(52,784,664)	(5,977,634)	(58,762,298)
OTHER FINANCING SOURCES (USES)				
State Revolving Loan	1,352,886	1,546,184	--	1,546,184
Debt Issued (includes budgeted, but not issued)	87,730,830	75,068,302	--	75,068,302
Transfers In, net				
Utility System Operations Sub-Fund	30,766,403	15,035,788	15,730,615	30,766,403
Capital Reserve Sub-Fund	67,029,130	57,810,027	(285,464)	57,524,563
TOTAL OTHER FINANCING SOURCES	186,879,249	149,460,301	15,445,151	164,905,452
Less: Completed Projects	(55,366,223)	(45,845,397)	8,728,593	(37,116,804)
Total Other Financing Sources, net of completed projects	131,513,026	103,614,904	24,173,744	127,788,648
Increase	--	50,830,240	18,196,110	69,026,350
Adjustment for Closed Projects	--	10,188,402	(10,188,402)	--
FUND BALANCE	\$ --	61,018,642	8,007,708	69,026,350

ADJUSTMENT TO ACCRUAL BASIS

	Add (Deduct)
Construction-in-Progress Current Year	6,417,426
Construction-in-Progress Write-Off & Other Adj	(1,079,393)
Proceeds from Sewer Connection	63,397
CHANGE IN NET POSITION	13,409,138
NET POSITION - Beginning of Year, Business-Type Activities	147,858,984
Reclassification Between Utility Sub-Funds, net	(35,673,959)
NET POSITION - End of Year, Business-Type Activities	<u>\$125,594,163</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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 14

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Water Development Fees	\$3,671,150	4,217,596	546,446	5,068,852
Sewer Development Fees	5,310,269	6,702,037	1,391,768	7,553,844
Reclaimed Water Development Fees	--	382,864	382,864	303,871
Investment Earnings, net of market adjustment	1,921,590	914,761	(1,006,829)	274,809
Miscellaneous	--	--	--	7,948
TOTAL REVENUES	10,903,009	12,217,258	1,314,249	13,209,324
OTHER FINANCING SOURCES (USES)				
Transfers In (Out), net				
Transfer to Water Project Sub-Fund	(5,443,869)	(2,181,005)	3,262,864	(1,143,050)
Transfer to Sewer Project Sub-Fund	(10,175,587)	285,464	10,461,051	(5,515,273)
Appropriation from Fund Balance	4,716,447	--	(4,716,447)	--
TOTAL OTHER FINANCING USES, net	(10,903,009)	(1,895,541)	9,007,468	(6,658,323)
Revenues Over Other Financing Uses	<u>\$ --</u>	<u>10,321,717</u>	<u>10,321,717</u>	6,551,001
ADJUSTMENT TO ACCRUAL BASIS				
Add				
Development Fee Credits Used		215,109		1,164,231
CHANGE IN NET POSITION		10,536,826		7,715,232
NET POSITION - Beginning of Year		50,949,722		44,728,437
Reclassification:				
Reclassification of Long-Term Liability		5,261		(1,493,947)
NET POSITION - End of Year		<u>\$61,491,809</u>		<u>50,949,722</u>





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, 2018

Schedule 15	Fleet Management	Health Insurance	Total
ASSETS			
Current Assets			
Equity in Pooled Cash and Investments	\$1,045,816	14,480,870	15,526,686
Accrued Interest on Investments	473	--	473
Accounts Receivable, net of allowance for doubtful accounts	--	211,914	211,914
Inventories	71,499	--	71,499
Equity in Pooled Cash and Investments-Restricted	9,000	--	9,000
TOTAL CURRENT ASSETS	1,126,788	14,692,784	15,819,572
Non-Current Assets			
Capital Assets, net of accumulated depreciation	1,118,385	--	1,118,385
TOTAL ASSETS	2,245,173	14,692,784	16,937,957
DEFERRED OUTFLOW OF RESOURCES			
Deferred Contributions to Pension Plans	136,912	--	136,912
Deferred Contributions to OPEB	87,835	--	87,835
TOTAL DEFERRED OUTFLOW OF RESOURCES	224,747	--	224,747
LIABILITIES			
Current liabilities			
Accounts Payable and Accrued Liabilities	214,511	281,174	495,685
Compensated Absences	51,157	--	51,157
TOTAL CURRENT LIABILITIES	265,668	281,174	546,842
Non-Current liabilities			
Deposits	9,000	--	9,000
Compensated Absences	14,320	--	14,320
Claims Incurred But Not Reported	--	760,000	760,000
Unfunded Pension Obligation	206,778	--	206,778
Unfunded Other Post-Employment Benefits	1,482,101	--	1,482,101
TOTAL NON-CURRENT LIABILITIES	1,712,199	760,000	2,472,199
TOTAL LIABILITIES	1,977,867	1,041,174	3,019,041
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	(19,668)	--	(19,668)
OPEB Deferrals	143,860	--	143,860
TOTAL DEFERRED INFLOW OF RESOURCES	124,192	--	124,192
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,118,385	--	1,118,385
Unrestricted Net Position	(750,524)	13,651,610	12,901,086
TOTAL NET POSITION	\$367,861	13,651,610	14,019,471

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, 2018

Schedule 16

	Fleet Management	Health Insurance	Total
OPERATING REVENUES			
Charges for Services	\$1,549,156	--	1,549,156
Health and Dental Premiums	--	20,736,834	20,736,834
TOTAL OPERATING REVENUES	1,549,156	20,736,834	22,285,990
OPERATING EXPENSES			
Fleet Management Expense	1,622,588	--	1,622,588
Insurance Claims & Administrative Fees	--	15,906,574	15,906,574
Depreciation	112,273	--	112,273
TOTAL OPERATING EXPENSES	1,734,861	15,906,574	17,641,435
OPERATING INCOME	(185,705)	4,830,260	4,644,555
NONOPERATING REVENUES			
Investment Earnings, net of market adjustment	1,398	--	1,398
Gain on Sale of Assets	42,553	--	42,553
TOTAL NONOPERATING REVENUE	43,951	--	43,951
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(141,754)	4,830,260	4,688,506
Transfers In	88,782	1,342,378	1,431,160
CHANGE IN NET POSITION	(52,972)	6,172,638	6,119,666
TOTAL NET POSITION - Beginning of Year	1,652,238	7,478,972	9,131,210
Change in Accounting Principle	(1,231,405)	--	(1,231,405)
NET POSITION - Beginning of Year, restated	420,833	7,478,972	7,899,805
TOTAL NET POSITION - End of Year	\$367,861	13,651,610	14,019,471

INTERNAL SERVICE FUNDS -COMBINING SCHEDULE OF CASH FLOWS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Schedule 17

	Fleet Management	Health Insurance	Total
OPERATING ACTIVITIES			
Cash Received from Customers	\$1,549,157	20,902,905	22,452,062
Cash Paid for Goods and Services	(654,779)	--	(654,779)
Cash Paid To or On Behalf of Employees for Services & Benefits	(941,715)	--	(941,715)
Cash Paid for Health and Dental Claims	--	(16,353,555)	(16,353,555)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(47,337)</u>	<u>4,549,350</u>	<u>4,502,013</u>
NONCAPITAL FINANCING ACTIVITIES			
Transfers In	88,782	1,342,378	1,431,160
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>88,782</u>	<u>1,342,378</u>	<u>1,431,160</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(211,255)	--	(211,255)
Proceeds Received from Sale of Assets	42,553	--	42,553
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(168,702)</u>	<u>--</u>	<u>(168,702)</u>
NET CASH USED IN INVESTING ACTIVITIES			
Investment Earnings Received, net of Unrealized Loss	2,040	--	2,040
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,040</u>	<u>--</u>	<u>2,040</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(125,217)	5,891,728	5,766,511
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>1,180,033</u>	<u>8,589,142</u>	<u>9,769,175</u>
CASH AND INVESTMENTS AT END OF YEAR	<u>\$1,054,816</u>	<u>14,480,870</u>	<u>15,535,686</u>

INTERNAL SERVICE FUNDS -COMBINING SCHEDULE OF CASH FLOWS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 17

	Fleet Management	Health Insurance	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	(\$185,705)	4,830,260	4,644,555
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities			
Depreciation	112,273	--	112,273
Adjustment for LGERS Pension Expense	2,334	--	2,334
Adjustment for Unfunded Other Post Employment Benefits	79,618	--	79,618
Changes in Assets and Liabilities -			
Decrease in Accounts Receivable	--	166,071	166,071
(Increase) in Inventory	(26,472)	--	(26,472)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(39,772)	258,670	218,898
Increase in Compensated Absences Liability	10,387	--	10,387
Decrease in Miscellaneous Liability	--	(705,651)	(705,651)
TOTAL ADJUSTMENTS	<u>138,368</u>	<u>(280,910)</u>	<u>(142,542)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(\$47,337)</u>	<u>4,549,350</u>	<u>4,502,013</u>
NONCASH TRANSACTIONS			
Effect of prior year adjustment for change in accounting principle related to OPEB	1,231,405	--	1,231,405
Net Change in Net Assets from Non-cash Transactions	<u>(1,231,405)</u>	<u>--</u>	<u>(1,231,405)</u>
	<u>\$ --</u>	<u>--</u>	<u>--</u>

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 18

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Vehicle Maintenance & Repair	\$1,644,743	1,549,156	(95,587)	1,608,078
Investment Earnings, net of market adjustment	2,350	1,398	(952)	(1,140)
TOTAL REVENUES	1,647,093	1,550,554	(96,539)	1,606,938
EXPENDITURES (5660)				
Personnel Services	1,016,688	942,806	73,882	873,426
Operations & Maintenance	601,478	565,746	35,732	463,275
Capital Outlays	233,169	232,952	217	87,481
TOTAL EXPENDITURES	1,851,335	1,741,504	109,831	1,424,182
Revenues Under Expenditures	(204,242)	(190,950)	13,292	182,756
OTHER FINANCING SOURCES				
Transfers In	88,782	88,782	--	--
Proceeds from Sale of Assets	4,714	42,553	37,839	6,025
Appropriation from Fund Balance	110,746	--	(110,746)	--
TOTAL OTHER FINANCING SOURCES	204,242	131,335	(72,907)	6,025
Revenues and Other Sources				
Over (Under) Expenditures	\$ --	(59,615)	(59,615)	188,781
ADJUSTMENT TO ACCRUAL BASIS				
Add (Deduct)				
Capital Outlays		211,255		80,826
Depreciation Expense		(112,273)		(98,071)
Increase in Compensated Absences Liability		(10,387)		(6,805)
Unfunded Other Post-Employment Expense		(79,618)		(85,023)
Pension Expense Adjustment		(2,334)		(13,437)
Total Accrual Adjustment		6,643		(122,510)
CHANGE IN NET POSITION		(52,972)		66,271
NET POSITION - Beginning of Year		1,652,238		1,585,967
Change in Accounting Principle		(1,231,405)		--
NET POSITION - Beginning of Year, Restated		420,833		1,585,967
NET POSITION - End of Year		\$367,861		1,652,238

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 19

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES				
Health Insurance Premiums -				
Employees	\$13,969,187	14,356,363	387,176	13,660,120
Spouse and Dependents	3,618,180	3,723,559	105,379	3,489,797
Retirees	1,204,574	1,231,124	26,550	1,100,216
Cobra	--	28,140	28,140	38,875
Total Health Premiums	18,791,941	19,339,186	547,245	18,289,008
Dental Insurance Premiums -				
Employees	783,546	507,056	(276,490)	529,590
Spouse and Dependents	756,563	731,604	(24,959)	716,920
Retirees	138,237	98,217	(40,020)	112,926
Cobra	--	2,360	2,360	4,581
Total Dental Premiums	1,678,346	1,339,237	(339,109)	1,364,017
Miscellaneous Revenue	--	26,588	26,588	(26,588)
TOTAL REVENUES	20,470,287	20,705,011	234,724	19,626,437
EXPENDITURES				
Health Expenditures				
Employees and Families Claims	14,775,767	11,853,797	2,921,970	12,355,270
Retiree Claims	2,209,531	1,618,078	591,453	2,118,608
Retirees Medicare Premiums Paid	319,782	278,857	40,925	219,163
Total Health Expenditures	17,305,080	13,750,732	3,554,348	14,693,041
Dental Expenditures				
Employees and Families Claims	1,424,754	1,380,901	43,853	1,343,700
Retiree Claims	141,213	119,964	21,249	131,030
Total Dental Expenditures	1,565,967	1,500,865	65,102	1,474,730
Flexible Spending Benefit Paid by Town	494,800	363,929	130,871	361,514
Administration	1,912,822	1,923,739	(10,917)	1,881,304
Contracted Services	129,200	111,400	17,800	188,204
Reimbursements from Operating Funds for Certain Administrative Expenses	(937,582)	(937,582)	--	(813,000)
TOTAL EXPENDITURES, net	20,470,287	16,713,083	3,757,204	17,785,793
Revenues Over (Under) Expenditures	--	3,991,928	3,991,928	1,840,644

