

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF CARY, NORTH CAROLINA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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Town of Cary, North Carolina
Comprehensive Annual Financial Report
As of and for the Year Ended June 30, 2019

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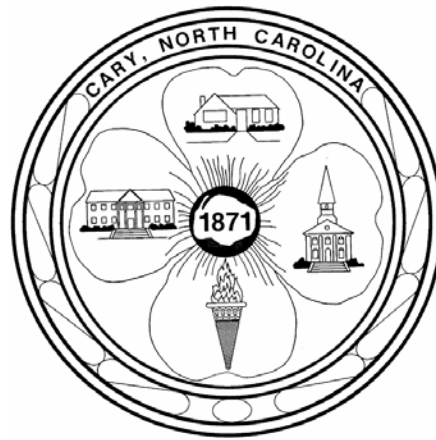
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INTRODUCTORY SECTION



October 30, 2019

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 ("Cary") documents Cary's financial position and results of operations as of and for the fiscal year ended June 30, 2019. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), set forth by the Governmental Accounting Standards Board.

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 Cary'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, Cary'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, Cary's financial position and changes in financial position. The goal for the audit is to provide reasonable assurance that the financial statements of are free of material misstatement.

To enhance 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 the government by department, and a certificate of achievement for excellence in financial reporting. For the second year, an expanded overview has been included as an annual report. This report provides the reader a high level review of the financial planning and strategy that affect financial outcomes for Cary. The impacts of the local and national economy are also addressed. Additionally, the overview highlights important accomplishments to demonstrate how Cary citizen resources were invested in citizen services and projects as well as employees to support the vision outlined in the Imagine Cary Community Plan. These stories are organized to match the Community Plan sections on Work, Shop, Live, 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 internal service funds, and special revenue funds

The Statistical Section provides meaningful ten year trend information on Cary'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 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 Cary as a condition of the Cary's revenue bonds. Cherry Bekaert LLP also conducted each of the required compliance audits.

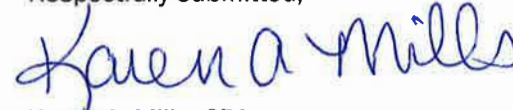
This report will be submitted by the October 31 due date for regulatory review by the North Carolina State Treasurer's office. Other interested readers such as grantor agencies, Cary's bond holders and the three major bond rating agencies will use the information to reach conclusions about Cary's financial 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, 2018. This was the thirty-fourth consecutive year that Cary received this award. The Certificate of Achievement recognizes the Cary CAFR for voluntarily meeting the highest standards established

by experts in government finance. The FY 2019 report was also designed to meet the same standards of excellence in reporting.

I am sincerely grateful for the dedicated work of staff in the Finance Department to prepare this report. I also appreciate the work of staff throughout the organization who manage the financial affairs so well and with prudence throughout the year. Significant credit is due to the Town Manager, Mayor and the members of Town Council for their unfailing support of the highest standards of professionalism in the management of Cary's finances.

Respectfully submitted,



Karen A. Mills, CPA
Chief Financial Officer

FY 2019 ANNUAL REPORT

This management overview introduces Cary and highlights key financial results and financial management practices. To build upon the numbers, this overview includes stories about key accomplishments. These stories provide examples of how citizen and customer financial resources were invested to serve the community as set forth by the vision in the Imagine Cary Community Plan. These accomplishments are organized to match goals and visions by chapter in the Imagine Cary Community Plan.

EXECUTIVE SUMMARY

The Town of Cary remains in excellent financial condition following another year of positive financial results. A strong financial foundation remains in place to continue to provide quality services and to invest in capital infrastructure that will best fulfill the vision and highest priorities in the Imagine Cary Community Plan. This conclusion is consistent with Cary's top bond ratings which reflect the opinions of independent experts on Cary's financial position and management. Cary has maintained AAA ratings from three bond rating agencies, Fitch, Moody's and Standard and Poor's, 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.

Recognizing that many changes lie ahead, the Town continued its focus in FY 2019 on preparations for the future. The community continues to grow, however, at a slower pace. Slower revenue growth along with aging infrastructure pressures decision makers to fund only their highest priorities for community improvements. Using Dr. John Nalbandian's framework of values, Cary Town

Council and staff make difficult choices considering competing values for:

- Representation and Participation
- Efficiency and Professionalism
- Social Equity, and
- Individual Rights.

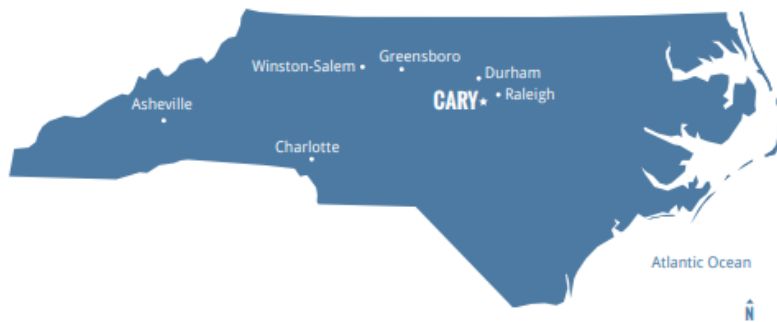
Also, with increased collaboration and self-awareness, staff is working with new energy to break down silos, imagine and implement new efficiencies, improve decision making tools and strengthen decision making skills, and develop employees to create a new model of local government that will ensure Cary remains successful in the future.

PROFILE OF THE TOWN OF CARY



Cary is a thriving community of approximately 167,000 citizens in approximately 60 square miles in the heart of the Triangle region

of North Carolina. Cary is primarily located in Wake County and extends into Chatham county in the Piedmont region of the state. Cary adjoins the City of Raleigh, which is the state capital and the county seat, at the Town's eastern boundary. The Triangle region is known for its strength in higher education anchored by its three largest universities, North Carolina State University, Duke University and the University of North Carolina at Chapel Hill. These universities contribute to the success of the renowned Research Triangle Park ("RTP") which adjoins the Town's northwestern boundary.



Cary has a reputation for its continued well-managed, high-quality, growth and development. Robust development regulations help ensure that Cary is an attractive community. Along with historically strong employment, higher education opportunities, warm climate, low crime rates and easy access to outstanding recreational and cultural amenities, Cary citizens enjoy a high quality of life. Cary and the Triangle area continue to earn recognition from numerous rankings such as the best places to launch a new business, best places for creating and keeping jobs, and quality of life measures. In recent years, Cary has also been recognized as a place to retire. People of retirement age are the fastest-growing group in Cary. As a result, Cary is a diverse community primarily composed of affluent and well-educated people. According to the 2017

American Community Survey the median age of Cary's population is 39.9 years, over 65 percent of Cary's adult population has a college degree, and over 20 percent are Asian. Information about Cary's continued development are highlighted 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.

His primary business was a sawmill. Frank Page was Cary's first developer, mayor, postmaster and railroad agent. Page also 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. He named his development after Samuel Fenton Cary, a prohibition leader from Ohio whom Page admired. 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 3, 1871, the Town of Cary was incorporated. Plans to celebrate the Town's 150th birthday in 2021 are underway.

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 a nearby corporate research park in the 1960s, known internationally as Research Triangle Park, Cary began to grow into a bedroom community from a quiet town of a few thousand people. In 1963, the Cary 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 again in both the 1980s and 1990s, the population as of June 30, 2019, is estimated to be 167,316, representing a 24 percent 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 including budget approval and appointing the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for implementing Council policies and Town Ordinances, and appointing department directors who lead and oversee the management of daily operations.

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 CONTINUES

Careful planning and a proactive approach have been hallmarks of the Town's culture and are responsible for the attractive character of the Town, substantial 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.

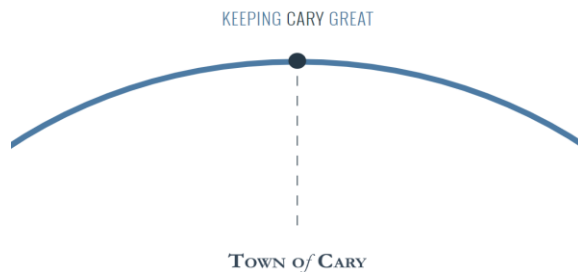
To implement the Imagine Cary Community Plan, Cary is in the midst of an exciting challenge: creating a model of local government that doesn't yet exist. Creating next-generation service models based on an adaptive mindset and a new way of thinking will ensure that Cary will stay ahead of the curve on 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 through exceptional service." Cary and the region consistently receive multiple accolades from independent publications. Cary also earns recognition and accreditation from formal authorities such as bond rating agencies and peer associations. Citizens value Cary's rankings as one of the safest places to live for a community of its size. 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. Cary Police, Fire and Parks and Recreation services are all accredited.

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. Cary is at the top of that arc now. 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.

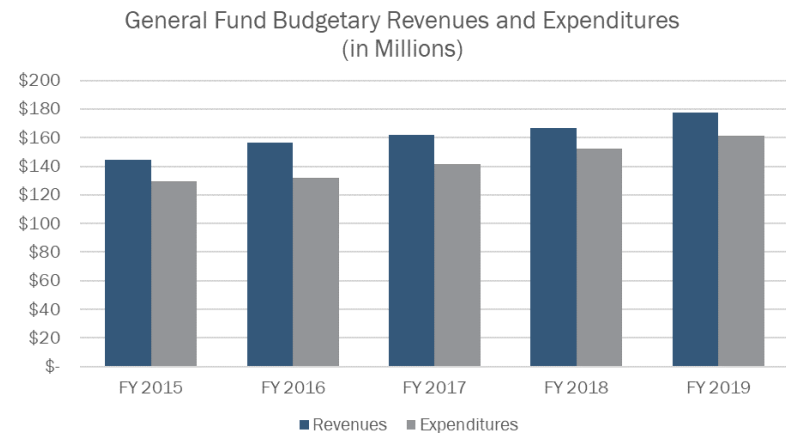


This strong financial foundation will help Cary remain successful along with plans for financial sustainability that will finance Cary's future. Understanding the FY 2019 financial results is a key component of planning and preparation.

FY 2019 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 2019 General Fund operating revenues and expenditures maintained a positive growth trend as shown in the five-year perspective below.



A summary of General Fund results on a budgetary basis compared to the final adjusted budget and FY 2018 actual results reflects a different perspective of the FY 2019 outcome. Traditional growth factors such as new development and a growing economy account for the increases in FY 2019 General Fund revenues. Similarly, increases in expenditures reflect expanded and enhanced programs along with routine economic cost increases in ongoing programs. For example, in FY 2019 Cary added twelve new firefighters to enhance fire service coverage.

FY 2019 GENERAL FUND

	FY 2019 Adj. Budget	FY 2019 Actual	% of Budget	FY 2018 Actual	FY 2018 to FY 2019 Variance	% Variance
Revenues	\$ 169.9	\$177.4	4%	\$ 166.7	\$ 10.7	6%
Expenditures						
General Government	31.0	28.3	(9%)	25.2	3.1	12%
Public Safety	51.0	49.2	(4%)	47.4	1.8	4%
Operations	50.8	47.3	(7%)	47.4	(0.1)	(0%)
Development & Infrastructure	17.3	15.4	(11%)	16.6	(1.2)	(7%)
Non Departmental	5.5	5.4	(2%)	-	5.4	-
Debt Service	16.3	16.0	(2%)	16.0	-	0%
Total Expenditures	171.9	161.6	(6%)	152.6	9.0	6%
Revenues Over (Under) Expenditures	(2.0)	15.8	(890%)	14.1	1.7	12%
Other Financing Sources (Uses)	(8.4)	(6.6)	(21%)	(27.0)	20.4	(76%)
Appropriation from Fund Balance	10.4	--	(100%)	--	--	--
Revenues & Other Sources Under Expenditures & Other Uses	\$ (0.0)	9.2		(12.9)	22.1	-171%
Fund Balance - Beginning of Year		88.4		101.3		
Fund Balance - End of Year		\$ 97.6		\$ 88.4		

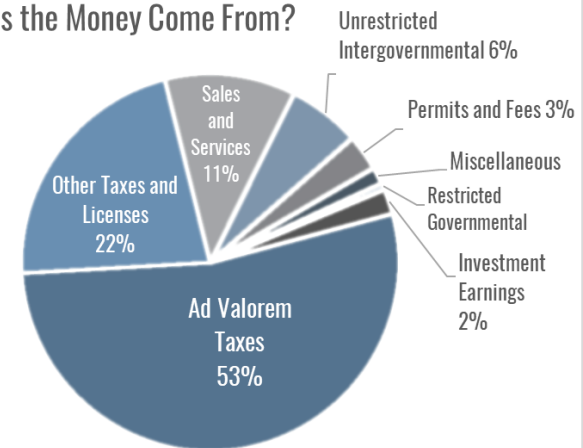
Variances in expenditure line items between FY 2019 and FY 2018, particularly in personnel services, reflect organizational changes where employees have shifted across divisional and departmental lines to better match employee skills and resources with Cary's priorities. These details are included in Exhibit G, the General Fund Budgetary Comparison Statement.

The final FY 2019 budget authorized a draw of \$10.4 million from the General Fund's fund balance, primarily to provide resources for capital projects. With positive operating results, fund balance increased \$9.2 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 ten percent. Other financing activities accounted for a budget variance of \$1.8 million.

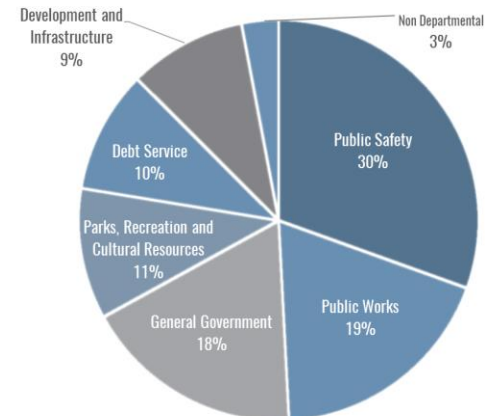
The sources and uses of FY 2019 General Fund operating resources are shown as a percentage of the whole for perspective.

Ten-year historical comparisons by revenue source and expenditures are included in the Statistical Section in Table 7 and 5, respectively.

Where Does the Money Come From?



Where Does the Money Go?



FINANCIAL POLICY BENCHMARKS

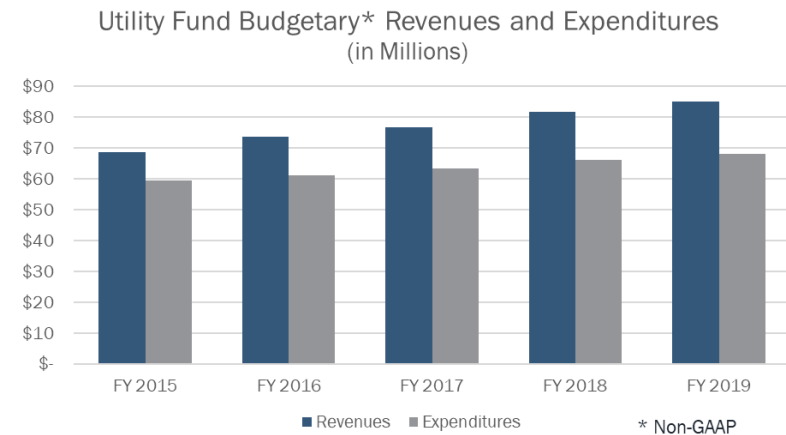
Cary's financial planning ensures that adequate unreserved fund balance is available to ensure consistent cash flow, generate interest income, and eliminate the need for short term borrowings. Unreserved fund balance also provides flexibility for unanticipated opportunities and needs during emergencies. As of June 30, 2019, there was \$27.8 million in the General Fund's fund balance above the Town's minimum policy of 40 percent (approximately five months) of budgeted expenditures. In the FY 2020 budget, \$5.1 million of that amount was appropriated for capital projects.

The Town also follows a debt policy for the General Fund to ensure that debt service does not exceed 15 percent of Town operating budget. In FY 2019 debt service was 10.2 percent of total general fund expenditures. Table 21 in the Statistical section provides a ten-year history of this ratio.

UTILITY FUND

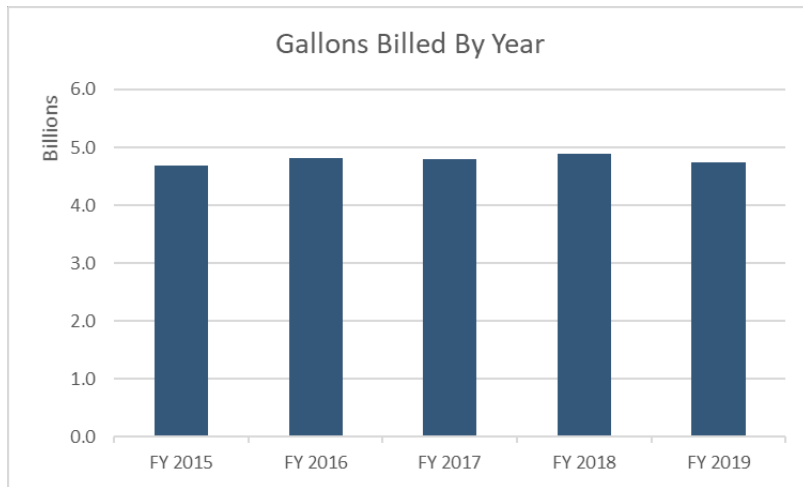
Utility operations exceeded budget expectations by \$7.5 million. Utility charges for services were flat compared to the prior year despite a three percent rate increase. Although demand decreased, the revenue exceeded a conservative budget that anticipated volatility in demand due to weather. Increased investment earnings accounted for a four percent increase in total revenue compared to FY 2018, however \$1.4 million of the revenue resulted from market gains that will likely not be realized. The FY 2019 financial plan for the utility included a \$15.9 million contribution from operations to capital projects. The budget anticipated that \$9.7 million of the funding would be generated by operations and that the remaining \$6.2 million would draw on the net position of the utility. This purposeful undertaking limited utility rate increases and avoided additional debt requirements. Given the positive FY 2019 results of \$17.2 million, Utility Fund operations contributed \$1.4 million to the utility net position which

strengthens 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 from operational revenues rather than debt. This approach recognizes that an increasing component of utility capital spending is for capital maintenance rather than for new utility capacity.



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

The meter population has increased ten percent over the last five years, however billed utility demand is essentially the same. Continued water efficiency improvements in appliances, citizen environmental awareness and price elasticity have all impacted water usage. Cary's financial models take these changing patterns into consideration. The lack of growth in billed demand along with fixed cost increases creates short term pressure to increase rates but contributes to long term financial sustainability by extending the life of the capacity of Cary's utility plants.



UTILITY DEBT

One metric for Utility Fund debt is the debt service coverage ratio, a measurement of cash flow available to pay current debt service obligations. While the Town is legally obligated by bond covenants to ensure that revenue bond debt service is covered 1.2 times by cash flow and total debt service is covered 1.0 times by cash flow, the Town's debt policy specifies debt coverage ratios of 1.4 and 1.1. Cary consistently exceeds these coverage benchmarks easily in part because Cary has also used general obligation debt to access the lowest possible interest rates. A separate report of the independent auditors on the revenue bond covenant is in the Compliance Section of this report and a ten-year history of these two benchmarks is included in the Statistical section on Table 20

OTHER FINANCIAL INSIGHTS

Cary invested over \$94 million in capital planning and infrastructure in FY 2019 for streets, parks, fire, general government, downtown and utility purposes. These projects were

funded with debt, grants, fund balance and utility net position and capital reserve funds. Development fees generated by growth also provide capital resources. Ten years of development fee revenue history is provided in Table 31.

An in-depth analysis of the financial position and FY 2019 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 those found in the 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, Table 12 in the Statistical Section lists Cary's top 15 taxpayers. 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 2019 utility ratepayers account for just over seven percent of the utility retail revenues. More notable is the fact that only six of the top 10 are industrial and office uses that generate less than four percent of the utility revenue. The remaining four 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 fiscal year activity is included in the Shape section of this overview. Key indicators from FY 2019 include:

- Cary's population is estimated to be 167,547 at year end, an increase of 2.2 percent from June 30, 2018. Table 22 in the Statistical Section of this report includes demographic details.
- Assessed value grew \$610 million (2.1 percent), to \$27 billion, detailed in Table 9 in the Statistical section of this report.
- Chatham County value grew to constitute 2.9 percent of Cary's total compared to 1.2 percent ten years ago. See Table 9.
- Construction permit value, less certain other permit values, in FY 2019 was \$500 million, a 25 percent decrease over FY 2018 and 1.4% percent less than the average of the previous nine years. See Table 24.

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

- The local economy remained strong in FY 2019, and Cary experienced a 7.7 percent increase in sales tax revenue compared to FY 2018.
- Cary's unemployment rate, historically less than the county, state and national average, was 3.5 percent in June 2019. 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 provide Council with choices on how best to fulfill the vision and highest priorities in the Imagine Cary Community Plan. As with any citizen centric local government, the vision and desire to provide even higher service levels makes resource allocation decisions difficult. Setting priorities for capital investments and the quest for operational efficiencies are 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. Cary's infrastructure is well maintained at this time. 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 continue to provide quality services and maintain Cary's well-deserved reputation as a desirable place to live, work and play.

FINANCIAL MANAGEMENT

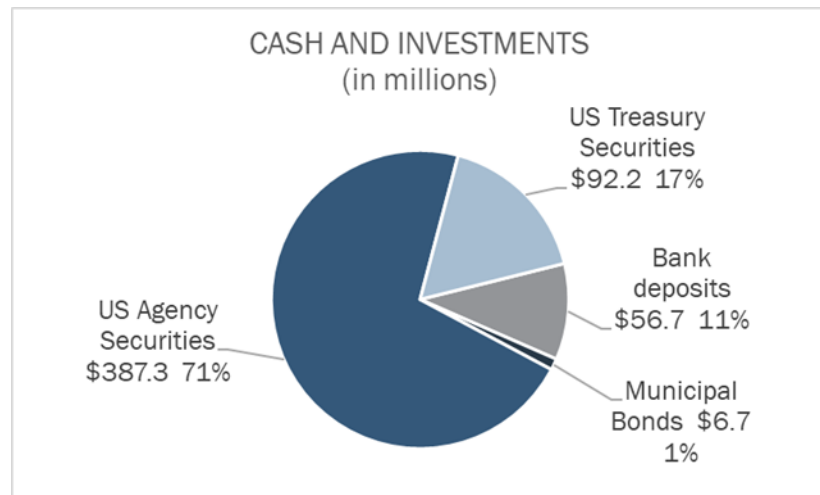
Strong financial results rely on strong management systems, policies and oversight. The following section provides an overview of Cary's approach to managing cash and investments, debt, post employment benefits, risk, capital, budget, controls, systems and

reporting. Financial management includes consideration of long-term planning, citizen feedback and the financial connections to the organization wide focus on fulfilling the goals and vision of the Imagine Cary Community Plan.

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 \$543 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.



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 investments. Equity or speculative securities are not allowed.

A weekly cash forecasting model and investment plan balances Cary's portfolio of investments to ensure cash flow and diversity of securities. This approach results in a laddered portfolio with 602 average days to maturity, 1.6 years. The portfolio maturity extends to August 2023 with approximately three million dollars of investments 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 is benchmarked against a simpler cash management approach of investing routinely into two-year US Treasury securities. In FY 2019 the portfolio did not meet the benchmark in the rising rate environment.

The Federal Reserve increased federal funds interest rates twice during FY 2019. These rate changes impacted market interest rates, and the average rate on Cary's investment portfolio increased from 1.31 percent in FY 2018 and to 1.79 percent in FY 2019.

Cary uses an independent financial advisor to project cash flow and to monitor and report quarterly on portfolio management. More details about Cary's deposits and investments are included in Note 1.E.1, Note 1.E.4 and Note 3 to the financial statements.

DEBT MANAGEMENT

Cary has used bonded debt throughout its history to build the infrastructure that has made Cary the community it is today. Cary citizens have been consistently supportive of capital plans and general obligation debt proposed in referendums. Cary also uses small bank loans and capital leases to finance some capital assets. Both Revenue bonds and general obligation bonds have been used to finance utility capital projects. Although utility general obligation debt is secured by Cary's taxing authority, all utility general obligation bonds are repaid with utility revenues. A ten-year history of outstanding debt by type is in Table 16 in the Statistical Section of this report.

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 debt finance capital improvements.

DEBT POLICY

Cary's budgets and financial plans ensure that General Fund debt service does not exceed 15 percent of General Fund expenditures. In FY 2019 the ratio was 10.2 percent, and Table 21 in the Statistical Section provides a ten-year history of General Fund annual debt service.

Cary follows a utility debt policy that exceeds the revenue bond covenants established in the underlying trust agreements. Utility rate setting models are based on targets that exceed policy to ensure that the policy limits are met given utility revenue volatility due to weather. The coverage calculations are included in the compliance section.

UTILITY FUND	Parity Debt Coverage	Total Debt Service Coverage
Revenue Bond Covenants	1.2	1.0
Town Policy	1.4	1.1
Planning Model Target	1.5	1.2
FY 2019 Actual results	7.4	2.1

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 four times. Cary began FY 2019 with voter debt authorization of \$13.7 million in street bonds, \$1.8 million in parks and recreation bonds and \$.5 million in fire bonds. Just after year end in July 2019, the Town issued the remaining 2012 bond authority of \$16,050,000 following a competitive sale with bids from 10 financial institutions. The bonds will be repaid over 20 years at an average interest rate of 2.18 percent. An interest only payment is budgeted in FY 2020 and principal payments will begin in FY 2021. For comparison, similar 2017 bonds bear an average interest rate of 2.5 percent and 2014 bonds bear an average interest rate of almost three percent.

The three primary bond rating agencies, Moody's, Fitch and Standard and Poors, updated and confirmed Cary's general obligation bond AAA ratings as part of the bond sale process within two weeks after the end of FY 2019.

OTHER NEW DEBT ACTIVITY

In FY 2019 Cary entered into an installment financing agreement for \$8.475 million to finance a portion of the cost of construction of the new Fire Station No. 9 and two fire trucks. The debt bears an interest rate of 3.12%, is secured by the fire station, and will be

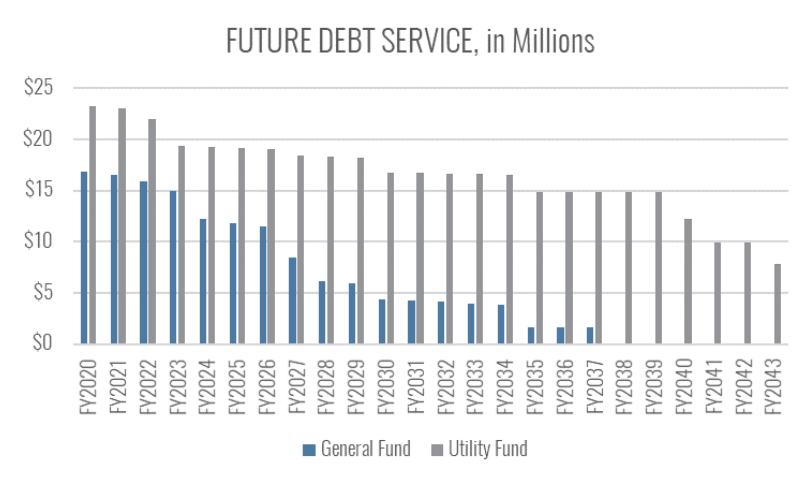
repaid over 15 years with declining debt service based on level principal payments.

In May 2019 Cary's council voted to hold a bond referendum on October 8, 2019 to finance general capital projects. Work progressed during FY 2019 to manage the necessary legal steps and to educate citizens on two bond questions for the ballot. Subsequent to FY 2019, citizens approved both the \$112 million parks bond proposal and the \$113 million transportation bond proposal.

BONDED DEBT AMORTIZATION

Debt payments in the General Fund decline over time because general obligation bonded debt is repaid more aggressively than a traditional home 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 and citizens. 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.

The following chart includes future debt service as of June 30, 2019. As noted above, just after year end the Town borrowed an additional \$16 million for streets, parks and fire to be repaid over twenty years. Also, the FY 2020 budget appropriated debt to fund \$1.4 million for fire trucks through installment financing agreements.



As pledged in legal bond documents all ongoing disclosure requirements are met or exceeded in accordance with federal law on the Municipal Securities Rulemaking Board's electronic service known as "EMMA" (Electronic Municipal Market Access) at www.emma.msrb.org. Cary complies with all applicable US Internal Revenue Service and US Treasury arbitrage requirements to preserve the tax-exempt status of Cary bonds.



PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

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

Cary is a participating employer in the statewide Local Government 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. An in depth description of the plan is included in Note 12.

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 2019 those expenditures totaled \$3.1 million.

Cary's future obligations totaling \$149 million for OPEB are reported in the entity wide financial statements. Note 12 provides details about the program and obligation.

In FY 2016 – FY 2018 Cary specifically set aside a total of \$3.9 million for its OPEB liability in the Health Insurance Internal Service Fund. Additional resources of at least \$9.0 million exist in the \$14.6 million net position of the Health Insurance Internal Service Fund that are being studied as a potential commitment to OPEB. A study to examine alternatives to manage current and future

liabilities is underway and was delayed by staff turnover. 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 \$9.4 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 Note 1.11 and Note 12 as well as 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 2019.

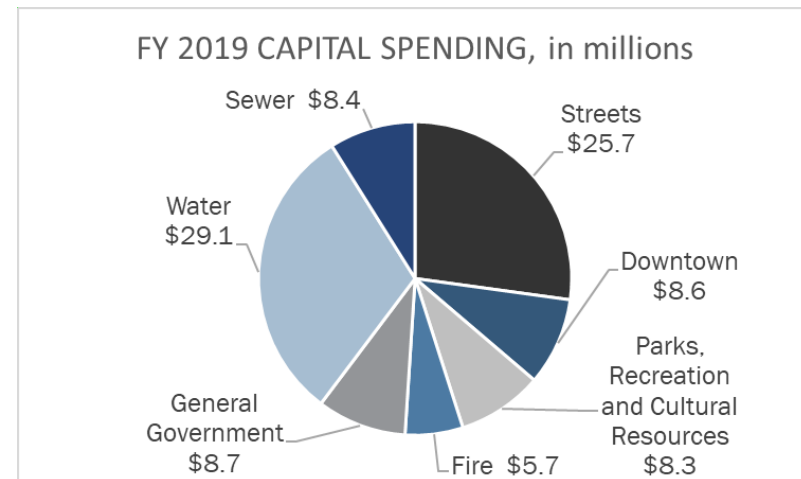


CAPITAL INVESTMENTS

Each year the town adopts a capital improvement budget and prepares a 10-year capital improvement plan. Work began in FY 2019 to expand the capital plan to 20 years.

In FY 2019 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 2019 total capital spending was over \$94 million, an average of over \$1.8 million invested in infrastructure planning and construction every week. Street and water projects comprised almost 60 percent of total spending. The total budget for active projects in FY 2019 was over \$686 million excluding funding from other partners such as the Town of Apex.



A few of the highest priority projects that were active during FY 2019 follow:

- 48 miles of Cary-maintained streets were improved including 20 miles of milling and resurfacing; 64 street segments patched totaling seven miles; and 21 miles of street rejuvenation
- Construction continued on Fire Station No. 9
- Construction continued on a 42-inch third pipeline to provide raw water transmission capacity and redundancy
- Wake County continued construction of the new downtown Cary regional library. The Town-funded parking deck located on this site has been constructed as part of the larger project. The grand opening for this facility is scheduled for November 3, 2019.



Fire Station No. 9 Design



BUDGETING AND EXECUTION THROUGH FINANCIAL SYSTEMS

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 99.8 percent of the levied real property taxes in FY 2019. 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 percent of active Cary utility ratepayers meet their obligations on a timely basis.

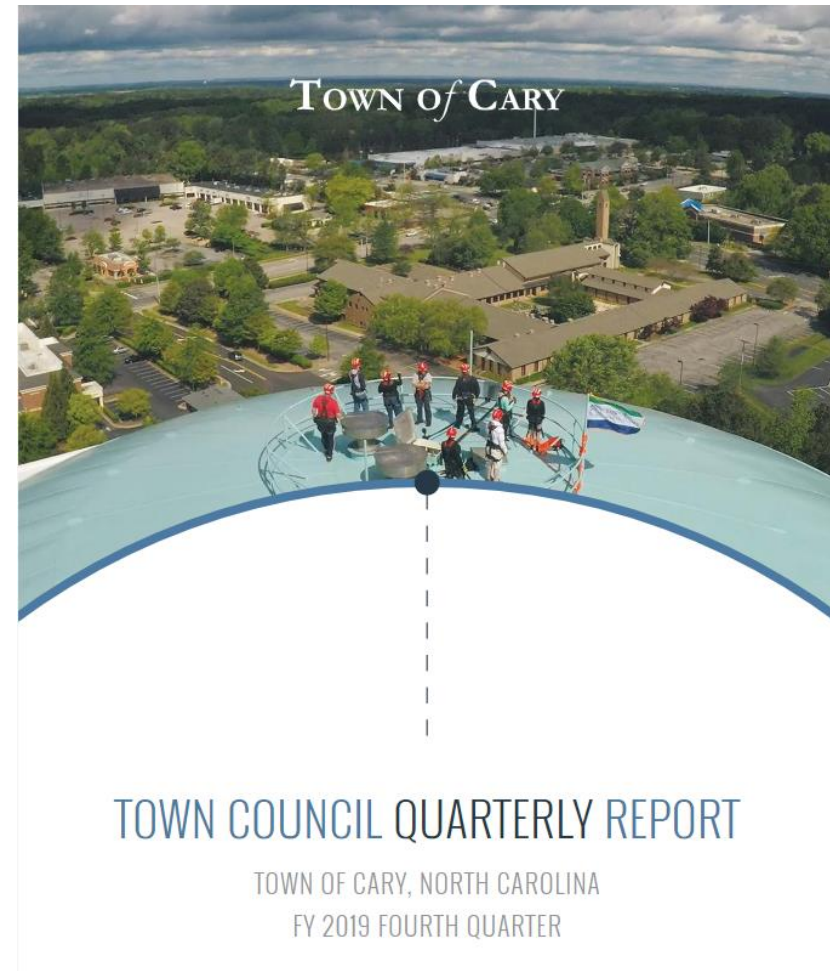
The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Cary's financial planning and control. The budget is prepared by fund and function. Examples include the General Fund and Public Safety. The Town Manager is authorized by the budget ordinance 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

Cary's Comprehensive Annual Financial Report and Annual Operating Budget documents meet the standards set by the Government Finance Officers Association for excellence in reporting. Cary also publishes a Capital Improvements Budget document and as noted in the FY 2020 budget discussion, added a Budget In Brief brochure. FY 2019 was the second year that Cary published high quality quarterly reports including interim financial

results and analysis. Municipal bond rating reports also provide perspective on Cary's financial position and management. All of these reports are available at www.townofcary.org. Cary also meets all obligations for reporting on the Electronic Municipal Market Access website, known as EMMA, in compliance with the Municipal Securities Rulemaking Board.



LOOKING AHEAD: FY 2020 BUDGET AND ECONOMIC CONDITIONS

On June 27, 2019, the Cary council approved a \$336 million budget for FY 2020. The budget allocates \$261 million for operations and \$75 million for capital projects. Highlights include:

- No new positions
- Focus on maintenance
- New drone program for public safety and surveying
- Expansion of the capital budget planning period from an 11-year window to a 21-year window.

Cary's property tax rate remained unchanged at 35 cents per \$100 of real property value. The monthly solid waste fee increased for the second year in a row. After increasing a dollar – from \$16 to \$17 per month for residential service in FY 2019, the rate increased \$2.50 per month to \$19.50 in FY 2020 to recognize the significant changes in the recycled goods market. Collection and recycled material disposition cost more than it would cost to dispose of the material in a landfill. While a number of governments around the country eliminated recycling programs due to the significant increases in cost, Cary maintained its recycling operations to reflect community values for environmental protection. Utility rates also increased only two percent for a typical household compared to previous projections for a three percent increase.

Council adopted the FY 2020 budget based on growth patterns like 2019, with slightly increasing sales tax revenues.

The outlook for investment earnings is not clear. While the Federal Reserve raised the federal funds rate three times in calendar year 2018 from 1.50 percent to 2.25 percent, the rate has been cut twice since the end of FY 2019. Most economists anticipate another rate cut. Interest rates impact Cary's interest income earning potential on the \$543 million cash and investment

portfolio, interest expense on approximately \$27.5 million of Cary's variable rate debt and the interest rates on future debt financing.

The FY 2020 capital budget assumes the issuance of \$1.4 million in short term debt for the replacement of an aerial ladder fire truck. This debt will be repaid over 15 years, not to exceed the life of the new asset. No other debt was utilized to balance the FY 2020 general or utility capital budgets.

Like FY 2019, the FY 2020 budget document reflects a fresh perspective with modern formatting, style and generous use of pictures, charts and graphics as staff works to integrate the Imagine Cary Community Plan and convey information in an inviting and easily consumable format. A Budget in Brief brochure was also created to provide a quick overview of the budget's most important aspects. All of the FY 2020 budget documents 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, work is underway to develop a financial forecasting model that projects the general fund financial position for five years. The model will demonstrate the financial impact of significant development, tax rate increases and/or capital investments and incorporate 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. Projections for consumption, other revenues and expenditures and debt service generate rate requirements to meet financial targets. 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. Over the past two years the model has been adjusted to reflect decreasing per capita demand based on Cary's experience and national trends. Changing demand patterns reflect 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 customers' hourly usage data and self-directed electronic usage alerts through Aquastar.

Plans are in place to enhance long term financial planning for financial sustainability and capital investments. Cary has historically updated the 10-year capital plan as part of the annual budget process. The FY 2020 capital budget expands the capital plan to a 20-year horizon. Other enhancements to the capital plan include work to tie the budget together with 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.

CITIZEN FEEDBACK

Citizen satisfaction with the Town has been gaged every other year since 1998 by a consultant in a scientifically valid citizen survey. The most recent survey occurred 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. Plans are underway to prepare for the next survey that is scheduled for FY 2020.

Cary also solicits feedback year-round on the budget, outside of the formal budget public hearing process, through social media and traditional communication tools such as the monthly utility bill newsletter. Citizen budget feedback received from this outreach is reported to Council in the quarterly reports.



FULFILLING THE IMAGINE CARY COMMUNITY PLAN



Just over two years ago Cary completed an ambitious long-range planning effort to update the Comprehensive Plan. The process, known as "Imagine Cary," was built on the values, needs and aspirations of Cary citizens and resulted in several years of work, unprecedented community input, and dozens of meetings and workshops. The process set out a long-term vision, policies, and strategic actions with a time horizon out to 2040 and resulted in the January 24, 2017 adoption of the Cary Community Plan. For more information about the Cary Community Plan, please visit <https://www.townofcary.org/projects-initiatives/cary-community-plan>

The Cary Community Plan consolidated and replaced land use plans and specialty area plans such as the comprehensive transportation plan that guided Cary's growth over the past 20 years.

The Imagine Cary Community Plan is divided into chapters, plus introductory Foundations and a closing Appendix. Each chapter

presents background information on challenges and opportunities facing Cary, followed by policy and intent statements addressing them. Each chapter includes a set of strategic initiatives and actions to carry out the policy direction. Chapter 9, Act, combines all implementation steps in one place to guide upcoming activities. The following describes the eight core chapters:

[LIVE: Fostering Strong Neighborhoods](#)

Cary Values: Fostering Strong and Sustainable Neighborhoods

Cary will maintain existing strong residential areas as well as create new sustainable neighborhoods supported by mixed uses and activities. This includes additional residential choices for a variety of lifestyles, ages, cultures, and incomes organized in a walkable pattern.

[Leveraging the Town's Regional Context](#)

Cary will leverage the Town's location within the region and proximity to regional assets (RTP, RDU airport, higher education institutions, and nearby communities) yet continue to differentiate Cary as a unique place to live, work, play, and conduct business. Using effective collaborations with neighboring jurisdictions and institutions, as well as improved physical connections, will make Cary and the region stronger.

[WORK: Assuring Continuing Prosperity](#)

Cary Values: Fostering a Prosperous Economy and Fiscal Health

Cary will foster a prosperous, diverse economy that motivates and supports entrepreneurs, improves underutilized retail and office development, supports existing businesses, attracts new business development, and utilizes public-private partnerships to sustain the Town's fiscal health.

SHOP: Creating Vibrant Destinations

Cary Values: Managing Future Land Use

Cary will manage land to create a distinctive, attractive, physical environment for a growing and diverse community while maintaining a predominantly suburban character. Development should focus on creating and maintaining high-quality commercial areas and strong residential neighborhoods complemented by walkable mixed-use activity nodes that serve all age groups.

Encouraging Redevelopment and Infill Efforts

Cary will focus redevelopment efforts on underperforming land and building assets and focus new infill development on vacant areas that are already served by existing infrastructure. Older declining commercial centers and commercial areas are key redevelopment priorities, and downtown represents a good opportunity to invest in a way that creates an active, walkable mixed-use environment which yields greater economic value and is a point of pride for Cary.

ENGAGE: Experiencing the Cary Community

Cary Values: Creating a Vibrant Arts and Cultural Environment

Cary will create a vibrant cultural and arts environment through performances, exhibits, festivals, and places.

Preserving Historic Resources

Cary will preserve sites, structures and traditions that help convey the history of Cary as a source of community pride.

Providing Extensive and High-Quality Parks and Recreation

Cary will provide extensive and high-quality recreation services and

facilities as a signature of the community, helping to make Cary a desirable place to live, supporting strong property values, and promoting healthy living. Opportunities for recreation include a well-connected greenway network, an expansive system of parks and natural areas of all sizes, and a diversity of recreational facilities and offerings for residents and visitors of all ages and abilities.

SHAPE: Guiding Community Growth

Cary Values: Managing Future Land Use

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MOVE: Providing Transportation Choices

Cary Values: An Efficient System for All Users

Cary will continue to provide an attractive network of streets and a wide range of functional and well-designed facilities for all mode choices –driving, walking, biking, and transit. This multimodal system will facilitate moving into, out of, and around the

community with design emphasis on people and the human experience.

SERVE: Meeting Community Needs

Cary Values: Respecting Nature and the Environment

Cary will preserve and protect the environment. This includes being good stewards of finite natural resources. Paramount is the conservation of water resources and the protection of watersheds.

Providing Comprehensive and Top-Quality Facilities and Infrastructure

Cary will provide comprehensive facilities and utility services to residents, businesses and institutions. Public infrastructure is provided in conjunction with development, coordinated with private investments, and is well-maintained.

Providing High Quality Public Services

Cary will provide high quality public services and customer service that continue the Town's legacy of excellence, including being one of the safest mid-sized communities in the nation. The Town's quality services yield a clean and attractive community, a reputation for open communication and responsiveness, and a supportive environment for residents and businesses.

ACT: Moving from Vision to Reality

1. Apply the Cary Community Plan Policies
2. Monitoring the Cary Community Plan Performance
3. Amending the Cary Community Plan

Cary invested resources to provide services and manage programs and projects designed to fulfill the vision set out in the Imagine Cary

Community Plan. Key events and accomplishments are highlighted in eight sections, which are organized to match the structure of the plan outlined above.





LIVE FOSTERING STRONG NEIGHBORHOODS

During FY 2019, Cary issued permits for 889 new single-family dwellings, down 18 percent from the previous five fiscal year average of 1,087 and down 21 percent from the FY 2018 total of 1,128.

HOUSING STUDY

Building on the Imagine Cary Community Plan, the Town has partnered with a consultant and local organizations to create a housing plan. The process will include data collection and stakeholder engagement meetings to understand local needs and provide impactful housing recommendations in the plan that will be finalized in FY 2020.

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 Loop. 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:

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

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 the 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.

ORDINANCE REVISIONS

The Ordinance Group is evaluating existing stormwater-related ordinances and polices to determine if or how they 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.

DOWNTOWN STORMWATER CITIZEN WORKING 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, including collaboration with adjacent municipalities.

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 the 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.

To further advance the maintenance program, the Town deployed a crew to clear stormwater pipes in the Downtown pilot area. This effort was possible without adding resources in the 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 to enhance the productivity of these stormwater systems.

OPEN SPACE PRESERVATION

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.

ACCOLADES

Cary continues to receive accolades from multiple organizations that reflect the desirability of the community as a place to live and work. The Town's website lists Cary's top honors at www.townofcary.org/recreation-enjoyment/about-cary/cary-superlatives





WORK ASSURING CONTINUED PROSPERITY

KEY EMPLOYERS AND GROWTH

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. Given this long-standing reputation, many are surprised to learn that now on business days there is a net migration of citizens into Cary for work.

A highly educated workforce, a competitive cost of doing business and high quality of life have drawn major employers. The company, Homesnacks looked at data from 283 cities with a population of more than 100,000 and determined that Cary, NC is the safest place to live in the U.S.

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.

Lord Corporation crossed into the billion-dollar company category during FY 2019. Lord Corporation's world headquarters in Cary oversee more than 3,100 employees in 26 countries, 19 manufacturing facilities and 10 R&D centers worldwide.

Notable employment news in FY 2019 included:

- MetLife opened its third tower to bring its total occupancy to 665,000 square feet. The class A office space houses the MetLife innovation team that partners with startup companies to test and discover new ideas that will be helpful to its customers, employees or bottom line.
- Bayer plans to relocate their Environmental Science U.S. headquarters to Cary's Center Green Office Park.
- SCHUNK, a worldwide leader in gripping and clamping technology to serve the manufacturing industry, opened its newly expanded facility. The Cary location is SCHUNK's largest US operation and will be home to approximately 100 jobs.

Cary invests in other segments of the business community through a Small Business Liaison who attends grand openings, ribbon cuttings and Chamber of Commerce events to connect with small business owners. With a dedicated resource to help and support small business, entrepreneurs can better maneuver the local government landscape. Cary has also committed to support Wake Tech Community College and local nonprofits in a new entrepreneurial program, LaunchCARY. This program focuses on the brick and mortar small businesses with an intense program that goes from idea to funding to launch.



The Cary unemployment rate has historically been extremely low and consistently lower than state and national averages. In June 2019, Cary's unemployment rate was 3.5 percent.

Beyond Cary's borders, citizens benefit from the employment base in RTP where there are approximately 55,000 jobs in high-technology fields at over 350 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.

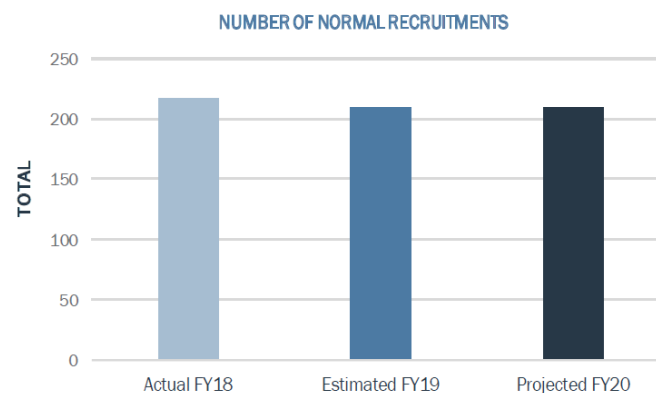
A comparison of Cary's principal employers in FY 2019 and its principal employers 10 years ago in FY 2010 are listed in Table 23 in the Statistical section. SAS Institute, Inc, remains the number one employer providing just over six percent of the jobs in Cary.

CARY AS AN EMPLOYER

Cary constitutes one of the largest employers. Cary 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 Cary's most important resource. Cary's Human Resources Department delivers a competitive, comprehensive health and benefits program to serve the needs of employees and their families.

Cary strives to attract and retain the best. Attracting and retaining high quality, flexible and team-oriented talent furthers the goals of providing excellent service. Continued investment in employees' personal and professional growth ensures a sustainable, competent and passionate workforce.



Taking care of our employees and their total health aligns with the Town's value that employees are our most valuable resource. This focus impacts employee satisfaction, workplace productivity and overall financial well-being. The Town's Total Employee Health model encompasses a diverse benefits and leave portfolio; a comprehensive employee wellness program that provides varied opportunities for employees to achieve optimal well-being; and an Employee Safety program focused on proactive safety measures both at home and in the workplace. In FY 2019, the Town developed the first Health & Benefits Handbook which increased communication and awareness as well as accessibility to information of our benefit offerings; developed and launched a

weight-loss challenge where 250 participants lost a total of 700 pounds and coordinated a Town-wide lockdown after in-depth Town-wide trainings and worksite specific drills. The Town continues look for ways to maximize cost effective opportunities and implement innovative solutions.

EMPLOYEE TRAINING AND DEVELOPMENT WELCOMES THE BEST

A OneCary Signature Experience project team is creating remarkable experiences for our new colleagues to empower each person to reach their highest potential through the understanding that leadership is required to reach the heights of local government excellence. The latest Signature Experience project rollout was a revamp of the new employee Orientation, which is scheduled bimonthly to Welcome the Best – our newest colleagues – with a remarkable, all-day experience that aligns perfectly with our culture. Based on extensive research of best practices for an experiential, informative, fun day, the Orientation schedule of activities includes sessions for sharing Cary's Story and a look at Our People, Our Culture, along with small-group discussions about "How We Value You" before heading off-campus for a lunch catered by our firefighters at Fire Station 2 and an afternoon scavenger hunt around campus and throughout town. New employees leave with several remarkable touchpoints to include

- Having an experience like no other
- Feeling welcomed, supported, and valued as a team member
- Leaving with a better understanding of the Town
- Diving deeper into our OneCary Mindset
- Gaining knowledge of our adaptive leadership philosophy
- Building lasting relationships
- Learning with curiosity and excitement

EMPLOYEE RECOGNITION RECEPTION AND LUNCHEON CELEBRATES AND APPRECIATES OUR BEST

Cary manages several programs to recognize and reward our best employees, and the largest annual events are being reimaged for FY20 through the work of a dedicated OneCary Focus Group. These two annual gatherings are now spaced throughout the year in the fall and spring. In December, Employee of the Year nominees are recognized, and a winner named; and milestone service award recipients are showcased. In May, employees enjoy an outdoor event at USA Baseball featuring friendly competition; games, music and socializing along with plenty of picnic foods and treats. Bigger and better than ever, these events truly celebrate our extraordinary staff.





