



Audit Results Town of Apex

April Adams, CPA
Partner

December 14, 2021

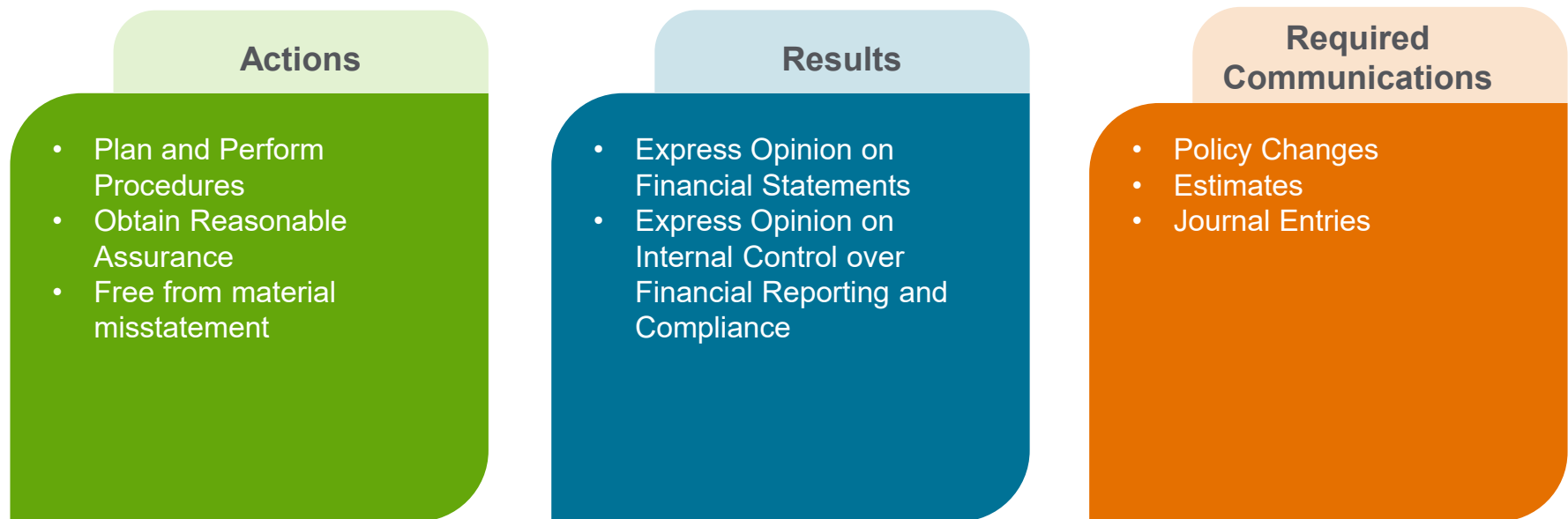


Agenda

- ▶ Role of the External Auditor
- ▶ Internal Controls
- ▶ Significant Audit Areas
- ▶ Key Highlights
- ▶ Financial Results
- ▶ Summary
- ▶ Questions and Comments



Role of the External Auditor



Internal Controls

Significant Cycles

- Financial Close and Reporting
- Cash Receipts
- Cash Disbursements
- Payroll
- Grants

Test of Controls

- OPEB actuarial information
- Cash disbursements and payroll

Journal Entries

- Review for unusual transactions

Information Technology Controls

- IT Entity Level Controls
- Back-up and Recovery
- Access and Security
- Network Security
- Cyber Security



Significant Audit Areas

Financial Statements

Assets and Revenue

- Cash and Investments
- Grant Revenue and Receivables
- Governmental and Proprietary Revenue and Receivables

Liabilities and Expenditures

- Accounts Payable and Expenditures
- Payroll & Related Liabilities
- OPEB, LEOSA and Pension and related deferrals