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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

Schedule 19

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
OTHER FINANCING SOURCE (USE)				
Transfers In from General Fund	\$1,342,378	1,342,378	--	1,000,000
Appropriation to Fund Balance	(1,342,378)	--	1,342,378	--
TOTAL OTHER FINANCING SOURCE	--	1,342,378	1,342,378	1,000,000
Excess of Revenues and Other Sources Over (Under) Expenditures	\$ --	5,334,306	5,334,306	2,840,644
ADJUSTMENT TO ACCRUAL BASIS				
Deduct				
Increase in Accounts Receivable		31,823		--
Decrease in Claims Incurred But Not Reported		806,509		8,015
Total Accrual Adjustment		838,332		8,015
CHANGE IN NET POSITION		6,172,638		2,848,659
NET POSITION - Beginning of Year		7,478,972		4,630,313
NET POSITION - End of Year		\$13,651,610		7,478,972

OTHER FUND SCHEDULES

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

Budgetary Comparison Schedule – Multi-year – Detail of multi-year projects and the associated revenue and expenditure budget to actual comparisons. These projects are funded by an annual Community Development Block Grant, which is awarded by the Department of Housing and Urban Development.

ECONOMIC DEVELOPMENT FUND

Budgetary Comparison Schedule – Multi-year – Detail of multi-year projects and the associated revenue and expenditure budget to actual comparisons. This fund is subsidized by the General Fund along with state and/or federal grants for some of the qualifying individual projects.



COMMUNITY DEVELOPMENT BLOCK GRANT - SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2018

Schedule 20

	Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
REVENUES					
Community Development Block Grant -					
2013 Authorization	\$ 208,504	208,504	--	208,504	--
2014 Authorization	55,332	40,717	--	40,717	(14,615)
2015 Authorization	284,687	2,187	282,500	284,687	--
2016 Authorization	558,706	66,817	315,621	382,438	(176,268)
2017 Authorization	598,032	--	277,950	277,950	(320,082)
Community Development Block Grant	1,705,261	318,225	876,071	1,194,296	(510,965)
Program Income	1,589,662	1,416,067	42,358	1,458,425	(131,237)
Interest Earnings	207	287	110	397	190
TOTAL REVENUE	3,295,130	1,734,579	918,539	2,653,118	(642,012)
Less: Completed Projects	(268,797)	(259,395)	--	(259,395)	9,402
Total Revenue, net	3,026,333	1,475,184	918,539	2,393,723	(632,610)
EXPENDITURES					
Program Administration - CD1014	6,399	6,399	--	6,399	--
Program Administration - CD1016	6,267	5,000	25	5,025	1,242
Program Administration - CD1017	7,067	--	--	--	7,067
Total Program Administration	19,733	11,399	25	11,424	8,309
Habitat for Humanity - CD0315	107,500	--	107,500	107,500	--
Habitat for Humanity - CD0316	175,000	--	175,000	175,000	--
Habitat for Humanity - CD0317	135,000	--	105,000	105,000	30,000
Housing Rehabilitation - CD0517	232,150	--	79,433	79,433	152,717
Resource for Seniors* - CD1914	64,490	64,490	--	64,490	--
Resource for Seniors - CD1916	35,174	22,609	7,350	29,959	5,215
Resources for Seniors - CD1917	30,000	--	--	--	30,000
Dorcas Ministries - CD2016	175,000	--	--	--	175,000
Dorcas Ministries - CD3617	30,000	--	--	--	30,000
The Caring Place* - CD2213	174,307	164,905	--	164,905	9,402

COMMUNITY DEVELOPMENT BLOCK GRANT - SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2018

Schedule 20

	Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
White Oak Foundation- Public Services* - CD2516	\$ 30,000	30,000	--	30,000	--
White Oak Foundation-Public Services - CD2517	28,467	--	26,400	26,400	2,067
White Oak Foundation - CD3315	175,000	--	175,000	175,000	--
White Oak Foundation-Community Ctr - CD3316	100,000	--	100,000	100,000	--
Mayton Inn HUD 108 Loan - CD3013	1,407,500	1,407,500	--	1,407,500	--
HUD 108 Loan Payment - CD3116	14,509	8,816	--	8,816	5,693
HUD 108 Loan Payment - CD3117	159,593	--	89,511	89,511	70,082
Tammy Lynn Facility - CD3217	90,000	--	90,000	90,000	--
Rebuilding Together - CD3416	30,000	23,620	6,380	30,000	--
Rebuilding Together - CD3417	30,000	--	30,000	30,000	--
Transitions LifeCare - CD3516	25,000	--	25,000	25,000	--
Transitions LifeCare - CD3517	20,000	--	20,000	20,000	--
Reserve	6,707	--	--	--	6,707
TOTAL EXPENDITURES	3,295,130	1,733,339	1,036,599	2,769,938	525,192
Less: Completed Projects (noted by *)	(268,797)	(259,395)	--	(259,395)	(9,402)
PROJECTS IN PROGRESS	3,026,333	1,473,944	1,036,599	2,510,543	515,790
Revenue Over (Under) Expenditures	--	1,240	(118,060)	(116,820)	(116,820)
FUND BALANCE	\$ --	1,240	(118,060)	(116,820)	(116,820)

ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND - BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2018

Schedule 21

	Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
RESTRICTED INTERGOVERNMENTAL REVENUES					
Department of Commerce Grant	\$ 273,700	48,000	21,000	69,000	(204,700)
EXPENDITURES					
Economic Development Administration - ED1000	1,068,000	564,000	349,300	913,300	154,700
<u>Specific Development Projects -</u>					
HCL America - ED1001	247,400	96,000	42,000	138,000	109,400
Met Life - ED1002	1,026,522	601,522	357,187	958,709	67,813
CBC Americas - ED1003	23,500	--	--	--	23,500
Proto Labs - ED1004	300,000	--	--	--	300,000
Kellogg - ED1005	216,450	216,450	--	216,450	--
Trilliant - ED1007	19,000	--	9,500	9,500	9,500
TOTAL EXPENDITURES	2,900,872	1,477,972	757,987	2,235,959	664,913
Revenue Over (Under) Expenditures	(2,627,172)	(1,429,972)	(736,987)	(2,166,959)	460,213
OTHER FINANCING SOURCES					
Transfers In from General Fund	2,627,172	1,783,172	844,000	2,627,172	--
FUND BALANCE	\$ --	353,200	107,013	460,213	460,213





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.

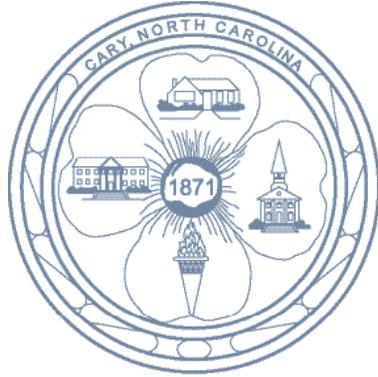
Financial Trends – These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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.



FINANCIAL TRENDS INFORMATION

NET POSITION BY COMPONENT ⁽¹⁾

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 1

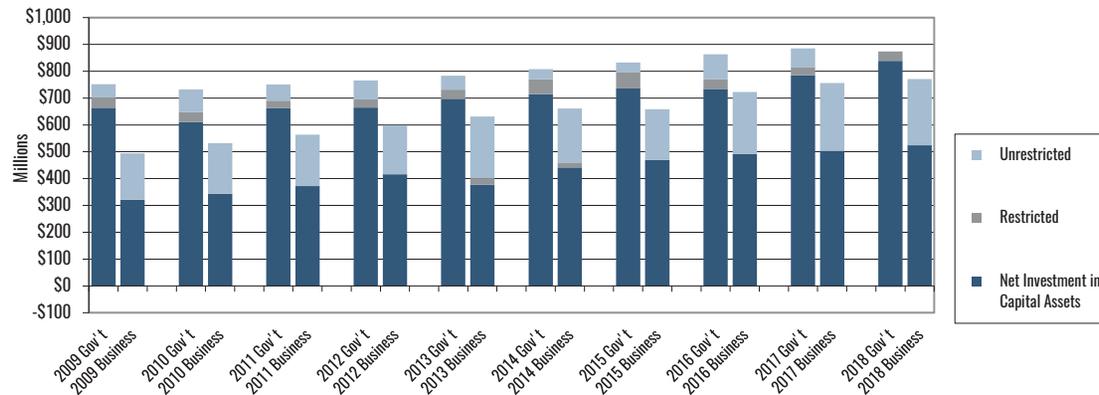
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$663.7	611.1	661.7	664.7	697.4	714.6	735.8	734.4	785.3	839.0
Restricted	38.9	36.6	28.7	30.3	33.7	55.3	59.6	36.4	30.6	34.4
Unrestricted	49.3	84.7	60.0	70.8	52.4	37.8	37.3	92.4	69.3	(4.4)
Total Governmental Activities Net Position	751.9	732.4	750.4	765.8	783.5	807.7	832.7	863.2	885.2	869.0
Business-type Activities										
Net Investment in Capital Assets	320.8	343.3	372.3	416.1	377.4	441.7	469.9	491.8	503.8	524.4
Restricted	--	--	--	--	22.8	17.9	91.2	--	--	0.1
Unrestricted	173.1	188.7	191.0	182.9	231.1	201.8	188.3	230.7	252.5	246.3
Total Business-type Activities Net Position	493.9	532.0	563.3	599.0	631.3	661.4	749.4	722.5	756.3	770.8
Primary Government										
Net Investment in Capital Assets	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	1,363.4
Restricted	38.9	36.6	28.7	30.3	56.5	73.2	150.8	36.4	30.6	34.5
Unrestricted	222.4	273.4	251.0	253.7	283.5	239.6	225.6	323.1	321.8	241.9
Total Primary Government Net Position	\$1,245.8	1,264.4	1,313.7	1,364.8	1,414.8	1,469.1	1,582.1	1,585.7	1,641.5	1,639.8

