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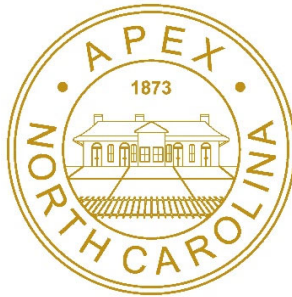
APEX
NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

*Fiscal Year ended
June 30, 2021*

TOWN OF APEX
NORTH CAROLINA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED JUNE 30, 2021

**Town of Apex, North Carolina
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021**

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November 30, 2021

TO THE CITIZENS OF THE TOWN OF APEX:

We are pleased to present the Annual Comprehensive Financial Report of the Town of Apex for the fiscal year ended June 30, 2021. This report is issued to inform the citizens of Apex of the Town's financial condition at June 30th and how the financial resources of the Town were used during the fiscal year then ended. The report also fulfills the requirement of North Carolina state law that every local government has an annual audit of its financial statements performed by a certified public accountant.

The Town of Apex management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control it has established for this purpose. The concept of internal controls assumes their costs should not exceed their anticipated benefits, and their objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Cherry Bekaert LLP, has issued an unmodified ("clean") opinion on the Town of Apex's financial statements for the year ended June 30, 2021. The report of the independent auditor is located at the front of the financial section of this report.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report in the Financial Section. MD&A provides a narrative overview and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The Town of Apex, incorporated in 1873, is located in central North Carolina, less than 10 miles from Raleigh, the state capital. From its humble beginnings as a small railroad stop (the name "Apex" comes from being the highest point on the rail line), the Town has grown to a population of 70,272 and a land area of 24.87 square miles.

The Town operates under a Council-Manager form of government. Policy-making and legislative authority rest with the Town Council, consisting of the mayor and five other members. All are elected on a town-wide basis to a four year term, with three members elected every two years. The Council appoints the Town Manager, who is responsible for hiring department heads and managing day to day operations.

TOWN OF APEX

The Peak of Good Living

PO Box 250 Apex, NC 27502 | (919) 249-3400 | www.apexnc.org

The Town provided a full range of services during the 2021 fiscal year including police, fire protection, sanitation, water, sewer, and electric services, construction and maintenance of streets and infrastructure, and recreational activities and events. Various other local entities such as the Wake County Public School System, WakeMed Apex Healthplex, and the Wake County Public Libraries do not meet established criteria for inclusion as part of the Town as a reporting entity and are therefore excluded from this report.

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

LOCAL ECONOMY

Economic activity and the construction industry remain very strong although construction has dropped a bit from prior years. Revenues for building permits and inspection fees were \$3.6 million, down 5% from the prior year. The Town issued 1441 permits for new residential construction this year, a decrease of 178 permits or 11% from the previous year. Total construction value for those permits was down \$21.4 million or 6.4%. Commercial construction fell also. The Town issued 15 commercial building permits, 17 fewer than the previous year. The total value of those permits decreased by \$38.5 million or 69%. Overall, new construction (residential and commercial) totaled 1,456 permits with a value of \$330.8 million, compared with 1,651 permits and \$390.7 million in the preceding year.

Due to the residential growth in Apex, property taxes have come to provide a greater share of the Town's revenues. In 2011, total ad valorem tax revenue was \$14.7 million as compared to \$39.4 million in 2021. The 2021 fiscal year tax rate was 38 cents per \$100, as compared to 34 cents this time 10 years ago but our tax revenue has more than doubled. Construction and development within the Town is continuing to support the growth in the tax base and tax revenue. The appraised value of the Town's tax base as of January 1, 2020 was \$10.4 billion compared to \$4.3 billion ten years earlier.

During the 2020 fiscal year other economically sensitive revenues were also strong. Sales tax collections increased by 28.7% compared to the prior year in spite of the negative impacts of COVID 19 on the economy. Within all major revenue categories, compared to 2011 results, there has been a significant increase.

Apex continues to benefit from its location, which makes it a residential and retail center for employees of Research Triangle Park (RTP). RTP is primarily dependent on firms in relatively stable, growing industries such as technology, healthcare, and financial services. In addition, the Town's proximity to Raleigh, with several universities and the state government complex, also serves to provide a stable employment base. Because of the presence of these major employers, the local unemployment rate has stayed below the state and national figures.

Looking back over the past 10 years, the Town's total General Fund revenues and expenditures have more than doubled. Much of this increase is understandable, as the Town's population has grown 84% in the same period. The most obvious trend during this timeframe has been the continued emphasis on public safety. The costs to provide these services have climbed from \$11.2 million in 2011 to \$23.2 million in 2021.

Since moving from largely volunteer departments to Town provided services, the Town has assumed a greater responsibility for Fire Protection using more full-time employees. This increase is supported by the Town's steady population growth and commitment for citizen's safety and well-being. In September 2015 Money Magazine named Apex the best place to live in America.

LONG-TERM FINANCIAL PLANNING

The Town, for many years now, has maintained solid cash reserves and fairly modest debt levels. This has enabled the Town to proceed with some major projects financed by various types of long-term debt. During the past year the Town has undertaken a number of street and parks projects. The Town has an agreement with Cary to undertake a number of water and sewer projects. The Town issued new debt for paving and street projects during the 2021 fiscal year. Voters have authorized the Town to issue general obligation bonds for street and sidewalk improvements that have not yet been issued. The authorized but unissued amount is \$7 million.

The Town continues to have capital and operational needs in a number of areas due to growth. The Town's goal is to maintain a minimum of 25% of expenditures in unassigned fund balance in the General Fund. Funds in excess of that amount are available to be used for one-time expenditures, such as smaller improvements or construction projects. At June 30, 2021, the Town's unassigned fund balance was \$36 million, or roughly 50.5% of the year's General Fund expenditures and other financing uses.

MAJOR INITIATIVES

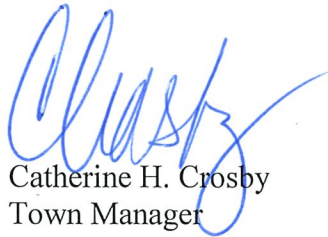
In addition to addressing major needs in the Water and Sewer Fund, the Town is also evaluating its options to finance park and recreation projects, public safety projects, street and sidewalk improvements and electric utility projects.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Apex for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the twenty seventh consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted

accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis was made possible by the dedicated service and cooperation of Cherry Bekaert LLP, and the Town's Finance, Planning, and Construction Management departments. We would like to extend special thanks to Preeta Nayak and Suzanne Parmentier for their work and to the Mayor and Town Council for their support for maintaining the highest standards of professionalism in the management of the Town's finances.



Catherine H. Crosby
Town Manager



Vance Holloman
Finance Officer



Government Finance Officers Association

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

Presented to

**Town of Apex
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

ELECTED OFFICIALS

MAYOR:	JACQUES L. GILBERT
MAYOR PRO TEM:	NICOLE L. DOZIER
COUNCIL MEMBERS:	BRETT D. GANTT
	AUDRA M. KILLINGSWORTH
	TERRY MAHAFFEY
	CHERYL F. STALLINGS



APPOINTED OFFICIALS

Catherine H. Crosby
Town Manager

Laurie Hohe
Town Attorney

Donna Hosch
Town Clerk

ADMINISTRATIVE STAFF

Shawn Purvis
Assistant Town Manager

Marty Stone
Assistant Town Manager

Dianne Khin
Director of Planning

Mary Beth Manville
Director Human Resources

Craig Setzer
Director of Parks, Recreation
and Cultural Resources

Erika Sacco
Director of Information
Services

Rudy Baker
Director of Inspections
and Permits

Michael Deaton
Director of Utility Engineering
and Water Resources

Jason Armstrong
Chief of Police

Keith McGee
Fire Chief

Eric Neumann
Director of Electric Utilities

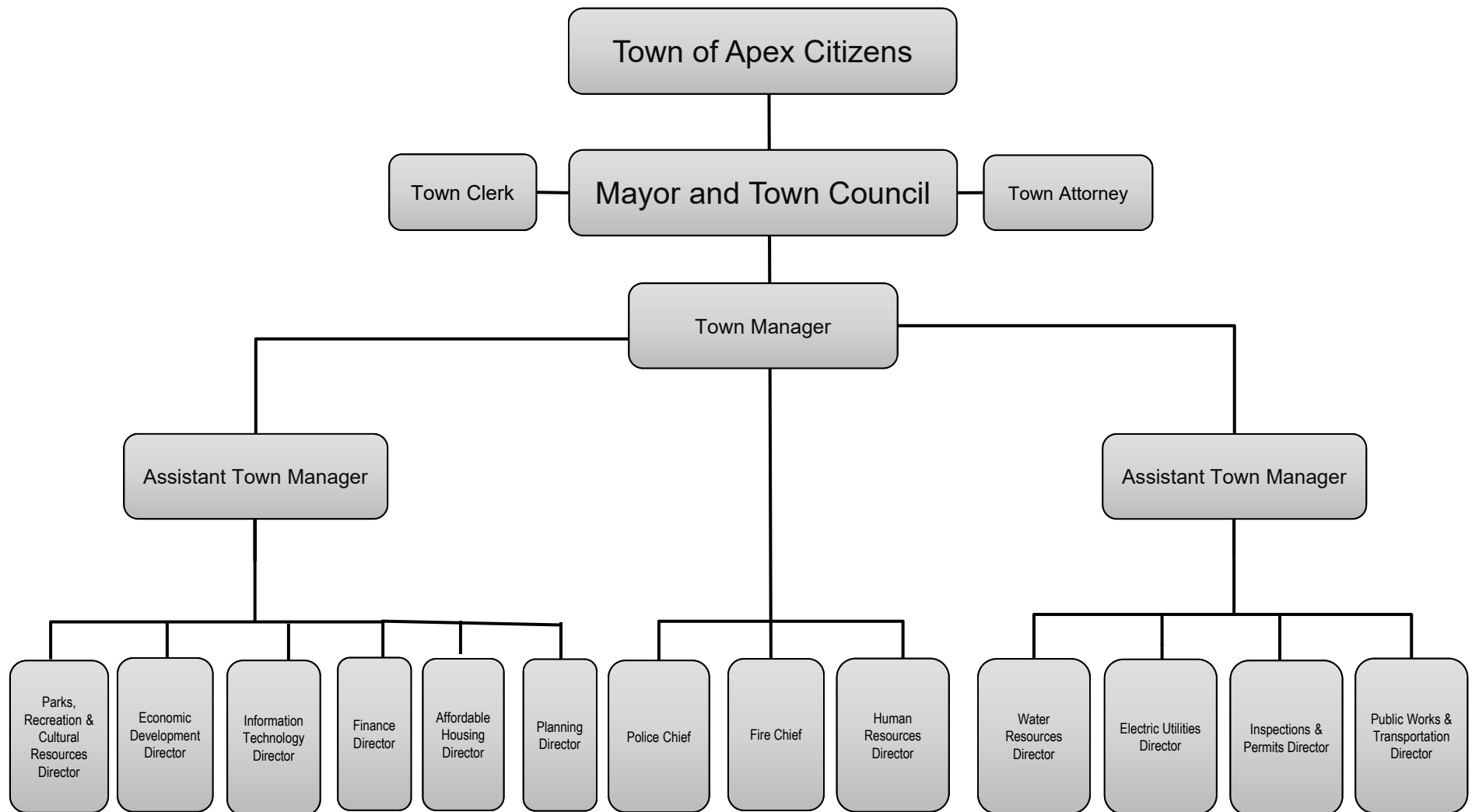
Vance Holloman
Director of Finance

Jose Martinez
Director of Public Works
and Transportation

Joanna Helms
Director of Economic
Development

Christopher Valenzuela
Director of Affordable
Housing

Town of Apex Organizational Chart



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apex, North Carolina (the "Town") as of and for the year ended June 30, 2021, 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 basic 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 basic 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 from 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.

Opinions

In our opinion, the basic 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 consist 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, individual fund statements and schedules, other schedules, and statistical section, as listed in the table of contents, as well as the schedule of expenditures of federal and state awards as required by 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and schedules and other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That purpose of that report is solely 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 effectiveness of the Town's internal control over financial reporting or on compliance.

Prior Period Financial Statements

The Town's basic financial statements for the year ended June 30, 2020 (not presented herein), were audited by other auditors whose report thereon dated December 3, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated December 3, 2020, stated that the supplementary information for the year ended June 30, 2020 was subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

Cherny Bekaert LLP

Raleigh, North Carolina
November 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Apex, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report and the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

Financial Highlights

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by approximately \$898.5 million (*net position*). Of this amount, \$90.5 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$67.6 million from the prior year. The net position of the governmental activities increased \$54 million and the net position of the business-type activities increased \$13.6 million. Approximately \$66.8 million of street related and utility infrastructure was donated by developers with a value of \$54.8 million for street and sidewalk related infrastructure and land for public safety and \$12 million for utility infrastructure.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$111.5 million, a decrease of \$1.5 million compared to the prior year. The total fund balance in the General Fund increased \$6.4 million while the total fund balance in other governmental funds decreased \$7.9 million primarily due to expenditures for various capital projects.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$36 million, or 50.6% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt decreased by \$2.8 million during the current fiscal year as a result of debt payments and issuing debt for a new project.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Entity-wide Financial Statements**. The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. The **Required Supplemental Information** contains additional information required by generally accepted accounting principles. After the notes and the required supplemental information, additional **Supplemental Information** is provided. The other supplemental information shows details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

Entity-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements are on pages 34-69 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligations to provide pension benefits to police officers under the Law Enforcement Officers Special Separation Allowance under GASB Statement 73, retiree health insurance under GASB Statement 75 and pension benefits to its employees through the Local Government Employees' Retirement System. Required supplementary information can be found on pages 70-76 of this report.

Entity-Wide Financial Analysis

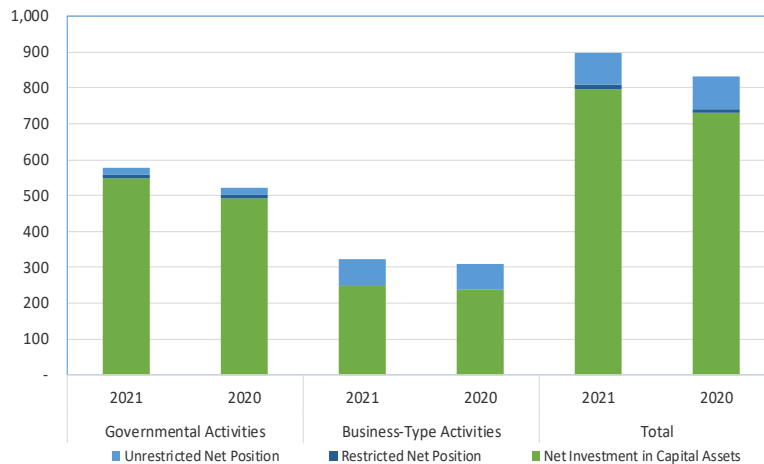
Entity-wide financial statements can provide an excellent overall view of the Town's transactions for the year and its financial condition at year end. In particular, comparing current year amounts with the previous year's figures can highlight areas in which the Town's finances are improving or deteriorating.

As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. At the end of the current fiscal year, the Town had a positive balance in both its governmental and business-type activities. Governmental activities net position increased by \$54 million to \$576.1 million during the year and business-type net position increased by \$13.6 million to \$322.4 million.

The Town of Apex
Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$121.9	\$123.3	\$90.9	\$91.4	\$212.8	\$214.7
Capital Assets	587.6	525.6	306.4	293.1	894.0	818.7
Total Assets	709.5	648.9	397.3	384.5	1,106.8	1,033.4
Deferred Outflows	14.7	12.5	3.3	2.9	18.0	15.4
Long-Term Liabilities	129.2	122.2	65.3	66.9	194.5	189.1
Other Liabilities	15.7	13.6	12.4	11.2	28.0	24.8
Total Liabilities	144.9	135.8	77.7	78.1	222.5	213.9
Deferred Inflows	3.2	3.3	0.6	0.6	3.8	3.9
Net Position:						
Net Investment in Capital Assets	548.3	492.4	249.2	238.8	797.5	731.2
Restricted	10.6	10.6	-	-	10.5	10.6
Unrestricted	17.3	19.2	73.1	70.0	90.5	89.2
Total Net Position	\$576.2	\$522.2	\$322.3	\$308.8	\$898.5	\$831.0

Net Position (in millions)



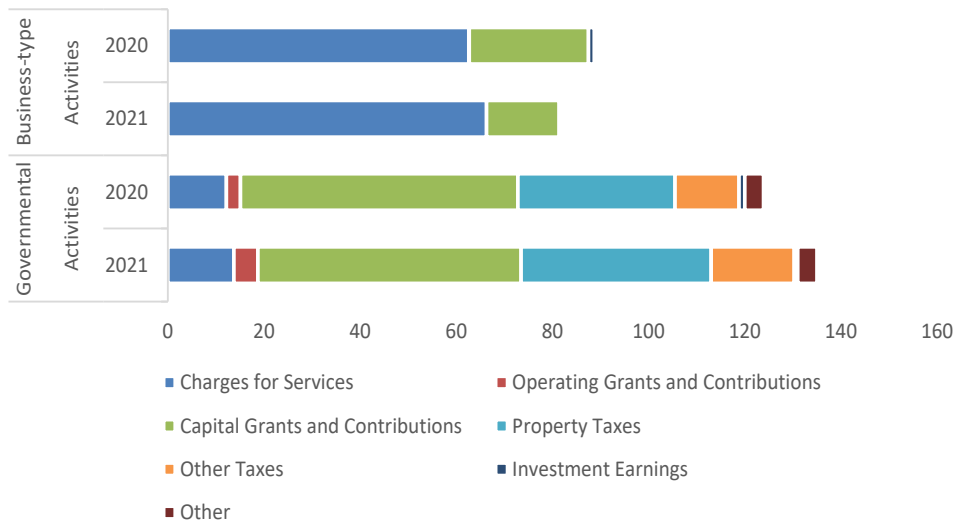
As is the case for many entities, the largest portion of the Town's net position (\$797.5 million or 88.8%) is represented by its net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was issued to acquire those assets). These capital assets are used to provide services to citizens; consequently, they are *not* available for future spending. And although the Town's net investment in its capital assets is reduced by the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to pay these related liabilities.

Approximately \$66.8 million of street related and utility infrastructure assets were donated from developers, valued at \$54.8 million for street and sidewalk related infrastructure and land for public safety and \$12 million for utility infrastructure. Most of the remainder of the Town's net assets (\$90.5 million or 10.1%) are unrestricted, meaning they may be used to meet the Town's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$13.8	\$12.2	\$66.3	\$62.6	\$80.1	\$74.8
Operating Grants and Contributions	5.0	2.9	---	0.1	5.0	3.0
Capital Grants and Contributions	54.8	57.7	15.1	24.8	69.9	82.5
General Revenues:					-	-
Property Taxes	39.5	32.7	---	---	39.5	32.7
Other Taxes	17.3	13.3	---	---	17.3	13.3
Investment Earnings	0.7	1.2	0.2	1.2	0.9	2.4
Other	4.0	3.9	0.2	---	4.2	3.9
Total Revenues	135.0	123.9	81.8	88.7	216.8	212.6
Expenses:						
General Government	15.1	13.1	---	---	15.1	13.1
Public Safety	28.5	25.4	---	---	28.5	25.4
Public Works	23.3	21.5	---	---	23.3	21.5
Environmental Protection	5.4	4.8	---	---	5.4	4.8
Cultural and Recreation	6.8	7.1	---	---	6.8	7.1
Interest on Long-Term Debt	2.0	1.8	---	---	2.0	1.8
Water and Sewer	---	---	26.9	25.0	26.9	25.0
Electric	---	---	41.3	39.8	41.3	39.8
Total Expenses	81.1	73.7	68.2	64.8	149.3	138.5
Change in Net Position	53.9	50.2	13.6	23.9	67.5	74.1
Net Position - Beginning of year	522.2	472.0	308.8	284.9	831.0	756.9
Net Position - End of year	\$576.1	\$522.2	\$322.4	\$308.8	\$898.5	\$831.0

Governmental Activities Revenue Sources
(in millions)



Governmental activities: Revenues related to governmental activities increased \$11.2 million, or 9%. Property tax revenues increased by \$6.8 million due to an increased tax base and sales tax revenues increased by \$3.6 million. Total expenses were up by \$7.4 million or 10.09%. Most areas experienced higher operating higher personnel costs due in part to premium pay for employees exposed to COVID 19 risks.

Business-type activities: Total business-type activity revenues decreased by \$7 million or 7.9% during the fiscal year. Capital contributions of water and sewer lines from developers and capital reimbursement fees decreased by \$9.7 million or 39.3%. Charges for services increased \$3.6 million or 5.8%. Spending for business-type activities increased \$3.4 million or 5%. Increases in charges for services and operations were in line with customer growth of approximately 6% during the fiscal year.

Financial Analysis of the Town's Funds

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

Governmental Funds: The focus of the Town of Apex's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, *unassigned fund balance* can be a useful measure of the Town's net resources available for spending at the end of the fiscal year. This is the portion of fund balance remaining after subtracting the amounts that have been *restricted* (usually by NC state law) or *assigned* (designated for a specific purpose by the Town's management).

The General Fund is the chief operating fund of the Town of Apex. At the end of the fiscal year, unassigned fund balance of the General Fund was \$36 million, while total fund balance increased to \$48.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2021, unassigned fund balance was 50.5% of the year's expenditures and other financing uses (compared to 47.4% last year), while total fund balance represents 68.3% of that same amount (69.3% in 2020).

The Town strives to maintain an unassigned fund balance of 25% of expenditures. Amounts in excess of this minimum may be used for construction projects when the Town wishes to avoid the issuance of additional debt, for emergency work needed after natural disasters, or for maintaining a stable tax rate when economically dependent revenues (i.e. sales taxes) are less than budgeted amounts. The Town budgeted \$9.9 million of fund balance for the 2020-21 fiscal year to help meet the needs of a fast growing community for capital improvements. Again, revenues ended better than anticipated and expenditures were less than anticipated and total fund balance increased by \$6.4 million as a result of fiscal year operations. Total revenues were \$4.3 million more than the final budget, primarily because higher than expected revenues from property and sales taxes. In addition, total departmental expenditures and other financing uses ended the year \$11.9 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$111.5 million, a decrease of \$1.5 million from the prior year. The decrease resulted from expenditures for projects. During the year the Town spent \$24.7 million for street, recreation and general government projects. The General Fund, special revenue fund, and capital projects funds are included in this combined fund balance amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments are made to recognize new funding amounts or to increase appropriations that become necessary for a current refunding of bonds, capital projects or to expand services.