SHOP CREATING VIBRANT DESTINATIONS

WEGMANS

In FY 2019 construction began at Twin Lakes Shopping Center, on a 158,300 square foot commercial shopping center that includes Cary's first highly anticipated Wegmans grocery store. A second Wegmans is planned in the Fenton development on the Town's eastern border.



CARY TOWNE CENTER

The Cary Towne Center mall property sold to Turnbridge Equities and Denali Properties. In FY 2019 the new owners requested rezoning to mixed use district and submitted a preliminary development plan (PDP). The PDP proposes to introduce a network of internal streets, forming a grid-like pattern for access and circulation to serve up to 1.2 million square feet of office, 360,000 square feet of commercial space, 1,800 multi-family/townhouse units and 300 hotel rooms. The new owners have defined their plans as complementary to the Fenton development across Cary Towne Boulevard. The Fenton development is described in the Shape Section of this overview.





ENGAGE EXPERIENCING THE CARY COMMUNITY

REMARKABLE FESTIVALS AND EVENTS

An estimated 10,000 people gathered in downtown Cary for the second annual Pimento Cheese Festival. Southern Living magazine highlighted the nation's only pimento cheese event and generated thousands of social media interactions. Professional cheese carver Sarah Kaufmann traveled to Cary from San Diego, California to create art featuring Cary landmarks.



Cary hosted the 43rd annual Lazy Daze Arts and Crafts festival for an estimated 60,000 patrons over two days. Sunshine Artist Magazine recognized the event as one of the top 50 arts and crafts events in the United States.



NC BMX SERIES

Cary hosted the NC BMX Series at Sk8-Cary on April 6. This day-long event was the only internationally sanctioned Olympic-points earning Freestyle BMX event in the USA for 2019. BMX Freestyle will be featured in the Olympics for the first time at the 2020 Games in Tokyo. Cary's Action Sports staff worked to bring this international competition to Cary, and the event attracted 39 Elite and 27 Amateur competitors to Cary from 12 countries. Over 320 spectators watched the best BMX athletes in the world compete, making this the largest action sports event ever hosted in the Triangle.

SAS CHAMPIONSHIP

Cary hosted the PGA Tour Champions SAS Championship for the eighteenth time. The tournament showcased top golfers in the world over the age of 50, competing over three days for a

tournament purse of \$2.1 million. Since 2001 the SAS Championship has contributed over \$4 million in donations to area youth educational initiatives and is responsible for over \$140 million in economic impact for Cary and the Triangle. The Golf Channel featured live coverage of the SAS Championship which was available in more than 200 million homes in 84 countries and 11 languages. With TV commercial spots, event signage and hosted tournament viewing areas, Cary was well positioned and represented. In addition to the three days of tournament play, the SAS Championship hosted multiple events designed to bring the Cary community together.



WAKEMED SOCCER

Cary's WakeMed Soccer Park was in the national spotlight throughout FY 2019. The Carolina Courage, Cary's professional women's soccer team, claimed an historic "treble" by winning the Women's International Champions Cup, the National Women's Soccer League (NWSL) Shield and the NWSL Championship, breaking multiple records along the way in the most dominant and most successful U.S. women's professional soccer season to date.

In October, Cary was host to the COCACAF Women's Championship and World Cup qualifying event. Six international games were held at WakeMed featuring the US Women's National team. In November, Cary hosted both the ACC Women's and Championship and finally, in December, the town hosted for the 12th time, the NCAA Women's College Cup Championship.



ATLANTIC TIRE TENNIS CHAMPIONSHIP

The fourth annual Atlantic Tire tennis tournament in September featured highly ranked men's professional players on the USTA Pro Circuit with a purse of \$50,000. Twenty of the players came directly from the US Open to Cary.

CHINESE LANTERN FESTIVAL

The fourth annual Chinese Lantern Festival at Booth Amphitheatre continued to be a success with over 84,000 attending.



MILESTONE CELEBRATIONS

Cary's greenways are one of the Town's most popular amenities. A signature celebration for the 40th anniversary of Cary's greenways was held on June 1, National Trails Day, at Bond Park. Approximately 100 riders traveled the White Oak Creek Greenway to the American Tobacco Trail while other attendees participated in a Walk N' Roll around the park.

On Saturday, May 18, the Cary Teen Council celebrated its 30th year as a youth council. Founded to empower teens with the core values of leadership, accountability, and responsibility through

volunteerism, today the council has 870 members who volunteer 20,000 hours each year. Teen Council members support Cary events and local schools, businesses, and nonprofits. In FY 2019 the teens collaborated with the Fire Department and led a donation drive for the victims of Hurricane Florence. They collected thousands of items that were sent to Fayetteville NC to help local veterans and their families.

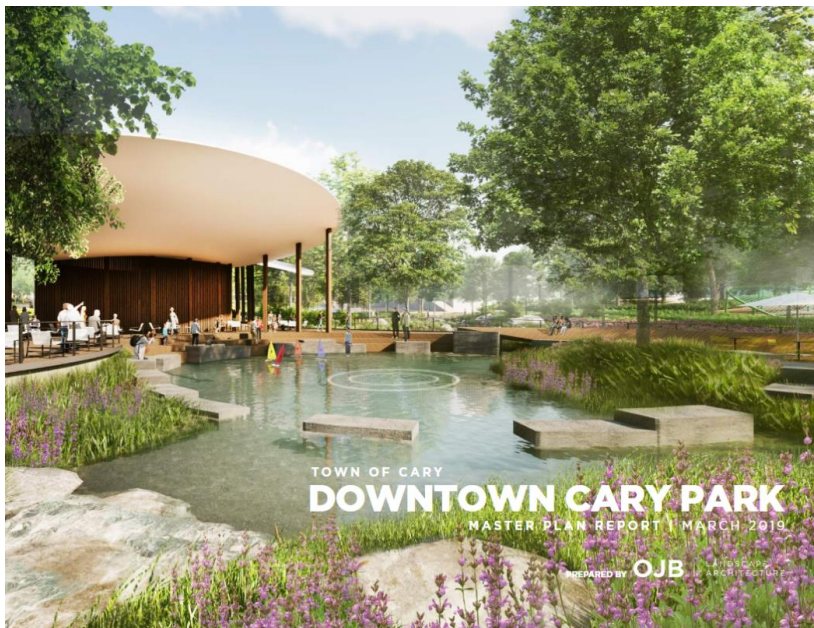
THE HIVE

The Hive, recreational leased space in western Cary, opened in October 2018 to provide classes and activities for all ages. The open house and ribbon cutting ceremony included free demos highlighting the most popular programs. In just the last two quarters of the fiscal year, the Hive offered 287 different programs in art, education and fitness to serve 1,035 individuals from preschoolers to seniors.



DOWNTOWN CARY PARK

Significant planning took place in FY 2019 for the next phase of the Downtown Cary Park. Nationally acclaimed landscape architects from the Office of James Burnett were hired and began their work collecting data and extensive public input. An estimated cost of \$50 million is the most notable component of a \$225 million bond referendum that was initiated in late FY 2019 in preparation for a citizen vote in FY 2020 on October 8, 2019.



SERVICES SENIORS

Cary continues to experience growth in the senior population. Recognizing this trend, staff works hard to provide quality leisure activities and support to residents age 55 and older through the Cary Senior Center. The center offered over 6,000 hours of senior

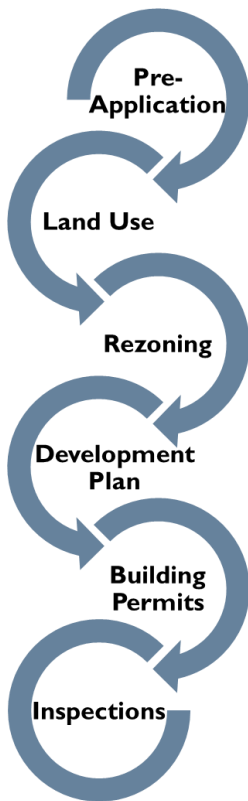
programming in FY 2019 and expects that number to surpass 6,500 in FY 2020.

The Cary Senior Center was re-certified as a “Senior Center of Excellence” by the North Carolina Department of Aging and Adult Services in FY 2019. This is the highest honor the State gives to a senior center and the third time the center has received this five-year certification.

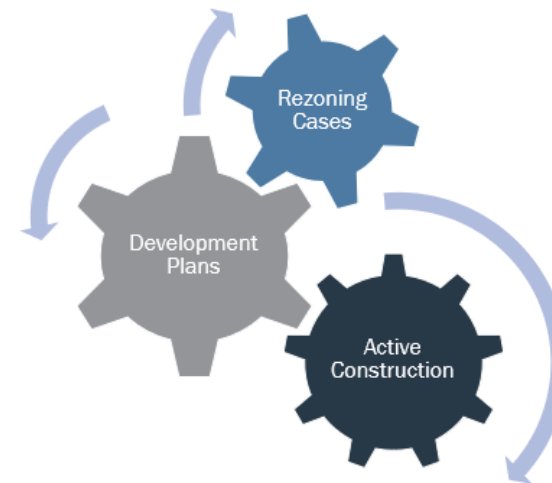
FY 2019 also brought significant facility renovations to Cary’s Senior Center. Improvements included conference room and computer lab upgrades, administration office enhancements, various Americans with Disabilities Act modifications and the addition of space for on-site GoCary Transit ticket sales and service support.



SHAPE – GUIDING COMMUNITY GROWTH

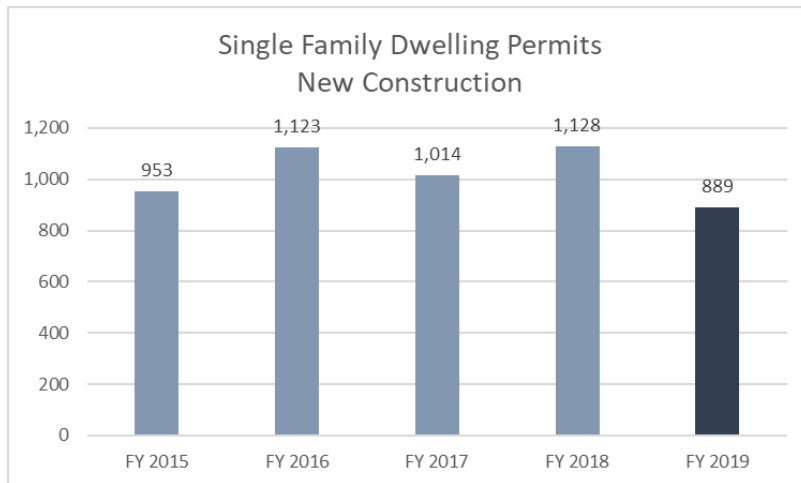


The process for new development is composed of three major stages. Land rezoning creates an entitlement for property. The process can take up to 12 months and is preceded by a pre-application process with staff to evaluate how a rezoning proposal fits within the Imagine Cary Community Plan. Development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



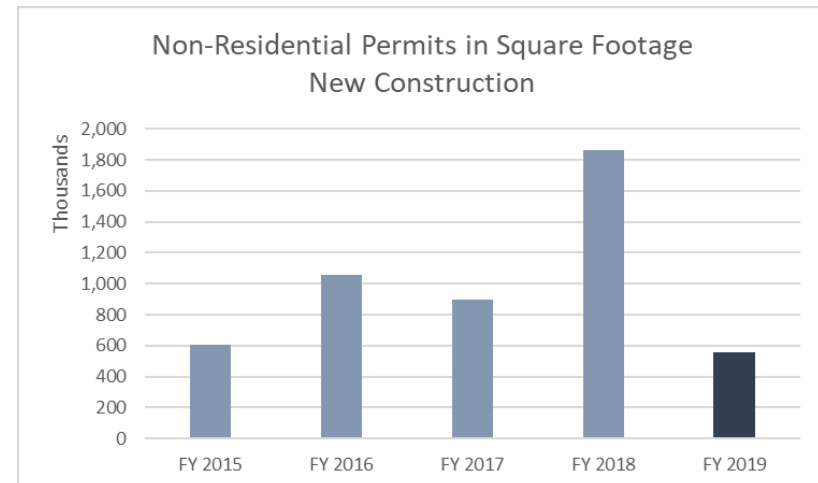
During FY 2019 Cary approved 22 rezoning cases and 76 development plans. These plans can range from a development as small as three townhomes to a large mixed-use proposal.

Single-family permits are an indication of economic activity in Cary. In FY 2019, the Town issued 889 single family permits. The permit totals are down 18 percent from the previous five fiscal year average and 21 percent down from FY 2018.



Though still strong, residential addition and alteration permits in FY 2019 were down three percent from the previous five fiscal year average and 10 percent down from FY 2018. Continued redevelopment is anticipated in the Imagine Cary Community Plan for both residential and non-residential property.

Non-residential development is measured by square footage, and for FY 2019, totaled just over 550,000 square feet. The third MetLife office and parking structure were permitted in FY 2018.

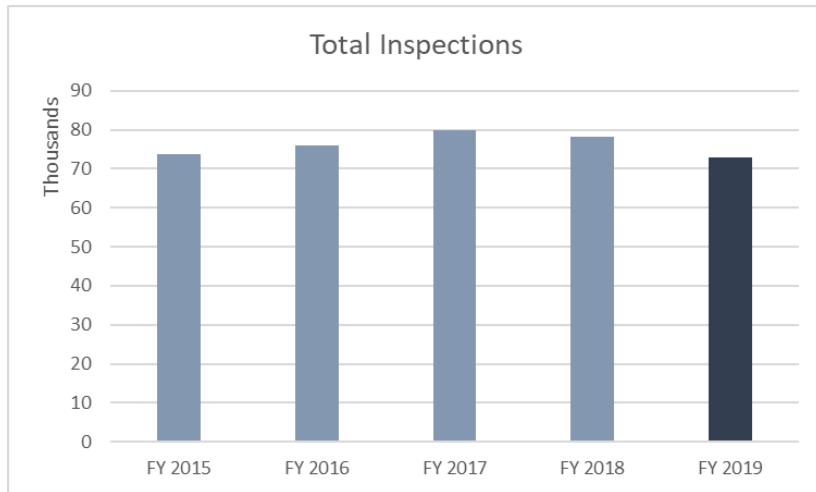


Permitted construction in FY 2019 totaled \$500 million in value as reported by contractors at permit application. Quarterly reports, available at www.townofcary.org, include more details about specific projects throughout the year. Table 24 in the Statistical section of this report includes 10 years of history for building permit counts and values.

Cary is empowered by state statute to extend its corporate limits by annexation. These annexations are typically a step in the development process during the development plan review phase. There were 16 annexation requests approved in FY 2019 that totaled 175 acres with a tax value of almost \$18 million.

TOTAL INSPECTIONS

Once permits are issued and construction begins, the inspection process begins. Inspections in FY 2019 totaled almost 73,500, which is down 3.4 percent from the five-year average of just over 76,000.



HONORING THE PAST

In FY 2019 the Town negotiated a plan to purchase and re-locate the historic Nancy Jones House. The c. 1803 house is the oldest known house in Cary and is listed in the National Register of Historic Places. The house was built in 1803 for Henry and Nancy Jones on what was then a 2,000-acre estate. In addition to residing there, Henry and Nancy operated a stagecoach stop and tavern out of the house. When Henry died in 1841, Nancy continued to live in the house and operate the stagecoach stop for another 30+ years. During the antebellum period, it was considered the only fit place for important travelers, including many politicians, to stop.

Other notable events and activities honored the past. Three Town-owned historic landmarks received plaques to identify their place in history and a street side marker was also installed at the intersection of Harrison and W. Chatham street. Analysis was conducted as part of the Historic Facilities Interpretation and Rehabilitation project. The John L. and Henri G. Sears house was designated as Cary's eleventh local historic landmark. Also, a committee was organized to prepare for the celebration of Cary's sesquicentennial on April 3, 2021.



2020 CENSUS

Cary continued to work with neighboring municipalities to support the formation of a Complete Count Committee, including the hiring of a temporary administrator for the 2020 Census effort. Cary has also identified opportunities at festivals, Town-sponsored events, and other public venues where both Wake County and Cary staff

can provide information and outreach to community members to help ensure a complete count.

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.



Progress toward the construction of Fenton, a proposed mixed-use development located in the Eastern Cary Gateway Special Planning Area, remained a major focus area 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. In FY 2019 the Town executed a development agreement that provides for careful integration between public capital facilities construction and the phasing of Fenton to ensure that public streets, greenways and utilities are improved in advance of increased demand.

The Fenton development team purchased the land from the State of North Carolina in the fourth quarter of the fiscal year and received Town approval of an initial clearing and grading plan. The development website www.fentonnc.com advertises an anticipated investment of \$850 million.

As noted in the SHOP chapter, Cary Towne Center is in the midst of planning for comprehensive redevelopment that will also have a significant impact on the Eastern Cary Gateway.

DOWNTOWN PARKING DECK

The Town partnered with Wake County to construct a parking deck adjacent to the new regional library in downtown Cary. By the end of the fiscal year, the 600-space deck was 80 percent complete. Plans for the deck include smart and connected technology initiatives including intelligent lighting, physical and video security, electric vehicle charging solutions and automated parking guidance.





MOVE PROVIDING TRANSPORTATION CHOICES

MULTI-MODAL TRANSIT CENTER AND BUS RAPID TRANSIT

Implementation of the regional Wake Transit Plan has resulted in significant resources being allocated to GoCary to support the system's growth of community-based services. The plan also allocated resources to the development of fixed-guideway transit for Bus Rapid Transit (BRT) and Commuter Rail Transit (CRT), which will converge in downtown Cary at a multi-modal facility that will serve as a central transfer hub.

In FY 2019 Cary staff and regional partners continued to work collaboratively with an engineering consulting firm to study potential locations for a new Downtown Cary Multi-Modal Transit Facility. The Multi-Modal Transit Facility will accommodate a variety of transportation options including local and regional bus service, BRT, future commuter rail service, Amtrak intercity passenger rail services, and bicycle and pedestrian connections in addition to providing rideshare and parking options for commuters. Criteria to evaluate potential downtown sites include rail access, traffic access, station area connectivity, sustainability, and development potential.

The study is also evaluating potential Bus Rapid Transit (BRT) corridors connecting downtown Raleigh with downtown Cary. Raleigh identified Western Boulevard as the preferred route to a

point near the intersection with Jones Franklin Road. The process included study and public engagement to identify a recommended route the remainder of the way into Cary. The recommended route along Cary Towne Boulevard supports economic development opportunities in the Cary Community Plan's Eastern Cary Gateway, fueled by large-scale development projects like Fenton and Cary Towne Center. It also takes advantage of corridors with the maximum amount of right-of-way, which supports dedicated BRT lanes. The Cary Towne Boulevard corridor eliminates conflict with the existing rail right-of-way on E Chatham Street and minimizes competition with future commuter rail planned for that location. The recommended route connects the Eastern Cary Gateway with Downtown Cary heading north on Maynard Road, an area that better serves transit-dependent populations, and turning onto Chatham Street to a terminus in Downtown Cary.

Work continued on an evaluation of potential transit center sites and the development of concept plans. The team is also looking at best practices and conducting peer reviews with similar facilities across the country.

GOCARY CITIZEN ENGAGEMENT

Transit staff partnered with teams throughout the organization to engage citizens regarding proposed GoCary fixed route service changes. Staff from Housing, Community Engagement, Neighborhood Services, Stormwater, Planning, and Parks, Recreation & Cultural Resources met with citizens to gather feedback and then incorporated changes into proposed improvements to the system.



BIKE CARY DESIGN GUIDE AND ACTION PLAN

In response to changing national guidelines for bicycle facilities, evolving mobility options, and to accommodate cyclists of all experience levels, staff launched a Bike Cary Design Guide and Action Plan. The goal of this strategic effort is to develop a guide for bike facilities that complements Cary's unique land use context and user profiles to enhance mobility options for all users while providing a more connected multi-modal network. These guidelines will allow staff to implement bicycle infrastructure based on the context of each street and the larger transportation network, rather than taking a "one size fits all" approach. The project will continue through FY 2020 and will include citizen engagement and geographic analysis to identify gaps in the current system.

CARPENTER FIRE STATION RAIL SEPARATION

Construction began in the second half of FY 2019 for this critical east-west connection that will include a new railroad overpass. One of the most expensive capital projects underway, this project includes significant coordination with the railroad and is expected to take three years to complete.

CONNECTED VEHICLES

Cary is a leader in the advancement of Intelligent Transportation Systems (ITS) and is developing one of the most robust Connected Vehicles systems in the country. The Town has been awarded a two-million-dollar Federal Highway Administration grant that will fund ITS information connections with drivers to include data such as school zone speed limits, pedestrian and bicycle warnings, time until the next green light, emergency vehicle approaching and work zone notifications.



SIDEWALK IMPROVEMENTS

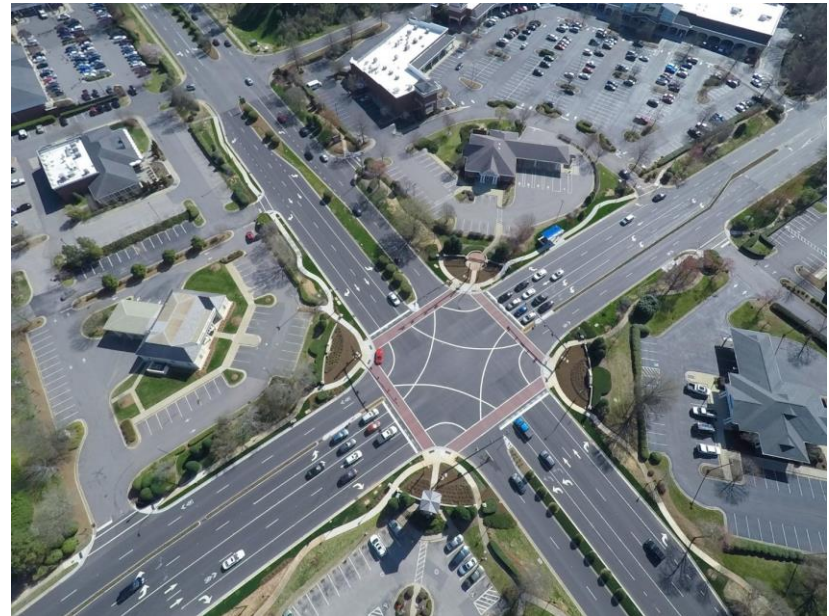
Cary citizens place a high priority on sidewalks and consistently rank them as a key contributor to their satisfaction with their quality of life in the community. Council budgets for important sidewalk construction projects to improve pedestrian safety, and to provide connections to schools and better connectivity across Cary.

A 2,300-foot sidewalk segment along Edinburgh South Drive was completed in spring 2019. In addition, two recently completed segments provide new direct connections to schools and a third was underway at year end. Four more sidewalk connections to schools are in the design phase. In the downtown area, sidewalk construction began in FY 2019 along E. Chatham Street and Walker Street.

In total, more than a mile of new sidewalk was constructed in Cary in 2019, and an additional 1.5 miles is planned for 2020, bringing the total sidewalk count in Cary to 450 miles.

NOTABLE CONSTRUCTION

In FY 2019, the project to improve the intersection of Cary Parkway and High House Road was completed. Extensive planning and coordination across the organization minimized interruptions to travel during the construction.



A combination of projects totaling over \$26 million to construct the final section of Morrisville Parkway between NC Highway 55 and Green Level Church Road were near completion at fiscal year end. Work on the new interchange with NC Interstate 540 also progressed in FY 2019. In FY 2020 the tolling infrastructure necessary to open the new interchange is expected to be complete.



Cary received right-of-way certification needed for the construction of the \$14 million Reedy Creek Road widening project. Coordination with Wake County Public Schools is ongoing to manage the roundabout design to help with internal flow within the school property during student drop off times. These important milestones along with planning for the next steps in electric utility relocation were designed to allow construction to begin in FY 2020.

Construction on a \$36 million critical east-west connection on Carpenter Fire Station Road began in FY 2019. Temporary road closures were put in place to accommodate the construction of a railroad bridge overpass. Construction is scheduled to be completed in 2022.

Construction began to complete a short but complex gap in White Oak Creek Greenway, the 7-mile spine of Cary's greenway system that runs from Bond Park to the American Tobacco trail. This segment includes a tunnel under a railroad corridor and a boardwalk.

The Crabtree Creek Greenway was completed and added 1.7 miles of greenway along the southern shore of Lake Crabtree. This greenway links to the Black Creek Greenway with a boardwalk and connects to another 2.7 miles of trail constructed by the Town of Morrisville.

NOTABLE TRANSPORTATION PLANNING PROJECTS

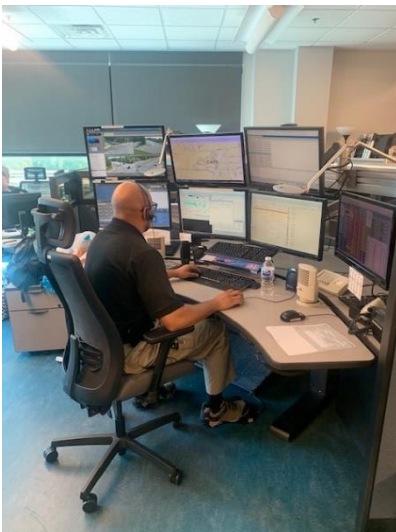
Planning for significant future projects occurred throughout the year in preparation to improve Cary's connected, well-planned transportation system:

- NW Maynard Road grade separation
- Louis Stephens Drive Extension
- Completion of NC 540
- Piney Plains Road
- US Highway 64 corridor
- McCrimmon Parkway
- Green Level Church Road
- Trinity Road
- Interstate 40/440 and US Highway 1/64 Interchange
- Ten Ten Road widening



SERVE MEETING COMMUNITY NEEDS

PUBLIC SAFETY PARTNERSHIPS



In early May the Cary 911 Communications Center began receiving and processing emergency calls and dispatching for Morrisville Police and Fire and Apex Fire. This effort was a culmination of a multi-year collaboration between Cary, Apex and Morrisville to establish a partnership to improve emergency response times by consolidating 911 call processing and dispatching functions.

During FY 2019 technology improvements and staffing recruitment were implemented including network connectivity, security, E911 phone system and routing, GIS, Computer Aided Dispatch (CAD), radio system, and logging recorder configuration changes and additions. Five emergency communications officers were hired to accommodate the additional workload.

Since 2013, Cary has been working to enhance Computer Aided Dispatch (CAD) interoperability with surrounding municipalities to reduce mutual aid first responder dispatch times between agencies. Without this interoperability, telecommunicators had to

coordinate responses over the phone or radio with neighboring communication centers, slowing down incident response and leaving first responders with incomplete or incorrect information that increased risk to those in need of help and first responders as well. The solution was extraordinarily complex because of disparate systems. In FY 2019 Cary and Raleigh began sharing live data on June 4. This decreases dispatch time, reduces risk of location errors and provides responders with patient information that was unavailable to them before. Mutual Aid Requests for Fire Services are also being shared and has improved response times. Work continues to extend interoperability to other local agencies.

RECYCLING

Recycling nationwide is facing extreme challenges. What was once a revenue-generating endeavor has become an operational dilemma of costly processing fees and an abundance of materials without a market. China's 2018 National Sword policy significantly impacted recycling programs across the United States; numerous municipalities have discontinued their programs. Communities that are committed to recycling saw dramatic increases in processing fees. Many cities banned materials from their programs, and many others were compelled to landfill materials that processors would not accept.

Until recently, China imported over half of the recycled materials from the United States with no restriction on contamination. With the implementation of its National Sword policy, all commodities entering China must have no more than 0.5 percent contamination. The national average is approximately 25 percent; the Cary rate is about 13 percent.

Cary, over 7,000 miles away, felt the impact. In February, Cary's recycling processor notified the Town that it did not have capacity for all of its customers. A Recycling Crisis Management Team was quickly assembled and met daily to ensure that Cary would

maintain its recycling program without interruption to citizens while striving for cost effectiveness. Cary negotiated a new two-year agreement at a processing cost of \$95 per ton, \$20 more per ton than the previous rate but less than other proposals as high as \$135 per ton. The new contract will increase the FY 2020 annual recycling cost by \$600,000 compared to the FY 2018 budget.

To address the contamination issue, Cary partnered with Wake County to audit both trash and recycling. The audit was conducted by a professional engineering company that specializes in waste audits. With this information, plans to target contamination will be developed and included in a comprehensive community conversation.



UTILITY PERFORMANCE

Three of Cary's treatment facilities received national awards during the 2019 American Water Works Association ACE Conference. The Cary-Apex Water Treatment Facility received the Partnership for Safe Water Directors Award for Water Treatment. The Partnership for Safe Water is an alliance of six prestigious drinking water organizations with a mission to improve the quality of water delivered to customers by optimizing water system operations. The Directors Award is given to recognize a facility's demonstrated commitment to providing drinking water of superior quality, going above and beyond regulatory requirements. Because of the facility staff's ongoing commitment to provide drinking water of the highest quality, the Cary-Apex Water Treatment Facility has received this award fifteen years in a row.

The Partnership for Clean Water is a parallel program for wastewater and recognizes wastewater treatment facilities that operate with the highest efficiency, while protecting the environment and preserving the quality of water resources. Both the North Cary and Western Wake Regional Water Reclamation Facilities were part of the inaugural class of elite wastewater treatment facilities to receive the Partnership for Clean Water Director's Award. The North Cary facility was the first wastewater treatment plant in the country to receive the award.

The Town's water quality report, also called the Consumer Confidence Report, is released 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. The Town also provides citizens and utility consumers an annual review of activities and regulatory compliance within the 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.

Water Storage Tanks



Reaching above the pines along Kilmayne Drive is the newest addition to Cary's water infrastructure system. The two million-gallon Kilmayne Drive water storage tank, placed into service in

early February, provides additional storage in the central pressure zone. The Kilmayne Tank is the seventh active elevated water storage tank in the system and the first with a composite column. The reinforced concrete column is as structurally sound as steel and considered by many to be more aesthetically pleasing. The total lifecycle cost of the composite tank was also an important consideration because construction costs were \$243,000 less and annual maintenance costs will be \$10,000 less than for a tank with a steel base.

The additional storage provided by the new Kilmayne Tank provided the capacity to take the Maynard Tank out of service for renovation with no disruption to the distribution system. The iconic 53-year-old tank received structural repairs, equipment upgrades and a new coat of paint, inside and out. This landmark tank will return to service ready to support the water demands of the surrounding neighborhoods and the upcoming Fenton development.

Ensuring Future Utility Capacity

Cary is committed to delivering high-quality, affordable and reliable water and wastewater services to citizens and businesses and to sustain future growth. To support this commitment, the Long Range Water Resources Plan has been updated. This Plan helps staff understand the evolving behaviors that drive residential and commercial water demand and influence the future need for water supply and wastewater management facilities. Using various tools, including five years of Advanced Metering Infrastructure (AMI) data, a continuing trend toward efficient water usage can be seen across the service area:

- Residential per capita water use declined 30 percent in the past 20 years. Wise water use by citizens and the business community reflects the success of Cary's water efficiency programs, and 1990s plumbing code changes required more efficient fixtures.

- Residents and businesses are much less likely to irrigate their lawns than a decade ago. Irrigation permits dropped from one-third of new homes to about 13 percent over the past six years, and water use is declining accordingly.

These trends are expected to continue and impact utility fund financial models and rate projections. The Plan forecasts water demand and wastewater flows through 2065 based on the Imagine Cary Community Plan framework for future growth, including mixed-use projects and redevelopment. It also addresses Apex's projections for continued strong growth and their need for additional capacity in the Cary/Apex Water Treatment Facility and Western Wake Regional Wastewater Management Facilities.

The ultimate water supply and utility infrastructure needs are currently forecast to be somewhat lower than in previous forecasts. Coupled with the recently increased water supply allocation from Jordan Lake, Cary's current water and wastewater facilities are well positioned to accommodate more growth than had been expected when they were built, and several growth related water and wastewater capital projects can be deferred into the future by at least ten years.

The Long Range Water Resources Plan also forecasts a reduction in reclaimed water demand due to the general trend toward less irrigation. The plan evaluated the business case for several reclaimed water program alternatives, which will provide input for discussions on the right path forward for the reclaimed water program.

DRONE PROGRAM

In FY 2019 Cary advanced its experience and expertise in drone technology. Cary has four federal and state certified drone pilots

across the organization. The team collaboratively researches and develops ways the technology can improve safety and efficiency of Town operations. The Police Department purchased a drone specifically for traffic scene reconstruction which allows officers to document the scene more quickly and reduces the time needed to stop traffic.





ACT MOVING FROM VISION TO REALITY

311

A cross-departmental team of staff continued to work 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.

BRANDING

The Town is undertaking its first major community branding initiative. This effort 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, worked throughout the fiscal year.

NEW REPORTS

In FY 2019 progress continued to incorporate the daily use of a tool on the Town's Salesforce platform that hosts a complete inventory

of the Town's projects and services. Known as the Catalog of Projects and Services, this comprehensive list allows Town leaders to set priorities. The catalog holds multiple data points about each project and service to support decision making and reporting. The Catalog facilitates a more comprehensive discussion about the relative value of current and future projects and services and serves as a hub for collaboration.

TREE CANOPY

The Town's Environmental Advisory Board provided recommendations on ways to improve the tree canopy in Cary. Staff are working to evaluate ways to operationalize the recommendations, as well as working with NC State University to build a tree canopy baseline using light detection and ranging data.

2019 COUNCIL/STAFF RETREAT AND QUARTERLY MEETINGS

During its annual retreat, the Council reflected on accomplishments over the past year and prepared for the adaptive challenges that lie ahead by strengthening connections to enhance collaboration.

The Council focused on downtown Cary and new ways to think about land use, urban design and economics. Council also studied the challenges and implications posed by private streets.

Dr. Alec Horniman of the Darden School at the University of Virginia concluded the retreat with thought provoking encouragement to invite, include and inspire others.

Council also dedicated important planning time and attention at quarterly meetings. These ongoing meetings offsite have provided staff and council a professional setting to focus on key projects and new financial and development updates. The reporting and resulting discussions facilitate and strengthen the process for future decision making for the community.



BUDGET DECISION MAKING

The FY 2020 budget process built upon the progress established in the prior year budget process. Rather than having budget priorities set by an executive team, the department directors worked together again to develop a balanced General Fund operating budget to recommend to the Town Manager. This year 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. The process 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 citizens' expectations and to focus on tasks designed to build the community envisioned in Imagine Cary. Most importantly, the FY 2020 budget did not include any requests for new positions. With Cary's growth, historically, new positions were expected each year to accommodate expanding work

requirements. In FY 2019 department directors focused on efficiency, priorities and ensuring that employees were contributing in the best possible way. Vacant positions were allocated to the highest needs, which included plans to staff the new 311 operations which will begin official service in January 2020.

CONCLUSION

This annual report was designed to introduce Cary and highlight key financial results and financial management practices. To provide a more complete picture of the accomplishments achieved with the financial investments summarized in the CAFR, this annual report includes stories about key projects and services that reflect current priorities. These priorities and many others were a focus for Cary based on the vision in the Imagine Cary Community Plan and provide transparency and management accountability.

These accomplishments reflect the dedication and leadership of staff throughout the organization and executive leadership by the Town Manager and Town Council. Cary citizens remain at the top of the Cary organization chart, and their contributions and support for their local government make Cary the successful community that it is.

Members of Town Council

Harold Weinbrecht, Jr.
105 Windspring Court
Mayor

Jennifer Robinson
106 Chertsey Court
District A

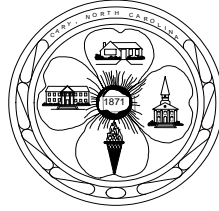
Don Frantz
706 East Cornwall Road
District B

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

Russ Overton
Deputy Town Manager

Sean Stegall
Town Manager ⁽¹⁾

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⁾

Susan Moran
Chief Strategy Officer

Allan Cain
Public Safety Director

Mike Cooper
Fire Chief

Toni Dezomits
Police Chief

Doug McRainey
Parks, Recreation & Cultural
Resources Director

Scot Berry
Planning, Inspections & Permits
& Development Services

Nicole Raimundo
Chief Information Officer

Jamie Revels
Utilities Director

Ted Boyd
Director of Economic

Scott Hecht
Public Works Director

Danna Widmar
Director of Special Projects

Jerry Jensen
Transportation & Facilities
Director

Ken Hawley
Director At-Large

Lana Hygh
Director of Special Projects

Steve Brown
Capital Program Director

Allison Hutchins
Organizational Development
Manager

⁽¹⁾ Appointed by Town Council

RESPONSIBILITIES OF TOWN GOVERNMENT BY DEPARTMENT

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. Functional areas assigned to this department include Economic Development, Organizational Development, Capital Program Management, and Public Safety Administration. Several program areas undergoing rapid change or growth to help meet the needs of our maturing community, such as Stormwater, GoCary Transit, Housing and Neighborhood Services, Historic Preservation, Sustainability, and our 311 Center are also managed under the umbrella of the Town Manager's Office.

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. The Town Manager's Office's 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 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.

Organizational Development at the Town of Cary is a human endeavor to help people thrive in our culture and meet the demands of the future. Simply, the work is about our culture and our people and how those two things intersect. Our work creates pathways for developing multi-faceted employees, by maximizing strengths, harnessing life experiences, and tapping into the potential of every person.

Capital Program Management is responsible for facilitating and organizing all active capital projects into a 20-year Capital Improvement Budget/Plan (CIB/P). Through the prioritization of capital projects over 20 years, the Capital Program division ensures that Town resources are efficiently and effectively allocated in order to maintain the highest-quality capital assets and facilities.

Public Safety Administration coordinates activities and operations between Police, Fire, and Code Enforcement. The division implements emergency management activities for disasters and large planned events. The Public Safety Division also serves as the external stakeholder point-of-contact for 911 communication serves and other related services.

The Stormwater Program administers state and federally mandated activities and is currently being transitioned to include an adaptive approach to stormwater, engaging citizens and developing new tools to address the needs of a maturing community.

GoCary Transit operates a network of seven local bus routes, as well as an ADA complementary paratransit service known as GoCary Door to Door. GoCary Door to Door also serves the Town of Cary and surrounding communities with premium demand response service for town residents age 60 and over.

Housing and Neighborhood Services consolidates all Town of Cary housing-related programs and services including Housing, the Neighborhood Improvement Grant and Community Development Grant Programs, and Minimum Housing to provide a more holistic, effective and efficient use of resources to meet the needs of our maturing community.

Historic Preservation’s mission is to enhance the quality of life in Cary through the preservation of the historic resources that give Cary its individuality and provide the context for understanding our heritage historic resources.

Sustainability collaborates with departments and citizens to enhance the Town's operational and community-wide sustainability, which is a triple-bottom-line decision making approach that considers a decisions’ benefits and impacts to the economy, people, and the environment. The division also serves as a technical resource, collaborator, coordinator, and point of contact for sustainability grants, energy innovation, climate mitigation, adaptation, resiliency, and sustainability efforts.

The 311 Center is a citizen-centric communication and information hub that will blend modern software with staff knowledge of Town operations to provide citizens great customer service. With a strong foundation of powerful and interconnected technologies, the 311 Center will use a OneCary approach to citizen services—disrupting silos to better understand and meet citizens’ needs.

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 department is comprised of 245 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 three divisions: Accounting and Procurement, Financial Strategy, and Utility Accounts.

The Accounting and Procurement 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. Procurement 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. Procurement also administers contracts, manages the Town's warehoused inventory, manage internal couriers, and disposes of surplus property.

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 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 like no other, we must provide an extraordinary work environment for employees that enhances their creativity and contributions while achieving outcomes identified in the Imagine Cary Community Plan. Technically, HR oversees a full range of responsibilities including recruitment and selection, competitive pay and benefits, employee relations, and safety and training.

INFORMATION TECHNOLOGY DEPARTMENT

The IT 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 IT 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 consists of the Administration, Community Recreation Programs,

Cultural Resources and Sports Venues divisions, and handles 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's 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 36-court full service tennis facility providing instruction, camps, clinics, tournaments and league play), a Skate Park (a 12,000 square-foot course with ramps and other popular skating obstacles), WakeMed Soccer Park (a 150 acre facility which includes a nationally recognized cross country course, 7 multi-purpose soccer fields and a 10,000 seat stadium home to the Carolina RailHawks professional soccer team). The USA Baseball National Training Complex at Thomas Brooks Park includes 4 full-size baseball fields featuring a

stadium field to complement the current 4 field softball/baseball complex at the park.

PUBLIC WORKS DEPARTMENT – (General and Fleet Funds)

There are five 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, 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. Utility-related activity is reimbursed by the Utility Fund.

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. Utility-related activity is reimbursed by the Utility Fund.

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. Utility-related activity is reimbursed by the Utility Fund.

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.

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.

PLANNING, INSPECTIONS AND PERMITS, AND DEVELOPMENT SERVICES DEPARTMENT

Planning 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. 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. 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. Staff also make presentations to and provide administrative staff support for the Zoning Board of Adjustment, the Planning and Zoning Board and the Historic Preservation Commission.

Planning contributes to the success of the Town through its integral role in the implementation of the Imagine Cary Community Plan. Planning 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 Cary.

Inspections and Permits 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 division 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 Division 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.

Inspections and Permits promotes life safety by ensuring state building code compliance while providing quality service and responsiveness to our citizens, contractors, and design professionals. The group 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 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. Development Services continuously examines models where we can proactively communicate and collaborate with those we serve, looking for ways to improve the development process.

The group 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.

UTILITIES DEPARTMENT – (Utility Fund)

The Utility Fund incorporates nine divisions: Utilities Pretreatment, Utilities Engineering, Utility Systems Management, 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.

Utilities Pretreatment 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. Utilities_Pretreatment 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.

Utilities Engineering Division 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 division prepares thorough master plans to ensure that high performing and cost-effective utility 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 existing and future utility needs.

Utility Systems Management 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 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 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 Facility's (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 will increase the facility's treatment capacity to 56 MGD.

The Remote Water Infrastructure Division, which is managed by the CAWTF Division, provides maintenance, instrumentation, SCADA, and logistics support for the operation of the Town's remote water infrastructure including: six elevated water storage tanks, one ground storage tank, three booster pump stations, pressure zone control valves, and interconnections with neighboring utilities. This division participates in engineering studies and related system review functions to support water system operations.

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. Mehul Shah, Chair

Historic Preservation Commission
Mr. Brent Miller, Chair



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Cary
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

To 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, 2019, 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, 2019, and the respective changes in financial position and cash flows thereof, and the respective budgetary comparison for the General Fund, the Transit, and the Emergency Telephone System for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 30, 2019 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.

Cheryl Bekaert LLP

Raleigh, North Carolina
October 30, 2019

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 Cary as of and for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

Financial Highlights

- Cary's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$1.68 billion (*net position*). Of this amount, \$244 million of *unrestricted* funds may be used to meet the ongoing obligations to citizens and creditors.
- Net position increased by \$42.7 million in fiscal year 2019. The governmental net position increased \$11.4 million and the business-type net position increased by \$31.3 million. 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 Cary constructed assets and the donation of infrastructure from developers.
- As of the close of the fiscal year, the Cary's governmental funds reported combined ending fund balances of approximately \$243.5 million, a decrease of \$5.1 million from the prior year. The total fund balance in the General Fund increased \$9.2 million from fiscal year 2018, partially due to a decrease in transfers to the Capital Project Fund. Capital Project Fund fund balance decreased \$14.1 million due to increased spending on downtown, parks and general government projects. The fund balances in the four special revenue funds decreased a total of \$.2 million. The decrease was partially due to timing of the receipt of federal and local funds for transit during fiscal year 2019. 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 \$53 million, or 32.7 percent (3.9 months) of total general fund expenditures for the 2019 fiscal year.
- Cary repaid \$25 million of bond principal and installment financing principal during the year net of contractual capital project partner governments' shares.
- Cary borrowed \$8.5 million through a privately placed installment financing agreement to finance a portion of the construction of Fire Station No. 9 and the purchase of two replacement aerial ladder fire trucks. Fire Station No. 9 was pledged as collateral. The loan will be repaid over 15 years at a fixed interest rate of 3.12 percent.

- Cary maintained its outstanding AAA bond ratings from all three major rating agencies for general obligation bonds and revenue bonds, the highest rating possible from all three rating agencies for all three types of debt.
- Cary total investment earnings during the year were \$19.5 million, an increase of \$16.8 million from the prior year. Realized investment earnings increased about \$2.6 million from fiscal year 2018, however due to a positive mark to market adjustment a larger increase in earnings has been reported. The average yield on the investment portfolio increased from 1.31 percent to 1.79 percent. The average yield on other deposits increased from .97 percent to 1.30 percent.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Cary's basic financial statements. The 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 Cary's finances in a manner similar to a private-sector business. The entity-wide statements provide short and long-term information about Cary's financial status as a whole.

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

Both of the entity-wide financial statements distinguish functions 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 include most 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 primarily consists of water and sewer utility services.

The Cary Economic Development Corporation is Cary's only component unit, but has no assets, liabilities or other activity to be recorded. This corporation exists for Cary 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 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 budget ordinance or revenue bond covenants. All the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Most of Cary'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 Cary'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 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 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: Cary'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 is the water and sewer utility service. Internal service funds are used to accumulate and allocate costs internally among the various functions. Cary 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 Cary's progress toward funding its obligations to provide pension benefits related to its LEOSA plan, the OPEB plan and Cary's share of LGERS with the latter two benefiting all qualified employees.

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

Entity-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of Cary's financial position. As of June 30, 2019, assets exceeded liabilities by \$1.68 billion.

The following tables reflect net position in millions of dollars.

Town of Cary Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$313.8	313.5	296.6	299.8	610.4	613.3
Capital Assets	907.0	888.8	848.6	828.0	1,755.6	1,716.8
Total Assets	1,220.8	1,202.3	1,145.2	1,127.8	2,366.0	2,330.1
Deferred outflows of resources	42.6	23.1	7.9	3.8	50.5	26.9
Long-Term Liabilities	304.4	298.7	330.2	342.3	634.6	641.0
Other Liabilities	47.7	45.3	13.7	15.2	61.4	60.5
Total Liabilities	352.1	344.0	343.9	357.5	696.0	701.5
Deferred inflows of resources	30.9	12.4	7.1	3.3	38.0	15.7
Net Position:						
Net Investment in Capital Assets	844.1	839.0	551.8	524.4	1,395.9	1,363.4
Restricted	42.2	34.4	.1	.1	42.3	34.5
Unrestricted	(5.9)	(4.4)	250.2	246.3	244.3	241.9
Total Net Position	\$880.4	869.0	802.1	770.8	1,682.5	1,639.8

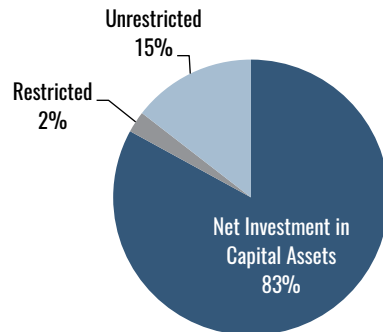
By far, the largest portion of Cary's net position (\$1.4 billion or 83 percent) represents an investment in capital assets (land, buildings, machinery, and equipment), less any related outstanding debt or existing obligations that are related to those assets. The Town of Cary uses these capital assets 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 Cary's net position (\$42.3 million or two percent) 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 (\$244.3 million or 15 percent) is unrestricted and may be used to meet Cary's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Cary 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.

Net position increased by \$42.7 million for the fiscal year ended June 30, 2019. The 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 Cary constructed assets and the donation of infrastructure from developers. Assets donated by developers during the year are valued at \$32.8 million (including developer fee credit adjustments) for streets, land, and other general infrastructure and \$4.5 million for utility infrastructure.

Breakdown of 2019 Total Net Position



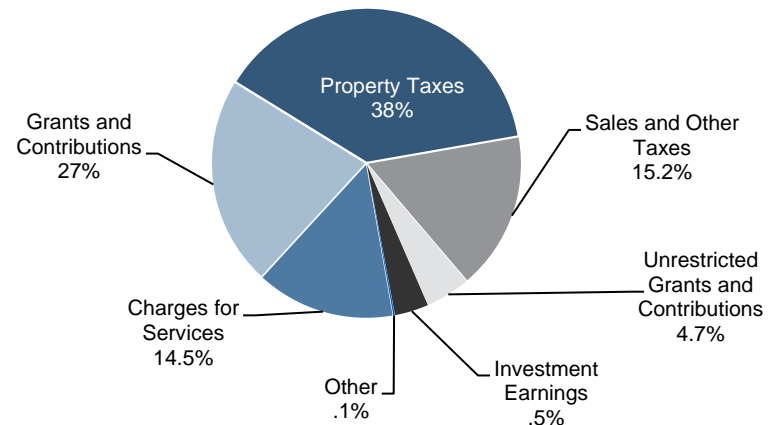
Town of Cary Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$35.9	35.3	93.3	93.6	129.2	128.9
Operating Grants and Contributions	7.6	7.0	--	--	7.6	7.0
Capital Grants and Contributions	46.4	58.3	4.5	8.8	50.9	67.1
General Revenues:						
Property Taxes	94.5	92.3	--	--	94.5	92.3
Sales Tax	36.4	33.8	--	--	36.4	33.8
Occupancy Tax	1.4	1.3	--	--	1.4	1.3
ABC Revenue	1.1	1.0	--	--	1.1	1.0
Other Taxes	1.7	0.8	--	--	1.7	0.8
Grants and contributions not not restricted to specific programs	11.6	11.4	--	--	11.6	11.4
Investment Earnings	8.8	1.2	10.6	1.4	19.4	2.6
Other	0.4	0.3	(0.2)	0.2	0.2	0.5
Total Revenues	245.8	242.7	108.2	104.0	354.0	346.7
Expenses:						
General Government	35.2	29.0	--	--	35.2	29.0
Public Safety	55.1	51.6	--	--	55.1	51.6
Public Works	32.9	32.0	--	--	32.9	32.0
Parks, Recreation and Culture	23.4	20.8	--	--	23.4	20.8
Development	9.3	11.4	--	--	9.3	11.4
Infrastructure	74.7	53.8	--	--	74.7	53.8
Interest on Long-Term Debt & Fees	3.8	3.9	--	--	3.8	3.9
Water and Sewer	--	--	76.9	74.3	76.9	74.3
Total Expenses	234.4	202.5	76.9	74.3	311.3	276.8
Increase in Net Position	11.4	40.2	31.3	29.7	42.7	69.9
NET POSITION - Beginning of Year	869.0	885.2	770.8	756.3	1,639.8	1,641.5
Prior Period Adjustment	--	(56.4)	--	(15.2)	---	(71.6)
NET POSITION - Beginning of Year, restated	869.0	828.8	770.8	741.1	1,639.8	1,569.9
NET POSITION - End of Year	\$880.4	869.0	802.1	770.8	1,682.5	1,639.8

Governmental Activities: Governmental activities increased Cary's net position by \$11.4 million, accounting for 27 percent 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 \$2.2 million, or 2.3 percent. 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 \$.6 million (two percent) partially resulting from modest increases in revenue from sanitation fees and vehicle license fees.
- Capital grants and contributions revenue decreased \$11.9 million (20 percent) primarily as a result of a decrease in developer donated streets and other infrastructure.
- Sales tax revenue increased \$2.6 million (seven percent) partially due a modest population increase of 2.2 percent and continued improvement in the local economic climate.
- Investment earnings increased \$7.6 million (633 percent). Realized earnings, which does not include the mark to market adjustment, increased over \$1.2 million due to an increase in the earnings rate.
- Expenses increased \$31.9 million (15.7 percent) partially due to personnel related costs (salaries, benefits and other post-employment benefit expenses), technology initiatives, increased depreciation on capital assets and increased construction expenditures on transportation and parks, recreation and cultural resources capital projects.