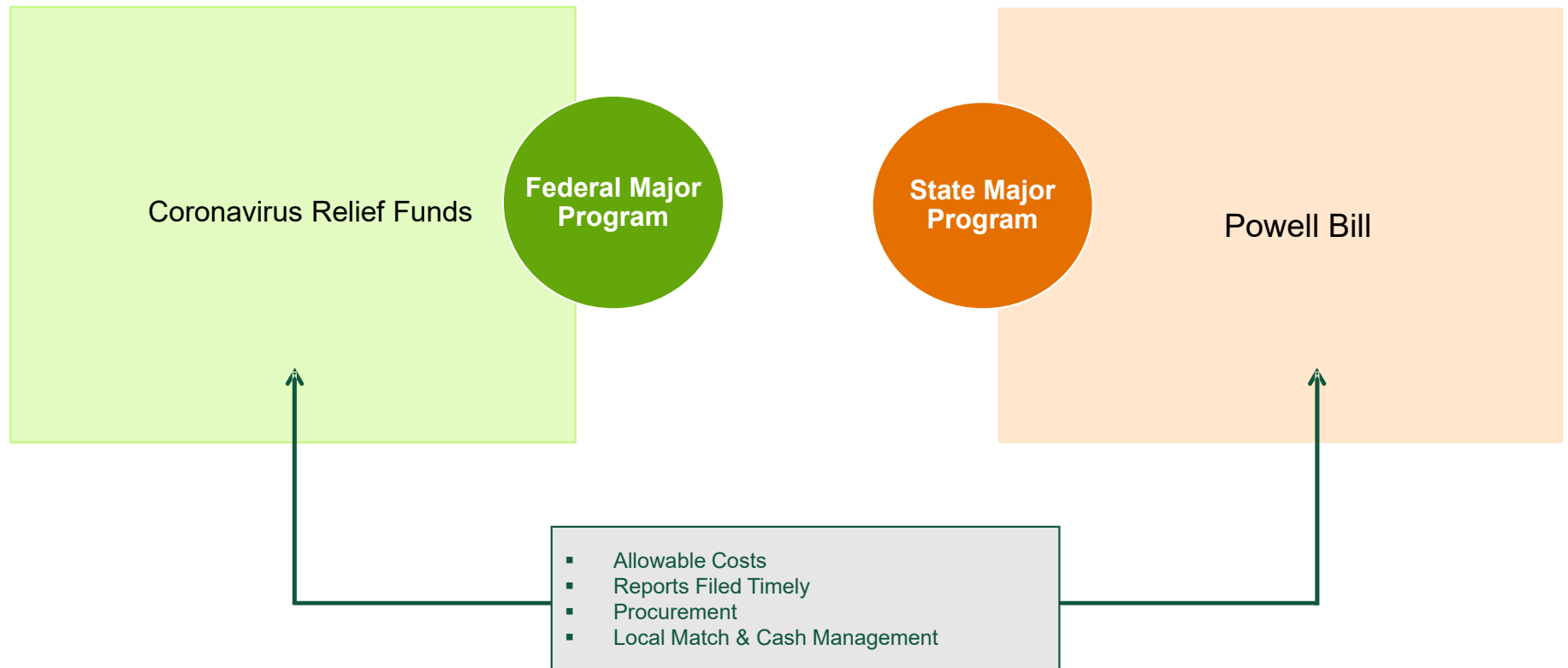
Other Items

- Inventory and Prepaids
- Long Term Debt
- Capital Assets
- Net Position
- Related Parties
- Estimates
- Legal



Significant Audit Areas

Single Audit



Key Highlights

Opinion	Internal Controls	Single Audit	Required Communications
<ul style="list-style-type: none">▶ Unmodified Opinion – Financial Statements▶ Unmodified Opinion – Yellow Book▶ Unmodified Opinion – Federal and State Single Audit	<ul style="list-style-type: none">▶ PY deficiencies corrected▶ No deficiencies noted in the CY	<ul style="list-style-type: none">▶ No findings	<ul style="list-style-type: none">▶ No significant accounting policy changes▶ Estimates▶ No adjusting journal entries▶ No issues with management



Financial Results

General Fund – Budget to Actual

Revenues beat budget by \$4.3 million

Expenditures under budget by \$10.7 million

In FY2021, the Town appropriated the use of \$9.9 million of fund balance in its final budget.