Overall, General Fund revenues increased by \$14.5 million from the prior year, an increase of 23.3%. This increase came from increases in property taxes, sales taxes and federal grants to offset COVID 19 cost.

General Fund expenditures rose by \$1.6 million, or 2.7%. Transfer to other funds increased by \$5.4 million over the prior year. Transfers were made for street and general capital projects and also in support of the Town's Affordable Housing Fund.

Proprietary Funds: The Town of Apex's proprietary fund financial statements provide the same type of information found in the entity-wide statements but with each of the two funds broken out separately. Unrestricted net positions of the Electric and Water and Sewer Funds at the end of the fiscal year were \$14.6 million and \$58.6 million, respectively. The changes in total net position for the Electric Fund and Water and Sewer Funds were an increase of \$3.8 million and \$9.7, respectively. The increase in the Water and Sewer Fund was due to donated assets and water and sewer capital reimbursement fees.

In the Electric Fund, operating revenues increased by \$2.4 million or 5.6% and operating expenses increased by \$1.4 million or 3.5%. Both increases mirrored the growth in customers.

In the Water and Sewer Fund, operating revenues increased by \$1.4 million or 6.6% and operating expenses increased by \$1.6 million or 6.6%. Customer growth in the Fund was 5.8%.

Capital Asset and Debt Administration

Capital assets: The Town of Apex's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$894 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park facilities, utility plants, electric and water distribution systems, and wastewater collection systems.

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

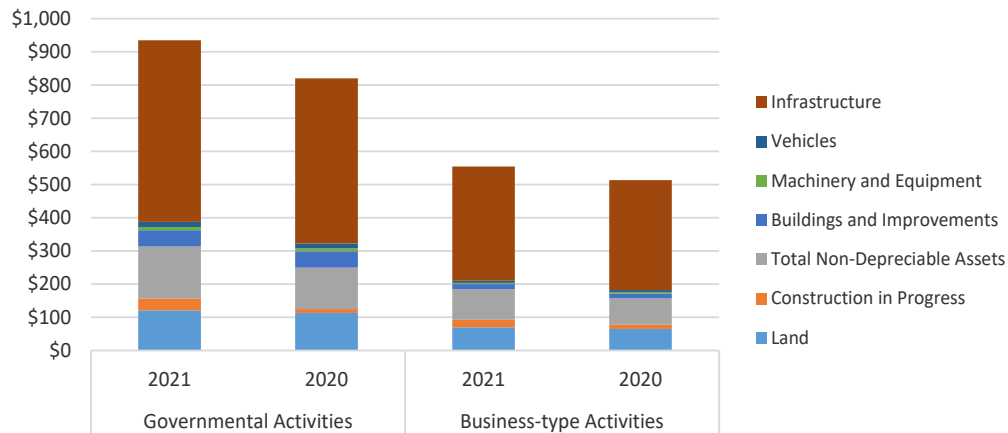
- Construction and additions in the governmental-type activities of \$83.7 million,
- Electric distribution system improvements, additions, and other capital assets of \$8.9 million,
- Water and sewer system improvements, additions, and other capital assets of \$18.2 million.

(continued on next page)

**Town of Apex
Capital Assets**
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$120.4	\$113.1	\$69.9	\$65.0	\$190.3	\$178.1
Construction in Progress	36.0	11.6	22.3	13.4	58.3	25.0
Total Non-Depreciable Assets	156.4	124.7	92.2	78.4	248.6	203.1
Buildings and Improvements	49.5	49.2	15.1	15.1	64.6	64.3
Machinery and Equipment	9.8	9.2	4.3	4.1	14.1	13.3
Vehicles	15.3	14.6	5.9	5.7	21.2	20.3
Infrastructure	547.4	497.7	344.6	331.7	892.0	829.4
Intangibles	-	-	3.5	3.5	3.5	3.5
Total Depreciable	622.0	570.7	373.4	360.1	995.4	930.8
Accumulated Depreciation	(190.8)	(169.8)	(159.2)	(145.5)	(350.0)	(315.3)
Total Depreciable Assets, Net	431.2	400.9	214.2	214.6	645.4	615.5
Total	\$587.6	\$525.6	\$306.4	\$293.0	\$894.0	\$818.6

Capital Assets (in millions)



Additional information on the Town's capital assets can be found in Note 4 of the Notes to the Financial Statements starting on page 45.

Long-term Debt: As of June 30, 2021, the Town of Apex had total general obligation bonded debt outstanding of \$99 million, including \$5.3 million of deferred premium, electric revenue bonds outstanding of \$11.4 million, and installment purchase related debt of \$27.1 million. Of the general obligation bonds, \$30.5 million is being repaid from utility system revenues. The remainder of the Town's general obligation bonds, are being repaid from the General Fund. During the year, the Town issued \$34.4 million of general obligation, \$29.4 million of which were refunding bonds, and retired \$33.4 million.

Town of Apex Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$68.5	\$67.1	\$30.5	\$30.9	\$99.0	\$98.0
Revenue Bonds	-	-	11.4	12.3	11.4	12.3
Installment Purchases	10.9	12.2	16.2	17.8	27.1	30.0
Total	\$ 79.4	\$ 79.3	\$ 58.1	\$ 61.0	\$ 137.5	\$ 140.3

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that Town's boundaries. The legal debt margin for Apex is \$743 million. However, this statutory limit far exceeds the Town's realistic debt capacity.

The Town had authorized and unissued debt of \$7 million as of June 30, 2021, all of which is for street and sidewalk improvements. Additional information regarding the Town of Apex's long-term debt can be found in Note 10 of this report beginning on page 61.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2021, Apex's population was estimated by Town staff to be at 70,272. Single family residential construction was down by 6.6% for the fiscal year based upon construction value. Non-residential construction was down \$38.5 million based upon value. Despite these decreases from high levels of activity in prior years, construction activity remains strong in the area. The Town's economic outlook will largely be dependent on the overall national economy.

Employment opportunities are derived from within the Town as well as from Raleigh, the state capital, and RTP, which employs over 65,000 in high-technology fields. In addition, the Raleigh-Durham area also contains several colleges and universities and major health care facilities. These employers have historically been relatively stable and less sensitive to economic downturns. As a result, the unemployment rate has historically been lower than the state and national averages. At year end the rate for Apex was 3.1% versus the statewide rate of 4.6% and the U.S. rate of 5.9%. Unemployment rates were higher at year end than the prior year due to the economic impacts of COVID 19. Because of the highly specialized nature of many of the citizens' employment, income levels in Wake County have also have been historically above the state and national averages.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Funds: The General Fund's originally adopted budget is \$71 million. The Town's tax base increased from \$10.21 billion at January 1, 2020 to \$10.9 billion at January 1, 2021 as a result of growth and increase in property values. The Town's tax rate increased by 1 cent to 38 cents per \$100. Revenues estimates for property taxes are \$42.7 million, 10% above the prior year budget. Most other revenues were estimated to continue at or slightly below the levels seen during 2020-21. Sales tax collected for the 2020-21 fiscal year were \$15.7 million, well above the \$11.6 million budgeted and the \$12.2 million received in FY 2019-20. Due to the uncertain impacts COVID 19 the Town had budgeted sales taxes at 5% below the amount collected in fiscal year 19-20. The 2021-22 budget for sales tax is \$15.6 million. The Town's current 2020-21 budget projects construction and development related revenues just slightly lower than the final figures for 2020-21 contained in this report. There were modest changes in other charges and fees. The budget includes 20 new full-time positions in the General Fund, 6 of those positions are in public safety and 6 are in parks and recreation. Total budgeted revenues were up 13%, or \$8.9 million, from the original 2020-21 budget to \$77.6 million. The adopted budget appropriates \$1.5 million of fund balance.

Proprietary Funds: The Town expects continued growth in the number of customers. Rates for sewer service were increased by 1.5% and rates for electric and water services were not changed. Revenues in both funds are expected to increase from the prior year and keep pace with increased expenditures. The budget for the Electric Fund and Water Sewer funds remained virtually unchanged at \$45.8 million and \$23.7 million respectively. Apex remains committed to a number of water and sewer system improvements over the next several years with the Town of Cary. Annually, the Town reviews revised estimates of the costs of these projects and the projected revenues and expenses of the Water and Sewer Fund's to identify that sufficient capital will be available for project completion.

Requests for Information

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 72,112,677	\$ 77,034,277	\$ 149,146,954
Taxes receivables (net)	122,481	-	122,481
Accounts receivable (net)	635,555	10,817,416	11,452,971
Due from other governments	7,321,881	-	7,321,881
Notes receivable	362,250	-	362,250
Prepaid items	289,599	-	289,599
Inventories	27,746	2,081,574	2,109,320
Total current assets	80,872,189	89,933,267	170,805,456
Noncurrent assets			
Restricted cash and cash equivalents	40,977,536	926,457	41,903,993
Capital assets:			
Land, improvements, and construction in progress	156,430,482	92,261,754	248,692,236
Other capital assets, net of depreciation	431,202,012	214,159,470	645,361,482
Total noncurrent assets	628,610,030	307,347,681	935,957,711
Total assets	709,482,219	397,280,948	1,106,763,167
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	5,712,780	1,120,689	6,833,469
Pension deferrals	8,958,918	2,187,630	11,146,548
Total deferred outflows of resources	14,671,698	3,308,319	17,980,017
LIABILITIES			
Current liabilities:			
Accounts payable	9,092,334	7,048,585	16,140,919
Accrued interest payable	294,904	272,573	567,477
Customer deposits	-	771,133	771,133
Current portion of long-term liabilities	6,748,848	4,286,845	11,035,693
Total current liabilities	16,136,086	12,379,136	28,515,222
Long-term liabilities:			
Due in more than one year	128,729,054	65,279,243	194,008,297
Total liabilities	144,865,140	77,658,379	222,523,519
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	187,738	-	187,738
OPEB deferrals	2,844,102	557,935	3,402,037
Pension deferrals	118,261	15,312	133,573
Total deferred inflows of resources	3,150,101	573,247	3,723,348
NET POSITION			
Net investment in capital assets	548,257,775	249,228,682	797,486,457
Restricted for:			
Nonexpendable			
Perpetual Care	685,718	-	685,718
Expendable			
Stabilization by State Statute	9,553,623	-	9,553,623
Public Safety	316,865	-	316,865
Unrestricted	17,324,695	73,128,959	90,453,654
Total net position	\$ 576,138,676	\$ 322,357,641	\$ 898,496,317

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit 2

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 15,116,123	\$ 4,953,091	\$ -	\$ -	\$ (10,163,032)	\$ -	\$ (10,163,032)
Public safety	28,529,964	-	3,200,916	-	(25,329,048)	-	(25,329,048)
Public works	23,268,649	630,845	1,806,968	54,833,138	34,002,302	-	34,002,302
Environmental protection	5,397,141	5,449,962	7,374	-	60,195	-	60,195
Cultural and recreation	6,832,905	2,730,421	-	-	(4,102,484)	-	(4,102,484)
Interest on long-term debt	2,024,504	-	-	-	(2,024,504)	-	(2,024,504)
Total governmental activities	<u>81,169,286</u>	<u>13,764,319</u>	<u>5,015,258</u>	<u>54,833,138</u>	<u>(7,556,571)</u>	<u>-</u>	<u>(7,556,571)</u>
Business-type activities:							
Electric	41,276,377	44,958,366	-	-	-	3,681,989	3,681,989
Water and Sewer	26,899,666	21,305,944	-	15,054,213	-	9,460,491	9,460,491
Total business-type activities	<u>68,176,043</u>	<u>66,264,310</u>	<u>-</u>	<u>15,054,213</u>	<u>-</u>	<u>13,142,480</u>	<u>13,142,480</u>
Total	<u>\$ 149,345,329</u>	<u>\$ 80,028,629</u>	<u>\$ 5,015,258</u>	<u>\$ 69,887,351</u>	<u>(7,556,571)</u>	<u>13,142,480</u>	<u>5,585,909</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					39,485,046	-	39,485,046
Other taxes							
Local option sales					17,043,935	-	17,043,935
Motor vehicle licenses					242,299	-	242,299
Miscellaneous					-	-	-
Unrestricted intergovernmental					3,407,570	-	3,407,570
Unrestricted investment earnings					714,902	167,208	882,110
Miscellaneous					633,161	264,633	897,794
Total general revenues					<u>61,526,913</u>	<u>431,841</u>	<u>61,958,754</u>
Change in net position					53,970,342	13,574,321	67,544,663
Net position-beginning of year					<u>522,168,334</u>	<u>308,783,320</u>	<u>830,951,654</u>
Net position-end of year					<u>\$ 576,138,676</u>	<u>\$ 322,357,641</u>	<u>\$ 898,496,317</u>

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

TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3

	Major Funds		Other	Total
	General	Recreation Capital Projects	Governmental Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 46,953,180	\$ 6,736,185	\$ 17,467,810	\$ 71,157,175
Restricted cash and cash equivalents	316,865	33,730,455	6,930,216	40,977,536
Receivables, net:				
Taxes	122,481	-	-	122,481
Accounts	630,766	-	-	630,766
Due from other governments	6,164,208	332,446	825,227	7,321,881
Prepaid items	283,417	-	-	283,417
Inventories	27,746	-	-	27,746
Total assets	<u>\$ 54,498,663</u>	<u>\$ 40,799,086</u>	<u>\$ 25,223,253</u>	<u>\$ 120,521,002</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,626,609	\$ 2,795,176	\$ 271,550	\$ 8,693,335
Deferred inflows of resources:				
Property taxes receivable	134,575	-	-	134,575
Prepaid taxes	37,623	-	-	37,623
Prepaid recreation fees	60,450	-	-	60,450
Prepaid fire contract	12,000	-	-	12,000
Greenway credits	-	-	77,665	77,665
Total deferred inflows of resources	<u>244,648</u>	<u>-</u>	<u>77,665</u>	<u>322,313</u>
Fund balances:				
Nonspendable				
Perpetual care	-	-	685,718	685,718
Prepaid items	283,417	-	-	283,417
Inventories	27,746	-	-	27,746
Restricted				
Stabilization by State Statute	9,553,623	-	-	9,553,623
Public Safety	316,865	-	-	316,865
Street improvements	-	-	6,244,498	6,244,498
Recreation improvements	-	33,730,455	-	33,730,455
Committed				
Library maintenance	-	-	121,713	121,713
Street improvements	-	-	6,985,197	6,985,197
Recreation improvements	-	4,273,456	-	4,273,456
General government improvements	-	-	4,633,414	4,633,414
Affordable Housing	-	-	969,554	969,554
Perpetual care	-	-	441,759	441,759
LEO pension obligation	856,785	-	-	856,785
Assigned				
Recreation improvements	-	-	823,100	823,100
Street improvements	-	-	3,969,085	3,969,085
Subsequent year's expenditures	1,549,000	-	-	1,549,000
Unassigned	36,039,969	-	-	36,039,969
Total fund balances	<u>48,627,406</u>	<u>38,003,910</u>	<u>24,874,038</u>	<u>111,505,354</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,498,663</u>	<u>\$ 40,799,086</u>	<u>\$ 25,223,253</u>	<u>\$ 120,521,002</u>

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

TOWN OF APEX, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3

Fund balances-total governmental funds	\$ 111,505,354
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$ 778,456,204	
Less accumulated depreciation	<u>(190,823,709)</u>	587,632,494

Deferred outflows of resources related to pensions are not reported in the funds	8,958,918
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Notes receivable are not reported in the funds	362,250
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Deferred outflows of resources related to OPEB are not reported in the funds	5,712,780
--	-----------

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds

Government bonds and notes payable	(79,400,508)	
Net pension liability LGERS	(12,682,664)	
Net pension liability LEO	(4,398,203)	
OPEB liability	(36,555,346)	
Compensated absences	<u>(2,441,181)</u>	(135,477,902)

An internal service fund is used by the Town to charge the costs of insurance to individual funds. The assets and liabilities of this fund are included in governmental activities in the Statement of Net Position	567,475
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Earned revenues considered deferred inflows of resources in fund statements	134,575
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Deferred inflows of resources related to pensions are not reported in the funds	(118,261)
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Deferred inflows of resources related to OPEB are not reported in the funds	(2,844,102)
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Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds

Accrued interest payable		<u>(294,904)</u>
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Net position of governmental activities	<u><u>\$ 576,138,676</u></u>
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TOWN OF APEX, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

Exhibit 4

	Major Funds			
	General	Recreation Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 39,461,896	\$ -	\$ -	\$ 39,461,896
Other taxes and licenses	16,061,247	-	1,218,810	17,280,057
Unrestricted intergovernmental	3,407,570	-	-	3,407,570
Restricted intergovernmental	4,665,171	-	350,087	5,015,258
Permits and fees	4,953,091	-	2,642,321	7,595,412
Sales and services	6,168,907	-	-	6,168,907
Investment earnings	656,884	23,728	34,290	714,902
Miscellaneous	1,273,751	-	44,694	1,318,445
Total revenues	76,648,517	23,728	4,290,202	80,962,447
EXPENDITURES				
Current:				
General government	12,798,883	-	52,280	12,851,163
Public safety	23,222,782	-	-	23,222,782
Public works	6,242,387	-	-	6,242,387
Environmental protection	4,971,402	-	-	4,971,402
Cultural and recreational	4,577,782	-	-	4,577,782
Capital outlay	3,912,442	20,538,157	4,143,769	28,594,368
Debt service:				
Principal	4,422,793	-	-	4,422,793
Interest	2,487,129	-	-	2,487,129
Bond issuance costs (refunds)	22,000	(92)	69,100	91,008
Total expenditures	62,657,600	20,538,065	4,265,149	87,460,814
Excess of revenues over (under) expenditures	13,990,917	(20,514,336)	25,053	(6,498,366)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	929,499	3,768,300	9,406,325	14,104,124
Transfers to other funds	(8,556,325)	-	(5,547,799)	(14,104,124)
Bonds issued	-	-	5,000,000	5,000,000
Bond premium	-	-	-	-
Total other financing sources (uses)	(7,626,826)	3,768,300	8,858,526	5,000,000
Net change in fund balances	6,364,091	(16,746,036)	8,883,579	(1,498,366)
Fund balances-beginning of year	42,263,315	54,749,946	15,990,459	113,003,720
Fund balances-end of year	\$ 48,627,406	\$ 38,003,910	\$ 24,874,038	\$ 111,505,354

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

TOWN OF APEX, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ (1,498,366)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 28,594,367	
Less current year depreciation	<u>(21,304,493)</u>	7,289,874
Proceeds from the sale of governmental fund assets that do not constitute a gain on the Statement of Activities netted against losses on the Statement of Activities that are not reported in the governmental funds		(47,539)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Developer's contributed capital and donations	54,833,138	
Change in unavailable revenue for taxes	<u>29,327</u>	54,862,465
The issuance of debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of bond premium	440,195	
Principal payments	4,422,793	
Issuance of debt	(5,000,000)	
Change in accrued interest payable	<u>22,430</u>	(114,582)
Benefit payments paid subsequent to the measurement date for the LEOSSA are not included on the Statement of Activities		74,802
Contributions made subsequent to the measurement date for the LGERS pension plan are not included on the Statement of Activities		2,688,403
Net loss of internal service funds determined to be governmental-type		(603,701)
Repayment of loans receivable doesn't result in income to the Town		(637,750)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(380,979)	
Pension expense LGERS	(4,438,514)	
Pension expense LEO	(494,397)	
OPEB expense	<u>(2,729,374)</u>	<u>(8,043,264)</u>
Total changes in net position of governmental activities		<u>\$ 53,970,342</u>

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

**TOWN OF APEX, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES:				
Ad valorem taxes	\$ 38,813,000	\$ 38,813,000	\$ 39,461,896	\$ 648,896
Other taxes and licenses	11,854,900	11,854,900	16,061,247	4,206,347
Unrestricted intergovernmental	3,485,000	3,485,000	3,407,570	(77,430)
Restricted intergovernmental	3,516,100	5,197,178	4,665,171	(532,007)
Permits and fees	3,957,900	3,957,900	4,953,091	995,191
Sales and services	6,423,900	6,423,900	6,168,907	(254,993)
Investment earnings	355,300	355,300	656,654	301,354
Miscellaneous	358,000	2,302,012	1,273,751	(1,028,261)
Total revenues	<u>68,764,100</u>	<u>72,389,190</u>	<u>76,648,287</u>	<u>4,259,097</u>
EXPENDITURES:				
Current:				
General government	14,538,400	17,353,300	13,335,055	4,018,245
Public safety	25,214,000	27,606,854	24,764,578	2,842,276
Public works	8,357,000	9,577,288	6,952,127	2,625,161
Solid waste	5,102,600	5,187,073	5,189,105	(2,032)
Cultural and recreation	6,085,600	6,698,734	5,484,813	1,213,921
Debt service:				
Principal	4,422,800	4,473,800	4,422,793	51,007
Interest and fees	2,519,700	2,446,700	2,487,129	(40,429)
Bond issuance costs	-	22,000	22,000	-
Total expenditures	<u>66,240,100</u>	<u>73,365,749</u>	<u>62,657,600</u>	<u>10,708,149</u>
Revenues over (under) expenditures	<u>2,524,000</u>	<u>(976,559)</u>	<u>13,990,687</u>	<u>14,967,246</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	-	929,499	929,499	-
Transfer to other funds	(4,744,000)	(9,712,117)	(8,556,325)	1,155,792
Contingency	(150,000)	(150,000)	-	150,000
Fund balance appropriated	2,370,000	9,909,177	-	(9,909,177)
Total other financing sources (uses)	<u>(2,524,000)</u>	<u>976,559</u>	<u>(7,626,826)</u>	<u>(8,603,385)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,363,861</u>	<u>\$ 6,363,861</u>
Fund balance - beginning of year			<u>42,153,339</u>	
Fund balance - end of year			48,517,200	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			230	
Fund balance - beginning of year			109,976	
Fund balance - end of year (Exhibit 4)			<u>\$ 48,627,406</u>	