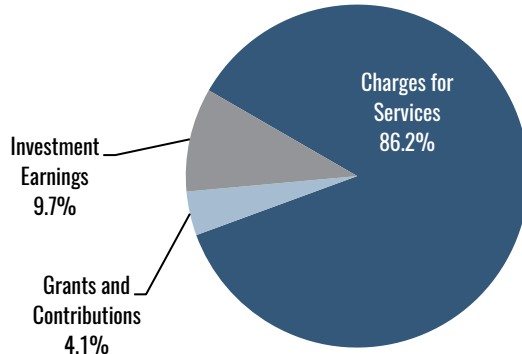
Revenues by Source - Governmental Activities



Business-type Activities: Business-type operational activities increased the Town of Cary's net position by \$31.3 million accounting for 73 percent of the total growth in net position. Key elements of the Business-type increase are as follows:

- Charges for services revenue decreased \$.3 million (3.2 percent) partially due to a decrease in wholesale water sales from the prior year. This was offset in part by increased revenue from a three percent water and sewer rate increase. These increases were necessary to fund utility services and infrastructure.
- Capital grants and contributions revenue decreased \$4.3 million (49 percent) partially due to a decrease in developer donated water and sewer lines.
- Investment earnings increased \$9.2 million (657 percent). Realized earnings, which does not include the mark to market adjustment, increased over \$5.4 million due to an increase in the earnings rate.
- Water and sewer expenses increased \$2.6 million (3.4 percent) from the prior year partially due to an increase in personnel related costs and increased construction costs related to the Wimberly Road water line construction and upgrades of various water lines.

Revenues by Source - Business-type Activities



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 financing requirements. In particular, available fund balance may serve as a useful measure of 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 Cary's governmental funds reported combined ending fund balances of \$243.5, a decrease of \$5.1 million compared to the prior year. Total governmental fund balance consists of 1) \$2.5 million of nonspendable funds due to the nature of the balances, 2) \$24.9 million restricted for stabilization per state statute, 3) \$24.3 million restricted for specific purposes, but available for appropriation by Council, 4) \$123.7 million already committed by Council for specific activities and projects (commitments can be changed by Council), 4) \$15.1 million assigned to specific activities and areas that can be appropriated by Council and 5) \$53 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 \$97.6 million. Of this total, \$72.9 million (75 percent) 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 \$9.6 million appropriated in the fiscal year 2020 budget, \$10.4 million of restricted, committed or assigned funds for specific purposes and \$53 million of unassigned funds. For more details on General Fund balance, see the Notes to the Basic Financial Statements.

The fund balance of the general fund increased by \$9.2 million during the 2019 fiscal year. Key components of this change are as follows:

- Property taxes, the largest revenue source, increased by \$2.2 million (2.3 percent) mainly due to an increase in the tax base.
- Other taxes increased \$2.9 million (eight percent) over the prior year as a result of an increase in sales tax revenue from a continued improvement in the economic climate.
- Sales and service revenue increased \$1.1 million (5.8 percent) partially due to an increase in sanitation fees.

- Investment earnings increased \$3.2 million (542 percent). Realized earnings, which does not include the mark to market adjustment, increased over \$.5 million due to an increase in the earnings rate.
- Operational expenditures increased \$8.9 million (5.8 percent) from the prior year due to expenditures for expanded and enhanced programs and facilities and increased personnel costs.
- Transfers to the Capital Projects Fund decreased \$16.9 million (69.1 percent) emphasizing the use of alternative funding sources for infrastructure and other capital projects.

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 \$144.1 million, a decrease of \$14.1 million from the prior year in part due to a \$7.7 million increase in expenditures primarily for parks, downtown and general government projects.

The Transit Special Revenue fund had a decrease in fund balance of \$.8 million partially due to an increase of expenditures of \$1.7 million for expanded services.

Proprietary Funds: Cary'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 \$31.3 million compared to the previous year, the unrestricted net position increased \$3.8 million (1.5 percent), from \$245 million at June 30, 2018 to \$248.8 million at June 30, 2019. This increase is due to modest increases in water and sewer revenue from a three percent rate increase and increased investment earnings. Continued investment in the Cary/Apex Raw Water Transmission Pipeline contributed \$8.3 million to the total increase in net investment in capital assets of \$20.6 million. Refer to the discussion of business-type activities for the other primary factors that created the various fluctuations.

General Fund Budgetary Highlights

During the year, there was a \$2.1 million increase in appropriations between the original and final amended budget primarily for parks and general government projects. Cary maintains fund balance in excess of minimal requirements as a fiscal tool to support Council goals in several ways. Timely financial flexibility is afforded by the balances as evidenced in fiscal year 2019. The original adopted budget for fiscal year 2019 anticipated an appropriation from fund balance of \$8.3 million along with a reserve amount of \$1.8 million for mid-year appropriation. Budget adjustments, discussed above, throughout the year increased authorized spending by \$10.4 million. Net variances in revenues and expenditures resulted in an increase in fund balance of \$9.2 million. Due to economic conditions, the Cary remained conservative in estimating numerous revenues for fiscal year 2019, including ad valorem taxes, other taxes and unrestricted intergovernmental revenue which together were \$2.9 million more than the budgeted amount. Total expenditures were

less than the revised budget by \$10.3 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, 2019, totals \$1.75 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 \$38.8 million (2.2 percent). Of this increase, 47 percent was in governmental activities and 53 percent in business-type activities.

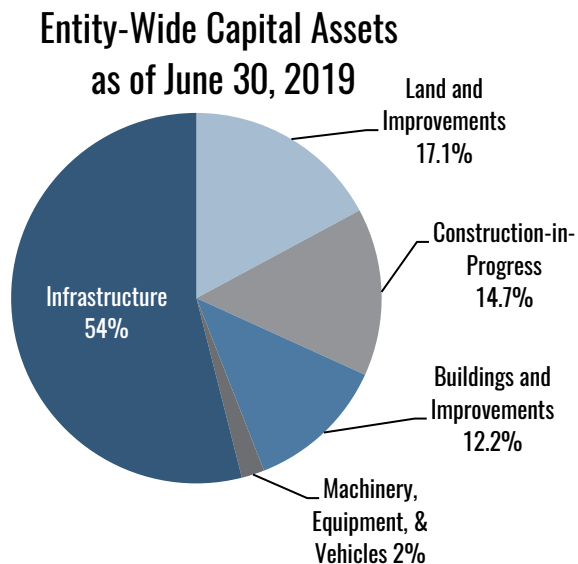
Major capital asset changes during the year included the following:

- Addition of general infrastructure and land assets of \$32.8 million (including developer fee credit adjustments) for developer donated streets and park land;
- Construction-in-progress decreases for completion of transportation projects and increases for downtown, general government and utility projects and
- Addition of utility infrastructure assets of \$4.5 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	
	2019	2018	2019	2018	2019	2018
Land and Improvements	\$272.8	\$264.2	26.7	26.3	299.5	290.5
Construction-in-Progress	65.6	72.0	190.3	168.5	255.9	240.5
Buildings and Improvements	82.6	84.9	131.6	135.0	214.2	219.9
Machinery and Equipment	13.8	14.3	4.9	5.5	18.7	19.8
Vehicles	13.8	13.1	2.4	2.2	16.2	15.3
Infrastructure	449.9	431.9	492.6	490.4	942.5	922.3
Intangible Assets	8.5	8.4	0.1	0.1	8.6	8.5
Total Assets	\$907.0	\$888.8	848.6	828.0	1,755.6	1,716.8

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



Long-term Debt: As of June 30, 2019, Cary had total debt outstanding of \$394.5 million (\$421.9 net of deferred adjustments). Of this, \$161.5 million is debt backed by the full faith and credit of Cary in the form of general obligation bonds. Another \$59 million of the general obligation debt is born by the Utility system revenues although Cary's taxing authority is the true security to the bond holders. \$18.1 million in debt is in the form of asset backed debt and is secured by the town hall campus and other property. The \$183.7 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, 2019, the amount due for these loans totaled \$31.2 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 Outstanding Debt, in millions
General Obligation Bonds, Installment Purchases,
Revenue Bonds, and State Revolving Loans**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$102.5	112.4	59.0	65.0	161.5	177.4
Limited Obligation Bonds	9.6	12.1	--	--	9.6	12.1
Certificates of Participation and Installment Purchase Contracts	8.5	--	--	--	8.5	-
Revenue Bonds	--	--	183.7	187.9	183.7	187.9
State Revolving Loans, net	--	--	31.2	33.6	31.2	33.6
Total	120.6	124.5	273.9	286.5	394.5	411.0
Deferred Adjustments, net	6.7	7.6	20.7	22.2	27.4	29.8
Total, net	\$127.3	132.1	294.6	308.7	421.9	440.8

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 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 Cary's outstanding debt.

Cary borrowed \$8.5 million in December 2018 to finance a portion of the construction of Fire Station No. 9 and the purchase of two replacement aerial ladder trucks. The installment purchase agreement was privately placed with a bank and will be repaid over 15 years at a fixed interest rate of 3.12 percent. Fire Station No. 9 was pledged as collateral.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight 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 \$2.0 billion. Practically, these statutory limits exceed the realistic debt capacity. At June 30, 2019, Cary has additional voter debt authorization of \$13.7 million in street bonds, \$1.8 million in parks and recreation bonds and \$5.5 million in fire bonds resulting from a 2012 referenda that remain unissued. All the \$16.05 million total in general obligation debt authorized but unissued at June 30, 2019 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

Cary's June 2019 unemployment rate is 3.5 percent. Cary's unemployment rate compares favorably to the state's average unemployment rate of 4.4 percent. Cary's estimated population at June 30, 2019, was 167,547, an increase of 3,617 during the year. The number of both single family residential and multi-family residential new construction permits issued decreased 15 percent from the prior year while the number of all nonresidential building permits issued decreased 11.9 percent. These factors were considered in preparing the Town's budget for fiscal year 2019.

The tax rate in the fiscal year 2020 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 2020 budget include:

- an appropriation of \$5.1 million from General Fund fund balance primarily comprised of transfers to governmental capital projects;
- An increase in the solid waste fee from \$17 to \$19.50 per month for residential service;
- increases in some water and sewer rates to cover increased costs of related capital infrastructure improvements. For a typical 5,000 gallon per month residential customer, these rate changes will increase a monthly utility bill by two percent in order to provide the highest quality, safest drinking water and utility services.

The capital budget for fiscal year 2020 is \$73.8 million to provide funding for the following purposes in addition to the current \$625.8 million ongoing capital project authorizations:

- \$14.6 million for transportation projects;
- \$13.4 million for parks and recreation projects;
- \$7.8 million for general government projects;
- \$1.7 million for fire projects;
- \$20.1 million (net of partner reimbursements) for water projects; and
- \$16.2 million (net of partner reimbursements) for sewer projects, primarily related to pump station and wastewater plant improvements.

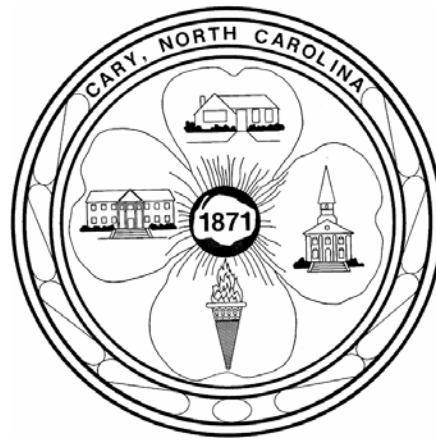
The capital improvement plan for 20 years beyond fiscal year 2020 totals \$1.9 billion.

Requests for Information

This report is designed to provide a general overview of the Town of Cary'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) 469-4380 or karen.mills@townofcary.org.

BASIC FINANCIAL STATEMENTS

ENTITY-WIDE FINANCIAL STATEMENTS



STATEMENT OF NET POSITION
TOWN OF CARY, NORTH CAROLINA
JUNE 30, 2019

EXHIBIT A

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS			
Equity in Pooled Cash and Investments	\$230,848,557	278,647,353	509,495,910
Accrued Interest on Investments	954,980	1,156,395	2,111,375
Ad Valorem Taxes Receivable, net	176,549	--	176,549
Accounts Receivable, net	48,457,075	14,638,965	63,096,040
Inventories	2,257,527	--	2,257,527
Prepaid Assets	23,170	--	23,170
Equity in Pooled Cash and Investments - Restricted	31,117,378	2,198,788	33,316,166
Capital Assets:			
Land, Land Improvements and Construction in Progress	338,386,426	216,993,631	555,380,057
Other Capital Assets, Net of Accumulated Depreciation	568,632,332	631,622,026	1,200,254,358
TOTAL ASSETS	1,220,853,994	1,145,257,158	2,366,111,152
DEFERRED OUTFLOW OF RESOURCES			
Deferred Contributions to OPEB	20,231,574	4,582,801	24,814,375
Deferred Contributions to Pension Plans	21,571,747	2,612,468	24,184,215
Deferred Charge on Debt Refinancings	778,102	777,272	1,555,374
TOTAL DEFERRED OUTFLOW OF RESOURCES	42,581,423	7,972,541	50,553,964
LIABILITIES			
Accounts Payable and Accrued Liabilities	22,522,509	7,561,809	30,084,318
Internal Balances	1,423,502	(1,423,502)	--
Accrued Bond Interest	548,114	1,354,443	1,902,557
Retainage Payable	1,351,132	3,563,480	4,914,612
Advance from Customers	294,171	(2,895)	291,276
Unearned Revenues	20,199,228	680,514	20,879,742
Deposits	1,386,395	1,999,731	3,386,126
Long-term Liabilities:			
Portion Due or Payable Within One Year	24,661,089	13,856,132	38,517,221
Portion Due or Payable After One Year	279,700,260	316,385,016	596,085,276
TOTAL LIABILITIES	352,086,400	343,974,728	696,061,128
DEFERRED INFLOWS OF RESOURCES			
Prepaid Taxes & Vehicle Tags	90,030	--	90,030
OPEB Deferrals	29,226,787	6,627,605	35,854,392
Pension Deferrals	1,656,782	531,240	2,188,022
TOTAL DEFERRED INFLOWS OF RESOURCES	30,973,599	7,158,845	38,132,444

STATEMENT OF NET POSITION
TOWN OF CARY, NORTH CAROLINA
JUNE 30, 2019

EXHIBIT A

	Governmental Activities	Business Type Activities	Total Primary Government
NET POSITION			
Net Investment in Capital Assets	\$844,091,202	551,786,395	1,395,877,597
Restricted for:			
Stabilization by State Statute	24,946,309	--	24,946,309
Steven's Endowment (Nonspendable)	231,377	--	231,377
Street Projects	10,291,571	--	10,291,571
Parks, Recreation and Culture	4,743,895	--	4,743,895
Public Safety	1,956,239	--	1,956,239
CDBG Program	4,723	--	4,723
General Government Projects	6,551	--	6,551
Oasis Program	--	29,779	29,779
Unrestricted	(5,896,449)	250,279,952	244,383,503
 TOTAL NET POSITION	 \$880,375,418	 802,096,126	 1,682,471,544

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, 2019

EXHIBIT B

FUNCTIONS / PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$35,195,525	2,241,575	76,952	25,260	(32,851,738)	--	(32,851,738)
Public Safety	55,140,843	691,933	1,567,743	36,823	(52,844,344)	--	(52,844,344)
Public Works	32,942,987	11,461,751	128,066	--	(21,353,170)	--	(21,353,170)
Parks, Recreation and Culture	23,397,917	12,479,836	563,186	5,592,973	(4,761,922)	--	(4,761,922)
Development	9,335,981	4,669,308	557,878	--	(4,108,795)	--	(4,108,795)
Infrastructure	74,647,471	4,341,712	4,670,602	40,716,664	(24,918,493)	--	(24,918,493)
Interest Expense & Debt Service Fees	3,798,550	--	--	--	(3,798,550)	--	(3,798,550)
TOTAL GOVERNMENTAL ACTIVITIES	234,459,274	35,886,115	7,564,427	46,371,720	(144,637,012)	--	(144,637,012)
Business-type Activities:							
Utility	76,884,942	93,346,513	--	4,479,730	--	20,941,301	20,941,301
TOTAL BUSINESS-TYPE ACTIVITIES	76,884,942	93,346,513	--	4,479,730	--	20,941,301	20,941,301
Total Primary Government	\$311,344,216	129,232,628	7,564,427	50,851,450	(144,637,012)	20,941,301	(123,695,711)
General revenues:							
Ad Valorem Taxes					94,444,979	--	94,444,979
Sales Tax					36,382,033	--	36,382,033
Occupancy Tax					1,433,904	--	1,433,904
ABC Revenue					1,106,714	--	1,106,714
Other Taxes & Licenses					1,773,969	--	1,773,969
Unrestricted Intergovernmental					11,602,243	--	11,602,243
Investment Earnings					8,870,589	10,603,919	19,474,508
Gain on Sale of Capital Assets					409,021	--	409,021
Miscellaneous Revenue					(14,886)	(224,770)	(239,656)
Total General Revenues					156,008,566	10,379,149	166,387,715
CHANGE IN NET POSITION					11,371,554	31,320,450	42,692,004
NET POSITION - Beginning of Year					869,003,864	770,775,676	1,639,779,540
NET POSITION - End of Year					\$880,375,418	802,096,126	1,682,471,544

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

GOVERNMENTAL FUNDS

**GOVERNMENTAL
FUNDS
FINANCIAL
STATEMENTS**

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30 2019

EXHIBIT C

	Major Funds		Non-Major Funds Reported as Major				
	General Fund	Capital Projects Fund	Transit Special Revenue Fund	Emergency Telephone System Special Revenue Fund	CDBG Special Revenue Fund	Economic Development Special Revenue Fund	Total Governmental Funds
ASSETS							
UNRESTRICTED ASSETS							
Equity in Pooled Cash and Investments	\$83,297,575	129,851,292	142,702	--	---	601,233	213,892,802
Accrued Interest on Investments	404,600	549,418	--	--	--	--	954,018
Ad Valorem Taxes Receivable, net of allowance for doubtful accounts	176,549	--	--	--	--	--	176,549
Accounts Receivable, net of allowance for doubtful accounts	18,398,789	1,036,208	1,567,857	57,807	252,584	--	21,313,245
Due from Special Revenue Funds	242,349	--	--	--	--	--	242,349
Inventories	2,210,709	--	--	--	--	--	2,210,709
Other Assets	23,170	--	--	--	--	--	23,170
TOTAL UNRESTRICTED ASSETS	104,753,741	131,436,918	1,710,559	57,807	252,584	601,233	238,812,842
RESTRICTED ASSETS							
Equity in Pooled Cash and Investments							
Unspent Debt Proceeds	--	7,110,667	--	--	--	--	7,110,667
Unspent Restricted Grants & Intergovernmental	1,526,931	13,162,967	--	628,096	--	--	15,317,994
Customer Deposits & Other Funds Held	6,159,805	2,519,912	--	--	--	--	8,679,717
TOTAL RESTRICTED ASSETS	7,686,736	22,793,546	--	628,096	---	--	31,108,378
TOTAL ASSETS	112,440,477	154,230,464	1,710,559	685,903	252,584	601,233	269,921,220
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	12,678,376	8,593,054	1,254,155	1,572	5,512	--	22,532,669
Retainage Payable	--	1,351,132	--	--	--	--	1,351,132
Self Insurance Payable	242,985	--	--	--	--	--	242,985
Advance from Customers	275,636	18,535	--	--	--	--	294,171
Deposits	1,377,397	--	--	--	--	--	1,377,397
Due to General Fund	--	--	--	--	242,349	--	242,349
TOTAL LIABILITIES	14,574,394	9,962,721	1,254,155	1,572	247,861	--	26,040,703
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Receivable & Prepaid	207,276	--	--	--	--	--	207,276
Vehicle Tags Receivable & Prepaid	--	136,908	67,560	--	--	--	204,468
TOTAL DEFERRED INFLOWS OF RESOURCES	207,276	136,908	67,560	--	--	--	411,744

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30 2019

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	\$2,210,709	--	--	--	--	--	2,210,709
Prepayments	23,170	--	--	--	--	--	23,170
Steven's Estate Endowment	231,377	--	--	--	--	--	231,377
Restricted:							
Stabilization by State Statute	22,213,352	906,584	1,770,138	56,235	--	--	24,946,309
Street Projects	--	12,386,791	--	--	--	--	12,386,791
Parks, Recreation and Culture	111,045	5,248,163	--	--	--	--	5,359,208
Fire Projects & Activities	8,924	4,400,134	--	--	--	--	4,409,058
Police Operations & Activities	1,569,233	--	--	628,096	--	--	2,197,329
General Governmental Projects	--	6,551	--	--	--	--	6,551
CDBG Projects	--	--	--	--	4,723	--	4,723
Committed:							
Street Projects	--	47,474,234	--	--	--	--	47,474,234
Downtown Projects	--	9,965,129	--	--	--	--	9,965,129
Parks, Recreation and Culture	82,416	35,796,336	--	--	--	--	35,878,752
Fire Projects	--	61,233	--	--	--	--	61,233
Police Operations & Activities (LEOSSA)	3,165,526	--	--	--	--	--	3,165,526
General Governmental Projects	--	10,916,775	--	--	--	--	10,916,775
Governmental Capital Projects	--	16,968,905	--	--	--	--	16,968,905
Transit	--	--	(1,381,294)	--	--	--	(1,381,294)
Economic Development	--	--	--	--	--	601,233	601,233
Assigned:							
Subsequent Year Appropriations	9,609,727	--	--	--	--	--	9,609,727
Affordable Housing	680,990	--	--	--	--	--	680,990
Worker's Compensation Self Insurance	2,085,071	--	--	--	--	--	2,085,071
Small Claims Self Insurance	2,419,656	--	--	--	--	--	2,419,656
Parks, Recreation and Culture	270,624	--	--	--	--	--	270,624
Fund Balance Unassigned	52,976,987	--	--	--	--	--	52,976,987
TOTAL FUND BALANCES	97,658,807	144,130,835	388,844	684,331	4,723	601,233	243,468,773
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$112,440,477	154,230,464	1,710,559	685,903	252,584	601,233	269,921,220

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

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

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2019

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	\$243,468,773	--	243,468,773
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	905,783,597	1,235,161	907,018,758
Long-term receivables (net of related unearned revenues) are not available to pay for current-period expenditures and are not included in the funds. This also includes internal service fund current receivables that have been added to governmental activities.	6,786,302	158,300	6,944,602
Internal service fund current assets (cash and inventory) included as governmental activities. Current internal service fund receivables are included in number above.	--	17,012,535	17,012,535
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.	229,988	--	229,988
Internal service fund current liabilities included as governmental activities (accounts payable and other accrued liabilities).	--	(260,233)	(260,233)
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.	(927,699)	(9,000)	(936,699)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(300,878,674)	(3,465,098)	(304,343,772)
Pension and OPEB activity relating to deferred outflows and deferred inflows is not used or reported in the funds.	10,784,651	135,101	10,919,752
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.	321,714	--	321,714
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$865,568,652	14,806,766	880,375,418

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, 2019

EXHIBIT E

	Major Funds		Non-Major Funds Reported as Major				
	General Fund	Capital Projects Fund	Transit Special Revenue Fund	Emergency Telephone System Special Revenue Fund	CDBG Special Revenue Fund	Economic Development Special Revenue Fund	Total Governmental Funds
REVENUES							
Ad Valorem Taxes	\$94,482,047	–	–	–	–	–	94,482,047
Other Taxes and Licenses	39,061,721	223,065	1,411,834	693,677	–	–	41,390,297
Unrestricted Intergovernmental	11,025,514	576,729	–	–	–	–	11,602,243
Restricted Intergovernmental	1,005,491	10,166,477	1,735,827	–	497,852	75,000	13,480,647
Permits and Fees	5,504,354	9,454,849	571,814	–	–	–	15,531,017
Sales and Services	19,882,409	–	517,024	–	–	–	20,399,433
Investment Earnings, net of market adjustment	3,821,307	5,376,283	–	7,224	–	–	9,204,814
Miscellaneous	2,580,248	1,114,302	363	–	–	–	3,694,913
TOTAL REVENUES	177,363,091	26,911,705	4,236,862	700,901	497,852	75,000	209,785,411
EXPENDITURES							
Current:							
General Government, net	28,814,674	17,312,847	–	–	–	758,980	46,886,501
Public Safety, net	49,221,200	5,650,613	–	450,887	–	–	55,322,700
Public Works, net	30,213,417	–	–	–	–	–	30,213,417
Parks, Recreation and Culture	17,073,057	8,338,675	–	–	–	–	25,411,732
Development	8,280,113	–	–	–	525,309	–	8,805,422
Infrastructure	7,145,936	25,681,064	6,615,598	–	–	–	39,442,598
Debt service:							
Principal	12,366,132	–	–	–	–	–	12,366,132
Interest	4,133,199	–	–	–	–	–	4,133,199
Bond Service Charges	273,664	–	–	–	–	–	273,664
Reimbursement for Open Space	(794,469)	–	–	–	–	–	(794,469)
Non Departmental Allocation Accounts	4,820,185	–	3,692	–	–	–	4,823,877
TOTAL EXPENDITURES	161,547,108	56,983,199	6,619,290	450,887	525,309	758,980	226,884,773
REVENUES OVER (UNDER) EXPENDITURES	15,815,983	(30,071,494)	(2,382,428)	250,014	(27,457)	(683,980)	(17,099,362)
OTHER FINANCING SOURCES (USES)							
Transfers In	–	7,540,000	1,630,514	–	149,000	825,000	10,144,514
Transfers Out	(10,144,514)	–	–	–	–	–	(10,144,514)
Sale of Assets & Material	565,605	–	–	–	–	–	565,605
Capital Lease Obligations Issued	2,909,471	–	–	–	–	–	2,909,471
Installment Purchase Contracts	84,444	8,390,556	–	–	–	–	8,475,000
TOTAL OTHER FINANCING SOURCES (USES)	(6,584,994)	15,930,556	1,630,514	–	149,000	825,000	11,950,076
NET CHANGE IN FUND BALANCE	9,230,989	(14,140,938)	(751,914)	250,014	121,543	141,020	(5,149,286)
FUND BALANCE - Beginning of Year	88,427,818	158,271,773	1,140,758	434,317	(116,820)	460,213	248,618,059
FUND BALANCE - End of Year	\$97,658,807	144,130,835	388,844	684,331	4,723	601,233	243,468,773

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, 2019

EXHIBIT F

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$5,149,286)
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.	13,566,718
As stated above, In the Statement of Activities the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. This amount does not include depreciation related to the internal service funds of approximately \$98,000 (see separate item below for combined internal service fund activity).	(30,382,570)
Donated general infrastructure and other capital contributions related to developer agreements do not effect the Governmental Funds, but should be included as a revenue on the Statement of Activities.	34,925,249
Certain proceeds from the sale of assets that affect Governmental Funds do not constitute a gain on the Statement of Activities and certain book losses that are not included in the Governmental Funds should be reported on the Statement of Activities. This is a net amount.	(121,596)
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.	676,160
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.	12,366,132
Contracts for long-term capital lease obligations are included as current financial resources in the Governmental Funds, but should be removed since they are included as a long-term liability on the Statement of Net Position.	(11,384,471)
A 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	(6,581,315)
Local Government Employee Retirement System expense adjustment	(1,174,709)
Law Enforcement Separation Allowance expense adjustment	(692,865)
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.	4,077,399
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.	608,313
The remaining net expense of activities in the internal service funds for fleet and health insurance services, not included above, that relate to governmental activities (based on participation) are not reported in the Governmental Funds, but need to be included in the Statement of Activities. This includes a transfer to the health insurance internal service fund for \$1 million related to future catastrophic losses.	638,395
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$11,371,554</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

EXHIBIT G	2019				2018
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
REVENUES					
Ad Valorem Taxes					
Current Year	\$92,856,759	92,856,759	94,352,652	1,495,893	91,851,308
Prior Years	400,000	400,000	63,350	(336,650)	400,272
Penalties and Interest	65,000	65,000	66,045	1,045	64,946
TOTAL	93,321,759	93,321,759	94,482,047	1,160,288	92,316,526
Other Taxes and Licenses					
ABC Revenue	1,028,187	1,028,187	1,114,017	85,830	977,114
Wake County Sales Tax	16,036,193	16,036,193	16,392,830	356,637	15,223,210
One Half Cent Sales Tax	19,094,072	19,094,072	19,989,203	895,131	18,549,476
Occupancy Tax	1,167,306	1,167,306	1,433,904	266,598	1,267,356
Animal Licenses	8,125	8,125	7,782	(343)	7,680
Rental Vehicle Tax	98,484	98,484	123,985	25,501	116,857
TOTAL	37,432,367	37,432,367	39,061,721	1,629,354	36,141,693
Unrestricted Intergovernmental					
Utility & Piped Natural Gas Sales Tax	10,177,717	10,177,717	10,338,477	160,760	10,091,457
Wine and Beer Tax	732,885	732,885	687,037	(45,848)	671,689
TOTAL	10,910,602	10,910,602	11,025,514	114,912	10,763,146
Restricted Intergovernmental					
Federal Grants	--	--	637,823	637,823	739,609
State Grants	--	--	50,412	50,412	57,011
County Grants & Other Restricted Funding	299,505	299,505	317,256	17,751	312,197
TOTAL	299,505	299,505	1,005,491	705,986	1,108,817
Permits and Fees					
Building Permits	3,027,407	3,027,407	3,121,143	93,736	3,446,714
Rezoning/Variance Request Fees	41,715	41,715	33,450	(8,265)	37,100
Site/Final Plan Review Fees	261,832	261,832	163,550	(98,282)	269,376
Inspection Fees	516,141	516,141	294,657	(221,484)	500,603
Traffic Impact Analysis Fee	225,000	225,000	270,145	45,145	228,951
Grading Permits	230,000	230,000	141,336	(88,664)	192,148
Vehicle License Fees	650,000	650,000	571,814	(78,186)	--
Miscellaneous Permits & Fees	572,689	572,689	908,259	335,570	829,652
TOTAL	5,524,784	5,524,784	5,504,354	(20,430)	5,504,544

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
Sales and Services					
Sanitation Fees	\$10,214,581	10,214,581	10,151,198	(63,383)	9,341,535
Rental Revenue	75,401	75,401	150,311	74,910	107,785
Cellular Tower Lease Proceeds	890,196	890,196	747,012	(143,184)	877,468
Community Recreation Misc. Program Revenues	28,500	28,500	31,807	3,307	36,784
Sports Program Revenues	545,700	545,700	582,462	36,762	552,055
Senior Program Revenues	200,000	200,000	184,216	(15,784)	219,034
Community Center Program Revenues	1,489,250	1,489,250	1,537,818	48,568	1,558,139
Outdoor Recreation Program Revenues	230,009	230,009	312,912	82,903	263,715
Environmental (Steven's Nature) Program Revenues	34,500	34,500	37,242	2,742	34,144
Cultural Arts					
Cary Art Center Program Revenues	859,000	859,000	889,962	30,962	890,183
The Cary Theater Program Revenues	155,550	155,550	169,975	14,425	157,052
Downtown Events Program Revenues	21,700	21,700	17,723	(3,977)	20,121
Festival & Outdoor Program Revenues	156,540	156,540	163,391	6,851	162,540
Historic (Page-Walker) Program Revenues	133,000	133,000	152,932	19,932	135,194
Cultural Arts Misc. Program Revenues	–	–	62,500	62,500	–
Sports Venue Misc. Program Revenues	315,000	315,000	379,206	64,206	330,226
Tennis Park Revenues	2,144,500	2,144,500	2,108,217	(36,283)	2,083,153
Skate Park Revenues	109,750	109,750	120,467	10,717	112,200
Soccer Park Revenues	710,250	710,250	896,461	186,211	747,995
USA Baseball Revenues	636,000	636,000	665,960	29,960	703,333
Miscellaneous Parks & Recreation Program Revenues	66,425	79,500	76,953	(2,547)	65,613
Miscellaneous Sales and Services	275,000	275,000	443,684	168,684	377,883
TOTAL	19,290,852	19,303,927	19,882,409	578,482	18,776,152
Investment Earnings	1,491,000	1,491,000	1,948,749	457,749	1,425,992
Market Adjustment	–	–	1,872,558	1,872,558	(831,030)
Investment Earnings, net	1,491,000	1,491,000	3,821,307	2,330,307	594,962

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
Miscellaneous					
Donations	\$95,000	95,000	99,262	4,262	89,673
Wake County Reimbursement	678,000	678,000	753,122	75,122	521,024
Chatham County Reimbursement	--	--	15,000	15,000	--
FBI Reimbursement	--	--	111,943	111,943	--
NCDOT Traffic Signal Reimbursement	450,000	450,000	893,647	443,647	511,637
Miscellaneous Revenues	351,160	351,160	707,274	356,114	403,562
TOTAL	1,574,160	1,574,160	2,580,248	1,006,088	1,525,896
TOTAL REVENUES	169,845,029	169,858,104	177,363,091	7,504,987	166,731,736
EXPENDITURES					
GENERAL GOVERNMENT					
Legislative (4110)					
Personnel Services	92,377	138,486	139,645	(1,159)	136,531
Operations & Maintenance	564,279	572,721	558,232	14,489	623,643
TOTAL	656,656	711,207	697,877	13,330	760,174
Town Clerk (4130)					
Personnel Services	255,696	212,790	201,258	11,532	185,731
Operations & Maintenance	94,355	134,355	55,495	78,860	280,337
TOTAL	350,051	347,145	256,753	90,392	466,068
Legal (4140)					
Personnel Services	562,209	606,222	600,120	6,102	578,478
Operations & Maintenance	737,797	1,137,797	888,987	248,810	581,533
TOTAL	1,300,006	1,744,019	1,489,107	254,912	1,160,011
Town Manager's Office (4200,4240)					
Personnel Services	2,189,977	2,575,941	2,499,113	76,828	1,891,960
Operations & Maintenance	967,742	1,790,899	1,195,522	595,377	1,381,590
Capital Outlay	--	--	2,896	(2,896)	--
TOTAL	3,157,719	4,366,840	3,697,531	669,309	3,273,550
Organizational Development (4201)					
Personnel Services	--	146,979	146,918	61	--
TOTAL	--	146,979	146,918	61	--

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Capital Program Management (4202)					
Personnel Services	\$ --	84,777	85,465	(688)	--
Operations & Maintenance	--	80,000	--	80,000	--
TOTAL	--	164,777	85,465	79,312	--
Public Safety Administration (4203)					
Personnel Services	--	85,560	84,828	732	--
TOTAL	--	85,560	84,828	732	--
Special Projects (4204)					
Personnel Services	--	140,361	135,467	4,894	--
Operations & Maintenance	--	--	54	(54)	--
TOTAL	--	140,361	135,521	4,840	--
Public Information (4220)					
Personnel Services	888,253	634,318	634,313	5	938,317
Operations & Maintenance	316,382	140,621	113,269	27,352	106,309
Capital Outlay	80,371	37,691	37,690	1	41,586
TOTAL	1,285,006	812,630	785,272	27,358	1,086,212
Technology Services (4500)					
Personnel Services	3,400,642	3,373,935	3,267,960	105,975	3,192,057
Operations & Maintenance	9,915,486	9,467,713	8,252,526	1,215,187	7,490,374
Capital Lease Purchases	1,300,000	3,108,742	4,516,937	(1,408,195)	918,200
TOTAL, net	14,616,128	15,950,390	16,037,423	(87,033)	11,600,631
Accounting (4410)					
Personnel Services	1,784,120	1,996,882	2,004,253	(7,371)	1,959,367
Operations & Maintenance	1,642,665	1,642,665	1,408,626	234,039	1,274,541
TOTAL	3,426,785	3,639,547	3,412,879	226,668	3,233,908
Purchasing (4420)					
Personnel Services	637,673	764,811	731,579	33,232	653,566
Operations & Maintenance	214,882	214,882	169,382	45,500	309,728
Capital Outlays	54,750	54,750	53,657	1,093	--
TOTAL	907,305	1,034,443	954,618	79,825	963,294

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Financial Strategy Management (4450)					
Personnel Services	\$409,457	443,378	514,275	(70,897)	418,792
Operations & Maintenance	50,017	50,017	41,221	8,796	27,937
TOTAL	459,474	493,395	555,496	(62,101)	446,729
Human Resources (4600)					
Personnel Services	1,409,494	1,541,150	1,581,089	(39,939)	1,443,151
Operations & Maintenance	613,370	613,370	332,123	281,247	347,794
Town-wide Expenses	990,855	1,871,963	1,452,683	419,280	2,059,241
TOTAL	3,013,719	4,026,483	3,365,895	660,588	3,850,186
Self-Insurance					
Workers' Compensation	1,684,672	1,684,672	1,410,768	273,904	1,935,495
Small Claims	724,110	724,110	198,711	525,399	272,854
Reimbursement from Fleet Management Internal Service Fund	(21,982)	(21,982)	(21,982)	–	(21,601)
Reimbursement from Utility Systems Enterprise Fund	(245,184)	(245,184)	(245,184)	–	(240,936)
TOTAL, net	2,141,616	2,141,616	1,342,313	799,303	1,945,812
Indirect Cost Reimbursements from Other Funds					
Fleet Management Internal Service Fund	(289,718)	(289,718)	(289,718)	–	(241,903)
Transit Special Revenue Fund	(214,363)	(214,363)	(214,363)	–	–
Utility System Enterprise Fund	(4,264,118)	(4,264,118)	(4,264,118)	–	(3,295,073)
TOTAL	(4,768,199)	(4,768,199)	(4,768,199)	–	(3,536,976)
TOTAL GENERAL GOVERNMENT, net	26,546,266	31,037,193	28,279,697	2,757,496	25,249,599
PUBLIC SAFETY					
Police (5110, 5120)					
Personnel Services	20,976,833	23,024,684	22,877,499	147,185	22,240,269
Operations & Maintenance	2,365,756	2,486,287	1,871,875	614,412	2,065,141
Capital Outlays	415,381	558,750	533,578	25,172	600,286
Reimbursement from Parks, Recreation & Culture	(36,169)	(36,169)	(44,001)	7,832	(35,513)
TOTAL, net	23,721,801	26,033,552	25,238,951	794,601	24,870,183
Law Enforcement Separation Allowance					
Pension Benefits Paid	1,260,755	1,260,755	709,580	551,175	589,303

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
Fire (5300)					
Personnel Services	\$19,398,183	21,838,578	21,597,348	241,230	20,166,366
Operations & Maintenance	1,850,829	1,808,329	1,619,500	188,829	1,740,667
Capital Outlays	15,000	57,500	55,821	1,679	5,319
TOTAL	21,264,012	23,704,407	23,272,669	431,738	21,912,352
TOTAL PUBLIC SAFETY, net	46,246,568	50,998,714	49,221,200	1,777,514	47,371,838
GENERAL OPERATIONS					
Public Works - Administration (7010)					
Personnel Services	1,189,768	1,377,697	1,360,506	17,191	1,252,281
Operations & Maintenance	182,757	182,757	124,931	57,826	112,661
Capital Outlays	–	–	–	–	1,642
Reimbursement from Utility System Enterprise Fund	(799,311)	(842,745)	(882,194)	39,449	(750,934)
TOTAL, net	573,214	717,709	603,243	114,466	615,650
Facilities Management (7015)					
Personnel Services	7,159,246	8,418,717	8,256,912	161,805	8,053,394
Operations & Maintenance	9,097,657	9,117,657	8,712,299	405,358	10,205,228
Capital Outlays	616,780	616,780	621,982	(5,202)	611,523
Reimbursement from Other Parks, Recreation & Culture	(2,415,336)	(2,833,995)	(2,422,714)	(411,281)	(2,201,872)
Reimbursement from Utility System Enterprise Fund	(113,687)	(113,687)	(113,687)	–	(207,713)
TOTAL, net	14,344,660	15,205,472	15,054,792	150,680	16,460,560
Field Operations (7020)					
Personnel Services	7,853,897	9,262,865	9,199,003	63,862	8,813,974
Operations & Maintenance	6,803,831	6,153,831	5,128,193	1,025,638	5,017,637
Capital Outlays	856,298	856,298	687,808	168,490	347,263
Reimbursement from Utility System Enterprise Fund	(10,007,376)	(10,007,376)	(10,154,131)	146,755	(10,245,522)
TOTAL, net	5,506,650	6,265,618	4,860,873	1,404,745	3,933,352
Solid Waste Management (7025)					
Personnel Services	1,840,952	2,194,614	2,214,068	(19,454)	2,135,060
Operations & Maintenance	3,109,033	3,109,033	2,671,541	437,492	2,893,972
Capital Outlays	43,000	43,000	46,038	(3,038)	34,027
TOTAL	4,992,985	5,346,647	4,931,647	415,000	5,063,059

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Recycling (7026)					
Personnel Services	\$867,861	1,067,865	1,066,671	1,194	999,045
Operations & Maintenance	1,247,347	1,247,347	1,260,760	(13,413)	989,484
Capital Outlays	--	--	--	--	22,847
TOTAL	2,115,208	2,315,212	2,327,431	(12,219)	2,011,376
Yard Waste Division (7027)					
Personnel Services	1,352,408	1,638,854	1,613,660	25,194	1,572,205
Operations & Maintenance	996,183	996,183	821,771	174,412	877,881
Capital Outlays	--	--	--	--	55,791
TOTAL	2,348,591	2,635,037	2,435,431	199,606	2,505,877
Total Public Works, net	29,881,308	32,485,695	30,213,417	2,272,278	30,589,874
Parks, Recreation and Cultural Arts Administration (6210)					
Personnel Services	1,273,151	1,415,307	1,312,960	102,347	1,271,167
Operations & Maintenance	534,843	589,761	458,884	130,877	626,908
Capital Outlays	--	--	--	--	23,500
TOTAL	1,807,994	2,005,068	1,771,844	233,224	1,921,575
Community Recreation (6250)					
Community Recreation Administration					
Personnel Services	240,664	271,458	282,671	(11,213)	265,957
Operations & Maintenance	109,833	109,833	89,695	20,138	165,308
TOTAL	350,497	381,291	372,366	8,925	431,265
Sports Programs (6251)					
Personnel Services	704,855	778,447	838,248	(59,801)	729,364
Operations & Maintenance	696,465	697,037	576,508	120,529	623,962
Capital Outlays	--	--	--	--	7,382
TOTAL	1,401,320	1,475,484	1,414,756	60,728	1,360,708
Senior Programs (6252)					
Personnel Services	311,564	350,857	355,718	(4,861)	371,241
Operations & Maintenance	183,103	183,103	136,273	46,830	217,893
TOTAL	494,667	533,960	491,991	41,969	589,134

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Community Centers (6253)					
Personnel Services	\$1,326,805	1,385,766	1,291,582	94,184	1,165,805
Operations & Maintenance	956,768	854,768	769,228	85,540	793,768
TOTAL	2,283,573	2,240,534	2,060,810	179,724	1,959,573
Outdoor Recreation Programs (6254)					
Personnel Services	323,296	349,351	338,113	11,238	288,434
Operations & Maintenance	197,254	197,254	154,541	42,713	138,129
TOTAL	520,550	546,605	492,654	53,951	426,563
Environmental Programs (Steven's Nature Center 6255)					
Personnel Services	312,252	334,325	276,637	57,688	259,671
Operations & Maintenance	50,790	50,790	26,417	24,373	56,664
TOTAL	363,042	385,115	303,054	82,061	316,335
Total Community Recreation	5,413,649	5,562,989	5,135,631	427,358	5,083,578
Cultural Arts & Downtown					
Cultural Arts Administration (6355)					
Personnel Services	775,874	872,536	883,096	(10,560)	810,601
Operations & Maintenance	351,312	351,312	311,896	39,416	395,878
TOTAL	1,127,186	1,223,848	1,194,992	28,856	1,206,479
Cary Arts Center (6350)					
Personnel Services	1,132,004	1,219,111	1,169,338	49,773	1,103,741
Operations & Maintenance	557,612	547,612	549,781	(2,169)	669,332
Capital Outlays	67,163	77,163	73,408	3,755	80,769
TOTAL	1,756,779	1,843,886	1,792,527	51,359	1,853,842
The Cary Theatre (6351)					
Personnel Services	159,824	181,897	176,631	5,266	170,844
Operations & Maintenance	418,668	418,668	406,553	12,115	452,970
Capital Outlays	27,607	27,607	23,978	3,629	—
TOTAL	606,099	628,172	607,162	21,010	623,814
Special Downtown Events (6352)					
Personnel Services	—	—	46	(46)	—
Operations & Maintenance	212,868	202,868	139,339	63,529	109,736
TOTAL	212,868	202,868	139,385	63,483	109,736

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Festivals & Outdoor Programming (6353)					
Operations & Maintenance	\$221,439	231,439	215,221	16,218	188,591
TOTAL	221,439	231,439	215,221	16,218	188,591
Historic Programs (Page-Walker Hotel 6354)					
Personnel Services	255,360	285,166	279,331	5,835	266,515
Operations & Maintenance	80,205	80,205	82,223	(2,018)	85,029
TOTAL	335,565	365,371	361,554	3,817	351,544
Regency Amphitheatre (6356)					
Operations & Maintenance	792,562	844,179	462,660	381,519	354,104
Capital Outlays	25,000	88,259	87,930	329	55,969
TOTAL	817,562	932,438	550,590	381,848	410,073
Total Cultural Arts & Downtown	5,077,498	5,428,022	4,861,431	566,591	4,744,079
Sports Venue					
Sports Venue Administration (6305)					
Personnel Services	353,307	390,438	384,448	5,990	377,905
Operations & Maintenance	54,884	58,384	39,924	18,460	89,213
Capital Outlays	--	--	1,699	(1,699)	--
TOTAL	408,191	448,822	426,071	22,751	467,118
Tennis Park (6310)					
Personnel Services	1,377,058	1,668,003	1,675,758	(7,755)	1,541,526
Operations & Maintenance	767,794	758,863	748,593	10,270	758,201
Capital Outlays	--	--	--	--	10,200
TOTAL	2,144,852	2,426,866	2,424,351	2,515	2,309,927
Skate Park (6320)					
Personnel Services	190,912	212,308	208,912	3,396	190,558
Operations & Maintenance	80,279	71,172	69,162	2,010	56,538
TOTAL	271,191	283,480	278,074	5,406	247,096
Soccer Park (6330)					
Personnel Services	156,482	169,701	170,251	(550)	147,349
Operations & Maintenance	1,034,934	1,042,934	1,041,850	1,084	996,681
TOTAL	1,191,416	1,212,635	1,212,101	534	1,144,030

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
USA Baseball (6340)					
Personnel Services	\$157,375	170,594	176,501	(5,907)	175,641
Operations & Maintenance	806,387	796,387	785,016	11,371	702,892
Capital Outlays	--	--	2,037	(2,037)	33,883
TOTAL	963,762	966,981	963,554	3,427	912,416
Total Sports Venue	4,979,412	5,338,784	5,304,151	34,633	5,080,587
Total Parks, Recreation & Cultural Arts	17,278,553	18,334,863	17,073,057	1,261,806	16,829,819
TOTAL GENERAL OPERATIONS, net	47,159,861	50,820,558	47,286,474	3,534,084	47,419,693
DEVELOPMENT AND INFRASTRUCTURE					
Planning (5505)					
Personnel Services	2,195,903	2,296,552	1,895,761	400,791	2,277,654
Operations & Maintenance	386,327	139,897	62,016	77,881	132,573
Capital Outlay	--	--	--	--	99,870
TOTAL	2,582,230	2,436,449	1,957,777	478,672	2,510,097
Planning-Affordable Housing (5507)					
Personnel Services	163,951	341,101	297,562	43,539	176,335
Operations & Maintenance	60,010	306,440	44,395	262,045	5,789
TOTAL	223,961	647,541	341,957	305,584	182,124
Inspections and Permits (5510)					
Personnel Services	3,577,838	4,520,714	4,300,848	219,866	3,968,932
Operations & Maintenance	189,186	174,006	123,788	50,218	236,982
Capital Outlays	--	--	--	--	203,981
TOTAL	3,767,024	4,694,720	4,424,636	270,084	4,409,895
Development Support Services (5515)					
Personnel Services	1,517,817	1,706,648	1,528,795	177,853	1,373,390
Operations & Maintenance	54,340	54,340	26,948	27,392	40,904
TOTAL	1,572,157	1,760,988	1,555,743	205,245	1,414,294
Total Development	8,145,372	9,539,698	8,280,113	1,259,585	8,516,410