Actual results added \$6.4 million to fund balance.



Financial Results

General Fund – Fund Balance

**Unassigned Fund Balance as a %
of General Fund Expenditures as
of June 30:**

2021: 50.6%

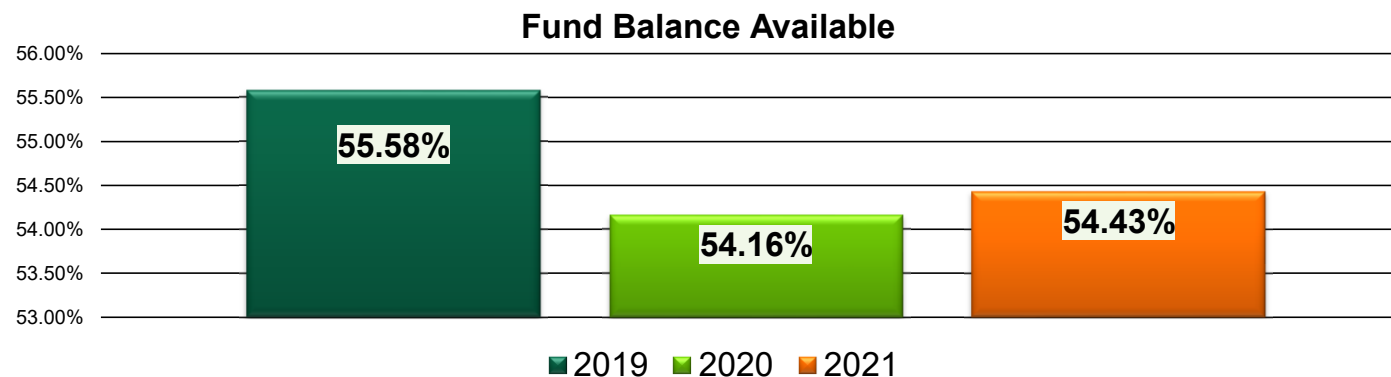
2020: 47.4%

The Town Policy is to maintain a minimum fund balance such that it is at least 25% of expenditures in the General Fund.



Financial Results

General Fund – Fund Available for appropriation



Note: Fund balance available for appropriation is an important reserve for local governments to provide cash flow during periods of declining revenues and to be used for emergencies and unforeseen expenditures. The information above indicates the amount of available cash on hand. The average for units of your size is **46%**. Note that 8.33% represents enough fund balance to cover one month of expenditures. Normally, a unit has to either increase revenues or decrease expenditures to increase fund balance available.



Financial Results

Electric Operating Fund – Budget to Actual

Operating Revenues exceeded budget by \$1.1 million

Expenditures under budget by \$2.1 million

In FY2021, the Town appropriated the use of approximately \$395,000 of fund balance in its final budget, and instead ended up adding back \$2.9 million to fund balance.