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 ⁽³⁾

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$63,448,686	84,267,257	54,549,869	59,448,999	59,607,266	18,826,506	19,153,478	20,833,719	21,736,606	28,956,230
Public Safety	37,689,195	39,121,280	41,397,584	42,960,590	45,480,515	45,546,267	46,280,026	49,039,555	52,004,616	51,561,522
Public Works	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	31,996,047
Parks, Recreation and Culture	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	20,836,664
Development ⁽²⁾	--	--	--	--	--	7,406,335	8,418,518	7,500,918	8,692,837	11,430,564
Infrastructure ⁽²⁾	--	--	--	--	--	32,106,589	37,033,027	41,756,708	41,632,137	53,800,825
Interest Expense	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	3,914,795
Debt service - Other	132,606	252,769	518,229	599,803	497,751	--	--	--	--	--
Total Governmental Activities Expense	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	202,496,647
Total Business-type Activity - Utility Systems	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	74,346,492
TOTAL PRIMARY GOVERNMENT EXPENSES	188,740,657	217,150,456	192,638,311	202,170,018	207,286,782	216,001,161	224,827,252	234,343,176	249,975,987	276,843,139
Program Revenues										
Governmental Activities:										
Charges for Services										
General Governmental	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	1,381,774
Public Safety	370,818	282,948	224,324	265,116	307,200	286,424	378,204	336,926	506,885	450,928
Public Works	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	10,204,188
Parks, Recreation and Culture	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	12,249,099
Development ⁽²⁾	--	--	--	--	--	4,958,274	3,747,472	4,577,949	5,131,461	5,275,593
Infrastructure ⁽²⁾	--	--	--	--	--	5,087,765	4,081,071	4,287,823	4,450,810	5,765,749
Operating Grants and Contributions										
General Governmental	6,351,978	6,181,412	5,570,607	6,084,145	5,646,238	1,324,904	15,000	15,000	1,597,672	113,982
Public Safety	287,257	1,093,817	345,903	866,141	380,882	1,171,265	1,242,202	1,077,893	905,047	1,547,030
Public Works	39,912	118,072	111,186	105,021	88,128	96,640	106,253	110,422	113,842	118,407
Parks, Recreation and Culture	40,004	26,944	87,165	101,413	101,262	94,594	89,966	474,644	510,240	754,136
Development ⁽²⁾	--	--	--	--	--	263,124	725,629	281,355	335,855	1,079,250
Infrastructure ⁽²⁾	--	--	--	--	--	2,757,353	2,718,991	2,934,744	3,131,082	3,356,586
Capital Grants and Contributions										
General Governmental	35,264,292	13,562,752	22,579,255	22,920,204	28,128,404	421,160	430,542	(235)	3,652,891	(5,756)
Public Safety	--	179,268	--	--	106,320	7,988	--	--	--	--
Cultural and Recreational	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	7,853,804
Infrastructure ⁽²⁾	--	--	--	--	--	21,833,148	34,201,284	27,259,686	27,217,844	50,505,616
Total Governmental Activities Program Revenues	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	100,650,386
Business-type Activity (Utility System):										
Charges for Services	57,906,360	62,727,352	67,572,235	73,992,389	75,156,199	78,870,326	79,084,816	82,930,977	90,671,401	93,554,711
Capital Grants and Contributions	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	8,814,674
Total Business-type Activity Program Revenues	79,765,112	85,935,186	82,394,736	89,446,093	89,091,674	91,837,352	92,088,097	92,436,920	102,616,887	102,369,385
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	145,093,052	128,539,354	134,080,544	145,766,067	150,724,998	150,851,616	162,828,934	159,005,949	177,100,721	203,019,771

CHANGES IN NET POSITION ⁽³⁾

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenue (Expense)										
Governmental Activities	(\$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)	(101,846,261)
Business-type Activity	34,932,716	36,063,602	30,131,288	35,630,335	33,895,352	28,677,329	28,149,531	29,999,979	33,200,994	28,022,893
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	(43,647,605)	(88,611,102)	(58,557,767)	(56,403,951)	(56,561,784)	(65,149,545)	(61,998,318)	(75,337,227)	(72,875,266)	(73,823,368)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Ad Valorem Taxes	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	92,315,794
Sales Tax	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	33,772,686
Occupancy Tax	655,705	627,776	724,825	786,849	838,514	931,852	1,035,772	1,130,099	1,198,422	1,267,356
ABC Revenue	467,988	428,338	468,934	521,915	634,453	655,502	758,564	854,257	909,067	969,988
Privilege License Revenue	1,794,199	1,631,132	1,596,040	1,623,016	1,671,965	1,665,233	1,534,910	--	--	--
Other Taxes	89,743	86,377	93,229	92,506	93,464	100,529	109,979	112,277	145,850	837,004
Unrestricted Intergovernmental	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	11,366,443
Investment Earnings, net of market adjustment	6,756,498	3,113,436	2,077,748	920,498	432,367	1,263,991	1,363,057	2,674,110	635,198	1,217,658
Gain (Loss) on Sale of Capital Assets	113,353	(199,969)	98,914	279,421	85,447	43,412	95,399	505,465	229,437	239,691
General Donations	--	--	10,000	--	--	--	--	--	--	--
Miscellaneous Revenue	1,285,311	1,358,896	1,017,459	1,320,513	1,195,389	162,417	78,097	44,082	47,201	104,977
Transfers In, net	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	--	--	--	--	--
Total Governmental Activities	107,804,735	105,273,292	106,717,747	107,514,109	109,239,506	118,015,506	124,148,308	134,368,367	136,635,045	142,091,597
Business-type Activity:										
Investment Earnings, net of market adjustment	6,536,161	3,063,452	2,124,874	915,137	508,292	1,385,781	1,454,440	2,726,503	517,213	1,387,496
Gain on Sale of Capital Assets	--	--	--	--	2,075	--	--	--	--	--
Miscellaneous Revenue	93,164	35,311	88,292	28,253	60,931	53,495	724,934	--	7,948	224,770
Transfers In, net	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	--	--	--	--	--
Total Business-type Activity	5,629,325	2,098,763	1,213,166	(56,610)	(428,702)	1,439,276	2,179,374	2,726,503	525,161	1,612,266
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	113,434,060	107,372,055	107,930,913	107,457,499	108,810,804	119,454,782	126,327,682	137,094,870	137,160,206	143,703,863
Change in Net Position										
Governmental Activities	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	40,245,336
Business type Activity	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	29,635,159
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$69,786,455	18,760,953	49,373,146	51,053,548	52,249,020	54,305,237	64,329,364	61,757,643	64,284,940	69,880,495

NOTES:

⁽¹⁾ This table was prepared using the accrual basis of accounting.

⁽²⁾ A departmental reorganization occurred in FY2014.

⁽³⁾ Does not include prior period adjustments.

FUND BALANCES, GOVERNMENTAL FUNDS⁽¹⁾

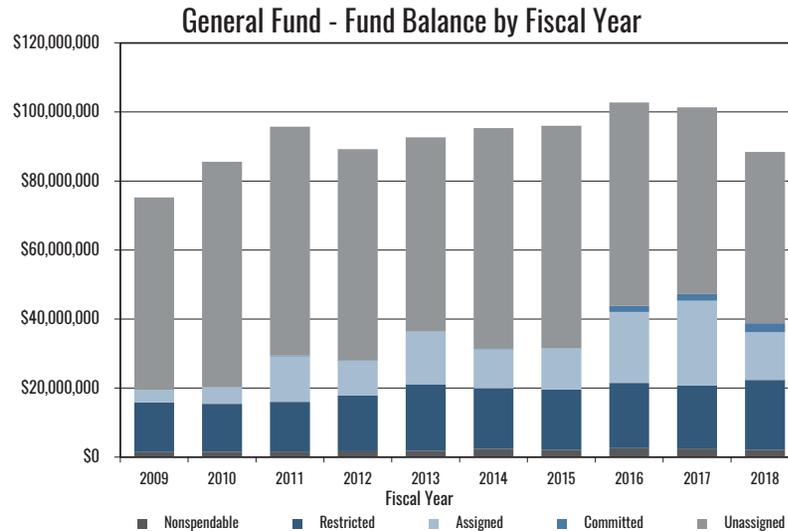
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Nonspendable	\$1,445,054	1,587,289	1,617,583	1,685,338	1,848,550	2,353,177	2,148,248	2,589,095	2,488,768	2,136,410
Restricted	14,421,985	13,836,855	14,379,250	16,221,935	19,270,196	17,571,257	17,479,883	18,921,593	18,215,234	20,228,830
Committed	--	--	275,597	42,307	67,704	83,826	91,329	1,727,093	1,936,389	2,630,104
Assigned	3,574,592	4,808,872	13,236,403	10,023,775	15,224,953	11,362,363	11,786,098	20,564,421	24,599,187	13,825,737
Unassigned	55,779,809	65,350,831	66,217,880	61,258,026	56,263,915	63,977,908	64,510,499	58,942,846	54,111,060	49,606,737
Total General Fund	75,221,440	85,583,847	95,726,713	89,231,381	92,675,318	95,348,531	96,016,057	102,745,048	101,350,638	88,427,818
ALL OTHER GOVERNMENTAL FUNDS										
Capital Project										
Restricted	20,194,279	16,657,726	14,061,554	13,758,939	14,151,503	36,782,100	41,066,144	16,506,067	12,543,644	30,829,109
Committed	100,326,684	94,233,427	85,024,390	79,048,246	74,044,594	87,730,782	87,104,640	104,866,598	112,969,890	127,442,664
Special Revenue										
Restricted	720,683	686,059	210,767	117,102	3,120	674,456	830,320	554,965	199,051	1,250,029
Committed	690,391	955,992	817,092	426,216	750,816	1,018,761	1,761,957	2,553,576	1,107,628	785,259
Unassigned	--	--	--	--	--	--	--	(1,200,435)	--	(116,820)
Total All Other Governmental Funds	\$121,932,037	112,533,204	100,113,803	93,350,503	88,950,033	126,206,099	130,763,061	123,280,771	126,820,213	160,190,241

NOTES:

⁽¹⁾ This table was prepared using the modified accrual basis of accounting.



CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS ⁽¹⁾

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Ad Valorem Taxes	\$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	92,316,526
Other Taxes and Licenses	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	37,540,111
Unrestricted Intergovernmental	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	11,366,443
Restricted Intergovernmental	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	15,747,777
Permits and Fees	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	16,407,020
Sales and Services	11,234,157	11,714,146	11,859,207	13,211,223	13,260,981	15,837,834	16,238,536	17,603,449	18,256,142	19,234,855
Investment Earnings, net of market adjustment	6,616,841	2,808,943	1,625,479	912,452	426,203	1,257,048	1,356,546	2,611,866	574,475	1,328,512
Reimbursements	--	--	--	--	--	247,970	350,966	--	3,647,100	--
Miscellaneous	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	2,174,577
TOTAL REVENUES	136,368,655	132,626,889	133,946,231	138,601,403	142,025,889	157,777,052	163,232,605	177,287,619	188,921,980	196,115,821
EXPENDITURES										
Current:										
General Government	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	36,086,431
Public Safety	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	48,954,822
Public Works	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	30,589,874
Parks, Recreation and Culture	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	29,123,094
Development ⁽²⁾	--	--	--	--	--	6,905,274	8,335,750	9,080,598	8,636,900	9,553,009
Infrastructure ⁽²⁾	--	--	--	--	--	15,707,351	20,147,407	29,566,219	32,672,644	38,799,090
Debt service:										
Principal	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	12,423,432
Interest	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	3,889,883
Bond Service Charges	335,293	342,527	370,211	322,207	244,535	464,899	227,895	283,401	184,862	470,809
Reimbursement for Open Space	--	--	--	--	--	(946,012)	(918,229)	(890,446)	(862,663)	(822,264)
Capital Projects ⁽³⁾	41,997,076	21,622,624	24,884,877	32,950,758	22,813,538	--	--	--	--	--
TOTAL EXPENDITURES	153,783,654	133,389,858	138,459,719	154,502,240	144,767,419	155,184,694	158,993,372	181,185,480	187,265,666	209,068,180
REVENUES OVER (UNDER) EXPENDITURES	(17,414,999)	(762,969)	(4,513,488)	(15,900,837)	(2,741,530)	2,592,358	4,239,233	(3,897,861)	1,656,314	(12,952,359)

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS ⁽¹⁾

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING SOURCES (USES)										
Transfers In	\$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	27,122,835
Transfers Out	(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)	(28,553,995)
Sale of Assets	207,172	741,886	202,620	357,594	148,139	180,536	219,439	591,684	309,959	296,798
Capital Lease Obligations Issued	2,129,500	737,828	958,419	1,261,901	636,858	1,157,013	765,816	1,039,101	1,178,759	850,457
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	--	48,077,667
Premium Received on General Obligation Bonds	--	395,765	2,090,321	2,090,321	2,090,321	3,084,372	--	--	--	2,555,299
Payment to Escrow for Advanced										
Defeasance of Debt	(13,797,515)	(16,278,744)	(16,582,347)	(11,206,974)	--	--	--	(13,659,660)	--	(16,949,494)
Miscellaneous	--	--	(102,060)	(50,316)	--	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES, net	<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>	<u>33,399,567</u>
NET CHANGE IN FUND BALANCE	<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>	<u>20,447,208</u>
Debt Service as a percentage of non-capital expenditures	9.6%	10.4%	9.5%	10.2%	9.7%	11.8%	9.8%	9.2%	9.1%	9.0%

NOTES:

⁽¹⁾ This table was prepared using the modified accrual basis of accounting.

⁽²⁾ A departmental reorganization occurred during FY2014.

⁽³⁾ Beginning in FY2014, capital project expenditures are included in the functional areas.