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

Exhibit 6

	Enterprise Funds			Internal
	Electric Fund	Water and Sewer Fund	Totals	Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,805,153	\$ 62,229,124	\$ 77,034,277	\$ 955,502
Accounts receivable (net) - billed	4,553,017	2,162,670	6,715,687	4,791
Accounts receivable - unbilled	2,867,158	1,234,571	4,101,729	-
Inventories	1,741,337	340,237	2,081,574	-
Prepaid items	-	-	-	6,182
Restricted cash and cash equivalents	926,457	-	926,457	-
Total current assets	<u>24,893,122</u>	<u>65,966,602</u>	<u>90,859,724</u>	<u>966,475</u>
Noncurrent assets:				
Land and construction in progress	14,089,790	78,171,964	92,261,754	-
Other capital assets, net of depreciation	37,287,416	176,872,054	214,159,470	-
Total noncurrent assets	<u>51,377,206</u>	<u>255,044,018</u>	<u>306,421,224</u>	<u>-</u>
Total assets	<u>76,270,328</u>	<u>321,010,620</u>	<u>397,280,948</u>	<u>966,475</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	546,677	574,012	1,120,689	-
Pension deferrals	952,395	1,235,235	2,187,630	-
Total deferred outflows of resources	<u>1,499,072</u>	<u>1,809,247</u>	<u>3,308,319</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,295,901	2,752,684	7,048,585	399,000
Customer deposits	771,133	-	771,133	-
Accrued interest payable	183,426	89,147	272,573	-
Bonds and notes payable	994,000	2,970,309	3,964,309	-
Compensated absences	146,138	176,398	322,536	-
Total current liabilities	<u>6,390,598</u>	<u>5,988,538</u>	<u>12,379,136</u>	<u>399,000</u>
Noncurrent liabilities:				
Compensated absences	74,797	90,285	165,082	-
Net OPEB liability	3,498,119	3,673,025	7,171,144	-
Bonds and notes payable	10,357,000	43,797,689	54,154,689	-
Net pension liability	1,647,099	2,141,229	3,788,328	-
Total noncurrent liabilities	<u>15,577,015</u>	<u>49,702,228</u>	<u>65,279,243</u>	<u>-</u>
Total liabilities	<u>21,967,613</u>	<u>55,690,766</u>	<u>77,658,379</u>	<u>399,000</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	272,163	285,772	557,935	-
Pension deferrals	6,657	8,655	15,312	-
Total deferred inflows of resources	<u>278,820</u>	<u>294,427</u>	<u>573,247</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	40,952,660	208,276,022	249,228,682	-
Unrestricted	14,570,307	58,558,652	73,128,959	567,475
Total net position	<u>\$ 55,522,967</u>	<u>\$ 266,834,674</u>	<u>\$ 322,357,641</u>	<u>\$ 567,475</u>

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

Exhibit 7

	Enterprise Funds			Internal
	Electric Fund	Water and Sewer Fund	Totals	Service Fund
OPERATING REVENUES				
Charges for services	\$ 40,591,032	\$ 20,562,567	\$ 61,153,599	\$ 6,083,253
Water and sewer taps	-	424,003	424,003	-
Other operating revenues	4,484,069	399,760	4,883,829	-
Total operating revenues	<u>45,075,101</u>	<u>21,386,330</u>	<u>66,461,431</u>	<u>6,083,253</u>
OPERATING EXPENSES				
Electric operations	9,993,911	-	9,993,911	-
Electric power purchases	28,106,211	-	28,106,211	-
Water and sewer operations	-	14,183,795	14,183,795	-
Depreciation	2,846,746	10,975,141	13,821,887	-
Health and dental claims	-	-	-	5,905,308
Health and dental administrative fees	-	-	-	781,646
Total operating expenses	<u>40,946,868</u>	<u>25,158,936</u>	<u>66,105,805</u>	<u>6,686,954</u>
Operating income (loss)	<u>4,128,233</u>	<u>(3,772,606)</u>	<u>355,627</u>	<u>(603,701)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	36,935	130,273	167,208	-
Interest expense	(329,509)	(1,372,377)	(1,701,886)	-
Bond issuance costs	-	(368,353)	(368,353)	-
Miscellaneous revenue	-	67,512	67,512	-
Total nonoperating revenues (expenses)	<u>(292,574)</u>	<u>(1,542,945)</u>	<u>(1,835,519)</u>	<u>-</u>
Income before transfers and contributions	<u>3,835,659</u>	<u>(5,315,551)</u>	<u>(1,479,892)</u>	<u>(603,701)</u>
Capital contributions	-	15,054,213	15,054,213	-
Change in net position	<u>3,835,659</u>	<u>9,738,662</u>	<u>13,574,321</u>	<u>(603,701)</u>
Total net position - beginning of year	<u>51,687,308</u>	<u>257,096,012</u>	<u>308,783,320</u>	<u>1,171,176</u>
Total net position - ending	<u>\$ 55,522,967</u>	<u>\$ 266,834,674</u>	<u>\$ 322,357,641</u>	<u>\$ 567,475</u>

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

Exhibit 8

	Business-Type Activities			
	Enterprise Funds			Internal
	Electric Fund	Water and Sewer Fund	Totals	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 44,365,266	\$ 21,124,037	\$ 65,489,303	\$ 6,322,826
Cash paid for goods and services	(33,082,980)	(13,694,846)	(46,777,826)	(6,521,954)
Cash paid to or on behalf of employees for services	(4,069,956)	676,448	(3,393,508)	(66,028)
Increase in customer deposits	40,602	-	40,602	-
Net cash provided by operating activities	<u>7,252,932</u>	<u>8,105,639</u>	<u>15,358,571</u>	<u>(265,156)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(9,027,848)	(6,550,445)	(15,578,293)	-
Bond issuance costs	-	(368,353)	(368,353)	-
Capacity and capital reimbursement fees	-	3,044,978	3,044,978	-
Principal paid on bond maturities and equipment contracts	(991,000)	(1,869,570)	(2,860,570)	-
Interest paid on bond maturities and equipment contracts	(259,225)	(1,429,792)	(1,689,017)	-
Net cash provided (used) by capital and related financing activities	<u>(10,278,073)</u>	<u>(7,173,182)</u>	<u>(17,451,255)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	36,935	130,273	167,208	-
Net increase (decrease) in cash and cash equivalents	(2,988,206)	1,062,730	(1,925,476)	(265,156)
Balances-beginning of the year	18,719,816	61,166,394	79,886,210	1,220,659
Balances-end of the year	<u>\$ 15,731,610</u>	<u>\$ 62,229,124</u>	<u>\$ 77,960,734</u>	<u>\$ 955,503</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,128,237	\$ (3,772,606)	\$ 355,631	\$ (603,701)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,846,746	10,975,141	13,821,887	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(709,833)	(262,293)	(972,126)	239,573
(Increase) decrease in inventory	(68,317)	(54,503)	(122,820)	-
Decrease in deferred outflows of resources for pensions	(210,982)	(327,447)	(538,429)	-
Increase in net pension liability	421,803	635,117	1,056,920	-
Decrease in deferred inflows of resources for pensions	(6,087)	(6,845)	(12,932)	-
Increase (decrease) in accounts payable and accrued liabilities	268,319	543,451	811,770	98,972
Increase in accrued compensated absences	51,085	88,602	139,687	-
Decrease in deferred outflows of resources for OPEB	41,870	116,165	158,035	-
Decrease in deferred inflows of resources for OPEB	10,224	(8,666)	1,558	-
Increase in net OPEB liability	439,265	179,523	618,788	-
Increase in customer deposits	40,602	-	40,602	-
Total adjustments	<u>3,124,695</u>	<u>11,878,245</u>	<u>15,002,940</u>	<u>338,545</u>
Net cash provided (used) by operating activities	<u>\$ 7,252,932</u>	<u>\$ 8,105,639</u>	<u>\$ 15,358,571</u>	<u>\$ (265,156)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 12,009,235	\$ 12,009,235	\$ -
Acquisition of capital assets through capital contributions	-	(12,009,235)	(12,009,235)	-
Net effect of non-cash contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2021

Exhibit 9

	Other Post- Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,151,104
LIABILITIES	-
NET POSITION	
Restricted for postemployment benefits	\$ 1,151,104

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2021

Exhibit 10

	Other Post- Employment Benefits Trust Fund
ADDITIONS	
Employer contributions	\$ 641,917
Net investment income	177,074
Total additions	<u>818,991</u>
DEDUCTIONS	
Benefit payments	<u>291,917</u>
Change in net position	527,074
Net position, beginning of year	<u>624,030</u>
Net position, end of year	<u><u>\$ 1,151,104</u></u>

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(b) Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include all the nonfiduciary activities of the overall government. All fiduciary activities are reported only in the fund financial statements. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in this process. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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, state-shared revenues, grants, building permits and fees, refuse collection charges and various other taxes and fees. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services. Additionally, the Town has legally adopted a Fire Capital Reserve Fund. Under GASB Statement 54 guidance the Fire Capital Reserve Fund is consolidated in the General Fund.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The budgetary comparison for the Fire Capital Reserve Fund has been included in the supplemental information.

Recreation Capital Project Fund – The Recreation Capital Project Fund is used to account for financial resources to be used for projects related to the construction or improvement of recreation facilities in the Town.

The Town reports the following major proprietary funds:

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

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and sewer operations. The Water and Sewer Fund is composed of four sub-funds: Water and Sewer Operations, Water and Sewer Project Fund, Wastewater Treatment Plant Project Fund, Water and Sewer Capital Reserve Fund and Water and Sewer HB463 Capital Reserve Fund, which are consolidated for financial reporting purposes.

The Town reports the following nonmajor governmental funds:

Special Revenue Funds – The Town has two Special Revenue Funds. The Affordable Housing Fund is used to account for financial resources to be used to fund affordable housing projects in the Town and the Eva Perry Library Fund is used to account for resources that are used for future specific purposes.

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

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

Additionally, the Town reports the following fund types:

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

Trust Fund – Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefits Trust Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

(d) Budgetary Data

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

Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds and at the object level for the multi-year funds. The Town Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund. Any revisions that alter total expenditures of any fund must be approved by the Town Council. During the year several amendments to the original budget became necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law G.S. 159-30(c) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

General Statute 159-30.1 allows the Town to establish and fund an irrevocable trust for the purpose of paying post-employment benefits for which the Town is liable. The Town's Other Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the Town to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69-2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6)m and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The North Carolina Capital Management Trust (NCCMT) which consists of an SEC registered fund, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The Government Portfolio is reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs - other than quoted prices - included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 8.34 years at June 30, 2021.

The Blackrock MSCI ACWI EZ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2021 the fair value of the funds was \$32.24591 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Certain police and fire safety moneys are classified as restricted because their use is restricted by donors or state and federal law. Money from the sale of cemetery plots is restricted for use in cemetery perpetual care. Unspent inspection funds are also classified as restricted cash because they can be expended only for the purposes outlined in State Statute (G.S. 160A-414). The unexpended bond and note proceeds in the Recreation Capital Project Fund, the Street Improvement Capital Project Fund and the Electric Capital Projects Fund are classified as restricted assets because their use is completely restricted for the purpose for which the debt was originally issued. Amounts received for Capital Reimbursement fees are restricted until spent for future capital improvements or debt service on existing capital assets.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted assets at June 30, 2021 consist of:

General Fund	
Public Safety	\$ 316,865
Street Improvements Capital Project Fund	
Future projects	6,244,498
Recreation Capital Project Fund	
Future projects	33,730,455
Electric Substation Project Fund	
Future projects	926,457
Cemetery Fund	
Environmental Services	685,718
Total Restricted Cash	<u>\$ 41,903,993</u>

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of the previous January 1st.

5. Allowances for Doubtful Accounts

An allowance for doubtful accounts is maintained on the ad valorem taxes and services receivables in the General Fund and on utility receivables in the Electric Fund and the Water and Sewer Fund. This amount is estimated by analyzing the percentage of receivables that are written off in prior years. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectible at June 30, 2021 have been charged against operations.

6. Inventories and Prepaid Items

The inventories of the Town are valued at cost (weighted average), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect amounts applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets and Water and Sewer, as well as Electric assets that were acquired or received substantial improvements subsequent

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. Other costs incurred for repairs and maintenance is expensed as incurred.

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

<u>Item</u>	<u>Life</u>
Buildings	30 years
Vehicles and Motorized Equipment	3-10 years
Utility Improvements	30-40 years
Buildings and Land Improvements	10-30 years
Land Improvements	10 to 33 years
Equipment and Furniture	5 to 8 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has seven items that meets the criterion for this category – prepaid taxes, prepaid recreation fees, prepaid fire contract, greenway credits, property taxes receivable and pension and OPEB deferrals.

9. Long-term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town allows employees to carry forward each December 31 of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Town's policy for compensatory time provides for an unlimited accumulation of earned compensatory time, which is vested. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance

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

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

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

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

Restricted Fund Balance

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

Restricted for Stabilization by State Statute - 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 1930's 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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted for street improvements – portion of fund balance is unexpended debt proceeds and restricted until used for capital improvement for which the debt was issued.

Restricted for recreation improvements – portion of fund balance is unexpended debt proceeds and restricted until used for capital improvement for which the debt was issued.

Committed Fund Balance

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

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

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

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

Committed for affordable housing – portion of fund balance committed by the Council for affordable housing expenditures.

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

Committed for LEO pension obligation – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

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

Assigned Fund Balance

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

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Unassigned Fund Balance

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

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

Defined Benefit Pension and OPEB Plans

The Town participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State; the Local Governmental Employees' Retirement System (LGERS), and one OPEB plan, the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plan and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net position have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. 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 the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

Use of Estimates

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

Note 2 – DEPOSITS AND INVESTMENTS

Deposits - All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 2 – DEPOSITS AND INVESTMENTS (continued)

Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the carrying amount of the Town's deposits was \$86,144,799 and the bank balance was \$86,690,565. Of the bank balance, \$35,356,730 was covered by federal depository insurance and \$51,334,023 was covered by collateral held under the pooling method. At June 30, 2021, the Town had \$1,875 of petty cash on hand.

Investments – at June 30, 2021, the Town's investments consisted of the following:

Investments by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management				
Trust	Fair Value			
Government Portfolio	Level 1	\$ 104,907,125	N/A	AAAm

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: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk: The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a rating of AAAm by Standard and Poor's as of June 30, 2021.

Custodial Credit Risk: For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the Town's name.

At June 30, 2021 the Town Healthcare Benefits (HCB) Plan Fund had \$1,148,252 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to General Statutes. At year-end, the State Treasurer's

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 2 – DEPOSITS AND INVESTMENTS (continued)

OPEB Trust was invested as follows: State Treasurer's STIF 0.09%; State Treasurer's BIF 24.48% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 71.43% (the equities were split with 58.82% in domestic securities and 41.18% in international securities).

Note 3 – RECEIVABLES - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The amounts shown on the Balance Sheet and the Statement of Net Position for receivables for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Fund	Allowance for Uncollectible:	
General Fund	Property Taxes Receivable	\$ 112,723
General Fund	Services Receivables	80,558
Electric Fund	Utility Receivables	774,943
Water and Sewer Fund	Utility Receivables	314,696
	Total	\$ <u>1,282,920</u>

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 113,102,781	\$ 7,356,288	\$ -	\$ 120,459,069
Construction in progress	11,567,894	24,681,926	278,407	35,971,413
Total capital assets not being depreciated	<u>124,670,675</u>	<u>32,038,214</u>	<u>278,407</u>	<u>156,430,482</u>
Capital assets being depreciated:				
Buildings	49,190,518	320,470	-	49,510,988
Other improvements	497,745,335	49,623,961	-	547,369,296
Equipment and furniture	8,986,134	857,899	-	9,844,033
Vehicles and motorized equipment	14,780,094	865,368	344,059	15,301,403
	<u>570,702,081</u>	<u>51,667,698</u>	<u>344,059</u>	<u>622,025,720</u>
Less accumulated depreciation for:				
Buildings	21,106,200	1,621,821	-	22,728,022
Other improvements	133,760,169	17,432,143	-	151,192,312
Equipment and furniture	4,723,787	721,672	-	5,445,459
Vehicles and motorized equipment	10,225,580	1,528,856	296,520	11,457,917
Total accumulated depreciation	<u>169,815,736</u>	<u>\$ 21,304,492</u>	<u>\$ 296,520</u>	<u>190,823,708</u>
Total capital assets being depreciated, net	<u>400,886,345</u>			<u>431,202,012</u>
Governmental activity capital assets, net	<u>\$ 525,557,020</u>			<u>\$ 587,632,494</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 4 – CAPITAL ASSETS (continued)

Depreciation expense was charged to
functions/programs as follows:

General government	\$ 975,873
Public safety	1,874,727
Public works	16,365,752
Environmental protection	256,122
Cultural and recreational	<u>1,832,018</u>
Total	<u>\$ 21,304,492</u>

(continued on next page)

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 4 – CAPITAL ASSETS (continued)

Business activities
ELECTRIC FUND

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,827,007	\$ 11,927	\$ -	\$ 2,838,934
Construction in progress	4,772,895	6,477,961	-	11,250,856
Total capital assets not being depreciated	7,599,902	6,489,888	-	14,089,790
Capital assets being depreciated:				
Utility improvements	58,225,956	2,118,293	-	60,344,249
Building and land improvements	6,780,804	-	-	6,780,804
Equipment and furniture	1,192,271	44,719	-	1,236,990
Vehicles and motorized equipment	2,713,574	278,788	144,061	2,848,301
Total capital assets being depreciated	68,912,605	2,441,800	144,061	71,210,344
Less accumulated depreciation for:				
Utility improvements	24,632,720	1,908,742	-	26,541,462
Building and land improvements	3,741,289	636,944	-	4,378,233
Equipment and furniture	797,254	62,734	-	859,988
Vehicles and motorized equipment	2,048,980	238,327	144,061	2,143,246
Total accumulated depreciation	31,220,243	2,846,746	144,061	33,922,928
Total capital assets being depreciated, net	37,692,362	\$ (404,946)	\$ -	37,287,416
Capital assets, net	<u>\$ 45,292,264</u>			<u>\$ 51,377,206</u>

	Beginning Balances	Increases	Decreases	Ending Balances
WATER AND SEWER FUND				
Capital assets not being depreciated:				
Land	\$ 62,241,389	\$ 4,948,235	\$ -	\$ 67,189,624
Construction in progress	8,593,866	2,388,474	-	10,982,340
Total capital assets not being depreciated	70,835,255	7,336,709	-	78,171,964
Capital assets being depreciated:				
Utility improvements	273,523,905	10,728,456	-	284,252,361
Building and land improvements	8,343,274	-	-	8,343,274
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	2,886,522	144,507	-	3,031,029
Vehicles and motorized equipment	3,068,061	2,006	-	3,070,067
Total capital assets being depreciated	291,311,762	10,874,969	-	302,186,731
Less accumulated depreciation for:				
Utility improvements	105,062,382	10,167,919	-	115,230,301
Building and land improvements	1,776,042	266,710	-	2,042,752
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,923,977	189,423	-	2,113,400
Vehicles and motorized equipment	2,087,136	351,088	-	2,438,224
Total accumulated depreciation	114,339,537	10,975,140	-	125,314,677
Total capital assets being depreciated, net	176,972,225	\$ (100,171)	\$ -	176,872,054
Capital assets, net	<u>\$ 247,807,480</u>			<u>\$ 255,044,018</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 4 – CAPITAL ASSETS (continued)

Construction Commitments

At June 30, 2021, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Projects	\$ 8,289,791	\$ 5,765,169
Recreation Capital Projects	27,806,296	12,910,239
Wastewater Treatment Plant Projects	423,492	120,820
Water/Sewer Capital Projects	10,558,847	4,442,260
Electric Substation Capital Project	11,363,659	884,156

Note 5 – PENSION PLAN OBLIGATIONS

(a) Local Governmental Employees' Retirement System

1. Plan Description

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

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

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Apex employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Apex's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Apex were \$3,497,748 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$16,470,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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 the June 30, 2020 measurement date, the Town's proportion was 0.46093%, which was an increase of 0.03320% from its proportion measured as of June 30, 2019.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$5,740,663. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,079,997	\$ -
Changes of assumptions	1,225,765	-
Net difference between projected and actual earnings on pension plan investments	2,317,851	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	368,930	66,564
Contributions subsequent to the measurement date	3,497,748	-
Total	<u>\$ 9,490,291</u>	<u>\$ 66,564</u>

The \$3,497,748 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, before the fiscal year end, will be recognized as a decrease of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 1,691,338
2023	2,219,403
2024	1,329,273
2025	685,965
Total	<u>\$ 5,925,979</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50-8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 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%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00 %. 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 to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 33,417,849	\$ 16,470,992	\$ 2,386,963

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

(b) Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Apex administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have 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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	92
Total	<u>98</u>

2. Summary of Significant Accounting Policies

Basis of Accounting: 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 the 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 following criteria which are outlined in GASB Statement 73. At June 30, 2021, \$856,785 of committed net position was available to pay Separation Allowance obligations.

3. Actuarial Assumptions

The entry age normal method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	1.93 percent
Projected salary increases	3.25 - 7.75 percent, including inflation and productivity factor
Includes inflation at	2.50 percent

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates are based on the Pub-2010 amount-weighted tables projected to the valuation date using MP-2019, projected forward generationally from the valuation date using MP-2019.

4. 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. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$141,961 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, 2021, the Town reported a total pension liability of \$4,398,203. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 30, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$563,399.

At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 442,906	\$ -
Changes of assumptions	1,138,549	67,009
Town benefit payments and administrative costs subsequent to the measurement date	74,802	-
Total	<u>\$ 1,656,257</u>	<u>\$ 67,009</u>

The \$74,802 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 307,568
2023	310,526
2024	299,369
2025	265,032
2026	215,043
Thereafter	116,908
Total	<u>\$ 1,514,446</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Note 5 – PENSION PLAN OBLIGATIONS (continued)

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 1.93%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93%) or one percentage point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 4,791,937	\$ 4,398,203	\$ 4,038,281

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.

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

Beginning balance	\$ 2,937,447
Service cost	161,1762
Interest on total pension liability	93,447
Difference between expected and actual experience	140,103
Changes of assumptions or other inputs	1,207,405
Benefit payments	(141,961)
Ending balance of the total pension liability	<u>\$ 4,398,203</u>

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 5,740,663	\$ 563,399	\$ 5,304,062
Pension Liability	16,470,992	4,398,203	20,869,195
Proportionate share of the net pension liability	.46093%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	2,079,997	442,906	2,522,903
Changes of assumptions	1,225,765	1,138,549	2,364,314
Net difference between projected and actual earnings on plan investments	2,317,851	-	2,317,851
Changes in proportion and differences between contributions and proportionate share of contributions	368,930	-	368,930
Benefit payments and administrative costs paid subsequent to the measurement date	3,497,748	74,802	3,572,550
Deferred Inflows of Resources			
Changes of assumptions	-	67,009	67,009
Changes in proportion and differences between contributions and proportionate share of contributions	66,564	-	66,564

(d) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description

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

2. Funding Policy

Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$329,596 for the reporting year.