Financial Results

Water and Sewer Operating Fund – Budget to Actual

Operating Revenues exceeded budget by \$743,000

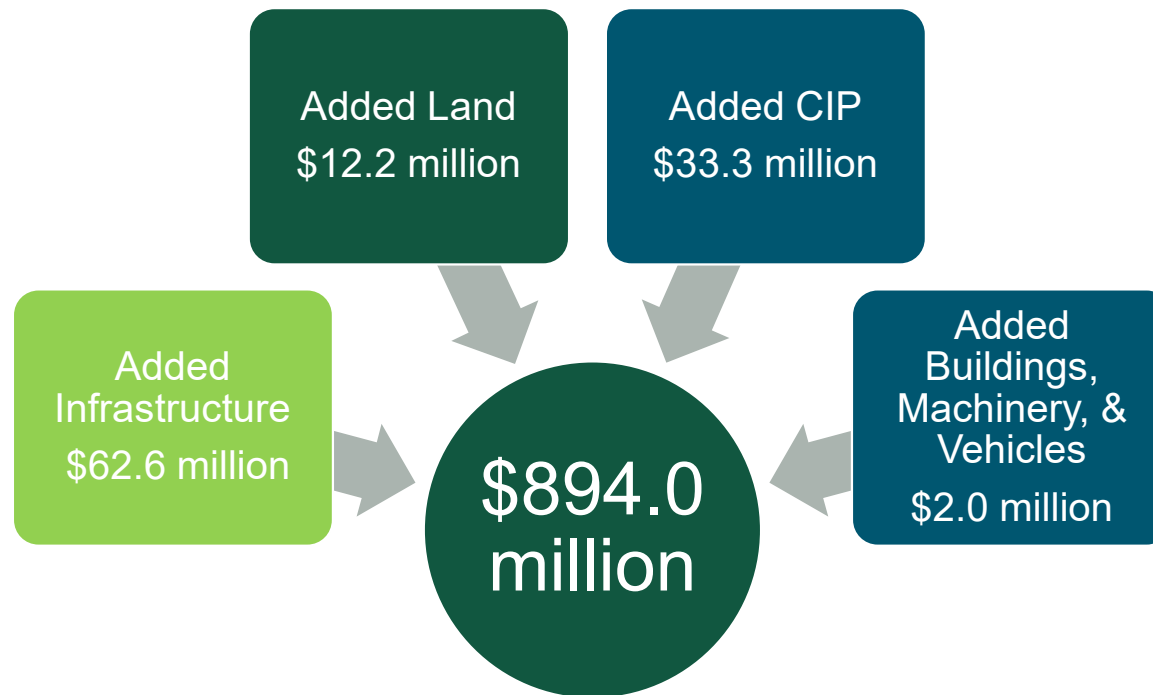
Expenditures under budget by \$3.6 million

In FY2021, the Town appropriated the use of approximately \$243,000 of fund balance in its final budget, and instead ended up adding back \$3.6 million to fund balance.