GOVERNMENTAL FUND EXPENDITURES BY FUNCTION ^{(9) (10)}

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

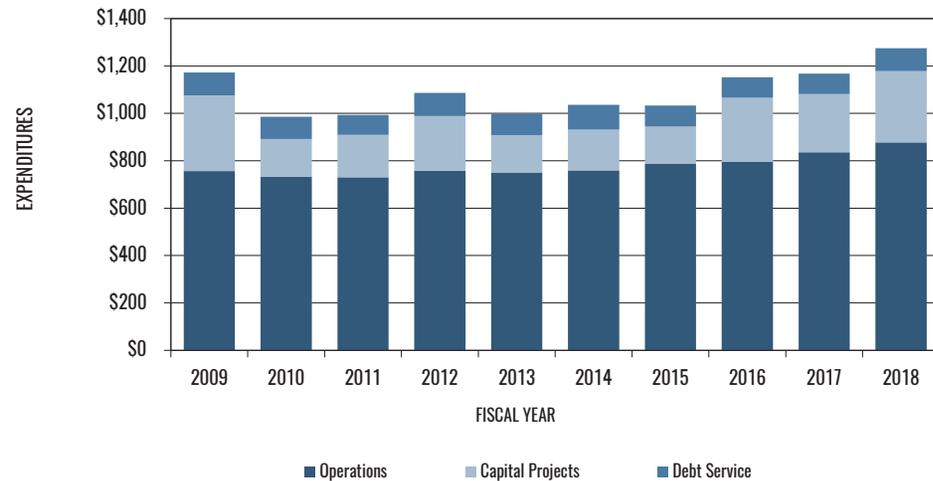
Table 5

Fiscal Year	General	Public Safety (2) (11)	Public Works (3)	Parks, Recreation and	Development (5)	Infrastructure (6) (11)	Debt Service (7)	Capital	Fiscal Year Total	Per Capita Expenditures
	Government (1) (11)			Culture (4) (11)				Projects (8)		
2018	\$26,007,228	47,823,245	30,589,874	16,829,819	9,553,009	13,079,570	15,961,860	49,223,575	209,068,180	1,275
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

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 ^{(1) (2)}

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

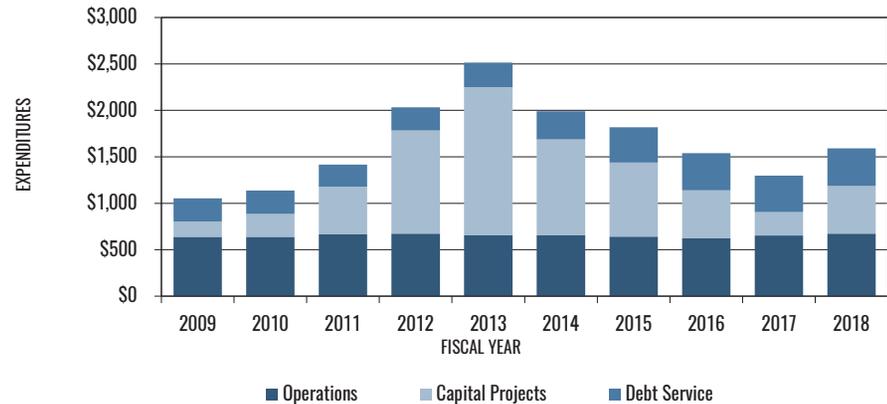
Table 6

Fiscal Year	Administrative ⁽²⁾	Field Operations	Utility Systems Management	Wastewater Treatment Facilities	Water Treatment Plant, net	Other Expenditures (not including transfers) ⁽³⁾	Debt Service ⁽⁴⁾	Capital Projects	Fiscal Year Total	Per Customer Expenditures
2018	\$9,291,134	10,265,790	4,188,553	9,832,307	7,370,226	796,893	25,242,674	31,819,551	98,807,128	1,592
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

NOTES:

- (1) This table was prepared using the modified accrual basis of accounting.
- (2) Division includes administration, water conservation and pretreatment. Due to departmental reorganization in FY2014, water resources was added to this total.
- (3) Does not include any payments to escrow related to the advanced defeasance of debt.
- (4) 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 ⁽⁷⁾

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

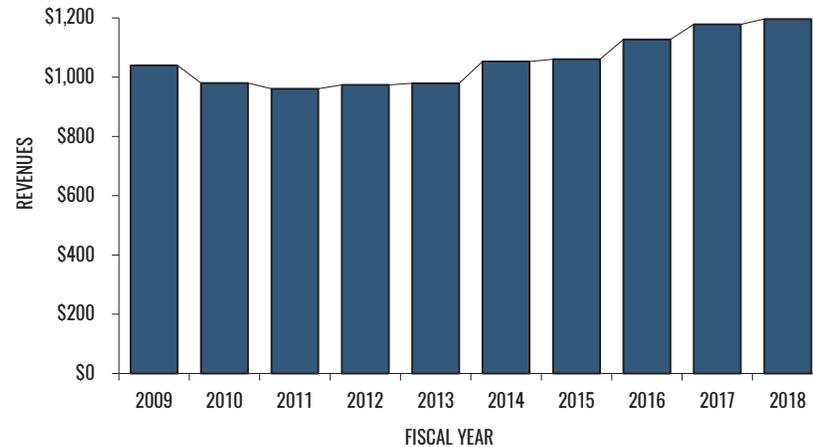
Table 7

Fiscal Year	Taxes & Licenses ⁽¹⁾	Permits and Fees ⁽²⁾	Inter-Governmental ⁽³⁾	Sales and Service ⁽⁴⁾	Investment Earnings ⁽⁵⁾	Reimbursements and Miscellaneous ⁽⁶⁾	Fiscal Year Total	Per Capita Revenues
2018	\$129,856,637	16,407,020	27,114,220	19,234,855	1,328,512	2,174,577	196,115,821	1,196
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

NOTES:

- (1) Includes all ad valorem taxes, penalties and interest, Wake County sales tax, animal and business licenses and ABC revenues.
- (2) Includes building permits, plan review fees, inspection fees, traffic impact analysis fees, grading permits, development fees and vehicle license fees.
- (3) Includes revenue sharing entitlements, wine and beer tax, utility & piped natural gas sales tax, and federal, state and local grants.
- (4) 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.
- (5) Includes interest earned on all governmental fund cash balances.
- (6) 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.
- (7) This table was prepared using the modified accrual basis of accounting.

GENERAL GOVERNMENT REVENUES - PER CAPITA



UTILITY SYSTEM ENTERPRISE FUND REVENUES BY SOURCE ⁽¹⁾

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

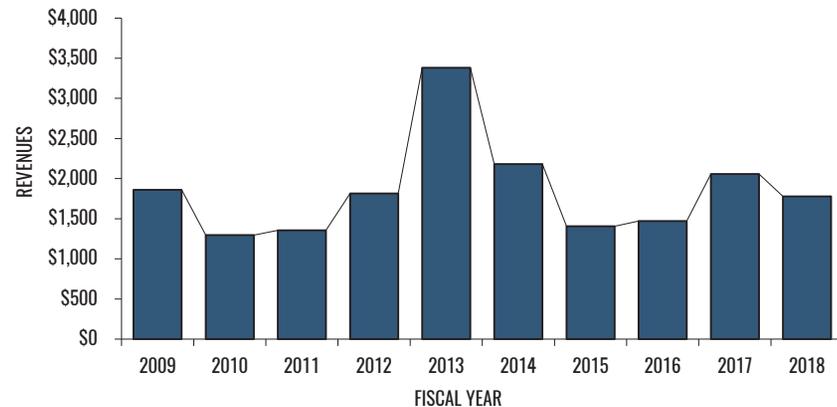
Table 8

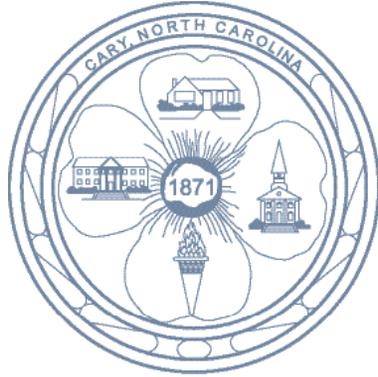
Fiscal Year	Charge for Services	Other Operating Revenues	Investment Earnings ⁽²⁾	Debt Proceeds ⁽³⁾	Other Revenues & Reimbursements ⁽⁴⁾	Development Fees	Total	Per Customer Revenues
2018	\$79,753,854	1,991,851	1,387,496	9,791	15,826,184	11,302,497	110,271,673	1,777
2017	74,415,810	2,164,793	517,213	35,129,920	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

NOTES:

- (1) This table was prepared using the modified accrual basis of accounting.
- (2) Includes interest earned on all utility funds, net of market adjustment.
- (3) Includes net proceeds related to refinancings, as well as premium proceeds.
- (4) Includes proceeds from the sale of assets, non-operational grants, and miscellaneous non-operating revenues and reimbursements.

UTILITY REVENUES - PER CUSTOMER





REVENUE CAPACITY INFORMATION

ASSESSED VALUE OF TAXABLE PROPERTY

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 9

Assessed Value ⁽¹⁾

Fiscal Year	Wake County				Chatham County				Total Taxable Assessed Value	Property Tax Rate (Per \$100 Assessed Value)	Percent Increase in Value ⁽²⁾
	Real Property	Personal Value ⁽³⁾	Public Service Companies	Total	Real Property	Personal Value ⁽³⁾	Public Service Companies	Total			
2018	\$22,739,106,503	2,764,856,646	194,211,864	25,698,175,013	669,113,654	45,669,157	1,132,137	715,914,948	26,414,089,961	\$0.35	2%
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%

NOTES:

⁽¹⁾ 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.

⁽²⁾ A revaluation of all property is required every eight years by state statute. A revaluation occurred in 2016 in Wake County and in 2017 in Chatham County.

⁽³⁾ Includes vehicles.

COMPARISON OF TOWN OF CARY AND COUNTY ASSESSED VALUES

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	Wake County Assessed Value		Ratio of Town to County	Chatham County Assessed Value		Ratio of Town to County
	Town of Cary	Wake County ⁽¹⁾		Town of Cary	Chatham County ⁽²⁾	
2018	\$25,698,175,013	144,219,213,822	17.82 %	\$715,914,948	10,686,458,421	6.70 %
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

NOTES:

⁽¹⁾ 2009-2018 data from Wake County Finance Department.

⁽²⁾ 2009-2018 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 ⁽¹⁾	Chatham County ⁽²⁾	Combined Tax Rate per \$100 of Assessed Value	
				Wake County	Chatham County
2018	\$0.35	0.615	0.628	0.965	0.978
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

NOTES:

⁽¹⁾ A revaluation of all property is required every eight years by state statute. A revaluation occurred in January 2016 (Fiscal Year 2016) in Wake County. Chatham County's last revaluation occurred in January 2017 (Fiscal Year 2017).

⁽²⁾ In April 1995, the Town expanded into Chatham County.