(e) Supplemental Retirement Income Plan for all Other Employees

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 5 – PENSION PLAN OBLIGATIONS (continued)

The Town contributes each month an amount equal to five percent of eligible employees' salary. The Town made contributions of \$1,368,131 for the reporting year.

Note 6 – OTHER POST EMPLOYMENT BENEFIT

Healthcare Benefits

1. Plan Description

The Town administers a single-employer defined healthcare benefit (HCB) plan to cover retirees of the Town who participate in the North Carolina Local Government Employees' Retirement System and have met the minimum 15 year service requirement with the Town. Employees who were hired on or after July 1, 2020 are not eligible for benefits. Employees hired prior to July 1, 2020 who have 15-19 years of service at retirement will receive 50% of the benefits. Employees hired prior to July 1, 2020 with 20-24 years of continuous creditable service with the Town will receive 75% of the benefits and those who have 25 or more years of continuous creditable service with the Town at the time of their retirement will receive full benefits. The Town's retirees can also purchase coverage for their dependents at the Town's group rates as long as they had dependent coverage at the time of retirement. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

2. Plan Membership

At June 30, 2019, the date of the last actuarial valuation (used in these calculations), membership of the plan consisted of the following:

Retirees and dependents receiving benefits	48
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	445
Total	<u>493</u>

3. Benefits Provided

The HCB Plan provides healthcare benefits for retirees. The Town pays the full cost of post retirement health insurance for qualified retirees until the earlier of age 65, covered under Medicare coverage, or covered under another individual insurance plan. The Town is insured through private insurers. Post-retirement spouse and dependent coverage is allowed under the plan, provided the monthly cost is paid by the retiree, and is only provided to spouses and dependents covered at the time of the employee's retirement and continues until the earlier of the death of the retiree or the date the retiree reaches age 65. Below are coverages based on creditable service under the Plan for employees who qualify for benefits.

4. Contributions

The Town Council established the contribution requirements of plan members, which may be amended by the Council. Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the Council, effective October 21, 2008. For the current year, the Town made total contributions of \$641,917 to the plan. The Fund is accounted for as a trust fund.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

5. Investment Policy

The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are values at fair value. The following was the Council's adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	2021	2020	2021	2020
Bond Index Fund	40.0%	40.0%	4.00%	4.00%
Equity Index Fund	60.0%	60.0%	4.00%	4.00%
Total	100.0%	100.0%		

6. Rate of Return

For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 23.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB Liability	\$	44,877,594
Plan fiduciary net position		1,151,104
Town's net OPEB Liability	\$	<u>43,726,490</u>
Plan fiduciary net position as a Percentage of the total OPEB liability		2.56%

7. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 to 8.41 percent, including inflation and productivity factor
Investment rate of return	4.00 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.00 percent decreasing to an ultimate rate of 4.5 percent by 2026

The total OPEB liability was rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

Mortality rates were based on the Pub-2010 base rates projected to the valuation date using MP-2019, projected forward generationally from the valuation date using MP-2019. For general employees, rates are adjusted for males by 96% under age 81 then blended to 100% at age 85 and beyond. Rates for females are 100% of rates under age 92 then blended to 110% at age 94 and beyond.

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

8. Discount Rate

The discount rate used to measure the total OPEB liability June 30, 2021 was 2.16%. The projection of cash flows used to determine the discount rate assumed that the Town will contribute \$350,000 annually to the plan.

9. Sensitivity of the Net OPEB liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town at June 30, 2021, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 54,381,661	\$ 43,726,490	\$ 35,678,288

10. Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town at June 30, 2021, as well as what the Town's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (8.00 percent) than the current healthcare cost trend rate:

	1% Decrease (6.00% decreasing to 3.5%)	Healthcare cost Trend Rate (7.00% Decreasing to 4.5%)	1% Increase (8.00% decreasing to 5.5%)
Net OPEB liability	\$ 33,905,671	\$ 43,726,490	\$ 57,348,979

11. Changes in Net OPEB Liability

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021 the Town reported a net OPEB liability of \$43,726,490. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

At June 30, 2021, the components of the net OPEB liability of the Town, measured as of June 30, 2021, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2020	\$ 41,807,091	\$ 624,030	\$ 41,183,061
Changes for the Year:			
Service cost	2,910,827	-	2,910,827
Interest	920,729	-	920,729
Differences between Expected and Actual experience	(132,118)	-	(132,118)
Changes of assumptions	(337,017)	-	(337,017)
Contributions	-	641,917	(641,917)
Net investment income	-	177,074	177,074
Benefit Payments	(291,117)	(291,117)	-
Net Changes	3,070,504	527,074	2,543,430
Balances at June 30, 2021	\$ 44,877,594	\$ 1,151,104	\$ 43,726,490

12. Changes of Assumptions

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021. Decremental and salary increase assumptions have been updated based on the most recent NCLGERS experience analysis.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$4,149,674. At June 30, 2021, 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	\$ 152,271	\$ 1,357,808
Changes of assumptions	6,681,198	1,925,805
Net difference between projected and actual earnings on plan investments	-	118,424
Total	\$ 6,833,469	\$ 3,402,037

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 350,010
2023	350,011
2024	349,021
2025	350,438
2026	494,328
Thereafter	1,537,623
Total	\$ 3,431,431

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

(g) Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost sharing plan funded on a one year-term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Note 7 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

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

LGERS pension	
Contributions to pension plan in the current fiscal year	\$ 3,497,748
Differences between expected and actual experience	2,079,997
Changes of assumptions	1,225,765
Net difference between projected and actual earnings	2,317,851
Changes in proportion and differences between contributions and proportionate share of contributions	368,930
LEO pension	
Benefit payments made and administrative expenses	74,802
Differences between expected and actual experience	442,906
Changes of assumptions	1,138,549
OPEB	
Differences between expected and actual experience	152,271
Changes of assumptions	6,681,198
Total deferred outflows of resources	<u>\$ 17,980,017</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 37,623	\$ 37,623
Prepaid recreation fees (General Fund)	60,450	60,450
Prepaid fire contract (General Fund)	12,000	12,000
Taxes receivable (General Fund)	-	134,575
Greenway credits (Recreation Capital Reserve)	77,665	77,665
Changes in proportion and differences between employer contributions and proportionate share of contributions-LGERS	66,564	-
Changes in assumptions-LEO	67,009	-
Differences between expected and actual experience-OPEB	1,357,808	-
Changes of assumptions-OPEB	1,925,805	-
Net differences between projected and actual earnings-OPEB	118,424	-
Total deferred inflows of resources	<u>\$ 3,723,348</u>	<u>\$ 322,313</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 8 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town's current property insurance provides up to \$5,000,000 per occurrence coverage with a \$50,000 deductible in flood zones B, C, and X only; the Town does not carry flood insurance in other zones because flood plain maps show insignificant property values within flood plains. The Town's employees who have access to \$100 or more at any given time of the Town's funds are included in the Town's crime insurance policy that includes employee dishonesty, forgery and alteration, inside the premises theft of money or securities, and outside the premises theft of money or securities. The Finance Director is individually bonded for \$100,000. Other risks are mitigated through various means as detailed below.

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

Property and general liability – The Town maintains commercial insurance with deductibles up to \$25,000. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Health and Dental Claims – The Town self-funds health and dental coverage for all permanent employees. Employees can add dependents to this coverage by paying a portion of the premium. All claims are administered by a third party, Cigna Health Care. As of June 30, 2021, a reserve of \$399,000 for health and dental was calculated for claims incurred but not reported and items reported but not paid. The liability is reported in accounts payable on the financial statements and is expected to be paid within the next fiscal year. Settlements have not exceeded coverages for the past three fiscal years. Changes in the balances of claims liabilities during the past three years are as:

	Health Claims	Dental Claims	Total
Balance-June 30, 2020	234,000	-	234,000
Claims reported and changes in estimates for FY 2021	5,594,101	321,969	5,916,070
Claims paid in FY 2021	(5,429,101)	(321,969)	(5,751,070)
Balance-June 30, 2021	<u>\$ 399,000</u>	<u>\$ -</u>	<u>\$ 399,000</u>

Note 9 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2021, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Note 10 – LONG-TERM DEBT

(a) General Obligation Bonds

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition of parks and recreation facilities and construction of streets and sidewalks. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

Bonds payable at June 30, 2021 are comprised of the following individual issues:

\$1,105,000 April 17, 2018 Parks and Recreational Facility refunding bonds due in annual installments of varying amounts from \$100,000 to \$115,000 through June 1, 2028 plus interest at 5.0%.	\$ 785,000
\$23,000,000 April 27, 2018 Public Improvement serial bonds, due in annual installments of varying amounts from \$540,000 to \$1,905,000 through June 1, 2038 interest at varying rates from 3.0-5.0%.	21,310,000
\$1,800,000 June 4, 2020 Parks and Recreation Series 2020A serial bonds, due in annual installments of \$900,000 through June 1, 2022, interest at 5.0%.	900,000
\$28,000,000 June 4, 2020 Parks and Recreation Series 2020B serial bonds, due in annual installments of varying amounts from \$590,000 to \$1,490,000 through June 1, 2040, interest at varying rates from 2.0-5.0%.	27,410,000
\$2,445,000 June 4, 2020 Parks and Recreation refunding bonds, due in annual installments of varying amounts from \$260,000 to \$275,000 through June 1, 2029, interest at 5.0%.	2,185,000
\$4,670,000 March 26, 2013 Parks and Recreation refunding bonds, due in annual installments of varying amounts from \$15,000 to \$515,000 through February 1, 2025, interest at varying rates from 2.0-3.0%.	1,965,000
\$6,000,000 March 26, 2013 Parks and Recreational serial bonds, due in annual installments of \$300,000 through February 1, 2033, interest at varying rates from 2.0-5.0%.	3,600,000

Serviced by the Water and Sewer Fund:

\$35,000,000 June 19, 2012 Wastewater System, Series 2012 due in annual installments of varying amounts from \$685,000 to \$2,740,000 through June 1, 2022, interest at varying rates from 2.0-5.0%.	1,045,000
\$29,440,000 Water and Wastewater taxable refunding bonds, due in annual installments of varying amounts from \$1,475,000 to \$2,545,000 through June 1, 2037, interest at varying rates from 0.3% to 2.03%.	29,440,000

Directly placed general obligation bonds payable at June 30, 2021 consist of the following issue:

\$5,000,000 May 20, 2021 Street and Sidewalk serial bonds, due in annual installments of \$500,000 through May 1, 2031, interest at 1.05%	5,000,000
	<u>\$ 93,640,000</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

At June 30, 2021 the Town of Apex had a legal debt margin of \$742,619,659.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2021 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 3,715,000	\$ 2,117,986	\$ 1,405,000	\$ 445,586
2023	3,715,000	1,970,757	1,475,000	423,608
2024	3,725,000	1,828,607	1,505,000	417,706
2025	3,725,000	1,685,807	1,530,000	408,678
2026	3,520,000	1,542,706	1,560,000	397,968
2027-2031	17,980,000	5,531,783	8,995,000	1,705,002
2032-2036	17,005,000	2,595,589	11,470,000	934,108
2037-2040	9,770,000	504,226	2,545,000	51,664
Total	<u>\$ 63,155,000</u>	<u>\$ 80,932,458</u>	<u>\$ 30,485,000</u>	<u>\$ 4,784,320</u>

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2021 are as follows:

Serviced by the General Fund:

\$6,000,000 installment obligation to BB&T due in semi-annual installments of \$206,897 principal plus interest at 2.51% through 2032 secured by land. \$ 4,551,724

\$6,424,000 installment obligation to Pinnacle Bank due in annual installments of varying amounts from \$410,800 to \$679,000 through 2028 plus interest of 1.85% secured by land and buildings. 2,998,000

\$4,500,000 installment obligation to Pinnacle Bank due in annual installments of varying amounts from \$125,000 to \$340,000 through 2031 secured by land and buildings. 3,400,000

Serviced by the Water and Sewer Fund:

\$1,159,825 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$57,991 through 2027 plus interest of 2.205%, secured by land. 316,319

\$8,045,000 installment obligation to Pinnacle Bank for Water and Sewer Improvements due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 plus interest of 2.7%, secured by water improvements 4,394,000

\$355,059 installment obligation to the Town of Cary for the Regional Wastewater Treatment Plant due in annual installments of \$17,753 through 2031 plus interest of 2.205%, secured by land. 150,040
\$ 15,810,083

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for installment notes at June 30, 2021 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,208,793	\$ 230,014	\$ 642,669	\$ 100,206
2023	1,200,793	204,919	659,284	86,268
2024	1,190,793	179,973	675,284	72,016
2025	1,182,793	155,213	695,603	57,384
2026	1,173,793	130,601	714,217	42,314
2027-2031	4,578,966	311,476	1,473,302	47,290
2032	413,793	7,790	-	-
Total	<u>\$ 10,949,724</u>	<u>\$ 1,219,986</u>	<u>\$ 4,860,359</u>	<u>\$ 405,477</u>

(c) Revolving Fund Loans

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

The Town's promissory notes outstanding at June 30, 2021 are as follows:

Serviced by the Water and Sewer Fund:

\$17,500,000 promissory note issued for the construction of a regional wastewater treatment plant. Future revenues of the sanitary sewer system collateralize the note due in annual installments of \$875,000 beginning May 1, 2015 through May 1, 2034 plus interest at 2.22%

\$ 11,375,000

Annual debt service requirements to maturity for promissory notes at June 30, 2021 are as follow:

Year Ending June 30:	Principal	Interest
2022	\$ 875,000	\$ 252,525
2023	875,000	233,100
2024	875,000	213,675
2025	875,000	194,250
2026	875,000	174,825
2027-2031	4,375,000	582,750
2032-2034	2,625,000	116,550
Total	<u>\$ 11,375,000</u>	<u>\$ 1,767,675</u>

(d) Revenue Bond

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

\$ 1,787,000

\$10,000,000 Electric Revenue Bond, Series 2019, issued for electrical system improvements, due in annual installments of \$419,000 to \$598,000 through 2039, interest at 2.0%.

9,564,000
\$ 11,351,000

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Electric Revenue Bonds, Series 2009 and Series 2019, since its adoption in 2009. Section 704(a) of the Bond Order requires that income available for debt service plus 15% of Electric Fund Unrestricted Net position as of the last day of the prior fiscal year will not be less than 120% of the long-term debt service requirement for the current fiscal year.

The debt service requirement coverage ratio calculation for the year ended June 30, 2021 is as follows:

Current revenues	\$ 45,112,036
Current expenses	<u>37,608,759</u>
Subtotal	7,503,277
15% of Unrestricted Net Position, 6-30-20	<u>1,966,329</u>
Income available for debt service	\$ 9,469,606
Debt service, principal and interest	
Paid (Revenue Bond only)	<u>\$ 1,250,224</u>
Debt Service Coverage Ratio	<u>757%</u>

Per rate covenants, current expenses do not include depreciation expense of \$2,846,746, debt service interest of \$329,509 and the increase in other post-employment benefits of \$491,359.

The Town has pledged future electric customer revenues, net of specified operating expenses, to repay \$7,300,000 in electric system revenue bonds issued in May 2009. Proceeds from the bonds provided financing for electrical system improvements. The bonds are payable solely from electric customer net revenues and are payable through 2024. The total principal and interest remaining to be paid on the bonds is \$1,917,898. Principal and interest paid for the current year and the income available for debt service was \$639,780 and \$9,469,606 respectively.

The Town has pledged future electric customer revenues, net of specified operating expenses, to repay \$10,000,000 in electric system revenue bonds issued in September 2019. Proceeds from the bonds provided financing for electrical system improvements. The bonds are payable solely from electric customer net revenues and are payable through fiscal year 2040. The total principal and interest remaining to be paid on the bonds is \$11,590,140. Principal and interest paid for the current year and the income available for debt service was \$610,444 and \$9,469,606 respectively.

Annual debt service requirements to maturity for the revenue bonds at June 30, 2021 is as follows:

Year Ending June 30:	Principal	Interest
2022	\$ 994,000	\$ 255,969
2023	1,022,000	226,885
2024	1,053,000	196,695
2025	444,000	165,640
2026	453,000	156,760
2027-2031	2,406,000	644,160
2032-2036	2,656,000	393,760
2037-2040	<u>2,323,000</u>	<u>117,280</u>
Total	<u>\$ 11,351,000</u>	<u>\$ 2,157,038</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 61,360,000	\$ -	\$ 3,205,000	\$ 58,155,000	\$ 3,215,000
Plus deferred premium	5,735,979	-	440,195	5,295,784	407,834
Bonds from direct placements	-	5,000,000	-	5,000,000	500,000
Total bonds payable	67,095,979	5,000,000	3,645,195	68,450,784	4,122,834
Installment notes	12,167,517	-	1,217,793	10,949,724	1,208,793
Compensated absences	2,060,203	1,782,674	1,401,696	2,441,181	917,221
Net pension liability (LGERS)	8,949,565	9,061,739	5,328,640	12,682,664	-
Total pension liability (LEO)	2,937,447	1,602,717	141,961	4,398,203	-
Net OPEB liability	34,630,706	3,006,667	1,082,027	36,555,346	-
Governmental activity long-term liabilities	<u>\$ 127,841,417</u>	<u>\$ 20,453,797</u>	<u>\$ 12,817,312</u>	<u>\$ 135,477,902</u>	<u>\$ 6,748,848</u>
Business-type activities:					
General obligation bonds	\$ 29,640,000	\$ 29,440,000	\$ 28,595,000	\$ 30,485,000	\$ 1,405,000
Plus deferred premium	1,258,924	-	1,211,284	47,640	47,640
Total bonds payable	30,898,924	29,440,000	29,806,284	30,532,640	1,452,640
Installment notes	17,806,155	-	1,570,796	16,235,359	1,517,669
Revenue bond	12,342,000	-	991,000	11,351,000	994,000
Compensated absences	347,931	442,431	302,744	487,618	322,536
Net pension liability (LGERS)	2,731,407	2,746,371	1,689,450	3,788,328	-
Net OPEB liability	6,552,355	824,889	206,100	7,171,144	-
Business-type activity long-term liabilities	<u>\$ 70,678,772</u>	<u>\$ 33,453,691</u>	<u>\$ 34,566,374</u>	<u>\$ 69,566,089</u>	<u>\$ 4,286,845</u>

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

In October of 2020, the Town refinanced two installment financing agreements. This refinancing resulted in a total economic gain of \$426,305 and reduced debt service payments for the General Fund and Water Sewer fund by \$294,831 and \$175,485, respectively.

In November 2020, the Town of Cary, with whom Apex jointly operates a wastewater treatment facility, refunded four state revolving loans and issued \$23.28 million of Combined Enterprise System Revenue Refunding Bonds, Series 2020B. Although this loan is Cary's debt, Cary has an interlocal agreement with the Town to pay a portion of the debt service (principal and interest) on the original state revolving loans that was also applied to this refinancing. Apex's share of the debt is equal to their proportionate share of the capital projects financed. This tax-exempt refunding resulted in a savings of \$39,311 to business-type activities.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 10 – LONG-TERM DEBT (continued)

In the current fiscal year, the Town issued \$29,440,000 in water and sewer bonds with interest rates ranging from 0.3% to 2.03%. The proceeds were used to advance refund \$27,615,000 of outstanding general obligation Wastewater System Bonds, Series 2012 dated June 19, 2012 and stated to mature on June 1, 2023 to 2037. This refunding resulted in an economic gain of \$3,549,598 and reduced debt service payments by \$4,041,171 for the Town's business-type activities.

The Town's outstanding bonds from direct placement related to governmental activities of \$5,000,000 contain a provision that in the event of default the lender may seek payment from the Town and pursue any other remedies permitted under State law.

Note 11 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	\$ 587,632,494	\$ 306,421,224
Less: Long-term debt net of unspent bond proceeds	(39,374,719)	(57,192,542)
Net investment in capital assets	<u>\$ 548,257,775</u>	<u>\$ 249,228,682</u>

Note 12 – FUND BALANCE

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

Total fund balance-General Fund	\$ 48,627,406
Less:	
Inventories	(27,746)
Prepaid items	(283,417)
Stabilization by State Statute	(9,553,623)
Restricted for Public Safety	(316,865)
Committed for LEO pension obligation	(856,785)
Assigned for subsequent year's expenditures	<u>(1,549,000)</u>
Remaining fund balance	<u>\$ 36,039,970</u>

Note 12 – FUND BALANCE (continued)

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

Encumbrances – General Fund	\$ 2,770,745
Encumbrances – Electric Fund	246,755
Encumbrances – Water and Sewer Fund	293,830

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Note 13 – INTERFUND BALANCES AND ACTIVITY

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
Transportation Reserve	General Fund	\$ 361,427	Fund improvements
Transportation Reserve	Street Improvements Fund	850,000	Fund improvements
Recreation Capital Project Fund-Capital Reserve	General Fund	568,072	Fund improvements
Recreation Capital Project Fund-Capital Reserve	Recreation Capital Projects Fund	3,768,300	Fund improvements
General Fund	Street Improvements Project Fund	6,056,325	Fund improvements
General Fund	General Capital Projects Fund	1,480,000	Fund improvements
General Fund	Affordable Housing Fund	1,020,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	2,410,409	Fund improvements
Water/Sewer HB463 Capital Reserve Fund	Water/Sewer Fund	2,497,197	Fund improvements
Water/Sewer HB 463 Capital Reserve Fund	Water/Sewer Project Fund	3,753,000	Fund improvements
Electric Fund	Electric Substation Capital Project	1,125,000	Fund improvements
Water/Sewer Fund	Water/Sewer Project Fund	1,730,000	Fund improvements

Note 14 – JOINTLY GOVERNED ORGANIZATION

The Town is a member of the North Carolina Eastern Municipal Power Agency (the “Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a .7056% interest in the Agency, with the balance being shared by the thirty-two (32) other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s gross purchases of power for the fiscal year ended June 30, 2021 were \$29,049,501.

On July 31, 2015, the Agency completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the Agency’s outstanding revenue bonds. The Agency entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the Agency will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, Agency members will make payments for their share of the debt service on the Agency’s new revenue bonds.

Note 15 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Note 16 – JOINTLY OWNED FACILITIES

The Towns of Apex and Cary jointly own and operate a water treatment plant. An advisory committee, consisting of the Mayors of Apex and Cary and the Town Managers of Apex and Cary, advise the Operating Agency on all policy matters and select the independent consultants for the project. The Town of Cary is the Operating Agency and operates the plant, hires employees, accounts for revenues and expenditures, and provides all administrative

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 16 – JOINTLY OWNED FACILITIES (continued)

and executive management of the plant. The water treatment plant is not a separate legal entity and does not prepare separate financial statements. The Town's share of capital costs of the plant and its operating expenses are included in the Town of Apex's reporting entity.