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Transportation and Facilities (3600)					
Personnel Services	\$4,054,407	4,305,824	4,213,357	92,467	4,307,868
Operations & Maintenance	1,123,318	1,053,318	734,951	318,367	858,828
Capital Outlay	--	--	--	--	---
TOTAL	5,177,725	5,359,142	4,948,308	410,834	5,166,696
Sustainability (3610)					
Personnel Services	125,568	151,871	147,192	4,679	146,391
Operations & Maintenance	100,340	100,340	35,969	64,371	14,963
TOTAL	225,908	252,211	183,161	69,050	161,354
Stormwater (3700)					
Personnel Services	--	435,556	435,552	4	--
Operations & Maintenance	--	50	50	--	--
TOTAL	--	435,606	435,602	4	--
Water Resources (3500)					
Personnel Services	2,321,907	1,491,747	1,491,641	106	2,492,722
Operations & Maintenance	219,448	213,883	87,224	126,659	169,524
Capital Outlay	--	--	--	--	136,888
TOTAL	2,541,355	1,705,630	1,578,865	126,765	2,799,134
Total Infrastructure	7,944,988	7,752,589	7,145,936	606,653	8,127,184
DEVELOPMENT AND INFRASTRUCTURE	16,090,360	17,292,287	15,426,049	1,866,238	16,643,594
Non-Departmental Allocation Accounts	19,295,906	5,413,401	5,355,162	58,239	(358)

GENERAL FUND BUDGETARY COMPARISON STATEMENT
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT G

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
Long Term Debt					
Principal	\$12,366,132	12,366,132	12,366,132	–	12,423,432
Interest	4,402,200	4,402,200	4,133,199	269,001	3,889,883
Miscellaneous expense	327,000	327,000	273,664	53,336	470,809
Reimbursement from Utility Fund for Open Space	(794,469)	(794,469)	(794,469)	–	(822,264)
TOTAL DEBT SERVICE, net	16,300,863	16,300,863	15,978,526	322,337	15,961,860
TOTAL EXPENDITURES, net	171,639,824	171,863,016	161,547,108	10,315,908	152,646,226
Revenues Over Expenditures	(1,794,795)	(2,004,912)	15,815,983	17,820,895	14,085,510
OTHER FINANCING SOURCES (USES)					
Transfers In (Out), net:					
Transit Special Revenue Fund	(1,630,514)	(1,630,514)	(1,630,514)	–	(1,729,434)
Economic Development Fund	(825,000)	(825,000)	(825,000)	–	(844,000)
CDBG Special Revenue Fund	(149,000)	(149,000)	(149,000)	–	–
Internal Service Fund - Garage	–	–	–	–	(88,782)
Internal Service Fund - Health & Dental	–	–	–	–	(1,342,378)
Capital Reserve Sub-Fund	–	–	–	–	(184,000)
Streets Capital Project Sub-Fund	(650,000)	(650,000)	(650,000)	–	(4,570,000)
Downtown Capital Project Sub-Fund	(850,000)	(850,000)	(850,000)	–	(7,000,000)
General Government Capital Project Sub-Fund	(2,250,000)	(3,600,000)	(3,600,000)	–	(7,726,350)
Parks and Recreation Capital Project Sub-Fund	(1,900,000)	(2,440,000)	(2,440,000)	–	(4,971,051)
Proceeds from Sale of Assets	300,000	300,000	565,605	265,605	296,798
Capital Lease Proceeds	1,300,000	1,300,000	2,909,471	1,609,471	850,457
General Obligation Bonds Issued	100,000	100,000	–	(100,000)	17,042,667
Premium Received on General Obligation Bonds	–	–	–	–	207,237
Fire Installment Purchase	–	–	84,444	84,444	–
Payment to Escrow for Advanced Defeasance of General Obligation Bonds	–	–	–	–	(16,949,494)
Appropriation from Fund Balance	8,349,309	10,449,426	–	(10,449,426)	–
TOTAL OTHER FINANCING USES, net	1,794,795	2,004,912	(6,584,994)	(8,589,906)	(27,008,330)
Revenues and Other Sources Over (Under)					
Expenditures and Other Uses	\$ –	–	9,230,989	9,230,989	(12,922,820)
FUND BALANCE - Beginning of Year			88,427,818		101,350,638
FUND BALANCE - End of Year			\$97,658,807		88,427,818

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT H

	2019				2018
	Budget		Actual	Variance Positive (Negative)	Actual
	Original	Final			
REVENUES					
Federal Transit Administration Grant	\$1,716,358	1,716,358	1,514,183	(202,175)	1,513,313
TJCOG Grant	28,354	28,354	4,157	(24,197)	---
State Maintenance Assistance Program Grant	251,235	251,235	217,487	(33,748)	217,487
Wake County Transit Tax	2,244,132	2,244,132	1,411,834	(832,298)	705,341
Vehicle License Fee	650,000	650,000	571,814	(78,186)	706,238
C-Tran Ticket Sales	530,077	530,077	517,024	(13,053)	458,703
Miscellaneous Revenue	--	--	363	363	--
TOTAL REVENUE	5,420,156	5,420,156	4,236,862	(1,183,294)	3,601,082
EXPENDITURES					
Transit Operations (5700)					
Personnel Services	745,290	745,290	462,770	282,520	401,937
Operations & Maintenance	7,058,355	7,053,560	6,152,828	900,732	4,550,449
Allocation Accounts - Telephone	--	4,795	3,692	1,103	--
TOTAL EXPENDITURES, net	7,803,645	7,803,645	6,619,290	1,184,355	4,952,386
Revenue Under Expenditures	(2,383,489)	(2,383,489)	(2,382,428)	1,061	(1,351,304)
OTHER FINANCING SOURCES (USES)					
Transfers In from General Fund	1,630,514	1,630,514	1,630,514	--	1,778,434
Transfer Out to General Fund	--	--	--	--	(49,000)
Appropriation from Fund Balance	752,975	752,975	--	(752,975)	--
TOTAL OTHER FINANCING SOURCES	2,383,489	2,383,489	1,630,514	(752,975)	1,729,434
Revenues and Other Sources					
Over (Under) Expenditures	\$ --	--	(751,914)	(751,914)	378,130
FUND BALANCE - Beginning of Year			1,140,758		762,628
FUND BALANCE - End of Year			\$388,844		1,140,758

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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT I

	2019				2018
	Budget			Variance Positive (Negative)	
	Original	Final	Actual		Actual
RESTRICTED REVENUES					
911 System Funding	\$693,076	693,076	693,677	601	693,077
Interest earned	--	--	7,224	7,224	3,036
TOTAL REVENUE	693,076	693,076	700,901	7,825	696,113
EXPENDITURES					
Eligible 911 System Operations					
Personnel Services	81,300	81,300	9,449	71,851	20,482
Operations & Maintenance	767,100	767,100	441,438	325,662	430,925
TOTAL EXPENDITURES	848,400	848,400	450,887	397,513	451,407
Revenue Under Expenditures	(155,324)	(155,324)	250,014	405,338	244,706
OTHER FINANCING SOURCES					
Appropriation from Fund Balance	155,324	155,324	--	(155,324)	--
TOTAL OTHER FINANCING SOURCES (USES)	155,324	155,324	--	(155,324)	--
Revenues Under Expenditures	\$ --	--	250,014	250,014	244,706
FUND BALANCE - Beginning of Year			434,317		189,611
FUND BALANCE - End of Year			\$684,331		434,317

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

PROPRIETARY FUNDS

**PROPRIETARY
FUNDS
FINANCIAL
STATEMENTS**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2019

EXHIBIT J

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Equity in Pooled Cash and Investments	\$278,647,353	16,955,755
Accrued Interest on Investments	1,156,395	962
Accounts Receivable, net of allowance for doubtful accounts	14,638,965	158,300
Inventories	--	46,818
Equity in Pooled Cash and Investments-Restricted Customer Deposits & Other Restricted Funds	2,198,788	9,000
TOTAL CURRENT ASSETS	296,641,501	17,170,835
Non-Current Assets		
Capital Assets		
Land, Land Improvements and Construction-in-Progress	216,993,631	--
Other Capital Assets, net of accumulated depreciation	631,622,026	1,235,161
Total Capital Assets, net	848,615,657	1,235,161
TOTAL NON-CURRENT ASSETS, net	848,615,657	1,235,161
TOTAL ASSETS	1,145,257,158	18,405,996
DEFERRED OUTFLOW OF RESOURCES		
Deferred Contributions to Pension Plans	2,612,468	221,267
Deferred Contributions to OPEB	4,582,801	248,595
Deferred Charge on Debt Refinancings	777,272	--
TOTAL DEFERRED OUTFLOW OF RESOURCES	7,972,541	469,862
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts Payable and Accrued Liabilities	7,561,809	260,233
Debt Payable	12,733,500	--
Accrued Debt Interest Payable	1,354,443	--
Retainage Payable	3,563,480	--
Compensated Absences	950,532	58,791
Developer Fee Credits	149,000	--
Advance from Customers	(2,895)	--
Miscellaneous Liabilities	23,100	--
TOTAL CURRENT LIABILITIES	26,332,969	319,024

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2019

EXHIBIT J

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
Non-Current liabilities		
Debt Payable, net of deferred premium/discount	\$281,875,558	--
Deposits	1,999,731	9,000
Unearned Revenue	680,514	--
Compensated Absences	353,711	21,877
Developer Fee Credits	2,848,477	--
Claims Incurred But Not Reported	--	1,565,213
Unfunded Pension Obligation	3,422,442	310,679
Unfunded Other Post-Employment Benefits	27,861,728	1,508,538
Miscellaneous	23,100	--
TOTAL NON-CURRENT LIABILITIES	319,065,261	3,415,307
TOTAL LIABILITIES	345,398,230	3,734,331
DEFERRED INFLOW OF RESOURCES		
Pension Deferrals	531,240	(24,706)
OPEB Deferrals	6,627,605	359,467
TOTAL DEFERRED INFLOW OF RESOURCES	7,158,845	334,761
NET POSITION		
Net Investment in Capital Assets	551,786,395	1,235,162
Restricted for Oasis Assistance Program	29,779	--
Unrestricted Net Position	248,856,450	13,571,604
TOTAL NET POSITION	800,672,624	14,806,766
Adjustment for Internal Service Fund Activities	1,423,502	
TOTAL NET POSITION - Business-Type Activities	\$802,096,126	

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, 2019

EXHIBIT K

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$80,234,731	1,674,469
Health and Dental Premiums	--	20,189,252
Other Operating Revenues	2,287,406	--
TOTAL OPERATING REVENUES	82,522,137	21,863,721
OPERATING EXPENSES		
Administrative	14,842,817	--
Field Operations	10,191,631	--
Utility Systems Management	3,867,295	--
Water Reclamation Facilities	8,005,514	--
Cary/Apex Water Treatment Plant	8,063,416	--
Miscellaneous Utility System Projects	2,855,174	--
Fleet Management Expense	--	1,790,871
Insurance Claims & Administrative Fees	--	19,263,740
Depreciation	18,910,241	138,990
TOTAL OPERATING EXPENSES	66,736,088	21,193,601
OPERATING INCOME	15,786,049	670,120
NONOPERATING REVENUES (EXPENSES)		
Water and Sewer Development Fees	10,824,376	--
Investment Earnings, net of market adjustment	10,603,919	4,453
Reimbursements	91,982	--
Miscellaneous Revenue	(288,167)	--
Reimbursement to Governmental Activities for Open Space	(794,469)	--
Interest Expense, net of amount capitalized	(9,314,057)	--
Bond Service Expense	(12,165)	--
Bond Refunding Loss Amortization	(364,654)	--
Sale of Capital Assets	125,069	4,700
TOTAL NONOPERATING REVENUE, net	10,871,834	9,153

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

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT K

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	\$26,657,883	679,273
Capital Contributions	4,543,127	108,022
CHANGE IN NET POSITION	31,201,010	787,295
Adjustment for Internal Service Activities	119,440	
CHANGE IN NET POSITION - Business-Type Activities	31,320,450	
NET POSITION - Beginning of Year, Business-Type Activities	770,775,676	
TOTAL NET POSITION - End of Year, Business-Type Activities	<u>\$802,096,126</u>	
TOTAL NET POSITION - Beginning of Year, Internal Service Funds		14,019,471
TOTAL NET POSITION - End of Year, Internal Service Funds		<u>\$14,806,766</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT L

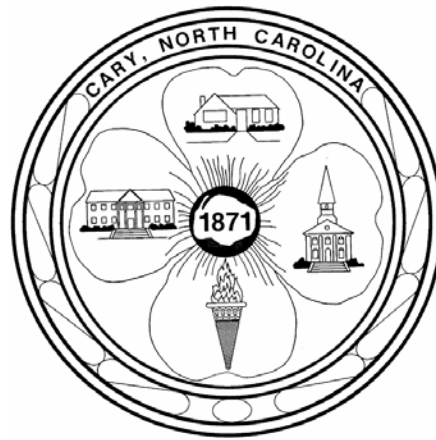
	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING ACTIVITIES		
Cash Received from Customers	\$84,775,862	21,917,337
Cash Paid for Goods and Services	(27,463,414)	(532,955)
Cash Paid To or On Behalf of Employees for Services	(19,727,095)	(1,081,799)
Cash Paid for Health and Dental Insurance Claims	--	(18,734,433)
Other Operating Revenues Received	(288,167)	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,297,187	1,568,150
CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond Issuance Costs & Debt Service Fees Paid	(12,165)	--
Principal Payments on Long-term Debt, net of partner reimbursement	(12,540,381)	--
Interest Paid on Long-term Debt, net of partner reimbursement	(10,905,617)	--
Reimbursement to General Fund & Capital Project Fund for Open Space	(794,469)	--
Water & Sewer Development Fees Received	10,665,930	--
Acquisition and Construction of Capital Assets	(35,228,049)	(147,744)
Proceeds Received from Sale of Assets	125,069	4,700
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(48,689,682)	(143,044)
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Investment Earnings Received, net of Unrealized Loss	10,421,340	3,963
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(971,155)	1,429,069
CASH AND INVESTMENTS AT BEGINNING OF YEAR	281,817,296	15,535,686
CASH AND INVESTMENTS AT END OF YEAR	\$280,846,141	16,964,755

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT L

	Utility Systems Enterprise Fund	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$15,786,049	670,120
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities		
Depreciation	18,910,241	138,990
Adjustment for LGERS Pension Expense	267,179	14,508
Adjustment for Unfunded Other Post Employment Benefits	1,496,870	81,284
Adjustment for Construction in Progress Write-off	376,022	--
Changes in Assets and Liabilities -		
(Increase) Decrease in Accounts Receivable	2,388,770	53,616
(Increase) in Inventory	--	24,681
Increase in Accounts Payable and Accrued Liabilities	(407,791)	(235,452)
Increase in Compensated Absences Liability	(76,821)	15,190
Decrease in Miscellaneous Liability	(1,020,120)	805,213
Increase in Deposits	(135,045)	--
Increase in Miscellaneous Revenue	(288,167)	--
TOTAL ADJUSTMENTS	21,511,138	898,030
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$37,297,187	1,568,150
NONCASH TRANSACTIONS		
Contributed Capital	(\$4,543,127)	--
Developer Fee Writeoff	--	--
Deferred Loss on Refunding Amortization	364,654	--
Refunding Activity	--	--
Amortization of Deferred Premium & Discount	(1,550,707)	--
Effect of change in accounting principal related to OPEB	--	--
Net Change in Net Position from		
Noncash Transactions	5,729,180	108,022
NET EFFECT OF NONCASH TRANSACTIONS	\$ --	108,022

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



NOTES

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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 list of GASB pronouncements that became effective during fiscal year 2019 and pronouncements that were issued during fiscal year 2019 but not yet effective.

GASB pronouncements effective as of the fiscal year ended June 30, 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This statement requires that governments with a legally enforceable liability associated with the retirement of a tangible capital asset recognize the liability. The Town of Cary does not have a situation where this will apply in the current year. The statement will be continually reexamined in the future to ensure adherence.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placement* – This statement requires that additional essential information, such as unused lines of credit and pledged assets as collateral, related to debt be disclosed in the notes to the financial statements.

The GASB has issued pronouncements prior to fiscal year ended June 30, 2019 that impact future reporting periods:

GASB Statement No. 84, *Fiduciary Activities* – This statement intends to align and enhance consistency with reporting on fiduciary activity. According to this standard, there are four types of fiduciary funds, three of which relate to legally binding trust funds and the fourth encapsulates all other fiduciary activity. This statement is effective for fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases* – This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This will require recognition of certain lease assets and liabilities that were previously classified as operating leases. This statement is effective for fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests* – This statement intends to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for fiscal year ending June 30, 2020.

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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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, 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

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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.

Special Revenue Funds - The Town operated four special revenue funds during fiscal year 2019. 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

NOTES TO BASIC FINANCIAL STATEMENTS

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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 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.

C. BUDGETARY

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

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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 department 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.

D. 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 fair value, 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 money 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 (lien date); however, interest and penalties do not accrue until the following January 6. Property taxes on certain registered motor vehicles are assessed and collected throughout the year. The taxes levied for fiscal year 2019 are based on the assessed values as of January 1, 2018.

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

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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 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 2019. The loan was for cash flow purposes until grant funds were received and a fiscal year 2020 appropriation was available on July 1, 2019. The funds have been paid back in early fiscal year 2020. There were no other lending/borrowing activity arrangements between funds for fiscal year 2019.

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 funds consist 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

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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.

Governmental infrastructure assets (roads, sidewalks, bridges, etc) acquired prior to July 1, 2003, 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 \$10.9 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 (LGERS & 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.

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

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in the entity-wide and proprietary fund financial statements. Vacation leave accrued over the 30-day limit is converted to sick leave annually.

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. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual 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 percent or less (limited flexibility is given to go up to 20 percent). 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, 2019, 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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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.

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.

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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930s that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

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Restricted for Community Development Block Grant (CDBG) Projects – portion of the fund balance within the CDBG Special Revenue Fund that relates to unspent grant funding that is restricted for CDBG approved projects.

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.

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's 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, 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
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Assigned Fund Balance

This classification is a 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 2020 budget or (2) appropriated through the rollover process from fiscal year 2019 to 2020 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.

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 percent of budgeted General Fund expenditures. Total fund balance shall be at least 40 percent 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, 2019, fund balances and related practices remain in accordance with the policy.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
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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.

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There were no incidents of non-compliance for 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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the Town's deposits (including certificates of deposit) had a carrying amount of \$19.4 million and a bank balance of \$20.1 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, 2019, the Town's petty cash fund totaled \$17,075.

Investments	Valuation Measurement Method	Fair Value	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years
US Treasuries	Fair Value Level 1	\$ 92,167,425	38,712,975	26,614,423	14,838,109	12,001,918
US Agencies -						
FFCB	Fair Value Level 1	\$98,735,059	18,654,997	14,611,111	29,429,813	36,039,138
FHLB	Fair Value Level 2	\$183,970,795	\$41,775,393	64,977,737	49,848,801	27,368,864
FHLMC	Fair Value Level 1	\$45,990,092	34,797,625	5,237,189	5,955,278	-
FNMA	Fair Value Level 1	\$58,575,163	18,551,155	23,207,941	14,802,072	2,013,995
Municipal Paper	Fair Value Level 1	\$6,666,276	5,523,567	1,142,709	-	-
NCCMT	Fair Value Level 1	\$37,312,323	37,312,323	-	-	-
Government						
Total		\$ 523,417,133	\$195,328,035	\$135,791,110	\$114,874,073	\$77,423,915

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 fair value, which is the NCCMT's share price.

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, 2019 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, 2019. 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, 2019.

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 35%, 19%, 9 percent and 11 percent respectively, of the Town's total investments.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Note 4 RECEIVABLES AND RELATED ACCOUNTS

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

	General	Capital Projects	Special Revenue	Total Governmental Funds	Full Accrual Adjustment	Entity-Wide Governmental Activity	Business-type Activities (Utility System)
Receivables:							
Housing Loans	\$ --	\$ --	\$ --	\$ --	\$ 3,915,133	\$ 3,915,133	\$ --
Due from other Governments	16,668,485	1,036,208	1,878,248	19,582,941	26,212,796	45,795,737	2,188,138
Accounts	1,836,929	--	--	1,836,929	513,638	2,350,567	13,083,835
Gross Receivables	18,505,414	1,036,208	1,878,248	21,419,870	30,641,567	52,061,437	15,271,973
Less: Allowance							
Housing Loans	--	--	--	--	(3,497,737)	(3,497,737)	--
Accounts	(106,625)	--	--	(106,625)	--	(106,625)	(633,008)
Net total receivables at June 30, 2019	\$ 18,398,789	\$ 1,036,208	\$ 1,878,248	\$ 21,313,245	\$ 27,143,830	\$ 48,457,075	\$ 14,638,965

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 \$327,510, as listed in the Basic Financial Statements, is net of a \$150,961 allowance for doubtful accounts.

Special Revenue Fund receivables include \$1.5 million related to the Transit Fund, \$57,806 related to the Emergency Telephone System Fund, and \$252,584 related to the CDBG Fund. Health Insurance Internal Service Fund receivables of \$158,300 is included in Governmental Activities (primary customer) in the entity-wide financial statements.

For governmental activities, \$29.7 million of the \$52.1 million accounts receivable balance is recorded as due from other governments and is related to grants or other financial assistance that was awarded. The Town enters into contractual agreements where the Town is obligated to amend the budget to establish grant revenue and supporting expenditures. The grant revenue is considered unearned until the contractual obligations of the underlying agreement are satisfied. \$20.2 million of the grant total is considered unearned, which is the full balance of unearned revenue at June 30, 2019 for governmental activities. The remainder of the governmental receivables is related to sales tax and other similar allocations that relate to fiscal year 2019 and were received within the 90-day window after June 30, 2019. 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 in FY2018.

For Business-type activities due from other governments include \$2.1 million related to partner receivables from the Town of Apex related to shared water and reclamation facilities, including their portion of capital projects; and \$28,458 related to Chatham County for raw water purchases. All the \$13.1 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 \$294,171 of advance from customers in the Governmental Funds is mostly

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

comprised of prepaid fees related to parks, recreation and culture activities. For Business-type activities the (\$2,895) advance from customers relates to utility annexation agreements and the \$680,514 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, 2019, 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 Pension (Note 12.A)	\$ 21,571,747	\$ 2,612,468	\$ 24,184,215
Deferred Outflow Related to OPEB (Note 12.E)	20,231,574	4,582,801	24,814,375
Deferred Charge on Debt Refinancing	778,102	777,272	1,555,374
Total Deferred Outflows	<u>\$ 42,581,423</u>	<u>\$ 7,972,541</u>	<u>\$ 50,553,964</u>

At June 30, 2019, 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)
Governmental Deferred Inflows:						
Ad Valorem Taxes	\$ 207,276	\$ --	\$ 207,276	\$ 191,522	\$ 398,798	\$ --
Vehicle Tag Revenue	204,468	--	204,468	(513,236)	(308,768)	--
Total Deferred Inflows Related to Property Taxes & Vehicle Tag Fees	<u>\$ 411,744</u>	<u>\$ --</u>	<u>\$ 411,744</u>	<u>\$ (321,714)</u>	<u>90,030</u>	<u>--</u>
Pension Activity (Note 12.A & B)					1,656,782	531,240
OPEB Activity (Note 12.C)					29,226,787	6,627,605
Total Deferred Inflows of Resources at June 30, 2019					<u>\$ 30,973,599</u>	<u>\$ 7,158,845</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Retirements	Transfers In (Out)	Ending Balance
Government Activities:					
<u>Capital assets, Non-depreciable:</u>					
Land & Improvements	\$ 264,166,657	7,900,941	--	748,474	272,816,072
Construction-in-Progress	72,025,122	29,051,117	(17,487,893)	(18,017,992)	65,570,354
Total Capital Assets, Non-depreciable	336,191,779	36,952,058	(17,487,893)	(17,269,518)	338,386,426
<u>Capital Assets, Depreciable:</u>					
Buildings & Improvements	120,717,544	--	--	258,949	120,976,493
Machinery & Equipment	33,201,522	1,100,748	(406,970)	683,006	34,578,306
Vehicles	36,230,305	1,180,231	(2,267,568)	3,177,401	38,320,369
Infrastructure	788,451,973	24,942,783	--	13,150,162	826,544,918
Intangible Assets	11,030,756	2,033,565	--	--	13,064,321
Total Capital Assets, Depreciable	989,632,100	29,257,327	(2,674,538)	17,269,518	1,033,484,407
<u>Less Accumulated Depreciation for:</u>					
Buildings & Improvements	35,803,984	2,590,439	--	--	38,394,423
Machinery & Equipment	18,917,375	2,250,781	(406,781)	--	20,761,375
Vehicles	23,127,016	3,621,086	(2,254,184)	--	24,493,918
Infrastructure	356,520,925	20,093,919	--	--	376,614,844
Intangible Assets	2,622,180	1,965,335	--	--	4,587,515
Total Accumulated Depreciation	436,991,480	30,521,560	(2,660,965)	--	464,852,075
Total Capital Assets, Depreciable, Net	552,640,620	(1,264,233)	(13,573)	17,269,518	568,632,332
Governmental Activities Capital Assets, Net \$	888,832,399	35,687,825	(17,501,466)	--	907,018,758

Total Governmental assets include Internal Service Fund book value of \$1.2 million. General infrastructure constructed and donated by area developers (and acquired through annexations) with a value of \$32.8 million is included in governmental additions.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

	Beginning Balance	Additions	Retirements	Transfers In (Out)	Ending Balance
Business-type Activities:					
<u>Capital assets, Non-depreciable:</u>					
Land & Improvements	\$ 26,348,936	--	--	306,624	26,655,560
Construction-in-Progress	168,483,323	35,058,569	(376,022)	(12,827,799)	190,338,071
Total Capital Assets, Non-depreciable	194,832,259	35,058,569	(376,022)	(12,521,175)	216,993,631
<u>Capital assets, Depreciable:</u>					
Buildings & Improvements	172,991,307	--	--	155,822	173,147,129
Machinery & Equipment	12,245,717	43,469	(11,079)	155,787	12,433,894
Vehicles	6,054,957	313,270	(321,351)	507,228	6,554,104
Infrastructure	668,793,092	4,507,375	--	11,702,338	685,002,805
Intangible Assets	1,532,038	--	--	--	1,532,038
Total Capital Assets, Depreciable	861,617,111	4,864,114	(332,430)	12,521,175	878,669,970
<u>Less Accumulated Depreciation for:</u>					
Buildings & Improvements	38,036,739	3,461,700	--	--	41,498,439
Machinery & Equipment	6,794,294	712,834	(11,079)	--	7,496,049
Vehicles	3,860,551	619,130	(321,351)	--	4,158,330
Infrastructure	178,390,489	14,025,643	--	--	192,416,132
Intangible Assets	1,388,061	90,933	--	--	1,478,994
Total Accumulated Depreciation	228,470,134	18,910,240	(332,430)	--	247,047,944
Total Capital Assets, Depreciable, Net	633,146,977	(14,046,126)	--	12,521,175	631,622,026
Business-type Activities Capital Assets, Net	\$ 827,979,236	21,012,443	(376,022)	--	848,615,657

Area developers donated utility infrastructure with a gross value of \$4.5 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, 2019

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

Governmental Activities:

General Governmental	\$	3,610,147
Development		103,154
Facilities & Infrastructure		20,142,191
Public Safety		2,184,737
Public Works		1,111,671
Environmental Protection		1,202,340
Parks, Recreation and Culture		<u>2,028,330</u>
Total depreciation expense (excluding internal service)		30,382,570
Capital assets held by the Town's Fleet Management internal service fund are charged to the various functions based on their usage of assets		<u>138,990</u>
Total depreciation expense – governmental activities	\$	<u><u>30,521,560</u></u>

Business-type Activities:

Utility System	\$	<u><u>18,910,240</u></u>
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The Town has numerous active construction projects as of June 30, 2019. 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:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Capital Project Fund	Spent-to-date	Contract Commitments
Carpenter Fire Station Road / CSX Rail Grade Separation (NEPA / Design)	\$ 13,270,307	18,925,000
Carpenter Fire Station Road Neighborhood Park	86,549	503,000
Downtown Park Phase 2	443,153	1,245,000
Fire Station #9 - Walnut Street Area	3,419,237	3,722,000
Library Lower Level	--	630,000
Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd to Green Level Church Rd	13,496,231	3,339,000
Panther Branch Greenway (Cameron Pond/540 Segment to Mills Park)	1,577,323	2,668,000
Reduce Congestion Through Intersection Improvements (Based on LOS) - Bond Funded	2,895,590	1,283,000
Reedy Creek Road Improvements (NEPA / Design)	2,158,994	813,000
Sidewalk and Pedestrian Improvements - FY 2016	155,702	667,000
Sidewalk and Pedestrian Improvements - FY 2017	211,660	811,000
Street Improvements - FY 2018	6,290,495	517,000
Street Improvements - FY 2019	3,130,856	5,116,000
White Oak Creek Greenway - MacArthur Park Section	2,144,594	5,491,000
All Other Parks	38,336,559	2,973,000
All Other Streets	53,191,456	5,006,000
All other GG	14,544,818	2,431,000
Other Fire and Downtown Projects	20,641,505	1,057,000
TOTAL CAPITAL PROJECT COMMITMENTS	\$ 175,995,029	57,197,000

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Utility System Enterprise Fund	Spent-to-Date	Contract Commitments
Cary/Apex Water Treatment Plant - Phase III Expansion, Net	\$ 60,452,220	1,335,000
Cary/Apex Water Treatment Plant - Raw Water Transmission Pipeline, Net	15,514,511	1,812,000
Crossroads Ground Storage Tank and Booster Pump Station	929,388	760,000
Green Level West Road Water Line - Phase III	1,047,807	1,532,000
NC-540/Morrisville Parkway Water Line	--	604,000
NC55 Water Line Extension - Phase II	1,484,438	610,000
Sewer System Repair/Replacement - FY 2016	1,266,021	1,072,000
Sewer System Repair/Replacement - FY 2017	898,444	5,053,000
Sewer System Repair/Replacement - FY 2018	359,170	4,196,000
Sewer System Repair/Replacement - FY 2019	--	500,000
Upgrade Water Lines - FY 2018	2,481,002	2,689,000
Upgrade Water Lines - FY 2019	87,513	2,842,000
Western Cary Water Storage Tank	8,344,291	1,065,000
Wimberly Road Water Line	3,340,868	817,000
WWRWMF - New Water Reclamation Facility, Net	164,453	2,797,000
Other Utility Projects, Net	104,972,031	9,094,000
TOTAL UTILITY PROJECT COMMITMENTS	<u>\$ 201,342,157</u>	<u>36,778,000</u>

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 \$1.4 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 \$242,349, 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 2020. No other interfund receivable or payable activity was recorded as of June 30, 2019.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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 long-term in nature are displayed in the table below.

Fiscal Year Ending	Operating Leases	
	Governmental Activities	Business-type Activities
2020	\$ 84,856	30,000
2021	87,183	—
2022	89,574	—
2023	92,031	—
2024	54,091	—
Thereafter	134,168	—
Total	\$ 541,903	30,000

Annual leases that are significant, but not long term in nature totaled \$430,000 for fiscal year 2019. The majority of these month-to-month or annual leases relate to technology, heavy equipment, and facilities.

B. CAPITAL LEASES

Over the past several years the Town has entered into numerous lease agreements with Ontario Leasing (later assigned to Bank Financial). In fiscal year 2019, the Town entered into twenty 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, 2019 is \$.6 million with \$.3 million related to new capital leases started in fiscal year 2019. These are recorded as governmental-activity capital assets in the entity-wide financial statements, as well as the related long-term obligations.

The annual amount paid for active Ontario leases for fiscal year 2019, was \$1.3 million, which includes interest. Monthly debt service (including interest) on active Ontario leases was approximately \$.1 million at June 30, 2019.

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, 2019, are as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Year Ending June 30	Ontario
2020	\$ 1,382,502
2021	1,029,940
2022	455,760
2023	277,348
2024	103,915
Total minimum lease payments	3,249,465
Less: Interest	(97,485)
Present value of future minimum lease payments	\$ 3,151,980

Note 9 LONG-TERM OBLIGATIONS

A. INSTALLMENT FINANCING AGREEMENTS

In December 2018, the Town entered into a direct placement installment purchase agreement with STI Institutional & Government, Inc. to finance construction of Fire Station No. 9 and a portion of the replacement of two aerial ladder trucks. Fire Station No. 9 is pledged as collateral for the debt. The Town is authorized under N.C.G.S. 160A-20 to incur debt secured by all or some part of the property acquired or improved in the financing. The payment of such debt is subject to the appropriation of funds to make the debt service payment by the Town Council. In the event of the non-payment of the debt or other event specified in the financing documents as an event of default, the lender is entitled to accelerate the debt and foreclose on the collateral pledged as security. In the event the amount realized on the collateral is not sufficient to pay the entire debt, no deficiency judgment may be rendered against the Town for the balance and the lender is not entitled to further remedy. The taxing power of the Town is not pledged directly or indirectly to secure these obligations (nor does any general assets or funds of the Town secure these obligations). The financing required principal payments to begin in fiscal year 2020 with an interest rate of 3.12 percent to be paid semi-annually. Debt service payments are funded by the General Fund. At June 30, 2019, \$4,996,726 unspent proceeds remain available.

At June 30, 2019, the installment purchase debt related to the fire financing is \$8.5 million with future debt service payments as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 565,000	255,606	820,606
2021	565,000	237,978	802,978
2022	565,000	220,350	785,350
2023	565,000	202,722	767,722
2024	565,000	185,094	750,094
2025-2029	2,825,000	661,050	3,486,050
2030-2034	2,825,000	220,350	3,045,350
Total	\$ 8,475,000	1,983,150	10,458,150

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

B. LIMITED OBLIGATION BONDS

In June 2010, via a public offering, 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 two percent to 3.25 percent. Principal and interest requirements will be provided by General Fund appropriation in the year in which they become due. At June 30, 2019, no unspent proceeds remain available.

At June 30, 2019, the installment purchase debt related to the limited obligation bonds, series 2010 is \$3.2 million, with future debt service payments as follows:

Governmental Activities				
Year				
Ending				
June 30		Principal	Interest	Total
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>3,165,000</u>	<u>216,613</u>	<u>3,381,613</u>

In February 2012, the Town issued \$11.3 million in direct placement 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 Town is authorized under N.C.G.S. 160A-20 to incur debt secured by all or some part of the property acquired or improved in the financing. The payment of such debt is subject to the appropriation of funds to make the debt service payment by the Town Council. In the event of the non-payment of the debt or other event specified in the financing documents as an event of default, the lender is entitled to accelerate the debt and foreclose on the collateral pledged as security. In the event the amount realized on the collateral is not sufficient to pay the entire debt, no deficiency judgment may be rendered against the Town for the balance and the lender is not entitled to further remedy. The taxing power of the Town is not pledged directly or indirectly to secure these obligations (nor does any general assets or funds of the Town secure these obligations). 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, 2019, no unspent proceeds remain available.

At June 30, 2019, the installment purchase debt related to the limited obligation bonds, series 2012 is \$6.4 million, with future debt service payments as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities (Privately Placed)				
Year Ending June 30		Principal	Interest	Total
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>6,440,000</u>	<u>297,884</u>	<u>6,737,884</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 were publicly 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 2019 was 1.56%. 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 two to five percent 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, 2019, there is \$7.8 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. Business-type general obligation bonds are secured by the taxing power of the Town, however the debt service is funded through utility rates. General obligation bonds outstanding at June 30, 2019 are as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

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Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2019
Governmental Activities					
Public Improvement, Series 2006	Variable	7/12/2006	6/1/2027	\$ 47,255,000	\$ 27,455,000
Refunding Bonds, Series 2009	2% - 5.25%	6/1/2009	6/1/2020	12,650,000	1,005,000
Refunding Bonds, Series 2010B	4%	10/5/2010	6/1/2022	14,670,000	8,050,000
Public Improvement, Series 2014	3% - 5%	3/4/2014	3/1/2034	32,915,000	22,705,000
Public Improvement, Series 2017A	2% - 5%	10/11/2017	6/1/2037	31,035,000	28,130,000
Refunding Bonds, Series 2017B	2% - 5%	10/11/2017	6/1/2029	15,222,965	15,156,927
Total Governmental Activities				\$	<u>102,501,927</u>
Business-Type Activities					
Refunding Bonds, Series 2009	2% - 5.25%	6/1/2009	6/1/2020	\$ 27,370,000	3,430,000
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	36,255,000
Refunding Bonds, Series 2017B	2% - 5%	10/11/2017	6/1/2029	12,233,959	13,533,075
Total Business-Type Activities				\$	<u>58,978,075</u>

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
2020	\$ 9,823,014	3,522,762	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	9,319,993	2,131,980	2,825,006	1,436,313
2025 - 2029	34,433,464	6,008,865	14,931,537	5,536,873
2030 - 2034	15,355,000	2,267,638	9,710,000	3,446,313
2035 - 2039	4,680,000	286,650	11,785,000	1,376,338
TOTAL	<u>\$ 102,501,927</u>	<u>22,961,972</u>	<u>58,978,075</u>	<u>19,527,570</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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 publicly offered bonds, the Town pledges income derived from the acquired or constructed assets to pay debt service. The Town is also authorized under North Carolina law to incur debt to finance or improve certain revenue producing enterprises, including improvements to its water and sewer system, which debt is secured by a pledge of the revenues of the enterprise system improved in the financing. The payment of such revenue bond debt is secured solely by the revenues of the enterprise system financed. The non-payment of the debt and certain other events could result in the occurrence of an event of default, and upon such occurrence the lenders typically have the right to accelerate the debt, however the debt remains secured solely by the revenues pledged to secure the payment thereof. The taxing power of the Town is not pledged directly or indirectly to secure these obligations (nor does any general assets or funds of the Town secure these obligations). As of June 30, 2019, \$1.5 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:

Purpose	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Balance Outstanding June 30, 2019
Series 2013 Combined Utility System	2.00% - 5.00%	1/29/2013	12/1/2042	\$ 98,400,000	\$ 11,875,000
Series 2015 Combined Utility System	3.00% - 5.00%	3/11/2015	12/1/2039	53,785,000	49,275,000
Series 2017 Combined Utility System	1.00% - 5.00%	3/16/2017	12/1/2041	31,955,000	30,450,000
Series 2017B Revenue Refunding	1.75% - 5.00%	12/21/2017	12/1/2042	92,925,000	92,140,000
				Total Revenue Bonds	183,740,000

Revenue bond debt service requirements to maturity are as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Year ending June 30		Principal	Interest	Total
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		5,530,000	6,529,994	12,059,994
2025 - 2029		32,220,000	28,315,619	60,535,619
2030 - 2034		40,370,000	20,510,988	60,880,988
2035 - 2039		49,245,000	12,084,672	61,329,672
2040 - 2044		37,150,000	2,864,494	40,014,494
TOTAL	\$	<u>183,740,000</u>	<u>98,827,473</u>	<u>282,567,473</u>

The total principal and interest remaining to be paid on all outstanding series of revenue bonds was \$282.6 million as of June 30, 2019. 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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Net Income	\$	26,777,325	
Adjustments:			
Depreciation Expense		18,910,241	
Water & Sewer Development Fees		(10,824,378)	
Reimbursements		(91,982)	
Sale of Capital Assets		(125,069)	
Bond Interest Expense		9,314,057	
Bond Service Expenses & Refunding Loss		364,654	
Payment to General Fund for Open Space		794,469	
Administrative Costs Paid to the Other Funds		4,606,008	
Income Available for Debt Service		49,725,325	
15% of Unrestricted Net Position		37,328,468	
Total Sources Available for Debt Service	\$	<u>87,053,793</u>	
			Coverage
Parity Debt Service (Revenue Bonds Only)		11,717,481	7.429
Other Utility Debt Service (gross of partner reimbursement)		11,820,499	
Total Debt Service	\$	<u>23,537,980</u>	2.113

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, 2019, of \$0 for Governmental-type and Business-type. 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, 2019 of \$103,318 for Business-Type Activities

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
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and \$18,802 for Governmental Activities, to be amortized over the remaining life of the bonds.

In addition, in June 2010, the Town issued \$15.2 in Limited Obligation Refunding Bonds, Series 2010 to refund a portion of the Certificates of Participation, Series 2002A and all of the remaining Series 2002B. The Series 2002B were fully called on June 15, 2010, and the Series 2002A were called on December 1, 2012. The refunding resulted in a net present value savings of \$.8 million all Governmental Activities savings. The reacquisition price on the defeased bonds exceeded the carrying value of the old debt in the amount of \$.3 million, resulting in a refunding loss with an unamortized balance at June 30, 2019, of \$61,000 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, 2019 of \$392,369 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, 2019 of \$38,432 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, 2019 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, 2019 of \$.9 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 were redeemed on June 1, 2019. The advance refunding resulted in a net present value savings of \$.8 million for the Town of which \$.4 million is Governmental-type savings and \$.4 million is Business-type 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, 2019 of \$0 due to the refunding of these bonds. The Series 2016A bonds were redeemable at any time 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, 2019 of \$267,499 Governmental Activities and \$238,933 Business-Type Activities. The remaining 2009 public improvement bonds were called on June 1, 2019.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
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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 \$6.3 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, 2019 of \$499,439 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	Total
Balance as of June 30, 2018	\$ 1,049,717	1,141,926	2,191,643
Current Year Amortization	(271,615)	(364,654)	(636,269)
Ending Balance at June 30, 2019	<u>\$ 778,102</u>	<u>777,272</u>	<u>1,555,374</u>

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, 2019 is \$1.26 million. See Notes 4 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, 2019

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, 2019, the outstanding balance is \$3.6million.

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, 2019, the outstanding balance is \$962,394 (net of \$467,479 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 percent 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, 2019, the outstanding balance is \$411,700 (net of \$213,035 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 percent and principal and interest payments began in May 2015. As of June 30, 2019, the outstanding balance is \$26.25 million with all \$35 million in loan draws completed.

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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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
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	511,161	37,110	178,734	15,764	52,061	9,184	1,750,000	427,350	2,491,956	489,408
2025 - 2029	1,022,323	37,110	536,203	23,647	260,308	28,699	8,750,000	1,554,000	10,568,834	1,643,456
2030 - 2034	--	--	--	--	104,122	3,444	8,750,000	582,750	8,854,122	586,194
Sub-total	3,578,128	346,363	1,429,873	141,880	624,735	89,542	26,250,000	4,662,000	31,882,736	5,239,785
Interlocal Agreements	--	--	(467,479)	(45,795)	(213,035)	(30,533)	--	--	(680,514)	(76,328)
TOTAL	\$ 3,578,128	346,363	962,394	96,085	411,700	59,009	26,250,000	4,662,000	31,202,222	5,163,457

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

I. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
GOVERNMENTAL ACTIVITIES					
Bonds & Notes Payable:					
General Obligation Debt - Public Offering	\$ 112,388,059	–	(9,886,132)	102,501,927	9,823,014
Limited Obligation Bonds - Public Offering	5,530,000	–	(2,365,000)	3,165,000	800,000
Limited Obligation Bonds - Private Placement	6,555,000	–	(115,000)	6,440,000	1,655,000
Installment Financing - Private Placement	–	8,475,000	–	8,475,000	565,000
Total Bonds & Loans Payable	124,473,059	8,475,000	(12,366,132)	120,581,927	12,843,014
Deferred Adjustments:					
Premium	7,582,117	–	(850,491)	6,731,626	–
Total Bonds & Notes Payable, Net	132,055,176	8,475,000	(13,216,623)	127,313,553	12,843,014
Other Liabilities:					
Capital Leases	1,522,713	2,909,471	(1,280,204)	3,151,980	1,316,566
Compensated Absences	6,003,913	5,234,023	(4,887,581)	6,350,355	4,816,857
Unfunded OPEB Liability	119,035,451	2,167,007	–	121,202,458	–
Workers' Compensation Long-Term Reserve	2,300,000	583,415	(1,189,544)	1,693,871	1,690,293
Health Insurance Long-Term Reserve	760,000	16,278,365	(15,473,151)	1,565,214	1,565,214
Small Claims Reserve	289,512	704,789	(665,886)	328,415	328,415
Development Fee Credits	3,550,295	723,201	(2,064,069)	2,209,427	76,000
Net Pension Liability (LGERS)	17,997,881	8,681,137	–	26,679,018	–
Law Separation Allowance Unfunded Pension Liability	10,920,513	–	(1,460,862)	9,459,651	–
HUD 108 CDBG Loan	1,334,000	–	(67,000)	1,267,000	67,000
Other Long Term Agreements	2,952,819	2,259,157	(2,071,569)	3,140,407	1,957,730
Total Other Liabilities	166,667,097	39,540,565	(29,159,866)	177,047,796	11,818,075
Governmental Activities Long-Term Liabilities	\$ 298,722,273	48,015,565	(42,376,489)	304,361,349	24,661,089

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; \$80,700 for compensated absences, \$1.5 million for other post-employment benefits, and \$311,000 for Fleet's portion of the LGERS pension liability, as well as \$1.2 million of the Health Insurance Internal Service Fund long-term reserve for insurance claims.

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 \$2.1 million reduction in the current year, \$1.9 million 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, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
BUSINESS-TYPE ACTIVITIES					
Bonds & Notes Payable – Utility System:					
General Obligation Debt	\$ 64,966,943	–	(5,988,868)	58,978,075	5,966,987
Revenue Bonds	187,875,000	–	(4,135,000)	183,740,000	4,350,000
State Revolving Loans, net	33,618,735	–	(2,416,513)	31,202,222	2,416,513
Total Bonds & Loans Payable	286,460,678	–	(12,540,381)	273,920,297	12,733,500
Deferred Adjustments:					
Premium	22,239,468	–	(1,550,707)	20,688,760	–
Total Bonds & Notes Payable, Net	308,700,146	–	(14,091,088)	294,609,057	12,733,500
Other Liabilities – Utility System:					
Compensated Absences	1,381,064	925,208	(1,002,033)	1,304,239	950,532
Unfunded OPEB Liability	27,374,872	486,856	–	27,861,728	–
Development Fee Credits	3,191,677	9,808	(204,003)	2,997,482	149,000
Net Pension Liability (LGRS)	1,512,517	1,909,925	–	3,422,442	–
Other Long Term Agreements	205,700	–	(159,500)	46,200	23,100
Total Other Liabilities	33,665,830	3,331,797	(1,365,536)	35,632,091	1,122,632
Business-Type Activities Long-Term Liabilities	\$ 342,365,976	3,331,797	(15,456,624)	330,241,148	13,856,132

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

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

Discussion on liabilities related to LGRS 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, 2019, such statutory limit for the Town was \$2.2 billion providing a legal debt margin of approximately \$2 billion. The Town does not intend to extend its debt to any amount near the legal debt limit.

At June 30, 2019, 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.

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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	\$ 4,949,795	--	14,109	4,963,904	23,442	4,987,346	289,210
Due to other governments	4,356,198	--	--	4,356,198	--	4,356,198	--
Due to Vendors	2,925,282	7,841,147	1,247,130	12,013,559	(33,602)	11,979,957	7,131,457
Miscellaneous	447,101	751,907	--	1,199,008	--	1,199,008	141,142
	<u>\$ 12,678,376</u>	<u>8,593,054</u>	<u>1,261,239</u>	<u>22,532,669</u>	<u>(10,160)</u>	<u>22,522,509</u>	<u>7,561,809</u>

The governmental amount for the Special Revenue Funds is comprised of approximately \$6,000 for the CDBG Fund and \$1,255,000 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 \$1.7 million was calculated as of June 30, 2019, for claims incurred but not reported and for items reported but not paid. \$161,000 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. \$78,000 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

NOTES TO BASIC FINANCIAL STATEMENTS

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party administrator. Employees can also pay a portion of the premium to add a spouse or dependent(s). These claims are also administered by the third party administrator. Based on the information available, the third party administrator and actuarial information from the prior year a reserve of \$1.5 million was calculated, as of June 30, 2019 for health claims incurred but not reported and for items reported but not paid. A reserve of \$98,000 was calculated for dental claims incurred but not reported and for items reported but not paid. \$.8 million (of which \$38,000 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.

The following is a reconciliation of changes in liabilities for claims from amounts reported June 30, 2017 to the current fiscal year ended June 30, 2019:

	Workers' Compensation	Small Claims and Losses	Dental Claims	Health Claims	Total
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
Claims reported and changes in estimates for FY 2019	583,415	704,789	1,543,151	14,735,214	17,566,569
Claims paid in FY 2019	(1,189,544)	(665,886)	(1,504,929)	(13,968,222)	(17,328,581)
Balance June 30, 2019	<u>\$ 1,693,871</u>	<u>328,415</u>	<u>98,222</u>	<u>1,466,992</u>	<u>3,587,500</u>

The Town provides for property and liability coverage through comprehensive third party insurance policies. The Town's property and liability coverage at June 30, 2019 are as follows:

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Property Coverage	Liability Coverage Limits
Property Insurance – Building and Contents	\$ 601,290,320
Extra coverage for Town Hall and Operations Center	5,000,000
Communication Equipment	2,051,261
Emergency Service and Miscellaneous Equipment	6,892,549
Water and Sewer	1,067,120
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 2019, 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.