PRINCIPAL PROPERTY TAXPAYERS

TOWN OF CARY, NORTH CAROLINA

NINE YEARS AGO AND CURRENT YEAR ⁽³⁾

Table 12

Taxpayer	Type of Enterprise	2009			2018		
		Total Assessed Valuation	Rank	Percentage of Total Town Assessed Valuation	Total Assessed Valuation ⁽¹⁾	Rank	Percentage of Total Town Assessed Valuation
SAS Institute, Inc.	Computer Software	\$305,107,738	1	1.55 %	\$546,735,300	1	2.07 %
Highwoods Realty Limited Partnership	Real Estate Investments	47,846,439	11	.24	243,381,282	2	.92
WMCI Raleigh LLC	Real Estate Development	(2)		--	132,320,193	3	.50
KRG Parkside LLC	Real Estate Development	(2)		---	93,609,999	4	.35
Crossroads Plaza, 1743 LP	Real Estate Investments	71,252,784	5	.36	83,541,777	5	.32
Bradford Spe LLC	Real Estate Development	(2)		--	76,244,654	6	.29
Kellogg/Austin Quality Foods, Inc.	Baked Goods	(2)		--	74,244,315	7	.28
Four Star Ventures LLC	Real Estate Development	63,992,082	7	.32	58,436,858	8	.22
MLC Automotive LLC	Automotive	(2)		--	55,960,509	9	.21
Siemens Medical Solutions	Healthcare Technology	(2)		--	54,582,383	10	.21
Morguard Lodge Apartments LLC	Real Estate Development	42,081,023	15	.21	53,380,876	11	.20
TDC Regency Lakeview LLC	Real Estate Investments	56,355,473	8	.29	53,120,012	12	.20
Guardian Tryon Village LLC	Real Estate Development	(2)		--	52,626,431	13	.20
PFRS Crossroads Corp	Real Estate Investments	55,148,359	9	.28	51,522,090	14	.20
Duke Energy Progress	Electric Utility	52,545,593	10	.27	51,411,586	15	.19
Cary Venture Limited Partnership	Real Estate Investments	117,450,300	2	.60	(2)		--
RH Donnelley Inc	Publishing	105,246,579	3	.53	(2)		--
MCI Communication Services Inc.	Telecommunications	75,401,982	4	.38	(2)		--
Weeks Realty LP	Real Estate Development	64,559,994	6	.33	(2)		--
KIR Cary Limited Partnership	Real Estate Investments	45,351,880	12	.23	(2)		--
SVF Weston Lakeside LLC	Real Estate Investments	44,360,833	13	.23	(2)		--
Fairfield RTP Limited Partnership	Real Estate Development	44,244,654	14	.22	(2)		--
Total		<u>\$1,190,945,713</u>		<u>6.04 %</u>	<u>\$1,681,118,265</u>		<u>6.36 %</u>

NOTES:

⁽¹⁾ Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2018.

⁽²⁾ Not within top fifteen ranking.

⁽³⁾ Source: Wake County, North Carolina Revenue Department

PROPERTY TAX LEVIES AND COLLECTIONS

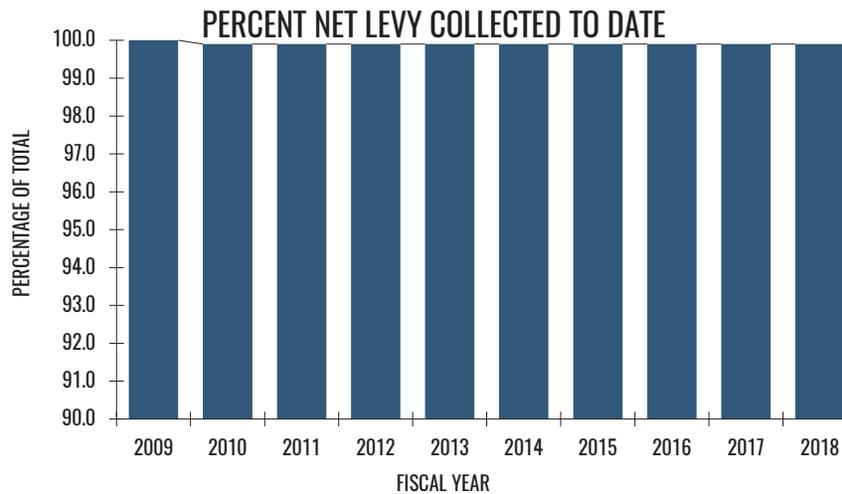
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 13

Fiscal Year	Net Levy	Collected within the Fiscal Year of Tax Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2018	\$91,830,568	\$91,759,631	99.9 %	\$ --	91,759,631	99.9 %
2017	89,914,221	89,284,084	99.3	598,864	89,882,948	99.9
2016	87,321,107	86,712,014	99.3	573,480	87,285,494	99.9
2015	79,856,172	79,254,550	99.2	587,103	79,841,653	99.9
2014	78,746,669	78,031,508	99.0	691,618	78,723,126	99.9
2013	71,093,526	70,567,236	99.2	500,775	71,068,011	99.9
2012	69,608,379	69,206,629	99.4	370,994	69,577,623	99.9
2011	67,897,001	67,406,048	99.2	462,897	67,868,945	99.9
2010	66,767,280	66,126,105	99.0	612,995	66,739,100	99.9
2009	64,748,494	64,185,203	99.1	563,291	64,748,494	100.0

NOTES:

⁽¹⁾ Includes writeoffs.



AD VALOREM TAXES RECEIVABLE

TOWN OF CARY, NORTH CAROLINA

CURRENT YEAR AND LAST NINE FISCAL YEARS

Table 14

Fiscal Year	Balance June 30, 2017	Current Net Levy	Collections and Credits ⁽¹⁾	Balance June 30, 2018
2018	\$ --	91,830,568	91,759,631	70,937
2017	630,137	--	598,864	31,273
2016	39,875	--	4,262	35,613
2015	16,267	--	1,748	14,519
2014	25,942	--	2,399	23,543
2013	27,596	--	2,081	25,515
2012	31,580	--	824	30,756
2011	28,691	--	635	28,056
2010	28,789	--	609	28,180
2009	33,894	--	33,894	--
Total	<u>\$862,771</u>	<u>91,830,568</u>	<u>92,404,947</u>	<u>288,392</u>
		Less: Allowance for uncollectable ad valorem taxes receivable		<u>(156,321)</u>
		Ad valorem taxes receivable, net		<u>\$132,071</u>

NOTES:

(1) Includes collections of taxes, rebates from Wake and Chatham Counties and other adjustments to reconcile to the respective county records.

ANALYSIS OF CURRENT TAX LEVY

TOWN OF CARY, NORTH CAROLINA

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Table 15

	Town-Wide		Total Levy		
	Property	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Valuation				
Original Levy:					
Property Taxed at Current Year's Rate	\$26,386,961,435	0.35	92,396,987	86,146,651	6,250,336
Penalties	--		36,158	36,158	--
Total	<u>26,386,961,435</u>		<u>92,433,145</u>	<u>86,182,809</u>	<u>6,250,336</u>
Discoveries:					
	--	0.35	--	--	--
Prior Year Taxes	<u>27,128,526</u>		<u>63,252</u>	<u>61,704</u>	<u>1,548</u>
Total	<u>26,414,089,961</u>		<u>92,496,397</u>	<u>86,244,513</u>	<u>6,251,884</u>
Abatements	--		(665,829)	(639,912)	(25,917)
Total Property Valuation	<u>\$26,414,089,961</u>				
Net Levy			91,830,568	85,604,601	6,225,967
Uncollected at June 30, 2018			<u>(70,937)</u>	<u>(70,808)</u>	<u>(129)</u>
Current Year Taxes Collected, net			<u>\$91,759,631</u>	<u>85,533,793</u>	<u>6,225,838</u>
Current Levy Collection Percentage			<u>99.92%</u>	<u>99.92%</u>	<u>100.00%</u>

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio	100.00%
Real Property	\$23,408,220,157
Personal Property	2,810,525,803
Public Service Companies	<u>195,344,001</u>
Total Assessed Valuation	<u>\$26,414,089,961</u>
Tax Rate per \$100	0.35
Levy (includes discoveries, releases and abatements)	<u>\$92,496,397</u>

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.

DEBT CAPACITY INFORMATION

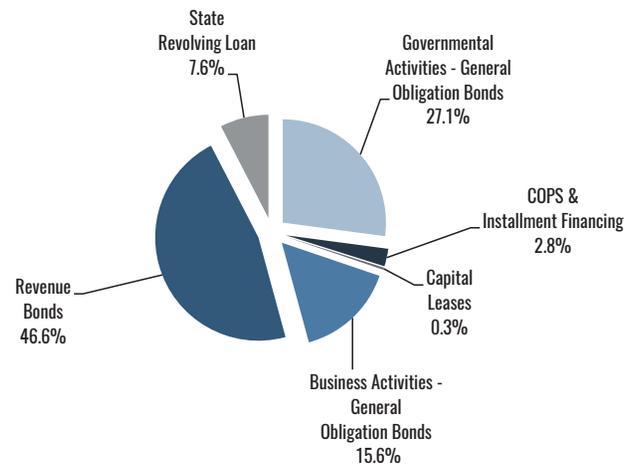
RATIOS OF OUTSTANDING DEBT BY TYPE

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 16

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita ⁽³⁾⁽⁴⁾
	General Obligation Bonds ⁽¹⁾	COPS, LOBS & Installment Financing ⁽¹⁾	Capital Leases	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽¹⁾	State Revolving Loan ⁽²⁾		
2018	\$119,839,834	12,215,342	1,522,714	68,843,077	206,238,334	33,618,735	442,278,036	2,698
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

FISCAL YEAR 2018 OUTSTANDING DEBT
TOTAL PRIMARY GOVERNMENT



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.

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

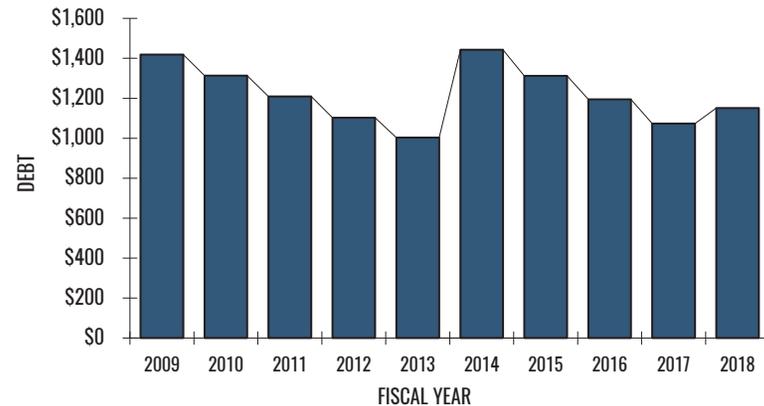
Table 17

Fiscal Year	Population ⁽¹⁾	Assessed Value	General Bonded Debt ⁽²⁾	Allowable Statutory Deductions ⁽³⁾	Net Bonded Debt ⁽⁴⁾	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Gross Bonded Debt Per Capita
2018	163,930	\$26,414,089,961	188,682,911	12,650,000	176,032,911	.67 %	\$1,074	\$1,151
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

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 8% of Total Assessed Value	Less: Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Net Debt as a % of Debt Limit
2018	\$26,414,089,961	2,113,127,197	(205,820,967)	1,907,306,230	9.74%
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%

NOTES:

(1) Calculation for Net Debt Applicable to Debt Limit:

Governmental General Obligation Bonds (includes related premium & discount)	\$119,839,834
Utility General Obligation Bonds (includes related premium & discount)	68,843,077
General Obligation Bonds Authorized, Not Issued ⁽²⁾	16,050,000
Certificates of Participation, Limited Obligation Bonds and Installment Purchases	12,215,342
Capital Leases	1,522,714
Gross Bonded Debt	218,470,967
Statutory Deductions:	
Bonded Debt Included in Gross Debt Incurred for Water	(12,650,000)
Total Net Debt Applicable to Debt Limit	\$205,820,967

(2) General Obligation Bonds Authorized, Not Issued for FY2017

Description	Date Approved	
Transportation	11/6/2012	\$13,715,000
Parks	11/6/2012	1,825,000
Fire	11/6/2012	510,000
		<u>\$16,050,000</u>

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2018

Table 19

	Governmental Activities Debt	Percentage Applicable to Town of Cary ⁽²⁾	Amount Applicable to Town of Cary
Direct Debt:			
Town of Cary	\$133,577,890 ⁽¹⁾	100.00%	\$133,577,890
Overlapping Debt ⁽³⁾ :			
County of Wake	1,762,270,000	17.82%	314,015,877
County of Chatham	--	6.70%	--
Total Overlapping Debt	1,762,270,000		314,015,877
TOTAL	\$1,895,847,890		\$447,593,767

NOTES:

⁽¹⁾ Includes all Governmental Activities debt. See Table 16.

⁽²⁾ Allocated based on assessed valuation.

⁽³⁾ 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 ⁽²⁾	Income	Total Debt Service	Principal ⁽³⁾	Interest ⁽³⁾	Coverage ⁽⁵⁾	15% of Utility		Coverage ⁽⁴⁾⁽⁵⁾
	Available for Debt Service ⁽¹⁾		Available for Debt Service					Unrestricted Net Position	Revenue Bond Debt Service	
2018	\$84,359,493	41,505,542	42,853,951	24,514,055	12,959,082	11,554,973	1.75	\$36,755,220	11,907,118	6.69
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

NOTES:

⁽¹⁾ Includes charges for services, other operating revenues, investment earnings, and miscellaneous revenues in the utility systems enterprise fund.