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

The Towns of Apex and Cary jointly own and operate a wastewater treatment plant. The Town of Apex owns approximately from 29-31% considering the entire plant including outfall facilities. The plant has a total budgeted cost of \$300,000,000 and the Town of Apex's portion of this is \$83,363,237. Through June 30, 2021, the Town has capitalized the wastewater treatment plant and related land at a total cost of \$81,279,264 and has construction in progress on outfall facilities of \$423,492.

Note 17 – SUBSEQUENT EVENTS

On October 12, 2021, the Town of Apex entered into an Installment Financing Agreement pursuant to Section 160A-20 of the N. C. General Statutes with Pinnacle Bank in the principal amount of \$8,700,000 for the purpose of acquiring, constructing and equipping a new Public Safety Facility and a new office building for use by the Town's Inspections Department. The agreement bears interest at the rate of 1.50% per annum and annual debt service payments will range from \$701,000 to \$589,000 through 2036. On October 19, 2021, the Town entered into a contract for the construction of the Public Safety Facility in the amount of \$6.34 million

The Town has evaluated events through November 30, 2021 in connection with preparation of these financial statements, which is the date the financial statements were ready to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021*

TOTAL OPEB LIABILITY	2021	2020	2019	2018
Service cost	\$ 2,910,827	\$ 2,129,618	\$ 1,833,733	\$ 2,225,212
Interest	920,729	1,185,723	1,111,292	854,654
Differences between expected and actual experience	(132,118)	(1,572,528)	143,860	110,047
Changes of assumptions	(337,017)	6,264,555	2,521,287	(3,373,245)
Benefit payments	(291,917)	(154,835)	(442,864)	(338,332)
Net change in total OPEB liability	3,070,504	7,852,533	5,167,308	(521,664)
Total OPEB liability - beginning	41,807,091	33,954,558	28,787,250	28,561,721
Total OPEB liability - ending	<u>\$ 44,877,595</u>	<u>\$ 41,807,091</u>	<u>\$ 33,954,558</u>	<u>\$ 28,040,057</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 641,917	\$ 504,835	\$ 692,864	\$ -
Net investment income	177,074	24,030	-	-
Benefit payments	(291,917)	(154,835)	(442,864)	-
Net change in plan fiduciary net position	527,074	374,030	250,000	-
Plan fiduciary net position - beginning	624,030	250,000	-	-
Plan fiduciary net position - ending	<u>\$ 1,151,104</u>	<u>\$ 624,030</u>	<u>\$ 250,000</u>	<u>\$ -</u>
Town's Net OPEB liability - ending	<u>\$ 43,726,491</u>	<u>\$ 41,183,061</u>	<u>\$ 33,704,558</u>	<u>\$ 28,040,057</u>
Plan fiduciary net position as a percentage of total OPEB liability	2.56%	1.49%	0.74%	0.00%
Covered-employee payroll	\$ 25,695,645	\$ 25,695,645	\$ 23,508,278	
Town's net OPEB liability as a percentage of covered-employee payroll	170.17%	160.27%	143.37%	

Notes to Schedule

The difference of \$747,193 between the 2018 ending TOL and the 2019 beginning TOL is due to the change in accounting principle that was adopted for measurement period ending June 30, 2019.

* Plan measurement date is the reporting date.

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

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.56%

Note that this schedule will not present 10 years' worth of information until fiscal year 2027.

TOWN OF APEX, NORTH CAROLINA
TOWN OF APEX'S CONTRIBUTIONS
HEALTHCARE BENEFITS PLAN
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 3,149,756	\$ 3,077,653	\$ 3,077,653
Contributions in relation to the actuarially determined contribution	641,917	504,835	692,864
Annual contribution deficiency	<u>\$ 2,507,839</u>	<u>\$ 2,572,818</u>	<u>\$ 2,384,789</u>
Covered-employee payroll	\$ 25,695,645	\$ 25,695,645	\$ 23,508,278
Contributions as a percentage of covered-employee payroll	9.76%	10.01%	10.14%

Notes to the Required Schedules:

Valuation date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, prior to the above year end

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	8.76 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	7.00% decreasing to an ultimate of 4.5% by 2026
Salary increases	3.25% to 8.41% including inflation and productivity factor
Investment rate of return	4.0% net of OPEB plan investment expense, including inflation
Retirement Age	In the 2019 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Health Annuitant Mortality Table.
Mortality	In the 2019 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Health Annuitant Mortality Table.

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF INVESTMENT RETURNS - HEALTHCARE BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	23.74%	5.50%	0.00%

Note to the schedule: The Town initially established the trust as of June 30, 2019 and money was initially invested on that date.

TOWN OF APEX, NORTH CAROLINA
TOWN OF APEX'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015	2014
Apex's proportion of the net pension liability (asset) (%)	0.46093%	0.42773%	0.42412%	0.40137%	0.39248%	0.39693%	0.38363%	0.37310%
Apex's proportion of the net pension liability (asset) (\$)	\$ 16,470,992	\$ 11,680,973	\$ 10,061,577	\$ 6,131,822	\$ 8,329,740	\$ 1,781,398	\$ (2,262,443)	\$ 4,497,288
Apex's covered payroll	\$ 30,283,515	\$ 26,938,688	\$ 25,826,440	\$ 23,809,047	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804	\$ 18,242,662
Apex's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.39%	43.36%	38.96%	25.75%	37.75%	8.65%	-11.65%	24.65%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

Note that this schedule will not present 10 years' worth of information until fiscal year 2023

**TOWN OF APEX, NORTH CAROLINA
TOWN OF APEX'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,497,748	\$ 2,764,098	\$ 2,136,423	\$ 1,984,665	\$ 1,771,996	\$ 1,502,800	\$ 1,468,206	\$ 1,380,271
Contributions in relation to the contractually required contributions	<u>3,497,748</u>	<u>2,764,098</u>	<u>2,136,423</u>	<u>1,984,665</u>	<u>1,771,996</u>	<u>1,502,800</u>	<u>1,468,206</u>	<u>1,380,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Apex's covered payroll	\$ 33,901,715	\$ 30,283,515	\$ 26,938,688	\$ 25,826,440	\$ 23,809,047	\$ 22,065,857	\$ 20,582,712	\$ 19,417,804
Contributions as a percentage of covered-employee payroll	10.32%	9.13%	7.93%	7.68%	7.44%	6.81%	7.13%	7.11%

Note that this schedule will not present 10 years' worth of information until fiscal year 2023

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,937,447	\$ 2,560,742	\$ 2,248,394	\$ 1,929,620	\$ 1,825,900
Service cost	161,762	128,648	138,637	111,974	114,548
Interest on total pension liability	93,447	90,723	69,277	73,484	64,730
Difference between expected and actual experience	140,103	206,659	320,220	38,475	-
Changes of assumptions or other inputs	1,207,405	87,378	(103,589)	146,595	(50,116)
Benefit payments	<u>(141,961)</u>	<u>(136,703)</u>	<u>(112,197)</u>	<u>(51,754)</u>	<u>(25,442)</u>
Ending balance of the total pension liability	<u>\$ 4,398,203</u>	<u>\$ 2,937,447</u>	<u>\$ 2,560,742</u>	<u>\$ 2,248,394</u>	<u>\$ 1,929,620</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

**TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION
June 30 2021**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 4,398,203	\$ 2,937,447	\$ 2,560,742	\$ 2,248,394	\$ 1,929,620
Covered payroll	6,007,866	5,077,778	5,069,978	4,760,797	4,527,103
Total pension liability as a percentage of covered payroll	73.21%	57.85%	50.51%	47.23%	42.62%

Notes to the schedules

The Town of Apex has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note that this schedule will not present 10 years' worth of information until fiscal year 2026.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 1

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Ad valorem taxes				
Current year	\$ 38,755,000	\$ 39,389,175	\$ 634,175	\$ 32,603,343
Prior years	18,000	25,659	7,659	16,793
Penalties and interest	40,000	47,062	7,062	38,802
Total	<u>38,813,000</u>	<u>39,461,896</u>	<u>648,896</u>	<u>32,658,938</u>
Other taxes and licenses				
Local option sales tax	11,626,900	15,728,052	4,101,152	12,174,795
Motor vehicle licenses	150,000	242,299	92,299	-
Rental vehicles tax	78,000	90,896	12,896	80,713
Total	<u>11,854,900</u>	<u>16,061,247</u>	<u>4,206,347</u>	<u>12,255,508</u>
Unrestricted intergovernmental revenues				
Utility franchise tax	3,000,000	2,941,206	(58,794)	2,814,107
Beer and wine tax	215,000	256,102	41,102	227,565
Solid waste rebates - Wake County	270,000	210,262	(59,738)	363,501
Payments in lieu of taxes	-	-	-	53,550
Total	<u>3,485,000</u>	<u>3,407,570</u>	<u>(77,430)</u>	<u>3,458,723</u>
Restricted intergovernmental				
Powell Bill	1,421,000	1,456,881	35,881	1,353,791
Fire district allocation - Wake County	1,130,100	1,244,959	114,859	1,241,685
Federal grants	2,193,394	1,852,530	(340,864)	207,021
State grants	-	-	-	-
Wake County grant	449,184	103,427	(345,757)	123,034
Miscellaneous	3,500	7,374	3,874	3,123
Total	<u>5,197,178</u>	<u>4,665,171</u>	<u>(532,007)</u>	<u>2,928,654</u>
Permits and fees				
Building permits and inspection fees	3,675,500	3,601,769	(73,731)	3,804,230
Subdivision approval fee	100,000	153,300	53,300	184,377
Application fees	172,400	203,884	31,484	201,593
Economic development fee	-	984,738	984,738	-
Vendor permits	10,000	8,900	(1,100)	11,813
Fines and penalties	-	500	500	2,800
Total	<u>3,957,900</u>	<u>4,953,091</u>	<u>995,191</u>	<u>4,204,813</u>
Sales and services				
Refuse collection fees	4,283,400	4,255,770	(27,630)	3,871,645
Emergency services	12,000	-	(12,000)	12,000
Recreation fees	899,700	718,925	(180,775)	561,311
Recycling revenue	1,228,700	1,194,192	(34,508)	973,881
Planning documents	100	20	(80)	60
Total	<u>6,423,900</u>	<u>6,168,907</u>	<u>(254,993)</u>	<u>5,418,897</u>
Investment earnings	<u>355,800</u>	<u>656,655</u>	<u>300,855</u>	<u>661,097</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 1

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Miscellaneous				
ABC revenue	\$ 250,000	\$ 351,531	\$ 101,531	\$ 310,748
PY Grant repayment	549,675	637,750	88,075	-
Sale of fixed assets	1,386,000	45,192	(1,340,808)	30,061
Miscellaneous	55,000	71,053	16,053	164,212
Donations	8,500	29,546	21,046	9,601
Insurance Refund	43,337	119,414	76,077	3,736
Promotional activities	10,000	2,549	(7,451)	19,394
Court costs and officer fees	13,000	16,716	3,716	13,242
Total	<u>2,315,512</u>	<u>1,273,751</u>	<u>(1,041,761)</u>	<u>550,994</u>
Total revenues	<u>72,403,190</u>	<u>76,648,287</u>	<u>4,245,097</u>	<u>62,137,624</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	-	58,963	-	58,712
Operations	-	110,185	-	237,996
Total	<u>213,300</u>	<u>169,148</u>	<u>44,152</u>	<u>296,708</u>
Administration				
Personnel services	-	3,743,081	-	3,347,603
Operations	-	1,800,409	-	2,376,734
Capital outlay	-	271,077	-	235,108
Total	<u>7,870,563</u>	<u>5,814,567</u>	<u>2,055,996</u>	<u>5,959,445</u>
Finance				
Personnel services	-	411,133	-	380,468
Operations	-	422,258	-	386,819
Capital outlay	-	13,691	-	-
Total	<u>900,728</u>	<u>847,082</u>	<u>53,646</u>	<u>767,287</u>
Facility Services				
Personnel services	-	462,241	-	312,378
Operations	-	854,809	-	780,815
Capital outlay	-	246,230	-	682,129
Total	<u>1,891,730</u>	<u>1,563,280</u>	<u>328,450</u>	<u>1,775,322</u>
Planning				
Personnel services	-	1,925,975	-	1,743,135
Operations	-	338,056	-	286,485
Capital Outlay	-	-	-	-
Total	<u>2,608,752</u>	<u>2,264,031</u>	<u>344,721</u>	<u>2,029,620</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 1

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Construction Management				
Personnel services	\$ -	\$ 2,251,787	\$ -	\$ 2,095,803
Operations	-	229,284	-	214,485
Capital outlay	-	21,489	-	402,249
Total	<u>3,138,052</u>	<u>2,502,560</u>	<u>635,492</u>	<u>2,712,537</u>
Special Appropriations				
Wake County Programs	-	5,000	-	12,300
Chamber of Commerce	-	908	-	41,695
Human Services	-	58,974	-	54,025
Downtown Merchants	-	109,505	-	22,649
Total	<u>730,175</u>	<u>174,387</u>	<u>555,788</u>	<u>130,669</u>
Total general government	<u>17,353,300</u>	<u>13,335,055</u>	<u>4,018,245</u>	<u>13,671,588</u>
Public safety				
Police				
Personnel services	-	10,568,424	-	9,262,456
Operations	-	1,294,526	-	1,679,168
Capital outlay	-	922,736	-	622,037
Total	<u>14,362,157</u>	<u>12,785,686</u>	<u>1,576,471</u>	<u>11,563,661</u>
Public Safety Communications				
Personnel services	-	872,424	-	875,985
Operations	-	179,423	-	252,291
Capital outlay	-	28,500	-	-
Total	<u>1,529,939</u>	<u>1,080,347</u>	<u>449,592</u>	<u>1,128,276</u>
Fire and Rescue				
Personnel services	-	9,207,842	-	8,238,517
Operations	-	1,072,125	-	1,068,508
Wake County hazmat	-	28,019	-	-
Capital outlay	-	590,560	-	122,120
Total	<u>11,728,758</u>	<u>10,898,546</u>	<u>830,212</u>	<u>9,429,145</u>
Total public safety	<u>27,620,854</u>	<u>24,764,579</u>	<u>2,856,275</u>	<u>22,121,082</u>
Public Works				
Public Works & Transportation				
Personnel services	-	1,014,260	-	897,456
Operations	-	153,446	-	226,588
Capital outlay	-	-	-	-
Total	<u>1,423,478</u>	<u>1,167,706</u>	<u>255,772</u>	<u>1,124,044</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 1

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Utility Engineering & Water Resources				
Personnel services	\$ -	\$ 1,564,098	\$ -	\$ 1,331,288
Operations	-	213,058	-	189,443
Capital Outlay	-	34,202	-	90,120
Total	<u>2,140,688</u>	<u>1,811,358</u>	<u>329,330</u>	<u>1,610,851</u>
Streets				
Personnel services	-	978,204	-	1,120,088
Operations	-	1,818,873	-	2,209,632
Capital outlay	-	675,538	-	1,192,489
Total	<u>5,401,962</u>	<u>3,472,615</u>	<u>1,929,347</u>	<u>4,522,209</u>
Fleet Services				
Personnel services	-	340,002	-	330,982
Operations	-	122,606	-	117,899
Capital outlay	-	-	-	14,335
Total	<u>551,160</u>	<u>462,608</u>	<u>88,552</u>	<u>463,216</u>
Cemetery				
Operations	<u>60,000</u>	<u>37,840</u>	<u>22,160</u>	<u>44,249</u>
Total public works	<u>9,577,288</u>	<u>6,952,127</u>	<u>2,625,161</u>	<u>7,764,569</u>
Environmental Protection				
Sanitation				
Personnel services	-	1,190,903	-	1,094,279
Operations	-	3,780,499	-	3,381,827
Capital outlay	-	217,703	-	373,278
Total environmental protection	<u>5,187,073</u>	<u>5,189,105</u>	<u>(2,032)</u>	<u>4,849,384</u>
Cultural and Recreational				
Personnel services	-	3,100,483	-	2,940,620
Operations	-	1,477,298	-	1,960,263
Capital outlay	-	907,031	-	250,317
Total cultural and recreation	<u>6,698,734</u>	<u>5,484,812</u>	<u>1,213,922</u>	<u>5,151,200</u>
Debt service				
Principal	-	4,422,793	-	5,925,793
Interest	-	2,487,129	-	1,512,818
Bond issuance cost	-	22,000	-	28,569
Total debt service	<u>6,942,500</u>	<u>6,931,922</u>	<u>10,578</u>	<u>7,467,180</u>
Total expenditures	<u>73,379,749</u>	<u>62,657,600</u>	<u>10,722,149</u>	<u>61,025,003</u>
Revenues over (under) expenditures	<u>(976,559)</u>	<u>13,990,687</u>	<u>14,967,246</u>	<u>1,112,621</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 1

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
Affordable Housing	\$ (1,020,000)	\$ (1,020,000)	\$ -	\$ -
General Capital Project	(2,635,792)	(1,480,000)	1,155,792	1,970,000
Street Project	(6,056,325)	(6,056,325)	-	(1,177,200)
Operating transfers in				
Recreation Project Fund	568,072	568,072	-	-
Recreation Reserve Fund	-	-	-	1,508,300
Transportation Reserve Fund	361,427	361,427	-	-
Bond issuance	-	-	-	2,445,000
Bond premium	-	-	-	509,826
Contingency	(150,000)	-	150,000	-
Fund balance appropriated	9,909,177	-	(9,909,177)	-
Total other financing sources (uses)	<u>976,559</u>	<u>(7,626,826)</u>	<u>(8,603,385)</u>	<u>1,315,926</u>
Net change in fund balance	\$ <u>-</u>	6,363,861	\$ <u>6,363,861</u>	2,428,547
FUND BALANCE - Beginning of Year		<u>42,153,339</u>		<u>39,724,792</u>
FUND BALANCE - End of Year		\$ <u>48,517,200</u>		\$ <u>42,153,339</u>

TOWN OF APEX, NORTH CAROLINA
FIRE CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 2

	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Actual</u>
REVENUES			
Investment earnings	\$ 500	\$ 230	\$ (270)
EXPENDITURES			
Reserved for future expenditures	<u>500</u>	<u>-</u>	<u>500</u>
Net change in fund balance	<u>\$ -</u>	<u>230</u>	<u>\$ 230</u>
FUND BALANCE - Beginning of year		<u>109,976</u>	<u>108,360</u>
FUND BALANCE - End of year		<u>\$ 110,206</u>	<u>\$ 109,976</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2021

Schedule 3

	Project Author - ization		Actual	
		Prior Year	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 855,500	\$ 847,763	\$ 23,728	\$ 871,491
Donations	300,000	40,000	-	40,000
Intergovernmental	1,900,000	400,000	-	400,000
Miscellaneous	5,000	5,000	-	5,000
Total revenues	<u>3,060,500</u>	<u>1,292,763</u>	<u>23,728</u>	<u>1,316,491</u>
EXPENDITURES				
Capital outlay-improvements	63,772,001	7,268,140	20,538,156	27,806,296
Bond issuance costs (refund)	293,460	274,971	(92)	274,879
Total expenditures	<u>64,065,461</u>	<u>7,543,111</u>	<u>20,538,064</u>	<u>28,081,175</u>
Revenues under expenditures	<u>(61,004,961)</u>	<u>(6,250,348)</u>	<u>(20,514,336)</u>	<u>(26,764,685)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Recreation reserve	9,886,724	6,565,631	3,768,300	10,333,932
General fund	700,000	400,000	-	400,000
General fund	(494,329)	(494,328)	-	(494,328)
Bonds issued	49,746,128	49,746,128	-	49,746,128
Bond premium	1,166,438	4,782,863	-	4,782,863
Total other financing sources (uses)	<u>61,004,961</u>	<u>61,000,294</u>	<u>3,768,300</u>	<u>64,768,595</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>54,749,946</u>	\$ <u>(16,746,036)</u>	\$ <u>38,003,910</u>

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Affordable Housing Fund – used to account for funds restricted for funding affordable housing projects.

Capital Projects Funds

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

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

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

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

General Capital Projects Fund - used to account for construction and improvements to facilities used in the Town's governmental activities.