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 percent 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

NOTES TO BASIC FINANCIAL STATEMENTS

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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 six percent 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, 2019, was 8.50 percent of compensation for law enforcement officers and 7.75 percent 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, 2019, 2018 and 2017 were \$6.7, \$6.1, and \$5.9 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 four percent 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, 2019, the Town reported a liability of \$30.1 million for its proportionate share of the net pension liability (\$26.7 million governmental, \$3.4 million business-type). The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was 1.27%, which was a decrease of .01 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of approximately \$1.5 million (\$1.2 million governmental, \$.3 million business-type). At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,643,940	\$ 155,827
Changes of assumptions	7,987,766	--
Net difference between projected and actual earnings on pension plan investments	4,132,035	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	--	578,576
Employer contributions subsequent to the measurement date	6,652,622	--
Total	<u>\$ 23,416,363</u>	<u>\$ 734,403</u>

\$6.7 million reported as deferred outflows (listed above) resulted from Town contributions made subsequent to the measurement date of June 30, 2018. This will be recognized as a decrease to the net pension liability in fiscal year 2020. Other amounts reported as deferred outflows/(inflows) will be recognized as an addition to pension expense as follows:

Year ended June 30:

2020	\$ 7,773,656
2021	5,034,422
2022	862,715
2023	2,358,545
Thereafter	--
Total	<u>\$ 16,029,338</u>

Actuarial Assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increase	3.5% - 8.1%, including inflation and productivity factor
Investment rate of return	7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

NOTES TO BASIC FINANCIAL STATEMENTS

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by 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, 2018 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>71%</u>	

The information above is based on 30 year expectation developed with the consulting actuary for the 2017 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 7.0%. 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 Liability (Asset) to Changes in the Discount Rate: The table below presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability (asset)	\$ 72,306,318	\$ 30,101,460	\$ (5,165,577)

NOTES TO BASIC FINANCIAL STATEMENTS

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

B. LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE

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 January 1, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	33
Terminated plan members entitled to but not yet receiving benefits	--
Active plan members	183
Total	216

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.

Actuarial Assumptions - The entry age actuarial cost method was used in the January 1, 2019 valuation. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.5% to 7.4%, including inflation and productivity factor
Discount Rate	3.1%

The discount rate is based on the yield of the Fidelity Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019.

Mortality rates are based on the RP-2014 Mortality tables.

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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 \$.7 million as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$9.5 million. The total pension liability was measured as of June 30, 2019 based on a January 1, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$.7 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investment	\$ --	\$ --
Differences between expected and actual experience	366,232	1,293,537
Changes in actuarial assumptions	401,620	160,082
Benefit payments and plan administrative expense made subsequent to measurement date	--	--
Total	<u>\$ 767,852</u>	<u>\$ 1,453,619</u>

The Town reported no deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Due to the measurement date and year-end being the same. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ (10,802)
2021	(10,802)
2022	(10,802)
2023	12,627
2024	(166,496)
Thereafter	(499,492)
Total	<u>\$ (685,767)</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 3.1 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percent point lower (2.1 percent) or 1 point higher (4.1 percent) than the current rate:

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	1% Decrease (2.1%)	Discount Rate (3.1%)	1% Increase (4.1%)
Town's proportionate share of the total pension liability	\$ 10,126,938	\$ 9,459,651	\$ 8,838,840

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

	2019
Beginning balance	\$ 10,920,513
Service cost	356,698
Interest on total pension liability	345,934
Changes of benefit terms	--
Difference between expected and actual experience in the measurement of the total pension liability	(1,455,229)
Changes in assumptions or other inputs	(43,238)
Benefit payments	(665,027)
Other changes	--
Net changes	(1,460,862)
Total pension liability as of June 30, 2019	\$ 9,459,651

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 January 1, 2019 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:

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	LGERS	LEOSSA	Total
Pension expense	\$ 1,456,399	\$ 692,865	\$ 2,149,264
Pension liability	30,101,460	9,459,651	39,561,111
Proportionate share of the net pension liability	1.3%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	4,643,940	366,232	5,010,172
Changes of assumptions	7,987,766	401,620	8,389,386
Net difference between projected and actual earnings on plan investments	4,132,035	--	4,132,035
Changes in proportion and difference between contributions and proportionate share of contributions	--	--	--
Benefit payments and administrative costs paid subsequent to the measurement date	6,652,622	--	6,652,622
Deferred Inflows of Resources			
Differences between expected and actual experience	155,827	1,293,537	1,449,364
Changes of assumptions	--	160,082	160,082
Net difference between projected and actual earnings on plan investments	--	--	--
Changes in proportion and differences between contributions and proportionate share of contributions	578,576	--	578,576

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 percent 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, 2019, were \$1.1 million which consisted of \$.7 million

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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 \$3.0 million from the Town and \$1.4 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 members 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, 2019, the Town made contributions to the State for death benefits of \$54,779. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .05 percent and .14 percent 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. For the additional group-term life insurance plan, the Town funds on a pay-as-you-go basis.

E. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description - The Town administers a single-employer defined benefit healthcare plan ("the health plan"). 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 percent of the group plan individual premium and will increase that amount five percent 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, 2019, the date of the last actuarial valuation (used in these calculations), membership of the plan consisted of the following:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Employees</u>
Inactive employees or beneficiaries currently receiving benefit payments	278
Active employees	<u>1,189</u>
Total	<u>1,467</u>

Total OPEB Liability

The Town's total OPEB liability of \$149.1 million (\$121.2 million governmental and \$27.9 million business-type) was measured as of June 30, 2019 and was determined by an actuarial valuation date of June 30, 2019.

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.8%
Salary Increases	4.0% average, including inflation
Discount Rate	3.1%
Healthcare cost trend rates	6.8% starting, 4.3% ultimate

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

Changes in the Total OPEB Liability

	<u>2019</u>
Balance as of July 1, 2018	\$ 146,410,323
Changes for the year:	
Service cost	5,153,613
Interest cost	5,326,431
Changes of benefit terms	--
Difference between expected and actual experience	(26,346,887)
Changes in assumptions or other inputs	21,594,783
Benefit payments	<u>(3,074,077)</u>
Net changes	<u>2,653,863</u>
Balance as of June 30, 2019	<u>\$ 149,064,186</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.6 percent to 3.1 percent. Mortality rates were based on the Society of Actuaries

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Public Mortality headcount-weighted tables, with generational mortality improvements using scale SSA 18.

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 (2.1%) or 1 percentage point higher (4.1%) than the current discount rate:

	1% Decrease (2.1%)	Discount Rate (3.1%)	1% Increase (4.1%)
Total OPEB Liability	\$ 172,993,852	149,064,186	129,660,623

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 (3.3%) or 1 percentage point higher (5.3%) than the current discount rate:

	1% Decrease (Starting 5.8% ultimate 3.3%)	1% Decrease (Starting 6.8% ultimate 4.3%)	1% Decrease (Starting 7.8% ultimate 5.3%)
Total OPEB Liability	\$ 129,564,812	149,064,186	172,197,754

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$8.2 million (\$6.7 million governmental and \$1.5 million business-type). At June 30, 2019, 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	\$ 5,619,012	\$23,419,455
Changes of assumptions	19,195,363	12,434,937
Benefit payments and plan administrative expense made subsequent to measurement date	--	--
Total	<u>\$24,814,375</u>	<u>\$35,854,392</u>

The Town reported no deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Due to the measurement date and year-end being the same. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in pension expense as follows:

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30:

2020	\$ (1,501,715)
2021	(1,501,715)
2022	(1,501,715)
2023	(1,501,715)
2024	(1,501,715)
Thereafter	(3,531,442)
Total	<u>\$ (11,040,017)</u>

Note 13 INTERFUND TRANSFERS

A summary of interfund transfers by fund for the year ended June 30, 2019, is as follows:

TRANSFERS FROM:		
Governmental		
	General Fund	TOTAL
TRANSFERS TO:		
Governmental:		
General Fund	\$ --	--
Capital Project Fund	7,540,000	7,540,000
Transit Special Revenue Fund	1,630,514	1,630,514
CDBG Special Revenue Fund	149,000	149,000
Economic Development		
Special Revenue	825,000	825,000
TOTAL	\$ 10,144,514	10,144,514

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.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital Assets, net of accumulated depreciation	\$ 907,018,758	848,615,657
Deduct:		
Debt (net of deferred premium & discount)	(127,313,553)	(294,609,057)
Deferred Refunding Loss	778,102	777,272
Capital Leases portion related to assets	(564,711)	–
Developer Fee Credits	(2,209,427)	(2,997,477)
LT Obligations related to Intangible Assets	(2,598,502)	–
Add:		–
Long-term debt not related to assets	61,869,869	–
Unspent debt proceeds	7,110,666	–
Net Investment in Capital Assets	<u>\$ 844,091,202</u>	<u>551,786,395</u>

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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)	\$	9,609,727
Parks, Recreation & Culture		464,085
Public Safety Operations & Projects		1,578,157
Affordable Housing		680,990
LEO Pension Benefits		3,165,526
Workers' Compensation		2,085,071
Small Claims Self Insurance		2,419,656

Restricted, Committed or Assigned for Specific

Purposes (excluding stabilization)		20,003,212
Unassigned		52,976,987
AVAILABLE FUND BALANCE		72,980,199
Nonspendable		2,465,256
Stabilization by State Statute		22,213,352
TOTAL FUND BALANCE	\$	97,658,807

Nonspendable fund balance includes balances in inventory, prepaid assets and endowments at June 30, 2019. 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 \$3.4 million related to the General Fund and \$270,000 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 percent and total fund balance at a level of 40 percent 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, 2019 are in conformity with this policy.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Note 16 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through October 31, 2019, 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, 2019 and prior to the report date:

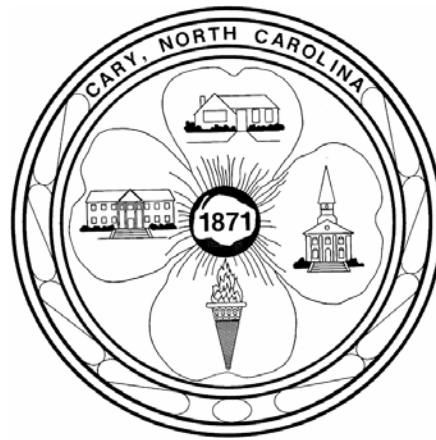
The Town held a \$16.05 million general obligation bond sale via competitive bid in July 2019 and closed the transaction on August 8, 2019. This sale completed the issuance of the 2012 Community Investment Bonds' referendum authority. The bonds were financed over 20 years with a true interest cost of 2.13%. The first interest payment of \$354,184 will be due March 1, 2020 and the first principal payment of \$845,000 will begin September 1, 2020.

A successful bond referendum was held on October 8, 2019, which granted the Town the authority to finance up to \$112 million for parks and recreation projects and up to \$113 million for transportation projects. The election outcome was certified by the Wake and Chatham counties' Board of Elections on October 14, 2019. Legal documents are being prepared for Town Council's action on November 21, 2019 to confirm the outcome. In accordance with State statute, after a 30-day public notice of Council's certification, the referendum results will be final in late December 2019.

Note 17 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**

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

	2019	2018	2017
Service Cost	\$356,698	339,228	382,760
Interest on total pension liability	345,934	356,935	330,966
Changes of benefit terms	–	–	–
Difference between expected and actual experience	(1,455,229)	549,809	
Changes of assumptions and other inputs	(43,238)	602,934	(231,901)
Benefit payments	(665,027)	(496,118)	(375,117)
Other Changes	–	–	–
Net change in total LEOSA pension liability	(1,460,862)	1,352,788	106,708
Total LEOSA pension liability-beginning	10,920,513	9,565,025	9,458,317
Total LEOSA pension liability-end	<u>\$9,459,651</u>	<u>10,917,813</u>	<u>9,565,025</u>
Covered-employee payroll	\$13,001,456	13,576,799	14,471,527
Total pension liability as a percentage of covered payroll	72.76%	80.42%	66.10%

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	1/1/2019
Actuarial cost method	Entry Normal Age

Actuarial assumptions:

Discount rate (1)	3.13%
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 fund that meets the criteria in paragraph 4 of GASB 73 to pay related benefits. Historic information 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 (2)		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
2019	1.27	%	\$ 30,101,461	80,044,211	35.83	%	91.63	%	\$ 6,652,622	6,652,622	-	84,016,546	7.92
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	5,793,794	-	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

Notes to the Required Schedules:

(1) Information is only required starting in Fiscal Year 2015; however, information has been provided where available.

All plan information will be included in the future as part of GASB 68 implementation.

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

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 5,153,613	\$ 6,812,380
Interest cost	5,326,431	4,281,585
Changes of benefit terms	—	—
Difference between expected and actual experience	(26,346,887)	7,224,444
Changes in assumptions or other inputs	21,594,783	(15,987,775)
Benefit payments	(3,074,077)	(1,963,515)
Net change in total OPEB liability	2,653,863	367,119
Total OPEB liability - beginning	146,410,323	146,043,204
Total OPEB liability - ending	\$ 149,064,186	\$ 146,410,323
Covered employee payroll	\$ 76,146,916	\$ 71,230,547
Total OPEB liability as a percentage of covered-employee payroll	195.76%	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:

Fiscal Year	Rate
2019	3.13%
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.

SUPPLEMENTARY INFORMATION

CAPITAL PROJECT FUND

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 SCHEDULE

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

Schedule 1	Street Project Fund	Downtown Project Fund	Parks, Recreation and Cultural Resources Project Fund	Fire Project Fund	General Governmental Project Fund	General Capital Reserve Fund	June 30,	
							2019	2018
ASSETS								
UNRESTRICTED ASSETS								
Equity in Pooled Cash and Investments	\$44,476,596	9,991,789	22,399,185	747,716	11,290,686	40,945,320	129,851,292	135,962,972
Accrued Interest on Investments	--	--	--	--	--	549,418	549,418	503,979
Accounts Receivable, net of allowance for doubtful accounts	250,246	--	291,888	--	--	494,074	1,036,208	1,526,169
TOTAL UNRESTRICTED ASSETS	44,726,842	9,991,789	22,691,073	747,716	11,290,686	41,988,812	131,436,918	137,993,120
RESTRICTED ASSETS								
Equity in Pooled Cash and Investments								
Unspent Debt Proceeds	2,095,220	--	615,313	4,400,134	--	--	7,110,667	18,171,294
Unspent Restricted Grants & Intergovernmental	6,785,639	10,438	2,864,845	--	6,551	3,495,494	13,162,967	11,194,989
Customer Deposits & Other Funds Held	--	--	250,000	--	--	2,269,912	2,519,912	1,776,522
TOTAL RESTRICTED ASSETS	8,880,859	10,438	3,730,158	4,400,134	6,551	5,765,406	22,793,546	31,142,805
TOTAL ASSETS	53,607,701	10,002,227	26,421,231	5,147,850	11,297,237	47,754,218	154,230,464	169,135,925
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	5,322,834	26,660	1,639,990	552,472	299,191	751,907	8,593,054	9,744,279
Retainage Payable	974,123	--	186,813	134,011	56,185	--	1,351,132	935,283
Advance from Customers	--	--	--	--	18,535	--	18,535	18,535
TOTAL LIABILITIES	6,296,957	26,660	1,826,803	686,483	373,911	751,907	9,962,721	10,698,097
DEFERRED INFLOWS OF RESOURCES								
Vehicle Tags Receivable & Prepaid	--	--	--	--	--	136,908	136,908	166,055
FUND BALANCES								
Restricted:								
Stabilization by State Statute	--	--	--	--	--	906,584	906,584	769,556
Street Projects	8,880,859	10,438	--	--	--	3,495,494	12,386,791	23,174,066
Parks, Recreation and Cultural Projects	--	--	3,730,158	--	--	1,518,005	5,248,163	6,423,084
Fire	--	--	--	4,400,134	--	--	4,400,134	455,852
General Governmental	--	--	--	--	6,551	--	6,551	6,551
Committed:								
Street Projects	38,429,885	--	--	--	--	9,044,349	47,474,234	53,720,689
Downtown Projects	--	9,965,129	--	--	--	--	9,965,129	17,683,996
Parks, Recreation and Cultural Projects	--	--	20,864,270	--	--	14,932,066	35,796,336	30,971,845
Fire Projects	--	--	--	61,233	--	--	61,233	1,776,974
General Governmental Projects	--	--	--	--	10,916,775	--	10,916,775	14,163,517
Governmental Capital Projects	--	--	--	--	--	16,968,905	16,968,905	9,125,643
TOTAL FUND BALANCES	47,310,744	9,975,567	24,594,428	4,461,367	10,923,326	46,865,403	144,130,835	158,271,773
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$53,607,701	10,002,227	26,421,231	5,147,850	11,297,237	47,754,218	154,230,464	169,135,925

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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 2	Street Project Fund	Downtown Project Fund	Parks, Recreation and Cultural Resources Project Fund	Fire Project Fund	General Governmental Project Fund	General Capital Reserve Fund	June 30,	
							2019	2018
REVENUES								
Other Taxes and Licenses	\$223,065	--	--	--	--	--	223,065	--
Unrestricted Intergovernmental	--	--	--	--	--	576,729	576,729	603,297
Restricted Intergovernmental	1,910,398	--	3,769,801	--	--	4,486,278	10,166,477	11,968,731
Permits and Fees	--	--	--	--	--	9,454,849	9,454,849	10,196,238
Investment Earnings, net of market adjustment	305,989	--	--	36,823	--	5,033,471	5,376,283	730,404
Miscellaneous	20,000	--	721,978	--	150,000	222,324	1,114,302	648,681
TOTAL REVENUES	2,459,452	--	4,491,779	36,823	150,000	19,773,651	26,911,705	24,147,351
EXPENDITURES								
General Government, net	--	8,568,867	--	--	8,743,980	--	17,312,847	10,079,203
Public Safety, net	--	--	--	5,650,613	--	--	5,650,613	1,131,577
Parks, Recreation and Culture	--	--	8,338,675	--	--	--	8,338,675	12,293,275
Infrastructure	25,681,064	--	--	--	--	--	25,681,064	25,719,520
TOTAL EXPENDITURES	25,681,064	8,568,867	8,338,675	5,650,613	8,743,980	--	56,983,199	49,223,575
REVENUES OVER (UNDER) EXPENDITURES	(23,221,612)	(8,568,867)	(3,846,896)	(5,613,790)	(8,593,980)	19,773,651	(30,071,494)	(25,076,224)
OTHER FINANCING SOURCES (USES)								
Transfers In	650,000	850,000	2,440,000	--	3,600,000	--	7,540,000	24,451,401
Transfers Between Sub-Funds, net	11,662,490	--	969,322	(548,225)	1,747,238	(13,830,825)	--	--
Installment Purchase Contracts	--	--	--	8,390,556	--	--	8,390,556	--
General Obligation Bonds Issued	--	--	--	--	--	--	--	31,035,000
Premium Received on General Obligation Bonds	--	--	--	--	--	--	--	2,348,062
TOTAL OTHER FINANCING SOURCES (USES)	12,312,490	850,000	3,409,322	7,842,331	5,347,238	(13,830,825)	15,930,556	57,834,463
NET CHANGE IN FUND BALANCE	(10,909,122)	(7,718,867)	(437,574)	2,228,541	(3,246,742)	5,942,826	(14,140,938)	32,758,239
FUND BALANCE - Beginning 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
FUND BALANCE - End of Year	\$47,310,744	9,975,567	24,594,428	4,461,367	10,923,326	46,865,403	144,130,835	158,271,773

STREETS 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, 2019

Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES					
State and Federal Grants		\$20,368,678	4,490,684	1,910,398	6,401,082
Investment Earnings		250,000	223,352	305,989	529,341
Other Taxes		4,654,000	--	223,065	223,065
Developer Reimbursement (Paid by Developers)		200,000	200,000	--	200,000
State Reimbursement		3,647,100	3,647,100	--	3,647,100
Miscellaneous		1,252,808	1,262,502	20,000	1,282,502
TOTAL REVENUES		30,372,586	9,823,638	2,459,452	12,283,090
EXPENDITURES					
<u>Asset-Related Projects</u>	<u>Project #</u>				
Annual Sidewalk Improvements - FY 2009	ST1179	1,000,000	990,958	9,044	1,000,002
Annual Sidewalk Improvements - FY 2012	ST1210	500,000	492,808	7,192	500,000
Annual Sidewalk Improvements - FY 2013	ST1223	500,000	256,643	245,008	501,651
Cary Parkway (Evans to North Harrison) *	ST1230	2,800,000	1,831,437	626,430	2,457,867
DT - Streetscape Improvements Along South Academy St and Dry Ave *	ST1238	7,650,000	7,664,591	(156,235)	7,508,356
GoCary Capital Amenities	ST1266	150,000	--	--	--
GoCary Multimodal Station	ST1276	4,000,000	--	--	--
GoCary Regional Operations and Maintenance Facility	ST1267	1,000,000	--	133,585	133,585
Sidewalk & Pedestrian Improvements FY 2019	ST1278	1,750,000	--	--	--
Sidewalk and Pedestrian Improvements - FY 2015	ST1244	600,000	85,937	509,601	595,538
Sidewalk and Pedestrian Improvements - FY 2016	ST1253	780,000	88,939	66,763	155,702
Sidewalk and Pedestrian Improvements - FY 2017	ST1260	1,218,000	66,967	144,693	211,660
Sidewalk and Pedestrian Improvements - FY 2018	ST1268	1,070,000	5,840	61,169	67,009
Sidewalk Improvements - FY 2007	ST1147	1,000,000	972,671	27,330	1,000,001
Sidewalk Improvements - FY 2011	ST1196	500,000	494,088	5,913	500,001
Sidewalk Improvements FY 2004	ST1116	500,000	492,879	7,029	499,908

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

TOWN OF CARY, NORTH CAROLINA
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Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
Sidewalks - Bond Funded	ST1240	\$1,832,000	159,816	55,676	215,492
Signal System - Bond Funds	ST1239	2,454,859	2,454,858	--	2,454,858
STM - Arbor Brook	ST6041	563,000	14,222	348,444	362,666
STM - Kilarney 1600B	ST6039	25,000	--	--	--
STM - Storm Drainage - MAIN	ST6000	39,235	--	--	--
STM - Two Creeks	ST6040	1,050,000	--	--	--
STM - Vinecrest Court	ST6035	319,000	13,809	11,879	25,688
STM-Branniff/Chevis	ST6045	125,000	--	--	--
STM-Crabtree Crossing Pkwy	ST6043	40,000	--	--	--
STM-Upchurch Meadows	ST6044	20,000	--	--	--
Traffic Signal System Control Upgrades	ST1279	2,000,000	--	--	--
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	202,638	--	202,638
Traffic Signalization FY2008	ST1173	229,967	5,375	--	5,375
Traffic Signalization FY2011	ST1198	400,000	137,966	120,618	258,584
Traffic Signalization FY2012	ST1217	200,000	36,477	--	36,477
Total Expenditures		35,059,879	16,857,476	2,224,139	19,081,615
Less: Completed Projects (noted by *)		(10,450,000)	(9,496,027)	(470,195)	(9,966,222)
Construction-in-Progress		24,609,879	7,361,449	1,753,944	9,115,393

Expense Projects

	<u>Project #</u>				
Aviation Parkway Sidewalk Reimbursement - NE Quadrant at I-40 Interchange	ST1262	56,000	--	--	--
Bicycle Facilities - Bond Funded	ST1241	975,700	697,487	64,183	761,670
Bicycle Facilities Implementation - FY 2012 *	ST1211	20,000	8,867	1,400	10,267
Bicycle Facilities Implementation - FY 2013 *	ST1224	20,000	16,768	--	16,768
Bicycle Facilities Implementation - FY 2018 *	ST1263	25,000	--	--	--
Bicycle Facilities Implementation FY 2019	ST1275	25,000	--	16,108	16,108
Bridge & Culvert Repairs FY 2018	ST1272	85,000	--	--	--

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

TOWN OF CARY, NORTH CAROLINA
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Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<u>Expense Projects (cont'd)</u>	<u>Project#</u>				
Carpenter Fire Station Road / CSX Rail Grade Separation (NEPA / Design)	ST1204	\$35,829,969	6,207,425	7,062,882	13,270,307
Carpenter Fire Station Road Widening NC 55 to East of Cameron Pond	ST1273	4,250,000	--	417,204	417,204
Cary Parkway/High House Road Intersection	ST1231	4,970,089	1,805,529	2,448,447	4,253,976
GoCary ADA Bus Stop Improvements	ST1264	1,911,000	--	101,000	101,000
GoCary Bus Stop Sign Replacement	ST1265	43,000	--	--	--
GoCary Wayfinding Signage	ST1277	100,000	--	--	--
Green Level West Road Widening (NEPA / Design)	ST1206	5,951,020	5,514,921	16,413	5,531,334
Intersection Improvements - FY 2016	ST1251	1,000,000	333,816	147,415	481,231
Intersection Improvements - FY 2017	ST1259	3,250,000	200,000	--	200,000
Lake Pine Road Widening and Sidewalk Improvements	ST1245	433,000	--	--	--
Morrisville Parkway and Carpenter Upchurch Road Intersection Improvements	ST1252	1,264,310	346,927	699,906	1,046,833
Morrisville Parkway Interchange - NCTA	ST1248	5,100,000	--	--	--
Morrisville Pkwy Extension - Phase III Carpenter Upchurch Rd to Green Level Church Rd	ST1123	16,835,383	13,496,231	--	13,496,231
NC 540 Interchange with Morrisville Parkway	ST1220	3,121,717	1,524,748	814,947	2,339,695
Reduce Congestion Through Intersection Improvements (Based on LOS) - Bond Funded	ST1237	4,813,515	1,628,359	1,267,231	2,895,590
Reedy Creek Road Improvements (NEPA / Design)	ST1207	13,787,500	930,602	1,228,392	2,158,994
Spot Improvements - FY 2019	ST1281	150,000	--	--	--
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2015	ST1246	250,000	38,444	46,799	85,243
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2016 *	ST1255	200,000	22,952	53,927	76,879
Spot Improvements (Based on Levels of Service, Safety and Citizen Concerns) - FY 2018	ST1269	225,000	15,904	32,843	48,747
STM - Pamlico SCM Easment	ST6042	1,000	--	--	--

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

TOWN OF CARY, NORTH CAROLINA
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Schedule 3

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<i>Expense Projects (cont'd)</i>	<i>Project#</i>				
Street Improvements - FY 2016 *	ST1256	\$5,619,000	5,573,702	--	5,573,702
Street Improvements - FY 2017	ST1261	6,927,000	6,646,285	170,064	6,816,349
Street Improvements - FY 2018	ST1270	6,500,000	1,309,723	4,980,772	6,290,495
Street Improvements FY 2019	ST1280	7,100,000	--	3,130,856	3,130,856
Thoroughfare Street Lights	ST1131	250,000	108,548	--	108,548
Thoroughfare Street Lights FY 2019	ST1282	200,000	--	--	--
Traffic Calming	ST1107	735,835	553,982	16,230	570,212
Traffic Signalization FY2013	ST1226	250,000	26,565	13,902	40,467
Traffic Signalization Projects - FY 2015	ST1247	250,000	--	--	--
Traffic Signalization Projects - FY 2018	ST1271	400,000	--	220	220
Transportation Feasibility Studies	ST1274	600,000	71,457	225,784	297,241
Walnut Street Pedestrian and Traffic Improvements (US1/64 Overpass)	ST1208	5,521,774	5,183,509	--	5,183,509
Yates Store Road through Montvale	ST1249	500,000	--	500,000	500,000
Total Expenditures		139,546,812	52,262,751	23,456,925	75,719,676
Less: Completed Projects (noted by *)		(5,884,000)	(5,622,289)	(55,327)	(5,677,616)
Other Projects-in-Progress		133,662,812	46,640,462	23,401,598	70,042,060
TOTAL EXPENDITURES		174,606,691	69,120,227	25,681,064	94,801,291
Total Completed Projects		(16,334,000)	(15,118,316)	(525,522)	(15,643,838)
TOTAL PROJECTS IN PROGRESS		158,272,691	54,001,911	25,155,542	79,157,453
Revenues Under Expenditures, net of completed projects		(127,900,105)	(44,178,273)	(22,696,090)	(66,874,363)

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

TOWN OF CARY, NORTH CAROLINA
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Schedule 3

	Project Authorization	Prior Years	Actual Current Year	Total To Date
OTHER FINANCING SOURCES				
General Obligation Bonds Issued	\$54,915,974	41,200,974	--	41,200,974
General Obligation Bond Premium Received	1,528,377	1,528,377	--	1,528,377
Transfers In, net				
General Fund	20,804,285	20,757,731	650,000	21,407,731
Capital Reserve Sub-Fund - NCDOT Loan Payment	570,852	570,852	--	570,852
Capital Reserve Sub-Fund	66,414,617	53,458,521	11,662,490	65,121,011
TOTAL OTHER FINANCING SOURCES	144,234,105	117,516,455	12,312,490	129,828,945
Less: Completed Projects	(16,334,000)	(16,683,998)	1,040,160	(15,643,838)
Total Other Financing Sources, net of completed projects	127,900,105	100,832,457	13,352,650	114,185,107
Increase	--	56,654,184	(9,343,440)	47,310,744
Adjustment for Completed Projects	--	1,565,682	(1,565,682)	--
FUND BALANCE	\$ --	58,219,866	(10,909,122)	47,310,744

DOWNTOWN PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOWN OF CARY, NORTH CAROLINA
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Schedule 4

		Project	Actual		
		Authorization	Prior Years	Current Year	Total To Date
EXPENDITURES					
<u>Asset-Related Projects</u>	<u>Project #</u>				
Chatham Street Parking Spaces	DT1135	\$15,000	11,795	--	11,795
Downtown Development Opportunity	DT1131	5,000,000	--	--	---
Downtown Streetscape	DT1137	70,000	--	67,904	67,904
Jones House Updates	DT1136	630,000	--	37,610	37,610
Library Lower Level	DT1132	630,000	--	--	---
Library Parking Structure	DT1129	14,150,000	5,572,856	8,317,450	13,890,306
Mayton Inn Access Road	DT1117	106,124	105,353	--	105,353
Midtown Square Sidewalk	DT1128	292,660	290,540	--	290,540
Regional Stormwater	DT1123	1,214,590	56,621	15,053	71,674
Construction-in-Progress		22,108,374	6,037,165	8,438,017	14,475,182
<u>Expense Projects</u>					
118, 120 and 124 Park Street Demolition	DT1130	45,000	43,550	--	43,550
Business Improvement District Development Fees	DT1108	1,050,399	534,564	112,950	647,514
Development Around Park	DT1134	25,000	--	--	--
Downtown Available Funds (Parent Project)	DT1000	1,909,338	--	--	--
Downtown Façade Assistance	DT1133	9,070	9,070	--	9,070
Land - Downtown Park	DT1127	5,000	1,299	--	1,299
Mayton House Fee Proposal	DT1138	17,900	--	17,900	17,900
Other Projects-in-Progress		3,061,707	588,483	130,850	719,333

DOWNTOWN PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOWN OF CARY, NORTH CAROLINA
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Schedule 4

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
TOTAL PROJECTS IN PROGRESS	\$25,170,081	6,625,648	8,568,867	15,194,515
Revenues Under Expenditures, net of completed projects	(25,170,081)	(6,625,648)	(8,568,867)	(15,194,515)
OTHER FINANCING SOURCES				
Transfers In, net				
General Fund	24,043,553	23,193,553	850,000	24,043,553
Capital Reserve Sub-Fund	1,126,528	1,126,529	--	1,126,529
TOTAL OTHER FINANCING SOURCES	25,170,081	24,320,082	850,000	25,170,082
Less: Completed Projects	-	(1)	1	-
Total Other Financing Sources, net of completed projects	25,170,081	24,320,081	850,001	25,170,082
Increase	--	17,694,433	(7,718,866)	9,975,567
Adjustment for Completed Projects	--	1	(1)	--
FUND BALANCE	\$ --	17,694,434	(7,718,867)	9,975,567

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
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Schedule 5

		Actual		
	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Wake County Grant	\$9,507,350	5,850,000	2,440,695	8,290,695
State and Federal Grants	20,347,240	4,514,782	1,329,106	5,843,888
Rental Payments	1,500,000	1,140,511	380,170	1,520,681
Investment Earnings	13,537	13,537	--	13,537
Reimbursement from Apex	284,608	--	284,608	284,608
Reimbursement from Chatham County	--	--	42,200	42,200
Contributions	350,000	339,000	15,000	354,000
TOTAL REVENUES	32,002,735	11,857,830	4,491,779	16,349,609
Less: Completed Projects	(2,500,000)	(2,004,832)	(380,170)	(2,385,002)
Total Revenues, net of completed projects	29,502,735	9,852,998	4,111,609	13,964,607

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Artificial Turf Fields *	PR1190	1,918,450	1,694,908	--	1,694,908
Athletic Field Lighting Replacements	PR1272	440,000	--	--	--
Black Creek Greenway Renovation - Phases I & II - Phase V New Construction	PR1129	5,626,000	337,648	75,556	413,204
Carpenter Fire Station Rd. Neighborhood Park	PR1242	600,000	76,299	10,250	86,549
Cary Tennis Park Expansion - Interlocal	PR1193	7,380,500	4,769,742	229,491	4,999,233
Cary Tennis Park Lighting & Bleacher Enhancements	PR1269	1,115,000	216,182	81,964	298,146
Crabtree Creek Greenway	PR1166	5,398,000	4,338,899	246,333	4,585,232
Crabtree Creek Greenway - Weston	PR1284	150,000	--	46,500	46,500
Downtown Park	PR1185	5,435,170	5,261,443	--	5,261,443
Downtown Park - Phase 2 *	PR1285	1,825,000	--	443,153	443,153
DT - Public Art - Parking Deck	PR1232	168,100	168,100	--	168,100
Good Hope Farm *	PR1128	179,789	147,330	1,171	148,501
Greenway & Open Space Acquisition	PR1039	1,480,300	1,265,988	22,000	1,287,988
Higgins Greenway	PR1267	3,300,000	--	112,551	112,551
Hinshaw Greenway Renovations *	PR1218	200,000	--	--	--
Kids Together Playground - Misting Garden	PR1239	130,000	79,072	12,502	91,574
MacDonald Woods Park Restrooms *	PR1240	300,000	259,144	--	259,144
Mills Park - Phase II	PR1184	1,070,000	116,527	3,933	120,460

PARKS, RECREATION AND CULTURAL RESOURCES PROJECT SUB-FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
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Schedule 5

	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
Mills School-Park	PR1111	\$1,810,000	1,618,479	850	1,619,329
New Hope Disc Golf Course	PR1252	120,000	9,315	42,095	51,410
P-010 Neighborhood Park	PR1255	850,000	59,750	10,250	70,000
Panther Branch Greenway (Cameron Pond/540 Segment to Mills Park)	PR1187	4,856,939	110,886	1,466,437	1,577,323
Public Art - Carpenter Park	PR1245	60,000	30,000	30,000	60,000
Public Art - Higgins Greenway	PR1278	50,000	--	--	--
Public Art - Kids Together Playground - Misting Garden	PR1246	40,000	40,000	--	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 - West Cary Community Facility	PR1279	50,000	--	--	--
Public Art- Black Creek Greenway	PR1258	35,000	20,054	--	20,054
Recreational Facility Improvements	PR1247	330,000	119,686	--	119,686
Recreational Facility Sound System Replacements *	PR1248	90,000	--	63,805	63,805
Restroom Replacement adjacent to Sertoma Amphitheater	PR1146	99,886	95,931	--	95,931
Roberts Road Community Park	PR1143	250,000	--	--	--
Sports Turf Fields	PR1188	2,601,355	2,295,855	97,377	2,393,232
Swift Creek Greenway Construction	PR1268	300,000	--	--	--
Thomas Brooks Drainage/USAB NTF Field Replacement	PR1236	1,500,000	336,911	18,128	355,039
USA Baseball National Training Complex Improvements - Interlocal	PR1164	6,455,000	281,190	81,465	362,655
WakeMed Soccer Park Facility Improvements - Phase II - Interlocal	PR1202	3,520,000	746,279	420,483	1,166,762
White Oak Creek Greenway - MacArthur Park Section	PR1251	8,857,500	887,675	1,256,919	2,144,594
White Oak Creek Greenway- American Tobacco Trail Segment	PR1186	5,630,070	4,060,304	191,010	4,251,314
White Oak Creek Greenway Trailhead	PR1213	185,000	14,060	174,068	188,128
Total Expenditures		74,447,059	29,471,257	5,138,291	34,609,548
Less: Completed Projects (noted by *)		(8,123,409)	(7,362,824)	(64,976)	(7,427,800)
Construction-in-Progress		66,323,650	22,108,433	5,073,315	27,181,748
<u>Expense Projects</u>	<u>Project #</u>				
Annie Jones and Dunham Park Tennis Ct. Renovations	PR1263	200,000	--	--	--
Athletic Field Fencing Repair/Replacements FY 2019	PR1271	88,000	--	67,188	67,188
Athletic Field Fencing Amenities FY 2019	PR1270	125,000	--	125,000	125,000
Cary Tennis Park Court Renovations	PR1182	925,000	844,264	--	844,264

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	Project #	Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<u>Expense Projects (cont'd)</u>					
DT - Downtown Park - Future Phases Master Plan	PR1237	\$861,900	45,043	666,041	711,084
Greenway Pedestrian Structure Repair and Resurfacing Projects FY2018	PR1264	350,000	--	76,217	76,217
Greenway Pedestrian Structure Repairs	PR1273	50,000	--	31,560	31,560
Greenway Resurfacing - FY 2017	PR1238	262,000	234,765	18,444	253,209
Greenway Resurfacing FY 2019	PR1274	320,000	--	--	--
Greenway Storm Damage Repair *	PR1253	550,000	549,570	(6,716)	542,854
Koka Booth Amphitheater Improvements FY 2019	PR1283	740,000	--	385,340	385,340
Koka Booth Amphitheatre Improvements - FY 2016 *	PR1220	350,000	202,867	122,481	325,348
Landscape Architect - Bonds *	PR1189	362,510	361,311	--	361,311
Mills Park Community Center Planning Funding	PR1241	50,000	--	--	--
Old Reedy Creek Road Trailhead Parking Lot *	PR1151	1,005,000	926,415	14,404	940,819
Park & Greenway Renovations FY 2019	PR1275	365,000	--	145,000	145,000
Park and Greenway Renovations - FY 2013 *	PR1180	130,000	114,705	--	114,705
Park and Greenway Renovations - FY 2014	PR1197	140,000	100,932	25,284	126,216
Park and Greenway Renovations - FY 2015	PR1211	226,000	204,165	--	204,165
Park and Greenway Renovations - FY 2016	PR1222	255,000	180,303	10,706	191,009
Park and Greenway Renovations - FY 2018	PR1256	270,000	40,559	--	40,559
Park, Greenway and Facility Sign Plan Implementation	PR1159	445,000	340,112	11,206	351,318
Playground Surface Repairs FY 2019	PR1276	110,500	--	33,426	33,426
Playground Surface Repairs/Replacement	PR1257	83,000	80,716	--	80,716
PRCR Facility Improvements	PR1277	215,000	--	6,150	6,150
PRCR Venue Wayfinding Signage	PR1158	243,000	153,379	2,750	156,129
Sertoma Amphitheater Improvements *	PR1227	200,000	194,210	638	194,848
Sports Venue Assessment *	PR1266	130,000	110,700	(110,700)	--
Tennis Court Fencing Replacement FY 2019	PR1280	125,000	--	119,000	119,000
Tennis Court Renovations - FY 2018	PR1262	72,000	59,220	9,200	68,420
Tennis Court Renovations FY 2019	PR1281	173,000	--	156,000	156,000
WakeMed Soccer Park Improvements - FY 2016	PR1230	220,000	35,010	66,780	101,790
WakeMed Soccer Park Interlocal Small Projects	PR1282	1,400,000	--	1,224,985	1,224,985
Total Expenditures		11,041,910	4,778,246	3,200,384	7,978,630
Less: Completed Projects (noted by *)		(2,727,510)	(2,459,776)	(20,108)	(2,479,884)
Other Projects-in-Progress		8,314,400	2,318,470	3,180,276	5,498,746

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Schedule 5

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
TOTAL EXPENDITURES	\$85,488,969	34,249,503	8,338,675	42,588,178
Total Completed Projects	(10,850,919)	(9,822,600)	(85,084)	(9,907,684)
TOTAL PROJECTS IN PROGRESS	74,638,050	24,426,903	8,253,591	32,680,494
Revenues Under Expenditures, net of completed projects	(45,135,315)	(14,573,905)	(4,141,982)	(18,715,887)
OTHER FINANCING SOURCES				
General Obligation Bonds Issued	11,242,392	9,417,392	--	9,417,392
General Obligation Bond Premium Received	269,777	269,777	---	269,777
Transfers In, net				
General Fund	19,736,542	17,580,486	2,440,000	20,020,486
Capital Reserve Sub-Fund	22,237,523	20,156,026	969,322	21,125,348
TOTAL OTHER FINANCING SOURCES	53,486,234	47,423,681	3,409,322	50,833,003
Less: Completed Projects	(8,350,919)	(7,806,514)	283,826	(7,522,688)
Total Other Financing Sources, net of completed projects	45,135,315	39,617,167	3,693,148	43,310,315
Increase	--	25,043,262	(448,834)	24,594,428
Adjustment for Completed Projects	--	(11,260)	11,260	--
FUND BALANCE	\$ --	25,032,002	(437,574)	24,594,428

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, 2019

Schedule 6

		Project	Actual		
		Authorization	Prior Years	Current Year	Total To Date
REVENUES					
Investment Earnings		\$ -	-	36,823	36,823
TOTAL REVENUES		-	-	36,823	36,823
EXPENDITURES					
<u>Asset-Related Projects</u>	<u>Project #</u>				
Aerial Ladder Truck #1978 & #1997	FR1055	\$2,850,000	-	2,635,201	2,635,201
Aerial Ladder Truck (New Company Northwestern Area) *	FR1051	1,225,000	1,093,369	37,995	1,131,364
Fire Pumper Replacement - #1706	FR1054	650,000	616,373	859	617,232
Fire Station - Southwestern Cary *	FR1047	800,000	3,200	5,900	9,100
Fire Station #10 - Northwestern Cary	FR1044	925,000	813,075	-	813,075
Fire Station #9 - Walnut Street Area	FR1048	7,900,000	549,091	2,870,145	3,419,236
Traffic Signal Pre-emption - Phase II	FR1038	396,000	102,905	98,803	201,708
Total Expenditures		14,746,000	3,178,013	5,648,903	8,826,916
Less: Completed Projects (noted by *)		(2,025,000)	(1,096,569)	(43,895)	(1,140,464)
Construction-in-Progress		12,721,000	2,081,444	5,605,008	7,686,452
<u>Expense Projects</u>					
Fire Station #2 Foundation Repairs *	FR1050	250,000	37,601	1,710	39,311
Less: Completed Projects (noted by *)		(250,000)	(37,601)	(1,710)	(39,311)
Other Projects-in-Progress		-	-	-	-
TOTAL EXPENDITURES		14,996,000	3,215,614	5,650,613	8,866,227
Total Completed Projects		(2,275,000)	(1,134,170)	(45,605)	(1,179,775)
TOTAL PROJECTS IN PROGRESS		12,721,000	2,081,444	5,605,008	7,686,452
Revenues Under Expenditures		(12,721,000)	(2,081,444)	(5,568,185)	(7,649,629)

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, 2019

Schedule 6

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
OTHER FINANCING SOURCES (USES)				
Sale of Assets	\$100,000	--	--	--
General Obligation Bonds Issued	2,617,674	2,107,674	--	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	865,500	318,496	(548,226)	(229,730)
Installment Purchase Proceeds	8,390,556	--	8,390,557	8,390,557
TOTAL OTHER FINANCING SOURCES, net	14,996,000	5,448,440	7,842,331	13,290,771
Less: Completed Projects	(2,275,000)	(2,450,000)	1,270,225	(1,179,775)
Total Other Financing Sources, net of completed projects	12,721,000	2,998,440	9,112,556	12,110,996
Increase (Decrease)	--	916,996	3,544,371	4,461,367
Adjustment for Completed Projects	--	1,315,830	(1,315,830)	--
FUND BALANCE	\$ --	2,232,826	2,228,541	4,461,367

GENERAL GOVERNMENT 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, 2019

Schedule 7

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
REVENUES				
Miscellaneous Grants	\$204,078	54,078	150,000	204,078
TOTAL REVENUES	204,078	54,078	150,000	204,078

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Application Software Replacement - CLASS	GG1144	2,000,000	602,183	1,397,816	1,999,999
Body Worn & In-Car Camera Systems	GG1165	1,200,000	--	105,250	105,250
Conference Room Technology Upgrades	GG1113	215,400	146,127	21,622	167,749
Electric Vehicle Charging Stations for Library Parking Deck	GG1150	110,000	--	--	--
Evidence Room Expansion or Relocation	GG1146	2,200,000	49,000	--	49,000
Fleet Field Service / Vehicle Response *	GG1161	200,000	--	111,541	111,541
Fiber Optics Cable Plan *	GG1106	100,000	61,236	--	61,236
Garmon Operations Center - Facility Improvements - Phase II	GG1126	2,250,000	536,312	1,667,992	2,204,304
Heavy Equipment Replacement Project *	GG1139	1,329,384	--	826,584	826,584
Historic Town Facility Preservation	GG1152	1,000,000	--	13,731	13,731
Land - 7117 Carpenter Fire Station Road	GG5018	604,147	900	603,247	604,147
Land - Land Banking (Main)	GG5000	216,899	--	--	--
Land - Rankine Property	GG5027	260,000	--	240,982	240,982
PWUT Facility Improvements Phase I - Dixon Avenue Citizen Convenience Center	GG1119	400,000	8,824	102,177	111,001
Sand/Salt Storage Structure	GG1155	150,000	--	144,884	144,884
Sanitation and Recycling Truck Replacement *	GG1075	2,707,877	--	1,513,156	1,513,156
STM - 112 Summer Lakes Dr	GG6006	989,595	132,020	706,544	838,564
STM - 1516 Kilarney *	GG6008	232,107	232,108	--	232,108
STM - S Walker Street	GG6013	280,000	--	6,612	6,612
STM - Highland	GG6014	10,000	--	--	--
STM - Copperleaf	GG6015	50,000	--	297	297
STM - Parkthrough Street	GG6016	30,000	--	--	--
STM - Town Properties Storm Drainage - MAIN- PS146	GG6000	740,712	--	--	--
Stormwater Internet of Things	GG1163	150,000	--	--	--
Stormwater Jet Vacuum Truck *	GG1158	400,000	--	--	--

GENERAL GOVERNMENT 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, 2019

Schedule 7

	Project #	Project Authorization	Prior Years	Actual	
				Current Year	Total To Date
<u>Asset-Related Projects (cont'd)</u>					
Stormwater Outpost and Camera *	GG1159	\$168,063	--	126,396	126,396
Town Website Overhaul	GG1132	505,000	427,193	12,936	440,129
Work Order Management/311	GG1111	850,000	789,078	--	789,078
Total Expenditures		19,349,184	2,984,981	7,601,767	10,586,748
Less: Completed Projects (noted by *)		(3,913,930)	(294,244)	(3,180,924)	(3,475,168)
Construction-in-Progress		15,435,254	2,690,737	4,420,843	7,111,580
<u>Expense Projects</u>					
Historic Preservation Implementation Activities	GG1109	56,000	20,989	5,850	26,839
Parking Lot Resurfacing and Renovations - FY 2015	GG1129	169,650	162,210	--	162,210
Stormwater Condition Assessment - FY 2015	GG1130	1,250,000	361,451	147,402	508,853
Upgrade Pedestrian Crossings (Relocation of Push Buttons) - FY 2015	GG1135	150,000	22,579	--	22,579
Parking Lot Resurfacing and Renovations - FY 2016	GG1141	124,650	110,749	11,901	122,650
Relamping of Town Facilities	GG1142	225,000	36,371	94,689	131,060
Cary Green Pgm - NFWF/Wells Fargo Grant	GG1143	54,078	47,527	--	47,527
Roof Assessment and Rehabilitation - FY 2017	GG1147	1,170,000	501,364	335,410	836,774
ADA Improvements - Town Facilities	GG1149	835,350	65,056	122,278	187,334
HVAC Replacements and Major Maintenance - FY 2018	GG1153	120,000	77,139	--	77,139
Parking Lot Resurfacing and Renovations - FY 2018	GG1154	101,000	--	24,074	24,074
Town Hall Pedestrian Bridge	GG1156	300,000	49,175	18,687	67,862
Imagine Cary Act Stories	GG1157	75,000	--	--	--
Facility Painting - Interior & Exterior FY2019	GG1160	90,000	--	82,000	82,000
Stormwater Condition Assessment - FY 2019	GG1162	700,000	--	--	--
SSCF Grant Adaptive Stormwater	GG1164	150,000	--	5,260	5,260
AH - Affordable Housing Main Project	GG4000	--	--	--	--
AH - Housing Rehabilitation	GG4001	1,350,124	739,628	264,145	1,003,773
AH - Downtown Rehabilitation and Façade	GG4002	493,591	321,685	10,750	332,435
AH - Affordable Housing Administration	GG4004	49,145	47,832	--	47,832
AH - Minimum Housing Demolition	GG4005	124,500	54,989	--	54,989
Land-Misc Unassigned Exp	GG5001	142,180	141,179	--	141,179