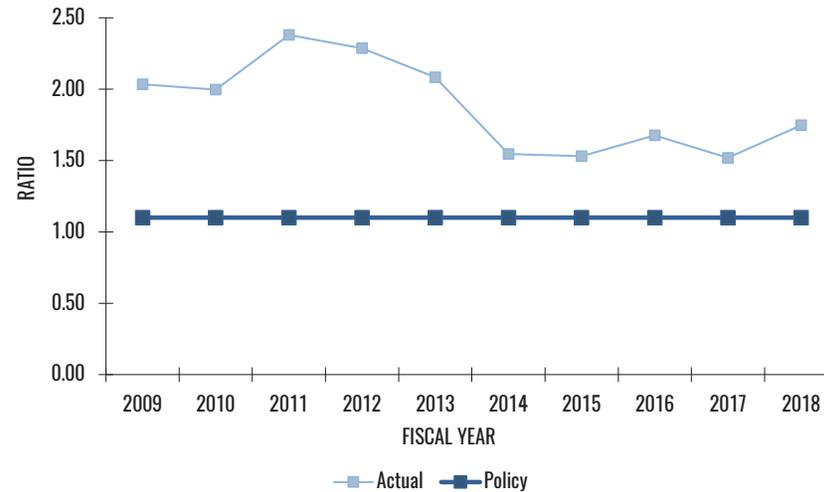
⁽²⁾ Includes administrative, field operations, utility systems maintenance, water reclamation facilities, and Cary/Apex water treatment plant in the utility systems enterprise fund. Excludes reimbursement to general fund for indirect costs, depreciation, interest expense and other debt related expenses.

⁽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.

⁽⁵⁾ Debt management policy states coverage ratios for the Combined Enterprise System debt will be maintained at 1.4 times for revenue bond debt service and 1.1 times for total debt. This is above levels required in the debt covenants of 1.2 times for revenue bonds and 1.0 times for total debt.

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

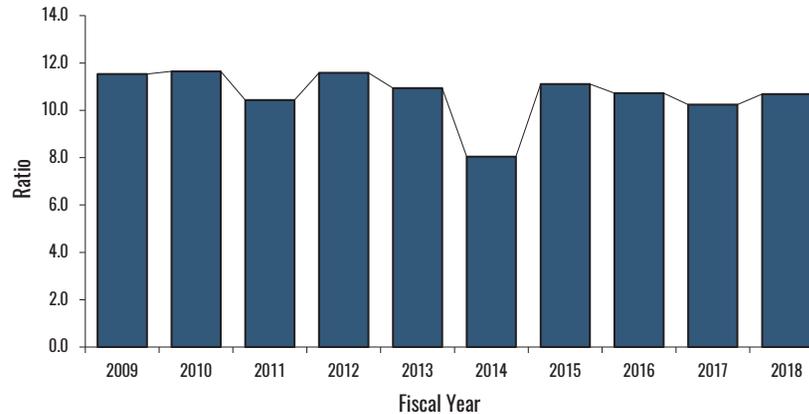
Table 21

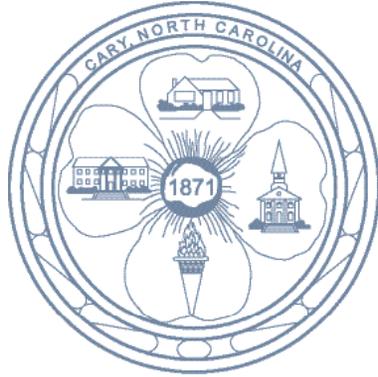
Fiscal Year	Principal	Interest	Total Debt Service ⁽¹⁾	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2018	\$12,423,432	3,889,883	16,313,315	152,646,226	10.7 %
2017	11,175,613	3,312,564	14,488,177	141,481,720	10.2
2016	10,555,953	3,612,236	14,168,189	132,161,940	10.7
2015	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

NOTES:

⁽¹⁾ Includes installment purchases; does not include capital leases.
Includes General Fund debt only.

RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES





DEMOGRAPHIC AND ECONOMIC INFORMATION

DEMOGRAPHIC STATISTICS

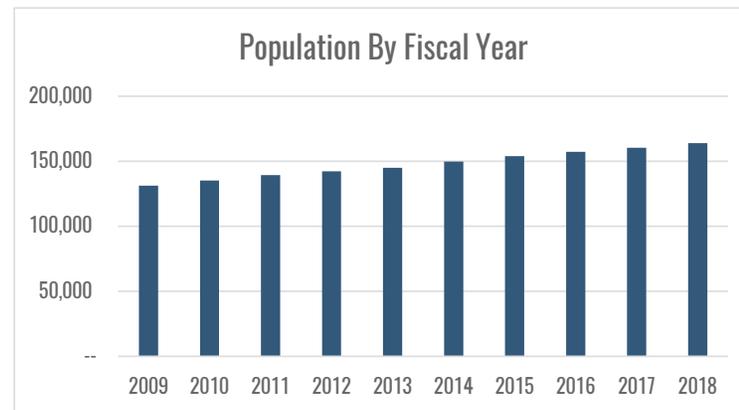
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 22

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Wake County Unemployment Rate (%) ⁽⁴⁾	Cary Unemployment Rate (%) ⁽⁴⁾
2018	163,930	\$43,925	36.6	3.6	3.2
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

NOTES:

- (1) 2009 - 2010 data is as of April 30 and has been revised based on the 2010 Census. Data for 2011 - 2018 is as of June 30 as estimated by the Town of Cary Planning Department.
- (2) 2009 - 2010 data is from U.S. Census Bureau, Census 2000. 2011 - 2018 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) 2009 - 2010 data is from U.S. Census Bureau, Census 2000. 2011 through 2018 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

<u>Employer</u>	(2)			(1)		
	2009			2018		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
SAS Institute, Inc.	4,203	1	6.54 %	5,616	1	6.16 %
Met Life	(4)		--	2,600	2	2.85
Verizon Business	(4)		--	2,000	3	2.20
Powerteam Services	(4)		--	1,993	4	2.19
Siemens Medical Solutions USA	650	8	1.01	1,600	5	1.76
HCL Technologies	(4)		--	1,500	6	1.65
ABB, Inc.	(4)		--	1,300	7	1.43
Town of Cary	1,153	5	1.79	1,222	8	1.34
American Airlines Reservation Center	1,067	6	1.66	1,200	9	1.32
DB Global Technologies	(4)		--	1,000	10	1.10
MCI Worldcom	1,800	2	2.80	(4)		--
Cary Towne Center	1,700	3	2.65	(4)		--
WakeMed Cary	1,225	4	1.91	(4)		--
Austin Quality Foods/Kelloggs	783	7	1.22	(4)		--
John Deere - Agricultural and Turf Division	400	9	.62	(4)		--
Global Knowledge Network	370	10	.58	(4)		--
Total	13,351		20.78 %	20,031		22.00 %
Total Employment⁽³⁾	64,243			91,100		

NOTES:

- (1) From '2018_Major_Employers_by_Size.pdf', Wake County Economic Development website.
 (2) From Town of Cary Annual Operating Budget Fiscal Year 2010, approved June 2009.
 (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

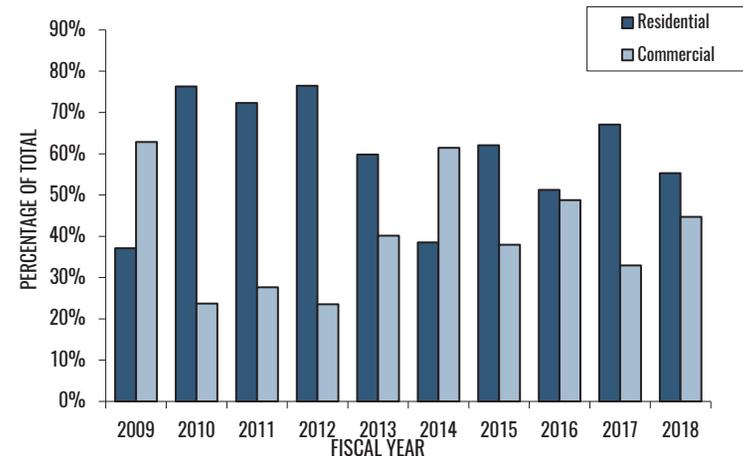
Table 24

Fiscal Year	Commercial		Residential		Total		Sales ⁽²⁾		Bank Deposits
	Number	Value	Number	Value	Number	Value	Total Taxable	Per Capita	at June 30 ⁽³⁾
2018	596	\$296,255,531	2,905	\$366,377,168	3,501	\$662,632,699	(2)	(2)	(4)
2017	638	172,195,683	2,882	350,395,583	3,520	522,591,266	(2)	(2)	\$3,922,424,000
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	9,719	2,219,655,000

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



OPERATING INFORMATION

EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT ⁽¹⁾

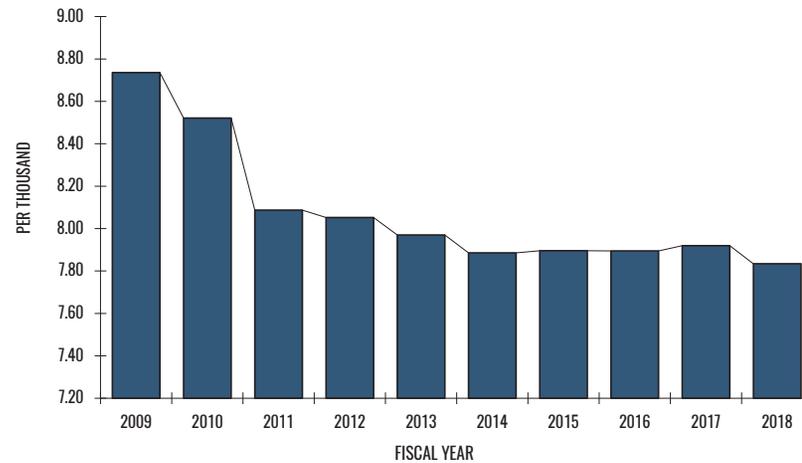
TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS ⁽²⁾

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
2018	4.00	4.00	21.69	31.00	49.52	14.63	27.00	--	48.00	42.63	15.00	43.00	243.50	222.00	--	330.00	107.25	81.00	1284.22
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
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
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
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
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
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
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
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
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

EMPLOYEES PER THOUSAND POPULATION



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 6/30/18, the 18 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.

OPERATING INDICATORS BY FUNCTION/PROGRAM ⁽¹³⁾

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

Table 26

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of Part I Crimes ⁽¹⁾	2,394	2,330	2,416	2,289	2,220	2,122	2,132	2,089	1,873	1,994
Number of Part II Crimes ⁽²⁾	2,116	2,351	2,532	3,067	2,691	2,581	2,525	2,650	2,757	2,900
Number of Arrests (Adults-16 years of age and over)	2,057	2,025	1,725	1,870	1,744	1,707	1,537	1,462	1,225	1,533
Number of Arrests (Juvenile)	135	148	121	129	127	121	92	61	85	68
Fire										
Total Fire Loss in Dollars	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	6,344,669
Dollar Loss Per Capita	36.90	13.67	19.87	12.55	20.38	20.51	13.58	17.82	12.24	38.70
% Emergency Calls Responded to within 5 minutes	90.4%	91.7%	92.0%	91.9%	90.8%	90.5%	90.1%	91.0%	90.9%	90.9%
Development and Infrastructure										
Inspections and Permits										
Certificates of Occupancy ⁽³⁾	2,837	2,786	2,319	3,444	3,434	3,713	3,271	3,579	3,718	3,321
Number of Inspections	66,003	71,292	63,503	58,879	68,818	73,344	73,852	75,830	79,982	82,399
Number of Permits Issued	8,049	8,287	8,099	7,515	8,018	8,339	7,743	9,192	8,749	8,769
Transportation & Facilities										
Streets Resurfaced (miles)	7.10	11.50	10.00	8.50	21.00	19.00	21.00	19.60	20.08	15.00
Streets Maintained (miles) ⁽⁴⁾	437.51	427.27	432.59	444.19	453.80	458.44	466.30	470.80	475.54	485.25
Transit										
Annual Ridership	147,846	186,773	229,965	282,675	327,887	342,864	317,167	290,268	224,386	249,546
Parks, Recreation and Culture										
Athletic Program Participants ⁽⁵⁾	16,211	27,863	56,260	59,402	74,619	63,986	61,382	59,839	67,403	73,278
Special Events	85	92	84	90	88	102	115	115	122	133
Cultural Arts Program Participants ⁽⁶⁾	9,640	10,726	8,585	11,859	11,583	133,321	145,044	217,133	239,726	238,299
Concerts & Performances	92	81	90	107	88	120	159	217	429	432
Recreation Program Participants	57,564	58,172	59,737	62,008	72,242	75,759	75,769	76,173	80,688	80,359
Facility Rental Hours	6,907	8,111	7,942	11,275	10,085	11,966	23,233	28,961	32,076	32,271
Public Works and Utilities										
Refuse Collection										
Refuse Collected (tons per year)	31,801	30,356	30,562	31,133	31,412	32,050	33,383	34,724	35,457	35,548
Recyclables Collected (tons per year)	9,329	11,141	11,190	11,406	11,503	11,781	11,983	11,662	11,431	11,242
Yard Waste Composted	⁽⁷⁾	⁽⁷⁾	16,554	18,665	19,371	20,147	21,680	22,171	20,860	19,210