Permanent Fund

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

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

**TOWN OF APEX, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

Statement 4

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Perry Library</u>	<u>Affordable Housing</u>	<u>Total</u>	<u>Street Improvements Project</u>
ASSETS				
Cash and cash equivalents	\$ 121,713	\$ 969,554	\$ 1,091,267	\$ 6,467,229
Restricted cash and cash equivalents	-	-	-	6,244,498
Due from other governments	-	-	-	713,918
Wake County taxes receivable	-	-	-	-
Total assets	<u>\$ 121,713</u>	<u>\$ 969,554</u>	<u>\$ 1,091,267</u>	<u>\$ 13,425,645</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,950</u>
DEFERRED INFLOWS OF RESOURCES				
Greenway Credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	6,244,498
Committed	121,713	969,554	1,091,267	6,985,197
Assigned	-	-	-	-
Total fund balance	<u>121,713</u>	<u>969,554</u>	<u>1,091,267</u>	<u>13,229,696</u>
Total liabilities and fund balances	<u>\$ 121,713</u>	<u>\$ 969,554</u>	<u>\$ 1,091,267</u>	<u>\$ 13,425,646</u>

Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Recreation Reserve	Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 900,765	\$ 3,857,776	\$ 4,709,014	\$ 15,934,785	\$ 441,759	\$ 17,467,810
-	-	592,000	6,836,498	93,718	6,930,216
-	-	-	713,918	-	713,918
-	111,309	-	111,309	-	111,309
<u>\$ 900,765</u>	<u>\$ 3,969,085</u>	<u>\$ 5,301,014</u>	<u>\$ 23,596,510</u>	<u>\$ 535,477</u>	<u>\$ 25,223,253</u>
\$ -	\$ -	\$ 75,600	\$ 271,550	\$ -	\$ 271,550
<u>77,665</u>	<u>-</u>	<u>-</u>	<u>77,665</u>	<u>-</u>	<u>77,665</u>
-	-	592,000	592,000	93,718	685,718
-	-	-	6,244,498	-	6,244,498
-	-	4,633,414	11,618,611	441,759	13,151,637
823,100	3,969,085	-	4,792,185	-	4,792,185
<u>823,100</u>	<u>3,969,085</u>	<u>5,225,414</u>	<u>23,247,295</u>	<u>535,477</u>	<u>24,874,038</u>
<u>\$ 900,765</u>	<u>\$ 3,969,085</u>	<u>\$ 5,301,014</u>	<u>\$ 23,596,510</u>	<u>\$ 535,477</u>	<u>\$ 25,223,253</u>

TOWN OF APEX, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2021

Statement 5

	Special Revenue			Capital Projects
	Perry Library	Affordable Housing	Total	Street Improvements Project
REVENUES				
Other taxes and licenses				
Motor vehicle licenses	\$ -	\$ -	\$ -	\$ -
Restricted Intergovernmental	-	-	-	350,087
Permits and fees				
Subdivision recreation fees	-	-	-	-
Payments in lieu of streets	-	-	-	-
Payments in lieu of sidewalks	-	-	-	5,601
Miscellaneous	-	-	-	43,494
Investment earnings	253	1,834	2,087	6,760
Total revenues	<u>253</u>	<u>1,834</u>	<u>2,087</u>	<u>405,943</u>
EXPENDITURES				
Contracted services	-	52,280	52,280	-
Capital outlay-improvements	-	-	-	2,738,713
Bond issuance costs	-	-	-	69,100
Total expenditures	<u>-</u>	<u>52,280</u>	<u>52,280</u>	<u>2,807,813</u>
Revenues over (under) expenditures	<u>253</u>	<u>(50,446)</u>	<u>(50,193)</u>	<u>(2,401,870)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,020,000	1,020,000	6,906,325
Transfers out	-	-	-	-
Bond proceeds	-	-	-	5,000,000
Total other financing sources (uses)	<u>-</u>	<u>1,020,000</u>	<u>1,020,000</u>	<u>11,906,325</u>
Net change in fund balances	253	969,554	969,807	9,504,455
FUND BALANCES - Beginning of year	<u>121,460</u>	<u>-</u>	<u>121,460</u>	<u>3,725,241</u>
FUND BALANCES - End of year	<u>\$ 121,713</u>	<u>\$ 969,554</u>	<u>\$ 1,091,267</u>	<u>\$ 13,229,696</u>

Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Recreation Reserve	Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ -	\$ 1,218,810	\$ -	\$ 1,218,810	\$ -	\$ 1,218,810
-	-	-	350,087	-	350,087
2,011,476	-	-	2,011,476	-	2,011,476
-	605,384	-	605,384	-	605,384
-	19,860	-	25,461	-	25,461
-	-	-	43,494	1,200	44,694
5,821	7,456	11,052	31,089	1,114	34,290
<u>2,017,297</u>	<u>1,851,510</u>	<u>11,052</u>	<u>4,285,802</u>	<u>2,314</u>	<u>4,290,202</u>
-	-	-	-	-	52,280
-	11,332	1,393,725	4,143,769	-	4,143,769
-	-	-	69,100	-	69,100
<u>-</u>	<u>11,332</u>	<u>1,393,725</u>	<u>4,143,769</u>	<u>-</u>	<u>4,265,149</u>
<u>2,017,297</u>	<u>1,840,178</u>	<u>(1,382,673)</u>	<u>142,033</u>	<u>2,314</u>	<u>25,053</u>
-	-	1,480,000	8,386,325	-	9,406,325
(4,336,372)	(1,211,427)	-	(5,547,799)	-	(5,547,799)
-	-	-	5,000,000	-	5,000,000
<u>(4,336,372)</u>	<u>(1,211,427)</u>	<u>1,480,000</u>	<u>7,838,526</u>	<u>-</u>	<u>8,858,526</u>
(2,319,075)	628,751	97,328	7,911,460	2,314	8,883,579
<u>3,142,175</u>	<u>3,340,334</u>	<u>5,128,086</u>	<u>15,335,836</u>	<u>533,163</u>	<u>15,990,459</u>
<u>\$ 823,100</u>	<u>\$ 3,969,085</u>	<u>\$ 5,225,414</u>	<u>\$ 23,247,296</u>	<u>\$ 535,477</u>	<u>\$ 24,874,038</u>

TOWN OF APEX, NORTH CAROLINA
SPECIAL REVENUE FUND
PERRY LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 6

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ 1,000	\$ 253	\$ (747)	\$ 1,785
EXPENDITURES				
Building maintenance and repair	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>253</u>	<u>\$ 253</u>	<u>1,785</u>
FUND BALANCE - Beginning of year		<u>121,460</u>		<u>119,675</u>
FUND BALANCE - End of year		<u>\$ 121,713</u>		<u>\$ 121,460</u>

TOWN OF APEX, NORTH CAROLINA
SPECIAL REVENUE FUND
AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 7

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ -	\$ 1,834	\$ 1,834	\$ -
EXPENDITURES				
Contracted services	270,000	52,280	217,720	-
Reserved for future expenditures	<u>750,000</u>	<u>-</u>	<u>750,000</u>	
Total expenditures	1,020,000	52,280	967,720	-
Revenues over expenditures	(1,020,000)	(50,446)	(969,554)	-
OTHER FINANCING SOURCES				
Transfers in				
General Fund	<u>1,020,000</u>	<u>1,020,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>969,554</u>	<u>\$ 969,554</u>	<u>-</u>
FUND BALANCE - Beginning of year		<u>-</u>		<u>-</u>
FUND BALANCE - End of year		<u>\$ 969,554</u>		<u>\$ -</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECT FUND
STREET IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2021

Schedule 8

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Reimbursements	\$ 133,000	\$ 29,515	\$ 43,495	\$ 73,010
Payments in lieu of streets	2,165,000	2,064,835	-	2,064,835
Payments in lieu of sidewalks	170,000	150,356	5,601	155,957
Intergovernmental	7,102,125	1,655,178	350,087	2,005,265
Investment earnings	339,575	365,344	6,760	372,104
Sub-total revenues	9,909,700	4,265,228	405,943	4,671,171
Less closed projects	994,535	934,464	60,100	994,564
Total revenues	8,915,165	3,330,764	345,843	3,676,607
EXPENDITURES				
Capital outlay-improvements	28,170,672	5,481,978	2,738,713	8,220,691
Bond issuance costs	90,000	-	69,100	69,100
Sub-total expenditures	28,260,672	5,481,978	2,807,813	8,289,791
Less closed projects	1,907,795	1,726,708	180,047	1,906,755
Total expenditures	26,352,877	3,755,270	2,627,766	6,383,036
Revenues over (under) expenditures	(17,437,712)	(424,506)	(2,281,923)	(2,706,429)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	10,153,936	3,045,793	6,056,325	9,102,118
General Fund	(29,050)	(29,050)	-	(29,050)
Transportation Capital Reserve	3,011,950	1,710,918	850,000	2,560,918
Transportation Capital Reserve	(2,215,192)	(2,215,191)	-	(2,215,191)
Bonds issued	7,255,606	2,255,605	5,000,000	7,255,605
Bond premium	173,722	173,916	-	173,916
Sub-total other financing sources (uses)	18,350,972	4,941,991	11,906,325	16,848,316
Less closed projects	913,260	792,244	119,947	912,191
Total other financing sources (uses)	17,437,712	4,149,747	11,786,378	15,936,125
Net change in fund balance	\$ -	\$ 3,725,241	\$ 9,504,455	\$ 13,229,696

TOWN OF APEX, NORTH CAROLINA
RECREATION CAPITAL PROJECT FUND - CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 9

	2021			2020
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Subdivision recreation fees	\$ 2,000,000	\$ 2,011,476	\$ 11,476	\$ 2,564,412
Investment earnings	<u>65,000</u>	<u>5,821</u>	<u>(59,179)</u>	<u>71,188</u>
Total revenues	<u>2,065,000</u>	<u>2,017,297</u>	<u>(47,703)</u>	<u>2,635,600</u>
EXPENDITURES				
Reserved for future expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>2,065,000</u>	<u>2,017,297</u>	<u>(47,703)</u>	<u>2,635,600</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
General Fund	(568,072)	(568,072)	-	(1,508,300)
Recreation Project	(3,768,300)	(3,768,300)	-	(2,288,819)
Fund Balance Appropriated	<u>2,271,372</u>	<u>-</u>	<u>2,271,372</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,065,000)</u>	<u>(4,336,372)</u>	<u>2,271,372</u>	<u>(3,797,119)</u>
Net change in fund balance	\$ <u>-</u>	(2,319,075)	\$ <u>(2,319,075)</u>	(1,161,519)
FUND BALANCE - Beginning of year		<u>3,142,175</u>		<u>4,303,694</u>
FUND BALANCE - End of year		\$ <u><u>823,100</u></u>		\$ <u><u>3,142,175</u></u>

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

For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 10

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Motor vehicle licenses	\$ 835,000	\$ 1,218,810	\$ 383,810	\$ 1,044,183
Transportation impact fees	-	-	-	-
Payments in lieu of streets	-	605,384	605,384	28,265
Payments in lieu of sidewalks	-	19,860	19,860	17,914
Investment earnings	15,000	7,456	(7,544)	40,106
Total revenues	850,000	1,851,510	1,001,510	1,130,468
EXPENDITURES				
Refund of Development Fees	11,333	11,332	1	-
Revenues over expenditures	838,667	1,840,178	1,001,509	1,130,468
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
General Fund	(361,427)	(361,427)	-	-
Street Project Fund	-	-	-	65,000
Street Project Fund	(850,000)	(850,000)	-	(755,000)
Fund Balance Appropriated	372,760	-	(372,760)	-
Total other financingsources (uses)	(838,667)	(1,211,427)	(372,760)	(690,000)
Net change in fund balance	\$ -	628,751	\$ 628,749	440,468
FUND BALANCE - Beginning of year		3,340,334		2,899,866
FUND BALANCE - End of year		\$ 3,969,085		\$ 3,340,334

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECT FUND
GENERAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2021

Schedule 11

	Project Author - ization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 15,100	\$ 94,520	\$ 11,052	\$ 105,572
Total revenues	<u>15,100</u>	<u>94,520</u>	<u>11,052</u>	<u>105,572</u>
EXPENDITURES				
Capital outlay-improvements	<u>8,538,629</u>	<u>361,799</u>	<u>1,393,725</u>	<u>1,755,524</u>
Total expenditures	<u>8,538,629</u>	<u>361,799</u>	<u>1,393,725</u>	<u>1,755,524</u>
Revenues under expenditures	<u>(8,523,529)</u>	<u>(267,279)</u>	<u>(1,382,673)</u>	<u>(1,649,952)</u>
OTHER FINANCING SOURCES				
Transfers in				
General Fund	7,923,529	4,795,365	1,480,000	6,275,365
Cemetery Fund	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total other financing sources	<u>8,523,529</u>	<u>5,395,365</u>	<u>1,480,000</u>	<u>6,875,365</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>5,128,086</u>	\$ <u>97,328</u>	\$ <u>5,225,414</u>

TOWN OF APEX, NORTH CAROLINA
PERMANENT FUND
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2021
With comparative actual amounts for the year ended June 30, 2020

Schedule 12

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ 4,000	\$ 1,114	\$ (2,886)	\$ 15,859
Sale of plots	<u>6,000</u>	<u>1,200</u>	<u>(4,800)</u>	<u>(4,900)</u>
Total revenues	10,000	2,314	(7,686)	10,959
EXPENDITURES				
Reserved for future expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>2,314</u>	<u>2,314</u>	<u>10,959</u>
OTHER FINANCING SOURCES (USES)				
Transfers in /(out)				
General Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
Net change in fund balance	\$ <u>-</u>	2,314	\$ <u>2,314</u>	(589,041)
FUND BALANCE - Beginning of year		<u>533,163</u>		<u>1,122,204</u>
FUND BALANCE - End of year		\$ <u>535,477</u>		\$ <u>533,163</u>

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Town is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Electric Fund - used to account for the costs of providing electric service. The Town also maintains a subfund to account for the construction of an electric substation.

Water and Sewer Fund - used to account for the costs of providing water treatment and distribution and wastewater collection and treatment. The Town also maintains subfunds to account for water and sewer capital projects and development fees restricted to use for system improvements.

Internal Service Funds

Internal service funds are used to account for providing goods and services to other funds or departments of the Town. This allows the Town to centralize certain services and then allocate them on a full cost-reimbursement basis.

Health and Dental Fund - the Town self insures routine health and dental claims and uses this fund to centralize costs and allocate them to various departments based on the number of employees.

TOWN OF APEX, NORTH CAROLINA
ELECTRIC OPERATIONS
SCHEDULE OF REVENUES, EXPENSES AND SUPPLEMENTAL BUDGET EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Year Ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 13

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 39,390,000	\$ 40,506,031	\$ 1,116,031	\$ 38,410,442
Pole relocation fees	-	-	-	60,609
Reconnection fees	60,000	(1,969)	(61,969)	40,915
Service initiation fees	80,000	87,278	7,278	78,629
Penalties	120,000	(307)	(120,307)	72,701
Total	<u>39,650,000</u>	<u>40,591,032</u>	<u>941,032</u>	<u>38,663,296</u>
Other operating revenues				
Sales tax revenues	2,750,900	2,809,316	58,416	2,688,151
Underground charges	1,280,000	1,384,108	104,108	1,058,122
Sale of capital assets	10,000	20,000	10,000	40,635
Miscellaneous	35,000	96,735	61,735	32,686
Electric meters	230,000	173,910	(56,090)	191,685
Total other operating revenues	<u>4,305,900</u>	<u>4,484,069</u>	<u>178,169</u>	<u>4,011,279</u>
Total operating revenues	<u>43,955,900</u>	<u>45,075,101</u>	<u>1,119,201</u>	<u>42,674,575</u>
Nonoperating revenues:				
Intergovernmental revenues	-	-	-	90,385
Investment earnings	75,000	13,668	(61,332)	87,061
	<u>75,000</u>	<u>13,668</u>	<u>(61,332)</u>	<u>177,446</u>
Total revenues	<u>44,030,900</u>	<u>45,088,769</u>	<u>1,057,869</u>	<u>42,852,021</u>
EXPENDITURES				
Personnel services	5,045,900	4,817,136	228,764	4,417,860
Operations and maintenance	1,943,948	1,559,932	384,016	1,448,438
Purchases of electricity	28,861,700	28,106,211	755,489	27,658,546
Electric sales tax	2,856,500	2,869,664	(13,164)	2,766,473
Total	<u>38,708,048</u>	<u>37,352,943</u>	<u>1,355,105</u>	<u>36,291,317</u>
Debt service				
Principal retirement	991,000	991,000	-	535,000
Interest	259,300	259,225	75	104,077
Total debt service	<u>1,250,300</u>	<u>1,250,225</u>	<u>75</u>	<u>639,077</u>
Capital outlay	3,193,181	2,453,728	739,453	3,595,879
Total expenditures	<u>43,151,529</u>	<u>41,056,896</u>	<u>2,094,633</u>	<u>40,526,273</u>
Revenues over (under) expenses	<u>879,371</u>	<u>4,031,873</u>	<u>3,152,502</u>	<u>2,325,748</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC OPERATIONS
SCHEDULE OF REVENUES, EXPENSES AND SUPPLEMENTAL BUDGET EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Year Ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 13

	2021			2020
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Electric Substation Project	\$ (1,125,000)	\$ (1,125,000)	\$ -	\$ (2,255,820)
Contingency	(150,000)	-	150,000	-
Appropriated fund balance	395,629	-	(395,629)	-
Total other financing sources (uses)	<u>(879,371)</u>	<u>(1,125,000)</u>	<u>(245,629)</u>	<u>(2,255,820)</u>
Revenues and other financing sources over expenditures and other financing uses	\$ <u>-</u>	2,906,873	\$ <u>2,906,873</u>	69,928

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

Reconciling items:

Capital outlay	2,453,727	3,595,879
Depreciation	(2,846,746)	(2,760,235)
Payment of debt principal	991,000	535,000
Intrafund transfers	1,125,000	2,255,820
(Increase) decrease in accrued vacation and compensatory pay	(51,084)	10,083
(Increase) decrease in accrued interest	(70,285)	(100,052)
Increase/(decrease) in deferred outflows of resources - pensions	210,982	(86,017)
Increase in net pension liability	(421,803)	(163,883)
Decrease in deferred inflows of resources - pensions	6,087	5,538
Increase/(decrease) in deferred outflows of resources - OPEB	(41,870)	393,911
(Increase) in deferred inflows of resources - OPEB	(10,224)	(78,609)
Increase in net OPEB liability	(439,265)	(529,868)
Electric substation project		
Investment earnings	23,266	169,277
Bond issuance costs	-	(112,803)
Net income	\$ <u>3,835,659</u>	\$ <u>3,203,969</u>

TOWN OF APEX, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 14

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 19,735,300	\$ 20,562,567	\$ 827,267	\$ 19,006,567
Other operating revenues				
Water and sewer taps	486,100	424,003	(62,097)	523,366
Water tank rentals	180,000	146,193	(33,807)	166,078
Miscellaneous	189,000	200,786	11,786	269,579
Total other operating revenues	855,100	770,982	(84,118)	959,023
Total operating revenues	20,590,400	21,333,549	743,149	19,965,590
Nonoperating revenues:				
Investment earnings	175,000	44,023	(130,977)	349,448
Intergovernmental revenues	-	-	-	9,091
Sale of capital assets	30,000	-	(30,000)	17,260
Total nonoperating revenues	205,000	44,023	(160,977)	375,799
Total revenues	20,795,400	21,377,572	582,172	20,341,389
EXPENDITURES				
Water & Sewer Administration				
Personnel services	2,977,100	2,841,072	136,028	2,370,646
Operations and maintenance	714,622	426,561	288,061	465,779
Total	3,691,722	3,267,633	424,089	2,836,425
Sewer Treatment				
Personnel services	850,800	806,383	44,417	809,063
Operations and maintenance	1,072,530	923,623	148,907	841,152
Contracted treatment services	1,978,000	1,927,375	50,625	1,765,959
Total	3,901,330	3,657,381	243,949	3,416,174
Sewer Maintenance				
Personnel services	1,279,600	1,093,823	185,777	1,161,663
Operations and maintenance	1,459,894	1,050,653	409,241	998,747
Total	2,739,494	2,144,476	595,018	2,160,410
Water Treatment				
Operations and maintenance	146,500	106,088	40,412	145,336
Water purchases	2,174,800	2,116,226	58,574	1,972,741
Total	2,321,300	2,222,314	98,986	2,118,077
Water Maintenance				
Personnel services	1,513,200	1,416,928	96,272	1,227,575
Operations and maintenance	1,317,053	798,615	518,438	634,114
Total	2,830,253	2,215,543	614,710	1,861,689
Debt service				
Interest	1,462,700	652,537	810,163	1,561,605
Principal retirement	2,493,500	2,483,284	10,216	2,414,539
Total debt service	3,956,200	3,135,821	820,379	3,976,144

TOWN OF APEX, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 14

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Capital outlay				
Water/Sewer administration	\$ 134,739	\$ 165,290	\$ (30,551)	\$ 39,863
Sewer treatment	3,121,724	3,092,090	29,634	61,287
Sewer maintenance	95,400	59,573	35,827	127,473
Water maintenance	1,220,750	377,580	843,170	646,949
Water treatment	53,383	119,437	(66,054)	324,847
Total capital outlay	<u>4,625,996</u>	<u>3,813,970</u>	<u>812,026</u>	<u>1,200,419</u>
Total expenditures	<u>24,066,295</u>	<u>20,457,138</u>	<u>3,609,157</u>	<u>17,569,338</u>
Revenues over (under) expenditures	<u>(3,270,895)</u>	<u>920,434</u>	<u>4,191,329</u>	<u>2,772,051</u>
OTHER FINANCING SOURCES (USES)				
Transfers in /(out)				
Water/Sewer Reserves	4,907,606	4,907,606	-	1,945,500
Water/Sewer Project Fund	(1,730,000)	(1,730,000)	-	(995,000)
Payment to refund debt	(29,067,539)	(29,603,539)	(536,000)	
Bond proceeds	29,440,000	29,440,000	-	-
Bond issuance cost	(201,507)	(197,400)	4,107	
UW discount	(170,954)	(170,954)	-	
Fund balance appropriated	243,289	-	(243,289)	-
Contingency	(150,000)	-	150,000	-
Total other financing sources (uses)	<u>3,270,895</u>	<u>2,645,713</u>	<u>(625,182)</u>	<u>950,500</u>
Revenues and other financing sources (uses)				
over expenditures, other financing uses				
and special item	\$ <u>-</u>	3,566,147	\$ <u>3,566,147</u>	3,722,551

Reconciliation from budgetary basis (modified accrual)

to full accrual:

Capital outlay	3,813,970	1,200,419
Capital contributions	12,009,235	16,906,414
Intrafund transfers	(3,177,606)	(950,500)
Depreciation	(10,975,141)	(10,680,288)
(Increase)/decrease in accrued interest	57,415	8,613
Amortization of premiums on bonds issued	44,676	74,236
Recognition of Gain/Loss on Refunding	(754,418)	-
Proceeds of Bond issuance	(29,440,000)	-
Payment to Escrow Agent to Refund Debt	29,603,539	-
Payment of debt principal	2,483,284	2,414,539
Increase/(decrease) in deferred outflows of resources - pensions	327,447	(104,574)
Increase in net pension liability	(635,117)	(205,663)
Decrease in deferred inflows of resources - pensions	6,845	3,577
(Increase) decrease in accrued vacation pay	(88,602)	65,788
Increase (decrease) in deferred outflows - OPEB	(116,165)	479,082
(Increase) decrease in deferred inflows - OPEB	8,666	(95,606)
Increase in net OPEB liability	(179,523)	(669,884)
Water/Sewer Capital Project Fund		
Interest income	32,269	155,641
Federal grants	-	330,000
Waste Water Treatment Plant Capital Project Fund		
Interest income	3,438	27,428

TOWN OF APEX, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

For the Year Ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 14

Reconciliation from budgetary basis (modified accrual)

to full accrual (continued):

Capital Reserve Funds		
Capacity fees	118,500	245,782
Acreage fees	-	11,397
Capital reimbursement fees	2,926,478	7,287,438
Interest income	50,544	421,844
Miscellaneous	52,782	12,605
Net Income	\$ <u>9,738,662</u>	\$ <u>20,660,839</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2021

Schedule 15

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 323,274	\$ 356,613	\$ 23,267	\$ 379,880
EXPENDITURES				
Capital outlay - improvements	19,376,720	4,772,895	6,477,961	11,250,856
Bond issuance cost	110,100	112,803	-	112,803
Total expenditures	19,486,820	4,885,698	6,477,961	11,363,659
Revenues under expenditures	(19,163,546)	(4,529,085)	(6,454,694)	(10,983,779)
OTHER FINANCING SOURCES				
Transfers in				
Electric Fund	9,055,183	6,941,360	1,125,000	8,066,360
Water/Sewer Fund	108,363	108,363	-	108,363
Bonds issued	10,000,000	10,000,000	-	10,000,000
Total other financing sources	19,163,546	17,049,723	1,125,000	18,174,723
Revenues and other financing sources over expenditures	\$ -	\$ 12,520,638	\$ (5,329,694)	\$ 7,190,944