GENERAL GOVERNMENT 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, 2019

Schedule 7

		Project Authorization	Prior Years	Actual Current Year	Total To Date
<u>Expense Projects (cont'd)</u>	<u>Project #</u>				
STM - Storm Drainage - Private - MAIN - PS35	GG7000	\$816,223	11,693	--	11,693
STM - Joel Ct @ Bayoak Drive	GG7015	237,000	39,860	1,586	41,446
STM - Westhigh Near Jodhpur	GG7016	50,000	35,085	--	35,085
STM - Two Creeks Near Plantree	GG7017	75,000	36,904	2,297	39,201
STM - 910 Brookgreen	GG7019	20,000	14,163	--	14,163
STM - 1600 Kilarney	GG7020	20,000	--	14,582	14,582
STM - 1600 Manchester	GG7021	60,000	--	1,302	1,302
Total Expenditures		9,008,491	2,897,628	1,142,213	4,039,841
Less: Completed Projects (noted by *)		(744,300)	(344,714)	(30,588)	(375,302)
Other Projects-in-Progress		8,264,191	2,552,914	1,111,625	3,664,539
 TOTAL EXPENDITURES		28,357,675	5,882,609	8,743,980	14,626,589
Reimbursements from Utility System Enterprise Fund		(81,771)	(81,771)	--	(81,771)
TOTAL EXPENDITURES, net		28,275,904	5,800,838	8,743,980	14,544,818
Total Completed Projects		(4,658,230)	(638,958)	(3,211,512)	(3,850,470)
TOTAL PROJECTS IN PROGRESS		23,617,674	5,161,880	5,532,468	10,694,348
Revenues Under Expenditures, net of completed projects		(23,413,596)	(5,107,802)	(5,382,468)	(10,490,270)
OTHER FINANCING SOURCES (USES)					
Installment Purchase Proceeds		2,000,000	--	--	--
Transfers In, net					
General Fund		18,976,097	15,376,098	3,600,000	18,976,098
Capital Reserve Sub-Fund		6,711,050	4,156,052	1,747,238	5,903,290
Utility System Enterprise Fund (Operations Sub-Fund)		384,678	384,678	--	384,678
TOTAL OTHER FINANCING SOURCES		28,071,825	19,916,828	5,347,238	25,264,066
Less: Completed Projects		(4,658,230)	(1,501,301)	(2,349,169)	(3,850,470)
Total Other Financing Sources, net of completed projects		23,413,595	18,415,527	2,998,069	21,413,596
Increase		--	13,307,725	(2,384,399)	10,923,326
Adjustment for Completed Projects		--	862,343	(862,343)	--
FUND BALANCE		\$ --	14,170,068	(3,246,742)	10,923,326

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

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 8

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Vehicle Licenses	\$2,375,415	2,301,035	(74,380)	1,413,007
Powell Bill	3,805,108	3,886,278	81,170	3,849,600
Wake Interlocal Agreement	--	600,000	600,000	--
Payments in Lieu of Recreation Land and Greenway Dedications	--	4,328,105	4,328,105	4,623,330
Payments in Lieu of Streets	--	1,234,403	1,234,403	1,795,455
Utility Sales Tax	596,453	576,729	(19,724)	603,297
Transportation Development Fees	2,089,419	1,591,306	(498,113)	2,364,446
Investment Earnings, net of market adjustment	1,796,300	5,033,471	3,237,171	507,052
Miscellaneous	181,467	222,324	40,857	186,686
TOTAL REVENUES	10,844,162	19,773,651	8,929,489	15,342,873
OTHER FINANCING SOURCES (USES)				
Transfers In (Out), net				
General Fund	--	--	--	184,000
Street Project Sub-Fund	(12,352,651)	(11,662,490)	690,161	(5,939,562)
Parks, Recreation and Cultural Resources Sub-Fund	(1,797,556)	(969,321)	828,235	(2,756,327)
Fire Project Sub-Fund	(547,000)	548,225	1,095,225	(44,286)
General Governmental Project Sub-Fund	(2,555,000)	(1,747,239)	807,761	1,135,019
Appropriation from Fund Balance	6,408,045	--	(6,408,045)	--
TOTAL OTHER FINANCING USES, net	(10,844,162)	(13,830,825)	(2,986,663)	(7,421,156)
Revenues and Other Sources Over Expenditures and Other Uses	\$ --	5,942,826	5,942,826	7,921,717
FUND BALANCE - Beginning of Year		40,922,577		33,000,860
FUND BALANCE - End of Year		\$46,865,403		40,922,577

**UTILITY SYSTEM
ENTERPRISE FUND**

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, 2019

WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

Schedule 9	Utility System Operations	Water Projects	Sewer Projects	Utility System Capital Reserve	June 30,	
					2019	2018
ASSETS						
Current Assets						
Equity in Pooled Cash and Investments	\$59,787,906	62,764,064	84,424,143	71,671,240	278,647,353	272,219,418
Accrued Interest on Investments	299,499	--	--	856,896	1,156,395	973,815
Accounts Receivable, net of allowance for doubtful accounts	13,559,466	924,815	24,367	130,317	14,638,965	17,027,731
Equity in Pooled Cash and Investments-Restricted	2,060,831	--	--	137,957	2,198,788	9,597,878
TOTAL CURRENT ASSETS	75,707,702	63,688,879	84,448,510	72,796,410	296,641,501	299,818,842
Non-Current Assets						
Capital Assets						
Land, Land Improvements and Construction in Progress	36,193,708	129,600,113	51,199,810	--	216,993,631	194,832,259
Other Capital Assets, net of accumulated depreciation	631,622,026	--	--	--	631,622,026	633,146,977
TOTAL NON-CURRENT ASSETS, net	667,815,734	129,600,113	51,199,810	--	848,615,657	827,979,236
TOTAL ASSETS	743,523,436	193,288,992	135,648,320	72,796,410	1,145,257,158	1,127,798,078
DEFERRED OUTFLOW OF RESOURCES						
Deferred Contributions to Pension Plans	2,612,468	--	--	--	2,612,468	1,062,489
Deferred Contributions to OPEB	4,582,801	--	--	--	4,582,801	1,622,359
Deferred Charge on Debt Refinancings	777,272	--	--	--	777,272	1,141,926
TOTAL DEFERRED OUTFLOW OF RESOURCES	7,972,541	--	--	--	7,972,541	3,826,774
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts Payable and Accrued Liabilities	1,696,516	4,583,006	1,144,330	137,957	7,561,809	7,969,600
Debt Payable	12,733,500	--	--	--	12,733,500	12,540,381
Accrued Debt Interest Payable	1,354,443	--	--	--	1,354,443	1,411,834
Retainage Payable	--	3,500,665	62,815	--	3,563,480	3,376,214
Compensated Absences	950,532	--	--	--	950,532	1,079,025
Developer Fee Credits	--	--	--	149,000	149,000	206,000
Advance from Customers	--	--	--	(2,895)	(2,895)	(2,895)
Miscellaneous	23,100	--	--	--	23,100	1,020,120
TOTAL CURRENT LIABILITIES	16,758,091	8,083,671	1,207,145	284,062	26,332,969	27,600,279

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

TOWN OF CARY, NORTH CAROLINA

JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

Schedule 9

	Utility System Operations	Water Projects	Sewer Projects	Utility System Capital Reserve	June 30,	
					2019	2018
Non-Current liabilities						
Debt Payable, net of deferred premium/discount	\$281,875,558	--	--	--	281,875,558	296,159,765
Deposits	1,999,731	--	--	--	1,999,731	2,134,776
Unearned Revenue	680,514	--	--	--	680,514	755,958
Compensated Absences	353,711	--	--	--	353,711	302,039
Developer Fee Credits	--	--	--	2,848,477	2,848,477	2,985,677
Unfunded Pension Obligation	3,422,442	--	--	--	3,422,442	1,512,517
Unfunded Other Post-Employment Benefits	27,861,728	--	--	--	27,861,728	27,374,872
Miscellaneous	23,100	--	--	--	23,100	46,200
TOTAL OTHER LIABILITIES	316,216,784	--	--	2,848,477	319,065,261	331,271,804
TOTAL LIABILITIES	332,974,875	8,083,671	1,207,145	3,132,539	345,398,230	358,872,083
DEFERRED INFLOW OF RESOURCES						
Pension Deferrals	531,240	--	--	--	531,240	624,007
OPEB Deferrals	6,627,605	--	--	--	6,627,605	2,657,149
TOTAL DEFERRED INFLOW OF RESOURCES	7,158,845	--	--	--	7,158,845	3,281,156
TOTAL NET POSITION	411,362,257	185,205,321	134,441,175	69,663,871	800,672,624	769,471,613
Adjustment for Internal Service Fund Activities	1,423,502	--	--	--	1,423,502	1,304,063
TOTAL NET POSITION - Business-Type Activities	\$412,785,759	185,205,321	134,441,175	69,663,871	802,096,126	770,775,676

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

TOWN OF CARY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 10

	Utility System Operations	Water Projects	Sewer Projects	Utility System Capital Reserve	June 30,	
					2019	2018
OPERATING REVENUES						
Charges for Services	\$80,234,731	--	--	--	80,234,731	80,045,254
Other Operating Revenues	2,287,406	--	--	--	2,287,406	1,991,851
TOTAL OPERATING REVENUES	82,522,137	--	--	--	82,522,137	82,037,105
OPERATING EXPENSES						
Administrative	14,842,817	--	--	--	14,842,817	10,647,713
Field Operations	10,191,631	--	--	--	10,191,631	10,028,912
Utility Systems Management	3,867,295	--	--	--	3,867,295	4,170,047
Water Reclamation Facilities	8,005,514	--	--	--	8,005,514	9,764,136
Cary/Apex Water Treatment Plant	8,063,416	--	--	--	8,063,416	7,008,473
Miscellaneous Utility System Projects	--	854,562	2,000,612	--	2,855,174	3,446,384
Depreciation	18,910,241	--	--	--	18,910,241	18,120,833
TOTAL OPERATING EXPENSES	63,880,914	854,562	2,000,612	--	66,736,088	63,186,498
OPERATING INCOME (LOSS)	18,641,223	(854,562)	(2,000,612)	--	15,786,049	18,850,607
NONOPERATING REVENUES (EXPENSES)						
Water and Sewer Development Fees	--	--	--	10,824,376	10,824,376	11,517,606
Investment Earnings, net of market adjustment	2,700,837	84,782	13,353	7,804,947	10,603,919	1,387,496
Reimbursements	91,982	--	--	--	91,982	93,645
Miscellaneous Revenue	--	(224,770)	(63,397)	--	(288,167)	388,167
Reimbursement to Governmental Activities for Open Space	(794,469)	--	--	--	(794,469)	(822,264)
Interest Expense, net of amount capitalized	(9,314,057)	--	--	--	(9,314,057)	(9,975,323)
Bond Service Expense	(12,165)	--	--	--	(12,165)	(12,213)
Debt Issuance Expense	--	--	--	--	--	(784,680)
Bond Refunding Loss Amortization	(364,654)	--	--	--	(364,654)	(401,085)
Sale of Capital Assets	125,069	--	--	--	125,069	95,201
TOTAL NONOPERATING REVENUE (EXPENSE)	(7,567,457)	(139,988)	(50,044)	18,629,323	10,871,834	1,486,550
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	11,073,766	(994,550)	(2,050,656)	18,629,323	26,657,883	20,337,157
Capital Contributions	4,543,127	--	--	--	4,543,127	8,751,277
Transfers between Sub-Funds, net	(15,910,000)	3,762,542	22,640,471	(10,493,013)	--	--
CHANGE IN NET POSITION	(293,107)	2,767,992	20,589,815	8,136,310	31,201,010	29,088,434
Adjustment for Internal Service Activities	119,440	--	--	--	119,440	546,725
CHANGE IN NET POSITION - Business-Type Activities	(173,667)	2,767,992	20,589,815	8,136,310	31,320,450	29,635,159
NET POSITION - Beginning of Year, Business-Type Activities	400,524,668	183,165,036	125,594,163	61,491,809	770,775,676	756,300,110
Change in Accounting Principal - Pensions	---	---	---	---	---	(15,159,593)
NET POSITION - Beginning of Year, Business-Type Activities, restated	400,524,668	183,165,036	125,594,163	61,491,809	770,775,676	741,140,517
Reclassifications:						
Reclassification of Long-term Debt & Other Liabilities	(35,752)	--	--	35,752	--	--
Reclassification of Capital Assets Transferred						
from Construction-in-Progress	12,470,510	(727,707)	(11,742,803)	--	--	--
TOTAL NET POSITION - End of Year, Business-Type Activities	\$412,785,759	185,205,321	134,441,175	69,663,871	802,096,126	770,775,676

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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 11

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating Revenues				
Charges for Services				
Water	\$30,601,725	31,825,412	1,223,687	32,896,450
Sewer	47,300,664	48,404,436	1,103,772	46,857,404
TOTAL CHARGES FOR SERVICES	77,902,389	80,229,848	2,327,459	79,753,854
Other Operating Revenues				
Connection Fees	855,500	1,020,728	165,228	777,405
Inspection Fees	350,000	173,821	(176,179)	330,538
Reconnection Fees	120,000	373,955	253,955	122,769
Pretreatment Program Fees	185,500	193,588	8,088	181,440
Cross Connection Inspection Fees	265,000	278,400	13,400	272,700
Penalties	302,750	288,903	(13,847)	275,597
Biosolids product	44,500	55,670	11,170	64,429
Miscellaneous Revenues	78,860	(97,659)	(176,519)	(33,027)
TOTAL OTHER OPERATING REVENUES	2,202,110	2,287,406	85,296	1,991,851
TOTAL OPERATING REVENUES	80,104,499	82,517,254	2,412,755	81,745,705
NON-OPERATING REVENUES				
Investment Earnings	945,010	1,314,706	369,696	895,906
Market Adjustment	--	1,386,131	1,386,131	(624,743)
Investment Earnings, net	945,010	2,700,837	1,755,827	271,163
TOTAL REVENUES	81,049,509	85,218,091	4,168,582	82,016,868
EXPENDITURES				
ADMINISTRATIVE				
Utility Administration (7010)				
Personnel Services	790,004	790,003	1	692,173
Operations & Maintenance	122,217	122,216	1	58,761
TOTAL	912,221	912,219	2	750,934

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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 11

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Water Resources (3500)				
Personnel Services	\$1,160,405	1,160,387	18	2,003,736
Operations & Maintenance	564,222	343,489	220,733	375,792
TOTAL, net	1,724,627	1,503,876	220,751	2,379,528
Pretreatment (7012)				
Personnel Services	400,300	399,963	337	379,545
Operations & Maintenance	42,008	15,826	26,182	34,875
Capital Outlays	--	--	--	47,603
TOTAL	442,308	415,789	26,519	462,023
Utility Accounts (4440)				
Personnel Services	1,182,151	1,142,371	39,780	1,122,801
Operations & Maintenance	1,270,829	1,156,045	114,784	999,736
Capital Outlays	34,000	6,593	27,407	3,776
TOTAL	2,486,980	2,305,009	181,971	2,126,313
Utility Engineering (7014)				
Personnel Services	760,053	758,881	1,172	--
Operations & Maintenance	380	380	--	--
TOTAL	760,433	759,261	1,172	--
Other Administrative Costs				
Payment to Health Internal Service Fund	104,149	104,149	--	105,224
Payment to General Fund for Self Insurance	245,184	245,184	--	240,936
Payment to General Fund for Indirect Costs	4,264,118	4,264,118	--	3,295,073
Allocation Accounts (Utilities and Phones)	2,968,966	2,786,741	182,225	--
Reimbursement from Apex for Indirect Costs	--	(7,443)	7,443	(68,897)
TOTAL, net	7,582,417	7,392,749	189,668	3,572,336
TOTAL ADMINISTRATIVE, net	13,908,986	13,288,903	620,083	9,291,134
FIELD OPERATIONS				
Water Distribution and Wastewater Collection (7020)				
Personnel Services	6,713,433	6,713,432	1	6,526,369
Operations & Maintenance	3,915,381	3,569,580	345,801	3,456,754
Capital Outlays	291,317	291,317	--	282,667
TOTAL FIELD OPERATIONS, net	10,920,131	10,574,329	345,802	10,265,790

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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 11

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
UTILITY SYSTEMS MANAGEMENT				
Water and Wastewater Pumping (7030)				
Personnel Services	\$1,665,868	1,661,745	4,123	1,519,597
Operations & Maintenance	1,619,782	1,300,209	319,573	1,850,495
Capital Outlays	423,960	313,795	110,165	205,984
TOTAL	3,709,610	3,275,749	433,861	3,576,076
Reclaimed Water (7031)				
Personnel Services	\$166,686	165,819	867	147,068
Operations & Maintenance	572,519	426,849	145,670	465,409
Capital Outlays	29,400	27,562	1,838	---
TOTAL	768,605	620,230	148,375	612,477
TOTAL UTILITY SYSTEMS MANAGEMENT, net	4,478,215	3,895,979	582,236	4,188,553
WASTEWATER TREATMENT FACILITIES				
North Cary Wastewater Treatment Facility (7051)				
Personnel Services	1,555,938	1,551,194	4,744	1,486,871
Operations & Maintenance	1,646,094	1,341,354	304,740	2,020,132
Capital Outlays	39,200	38,790	410	115,938
TOTAL	3,241,232	2,931,338	309,894	3,622,941
South Cary Wastewater Treatment Facility (7052)				
Personnel Services	1,875,525	1,847,264	28,261	1,822,722
Operations & Maintenance	1,567,781	1,121,141	446,640	2,099,848
Capital Outlays	76,000	39,671	36,329	72,683
TOTAL	3,519,306	3,008,076	511,230	3,995,253
Western Wake Regional Water Reclamation Facility (7055)				
Personnel Services	1,727,512	1,723,896	3,616	1,557,396
Operations & Maintenance	2,423,059	2,111,017	312,042	2,142,799
Capital Outlays	--	--	--	32,385
Reimbursement from Apex	(1,509,912)	(1,803,773)	293,861	(1,518,467)
TOTAL, net	2,640,659	2,031,140	609,519	2,214,113
TOTAL WASTEWATER TREATMENT FACILITIES, net	9,401,197	7,970,554	1,430,643	9,832,307

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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 11

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
WATER TREATMENT PLANT (7053)				
Personnel Services	\$2,531,298	2,531,295	3	2,452,469
Operations & Maintenance	7,398,223	6,858,366	539,857	6,564,052
Capital Outlays	--	--	--	53,870
Reimbursement from Apex	(2,072,159)	(1,611,475)	(460,684)	(1,934,984)
TOTAL WATER TREATMENT PLANT, net	7,857,362	7,778,186	79,176	7,135,407
REMOTE WATER INFRASTRUCTURE				
Personnel Services	161,175	160,932	243	138,328
Operations & Maintenance	329,031	130,799	198,232	69,313
Capital Outlays	--	--	--	27,178
TOTAL REMOTE WATER INFRASTRUCTURE	490,206	291,731	198,475	234,819
DEBT SERVICE				
Long-term Debt Principal Payment	12,615,825	12,615,825	---	12,959,082
State Revolving Loan Partner Reimbursements	--	(75,444)	75,444	(75,444)
Net Principal Payment	12,615,825	12,540,381	75,444	12,883,638
Interest Expense	10,922,156	10,922,155	1	11,554,973
State Revolving Loan Partner Reimbursements	--	(16,538)	16,538	(18,201)
Net Interest Expense	10,922,156	10,905,617	16,539	11,536,772
TOTAL CARY DEBT SERVICE, net	23,537,981	23,445,998	91,983	24,420,410
Paid to General Fund for Open Space Debt Service	794,469	794,469	--	822,264
TOTAL DEBT SERVICE	24,332,450	24,240,467	91,983	25,242,674
TOTAL EXPENDITURES	71,388,547	68,040,149	3,348,398	66,190,684
Revenues Over Expenditures	9,660,962	17,177,942	7,516,980	15,826,184
OTHER REVENUES (EXPENDITURES)				
Transfers Out, net				
Sewer Project Sub-Fund	(7,830,000)	(7,830,000)	--	(15,730,615)
Water Project Sub-Fund	(7,830,000)	(7,830,000)	--	(25,935,840)
Utility System Capital Reserve Sub-Fund	(250,000)	(250,000)	--	---
Bond Service Expenses	(31,325)	(12,165)	19,160	(12,213)
Debt Issuance Costs & Expenses	--	--	--	(784,680)
Debt Issued	--	--	--	117,734,236
Payment to Escrow for Advance Defeasance of Debt	--	--	--	(116,927,552)
Receipts from Sale of Assets	10,000	125,069	115,069	95,201
Appropriation from Fund Balance	6,270,363	--	(6,270,363)	--
TOTAL OTHER EXPENDITURES, net	(9,660,962)	(15,797,096)	(6,136,134)	(41,561,463)

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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 11

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues Over Expenditures (Including Other Expenditures)	<u>\$ --</u>	<u>1,380,846</u>	<u>1,380,846</u>	(25,735,279)
ADJUSTMENT TO ACCRUAL BASIS				
Add (Deduct)				
Revenue Adjustments:				
Charge Refunds (Durham Water Revenue)		\$4,883		291,400
Contributed Assets		4,543,127		\$8,751,277
Expenditure Adjustments:				
Unfunded Other Post-Employment Expense		(1,496,870)		(1,470,556)
Pension Expense Credit		(267,179)		(43,104)
Capital Outlays		356,739		545,125
Depreciation		(18,910,241)		(18,120,833)
Decrease in Compensated Absences Liability		76,819		(129,497)
Durham Water Expense		--		262,000
Long-term Lease Expense, net		159,500		164,761
Debt Related Adjustments:				
Issuance of Long-Term Debt		--		(806,684)
Long-term Debt Principal Payment (gross)		12,615,825		12,959,082
Bond Premium Amortization & Adjustment		1,550,707		1,500,455
Bond Discount Amortization		--		(236)
Deferred Loss on Refunding Amortization		(364,654)		(401,085)
Decrease in Debt Interest Payable		57,391		79,431
Total Accrual Adjustment		<u>(1,673,953)</u>		<u>3,581,536</u>
CHANGE IN NET POSITION		(293,107)		(22,153,743)
Adjustment for Internal Service Activities		<u>119,440</u>		<u>546,725</u>
CHANGE IN NET POSITION - Business-Type Activities		<u>(173,667)</u>		<u>(21,607,018)</u>
NET POSITION - Beginning of Year, Business-Type Activities		400,524,668		400,051,345
Change in Accounting Principal -		<u>--</u>		<u>(15,159,593)</u>
NET POSITION - Beginning of Year, Business-Type Activities - Restated		400,524,668		384,891,752
Reclassification Between Utility Sub-Funds, net		<u>12,434,758</u>		<u>37,239,934</u>
NET POSITION - End of Year, Business-Type Activities		<u>\$412,785,759</u>		<u>400,524,668</u>

WATER 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, 2019

Schedule 12

		Project	Actual		
		Authorization	Prior Years	Current Year	Total To Date
REVENUES					
Investment Earnings		\$56,214	250,936	84,782	335,718
Raleigh Reimbursement		510,000	--	--	--
TOTAL REVENUES					
		566,214	250,936	84,782	335,718
EXPENDITURES					
<u>Asset-Related Projects</u>	<u>Project #</u>				
Annexation - Franklin Heights Waterline *	WT5017	416,250	411,906	--	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	250,000	--	--	--
Cary / Raleigh Water System Mutual Aid Interconnection Project	WT1195	1,463,000	894,741	490,659	1,385,400
Cary Parkway NC54 Waterline Connector *	WT1207	200,000	5,986	122,807	128,793
Cary Parkway Southwest Water Line Extension	WT1161	8,650,000	488,905	31,572	520,477
Cary/Apex Water Treatment Facility – Equipment Storage Building *	WT1236	50,000	--	--	--
Cary/Apex Water Treatment Facility – Future Expansion	WT1289	700,000	525,300	12,041	537,341
Cary/Apex Water Treatment Facility – Jordan Lake					
Allocation Capital Costs	WT1239	655,743	--	--	--
Cary/Apex Water Treatment Facility – Heavy Equipment Replacement	WT1290	270,000	--	106,551	106,551
Cary/Apex Water Treatment Facility – Laboratory Information					
Management System	WT1270	175,000	32,303	27,848	60,151
Cary/Apex Water Treatment Facility – New Clearwell *	WT1240	5,400,000	-	--	--
Cary/Apex Water Treatment Plant - Phase III Expansion	WT1148	78,375,000	74,776,015	3,717,262	78,493,277
Cary/Apex Water Treatment Plant - Lake Aeration Mixing System	WT1163	4,876,000	4,594,719	120,702	4,715,421
Cary/Apex water Treatment Plant - NC-540 Western Wake Parkway					
Water Conflicts	WT1171	4,606,460	3,756,185	465,231	4,221,416
Cary/Apex Water Treatment Plant - Process Conversion					
to Ozone/Biofiltration *	WT1271	4,500,000	--	--	--
Cary/Apex Water Treatment Plant - Raw Water Transmission Pipeline	WT1194	22,250,000	11,835,704	8,313,011	20,148,715
Cary/Apex Water Treatment Plant - Residuals Transfer Pump Replacements	WT1221	400,000	--	--	--
Cary/Apex Water Treatment Facility – Security Upgrades	WT1293	250,000	--	--	--
Cary/Apex Water Treatment Plant - Surge Tanks	WT1272	720,000	--	--	--
Cary/Apex Water Treatment Plant - Water System Radio					
Software and Antennas	WT1273	400,000	--	--	--

WATER 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, 2019

Schedule 12

		Project Authorization	Actual		Total To Date
			Prior Years	Current Year	
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
Cary-Apex-Chatham Interconnection *	WT1254	\$50,000	--	--	--
Cary-Apex-Holly Springs Interconnection	WT1255	100,000	--	--	--
Crossroads Ground Storage Tank and Booster Pump Station	WT1242	5,600,000	452,281	477,107	929,388
Davis Drive Booster Pump Station Modifications	WT1257	125,000	--	--	--
Extend Water Mains - FY 2017	WT1259	306,216	250,232	40,161	290,393
Extend Water Mains - FY 2018	WT1274	302,447	89,653	89,788	179,441
Green Level West Road Water Line - Phase III	WT1212	2,400,000	444,673	603,134	1,047,807
Green Level West Road Water Line Phase I	WT1129	3,571,000	3,285,381	(201,342)	3,084,039
Heavy Equipment Replacement - Water *	WT1275	282,914	--	26,194	26,194
Holly Brook Subdivision Water Lines	WT1244	2,776,439	1,060,824	868,161	1,928,985
Holt Road to Davis Drive Water Line Connection	WT1166	2,340,000	67,138	111,996	179,134
Infrastructure GIS Asset Data - Water	WT1276	200,000	--	--	--
Jenks-Carpenter/Holt Road Water Line Reinforcement	WT1178	4,428,000	21,561	--	21,561
Kildaire Farm Road Water Line Reinforcement - Central	WT1245	3,100,000	5,950	83,427	89,377
Kilmayne Water Storage Tank	WT1214	7,600,000	5,076,058	2,152,171	7,228,229
Kit Creek Road Water Line Connection	WT1223	725,000	72,085	--	72,085
Louis Stephens Drive Water Line Extensions	WT1295	1,100,000	--	--	--
Maynard Road Waterline Reinforcement - Southeast	WT1277	1,590,000	32	--	32
Maynard Road Waterline Reinforcement - Southwest - Ph 2	WT1278	520,000	40,252	59,115	99,367
Morrisville Parkway Water Line Connections	WT1279	350,000	--	--	--
NC-540/Morrisville Parkway Water Line	WT1288	750,000	--	--	--
NC55 Water Line Extension - Phase II	WT1097	2,337,000	9,678	1,474,760	1,484,438
NCDOT I-5506 1-40 and Aviation Parkway Water Line Relocation	WT1280	350,000	128,071	1,565	129,636
New Water Storage Tank Sites *	WT1260	1,000,000	--	--	--
Old Apex Road Water Line Reinforcement	WT1172	1,694,000	43,995	41,666	85,661
Optimist Farm Rd Water Line - West	WT1300	578,000			
Plumtree Tank Modifications	WT1216	2,275,000	1,958,527	22,185	1,980,712
TCAP - Streetscape Water Upgrade	WT1157	840,178	786,212	52,857	839,069
Towerview Court Water Line Interconnection	WT1261	75,000	4,178	67,172	71,350
Tryon Road Water Line Upsizing	WT1281	60,000		28,998	28,998
Upgrade Water Lines - FY 2016	WT1247	5,000,000	4,858,037	75,582	4,933,619
Upgrade Water Lines - FY 2017	WT1265	5,000,000	2,445,590	2,335,370	4,780,960
Stephenson Road & TenTen Road Water Line West	WT1297	125,000	--	--	--
Upgrade Water Lines - FY 2018	WT1282	5,000,000	25,774	2,455,228	2,481,002
Water Line Oversizings - FY 2017 *	WT1267	152,000	--	49,937	49,937

WATER 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, 2019

Schedule 12

		Project		Actual	
		Authorization	Prior Years	Current Year	Total To Date
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
Water Line Oversizings - FY 2018	WT1283	\$160,000	--	--	--
Water Line Oversizings FY 2019	WT1299	168,000			
Water Line Upgrades FY 2019	WT1298	5,000,000	--	87,513	87,513
Water Main Extensions & Valve Replacements FY 2019	WT1294	801,310	--	232,422	232,422
Water Main Extensions - FY 2016	WT1243	302,777	288,495	(4,844)	283,651
Western Cary Water Storage Tank	WT1189	9,310,000	4,918,165	3,426,126	8,344,291
White Oak Church Road Water Line	WT1284	950,000	50,378	2,062	52,440
Wimberly Road Water Line	WT1142	4,306,000	528,405	2,812,463	3,340,868
Less: Local Government Reimbursements		(28,434,487)	(22,270,899)	(2,624,205)	(24,895,104)
Total Expenditures		190,079,247	102,083,477	28,254,453	130,337,930
Less: Completed Projects (noted by *)		(9,885,944)	(538,879)	(198,938)	(737,817)
Construction in Progress		180,193,303	101,544,598	28,055,515	129,600,113
<u>Expense Projects</u>	<u>Project #</u>				
Jordan Lake Partnership	WT1177	407,500	211,189	--	211,189
Water Main Condition Assessment Program	WT1191	425,000	136,001	--	136,001
Water System Water Quality Enhancements	WT1219	150,000	--	--	--
Cary/Apex Water Treatment Plant - Improvements Project - FY 2015	WT1230	105,000	52,445	--	52,445
Cary/Apex Water Treatment Plant - Clearwell Repainting	WT1231	175,000	3,200	142,020	145,220
Remote Water System Programmable Logic Controller	WT1233	150,000	42,350	69,298	111,648
Cary/Apex Water Treatment Facility - Improvements Project - FY 2016	WT1238	30,000	30,000	--	30,000
Cary/Apex Water Treatment Facility - Chemical Feed Upgrades	WT1291	200,000	--	--	--
Cary/Apex Water Treatment Facility - Generator Gear Switch Upgrade	WT1292	250,000	--	--	--
Cary/Apex Water Treatment Facility - Process Basin Rehabilitation/Restoration	WT1241	5,000,000	706,407	547,208	1,253,615
Water Resources Master Plan	WT1249	500,000	265,260	83,708	348,968
Water System - Critical Water Line Locating and Testing	WT1250	700,000	175,000	121,539	296,539
Water System - Valve Replacements - FY 2016	WT1251	125,000	--	21,933	21,933
Water System - Valve Replacements - FY 2017	WT1256	125,000	--	--	--
Water System - Air Release Valve Replacements	WT1268	300,000	4,818	--	4,818
Cary/Apex Water Treatment Facility - Filter Pipe Gallery Piping Removal	WT1269	150,000	--	--	--
Water System - Valve Replacements - FY 2018	WT1286	125,000	2,407	--	2,407

WATER 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, 2019

Schedule 12

	Project		Actual	
	Authorization	Prior Years	Current Year	Total To Date
<i>Expense Projects (cont'd)</i>	<i>Project #</i>			
Water System Master Plan	WT1287	\$350,000	--	--
Roof Assessmentts * Rehabilitation - Water	WT1296	50,000	3,800	3,800
Less: Local Government Reimbursements		(1,359,300)	(195,641)	(145,051)
Total Expenditures		7,958,200	844,455	2,277,891
Less: Completed Projects (noted by *)		(359,850)	--	(40,382)
Other Projects-in-Progress		7,598,350	844,455	2,237,509
 TOTAL EXPENDITURES		198,037,447	103,516,913	29,098,908
Total Completed Projects		(10,245,794)	(579,261)	(198,938)
TOTAL PROJECT IN PROGRESS		187,791,653	102,937,652	28,899,970
				131,837,622
Revenues Under Expenditures		(187,225,439)	(102,686,716)	(28,815,188)
OTHER FINANCING SOURCES				(131,501,904)
Debt Issued		\$68,882,835	68,882,835	--
State Revolving Loan		2,617,514	2,499,183	--
Transfers In, net				2,499,183
Utility System Operations Sub-Fund		35,977,851	28,147,851	7,830,000
Capital Reserve Sub-Fund		89,993,033	84,592,897	(4,067,465)
TOTAL OTHER FINANCING SOURCES		197,471,233	184,122,766	3,762,535
Less: Completed Projects		(10,245,794)	(7,261,788)	6,483,596
Total Other Financing Sources, net of completed projects		187,225,439	176,860,978	10,246,131
Increase		--	74,174,262	(18,569,057)
Adjustment for Closed Projects		--	6,682,527	(6,682,527)
FUND BALANCE		\$ --	80,856,789	(25,251,584)
				55,605,205

ADJUSTMENT TO ACCRUAL BASIS

Add (Deduct)

Construction-in-Progress Current Year	28,254,453
Construction-in-Progress Write-Off	(10,107)
Proceeds from Water Connection	(224,770)

CHANGE IN NET POSITION 2,767,992

NET POSITION - Beginning of Year, Business-Type Activities 183,165,036

Reclassification Between Utility Sub-Funds, net (727,707)

NET POSITION - End of Year, Business-Type Activities \$185,205,321

SEWER 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, 2019

Schedule 13

	Project Authorization	Prior Years	Actual	
			Current Year	Total To Date
REVENUES				
Intergovernmental Grants	\$1,315,677	1,315,676	--	1,315,676
Investment Earnings	217,015	158,380	13,353	171,733
Developer Reimbursements (Paid by Developers)	67,669	51,169	--	51,169
TOTAL REVENUES	1,600,361	1,525,225	13,353	1,538,578
Less: Completed Projects	(51,169)	(51,169)	--	(51,169)
Total Revenues, net of completed projects	1,549,192	1,474,056	13,353	1,487,409

EXPENDITURES

<u>Asset-Related Projects</u>	<u>Project #</u>				
Annexation - Franklin Heights Sewer Line	SW5017	787,000	714,553	--	714,553
Annexation - Pink Acres Street Sewer Extension	SW5018	215,000	202,423	--	202,423
Blanche Drive Area Sewer Improvements	SW1257	175,000	2,166	--	2,166
Carystone Pump Station Elimination	SW1184	410,000	13,575	44,990	58,565
Extend Reclaimed Water Mains - FY 2012	SW1223	105,000	23,991	77,462	101,453
Extend Reclaimed Water Mains - FY 2013	SW1241	110,250	--	105,720	105,720
Extend Reclaimed Water Mains - FY 2016	SW1286	127,628	--	131,134	131,134
Force Main Inspection & Rehabilitation - FY 2008	SW1156	3,600,000	2,779,828	74,941	2,854,769
Force Main Inspection and Rehabilitation - FY 2010	SW1202	2,500,000	286,496	13,670	300,166
Green Level Interceptor *	SW1130	7,510,969	7,156,824	--	7,156,824
Green Level Sewer Interceptor Odor Control	SW1339	600,000	--	--	--
Heavy Equipment - Sewer *	SW1321	768,570	--	638,826	638,826
Holly Brook - Phase I, II and III Sewer Extension	SW1288	2,886,706	1,286,396	981,714	2,268,110
I-40 Pump Station Improvements	SW1322	300,000	164,365	91,408	255,773
Infrastructure GIS Asset Data-WW	SW1340	200,000	--	--	--
Jack Branch Interceptor	SW1269	1,150,000	6,940	--	6,940
Kit Creek Pump Station & Morris Branch Regional Pump Station Parallel Force Main along Green Level Church Rd.	SW1323	2,800,000	--	--	--
Lower Swift Creek Parallel Interceptor *	SW1247	3,150,000	81,639	--	81,639
Lynn's Branch Parallel Interceptor *	SW1270	250,000	--	--	--

SEWER 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, 2019

Schedule 13

		Project Authorization	Prior Years	Actual	
				Current Year	Total To Date
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
MM - Northwest Cary Wastewater Conveyance to WWRWRF *	SW1157	\$818,000	809,805	--	809,805
MM - Paramount Pump Station Elimination	SW1191	2,010,000	186,613	2,316	188,929
MM - York Interceptor Basin Improvements	SW1260	1,650,000	1,399,235	634	1,399,869
Morris Carpenter Road Reclaimed Water Line	SW1341	914,000	--	--	--
NCWRF - Diffused Air System	SW1290	12,820,000	314,580	774,340	1,088,920
Northwestern Area/Jordan Lake Reclaimed Water Project Phase II	SW1138	7,457,176	5,021,709	122,691	5,144,400
RDU Center Pump Station Force Main Replacement	SW1308	1,570,000	1,346,780	55,162	1,401,942
Reclaimed Water Line Oversizing FY 2019	SW1342	175,849	--	--	--
Reclaimed Water Line Oversizings - FY 2018	SW1326	167,475	--	--	--
Reclaimed Water Main Extensions - FY 2018	SW1338	147,746	--	--	--
Reclaimed Water Main Extensions - FY 2017	SW1305	134,010	--	145,634	145,634
Sanitary Sewer Oversizing FY 2019	SW1344	200,000	--	--	--
Sanitary Sewer Oversizings - FY 2018	SW1327	195,000	--	63,618	63,618
SCADA Conversion - North Cary Water Reclamation Facility	SW1263	1,250,000	356,626	526,165	882,791
SCADA Tier2 Wastewater Pump Station	SW1345	500,000	--	--	--
SCWRF - Thermal Biosolids Dryer - Dewatered Cake Pump	SW1301	225,000	79,238	--	79,238
SCWRF - Thermal Biosolids Dryer - Rotary Drum Replacement	SW1302	1,200,000	--	--	--
SCWRF Headworks Upgrades	SW1217	525,000	448,943	57,629	506,572
SCWRF Improvements Project	SW1266	435,000	260,020	64,886	324,906
Sewer Flow Management Modeling Scenarios	SW1264	700,000	117,496	155,000	272,496
Sewer System Repair/Rehabilitation - FY 2015	SW1279	1,600,000	1,357,001	55,825	1,412,826
Sewer System Repair/Rehabilitation - FY 2016	SW1303	2,730,407	464,749	801,272	1,266,021
Sewer System Repair/Replacement - FY 2017	SW1315	5,985,982	334,586	563,858	898,444
Sewer System Repair/Replacement - FY 2018	SW1334	5,428,112	28,933	330,237	359,170
Sewer System Replacement/Rehabilitation FY 2019	SW1348	500,000	--	--	--
Swift Creek Regional Pumping Station Improvements (Existing Equipment Improvements)	SW1171	1,538,239	1,114,173	10,300	1,124,473
TCAP - Streetscape Sewer Upgrade	SW1177	767,383	649,176	76,198	725,374
Terrace II Pump Station Elimination	SW1287	250,000	5,712	--	5,712
Upper Crabtree Creek Pump Station, Force Main and Interceptor Parallel	SW1239	4,180,000	255,132	--	255,132
Wastewater Pump Station Improvements	SW1175	1,794,014	1,207,677	--	1,207,677
Wastewater Pump Station Improvements	SW1349	750,000	--	--	--

SEWER 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, 2019

Schedule 13

	Project #	Project Authorization	Prior Years	Actual	
				Current Year	Total To Date
<u>Asset-Related Projects (cont'd)</u>	<u>Project #</u>				
Wastewater Pump Station Improvements - FY 2017	SW1319	\$604,213	80,778	50,407	131,185
Wastewater Pump Station Parallel Force Main - FY 2017	SW1320	6,370,452	83,051	248,624	331,675
Wastewater Pump Station Parallel Force Mains	SW1176	7,154,548	4,025,534	14,620	4,040,154
Wastewater Pump Station Parallel Force Mains FY 2019	SW1350	2,900,000	--	--	--
Wastewater SCADA Project	SW1121	1,266,694	1,066,488	99,370	1,165,858
Western Cary Collection System Odor Control *	SW1105	930,000	927,366	--	927,366
Winding Pine Regional Pump Station, Gravity Sewer and Force Main	SW1284	13,300,000	309,218	211,005	520,223
WWRWMF - Beaver Creek Pump Station	SW1146	20,157,682	15,951,406	25,238	15,976,644
WWRWMF - New Water Reclamation Facility *	SW1123	3,836,391	--	260,116	260,116
WWRWMF - W Cary Pump Station Upgrade	SW1143	11,279,482	9,179,932	22,920	9,202,852
WWWRF-Beaver Creek Dumpster & Bar Screen	SW1352	75,000	--	--	--
Less: Local Government Reimbursements		(4,220,852)	(3,596,739)	(93,817)	(3,690,556)
Total Expenditures		149,918,126	56,504,414	6,804,113	63,308,527
Less: Completed Projects (noted by *)		(16,159,909)	(11,249,612)	(859,105)	(12,108,717)
Construction in Progress		133,758,217	45,254,802	5,945,008	51,199,810
<u>Expense Projects</u>	<u>Project #</u>				
Cleaning and Video Surveying of Sewer Interceptors - FY 2010	SW1203	3,384,500	2,000,428	687,201	2,687,629
Demolition of Lagoons - South Cary Water Reclamation Facility	SW1251	325,000	35,005	31,806	66,811
Force Main Easement Clearing Project - Survey and Clear	SW1252	300,000	80,244	22,599	102,843
Miscellaneous Pump Station Grinder Rebuild FY 2018	SW1336	150,000	53,266	14,879	68,145
NCWRF - Clarifier Equipment Repair and Replacement	SW1291	350,000	304,545	13,200	317,745
NCWRF - Continuous Three Train Operation	SW1325	50,000	--	--	--
NCWRF - Diffuser and Air Piping Replacement - Digester #1 and #2	SW1292	500,000	65,856	258,382	324,238
NCWRF - Mixer Replacements	SW1254	700,000	571,150	43,146	614,296
NCWRF - Variable Frequency Drive Replacement	SW1295	200,000	25,128	21,645	46,773
NCWRF-HVAC Replacements FY 2019	SW1353	30,000	--	11,540	11,540
Pump Station Variable Frequency Drive Replacements	SW1296	250,000	--	--	--
Reclaimed Water System Blowoff Metering	SW1276	210,000	167,485	40,039	207,524
Roof Assessments & Rehabilitation - Sewer	SW1343	75,000	--	16,325	16,325
SCWRF - Aeration Basin and Air Header Repairs	SW1280	275,000	101,234	1,105	102,339
SCWRF - Aeration Basin Recycle Pump Replacements	SW1329	160,000	--	79,980	79,980

SEWER 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, 2019

Schedule 13

			Actual		
		Project	Prior	Current	Total
		Authorization	Years	Year	To Date
<u>Expense Projects (cont'd)</u>	<u>Project #</u>				
SCWRF - Clarifier Equipment Repair and Replacement	SW1311	\$500,000	143,525	35,113	178,638
SCWRF - Generator Automated Transfer Switch Replacement	SW1312	140,000	--	9,000	9,000
SCWRF - Gravity Belt Thickener Rebuild	SW1331	150,000	--	82,652	82,652
SCWRF - Peak Flow Management Study	SW1330	150,000	--	--	--
SCWRF - Thermal Biosolids Dryer - Induction Fan Replacement	SW1314	100,000	--	10,969	10,969
SCWRF - Thermal Biosolids Dryer - Dewatered Cake Mixer Repair/Replacement	SW1313	100,000	--	--	--
SCWRF - Thermal Dryer – Centrifuge Rebuild	SW1300	175,000	64,016	110,897	174,913
SCWRF - Variable Frequency Drive Replacement	SW1333	400,000	--	7,216	7,216
SCWRF-Plant Drain PS Improvements	SW1346	125,000	--	--	--
SCWRF-Polish Pond Liner Replacement	SW1347	250,000	--	--	--
Sewer System Monitoring - Bloomberg Grant	SW1337	100,000	--	78,909	78,909
Swift Creek Regional Pumping Station Improvements (Existing Equipment Improvements)	SW1171	51,761	31,761	--	31,761
Walnut Creek Pump Station Check Valve Replacement and Wet Well Piping Repairs	SW1240	265,000	139,466	58,097	197,563
Waste Water System Master Plan Update	SW1335	250,000	--	--	--
West Cary PS Dumpster Enclosure	SW1351	75,000	--	--	--
Other Projects-in-Progress		9,791,261	3,783,109	1,634,700	5,417,809
TOTAL EXPENDITURES		159,709,387	60,287,523	8,438,813	68,726,336
Total Completed Projects		(16,159,909)	(11,249,612)	(859,105)	(12,108,717)
TOTAL PROJECTS IN PROGRESS		143,549,478	49,037,911	7,579,708	56,617,619
Revenues Under Expenditures		(142,000,286)	(47,563,855)	(7,566,355)	(55,130,210)

SEWER 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, 2019

Schedule 13

	Project		Actual	
	Authorization	Prior Years	Current Year	Total To Date
OTHER FINANCING SOURCES (USES)				
State Revolving Loan	\$1,091,955	1,340,461	--	1,340,461
Debt Issued (includes budgeted, but not issued)	50,329,936	45,400,571	--	45,400,571
Transfers In, net				
Utility System Operations Sub-Fund	31,528,230	23,698,230	7,830,000	31,528,230
Capital Reserve Sub-Fund	75,158,905	57,349,387	14,810,469	72,159,856
TOTAL OTHER FINANCING SOURCES	158,109,026	127,788,649	22,640,469	150,429,118
Less: Completed Projects	(16,108,740)	(15,209,800)	3,152,253	(12,057,547)
Total Other Financing Sources, net of completed projects	142,000,286	112,578,849	25,792,722	138,371,571
Increase	--	65,014,994	18,226,367	83,241,361
Adjustment for Closed Projects	--	4,011,356	(4,011,356)	--
FUND BALANCE	\$ --	69,026,350	14,215,011	83,241,361

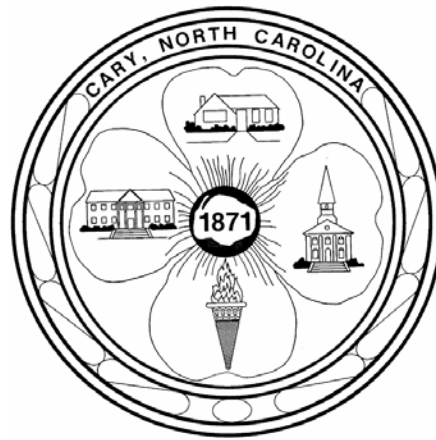
ADJUSTMENT TO ACCRUAL BASIS

	Add (Deduct)
Construction-in-Progress Current Year	6,804,113
Construction-in-Progress Write-Off & Other Adj	(365,912)
Proceeds from Sewer Connection	(63,397)
CHANGE IN NET POSITION	20,589,815
NET POSITION - Beginning of Year, Business-Type Activities	125,594,163
Reclassification Between Utility Sub-Funds, net	(11,742,803)
NET POSITION - End of Year, Business-Type Activities	\$134,441,175

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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 14

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Water Development Fees	\$2,742,031	5,483,385	2,741,354	4,217,596
Sewer Development Fees	4,346,014	5,312,071	966,057	6,702,037
Reclaimed Water Development Fees	--	(129,528)	(129,528)	382,864
Investment Earnings, net of market adjustment	2,839,290	7,804,947	4,965,657	914,761
TOTAL REVENUES	9,927,335	18,470,875	8,543,540	12,217,258
OTHER FINANCING SOURCES (USES)				
Transfers (Out), net				
Transfer to Water Project Sub-Fund	(5,400,138)	4,067,458	9,467,596	(2,181,005)
Transfer to Sewer Project Sub-Fund	(18,766,003)	(14,810,471)	3,955,532	285,464
Transfer from Utility System Operations	250,000	250,000	--	--
Appropriation from Fund Balance	13,988,806	--	(13,988,806)	--
TOTAL OTHER FINANCING USES, net	(9,927,335)	(10,493,013)	(565,678)	(1,895,541)
Revenues Over Other Financing Uses	\$ --	7,977,862	7,977,862	10,321,717
ADJUSTMENT TO ACCRUAL BASIS				
Add				
Development Fee Credits Used		158,448		215,109
CHANGE IN NET POSITION		8,136,310		10,536,826
NET POSITION - Beginning of Year		61,491,809		50,949,722
Reclassification:				
Reclassification of Long-Term Liability		35,752		5,261
NET POSITION - End of Year		\$69,663,871		61,491,809



INTERNAL SERVICE FUNDS

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.