OPERATING INDICATORS BY FUNCTION/PROGRAM ⁽¹³⁾

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 26

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water										
Number of Utility Customers ⁽⁸⁾	48,949	50,388	52,155	53,173	55,171	56,839	58,307	59,743	60,905	62,050
Average Daily Water Production ⁽⁹⁾	16.31	16.30	17.28	17.31	16.24	16.84	17.51	18.21	18.69	20.91
Annual Peak Day Production ⁽⁹⁾	25.01	28.51	27.84	29.02	28.34	24.87	26.53	29.11	24.95	34.77
Wastewater - Average Daily Flow										
South Cary Water Reclamation Facility ⁽¹⁰⁾	4.92	5.07	4.74	5.00	5.00	5.43	5.26	5.44	5.03	4.66
North Cary Water Reclamation Facility ⁽¹¹⁾	6.25	6.09	5.60	5.70	5.85	6.49	6.55	6.54	6.38	6.36
Western Wake Water Reclamation Facility ⁽¹²⁾	--	--	--	--	--	--	4.58	4.84	4.44	5.00

NOTES:

- ⁽¹⁾ Part I Crimes: Murder, Rape Robbery, Aggravated Assault, Burlary, Larceny, Auto Theft, Arson
- ⁽²⁾ Part II Crimes: All others, including vandalism, drug violations, etc.
- ⁽³⁾ Includes residential and commercial building certificates of occupancy for new construction, alterations & additions.
- ⁽⁴⁾ 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.
- ⁽⁵⁾ 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.
- ⁽⁶⁾ In FY2014, method for tracking program participants changed.
- ⁽⁷⁾ Not available.
- ⁽⁸⁾ Includes Morrisville customers.
- ⁽⁹⁾ Total capacity is 40 million gallons per day. Cary owns 77% of the plant or 30.8 million gallons per day capacity.
- ⁽¹⁰⁾ 12.8 million gallons per day capacity.
- ⁽¹¹⁾ 12.0 million gallons per day capacity.
- ⁽¹²⁾ 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.
- ⁽¹³⁾ Data provided by Town Staff.

CAPITAL ASSETS BY FUNCTION/PROGRAM ⁽⁵⁾

TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 27

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	7	7	7	7	7	8	8	8	9	9
Parks, Recreation and Culture										
# of Parks	22	22	23	27	27	27	28	32	32	34
Park Acres	2,300	2,401	2,425	2,518	2,518	2,542	2,552	2,700	2,700	2,688
# of Parks with Trail Systems	12	12	12	17	17	17	17	12	12	14
Park Trail Mileage ⁽⁴⁾	15.0	15.0	15.0	15.0	15.0	10.9	11.0	12.0	12	12
Number of Greenways	38	38	39	36	38	42	42	44	44	45
Greenway Miles ⁽⁴⁾	40.0	40.2	41.3	63.0	69.2	71.3	74.0	85.0	85	92
Community Centers/Facilities	15	15	15	15	15	16	16	16	16	16
Number of Ballfields	30	30	31	31	31	31	31	31	31	31
Number of Soccer Fields ⁽¹⁾	19	19	22	22	25	25	25	25	25	25
Utilities										
Water Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater Treatment Plants ⁽³⁾	2	2	2	2	2	2	3	3	3	3
Miles of Sewer Lines ⁽²⁾	798	806	818	826	832	834	847	862	913	925
Miles of Water Lines ⁽²⁾	963	973	983	994	1,008	992	1,018	1,048	933	950
Public Works										
Refuse Collection Trucks and Recycling Trucks	47	34	36	38	36	39	37	38	41	44

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 and FY2018 include 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.

INSURANCE IN FORCE ⁽¹⁾⁽²⁾

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2017 - JUNE 30, 2018

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.	\$614,203,710
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
Extra Expense	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

INSURANCE IN FORCE ⁽¹⁾⁽²⁾

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2017 - JUNE 30, 2018

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 \$80,000, whichever is less
<u>Tort Liability:</u>	
Public Officials Liability	\$3,000,000
Law Enforcement Liability	3,000,000
Employment Practices Liability	3,000,000
<u>Excess Liability:</u>	
General/Auto/Public Official/Employment Practices/Law Enforcement	9,000,000
<u>Crime:</u>	
Employee Theft	2,000,000
Forgery or Alteration	1,000,000
Inside - Theft of Money & Securites	20,000
Outside the Premises	20,000
Computer Fraud	1,000,000
Social Engineering	50,000
<u>Cyber Liability:</u>	
Privacy Liability	2,000,000
Privacy Regulatory Liability	2,000,000
Security Liability	2,000,000
Media Liability	2,000,000
Breach Notification	2,000,000
Breach Mitigation	2,000,000
Crisis Management	2,000,000
Data Restoration	2,000,000
Network Extortion	2,000,000
<u>Public Official Bonds:</u>	
Chief Financial Officer	100,000
Assistant Finance Director	100,000
Wake County Tax Collector	100,000
Chatham County Revenue Collector	100,000

INSURANCE IN FORCE ⁽¹⁾⁽²⁾

TOWN OF CARY, NORTH CAROLINA

JULY 1, 2017 - JUNE 30, 2018

Table 28

<u>Workers Compensation:</u>	
Regular Employees	Statutory Limit
Police Officers/Firefighters	Statutory Limit
Specific Self-Insured 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
Employers Liability	
Specific Limit Each Accident	1,000,000
Specific Limit Each Employee for Disease	1,000,000
Aggregate Limit	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

NOTES:

- (1) Represents insurance in force on July 1, 2016. Insurance was renewed on July 1, 2017 for the fiscal year ended June 30, 2018.
- (2) Data provided by Town Staff.

TOP TEN UTILITY CUSTOMERS ⁽¹⁾

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

Table 29

Customer	Industry	Total Sales Revenue	% of Total Sales Revenue
Wake County Schools	Public Schools	\$1,013,959	1.27 %
RDU Airport	Airport	954,311	1.19
Biogen	Biotechnology	952,125	1.19
Fujifilm Diosynth	Biotechnology	496,462	0.62
SAS	Software	437,387	0.55
SEMF	Multi-Family Residential	432,963	0.54
WakeMed Cary Hospital	Hospital	416,098	0.52
Cisco Systems	Computer Hardware	316,253	0.40
SVT Ventures LP	Real Estate Investment	312,933	0.39
MECO Utilities	Utility Contractors	276,647	0.35
		<u>\$5,609,138</u>	<u>7.02 %</u>

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	2018
WATER RATES						
<u>Base Charges (flat monthly fee)</u>						
<u>Inside Corporate Limits</u>						
5/8" & 3/4" meters	\$3.07	3.07	3.07	3.07	3.07	3.16
1" meters	6.61	6.61	6.61	6.61	3.07	3.16
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36
2" meters	26.41	26.41	26.41	26.41	26.41	27.20
3" meters	71.08	71.08	71.08	71.08	71.08	73.21
4" meters	107.70	107.70	107.70	107.70	107.70	110.93
6" meters	132.94	132.94	132.94	132.94	132.94	136.93
<u>Outside Corporate Limits</u>						
5/8" & 3/4" meters	9.21	9.21	9.21	9.21	9.21	9.48
1" meters	19.83	19.83	19.83	19.83	9.21	9.48
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08
2" meters	79.23	79.23	79.23	79.23	79.23	81.60
3" meters	213.24	213.24	213.24	213.24	213.24	219.63
4" meters	323.10	323.10	323.10	323.10	323.10	332.79
6" meters	398.82	398.82	398.82	398.82	398.82	410.79
<u>Single Family/Residential</u>						
<u>Inside Corporate Limits</u>						
Tier 1 (usage 0 - 5,000 gallons)	3.60	3.60	4.09	4.38	4.56	4.70
Tier 2 (usage 5,001 - 8,000 gallons)	4.08	4.08	4.64	4.90	5.11	5.26
Tier 3 (usage 8,001 - 23,000 gallons)						
or up to water budget amount	5.79	5.79	5.99	6.20	6.46	6.65
Tier 4 (usage > 23,000 gallons)						
or over to water budget amount	11.29	11.29	11.49	11.70	12.19	12.56

UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018
<u>Outside Corporate Limits</u>						
Tier 5 (usage 0 - 5,000 gallons)	\$10.80	10.80	12.27	13.14	13.69	14.10
Tier 6 (usage 5,001 - 8,000 gallons)	12.24	12.24	13.92	14.70	15.32	15.78
Tier 7 (usage 8,001 - 23,000 gallons) or up to water budget amount	17.37	17.37	17.97	18.60	19.38	19.95
Tier 8 (usage > 23,000 gallons) or over to water budget amount	33.87	33.87	34.47	35.10	36.57	37.68
<u>Government Rates</u>						
Government Water use shall be billed at the same rate as Tier 1 Single Family Residential. Government irrigation use shall be billed at the same rate as non-residential Tier 1. Government sewer service shall be billed at the same rate for all customer types.						
<u>Multi-Family/Non-Residential</u>						
<u>Inside Corporate Limits</u>						
Tier 1 (charge per 1,000 gallons)	4.08	4.08	4.64	4.90	5.11	5.26
<u>Outside Corporate Limits</u>						
Tier 3 (charge per 1,000 gallons)	12.24	12.24	13.92	14.70	15.32	15.78
IRRIGATION RATES						
<u>Base Charges (flat monthly fee)</u>						
<u>Inside Corporate Limits</u>						
5/8" & 3/4" meters	3.07	3.07	3.07	3.07	3.07	3.16
1" meters	6.61	6.61	6.61	6.61	3.07	3.16
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36
2" meters	26.41	26.41	26.41	26.41	26.41	27.20
3" meters	71.08	71.08	71.08	71.08	71.08	73.21
4" meters	107.70	107.70	107.70	107.70	107.70	110.93
6" meters	132.94	132.94	132.94	132.94	132.94	136.93

UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018
<u>Outside Corporate Limits</u>						
5/8" & 3/4" meters	\$9.21	9.21	9.21	9.21	9.21	9.48
1" meters	19.83	19.83	19.83	19.83	9.21	9.48
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08
2" meters	79.23	79.23	79.23	79.23	79.23	81.60
3" meters	213.24	213.24	213.24	213.24	213.24	219.63
4" meters	323.10	323.10	323.10	323.10	323.10	332.79
6" meters	398.82	398.82	398.82	398.82	398.82	410.79
<u>Single Family/Residential</u>						
<u>Inside Corporate Limits</u>						
Tier 1 (usage 0 - 15,000 gallons) or up to water budget amount	5.79	5.79	5.99	6.20	6.46	6.65
Tier 2 (usage > 15,000 gallons) or over to water budget amount	11.29	11.29	11.49	11.70	12.19	12.56
<u>Outside Corporate Limits</u>						
Tier 3 (usage 0 - 15,000 gallons) or up to water budget amount	17.37	17.37	17.97	18.60	19.38	19.95
Tier 4 (usage > 15,000 gallons) or over to water budget amount	33.87	33.87	34.47	35.10	36.57	37.68
<u>Multi-Family/Non-Residential</u>						
<u>Inside Corporate Limits</u>						
Tier 1 (usage 0 - Water Budget Amount)	6.38	6.38	6.38	6.38	6.46	6.65
Tier 2 (usage > than Water Budget Amount)	11.88	11.88	11.88	11.88	12.19	12.56
<u>Outside Corporate Limits</u>						
Tier 3 (usage 0 - Water Budget Amount)	19.14	19.14	19.14	19.14	19.38	19.95
Tier 4 (usage > than Water Budget Amount)	35.64	35.64	35.64	35.64	36.57	37.68
<u>Reclaimed Water Rate</u>	3.60	3.60	3.60	3.60	3.75	3.86