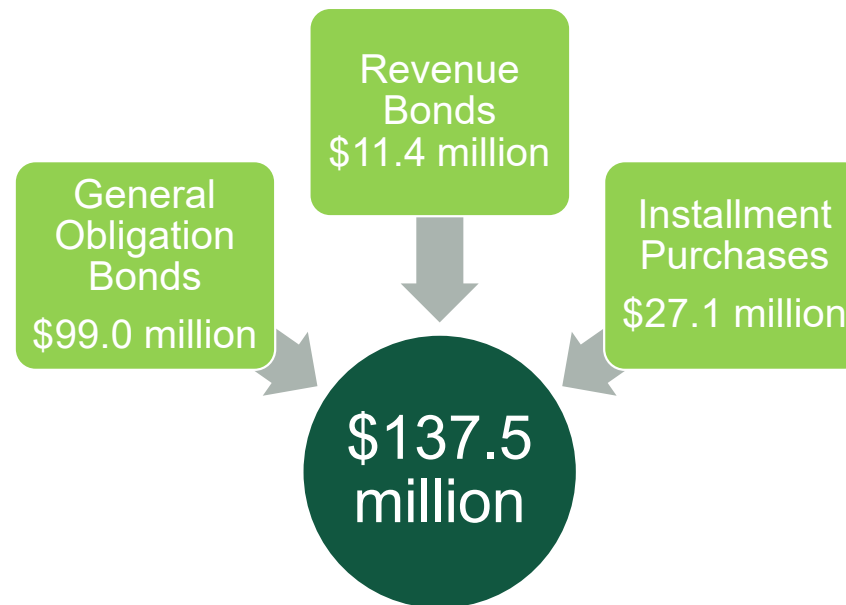
Financial Results

Capital Assets

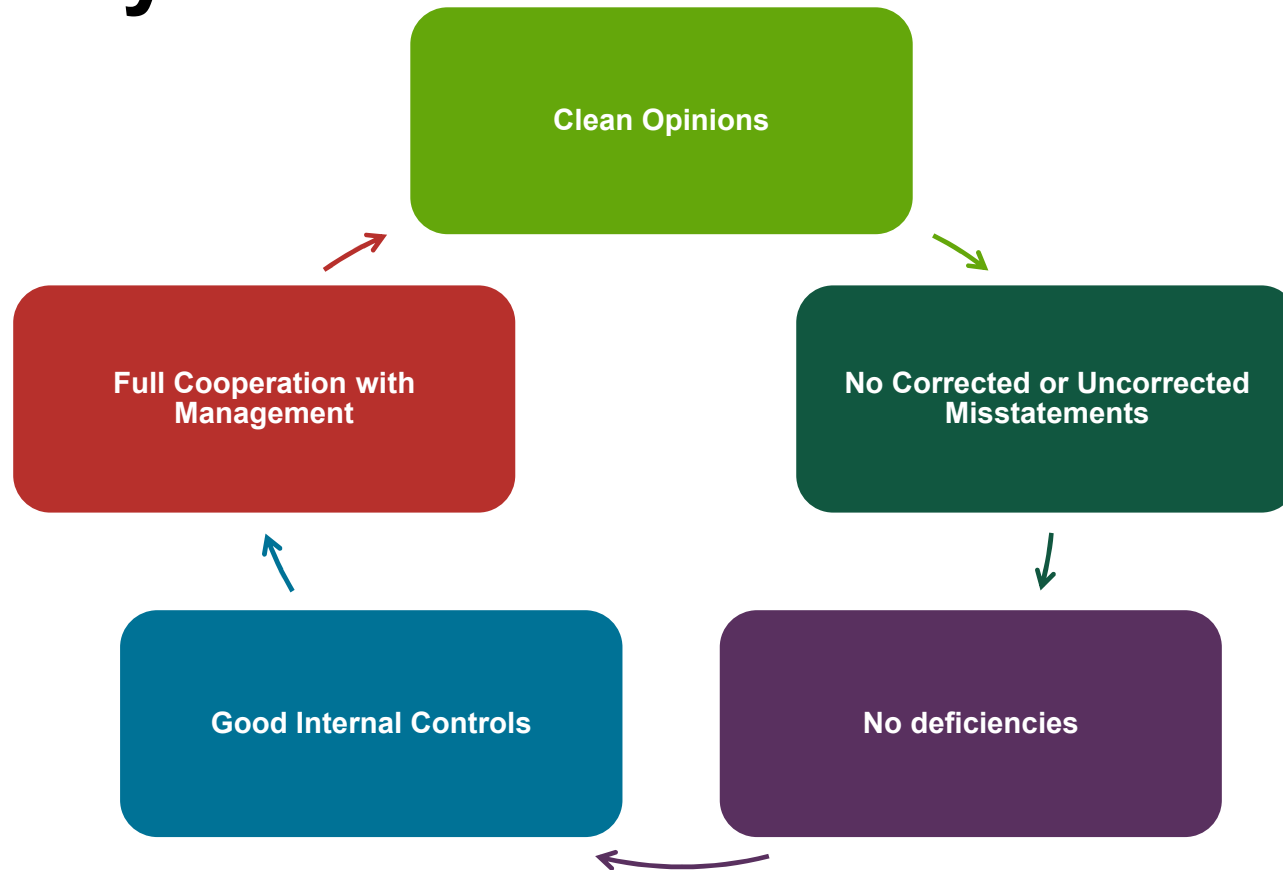


Financial Results

Long Term Debt



Summary



Questions

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About Cherry Bekaert

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