Fleet Management 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, 2019

Schedule 15	Fleet Management	Health Insurance	Total
ASSETS			
Current Assets			
Equity in Pooled Cash and Investments	\$966,450	15,989,305	16,955,755
Accrued Interest on Investments	962	--	962
Accounts Receivable, net of allowance for doubtful accounts	--	158,300	158,300
Inventories	46,818	--	46,818
Equity in Pooled Cash and Investments-Restricted	9,000	--	9,000
TOTAL CURRENT ASSETS	<u>1,023,230</u>	<u>16,147,605</u>	<u>17,170,835</u>
Non-Current Assets			
Capital Assets, net of accumulated depreciation	<u>1,235,161</u>	<u>--</u>	<u>1,235,161</u>
TOTAL ASSETS	<u>2,258,391</u>	<u>16,147,605</u>	<u>18,405,996</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Contributions to Pension Plans	221,267	--	221,267
Deferred Contributions to OPEB	<u>248,595</u>	<u>--</u>	<u>248,595</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>469,862</u>	<u>--</u>	<u>469,862</u>
LIABILITIES			
Current liabilities			
Accounts Payable and Accrued Liabilities	254,963	5,270	260,233
Compensated Absences	<u>58,791</u>	<u>--</u>	<u>58,791</u>
TOTAL CURRENT LIABILITIES	<u>313,754</u>	<u>5,270</u>	<u>319,024</u>
Non-Current liabilities			
Deposits	9,000	--	9,000
Compensated Absences	21,877	--	21,877
Claims Incurred But Not Reported	--	1,565,213	1,565,213
Unfunded Pension Obligation	310,679	--	310,679
Unfunded Other Post-Employment Benefits	<u>1,508,538</u>	<u>--</u>	<u>1,508,538</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,850,094</u>	<u>1,565,213</u>	<u>3,415,307</u>
TOTAL LIABILITIES	<u>2,163,848</u>	<u>1,570,483</u>	<u>3,734,331</u>
DEFERRED INFLOW OF RESOURCES			
Pension Deferrals	(24,706)	--	(24,706)
OPEB Deferrals	<u>359,467</u>	<u>--</u>	<u>359,467</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>334,761</u>	<u>--</u>	<u>334,761</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,235,162	--	1,235,162
Unrestricted Net Position	<u>(1,005,518)</u>	<u>14,577,122</u>	<u>13,571,604</u>
TOTAL NET POSITION	<u>\$229,644</u>	<u>14,577,122</u>	<u>14,806,766</u>

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, 2019

Schedule 16

	Fleet Management	Health Insurance	Total
OPERATING REVENUES			
Charges for Services	\$1,674,469	--	1,674,469
Health and Dental Premiums	--	20,189,252	20,189,252
TOTAL OPERATING REVENUES	1,674,469	20,189,252	21,863,721
OPERATING EXPENSES			
Fleet Management Expense	1,790,871	--	1,790,871
Insurance Claims & Administrative Fees	--	19,263,740	19,263,740
Depreciation	138,990	--	138,990
TOTAL OPERATING EXPENSES	1,929,861	19,263,740	21,193,601
OPERATING INCOME	(255,392)	925,512	670,120
NONOPERATING REVENUES			
Investment Earnings, net of market adjustment	4,453	--	4,453
Gain on Sale of Assets	4,700	--	4,700
TOTAL NONOPERATING REVENUE	9,153	--	9,153
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(246,239)	925,512	679,273
Capital Contributions	108,022	--	108,022
CHANGE IN NET POSITION	(138,217)	925,512	787,295
TOTAL NET POSITION - Beginning of Year	367,861	13,651,610	14,019,471
TOTAL NET POSITION - End of Year	\$229,644	14,577,122	14,806,766

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 17

	Fleet Management	Health Insurance	Total
OPERATING ACTIVITIES			
Cash Received from Customers	\$1,674,469	20,242,868	21,917,337
Cash Paid for Goods and Services	(532,955)	--	(532,955)
Cash Paid To or On Behalf of Employees for Services & Benefits	(1,081,799)	--	(1,081,799)
Cash Paid for Health and Dental Claims	--	(18,734,433)	(18,734,433)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	59,715	1,508,435	1,568,150
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(147,744)	--	(147,744)
Proceeds Received from Sale of Assets	4,700	--	4,700
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(143,044)	--	(143,044)
NET CASH USED IN INVESTING ACTIVITIES			
Investment Earnings Received, net of Unrealized Loss	3,963	--	3,963
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,963	--	3,963
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(79,366)	1,508,435	1,429,069
CASH AND INVESTMENTS AT BEGINNING OF YEAR	1,054,816	14,480,870	15,535,686
CASH AND INVESTMENTS AT END OF YEAR	\$975,450	15,989,305	16,964,755

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 17

	Fleet Management	Health Insurance	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	(\$255,390)	925,510	670,120
Adjustments to Reconcile Operating Income to Net Cash			
Provided by (Used in) Operating Activities			
Depreciation	138,990	--	138,990
Adjustment for LGERS Pension Expense	14,508	--	14,508
Adjustment for Unfunded Other Post Employment Benefits	81,284	--	81,284
Changes in Assets and Liabilities -			
Decrease in Accounts Receivable	--	53,616	53,616
(Increase) in Inventory	24,681	--	24,681
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	40,452	(275,904)	(235,452)
Increase in Compensated Absences Liability	15,190	--	15,190
Decrease in Miscellaneous Liability	--	805,213	805,213
TOTAL ADJUSTMENTS	315,105	582,925	898,030
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$59,715	1,508,435	1,568,150
NONCASH TRANSACTIONS			
Net Change in Net Assets from Non-cash Transactions	108,022	--	108,022
	\$108,022	--	108,022

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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 18

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Vehicle Maintenance & Repair	\$1,691,689	1,674,469	(17,220)	1,549,156
Investment Earnings, net of market adjustment	--	4,453	4,453	1,398
TOTAL REVENUES	1,691,689	1,678,922	(12,767)	1,550,554
EXPENDITURES (5660)				
Personnel Services	1,091,902	1,088,429	3,473	942,806
Operations & Maintenance	666,349	582,925	83,424	565,746
Capital Outlays	171,850	153,745	18,105	232,952
Allocation Accounts	--	2,534	(2,534)	--
TOTAL EXPENDITURES	1,930,101	1,827,633	102,468	1,741,504
Revenues Under Expenditures	(238,412)	(148,711)	89,701	(190,950)
OTHER FINANCING SOURCES				
Transfers In	--	--	--	88,782
Proceeds from Sale of Assets	--	4,700	4,700	42,553
Appropriation from Fund Balance	238,412	--	(238,412)	--
TOTAL OTHER FINANCING SOURCES	238,412	4,700	(233,712)	131,335
Revenues and Other Sources Over (Under) Expenditures	\$ --	(144,011)	(144,011)	(59,615)
ADJUSTMENT TO ACCRUAL BASIS				
Add (Deduct)				
Capital Outlays		\$147,744		211,255
Depreciation Expense		(138,990)		(112,273)
Capital Contributions		108,022		--
Increase in Compensated Absences Liability		(15,190)		(10,387)
Unfunded Other Post-Employment Expense		(81,284)		(79,618)
Pension Expense Adjustment		(14,508)		(2,334)
Total Accrual Adjustment		5,794		6,643
CHANGE IN NET POSITION		(138,217)		(52,972)
NET POSITION - Beginning of Year		367,861		1,652,238
Change in Accounting Principal - Pensions		--		(1,231,405)
NET POSITION - Beginning of Year, Restated		367,861		420,833
NET POSITION - End of Year		\$229,644		367,861

HEALTH INSURANCE 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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 19

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health Insurance Premiums -				
Employees	\$13,969,187	14,410,508	441,321	14,356,363
Spouse and Dependents	3,618,180	3,760,835	142,655	3,723,559
Retirees	1,204,574	652,064	(552,510)	1,231,124
Cobra	--	31,961	31,961	28,140
Total Health Premiums	18,791,941	18,855,368	63,427	19,339,186
Dental Insurance Premiums -				
Employees	783,546	531,679	(251,867)	507,056
Spouse and Dependents	756,563	744,156	(12,407)	731,604
Retirees	138,237	86,837	(51,400)	98,217
Cobra	--	3,035	3,035	2,360
Total Dental Premiums	1,678,346	1,365,707	(312,639)	1,339,237
Miscellaneous Revenue	--	--	--	26,588
TOTAL REVENUES	20,470,287	20,221,075	(249,212)	20,705,011
EXPENDITURES				
Health Expenditures				
Employees and Families Claims	13,550,522	12,957,651	592,871	11,853,797
Retiree Claims	1,716,653	1,758,421	(41,768)	1,618,078
Retirees Medicare Premiums Paid	325,000	301,481	23,519	278,857
Total Health Expenditures	15,592,175	15,017,553	574,622	13,750,732
Dental Expenditures				
Employees and Families Claims	1,477,749	1,409,266	68,483	1,380,901
Retiree Claims	142,375	133,723	8,652	119,964
Total Dental Expenditures	1,620,124	1,542,989	77,135	1,500,865
Flexible Spending Benefit Paid by Town	500,000	344,956	155,044	363,929
Administration	1,984,223	1,976,831	7,392	1,923,739
Contracted Services	109,549	90,512	19,037	111,400
Reimbursements from Operating Funds for Certain				
Administrative Expenses	(928,000)	(928,000)	--	(937,582)
TOTAL EXPENDITURES, net	18,878,071	18,044,841	833,230	16,713,083
Revenues Over (Under) Expenditures	1,592,216	2,176,234	584,018	3,991,928

HEALTH INSURANCE 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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

Schedule 19

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCE (USE)				
Transfers In from General Fund	\$ --	--	--	1,342,378
Appropriation to Fund Balance	(1,592,216)	--	1,592,216	--
TOTAL OTHER FINANCING SOURCE	(1,592,216)	--	1,592,216	1,342,378
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ --</u>	<u>2,176,234</u>	<u>2,176,234</u>	5,334,306
ADJUSTMENT TO ACCRUAL BASIS				
Deduct				
Decrease in Claims Incurred But Not Reported		(1,218,899)		806,509
Increase in Accounts Receivable		<u>(31,823)</u>		<u>31,823</u>
Total Accrual Adjustment		<u>(1,250,722)</u>		<u>838,332</u>
CHANGE IN NET POSITION		925,512		6,172,638
NET POSITION - Beginning of Year		<u>13,651,610</u>		<u>7,478,972</u>
NET POSITION - End of Year		<u>\$14,577,122</u>		<u>13,651,610</u>

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, 2019

Schedule 20

		Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
REVENUES						
Community Development Block Grant -						
2014 Authorization		\$18,640	13,426	--	13,426	(5,214)
2015 Authorization		284,687	284,687	--	284,687	--
2016 Authorization		528,706	352,439	175,025	527,464	(1,242)
2017 Authorization		598,032	277,949	103,378	381,327	(216,705)
2018 Authorization		657,641	--	188,012	188,012	(469,629)
Community Development Block Grant		2,087,706	928,501	466,415	1,394,916	(692,790)
Program Income		1,539,447	1,458,615	31,437	1,490,052	(49,395)
Interest Earnings		207	207	--	207	--
TOTAL REVENUE		3,627,360	2,387,323	497,852	2,885,175	(742,185)
Less: Completed Projects		(761,281)	(532,107)	(30,000)	(562,107)	199,174
Total Revenue, net		2,866,079	1,855,216	467,852	2,323,068	(543,011)
EXPENDITURES						
	<i>Project #</i>					
Program Administration	CD1016	6,267	5,025	--	5,025	1,242
Program Administration	CD1017*	7,067	--	--	--	7,067
Program Administration	CD1018	104,000	--	2,500	2,500	101,500
		117,334	5,025	2,500	7,525	109,809
Less: Completed Projects (noted by *)		(7,067)	--	--	--	(7,067)
Total Program Administration		110,267	5,025	2,500	7,525	102,742
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	30,000	135,000	--
Housing Rehabilitation	CD0517*	258,564	79,432	--	79,432	179,132
Resource for Seniors	CD1916*	35,174	29,959	--	29,959	5,215
Resource for Seniors	CD1917	30,000	--	--	--	30,000
Resource for Seniors	CD1918	30,000	--	--	--	30,000
Dorcus Ministries	CD2016	\$175,000	--	175,000	175,000	--

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

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2019

Schedule 20

		Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
Dorcus Ministries	CD2018	30,000	--	--	--	30,000
The Caring Place	CD2218	101,000	--	--	--	101,000
White Oak Foundation-Public Services	CD2517*	28,467	26,400	--	26,400	2,067
White Oak Foundation-Public Services	CD2518	30,000	--	30,000	30,000	--
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	133,179	89,511	--	89,511	43,668
HUD 108 Loan Payment	CD3118	98,785	--	102,296	102,296	(3,511)
Tammy Lynn Facility	CD3217	90,000	90,000	--	90,000	--
White Oak Foundation	CD3315	175,000	175,000	--	175,000	--
White Oak Foundation	CD3316	100,000	100,000	--	100,000	--
White Oak Foundation	CD3318	150,000	--	150,000	150,000	--
Rebuilding Together	CD3416	30,000	30,000	--	30,000	--
Rebuilding Together	CD3417	30,000	30,000	--	30,000	--
Rebuilding Together	CD3418	40,000	--	5,513	5,513	34,487
Transitions LifeCare	CD3516	25,000	25,000	--	25,000	--
Transitions LifeCare	CD3517	20,000	20,000	--	20,000	--
Transitions LifeCare	CD3518	20,000	--	--	--	20,000
Dorcus Ministries	CD3617	30,000	--	30,000	30,000	--
Dorcus Ministries	CD3618	150,000	--	--	--	150,000
Reserve		9,348	--	--	--	9,348
TOTAL EXPENDITURES		3,769,293	2,504,143	525,309	3,029,452	739,841
Less: Completed Projects (noted by *)		(754,214)	(532,107)	(30,000)	(562,107)	(192,107)
PROJECTS IN PROGRESS		3,015,079	1,972,036	495,309	2,467,345	547,734
Revenue Over (Under) Expenditures		(149,000)	(116,820)	(27,457)	(144,277)	4,723

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND - BUDGETARY COMPARISON SCHEDULE - MULTI-YEAR
 TOWN OF CARY, NORTH CAROLINA
 FROM INCEPTION TO JUNE 30, 2019

Schedule 20

	Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
OTHER FINANCING SOURCES					
Transfers In from General Fund	\$149,000	--	149,000	149,000	--
TOTAL OTHER FINANCING SOURCES	149,000	--	149,000	149,000	--
Increase	---	(116,820)	121,543	4,723	4,723
FUND BALANCE	\$ --	(116,820)	121,543	4,723	4,723

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

TOWN OF CARY, NORTH CAROLINA
FROM INCEPTION TO JUNE 30, 2019

Schedule 21

		Total Budget Authorization	Prior Years Actual	Current Year Actual	Actuals To Date	Variance Positive (Negative)
RESTRICTED REVENUES						
Department of Commerce Grant		\$273,700	69,000	75,000	144,000	(129,700)
EXPENDITURES						
	<u>Project #</u>					
Economic Development Administration	ED1000	1,593,000	913,300	382,000	1,295,300	297,700
<u>Specific Development Projects -</u>						
HCL America	ED1001	247,400	138,000	--	138,000	109,400
Met Life	ED1002	1,326,522	958,709	226,980	1,185,689	140,833
CBC Americas	ED1003	23,500	--	--	--	23,500
Proto Labs	ED1004	300,000	--	150,000	150,000	150,000
Kellogg *	ED1005	216,450	216,450	--	216,450	--
Trillant	ED1007	19,000	9,500	--	9,500	9,500
TOTAL EXPENDITURES		3,725,872	2,235,959	758,980	2,994,939	730,933
Less: Completed Projects (noted by *)		(216,450)	(216,450)	--	(216,450)	--
PROJECTS IN PROGRESS		3,509,422	2,019,509	758,980	2,778,489	730,933
Revenue Under Expenditures		(3,235,722)	(1,950,509)	(683,980)	(2,634,489)	601,233
OTHER FINANCING SOURCES						
Transfers In from General Fund		3,452,172	2,627,172	825,000	3,452,172	--
TOTAL OTHER FINANCING SOURCES		3,452,172	2,627,172	825,000	3,452,172	--
Less: Completed Projects		(216,450)	(216,450)	--	(216,450)	--
Total Other Financing Sources, net of completed projects		3,235,722	2,410,722	825,000	3,235,722	--
Increase		--	460,213	141,020	601,233	601,233
FUND BALANCE		\$ --	460,213	141,020	601,233	601,233

STATISTICAL SECTION

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.

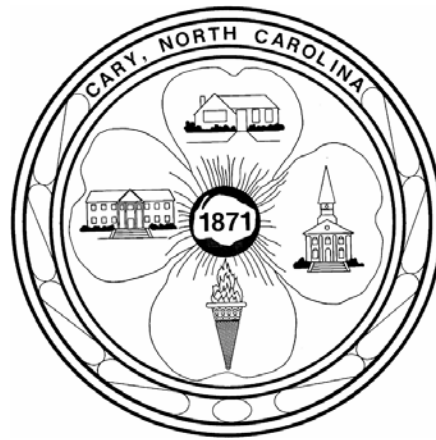
Financial Trends – These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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

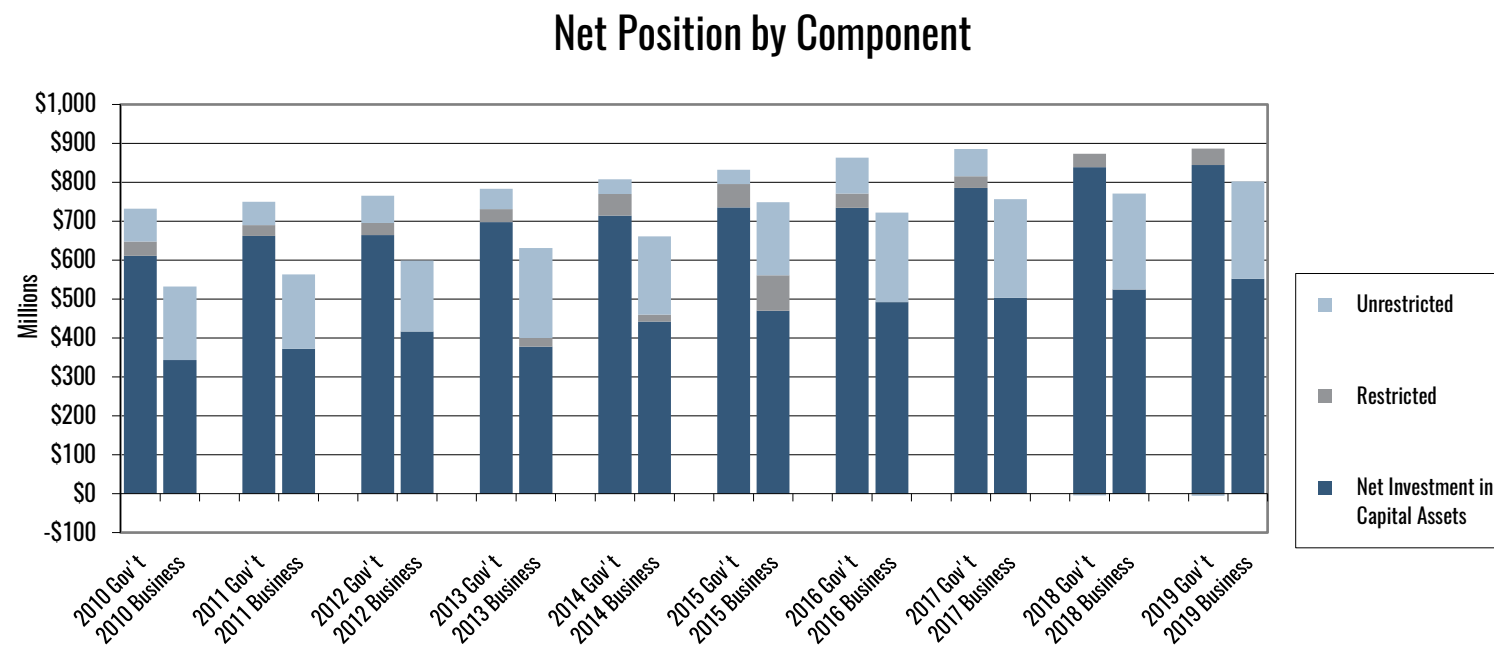
Table 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$611.1	\$661.7	664.7	697.4	714.6	735.8	734.4	785.3	839.0	844.1
Restricted	36.6	28.7	30.3	33.7	55.3	59.6	36.4	30.6	34.4	42.2
Unrestricted	84.7	60.0	70.8	52.4	37.8	37.3	92.4	69.3	(4.4)	(5.9)
Total Governmental Activities Net Position	732.4	750.4	765.8	783.5	807.7	832.7	863.2	885.2	869.0	880.4
Business-type Activities										
Net Investment in Capital Assets	343.3	372.3	416.1	377.4	441.7	469.9	491.8	503.8	524.4	551.8
Restricted	--	--	--	22.8	17.9	91.2	--	--	0.1	--
Unrestricted	188.7	191.0	182.9	231.1	201.8	188.3	230.7	252.5	246.3	250.3
Total Business-type Activities Net Position	532.0	563.3	599.0	631.3	661.4	749.4	722.5	756.3	770.8	802.1
Primary Government										
Net Investment in Capital Assets	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	1,395.9
Restricted	36.6	28.7	30.3	56.5	73.2	150.8	36.4	30.6	34.5	42.2
Unrestricted	273.4	251.0	253.7	283.5	239.6	225.6	323.1	321.8	241.9	244.4
Total Primary Government Net Position	\$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	1,682.5

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.



CHANGES IN NET POSITION ^{(1) (3)}
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$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	35,195,525
Public Safety	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	55,140,843
Public Works	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	32,942,987
Parks, Recreation and Culture	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	23,397,917
Development ⁽²⁾	–	–	–	–	7,406,335	8,418,518	7,500,918	8,692,837	11,430,564	9,335,982
Infrastructure ⁽²⁾	–	–	–	–	32,106,589	37,033,027	41,756,708	41,632,137	53,800,825	74,647,471
Interest Expense	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	3,798,550
Debt service - Other	252,769	518,229	599,803	497,751	–	–	–	–	–	–
Total Governmental Activities Expense	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	234,459,275
Total Business-type Activity - Utility Systems	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	76,884,942
TOTAL PRIMARY GOVERNMENT EXPENSES	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	311,344,217
Program Revenues										
Governmental Activities:										
Charges for Services										
General Governmental	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	2,241,575
Public Safety	282,948	224,324	265,116	307,200	286,424	378,204	336,926	506,885	450,928	691,933
Public Works	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	11,461,751
Parks, Recreation and Culture	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	12,479,836
Development ⁽²⁾	–	–	–	–	4,958,274	3,747,472	4,577,949	5,131,461	5,275,593	4,669,308
Infrastructure ⁽²⁾	–	–	–	–	5,087,765	4,081,071	4,287,823	4,450,810	5,765,749	4,341,712
Operating Grants and Contributions										
General Governmental	6,181,412	5,570,607	6,084,145	5,646,238	1,324,904	15,000	15,000	1,597,672	113,982	76,952
Public Safety	1,093,817	345,903	866,141	380,882	1,171,265	1,242,202	1,077,893	905,047	1,547,030	1,567,743
Public Works	118,072	111,186	105,021	88,128	96,640	106,253	110,422	113,842	118,407	128,066
Parks, Recreation and Culture	26,944	87,165	101,413	101,262	94,594	89,966	474,644	510,240	754,136	563,186
Development ⁽²⁾	–	–	–	–	263,124	725,629	281,355	335,855	1,079,250	557,878
Infrastructure ⁽²⁾	–	–	–	–	2,757,353	2,718,991	2,934,744	3,131,082	3,356,586	4,670,602
Capital Grants and Contributions										
General Governmental	13,562,752	22,579,255	22,920,204	28,128,404	421,160	430,542	(235)	3,652,891	(5,756)	25,260
Public Safety	179,268	–	–	106,320	7,988	–	–	–	–	36,823
Cultural and Recreational	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	5,592,973
Infrastructure ⁽²⁾	–	–	–	–	21,833,148	34,201,284	27,259,686	27,217,844	50,505,616	40,716,664
Total Governmental Activities Program Revenues	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	89,822,262
Business-type Activity (Utility System):										
Charges for Services	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	93,346,513
Capital Grants and Contributions	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	4,479,730
Total Business-type Activity Program Revenues	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	97,826,243
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	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	187,648,505

CHANGES IN NET POSITION ^{(1) (3)}
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Revenue (Expense)										
Governmental Activities	(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)	(144,637,013)
Business-type Activity	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	20,941,301
TOTAL PRIMARY GOVERNMENT										
NET REVENUE (EXPENSE)	(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)	(123,695,712)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Ad Valorem Taxes	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	94,444,979
Sales Tax	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	36,382,033
Occupancy Tax	627,776	724,825	786,849	838,514	931,852	1,035,772	1,130,099	1,198,422	1,267,356	1,433,904
ABC Revenue	428,338	468,934	521,915	634,453	655,502	758,564	854,257	909,067	969,988	1,106,714
Privilege License Revenue	1,631,132	1,596,040	1,623,016	1,671,965	1,665,233	1,534,910	--	--	--	--
Other Taxes	86,377	93,229	92,506	93,464	100,529	109,979	112,277	145,850	837,004	1,773,969
Unrestricted Intergovernmental	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	11,602,243
Investment Earnings, net of market adjustment	3,113,436	2,077,748	920,498	432,367	1,263,991	1,363,057	2,674,110	635,198	1,217,658	8,870,589
Gain (Loss) on Sale of Capital Assets	(199,969)	98,914	279,421	85,447	43,412	95,399	505,465	229,437	239,691	409,021
General Donations	--	10,000	--	--	--	--	--	--	--	--
Miscellaneous Revenue	1,358,896	1,017,459	1,320,513	1,195,389	162,417	78,097	44,082	47,201	104,977	(14,886)
Transfers In, net	1,000,000	1,000,000	1,000,000	1,000,000	--	--	--	--	--	--
Total Governmental Activities	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	156,008,566
Business-type Activity:										
Investment Earnings, net of market adjustment	3,063,452	2,124,874	915,137	508,292	1,385,781	1,454,440	2,726,503	517,213	1,387,496	10,603,919
Gain on Sale of Capital Assets	--	--	--	2,075	--	--	--	--	--	--
Miscellaneous Revenue	35,311	88,292	28,253	60,931	53,495	724,934	--	7,948	224,770	(224,770)
Transfers In, net	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	--	--	--	--	--	--
Total Business-type Activity	2,098,763	1,213,166	(56,610)	(428,702)	1,439,276	2,179,374	2,726,503	525,161	1,612,266	10,379,149
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	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	166,387,715
Change in Net Position										
Governmental Activities	(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	11,371,553
Business type Activity	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	31,320,450
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$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	42,692,004

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.

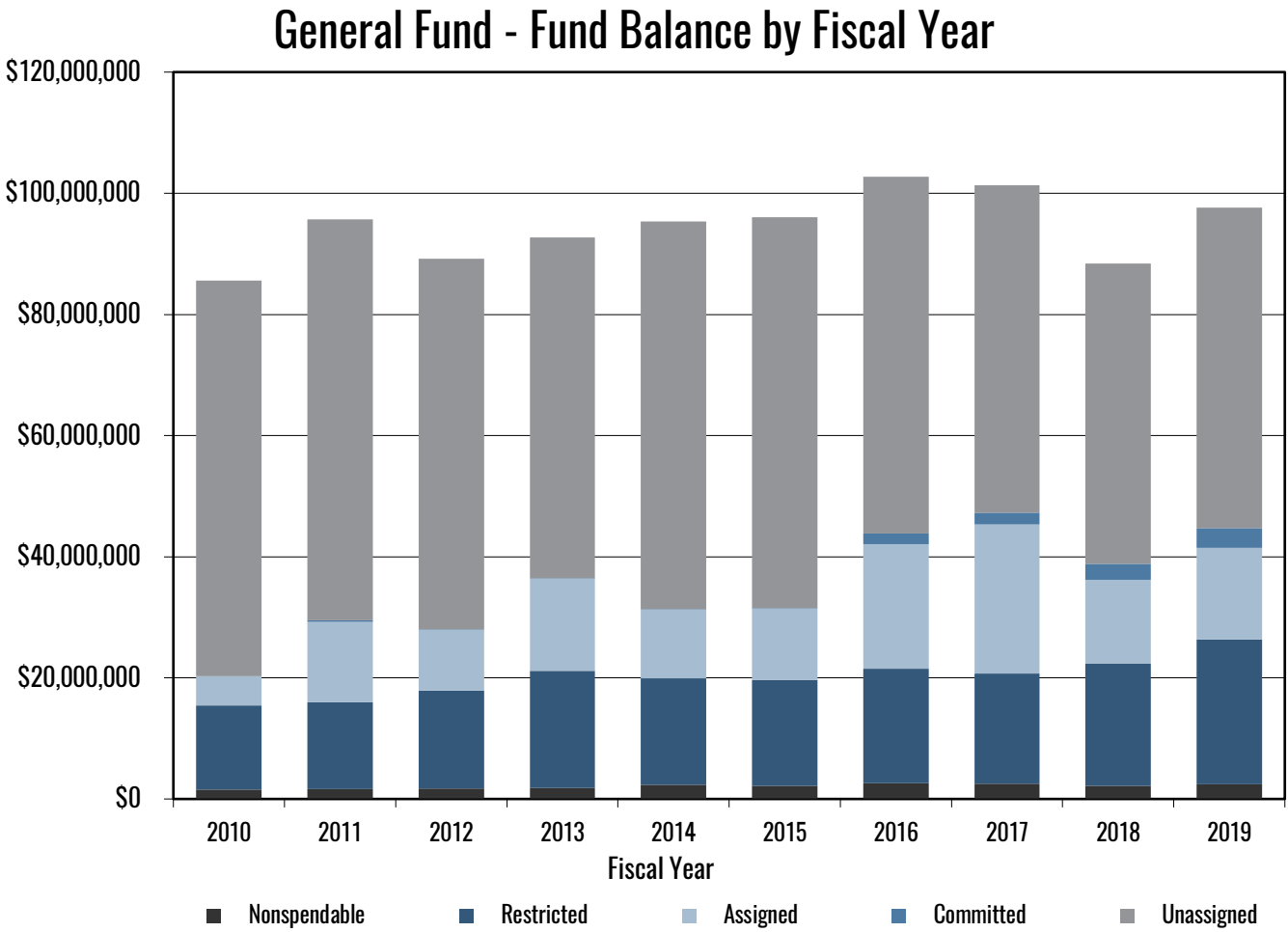
FUND BALANCES, GOVERNMENTAL FUNDS⁽¹⁾
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND										
Nonspendable	\$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	2,465,256
Restricted	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	23,902,554
Committed	–	275,597	42,307	67,704	83,826	91,329	1,727,093	1,936,389	2,630,104	3,247,942
Assigned	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	15,066,068
Unassigned	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	52,976,987
Total General Fund	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	97,658,807
ALL OTHER GOVERNMENTAL FUNDS										
Capital Project										
Restricted	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	22,948,223
Committed	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	121,182,612
Special Revenue										
Restricted	686,059	210,767	117,102	3,120	674,456	830,320	554,965	199,051	1,250,029	2,459,192
Committed	955,992	817,092	426,216	750,816	1,018,761	1,761,957	2,553,576	1,107,628	785,259	(780,061)
Unassigned	–	–	–	–	–	–	(1,200,435)	–	(116,820)	–
Total All Other Governmental Funds	\$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	145,809,966

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

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Ad Valorem Taxes	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	94,482,047
Other Taxes and Licenses	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	41,390,297
Unrestricted Intergovernmental	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	11,602,243
Restricted Intergovernmental	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	13,480,647
Permits and Fees	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	15,531,017
Sales and Services	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	20,399,433
Investment Earnings, net of market adjustment	2,808,943	1,625,479	912,452	426,203	1,257,048	1,356,546	2,611,866	574,475	1,328,512	9,204,814
Reimbursements	—	—	—	—	247,970	350,966	—	3,647,100	—	—
Miscellaneous	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	3,694,913
TOTAL REVENUES	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	209,785,411
EXPENDITURES										
Current:										
General Government	29,542,906	29,011,517	30,391,880	29,653,364	28,466,539	22,547,564	24,983,488	26,785,122	36,086,262	46,886,501
Public Safety	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	55,322,700
Public Works	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	30,213,417
Parks, Recreation and Culture	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	25,411,732
Development ⁽²⁾	—	—	—	—	6,905,274	8,335,750	9,080,598	8,636,900	9,553,009	8,805,422
Infrastructure ⁽²⁾	—	—	—	—	15,707,351	20,147,407	29,566,219	32,672,644	38,799,090	39,442,598
Debt service:										
Principal	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	12,366,132
Interest	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	4,133,199
Bond Service Charges	342,527	370,211	322,207	244,535	464,899	227,895	283,401	184,862	470,809	273,664
Reimbursement for Open Space	—	—	—	—	(946,012)	(918,229)	(890,446)	(862,663)	(822,264)	(794,469)
Non Department Allocation Accounts	—	—	—	—	—	—	—	—	169	4,823,877
Capital Projects ⁽³⁾	21,622,624	24,884,877	32,950,758	22,813,538	—	—	—	—	—	—
TOTAL EXPENDITURES	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	226,884,773
REVENUES OVER (UNDER) EXPENDITURES	(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)	(17,099,362)

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)										
Transfers In	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	10,144,514
Transfers Out	(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)	(10,144,514)
Sale of Assets	741,886	202,620	357,594	148,139	180,536	219,439	591,684	309,959	296,798	565,605
Capital Lease Obligations Issued	737,828	958,419	1,261,901	636,858	1,157,013	765,816	1,039,101	1,178,759	850,457	2,909,471
Installment Purchase Contracts	–	–	–	–	–	–	–	–	–	8,475,000
General Obligation Bonds Issued	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	(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	2,728,130	2,236,953	2,642,205	1,784,997	37,336,921	985,255	1,673,166	488,718	33,399,567	11,950,076
NET CHANGE IN FUND BALANCE	1,965,161	(2,276,535)	(13,258,632)	(956,533)	39,929,279	5,224,488	(2,224,695)	2,145,032	20,447,208	(5,149,286)
Debt Service as a percentage of										
non-capital expenditures	9.6%	10.4%	9.5%	10.2%	9.7%	9.8%	9.2%	9.1%	8.8%	7.3%

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

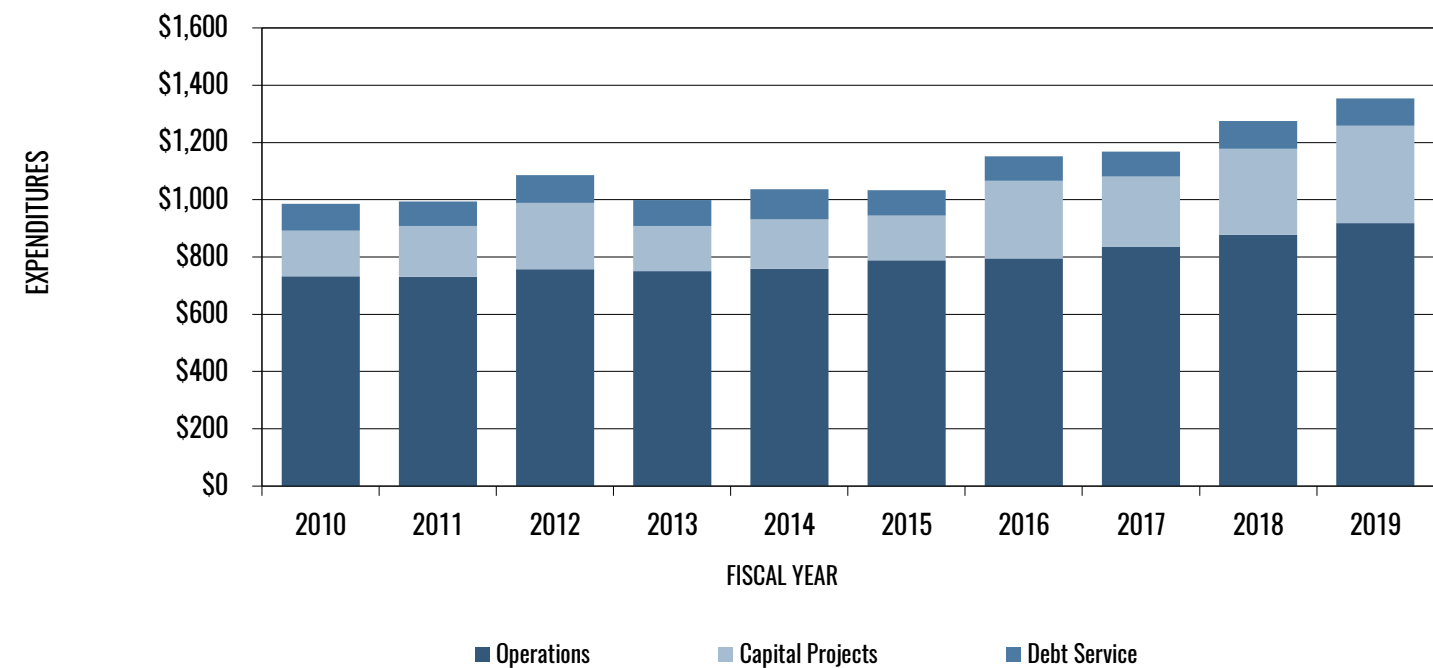
Table 5

Fiscal Year	General Government (1) (11)	Public Safety (2) (11)	Public Works (3)	Parks, Recreation and Culture (4) (11)	Development (5)	Infrastructure (6) (11)	Non-Department Allocation Accounts (12)	Debt Service (7)	Capital Projects (8)	Fiscal Year Total	Per Capita Expenditures
2019	\$29,573,654	49,672,087	30,213,417	17,073,057	8,805,422	13,761,534	4,823,877	15,978,526	56,983,199	226,884,773	1,354
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

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.
- (12) Non Department Allocation accounts include utilities & insurance and bonds.

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
2019	\$13,288,903	10,574,329	3,895,979	7,970,554	8,069,917	12,165	24,240,467	37,537,721	105,590,035	1,670
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

NOTES:

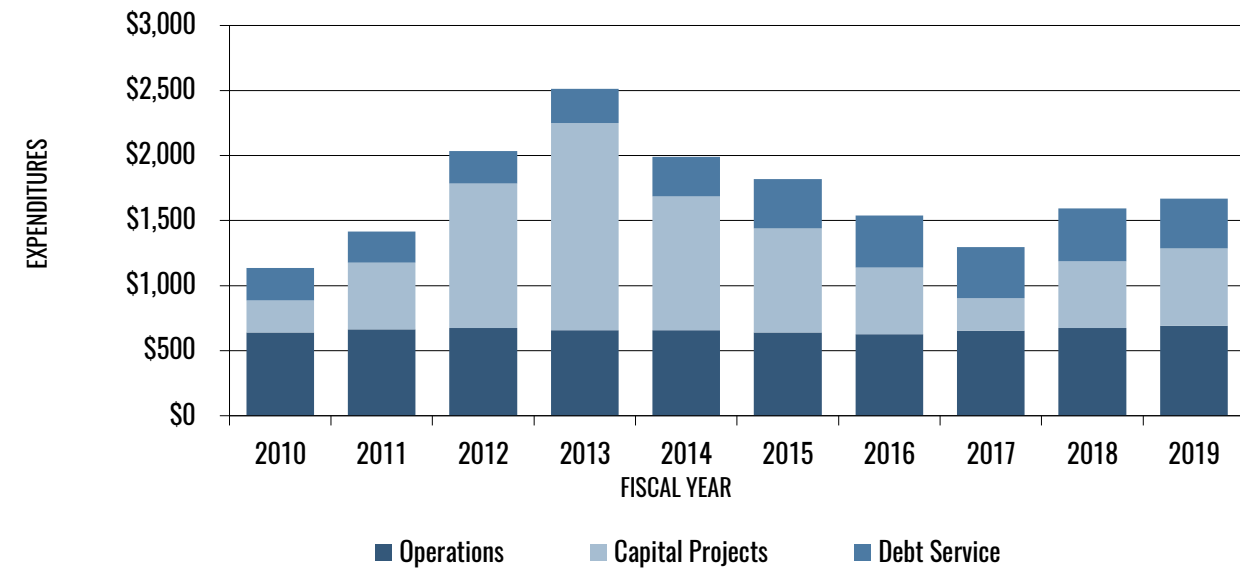
⁽¹⁾ This table was prepared using the modified accrual basis of accounting.

⁽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

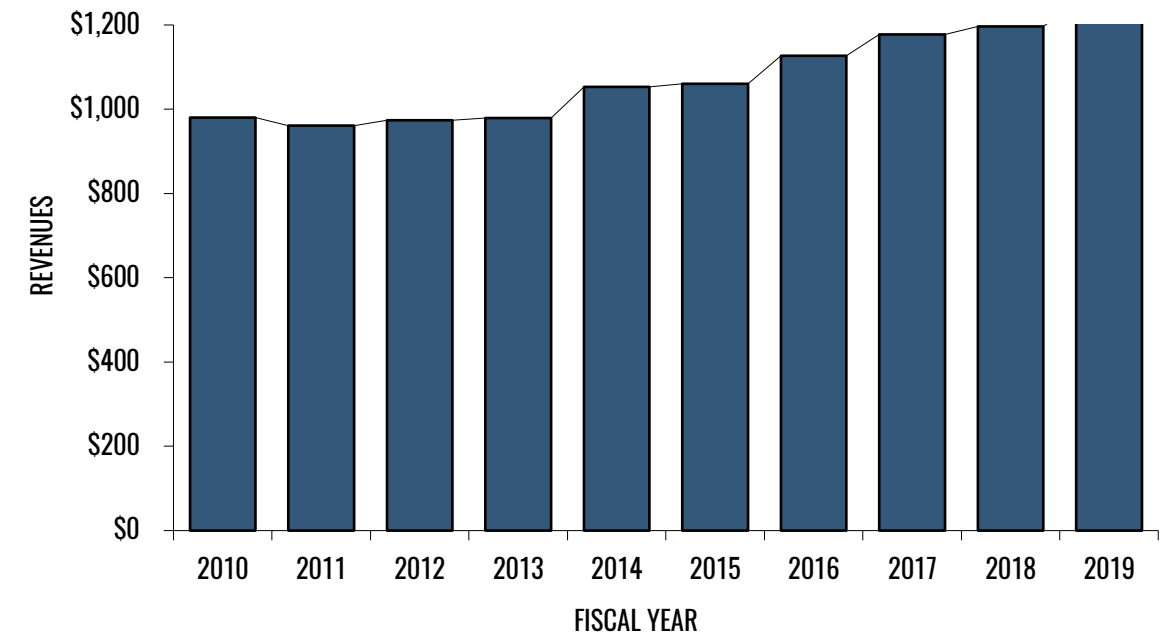
Table 7

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
2019	\$135,872,344	15,531,017	25,082,890	20,399,433	9,204,814	3,694,913	209,785,411	1,252
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

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

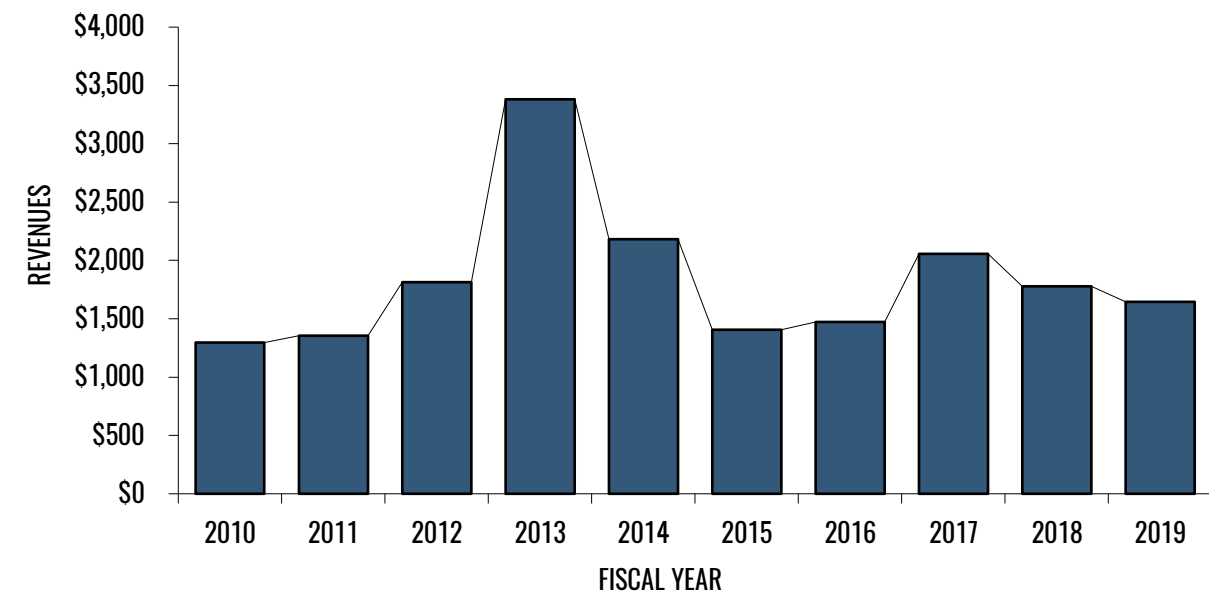
Table 8

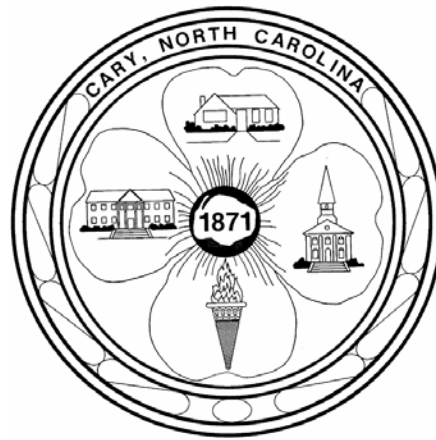
Fiscal Year	Charge for Services	Other Operating Revenues	Investment Earnings ⁽²⁾	Debt Proceeds ⁽³⁾	Other Revenues & Reimbursements ⁽⁴⁾	Development Fees	Total	Per Customer Revenues
2019	\$80,229,848	2,287,406	10,603,919	---	125,069	10,665,928	103,912,170	1,644
2018	79,753,854	1,991,851	1,387,496	9,791	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

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			
2019	\$23,224,740,118	2,827,914,406	192,199,077	26,244,853,601	727,696,069	51,932,638	47,106	779,675,813	27,024,529,414	\$0.35	2%
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%

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⁾	
2019	\$26,244,853,601	148,627,572,143	17.66 %	\$779,675,813	11,521,066,198	6.77 %
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

NOTES:

⁽¹⁾ 2010-2019 data from Wake County Finance Department.

⁽²⁾ 2010-2019 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
2019	\$0.35	0.654	0.628	1.004	0.978
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

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	2010			2019		
		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	\$311,472,726	1	1.51 %	\$580,088,457	1	2.15 %
Highwoods Realty Limited Partnership	Real Estate Investments	47,976,273	12	.23	232,661,104	2	.86
WMCI Raleigh LLC	Real Estate Development	(2)		--	132,508,023	3	.49
KRG Parkside LLC	Real Estate Development	(2)		--	95,250,942	4	.35
Crossroads Plaza, 1743 LP	Real Estate Investments	71,252,784	4	.34	83,541,777	5	.31
Kellogg/Austin Quality Foods, Inc.	Baked Goods	55,039,601	10	.27	78,348,063	6	.29
Bradford Spe LLC	Real Estate Development	(2)		--	77,173,204	7	.29
Alidade Regency LLC	Real Estate Development	(2)		--	60,792,613	8	.22
Duke Energy Progress	Electric Utility	50,852,056	11	.25	58,200,874	9	.22
Four Star Ventures LLC	Real Estate Development	67,007,891	5	.32	57,971,756	10	.21
MLC Automotive LLC	Automotive	(2)		--	55,371,553	11	.20
Morguard Lodge Apartments LLC	Real Estate Development	42,081,023	15	.20	53,456,361	12	.20
Intercontinental Fund II Regency Lakeview	Real Estate Investments	56,377,254	9	.27	53,120,012	13	.20
Siemens Medical Solutions	Healthcare Technology	(2)		--	52,771,098	14	.20
Guardian Tryon Village LLC	Real Estate Development	(2)		--	52,605,352	15	.19
Cary Venture Limited Partnership	Real Estate Investments	118,135,814	2	.57	(2)		--
RH Donnelley Inc	Publishing	74,973,888	3	.36	(2)		--
Weeks Realty LP	Real Estate Development	64,559,994	6	.31	(2)		--
MCI Communication Services Inc.	Telecommunications	62,744,438	7	.30	(2)		--
PFRS Crossroads Corp	Real Estate Investments	60,134,014	8	.29	(2)		--
KIR Cary Limited Partnership	Real Estate Investments	45,252,564	13	.22	(2)		--
SVF Weston Lakeside	Real Estate Investments	44,360,833	14	.21	(2)		--
Total		<u>\$1,172,221,153</u>		<u>5.65 %</u>	<u>\$1,723,861,189</u>		<u>6.38 %</u>

NOTES:

⁽¹⁾ Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2019.

⁽²⁾ Not within top fifteen ranking.

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

PROPERTY TAX LEVIES AND COLLECTIONS

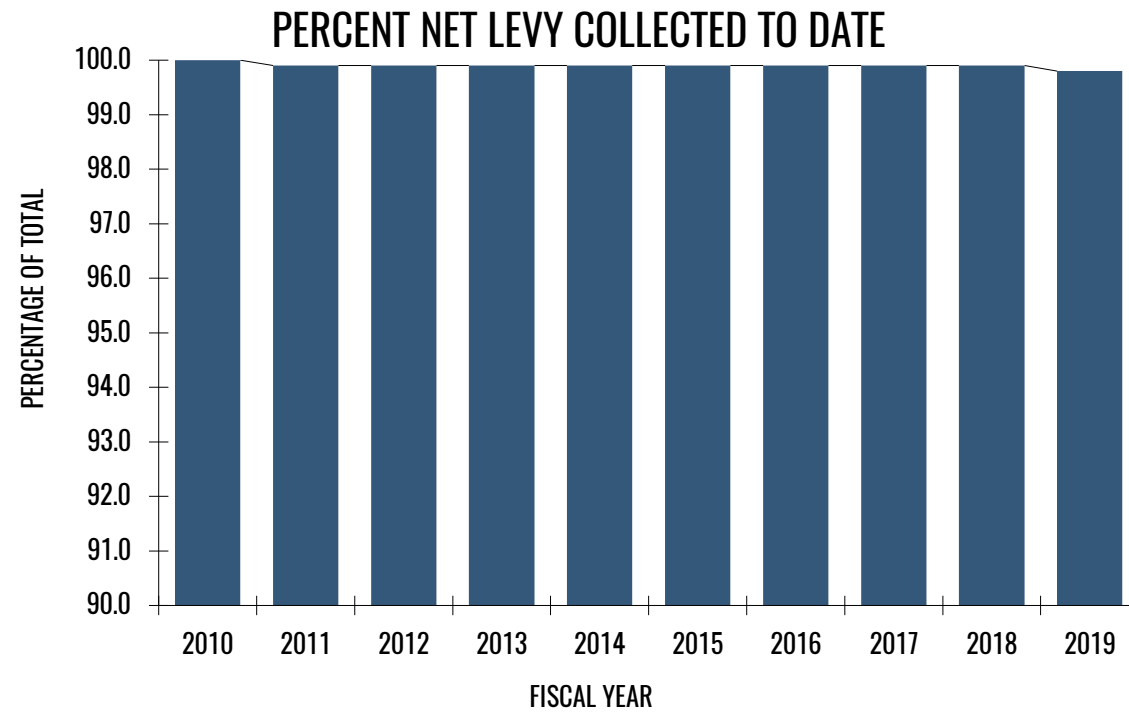
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

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
2019	\$94,471,557	\$94,343,279	99.8 %	\$ --	94,343,279	99.8 %
2018	91,830,568	91,759,631	99.9	53,748	91,813,379	99.9
2017	89,914,221	89,284,084	99.3	600,832	89,884,916	99.9
2016	87,321,107	86,712,014	99.3	575,261	87,287,275	99.9
2015	79,856,172	79,254,550	99.2	588,053	79,842,603	99.9
2014	78,746,669	78,031,508	99.0	692,684	78,724,192	99.9
2013	71,093,526	70,567,236	99.2	501,491	71,068,727	99.9
2012	69,608,379	69,206,629	99.4	371,513	69,578,142	99.9
2011	67,897,001	67,406,048	99.2	463,129	67,869,177	99.9
2010	66,767,280	66,126,105	99.0	641,175	66,767,280	100.0

NOTES:

⁽¹⁾ Includes writeoffs.