UTILITY RATE INFORMATION

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018
SEWER RATES						
Base Charges (flat monthly fee)						
<u>Inside Corporate Limits</u>						
5/8" & 3/4" meters	\$3.07	3.07	3.07	3.07	3.07	3.16
1" meters	6.61	6.61	6.61	6.61	3.07	3.16
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36
2" meters	26.41	26.41	26.41	26.41	26.41	27.20
3" meters	71.08	71.08	71.08	71.08	71.08	73.21
4" meters	107.70	107.70	107.70	107.70	107.70	110.93
6" meters	132.94	132.94	132.94	132.94	132.94	136.93
<u>Outside Corporate Limits</u>						
5/8" & 3/4" meters	9.21	9.21	9.21	9.21	9.21	9.48
1" meters	19.83	19.83	19.83	19.83	9.21	9.48
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08
2" meters	79.23	79.23	79.23	79.23	79.23	81.60
3" meters	213.24	213.24	213.24	213.24	213.24	219.63
4" meters	323.10	323.10	323.10	323.10	323.10	332.79
6" meters	398.82	398.82	398.82	398.82	398.82	410.79
Single Family/Residential						
<u>Inside Corporate Limits</u>						
Tier 1: (charge per 1,000 gallons)	8.47	9.10	9.10	9.36	9.75	10.04
<u>Outside Corporate Limits</u>						
Tier 2: (charge per 1,000 gallons)	25.41	27.30	27.30	28.08	29.26	30.12

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.

DEVELOPMENT FEE REVENUE

TOWN OF CARY, NORTH CAROLINA

FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 31

Fiscal Year	Sewer Development Fees	Water Development Fees	Reclaimed Development Fees	Transportation Development Fees	Payment in Lieu - Streets	Payment in Lieu - Parks	Total Development Fee Revenue
2018	\$6,702,037	4,217,596	382,864	2,364,445	1,795,456	4,623,330	20,085,728
2017	7,553,845	5,068,852	303,871	1,838,189	760,155	4,533,630	20,058,542
2016	6,155,747	3,906,259	271,223	1,620,360	884,693	5,004,277	17,842,559
2015	6,371,970	4,356,030	21,950	911,166	1,386,409	3,059,158	16,106,682
2014	8,584,202	5,382,286	36,225	1,485,900	647,765	2,577,810	18,714,188
2013	7,864,151	5,153,117	--	1,290,667	509,449	1,160,443	15,977,828
2012	6,785,551	4,761,119	11,746	638,042	388,720	1,270,088	13,855,267
2011	5,092,416	3,790,303	16,500	409,196	177,144	499,585	9,985,144
2010	6,208,599	4,355,742	--	453,708	271,302	330,296	11,619,647
2009	5,653,691	4,978,007	--	1,077,931	972,889	283,513	12,966,032

DEVELOPMENT FEE REVENUE
BY FISCAL YEAR





FEDERAL & STATE GRANTS AND AWARDS COMPLIANCE

The Town receives various Federal and State grants and awards that are examined by the external auditors through the “single-audit” process, which tests the overall compliance and internal control related to these awards.

Included is a Schedule of Awards, related notes, auditors’ opinions, Schedule of Findings and Questioned Costs, Corrective Action Plan, and a Summary Schedule of Prior Year Audit Findings.



SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA Number	State/ Pass Through Grantor's Number	Federal Expenditures (Direct & Pass- Through)	State Expenditures	Pass-through to Subrecipients	Local Expenditures
FEDERAL GRANTS:						
Cash Programs:						
<u>U.S. Department of Housing and Urban Development</u>						
Passed through the County of Wake, North Carolina						
Community Development Block Grant						
	14.218		\$947,089	--	867,631	--
<u>U.S. Department of Justice</u>						
Criminal Division						
Equitable Sharing Program						
	16.922		224,450	--	--	--
<u>U.S. Department of Transportation</u>						
Passed through North Carolina Department of Transportation:						
Highway Planning and Construction Cluster:						
SAFE TEA-LU CMAQ Funds :						
Crabtree Creek Greenway	20.205	C-5163	2,693,846	--	--	673,461
Cary Parkway and High House Intersection	20.205	C-5165	741,801	--	--	185,450
White Oak Greenway	20.205	U-5604IB	169,568	--	--	207,250
Total SAFE TEA-LU CMAQ Funds			3,605,215	--	--	1,066,161
STBDGA Funds:						
Reedy Creek Road Widening	20.205	U-5501A	6,736	--	--	1,684
Total STBDGA Funds			6,736	--	--	1,684
STP-DA Funds:						
Green Level Road West Road	20.205	U-5500B	1,698,027	--	--	424,506
Reedy Creek Road Widening	20.205	U-5501	45,592	--	--	12,934
Morrisville Parkway Extension	20.205	U-5315	60,765	--	--	12,027
Old Reedy Creek Trailhead	20.205	EL-5100GG	23,060	--	--	15,396
White Oak Greenway	20.205	U-5530IB	1,811,074	--	--	1,811,074
Total STP-DA Funds			3,638,518	--	--	2,275,937
Total Highway Planning and Construction Cluster			7,250,469	--	--	3,343,782

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA Number	State/ Pass Through Grantor's Number	Federal Expenditures (Direct & Pass- Through)	State Expenditures	Pass-through to Subrecipients	Local Expenditures
Federal Transit Cluster:						
Section 5307						
2017 - 2018	20.507	NC-95-X091/ NC- 2016-011-0100	\$1,514,182	--	--	2,459,342
Total Federal Transit Cluster:			<u>1,514,182</u>	<u>--</u>	<u>--</u>	<u>2,459,342</u>
Total U.S. Department of Transportation			<u>8,764,651</u>	<u>--</u>	<u>--</u>	<u>5,803,124</u>
<u>U.S. National Endowment for the Arts</u>						
Passed through North Carolina Department of Cultural Resources						
North Carolina Arts Council Program Grant	45.025	IN18-0022	<u>19,250</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Executive Office of the President</u>						
Office of National Drug Control and Policy Passed through City of Durham						
High Intensity Drug Trafficking Area Grant 2016	95.001	16.G16GA0004A	<u>3,009</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Executive Office of the President</u>						
Office of National Drug Control and Policy Passed through City of Durham						
High Intensity Drug Trafficking Area Grant 2017	95.001	G17GA0004A	<u>15,783</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$9,974,232</u>	<u>--</u>	<u>867,631</u>	<u>5,803,124</u>
STATE FINANCIAL ASSISTANCE:						
North Carolina Department of Commerce - The One North Carolina Fund:						
NC One Grant - HCL America, Inc		2013-10746	<u>--</u>	<u>21,000</u>	<u>--</u>	<u>21,000</u>
North Carolina Department of Health and Human Services Division of Aging and Adult Services						
Senior Center Development			<u>--</u>	<u>10,939</u>	<u>--</u>	<u>3,646</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Pass-Through Grantor/Program Titles</u>	<u>Federal CFDA Number</u>	<u>State/ Pass Through Grantor's Number</u>	<u>Federal Expenditures (Direct & Pass- Through)</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
North Carolina Department of Transportation Division of highways Non-State System Street-Aid Allocation Fund (Powell Bill)		DOT-4/ WBS 32570	\$ --	5,735,838	--	--
Public Transportation Division State Maintenance Assistance Program - C-Tran Transit Operations		DOT-9/ WBS 36234.34.7.1	--	217,487	--	3,271,409
Total North Carolina Department of Transportation			--	<u>5,953,325</u>	--	<u>3,271,409</u>
TOTAL STATE FINANCIAL ASSISTANCE			--	<u>5,985,264</u>	--	<u>3,296,055</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$9,974,232.32</u>	<u>5,985,264</u>	<u>867,631</u>	<u>9,099,179</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, \$7.8 million of unexpended Powell Bill Funds is included in the Capital Project Fund's fund balance as Restricted for Street Projects. The activity in this account for the year ended June 30, 2018 is as follows:

Balance of unexpended Powell Bill Funds at June 30, 2017	\$9,654,645
Revenues received	3,849,600
Interest earned on unexpended Powell Bill funds	70,000
Expenditures (including adjustments)	5,735,838
Balance of unexpended Powell Bill funds at June 30, 2018	<u>\$7,838,407</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, 2018. 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, 2018, 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 31, 2018.

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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 31, 2018

**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, 2018. 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, 2018.

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 31, 2018

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, 2018. 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, 2018.

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 31, 2018

TOWN OF CARY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal 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 federal awards? _____ yes X no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Numbers

20.205

Names of Federal Program or Cluster

U.S. Department of Transportation
Highway Planning and Construction Cluster

TOWN OF CARY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

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, 2018

II – Financial Statement Findings

None.

III – Federal Award Findings and Questioned Costs

None.

IV – State Award Findings and Questioned Costs

None.

COVENANT COMPLIANCE

This section contains the reports required for secondary disclosure related to the revenue bond covenants that the Town entered into with the Utility System Enterprise Revenue Bonds.

Included are coverage calculations and secondary disclosure information on utility customers, operating results and rates.



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, 2018 as defined in the official statement and amendment for the Combined Enterprise System Revenue Bonds, Series 2013, Series 2015, Series 2017, and Series 2017B (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, 2018, 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, 2018, and our report thereon dated October 31, 2018, 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.



Raleigh, North Carolina
October 31, 2018

REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT SERVICE COVERAGE

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues:	
Charges for Services	\$80,045,254
Other Operating Revenues	<u>1,991,851</u>
Total Operating Revenues	82,037,105
Operations and Maintenance Expenses	<u>(45,065,665)</u>
Operating Income Before Depreciation & Amortization	36,971,440
Less:	
Depreciation and Amortization Expense	<u>(18,120,833)</u>
OPERATING INCOME	18,850,607
Non-Operating Revenues	14,028,840
Non-Operating Expenses	<u>(11,995,565)</u>
NET INCOME	<u><u>\$20,883,882</u></u>

Determination of Income Available for Debt Service

Net Income	\$20,883,882
Adjustments:	
Depreciation and Amortization Expense	18,120,833
Water and Sewer Development Fees	(11,517,606)
Reimbursements	(93,645)
Sale of Capital Assets	(95,201)
Bond Interest Expense	9,975,323
Debt Issuance Expense	784,680
Bond Refunding Loss	401,085
Payment to General Fund for Open Space	822,264
Administrative Costs Paid to the General Fund	<u>3,572,336</u>
Income Available for Debt Service	42,853,951
15% of Unrestricted Net Position	<u>36,755,220</u>

REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT SERVICE COVERAGE

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2018

Debt Service Requirements and Coverage

Parity Debt Service:

Series 2007 Revenue Bonds	\$1,703,965
Series 2013 Revenue Bonds	3,490,403
Series 2015 Revenue Bonds	2,979,388
Series 2017 Revenue Bonds	2,069,156
Series 2017B Revenue Refunding Bonds	1,664,206
	<u>\$11,907,118</u>

Debt Service Coverage - Parity Indebtedness **6.686**

Revenue Bond Covenant Requirement **1.200**

System GO. Debt Service:

2009 Public Improvement Bonds	\$1,568,197
2009 Refunding Bonds	3,905,200
2010A Refunding Bonds	230,400
2014 Public Improvement Bonds	2,629,725
2016A Refunding Bonds	106,964
2017B Refunding Bonds	373,504
	<u>\$8,813,990</u>

Subordinated Debt Service 3,792,947

Sum of Parity, Subordinated and GO Debt Service \$24,514,055

**Debt Service Coverage - Sum of Parity,
System GO and Subordinated Indebtedness** **1.748**

Revenue Bond Covenant Requirement **1.000**



TOWN of CARY
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