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2021

Schedule 16

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 535,336	\$ 479,115	\$ 32,270	\$ 511,385
	-	-		-
Total revenues	<u>535,336</u>	<u>479,115</u>	<u>32,270</u>	<u>511,385</u>
EXPENDITURES				
Capital outlay - improvements	<u>36,363,902</u>	<u>8,173,757</u>	<u>2,385,090</u>	<u>10,558,847</u>
Revenues under expenditures	<u>(35,828,566)</u>	<u>(7,694,642)</u>	<u>(2,352,820)</u>	<u>(10,047,462)</u>
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	19,004,436	13,073,315	-	13,073,315
Water/Sewer HB 463 Reserve	10,433,905	5,505,905	3,753,000	9,258,905
Water/Sewer Fund	<u>6,390,225</u>	<u>3,760,225</u>	<u>1,730,000</u>	<u>5,490,225</u>
Total other financing sources	<u>35,828,566</u>	<u>22,339,445</u>	<u>5,483,000</u>	<u>27,822,445</u>
Revenues and other financing sources over expenditures	\$ <u>-</u>	\$ <u>14,644,803</u>	\$ <u>3,130,180</u>	\$ <u>17,774,983</u>

TOWN OF APEX, NORTH CAROLINA
WASTEWATER TREATMENT PLANT PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2021

Schedule 17

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 400,000	\$ 403,161	\$ 3,437	\$ 406,598
Miscellaneous	-	404	-	404
Total revenues	400,000	403,565	3,437	407,002
EXPENDITURES				
Capital outlay - improvements	841,000	420,108	3,384	423,492
Revenues over (under) expenditures	(441,000)	(16,543)	53	(16,490)
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	441,000	1,663,566	-	1,663,566
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,647,023	\$ 53	\$ 1,647,076

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

For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 18

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Capacity fees	\$ -	\$ 118,500	\$ 118,500	\$ 245,782
Capital reimbursement fees	-	75,660	75,660	65,761
Acreage fees	-	-	-	11,397
Payments in lieu of water/sewer	-	52,782	52,782	12,605
Investment earnings	-	43,279	43,279	314,278
Total revenues	-	290,221	290,221	649,823
EXPENDITURES	-	-	-	-
Revenues over expenditures	-	290,221	290,221	649,823
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Water/Sewer Fund	(2,410,409)	(2,410,409)	-	(80,000)
Water/Sewer Project Fund	-	-	-	(950,000)
Fund Balance Appropriated	2,410,409	-	(2,410,409)	-
Total other financing sources (uses)	-	(2,410,409)	(2,410,409)	(1,030,000)
Net change in fund balance	\$ -	(2,120,188)	\$ (2,120,188)	(380,177)
FUND BALANCE - Beginning of year		20,697,757		21,077,934
FUND BALANCE - End of year		\$ 18,577,569		\$ 20,697,757

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER HB 463 CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 19

	2021			2020
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Capital reimbursement fees	\$ 3,589,591	\$ 2,850,818	\$ (738,773)	\$ 7,221,677
Investment earnings	50,000	7,264	(42,736)	107,566
Total revenues	<u>3,639,591</u>	<u>2,858,082</u>	<u>(781,509)</u>	<u>7,329,243</u>
EXPENDITURES				
Reserved for future expenditures	<u>366,500</u>	<u>-</u>	<u>(366,500)</u>	<u>-</u>
Revenues over expenditures	<u>3,273,091</u>	<u>2,858,082</u>	<u>(415,009)</u>	<u>7,329,243</u>
OTHER FINANCING USES				
Transfers out				
Water/Sewer Fund	(2,497,197)	(2,497,197)	-	(1,865,500)
Water/Sewer Project Fund	(3,753,000)	(3,753,000)	-	(5,715,000)
Fund balance appropriated	<u>2,977,106</u>	<u>-</u>	<u>(2,977,106)</u>	<u>-</u>
Total other financing uses	<u>(3,273,091)</u>	<u>(6,250,197)</u>	<u>(2,977,106)</u>	<u>(7,580,500)</u>
Net change in fund balance	\$ <u>-</u>	(3,392,115)	\$ <u>(3,392,115)</u>	(251,257)
FUND BALANCE - Beginning of year		<u>4,797,629</u>		<u>5,048,886</u>
FUND BALANCE - End of year		\$ <u><u>1,405,514</u></u>		\$ <u><u>4,797,629</u></u>

TOWN OF APEX, NORTH CAROLINA
INTERNAL SERVICE FUND
HEALTH AND DENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL (Non - GAAP)
For the year ended June 30, 2021

With comparative actual amounts for the year ended June 30, 2020

Schedule 20

	2021			2020
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 4,404,830	\$ 4,451,264	\$ 46,434	\$ 4,700,858
Dental premiums	296,534	299,240	2,706	318,562
Employee health contributions	963,303	999,792	36,489	944,818
Employee dental contributions	141,978	181,539	39,561	177,541
Employee vision contributions	71,534	76,869	5,335	65,177
Retiree health contributions	37,856	74,549	36,693	86,823
Total revenues	<u>5,916,035</u>	<u>6,083,253</u>	<u>167,218</u>	<u>6,293,779</u>
EXPENDITURES				
Health claims-employees	4,769,144	4,997,917	(228,773)	3,285,382
Dental claims-employees	418,168	393,797	24,371	321,644
Administrative fees-employees	300,585	644,256	(343,671)	774,843
Health claims-retiree	310,783	266,184	44,599	185,748
Dental claims-retiree	-	-	-	3,655
Retiree premiums	-	82,410	(82,410)	69,266
Administrative fees-retiree	45,821	58,614	(12,793)	64,321
Administrative fees-vision	71,534	78,776	(7,242)	58,530
Total expenditures	<u>5,916,035</u>	<u>6,521,954</u>	<u>(605,919)</u>	<u>4,763,389</u>
Revenues over expenditures	<u>\$ -</u>	<u>(438,701)</u>	<u>\$ (438,701)</u>	<u>1,530,390</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
Decrease (increase) in reserve for incurred but not reported ("IBNR") claims		<u>(165,000)</u>		<u>37,000</u>
Change in net position		<u>\$ (603,701)</u>		<u>\$ 1,567,390</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

Schedule 21

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections, Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 39,455,330	\$ 39,389,175	\$ 66,155
2019-2020	63,964	-	28,932	35,032
2018-2019	17,650	-	883	16,767
2017-2018	15,803	-	361	15,442
2016-2017	8,925	-	154	8,771
2015-2016	9,290	-	80	9,210
2014-2015	10,250	-	65	10,185
2013-2014	16,266	-	356	15,910
2012-2013	9,623	-	40	9,583
2011-2012	8,356	-	439	7,917
2010-2011	9,527	-	9,527	-
	<u>\$ 169,654</u>	<u>\$ 39,455,330</u>	<u>\$ 39,430,012</u>	<u>194,972</u>
Less: Allowance for uncollectible accounts				<u>112,723</u>
Ad valorem taxes receivable - net				<u>\$ 82,249</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 39,461,896
Reconciling items:	
Less: Penalties and interest	(47,062)
Add: Adjustments and releases	15,178
Total collections and credits	<u>\$ 39,430,012</u>

TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2021

Schedule 22

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 10,447,691,842	0.380	\$ 39,701,229	36,606,998	\$ 3,094,231
Penalties	-		13,793	13,793	-
Total	<u>10,447,691,842</u>		<u>39,715,022</u>	<u>36,620,791</u>	<u>3,094,231</u>
Discoveries:					
Prior year taxes	-		63,079	63,079	-
Total	<u>10,447,691,842</u>		<u>39,778,101</u>	<u>36,683,870</u>	<u>3,094,231</u>
Releases	<u>(84,939,737)</u>	0.380	<u>(322,771)</u>	<u>(322,771)</u>	<u>-</u>
Total property valuation	<u><u>\$ 10,362,752,105</u></u>				
Net levy			39,455,330	36,361,099	3,094,231
Uncollected taxes at June 30, 2021			<u>66,155</u>	<u>47,414</u>	<u>18,741</u>
Current year's taxes collected			<u>\$ 39,389,175</u>	<u>\$ 36,313,685</u>	<u>\$ 3,075,490</u>
Current levy collection percentage			<u>99.83%</u>	<u>99.87%</u>	<u>99.39%</u>

TOWN OF APEX, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
AND MATURITY SCHEDULE
June 30, 2021

Schedule 23

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2021-2022	\$ 1,405,000	\$ 1,850,586	\$ 3,715,000	\$ 5,832,986	\$ 5,120,000	\$ 7,683,572
2022-2023	1,475,000	1,898,608	3,715,000	5,685,757	5,190,000	7,584,365
2023-2024	1,505,000	1,922,706	3,725,000	5,553,607	5,230,000	7,476,313
2024-2025	1,530,000	1,938,678	3,725,000	5,410,807	5,255,000	7,349,485
2025-2026	1,560,000	1,957,968	3,520,000	5,062,706	5,080,000	7,020,674
2026-2027	1,615,000	1,998,614	3,525,000	4,917,457	5,140,000	6,916,071
2027-2028	1,740,000	2,106,496	3,530,000	4,771,956	5,270,000	6,878,452
2028-2029	1,810,000	2,154,224	3,705,000	4,804,706	5,515,000	6,958,930
2029-2030	1,880,000	2,199,246	3,610,000	4,573,006	5,490,000	6,772,252
2030-2031	1,950,000	2,241,422	3,610,000	4,444,656	5,560,000	6,686,078
2031-2032	2,005,000	2,265,612	3,295,000	4,001,306	5,300,000	6,266,918
2032-2033	2,085,000	2,311,928	3,525,000	4,132,457	5,610,000	6,444,385
2033-2034	2,140,000	2,330,858	3,395,000	3,911,607	5,535,000	6,242,465
2034-2035	2,650,000	2,802,766	3,395,000	3,822,275	6,045,000	6,625,041
2035-2036	2,590,000	2,692,944	3,395,000	3,732,943	5,985,000	6,425,887
2036-2037	2,545,000	2,596,664	3,395,000	3,643,613	5,940,000	6,240,277
2037-2038	-	-	3,395,000	3,551,901	3,395,000	3,551,901
2038-2039	-	-	1,490,000	1,555,188	1,490,000	1,555,188
2039-2040	-	-	1,490,000	1,523,524	1,490,000	1,523,524
2040-2041	-	-	-	-	-	-
	<u>\$ 30,485,000</u>	<u>\$ 35,269,320</u>	<u>\$ 63,155,000</u>	<u>\$ 80,932,458</u>	<u>\$ 93,640,000</u>	<u>\$ 116,201,778</u>

STATISTICAL SECTION

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

Financial Trends - Tables 1 - 5

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

Revenue Capacity - Tables 6 - 9

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

Debt Capacity - Tables 10 - 13

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

Demographic and Economic Information - Tables 14 - 15

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

Operating Information - Tables 16 - 18

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

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

Table 1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231	\$ 208,352	\$ 298,896	\$ 383,833	\$ 446,504	\$ 492,439	\$ 548,258
Restricted	4,019	5,251	7,352	6,090	10,486	8,279	10,340	11,128	10,525	10,556
Unrestricted	14,161	15,473	14,699	14,216	13,406	17,797	13,270	14,301	19,204	17,325
Total governmental activities net position	<u>\$ 163,877</u>	<u>\$ 167,207</u>	<u>\$ 172,872</u>	<u>\$ 192,537</u>	<u>\$ 232,244</u>	<u>\$ 324,972</u>	<u>\$ 407,443</u>	<u>\$ 471,933</u>	<u>\$ 522,168</u>	<u>\$ 576,139</u>
Business-type activities										
Net investment in capital assets	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820	\$ 181,185	\$ 202,626	\$ 220,327	\$ 225,236	\$ 238,830	\$ 249,228
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	62,759	65,281	46,298	46,393	44,345	49,435	66,894	59,682	69,953	73,129
Total business-type activities net position	<u>\$ 165,508</u>	<u>\$ 170,220</u>	<u>\$ 181,498</u>	<u>\$ 194,213</u>	<u>\$ 225,530</u>	<u>\$ 252,061</u>	<u>\$ 287,221</u>	<u>\$ 284,918</u>	<u>\$ 308,783</u>	<u>\$ 322,357</u>
Primary government										
Net investment in capital assets	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051	\$ 389,537	\$ 501,522	\$ 604,160	\$ 671,740	\$ 731,269	\$ 797,486
Restricted	4,019	5,251	7,352	6,090	10,486	8,279	10,340	11,128	10,525	10,556
Unrestricted	76,920	80,754	60,997	60,609	57,751	67,232	80,164	73,983	89,157	90,454
Total primary government net position	<u>\$ 329,385</u>	<u>\$ 337,427</u>	<u>\$ 354,370</u>	<u>\$ 386,750</u>	<u>\$ 457,774</u>	<u>\$ 577,033</u>	<u>\$ 694,664</u>	<u>\$ 756,851</u>	<u>\$ 830,951</u>	<u>\$ 898,496</u>

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

Table 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235	\$ 9,851	\$ 10,069	\$ 10,584	\$ 11,746	\$ 13,145	\$ 15,116
Public Safety	12,878	13,836	14,692	15,491	16,623	19,644	21,076	21,019	25,437	28,530
Public Works	7,023	7,350	6,644	8,854	8,697	13,241	16,523	18,984	21,547	23,269
Environmental Protection	3,304	3,270	3,532	3,794	4,006	3,394	3,642	4,147	4,792	5,397
Culture and recreation	3,963	4,272	4,381	4,811	5,336	5,519	5,750	6,395	7,127	6,833
Interest on long-term debt	862	917	974	944	822	764	1,073	1,510	1,743	2,024
Total governmental activities expenses	36,017	37,586	38,984	43,129	45,335	52,631	58,648	63,801	73,791	81,169
Business-type activities										
Water and Sewer	11,473	13,304	14,196	15,498	18,485	20,140	22,334	24,462	25,080	26,900
Electric	28,330	28,335	29,530	31,674	31,179	34,154	34,215	37,018	39,817	41,276
Total business-type activities expenses	39,803	41,639	43,726	47,172	49,664	54,294	56,549	61,480	64,897	68,176
Total primary government expenses	\$ 75,820	\$ 79,225	\$ 82,710	\$ 90,301	\$ 94,999	\$ 106,925	\$ 115,197	\$ 125,281	\$ 138,688	\$ 149,345
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557	\$ 3,501	\$ 4,960	\$ 5,638	\$ 5,080	\$ 4,216	\$ 4,953
Public Safety ⁽¹⁾	51	14	14	11	15	17	12	-	-	-
Culture and recreation	1,097	1,706	1,553	2,324	323	4,892	5,149	4,539	3,125	2,730
Public Works	299	228	398	636	2,953	1,487	1,152	220	46	631
Environmental Protection	2,465	2,574	2,683	2,814	3,029	3,351	3,629	4,193	4,853	5,450
Operating grants and contributions	2,315	3,189	2,897	3,008	3,073	3,773	4,276	2,865	2,929	5,015
Capital grants and contributions	10,174	5,074	6,472	23,058	38,469	92,297	98,076	65,952	57,687	54,833
Total governmental activities program revenues	17,292	14,003	15,857	34,408	51,363	110,777	117,932	82,849	72,856	73,612
Business-type activities										
Charges for services:										
Water and Sewer	28,901	15,797	16,448	12,949	13,374	14,457	16,260	17,408	19,966	21,306
Electric	13,809	29,069	31,599	32,646	33,299	36,224	38,364	40,807	42,674	44,958
Operating grants and contributions	-	-	-	-	-	-	-	-	99	-
Capital grants and contributions	4,362	2,603	6,478	14,977	34,121	29,850	37,863	14,231	24,794	15,054
Total business-type activities program revenues	47,072	47,469	54,525	60,572	80,794	80,531	92,487	72,446	87,533	81,318
Total primary government program revenues	\$ 64,364	\$ 61,472	\$ 70,382	\$ 94,980	\$ 132,157	\$ 191,308	\$ 210,419	\$ 155,295	\$ 160,389	\$ 154,930

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net (expense)/revenue										
Governmental activities	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)	\$ 6,028	\$ 58,146	\$ 59,293	\$ 19,048	\$ (935)	\$ (7,557)
Business-type activities	7,269	5,830	10,799	13,400	31,130	26,237	35,938	10,966	22,636	13,142
Total primary government net expenses	<u>\$ (11,457)</u>	<u>\$ (17,753)</u>	<u>\$ (12,328)</u>	<u>\$ 4,679</u>	<u>\$ 37,158</u>	<u>\$ 84,383</u>	<u>\$ 95,231</u>	<u>\$ 30,014</u>	<u>\$ 21,701</u>	<u>\$ 5,585</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	15,063	17,837	18,969	19,547	20,676	22,987	24,665	29,498	32,687	39,485
Sales taxes	6,293	6,665	7,219	7,959	8,753	9,407	10,109	11,038	12,175	17,044
Motor vehicle licenses	143	148	202	168	176	329	345	791	1,049	242
Miscellaneous taxes	36	42	47	51	56	65	271	82	81	-
Unrestricted grants and contributions	2,415	2,122	2,176	2,859	2,971	2,971	3,028	3,261	3,459	3,408
Investment earnings	48	53	25	24	95	202	562	1,621	1,244	715
Miscellaneous	631	375	553	398	364	475	536	475	476	633
Transfers	-	-	(400)	-	-	-	-	-	-	-
Total governmental activities	<u>24,629</u>	<u>27,242</u>	<u>28,791</u>	<u>31,006</u>	<u>33,091</u>	<u>36,436</u>	<u>39,516</u>	<u>46,766</u>	<u>51,171</u>	<u>61,527</u>
Business-type activities										
Investment earnings	93	115	51	71	133	264	694	1,453	1,211	167
Miscellaneous	-	5	28	10	54	30	39	59	17	265
Transfers	-	-	400	-	-	-	-	-	-	-
Total business-type activities	<u>93</u>	<u>120</u>	<u>479</u>	<u>81</u>	<u>187</u>	<u>294</u>	<u>733</u>	<u>1,512</u>	<u>1,228</u>	<u>432</u>
Total primary government	<u>\$ 24,722</u>	<u>\$ 27,362</u>	<u>\$ 29,270</u>	<u>\$ 31,087</u>	<u>\$ 33,278</u>	<u>\$ 36,730</u>	<u>\$ 40,249</u>	<u>\$ 48,278</u>	<u>\$ 52,399</u>	<u>\$ 61,959</u>
Special Item: Legal Settlement										
Total governmental activities	-	-	-	-	-	-	-	(699)	-	-
Total business-type activities	-	-	-	-	-	-	-	(14,658)	-	-
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,357)</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285	\$ 39,119	\$ 94,582	\$ 98,809	\$ 65,115	\$ 50,236	\$ 53,970
Business-type activities	7,362	5,950	11,278	13,481	31,317	26,531	36,671	(2,180)	23,864	13,575
Total primary government	<u>\$ 13,265</u>	<u>\$ 9,609</u>	<u>\$ 16,942</u>	<u>\$ 35,766</u>	<u>\$ 70,436</u>	<u>\$ 121,113</u>	<u>\$ 135,480</u>	<u>\$ 62,935</u>	<u>\$ 74,100</u>	<u>\$ 67,545</u>

Notes

(1) Merger with Apex EMS completed March 2010.