AD VALOREM TAXES RECEIVABLE

TOWN OF CARY, NORTH CAROLINA CURRENT AND LAST NINE FISCAL YEARS

Table 14

Fiscal Year	Balance June 30, 2018	Current Net Levy	Collections and Credits ⁽¹⁾	Balance June 30, 2019
2019	\$ --	94,471,557	94,343,279	128,278
2018	70,937	--	53,748	17,189
2017	31,273	--	1,968	29,305
2016	35,613	--	1,781	33,832
2015	14,519	--	950	13,569
2014	23,543	--	1,066	22,477
2013	25,515	--	716	24,799
2012	30,756	--	519	30,237
2011	28,057	--	233	27,824
2010	28,179	--	28,179	--
Total	<u>\$288,392</u>	<u>94,471,557</u>	<u>94,432,439</u>	<u>327,510</u>
Less: Allowance for uncollectable ad valorem taxes receivable				<u>(150,961)</u>
Ad valorem taxes receivable, net				<u>\$176,549</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, 2019

Table 15

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$26,988,100,247	0.35	94,468,129	87,943,493	6,524,636
Penalties	--		55,861	55,861	--
Total	26,988,100,247		94,523,990	87,999,354	6,524,636
Discoveries:					
	--	0.35	--	--	--
Prior Year Taxes	36,429,167		117,206	117,206	--
Total	27,024,529,414		94,641,196	88,116,560	6,524,636
Abatements	--		(169,639)	(144,752)	(24,887)
Total Property Valuation	<u>\$27,024,529,414</u>				
Net Levy			94,471,557	87,971,808	6,499,749
Uncollected at June 30, 2019			(128,278)	(128,278)	--
Current Year Taxes Collected, net			<u>\$94,343,279</u>	87,843,530	6,499,749
Current Levy Collection Percentage			<u>99.86%</u>	99.85%	100.00%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment Ratio				100.00%	
Real Property				\$23,952,436,187	
Personal Property				2,879,847,044	
Public Service Companies				192,246,183	
Total Assessed Valuation				<u>\$27,024,529,414</u>	
Tax Rate per \$100				0.35	
Levy (includes discoveries, releases and abatements)				<u>\$94,641,196</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⁾		
2019	\$109,129,280	18,184,273	3,151,980	62,234,279	201,172,555	31,202,222	425,074,589	2,537
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

NOTES:

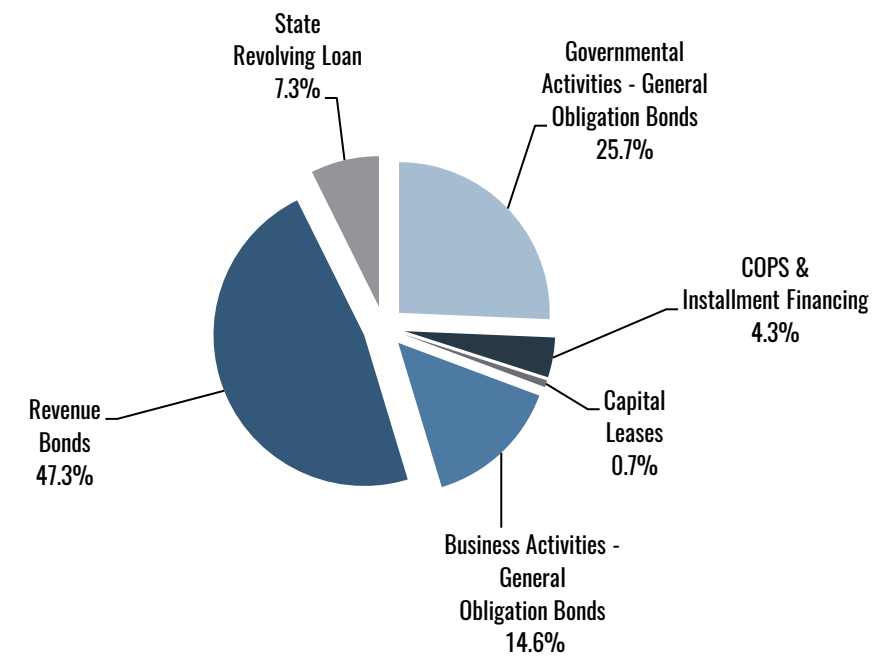
⁽¹⁾ Debt is net of any related premiums or discounts.

⁽²⁾ State revolving loan amount is net of a long-term receivable relating to interlocal agreements with the Town of Apex and the Town of Holly Springs for their portions of the Western Wake Regional Wastewater Management Facility loan according to their respective partner percentages for the various regional plant projects.

⁽³⁾ See Table 22 for population data.

⁽⁴⁾ % of Personal Income cannot be calculated because separate personal income data is not available for the Town of Cary. See Table 22 for further explanation.

**FISCAL YEAR 2019 OUTSTANDING DEBT
TOTAL PRIMARY GOVERNMENT**



RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

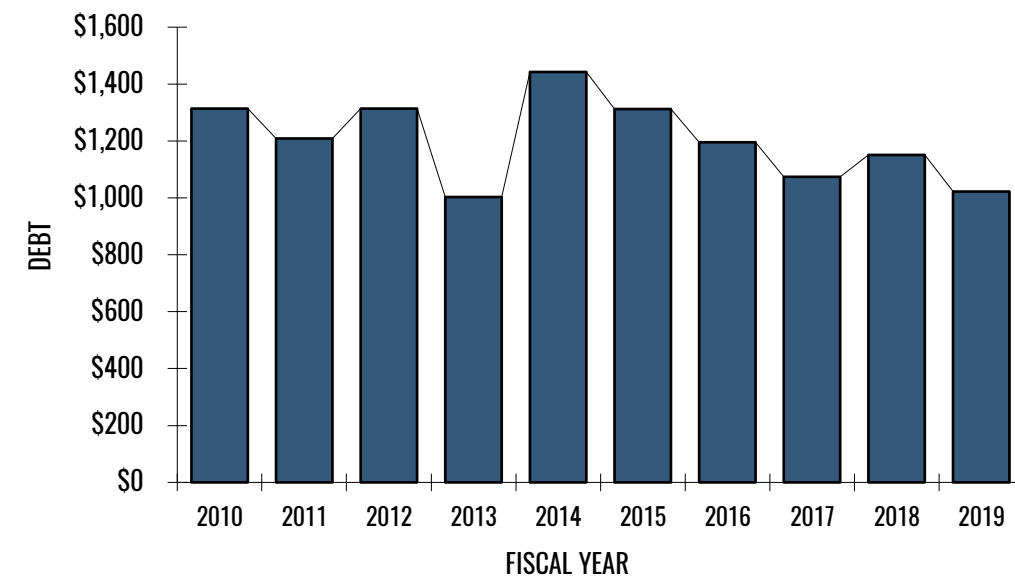
Table 17

Fiscal Year	Population ⁽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
2019	167,547	\$27,024,529,414	171,363,559	9,190,000	162,173,559	.60 %	\$968	\$1,023
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

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
2019	\$27,024,529,414	2,161,962,353	(199,559,812)	1,962,402,541	9.23%
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%

NOTES:

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

Governmental General Obligation Bonds (includes related premium & discount)	\$109,129,280
Utility General Obligation Bonds (includes related premium & discount)	62,234,279
General Obligation Bonds Authorized, Not Issued ⁽²⁾	16,050,000
Certificates of Participation, Limited Obligation Bonds and Installment Purchases	18,184,273
Capital Leases	3,151,980
Gross Bonded Debt	208,749,812
Statutory Deductions:	
Bonded Debt Included in Gross Debt Incurred for Water	(9,190,000)
Total Net Debt Applicable to Debt Limit	<u>\$199,559,812</u>

⁽²⁾ General Obligation Bonds Authorized, Not Issued for FY2019

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, 2019

Table 19

	Governmental Activities Debt	Percentage Applicable to Town of Cary ⁽²⁾	Amount Applicable to Town of Cary
Direct Debt:			
Town of Cary	<u>\$130,465,533 ⁽¹⁾</u>	100.00%	<u>\$130,465,533</u>
Overlapping Debt ⁽³⁾ :			
County of Wake	1,727,510,000	17.66%	305,046,005
County of Chatham	<u>—</u>	6.77%	<u>—</u>
Total Overlapping Debt	<u>1,727,510,000</u>		<u>305,046,005</u>
TOTAL	<u><u>\$1,857,975,533</u></u>		<u><u>\$435,511,538</u></u>

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	Revenue Bond Debt Service	Coverage ⁽⁴⁾⁽⁵⁾
	Available for Debt Service ⁽¹⁾		Available for Debt Service					Unrestricted Net Position		
2019	\$92,957,329	43,232,004	49,725,325	23,537,980	12,615,825	10,922,155	2.11	\$37,328,468	11,717,481	7.43
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

NOTES:

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

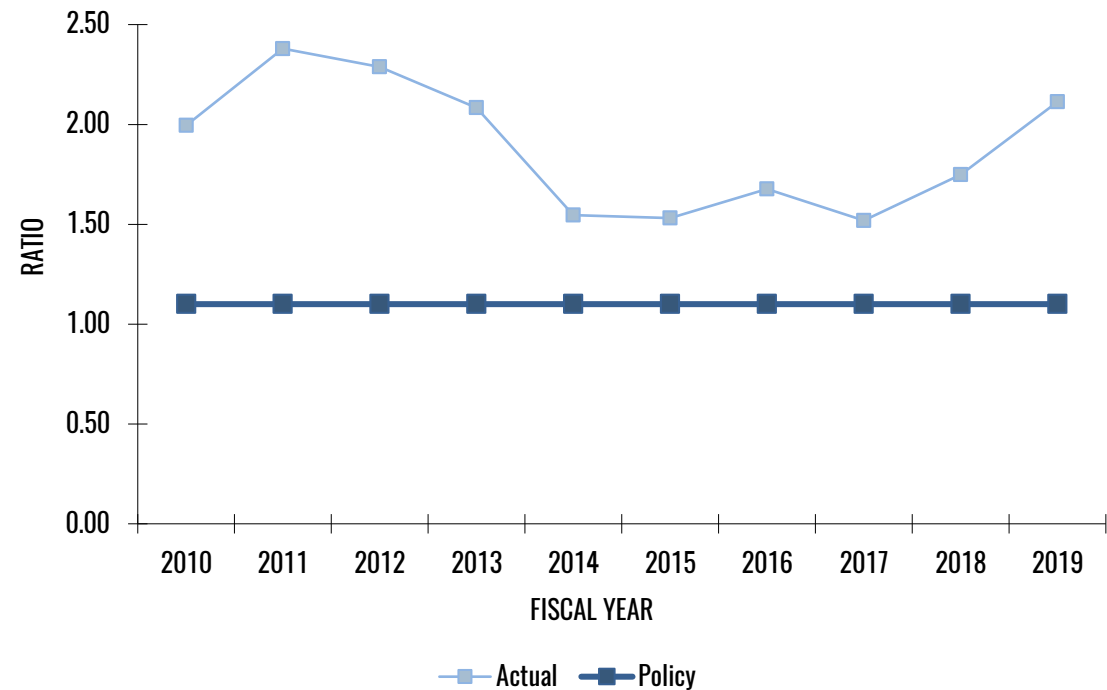
⁽²⁾ Includes administrative, field operations, utility systems maintenance, water reclamation facilities, and Cary/Apex water treatment plant in the utility systems enterprise fund. Excludes reimbursement to general fund for indirect costs, depreciation, interest expense and other debt related expenses.

⁽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

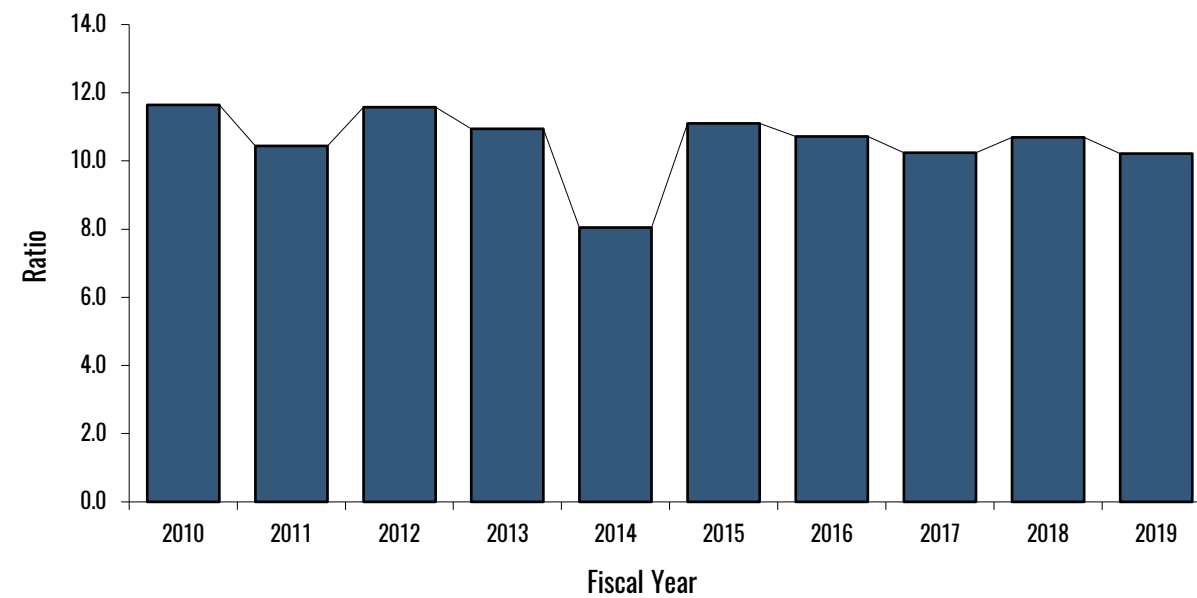
Table 21

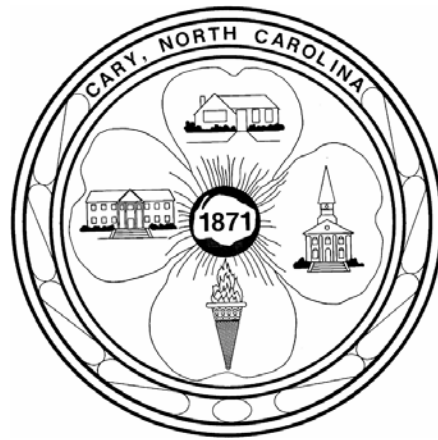
Fiscal Year	Principal	Interest	Total Debt Service ⁽¹⁾	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2019	\$12,366,132	4,133,199	16,499,331	161,547,108	10.2 %
2018	12,423,432	3,889,883	16,313,315	152,646,226	10.7
2017	11,175,613	3,312,564	14,488,177	141,481,720	10.2
2016	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

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 CHARACTERISTICS

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⁾
2019	167,547	\$45,681	36.6	3.9	3.5
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

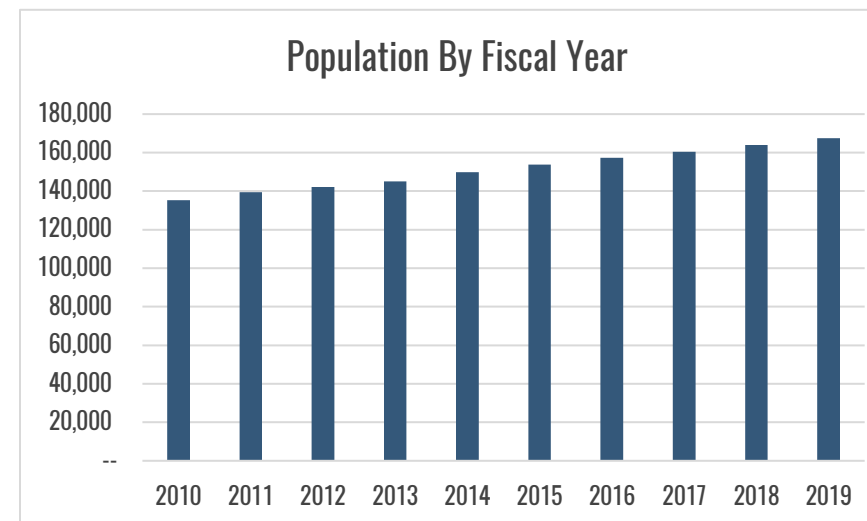
NOTES:

⁽¹⁾ 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⁾ 2010 data is from U.S. Census Bureau, Census 2000. 2011 - 2019 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⁾ 2010 data is from U.S. Census Bureau, Census 2000. 2011 through 2019 data is from the U.S. Census Bureau, Census 2010.

⁽⁴⁾ Data is from the U.S. Department of Labor, Bureau of Labor Statistics for the month of June.



PRINCIPAL EMPLOYERS
 TOWN OF CARY, NORTH CAROLINA
 NINE YEARS AGO AND CURRENT YEAR

Table 23

Employer	(2)			(1)		
	2010			2019		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
SAS Institute, Inc.	4,149	1	6.04 %	5,632	1	6.06 %
Met Life	(4)		--	2,000	2	2.15
Verizon Business	3,000	2	4.37	2,000	3	2.15
Powerteam Services	(4)		--	1,993	4	2.15
Siemens Medical Solutions USA	700	8	1.02	1,600	5	1.72
HCL Technologies	(4)		--	1,500	6	1.61
ABB, Inc.	(4)		--	1,300	7	1.40
Town of Cary	1,140	4	1.66	1,222	8	1.32
American Airlines Reservation Center	1,000	5	1.46	1,200	9	1.29
DB Global Technologies	(4)		--	1,000	10	1.08
Affiliated Computer Services	1,200	3	1.75	(4)		
Blue Phoenix Solutions	750	6	1.09	(4)		
Austin Quality Foods/Kelloggs	707	7	1.03	(4)		--
Precision Walls	530	9	.77	(4)		--
John Deere - Agricultural and Turf Division	500	10	.73	(4)		--
Total	<u>13,676</u>		<u>19.92 %</u>	<u>19,447</u>		<u>20.93 %</u>
Total Employment ⁽³⁾				<u>92,910</u>		

NOTES:

(1) From '2018_Major_Employers_by_Size.pdf', Wake County Economic Development website.
 (2) From Town of Cary Annual Operating Budget Fiscal Year 2011, approved June 2010.
 (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

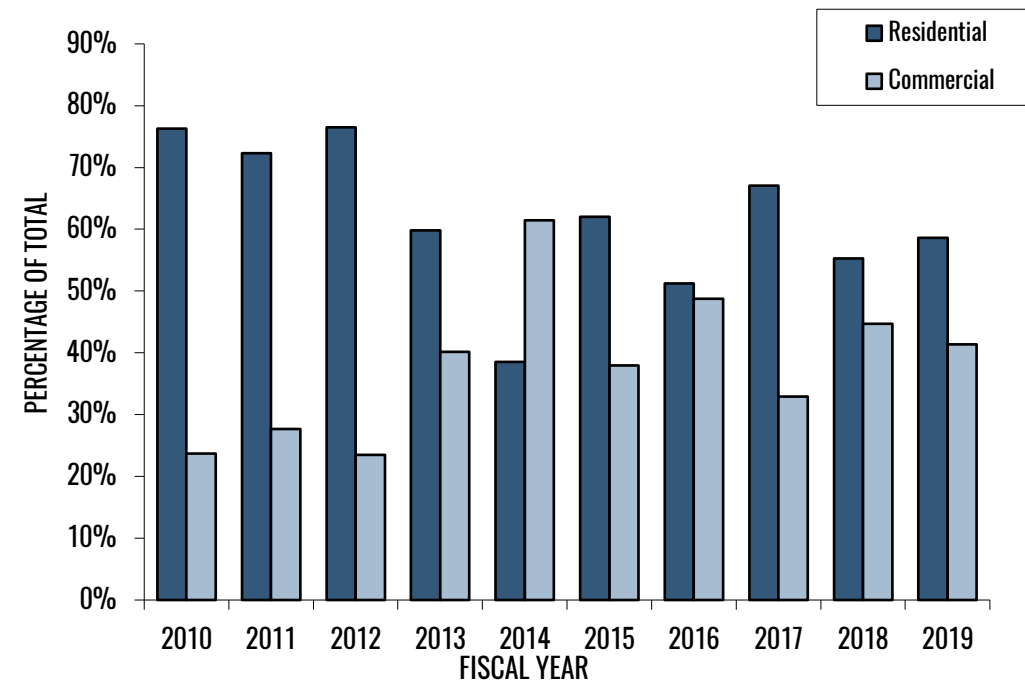
Table 24

Fiscal Year	Building Permits ⁽¹⁾						Bank Deposits at June 30 ⁽³⁾
	Commercial		Residential		Total		
	Number	Value	Number	Value	Number	Value	
2019	525	\$206,974,111	2,464	\$293,285,610	2,989	\$500,259,721	⁽⁴⁾
2018	596	296,255,531	2,905	\$366,377,168	3,501	662,632,699	\$4,205,292,000
2017	638	172,195,683	2,882	350,395,583	3,520	522,591,266	3,922,424,000
2016	628	288,778,925	2,741	303,625,699	3,369	592,404,624	3,506,831,000
2015	535	169,945,449	2,423	277,886,584	2,958	447,832,033	3,264,182,000
2014	558	519,999,528	2,659	326,078,101	3,217	846,077,629	3,138,957,000
2013	520	207,076,301	2,561	308,482,214	3,081	515,558,515	2,866,728,000
2012	427	83,728,341	2,361	272,232,209	2,788	355,960,550	2,684,627,000
2011	416	75,450,554	2,252	197,146,669	2,668	272,597,223	2,259,273,000
2010	343	83,513,481	2,634	269,125,766	2,977	352,639,247	2,185,106,000

NOTES:

- ⁽¹⁾ Compiled by the Town of Cary Permits and Inspections Department. Numbers represent new construction and additions. Residential includes multi-family construction.
- ⁽²⁾ 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⁾

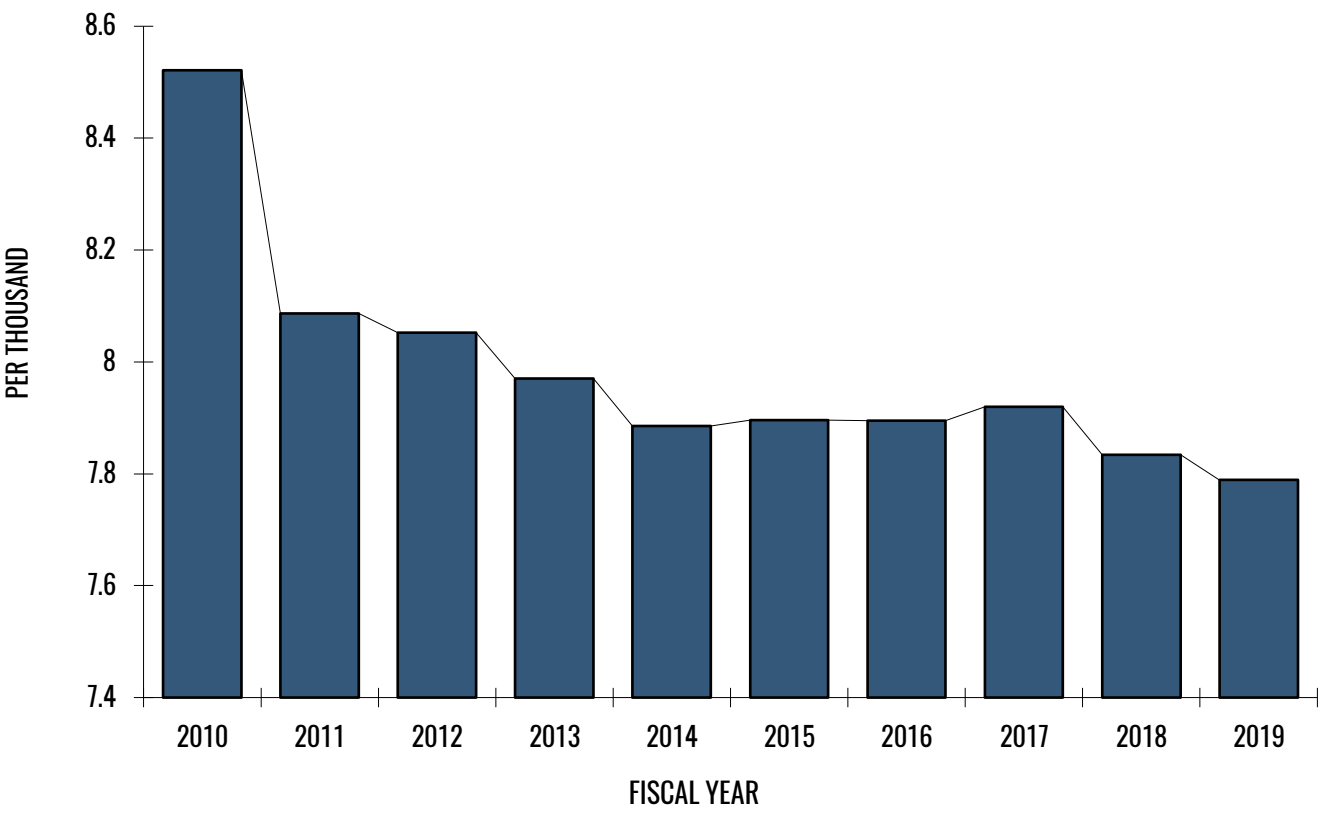
Table 25

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	Employees Per Thousand Population
2019	4.00	4.00	23.69	31.00	48.52	14.63	26.00	--	49.00	41.63	20.00	38.00	243.50	240.00	0.00	330.50	107.50	83.00	1304.97	7.79
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	7.83
2017	4.00	4.00	24.69	31.00	44.53	14.63	27.00	--	48.00	42.63	15.00	43.00	230.50	222.00	--	331.00	107.25	81.00	1270.23	7.92
2016	4.00	4.00	23.69	29.00	43.55	14.63	26.00	--	47.00	40.63	14.00	43.00	225.50	219.00	--	322.00	107.00	78.50	1241.50	7.89
2015	4.00	4.00	23.69	25.00	43.50	13.63	26.00	--	43.00	38.50	11.63	42.00	223.50	216.00	--	318.50	106.75	75.25	1214.95	7.90
2014	3.75	3.00	21.63	25.00	43.50	13.63	24.00	--	42.00	38.50	11.63	39.00	217.50	216.00	--	312.50	102.75	67.25	1181.64	7.89
2013	3.75	3.00	15.63	24.00	43.50	12.25	30.00	62.00	--	--	--	43.63	216.50	222.00	406.25	--	--	73.00	1155.51	7.97
2012	3.75	3.00	15.63	24.00	42.50	12.25	27.00	62.00	--	--	--	45.63	215.50	221.00	401.25	--	--	72.00	1145.51	8.05
2011	3.75	3.00	15.63	23.00	49.13	12.25	27.00	62.00	--	--	--	45.63	211.50	206.00	398.00	--	--	70.25	1127.14	8.09
2010	3.75	3.00	14.63	24.00	54.13	12.25	33.00	64.00	--	--	--	49.63	207.00	206.00	413.75	--	--	67.50	1152.64	8.52

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 accomodate staffing transitions. As of 6/30/19, 16 of 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.

EMPLOYEES PER THOUSAND POPULATION



OPERATING INDICATORS BY FUNCTION/PROGRAM ⁽¹³⁾

TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

Table 26

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Number of Part I Crimes ⁽¹⁾	2,330	2,416	2,289	2,220	2,122	2,132	2,089	1,873	1,994	1,760
Number of Part II Crimes ⁽²⁾	2,351	2,532	3,067	2,691	2,581	2,525	2,650	2,757	2,900	2,473
Number of Arrests (Adults-16 years of age and over)	2,025	1,725	1,870	1,744	1,707	1,537	1,462	1,225	1,533	1,591
Number of Arrests (Juvenile)	148	121	129	127	121	92	61	85	68	92
Fire										
Total Fire Loss in Dollars	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	3,079,659
Dollar Loss Per Capita	13.67	19.87	12.55	20.38	20.51	13.58	17.82	12.24	38.70	18.79
% Emergency Calls Responded to within 5 minutes	91.7%	92.0%	91.9%	90.8%	90.5%	90.1%	91.0%	90.9%	90.9%	89.7%
Development and Infrastructure										
Inspections and Permits										
Certificates of Occupancy ⁽³⁾	2,786	2,319	3,444	3,434	3,713	3,271	3,579	3,718	3,321	3,376
Number of Inspections	71,292	63,503	58,879	68,818	73,344	73,852	75,830	79,982	77,239	73,457
Number of Permits Issued	8,287	8,099	7,515	8,018	8,339	7,743	9,192	8,749	8,769	8,573
Transportation & Facilities										
Streets Resurfaced (miles)	11.50	10.00	8.50	21.00	19.00	21.00	19.60	20.08	15.00	28.78
Streets Maintained (miles) ⁽⁴⁾	427.27	432.59	444.19	453.80	458.44	466.30	470.80	475.54	485.25	492.12
Transit										
Annual Ridership	186,773	229,965	282,675	327,887	342,864	317,167	290,268	224,386	249,546	269,353
Parks, Recreation and Culture										
Athletic Program Participants ⁽⁵⁾	27,863	56,260	59,402	74,619	63,986	61,382	59,839	67,403	73,278	68,910
Special Events	92	84	90	88	102	115	115	122	133	131
Cultural Arts Program Participants ⁽⁶⁾	10,726	8,585	11,859	11,583	133,321	145,044	217,133	239,726	238,299	237,445
Concerts & Performances	81	90	107	88	120	159	217	429	432	405
Recreation Program Participants	58,172	59,737	62,008	72,242	75,759	75,769	76,173	80,688	80,359	80,310
Facility Rental Hours	8,111	7,942	11,275	10,085	11,966	23,233	28,961	32,076	32,271	32,330
Public Works and Utilities										
Refuse Collection										
Refuse Collected (tons per year)	30,356	30,562	31,133	31,412	32,050	33,383	34,724	35,457	35,548	36,460
Recyclables Collected (tons per year)	11,141	11,190	11,406	11,503	11,781	11,983	11,662	11,431	11,242	11,512
Yard Waste Composted ⁽⁷⁾		16,554	18,665	19,371	20,147	21,680	22,171	20,860	19,210	18,377

OPERATING INDICATORS BY FUNCTION/PROGRAM ⁽¹³⁾
TOWN OF CARY, NORTH CAROLINA
LAST TEN FISCAL YEARS

Table 26

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water										
Number of Utility Customers ⁽⁸⁾	50,388	52,155	53,173	55,171	56,839	58,307	59,743	60,905	62,050	63,226
Average Daily Water Production ⁽⁹⁾	16.30	17.28	17.31	16.24	16.84	17.51	18.21	18.69	20.91	20.48
Annual Peak Day Production ⁽⁹⁾	28.51	27.84	29.02	28.34	24.87	26.53	29.11	24.95	34.77	32.30
Wastewater - Average Daily Flow										
South Cary Water Reclamation Facility ⁽¹⁰⁾	5.07	4.74	5.00	5.00	5.43	5.26	5.44	5.03	4.66	5.39
North Cary Water Reclamation Facility ⁽¹¹⁾	6.09	5.60	5.70	5.85	6.49	6.55	6.54	6.38	6.36	7.03
Western Wake Water Reclamation Facility ⁽¹²⁾	--	--	--	--	--	4.58	4.84	4.44	5.00	5.77

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	7	7	7	7	8	8	8	9	9	9
Parks, Recreation and Culture										
# of Parks	22	23	27	27	27	28	32	32	34	34
Park Acres	2,401	2,425	2,518	2,518	2,542	2,552	2,700	2,700	2,688	2,690
# of Parks with Trail Systems	12	12	17	17	17	17	12	12	14	14
Park Trail Mileage ⁽⁴⁾	15.0	15.0	15.0	15.0	10.9	11.0	12.0	12	12	12
Number of Greenways	38	39	36	38	42	42	44	44	45	45
Greenway Miles ⁽⁴⁾	40.2	41.3	63.0	69.2	71.3	74.0	85.0	85	92	92
Community Centers/Facilities	15	15	15	15	16	16	16	16	16	16
Number of Ballfields	30	31	31	31	31	31	31	31	31	31
Number of Soccer Fields ⁽¹⁾	19	22	22	25	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	3	3	3	3	3
Miles of Sewer Lines ⁽²⁾	806	818	826	832	834	847	862	913	925	939
Miles of Water Lines ⁽²⁾	973	983	994	1,008	992	1,018	1,048	933	950	968
Public Works										
Refuse Collection Trucks and Recycling Trucks	34	36	38	36	39	37	38	41	44	41

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, 2018 - JUNE 30, 2019

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.	\$601,290,320
Equipment Breakdown	100,000,000
Earthquake	10,000,000
Flood	10,000,000
Business Income and Extra Expense	5,000,000
at Specified Locations:	
Town Hall A	
Town Hall B	(Blanket for all
Operations Center (Buildings A and B)	three sites)

Inland Marine:

Emergency Service Equipment	342,845
Miscellaneous Equipment	6,549,704
Computer Equipment	5,744,000
Water and Sewer	1,067,120
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	30,000

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, 2018 - JUNE 30, 2019

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 - Each Wrongful Act	\$1,000,000
Public Officials Liability - Aggregate	3,000,000
Law Enforcement Liability - Per Claim	1,000,000
Law Enforcement Liability - Aggregate	3,000,000
Employment Practices Liability - Per Claim	1,000,000
Employment Practices Liability - Aggregate	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
Computer Fraud	1,000,000
Funds Transfer Fraud	1,000,000
Inside - Theft of Money & Securites	20,000
Outside the Premises	20,000
Social Engineering	50,000
 <u>Cyber Liability:</u>	
Media Contents Liability	2,000,000
Security and Privacy Liability	2,000,000
Network Interruption	2,000,000
Event Management	2,000,000
Cyber Extortion	2,000,000
Reputation Guard	50,000
Systems Failure	2,000,000

INSURANCE IN FORCE⁽¹⁾⁽²⁾
TOWN OF CARY, NORTH CAROLINA
JULY 1, 2018 - JUNE 30, 2019

Table 28

Public Official Bonds:

Chief Financial Officer	100,000
Assistant Finance Director	100,000
Wake County Tax Collector	100,000
Chatham County Revenue Collector	100,000

Workers Compensation:

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	180%
Minimum Loss Fund for the Liability Period	6,684,456
Maximum Limit of Indemnity of the CORPORATION for the Liability Period	1,000,000

NOTES:

⁽¹⁾ Represents insurance in force on July 1, 2018. Insurance was renewed on July 1, 2019 for the fiscal year ended June 30, 2020.

⁽²⁾ Data provided by Town Staff.

TOP TEN UTILITY CUSTOMERS ^{(1) (2)}

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Table 29

Customer	Industry	Total Sales Revenue	% of Total Sales Revenue
RDU Airport	Airport	\$1,099,018	1.37 %
Wake County Schools	Public Schools	1,011,829	1.26
Biogen	Biotechnology	903,646	1.13
SEMF	Multi-Family Residential	468,682	0.58
Fujifilm Diosynth	Biotechnology	466,106	0.58
WakeMed Cary Hospital	Hospital	463,837	0.58
SAS	Software	440,202	0.55
Cisco Systems	Computer Hardware	336,456	0.42
MECO Utilities	Utility Contractors	299,030	0.37
Marquis on Cary Parkway	Multi-Family Residential	270,588	0.34
		<u>\$5,759,394</u>	<u>7.18 %</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	2019
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	3.25
1" meters	6.61	6.61	6.61	6.61	3.07	3.16	3.25
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36	23.03
2" meters	26.41	26.41	26.41	26.41	26.41	27.20	28.02
3" meters	71.08	71.08	71.08	71.08	71.08	73.21	75.41
4" meters	107.70	107.70	107.70	107.70	107.70	110.93	114.26
6" meters	132.94	132.94	132.94	132.94	132.94	136.93	141.04
<u>Outside Corporate Limits</u>							
5/8" & 3/4" meters	9.21	9.21	9.21	9.21	9.21	9.48	9.76
1" meters	19.83	19.83	19.83	19.83	9.21	9.48	9.76
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08	69.09
2" meters	79.23	79.23	79.23	79.23	79.23	81.60	84.05
3" meters	213.24	213.24	213.24	213.24	213.24	219.63	226.22
4" meters	323.10	323.10	323.10	323.10	323.10	332.79	342.77
6" meters	398.82	398.82	398.82	398.82	398.82	410.79	423.11
<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	4.84
Tier 2 (usage 5,001 - 8,000 gallons)	4.08	4.08	4.64	4.90	5.11	5.26	5.42
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	6.85
Tier 4 (usage > 23,000 gallons)							
or over to water budget amount	11.29	11.29	11.49	11.70	12.19	12.56	12.94

UTILITY RATE INFORMATION
TOWN OF CARY, NORTH CAROLINA
FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018	2019
<u>Outside Corporate Limits</u>							
Tier 5 (usage 0 - 5,000 gallons)	\$10.80	10.80	12.27	13.14	13.69	14.10	14.52
Tier 6 (usage 5,001 - 8,000 gallons)	12.24	12.24	13.92	14.70	15.32	15.78	16.25
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	20.55
Tier 8 (usage > 23,000 gallons)							
or over to water budget amount	33.87	33.87	34.47	35.10	36.57	37.68	38.81
<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	5.42
<u>Outside Corporate Limits</u>							
Tier 3 (charge per 1,000 gallons)	12.24	12.24	13.92	14.70	15.32	15.78	16.25
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	3.25
1" meters	6.61	6.61	6.61	6.61	3.07	3.16	3.25
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36	23.03
2" meters	26.41	26.41	26.41	26.41	26.41	27.20	28.02
3" meters	71.08	71.08	71.08	71.08	71.08	73.21	75.41
4" meters	107.70	107.70	107.70	107.70	107.70	110.93	114.26
6" meters	132.94	132.94	132.94	132.94	132.94	136.93	141.04

UTILITY RATE INFORMATION
TOWN OF CARY, NORTH CAROLINA
FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018	2019
<u>Outside Corporate Limits</u>							
5/8" & 3/4" meters	\$9.21	9.21	9.21	9.21	9.21	9.48	9.76
1" meters	19.83	19.83	19.83	19.83	9.21	9.48	9.76
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08	69.09
2" meters	79.23	79.23	79.23	79.23	79.23	81.60	84.05
3" meters	213.24	213.24	213.24	213.24	213.24	219.63	226.22
4" meters	323.10	323.10	323.10	323.10	323.10	332.79	342.77
6" meters	398.82	398.82	398.82	398.82	398.82	410.79	423.11
<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	6.85
Tier 2 (usage > 15,000 gallons)							
or over to water budget amount	11.29	11.29	11.49	11.70	12.19	12.56	12.94
<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	20.55
Tier 4 (usage > 15,000 gallons)							
or over to water budget amount	33.87	33.87	34.47	35.10	36.57	37.68	38.81
<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	6.85
Tier 2 (usage > than Water Budget Amount)	11.88	11.88	11.88	11.88	12.19	12.56	12.94
<u>Outside Corporate Limits</u>							
Tier 3 (usage 0 - Water Budget Amount)	19.14	19.14	19.14	19.14	19.38	19.95	20.55
Tier 4 (usage > than Water Budget Amount)	35.64	35.64	35.64	35.64	36.57	37.68	38.81
<u>Reclaimed Water Rate</u>	3.60	3.60	3.60	3.60	3.75	3.86	3.98

UTILITY RATE INFORMATION
TOWN OF CARY, NORTH CAROLINA
FROM FISCAL YEAR APPROVED OPERATING BUDGET ORDINANCE

Table 30

	2013	2014	2015	2016	2017	2018	2019
SEWER 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	3.25
1" meters	6.61	6.61	6.61	6.61	3.07	3.16	3.25
1 1/2" meters	21.71	21.71	21.71	21.71	21.71	22.36	23.03
2" meters	26.41	26.41	26.41	26.41	26.41	27.20	28.02
3" meters	71.08	71.08	71.08	71.08	71.08	73.21	75.41
4" meters	107.70	107.70	107.70	107.70	107.70	110.93	114.26
6" meters	132.94	132.94	132.94	132.94	132.94	136.93	141.04
<u>Outside Corporate Limits</u>							
5/8" & 3/4" meters	9.21	9.21	9.21	9.21	9.21	9.48	9.76
1" meters	19.83	19.83	19.83	19.83	9.21	9.48	9.76
1 1/2" meters	65.13	65.13	65.13	65.13	65.13	67.08	69.09
2" meters	79.23	79.23	79.23	79.23	79.23	81.60	84.05
3" meters	213.24	213.24	213.24	213.24	213.24	219.63	226.22
4" meters	323.10	323.10	323.10	323.10	323.10	332.79	342.77
6" meters	398.82	398.82	398.82	398.82	398.82	410.79	423.11
<u>Single Family/Residential</u>							
<u>Inside Corporate Limits</u>							
Tier 1: (charge per 1,000 gallons)	8.47	9.10	9.10	9.36	9.75	10.04	10.34
<u>Outside Corporate Limits</u>							
Tier 2: (charge per 1,000 gallons)	25.41	27.30	27.30	28.08	29.26	30.12	31.02

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

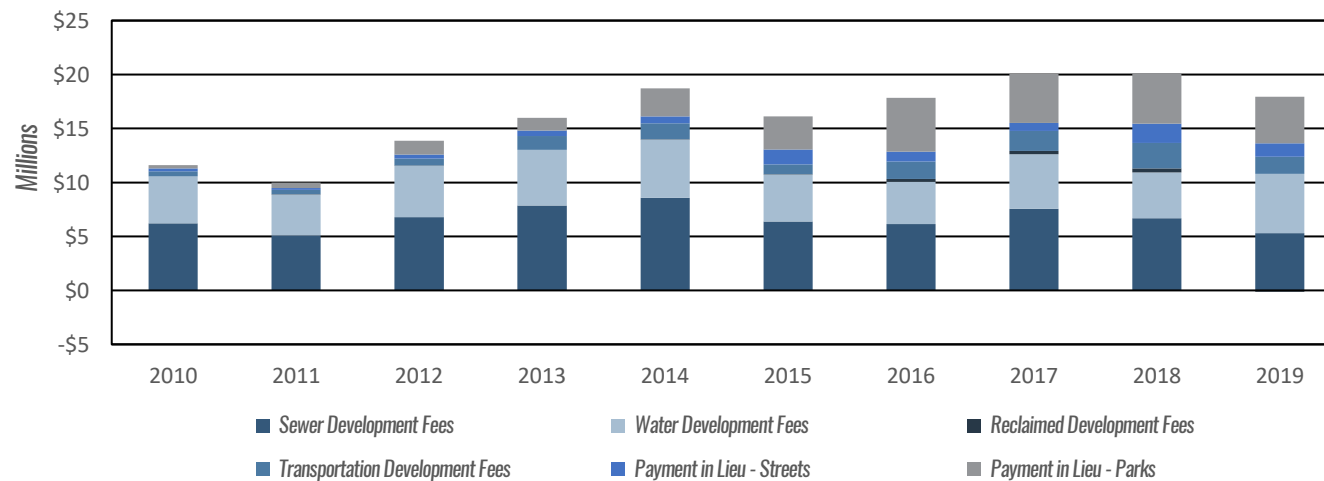
TOWN OF CARY, NORTH CAROLINA

LAST TEN FISCAL YEARS

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
2019	\$5,312,071	5,483,385	(129,528)	1,591,306	1,234,402	4,328,106	17,819,743
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

DEVELOPMENT FEE REVENUE
BY FISCAL YEAR



COMPLIANCE SECTION

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, 2019

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		\$423,012	--	388,012	--
<u>U.S. Department of Justice</u>						
Criminal Division						
Equitable Sharing Program	16.922		396,380	--	--	--
<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	187,255	--	--	46,814
Cary Parkway and High House Intersection	20.205	C-5165	1,874,274	--	--	468,568
White Oak Greenway	20.205	U-5604IB	613,082	--	--	749,323
Total SAFE TEA-LU CMAQ Funds			2,674,611	--	--	1,264,705
STBDGA Funds:						
Reedy Creek Road Widening	20.205	U-5501A/B	943,242	--	--	235,810
Total STBDGA Funds			943,242	--	--	235,810
STP-DA Funds:						
Panther Creek Greenway	20.205	C-5604IA	657,047			657,047
White Oak Greenway	20.205	U-5530IB	240,303	--	--	240,303
Total STP-DA Funds			897,350	--	--	897,350
SAFE TEA-LU CMAQ Funds Passed through Triangle Council of Government						
Transportation Demand Management	20.205	TDMTOC19	4,157	--	--	4,157
Total Highway Planning and Construction Cluster			4,519,360	--	--	2,402,022

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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						
2018 - 2019	20.507	NC-95-X091/ NC- 2016-011-0100	\$1,841,571	--	--	2,606,195
Total Federal Transit Cluster:			1,841,571	--	--	2,606,195
Total U.S. Department of Transportation			6,360,931	--	--	5,008,217
<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	1,192	--	--	--
<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 2018	95.001	G18GA0004A	11,794	--	--	--
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$7,193,309	--	388,012	5,008,217
STATE FINANCIAL ASSISTANCE:						
North Carolina Department of Commerce - The One North Carolina Fund:						
NC One Grant - Proto Labs Inc		2015-16483	--	75,000	--	75,000
North Carolina Department of Cultural Resources North Carolina Arts Council						
Literature Initiatives		FY19-91566	--	5,000	--	--
North Carolina Department of Cultural Resources North Carolina Arts Council						
Technical Assistance		FY19-91658	--	500	--	--

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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
North Carolina Department of Health and Human Services Division of Aging and Adult Services Senior Center Development			\$ --	10,693	--	3,654
North Carolina Department of Transportation Division of highways Non-State System Street-Aid Allocation Fund (Powell Bill)		DOT-4/ WBS 32570	--	1,586,114	--	--
Public Transportation Division State Maintenance Assistance Program - C-Tran Transit Operations		DOT-9/ WBS 36234.34.7.1	--	217,487	--	4,247,479
Total North Carolina Department of Transportation			--	1,803,601	--	4,247,479
TOTAL STATE FINANCIAL ASSISTANCE			--	1,894,794	--	4,326,133
TOTAL FINANCIAL ASSISTANCE			7,193,309	1,894,794	388,012	9,334,350

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

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 \$3.9 million are reported in the Town's basic financial statements in the Capital Project Funds. At June 30, 2019, \$10.3 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, 2019 is as follows:

Balance of unexpended Powell Bill Funds at June 30, 2018	\$7,838,407
Revenues received	3,886,278
Interest earned on unexpended Powell Bill funds	153,000
Expenditures (including adjustments)	1,586,114
Balance of unexpended Powell Bill funds at June 30, 2019	<u><u>\$10,291,571</u></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, 2019. 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***

To 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, 2019, 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 30, 2019.

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 30, 2019

**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**

To 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, 2019. 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, 2019.

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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2019

**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**

To 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's (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, 2019. 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, 2019.

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 30, 2019

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

YEAR ENDED JUNE 30, 2019

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

20.507

Names of Federal Program or Cluster

Federal Transit Cluster

TOWN OF CARY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2019

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**

To 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, 2019 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, 2019, 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, 2019, and our report thereon dated October 30, 2019, expressed as an unmodified opinion on those financial statements.

Restricted Use

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
October 30, 2019

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

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Operating Revenues:	
Charges for Services	\$80,234,731
Other Operating Revenues	2,287,406
	<hr/>
Total Operating Revenues	82,522,137
Operations and Maintenance Expenses	(47,825,847)
	<hr/>
Operating Income Before Depreciation & Amortization	34,696,290
Less:	
Depreciation and Amortization Expense	(18,910,241)
	<hr/>
OPERATING INCOME	15,786,049
Non-Operating Revenues	21,476,619
Non-Operating Expenses	(10,485,345)
	<hr/>
NET INCOME	<u>\$26,777,323</u>

Determination of Income Available for Debt Service

Net Income	\$26,777,323
Adjustments:	
Depreciation and Amortization Expense	18,910,241
Water and Sewer Development Fees	(10,824,376)
Reimbursements	(91,982)
Sale of Capital Assets	(125,069)
Bond Interest Expense	9,314,057
Debt Issuance Expense	-
Bond Refunding Loss	364,654
Payment to General Fund for Open Space	794,469
Administrative Costs Paid to the General Fund	4,606,008
	<hr/>
Income Available for Debt Service	49,725,325
15% of Unrestricted Net Position	37,328,468
	<hr/>
Income Available for Debt Service Plus 15% of Unrestricted Net Position	<u>\$87,053,793</u>

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

TOWN OF CARY, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

Debt Service Requirements and Coverage

Parity Debt Service:

Series 2013 Revenue Bonds	1,464,850
Series 2015 Revenue Bonds	3,665,913
Series 2017 Revenue Bonds	2,069,031
Series 2017B Revenue Refunding Bonds	4,517,688
	<u>\$11,717,481</u>

Debt Service Coverage - Parity Indebtedness 7.429

Revenue Bond Covenant Requirement 1.200

System GO. Debt Service:

2009 Public Improvement Bonds	\$1,458,609
2009 Refunding Bonds	3,735,600
2010A Refunding Bonds	230,400
2014 Public Improvement Bonds	2,630,725
2017B Refunding Bonds	502,254
	<u>\$8,557,588</u>

Subordinated Debt Service 3,262,911

Sum of Parity, Subordinated and GO Debt Service \$23,537,980

Debt Service Coverage - Sum of Parity,
System GO and Subordinated Indebtedness 2.113

Revenue Bond Covenant Requirement 1.000