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

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Licenses</u>	<u>Beer & Wine Tax</u>	<u>Rental Vehicle Tax</u>	<u>Total</u>
2012	\$ 15,094,213	\$ 6,292,886	\$ 1,962,575	\$ 143,276	\$ 163,556	\$ 36,518	\$ 23,693,024
2013	17,818,627	6,664,708	1,811,003	147,239	156,234	42,333	26,640,144
2014	19,041,293	7,218,751	1,839,512	210,725	173,957	46,941	28,531,179
2015	19,577,741	7,959,043	2,471,056	176,038	195,186	51,335	30,430,399
2016	20,708,708	8,752,692	2,567,708	179,814	187,787	56,331	32,453,040
2017	22,995,117	9,406,835	2,529,054	333,116	202,523	65,499	35,532,144
2018	24,672,063	10,109,296	2,647,424	545,363	202,218	73,883	38,250,247
2019	29,525,234	11,038,256	2,765,367	790,883	209,435	82,207	44,411,382
2020	32,658,938	12,174,795	2,814,107	1,044,183	227,565	80,713	49,000,301
2021	39,461,896	15,728,052	2,941,206	1,461,109	256,102	90,896	59,939,261

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

Table 4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Nonspendable	\$ 80	\$ 111	\$ 101	\$ 142	\$ 166	\$ 115	\$ 114	\$ 163	\$ 285	\$ 311
Restricted	4,379	4,154	5,877	5,377	7,179	7,569	9,640	10,431	9,839	9,870
Committed	-	-	-	-	677	776	842	850	865	857
Assigned	1,533	1,538	1,500	1,012	1,826	-	2,358	2,327	2,370	1,549
Unassigned	11,608	13,983	14,299	15,190	15,467	19,377	21,883	26,062	28,905	36,040
Total General Fund	<u>\$ 17,600</u>	<u>\$ 19,786</u>	<u>\$ 21,777</u>	<u>\$ 21,721</u>	<u>\$ 25,315</u>	<u>\$ 27,837</u>	<u>\$ 34,837</u>	<u>\$ 39,833</u>	<u>\$ 42,264</u>	<u>\$ 48,627</u>
All other governmental funds										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	718	716	717	713	712	709	700	697	687	686
Restricted	-	-	759	-	2,595	-	20,177	18,237	46,145	39,976
Committed	2,205	5,727	1,920	3,509	3,999	5,476	8,507	12,032	17,426	17,424
Assigned	1,114	2,749	3,138	2,934	2,833	5,202	6,622	7,204	6,482	4,792
Unassigned	(31)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,006</u>	<u>\$ 9,192</u>	<u>\$ 6,534</u>	<u>\$ 7,156</u>	<u>\$ 10,139</u>	<u>\$ 11,387</u>	<u>\$ 36,006</u>	<u>\$ 38,170</u>	<u>\$ 70,740</u>	<u>\$ 62,878</u>

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

Table 5

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Ad valorem taxes	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577	\$ 20,709	\$ 22,995	\$ 24,672	\$ 29,525	\$ 32,658	\$ 39,462
Other taxes and licenses	6,473	6,854	7,477	8,186	8,989	9,672	10,729	11,911	13,300	17,280
Unrestricted intergovernmental	2,415	2,122	2,176	2,859	2,971	2,971	3,028	3,261	3,459	3,408
Restricted intergovernmental	3,667	4,280	3,285	4,341	3,555	4,306	5,617	3,015	3,591	5,015
Permits and fees	1,746	2,515	3,078	4,652	5,945	10,461	10,948	8,749	6,815	7,595
Sales and services	3,055	3,211	3,410	3,691	3,874	4,380	4,629	5,282	5,419	6,169
Investment earnings	38	32	25	24	95	201	562	1,621	1,244	715
Miscellaneous	648	425	585	413	397	560	848	596	551	1,318
Total revenues	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743	\$ 46,535	\$ 55,546	\$ 61,033	\$ 63,960	\$ 67,037	\$ 80,962
Expenditures										
General government	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251	\$ 8,864	\$ 8,688	\$ 9,238	\$ 10,372	\$ 12,352	\$ 12,851
Public safety	11,676	12,757	13,462	14,487	15,534	17,173	18,479	18,421	21,377	23,223
Public works	2,255	2,460	1,692	3,578	2,593	5,124	5,727	5,894	6,472	6,242
Environmental protection	3,137	3,177	3,426	3,680	3,887	3,208	3,417	3,898	4,476	4,972
Cultural and recreation	2,792	2,999	3,323	3,555	3,682	3,674	3,884	4,384	4,901	4,578
Capital projects	4,636	5,532	6,855	8,718	6,928	9,994	14,918	8,562	11,502	28,594
Debt Service										
Principal	1,655	1,809	2,134	2,134	2,667	3,028	3,870	2,904	5,926	4,474
Interest	835	882	816	732	817	886	1,012	1,666	1,816	2,436
Bond issuance costs	-	139	-	-	-	-	-	-	-	91
Total expenditures	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135	\$ 44,972	\$ 51,775	\$ 60,545	\$ 56,101	\$ 68,822	\$ 87,461
Excess of revenues over (under) expenditures	(742)	558	(267)	(1,392)	1,563	3,771	488	7,859	(1,785)	(6,499)
Other financing sources (uses)										
Issuance of debt	502	5,000	-	2,226	4,500	-	6,000	-	-	-
Payment to refund debt	-	(4,903)	-	(6,421)	-	-	-	-	-	-
Bonds issued	-	6,000	-	6,424	-	-	24,105	-	32,245	5,000
Premium on bond issuance	-	267	-	-	-	-	1,026	-	4,540	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Transfers in	780	548	-	-	3,729	3,932	4,578	10,567	8,364	14,104
Transfers out	(780)	(548)	(400)	-	(3,804)	(3,932)	(4,578)	(10,567)	(8,364)	(14,104)
Total other financing sources (uses)	502	6,364	(400)	2,229	4,425	-	31,131	-	36,785	5,000
Special Item										
Legal Settlement	-	-	-	-	-	-	-	(699)	-	-
Net change in fund balances	\$ (240)	\$ 6,922	\$ (667)	\$ 837	\$ 5,988	\$ 3,771	\$ 31,619	\$ 7,160	\$ 35,000	\$ (1,498)
Debt service as a percentage of noncapital expenditures	8.5%	9.1%	9.1%	7.9%	9.2%	9.4%	10.7%	9.6%	13.5%	11.9%

TOWN OF APEX, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6

Fiscal Year Ended June 30	Real Property	Public Service Property	Motor Vehicles	Other Personal Property	Total Taxable Assessed Value	Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2012	\$ 3,895,366,651	\$ 28,331,495	\$ 314,564,526	\$ 176,398,505	\$ 4,414,661,177	.34	\$ 4,194,168,725	105.3%
2013	3,993,835,605	28,357,179	351,764,850	197,998,753	4,571,956,387	.39	4,345,890,221	105.2%
2014	4,134,621,000	27,413,463	484,815,641	193,348,102	4,840,198,206	.39	4,621,102,309	104.7%
2015	4,373,110,017	27,414,807	418,989,744	174,630,304	4,994,144,872	.39	5,176,357,789	96.5%
2016	4,587,815,785	35,243,115	462,157,692	196,820,588	5,282,037,180	.39	5,330,064,454	99.1%
2017	5,290,258,644	34,099,710	500,589,928	193,783,561	6,018,731,843	.38	6,478,754,334	92.9%
2018	5,733,300,011	37,843,842	535,295,790	153,617,463	6,460,057,106	.38	7,241,870,744	89.2%
2019	6,282,148,101	39,532,810	601,268,781	159,347,899	7,082,297,591	.415	8,156,294,807	86.8%
2020	6,973,692,317	40,304,813	645,542,302	195,572,857	7,855,112,289	.415	7,853,717,829	100.0%
2021	9,368,899,690	41,888,161	794,931,359	157,032,895	10,362,752,105	.38	10,652,511,889	97.3%

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2021

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.534	.924
2015	.39	.578	.968
2016	.39	.6145	1.0045
2017	.38	.6005	.9805
2018	.38	.615	.995
2019	.415	.6544	1.069
2020	.415	.7207	1.136
2021	.38	.60	.98

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
June 30, 2021

Table 8

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Levy
2012	\$ 15,080,217	\$ (4,163)	\$ 15,076,054	\$ 14,946,582	99.1	\$ 95,189	\$ 15,041,771	99.8
2013	17,819,954	(5,341)	17,814,613	17,681,021	99.3	124,008	17,805,029	99.9
2014	18,937,765	(1,078)	18,936,687	18,869,293	99.6	51,427	18,920,720	99.9
2015	19,525,453	(5,624)	19,519,829	19,482,708	99.8	26,629	19,509,337	99.9
2016	20,668,145	(6,866)	20,661,279	20,645,326	99.9	6,398	20,651,724	100.0
2017	22,979,651	(4,127)	22,975,524	22,953,997	99.9	12,332	22,966,329	100.0
2018	24,666,208	215	24,666,423	24,631,157	99.9	16,626	24,647,783	99.9
2019	29,496,802	2,390	29,499,192	29,465,485	99.9	12,160	29,477,645	99.9
2020	32,667,306	25,613	32,692,919	32,603,343	99.7	26,278	32,629,621	99.8
2021	39,715,022	(259,692)	39,455,330	39,389,175	99.8	-	39,389,175	99.8

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

Table 9

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CSP Community Owner LLC	\$ 135,601,038	1	1.31%	\$ 63,317,954	2	0.61%
Beaver Creek Crossings Owner LLC	53,069,588	2	0.51			
B9 MF Village West Owner LLC	52,055,647	3	0.50			
JHG VBS I LLC	44,815,516	4	0.43			
CRLP Creekside Hills Drive LLC	44,404,108	5	0.43	25,275,498	7	0.57
Beaver Creek Crossing LLC	43,571,061	6	0.42			
CFK Apex Land Co LLC	42,689,530	7	0.41	19,651,943	9	0.45
G&I IX Lake Cameron LLC	42,188,281	8	0.41			
Meridian at Ten Ten LLC	41,136,193	9	0.40			
Apex Independent Living LLC	40,968,411	10	0.40			
DDR 1st Carolina				73,372,593	1	1.66
Enterprise Propane Terminals				38,088,693	3	0.86
TRT DDR BeaverCreek				35,149,211	4	0.80
EMC Corporation				31,754,476	5	0.72
HH Trinity Apex Investments LLC				29,403,539	6	0.67
Lake Cameron LLC				23,755,976	8	0.54
Widewaters Co LLC				18,150,119	10	0.41
Totals	\$ 540,499,373			\$ 357,920,002		

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

Electric Ratepayer	2021				2012			
	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges
Town of Cary	16,446,100	\$ 899,861	1	2.22%				
Wake County Public Schools	5,291,940	796,253	2	1.96	6,691,000	\$ 906,418	1	3.28%
Harris Teeter	4,443,440	357,364	3	0.88	2,660,720	233,398	3	0.84
Food Lion	3,249,480	249,502	4	0.61	3,108,560	229,042	5	0.83
Lowe's Home Improvement	2,459,520	203,025	5	0.50	2,678,000	173,746	9	0.63
Wake Med Property Services	2,383,520	201,174	6	0.50	2,393,600	211,326	7	0.76
Lowe's Foods	2,467,520	197,439	7	0.49	2,511,680	211,558	6	0.76
Crossroads Ford	1,847,900	159,373	8	0.39	-	-		0.00
Target Corporation	2,534,040	158,442	9	0.39	3,987,240	267,265	2	0.97
Time Warner Cable	1,708,200	149,873	10	0.37	1,476,000	141,235	10	0.51
Kroger					2,660,800	231,674	4	0.84
Home Depot					2,155,040	202,252	8	0.73
Totals		\$ 3,372,306				\$ 2,807,914		
Total Sales of Electricity =		\$ 40,591,032				\$ 27,655,442		

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

Table 10

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita
	General Obligation Bonds	Installment Financings	General Obligation Bonds	Installment Financings	Revenue Bonds			
2012	\$ 14,761,094	\$ 7,811,652	\$ 35,614,283	\$ 12,109,011	\$ 6,133,000	\$ 76,429,040	5.8	\$ 1,939
2013	20,518,562	7,143,146	36,778,577	18,417,633	5,716,000	88,573,918	6.2	2,162
2014	19,002,695	6,474,495	36,019,342	18,181,189	5,284,000	84,961,721	5.4	1,980
2015	17,516,827	8,122,600	35,260,105	24,628,745	4,836,000	90,364,277	5.4	1,994
2016	16,030,960	11,390,520	34,500,869	23,945,875	4,372,000	90,240,224	5.1	1,899
2017	14,560,093	9,781,958	33,686,633	22,375,007	3,891,000	84,294,691	4.4	1,702
2018	37,102,347	14,437,103	32,817,396	20,790,138	3,393,000	108,539,984	5.2	2,015
2019	35,139,879	13,393,310	31,888,160	19,305,694	2,877,000	102,604,043	4.5	1,765
2020	67,095,979	12,167,517	30,898,924	17,806,155	12,342,000	140,310,575	4.9%	2,136
2021	68,450,784	10,949,725	30,532,640	16,235,359	11,351,000	137,519,508	4.8%	1,957

Notes:

(1) See Table 14 for personal income data

TOWN OF APEX, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 11

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2012	\$ 50,375,377	1.20%	1,278
2013	57,297,139	1.32%	1,399
2014	55,022,037	1.19%	1,282
2015	52,776,932	1.02%	1,165
2016	50,531,829	0.95%	1,063
2017	48,246,726	0.74%	974
2018	69,919,743	0.97%	1,298
2019	67,028,039	0.82%	1,153
2020	97,994,903	1.25%	1,492
2021	98,983,424	0.93%	1,409

Notes:

⁽¹⁾ See Table 6 for estimated taxable values of property.

⁽²⁾ See Table 14 for estimated population data.

TOWN OF APEX, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT
As of June 30, 2021

Table 12

<u>Govenmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County Wake County General Obligation Bonds	\$ 1,580,690,000	5.47%	\$ 86,399,318
Town of Apex governmental activities debt			<u>79,400,509</u>
Total direct and overlapping debt			<u><u>\$ 165,799,827</u></u>

Notes:

⁽¹⁾ Percentage based on total assessed property values.

TOWN OF APEX, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

(Amounts in Thousands, Except Current Year Calculation)

Table 13

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531	\$ 422,562	\$ 481,498	\$ 516,805	\$ 566,584	\$ 630,585	\$ 829,020
Total net debt applicable to limit	\$ 28,710	\$ 26,993	\$ 25,477	\$ 25,639	\$ 42,421	\$ 39,342	\$ 91,540	\$ 88,533	\$ 91,263	\$ 86,350
Legal debt margin	\$ 324,463	\$ 338,763	\$ 361,739	\$ 373,892	\$ 380,141	\$ 442,156	\$ 425,265	\$ 478,051	\$ 539,322	\$ 742,670
Total net debt applicable to the limit as a percentage of debt l	6.43%	7.38%	6.58%	6.42%	6.49%	5.06%	9.97%	9.10%	14.47%	10.42%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	<u><u>10,362,752,105</u></u>
Debt limit - 8% of assessed value	829,020,168
Total debt applicable to limit	<u>86,400,509</u>
Legal debt margin	<u><u>\$ 742,619,659</u></u>

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

Table 14

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income (1) (2)</u>	<u>Unemployment Rate (3)</u>
2012	39,412	\$ 1,321,445	\$ 33,529	5.8
2013	40,970	1,465,538	35,771	5.4
2014	42,920	1,570,597	36,594	5.1
2015	45,317	1,676,820	37,002	4.0
2016	47,525	1,848,057	38,886	3.5
2017	49,541	1,926,451	38,886	3.2
2018	53,862	2,094,478	38,886	2.9
2019	58,135	2,544,511	43,769	3.3
2020	65,682	2,866,954	43,649	5.2
2021	70,272	2,866,954	43,649	3.1

Notes:

(1) Town of Apex Planning Department.

(2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis Apex and US Census Bureau. Information for 2017-2018, 2021 not available.

(3) North Carolina Department of Commerce - LAUS.

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

Table 15

Taxpayer	2021			2012		
	Estimated Number of Employees (1)	Rank	Percentage of Total Town Employment	Estimated Number of Employees (1)	Rank	Percentage of Total Town Employment
Wake County Public Schools	1895	1	5.96%	929	1	4.98%
Town of Apex	494	2	1.55%	316	5	1.69%
Dell Technologies Inc	450	3	1.41%			0.00%
Apex Tool Group	425	4	1.34%			0.00%
Bland Landscaping	325	5	1.02%	168	7	0.90%
Costco	315	6	0.99%			
ATI Industrial Automation	275	7	0.86%			
Super Target	250	9	0.79%	329	4	1.76%
WalMart	243	8	0.76%	225	6	1.21%
Lowe's Home Improvement	193	10	0.61%			
Cooper Industries (Lufkin)				363	2	1.95%
EMC Corp.				322	4	1.73%
Tipper Tie				137	8	0.73%
NC Department of Corrections				127	9	0.68%
Rex Healthcare				125	10	0.67%
Totals	4,865			3,041		
Total Employed in Apex (2)	31,820			18,654		

Notes:

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

TOWN OF APEX, NORTH CAROLINA
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT ^{(1) (2)}
Last Ten Fiscal Years
June 30, 2021

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
2012	37	12	140	9	2	20
2013	38	12	148	10	2	21
2014	39	15	147	10	2	24
2015	40	16	156	11	5	24
2016	41	16	158	11	5	24
2017	47	17	188	13	7	27
2018	45	17	195	18	8	28
2019	49	18	193	19	8	35
2020	51	19	211	20	8	36
2021	59	21	213	15	10	39

Notes:

- ⁽¹⁾ Permanent employees only, does not include temporary or seasonal employees.
⁽²⁾ Authorized employee positions provided by HR and Budgets.
⁽³⁾ Effective July 1, 2018 Apex EMS transferred to Wake County.

Fleet & Facilities	Environmental Protection/ Water Resources	Water/ Sewer	Electric	Construction Management	Year Total
7	16	32	27	21	323
7	16	34	29	22	339
8	16	35	29	23	348
8	17	34	28	24	363
8	17	34	28	24	366
10	17	34	32	19	411
11	31	37	34	19	443
10	35	44	35	21	467
11	39	43	38	22	498
14	34	54	38	24	521

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

Table 17

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police										
Physical arrests	639	758	516	504	464	484	484	682	650	512
Parking violations	216	193	215	235	256	426	394	529	341	107
Traffic violations	5,882	5,787	7,074	6,047	6,904	8,169	7,414	7,051	6,807	6,966
Fire										
Number of calls answered	2,214	2,567	2,635	2,881	2,822	3,009	3,034	3,972	3,503	3513
Highways and streets										
Street resurfacing (miles)	3.8	8.6	0	9.9	0.0	20.1	22.2	2.6	4.3	9.0
Environmental Protection										
Number of households served	11,717	12,036	12,476	13,689	14,604	15,445	16,257	17,838	19,581	21,463
Solid waste collected (tons/day)	28.71	29.77	27.06	30.62	32.68	34.89	37.71	41.58	43.12	40.25
Recyclables collected (tons/day)	7.47	7.62	8.53	9.91	11.03	10.82	10.89	11.62	13.17	11.52
Mulching and composting (tons/day)	15.16	17.01	15.71	16.80	17.92	17.89	16.71	21.54	19.22	20.00
Cultural and recreation										
Number of program/activity participants	42,731	45,709	49,022	59,808	63,396	60,958	63,978	62,896	48,329	11,094
Water										
Number of customers	13,587	14,042	14,103	14,770	15,459	17,209	18,697	20,423	22,317	23,731
Average daily consumption (millions of gallons)	2.95	2.81	3.08	3.3	3.37	3.58	3.79	3.75	4.16	4.44
Wastewater										
Number of customers	13,071	13,240	13,840	14,485	15,207	16,949	18,431	20,156	22,031	23,438
Average daily sewage treatment (millions of gallons)	2.32	2.72	2.78	2.68	2.79	2.85	3.38	3.86	3.72	4.74
Electric										
Number of customers	14,540	15,389	16,016	16,682	17,314	18,936	20,363	22,269	24,440	25,809
Average daily consumption (kilowatt-hours)	765,975	744,098	780,614	833,966	846,098	877,824	939,159	969,098	1,004,896	1,079,763

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

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

Table 18

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	2	2	3	3
Patrol Units	47	50	49	80	80	81	82	88	96	98
K-9 Units	0	0	0	1	1	2	2	2	2	2
Fire stations	4	4	4	4	4	4	5	5	5	5
Streets										
Streets (miles)	127.12	129.15	132.37	140.04	151.04	171.14	193.14	207.17	215.64	224.7
Streetlights	2,582	2,582	2,713	2,775	2,846	3,391	3,479	3,914	4,091	4,255
Parks and Recreation										
Parks acreage	452.51	452.51	452.51	544.51	544.51	544.51	558	618.28	618.28	618.28
Parks	9	9	9	10	10	10	11	11	13	11
Tennis courts (Adult & Youth)	8	8	8	15	15	15	15	15	15	12
Community centers	1	1	1	1	1	1	1	1	1	1
Cultural Arts Center	1	1	1	1	1	1	1	1	1	1
Lakes	1	1	1	1	1	1	1	1	1	1
Water										
Water lines (miles)	170	182	194	207	215	269	293	310	318	326
Maximum daily treatment capacity (millions of gallons)	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Electric										
Number of delivery points (substations)	3	3	3	3	3	3	3	3	3	3
Miles of service lines ⁽¹⁾	355	355	537	554	569	569	681	764	787	822
Sewer										
Sanitary sewer lines (miles)	189	189	189	207	239	249	280	296	303	311
Maximum daily treatment capacity (millions of gallons)	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7

Sources:

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

Notes:

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

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COMPLIANCE SECTION

**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
Members of the Town Council
Town of Apex, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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 Apex, North Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free from 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 financial statements. 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
November 30, 2021

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Apex, 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; and the audit requirements of 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 of the Town's compliance.

Opinion on Each Major Federal 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 federal programs for the year ended June 30, 2021.

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 of compliance, 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 for each major federal 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Cherny Bekaert LLP

Raleigh, North Carolina
November 30, 2021

Report of Independent Auditor on Compliance with Requirements Applicable for Each Major State Program and on Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor
Members of the Board of Commissioners
Town of Apex, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Apex, 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 the Town's major state program for the year ended June 30, 2021. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *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 Audits 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 the 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 its major state program for the year ended June 30, 2021.

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 of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherny Bekaert LLP

Raleigh, North Carolina
November 30, 2021

TOWN OF APEX, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP: 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 noted? _____ 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:

Assistance Listing Number

21.019

Dollar threshold used to distinguish between Type A and Type B programs:

Names of Federal Program or Cluster

Coronavirus Relief Funds

\$750,000

Auditee qualified as low-risk auditee? _____ yes X no

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

YEAR ENDED JUNE 30, 2021

Section I—Summary of Auditor’s Results (continued)

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 noted? _____ 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 State Single Audit Implementation Act _____ yes X no

Identification of major state programs:

Program Name

Non-State System Street-Aid Allocation Fund (Powell Bill)

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

YEAR ENDED JUNE 30, 2021

Section II—Findings Related to the Audit of the Basic Financial Statements

None reported.

Section III—Federal and State Award Findings and Questioned Costs

None reported.

TOWN OF APEX, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2021

Finding 2020-1—Significant Deficiency

Status: Corrected

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

For the fiscal year ended June 30, 2021

Schedule 24

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass - Through/State Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
<u>FEDERAL GRANTS:</u>						
<u>US Department of Transportation</u>						
Passed through NC Department of Transportation						
<i>Highway Planning and Construction</i>	20.205	WBS Element 44111.3.19	\$ 131,635	\$ -	\$ -	\$ 110,323
<i>Highway Planning and Construction</i>	20.205	WBS Element 44112.3.1	218,452	-	-	54,613
<i>Total Highway Planning and Construction</i>			350,087	-	-	164,936
<u>US Department of Transportation</u>						
Passed through Triangle J Council						
<i>Transportation Demand Management</i>	20.205	44024.1.1	15,403		-	15,403
<u>US Department of Transportation</u>						
Passed through NC Department of Transportation						
<i>Governor's Highway Safety Program</i>	20.600	WBS Element 22020.2.11	85,804	-	-	15,142
<u>US Department of Treasury</u>						
Passed through Wake County						
<i>COVID-19: Coronavirus Relief Fund</i>	21.019		1,606,895	-	-	1,314,956
Passed through Guilford College						
<i>COVID-19: Coronavirus Relief Fund</i>	21.019		1,500	-	-	-
<u>US Department of Justice</u>						
Direct Program						
Bureau of Justice Assistance						
<i>Bullet Proof Vest Partnership Program</i>	16.607		6,318	-	-	2,597
Joint Law Enforcement Operations						
<i>Carolina Regional Fugitive Task Force</i>	16.922		6,138	-	-	-
<u>US Department of Justice</u>						
Direct Program						
FEMA						
<i>Assistance to Firefighter Grant Program</i>	97.044		12,794	-	-	-
Total assistance-federal programs			2,084,939	-	-	1,513,034
<u>STATE GRANT:</u>						
<u>NC Department of Transportation</u>						
<i>Powell Bill Fund</i>	N/A	32570	-	1,456,881	-	-
Total assistance			\$ 2,084,939	\$ 1,456,881	\$ -	\$ 1,513,034

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

Basis of Presentation - The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Apex under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Apex, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Apex.

Summary of Significant Accounting Policies - The accompanying schedule of expenditures of federal and state awards is presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - The Town of Apex has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.