

TOWN OF APEX
NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED JUNE 30, 2020

**Town of Apex, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

TABLE OF CONTENTS

	<u>Pages</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	1-4
Certificate of Achievement for Excellence In Financial Reporting.....	5
Elected Officials.....	6
Appointed and Administrative Staff.....	7
Organizational Chart.....	8
FINANCIAL SECTION	
Independent Auditor’s Report.....	9-10
Management’s Discussion and Analysis.....	11-20
<u>Exhibit</u>	
BASIC FINANCIAL STATEMENTS	
<u>Entity-Wide Financial Statements</u>	
1 Statement of Net Position.....	21
2 Statement of Activities.....	22
<u>Exhibit</u>	
<u>Governmental Fund Financial Statements</u>	
3 Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24

Exhibit

4	Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	25
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental funds to the Statement of Activities.....	26
5	Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual.....	27

Proprietary Fund Financial Statements

6	Statement of Net Position – Proprietary Funds	28
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	29
8	Statement of Cash Flows – Proprietary Funds.....	30
9	Statement of Net Position - Fiduciary Fund.....	31
10	Statement of Changes in Net Position - Fiduciary Fund.....	32
	Notes to the Financial Statements.....	33-69

Required Supplementary Information

	Schedule of Changes in the Total OPEB Liability and Related Ratios.....	70
	Healthcare Benefits Plan - Town of Apex Contributions.....	71
	Healthcare Benefits Plan - Schedule of Investment Returns	72
	Local Government Employees Retirement System Required Supplementary Information - Schedule of Employer Contributions.....	73
	Local Government Employees Retirement System Required Supplementary Information - Proportionate Share of Net Pension Liability (Asset).....	74
	Law Enforcement Officers’ Special Separation Allowance Required Supplementary Information - Schedule of Changes in Pension Liability.....	75
	Law Enforcement Officers’ Special Separation Allowance Required Supplementary Information - Schedule of Total Pension Liability.....	76

Combining and Individual Fund Statements and Schedules

Statement / Schedule

1	General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	77-81
2	Fire Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	82
3	Capital Project Fund – Recreation Projects Fund Schedule of Revenues and Expenditures – Budget and Actual	83
4	Nonmajor Governmental Funds - Combining Balance Sheet.....	84-85
5	Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance	86-87
<u>Special Revenue Fund</u>		
6	Special Revenue Fund – Perry Library Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	88
<u>Capital Project Funds</u>		
7	Capital Project Fund - Street Improvements Fund Schedule of Revenues and Expenditures - Budget and Actual.....	89
8	Capital Project Fund – Recreation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	90
9	Capital Project Fund – Transportation Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	91
10	Capital Project Fund – General Projects Fund Schedule of Revenues and Expenditures – Budget and Actual	92
<u>Permanent Fund</u>		
11	Permanent Fund – Cemetery Fund Schedule of Revenues and Expenditures – Budget and Actual	93

Enterprise Funds

12	Electric Operations – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	94-95
13	Water and Sewer Fund – Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	96-98
14	Electric Substation Project - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	99
15	Water/Sewer Project Fund - Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)	100
16	Wastewater Treatment Plant Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)	101
17	Water/Sewer Capital Reserve Fund - Schedule of Revenues, Expenditures – and Changes in Fund Balance - Budget and Actual (NON-GAAP)	102
18	Water/Sewer HB 463 Capital Reserve Fund - Schedule of Revenues, Expenditures – and Changes in Fund Balance - Budget and Actual (NON-GAAP)	103

Internal Service Fund

19	Health and Dental Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Financial Plan and Actual (NON-GAAP)	104
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Supplemental Financial Data

20	General Fund - Schedule of Ad Valorem Taxes Receivable.....	105
21	Analysis of Current Tax Levy.....	106
22	General Obligation Debt Service Requirements and Maturity Schedule	107

STATISTICAL SECTION (Unaudited)

Table

1	Net Position by Component	108
2	Changes in Net Position	109-110
3	Governmental Activities Tax Revenues by Source	111
4	Fund Balances of Governmental Funds	112

Table

5	Changes in Fund Balances of Governmental Funds	113
6	Assessed Value and Estimated Actual Value of Taxable Property	114
7	Property Tax Rates - Direct and Overlapping Governments	115
8	Property Tax Levies and Collections	116
9	Principal Property Taxpayers and Electric Ratepayers	117-118
10	Ratios of Outstanding Debt by Type	119
11	Ratios of General Bonded Debt Outstanding	120
12	Direct and Overlapping Governmental Activities Debt	121
13	Legal Debt Margin Information	122
14	Demographic and Economic Statistics.....	123
15	Principal Employers	124
16	Employee Position Authorization by Department	125-126
17	Operating Indicators by Function	127
18	Capital Asset Statistics by Function	128

COMPLIANCE SECTION

Federal and State Awards Compliance

Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	129-130
Report on Compliance for the Major Federal Programs; Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	131-132
Report on Compliance for the Major State Program; Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	133-134
Schedule of Findings and Questioned Costs	135-136
Schedule of Expenditures of Federal and State Awards	137-138

INTRODUCTORY SECTION



December 3, 2020

TO THE CITIZENS OF THE TOWN OF APEX:

We are pleased to present the Comprehensive Annual Financial Report of the Town of Apex for the fiscal year ended June 30, 2020. 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.

Joyce and Company, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Town of Apex's financial statements for the year ended June 30, 2020. The independent auditor's report 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 65,682 and a land area of 23.99 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 2020 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 or agency fund. 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 \$3.8 million, down 17% from the prior year. The Town issued 1,619 permits for new residential construction this year, a decrease of 107 permits or 6.2% from the previous year. Total construction value for those permits was down \$20.5 million or 5.7%. Commercial construction did increase. The Town issued 32 commercial building permits, 8 fewer than the previous year. However, the total value of those permits increased by \$32.4 million or 140%. Overall, new construction (residential and commercial) totaled 1,651 permits with a value of \$390.7 million, compared with 1,766 permits and \$378.8 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 2010, total ad valorem tax revenue was \$14.5 million as compared to \$32.7 million in 2020. The 2020 fiscal year tax rate was 41.5 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 tax base and thus the tax revenue. The appraised value of the Town's tax base as of January 1, 2020 was \$10.2 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 10.9% compared to the prior year in spite of the negative impacts of COVID 19 on the economy. Within all major revenue categories, compared to 2010 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 86.6% 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 \$10.2 million in 2010 to \$22.1 million in 2020.

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 parks and recreational facilities and a new warehouse and office facility for electric operations during the 2020 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 \$12 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, 2020, the Town's unassigned fund balance was \$28.9 million, or roughly 47.4% of the year's General Fund expenditures.

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 comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty sixth 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 Joyce and Company CPA, and the Town's Finance, Planning, and Construction Management departments. We would like to extend special thanks to Suzanne Parmentier for her 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.



Drew Havens
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, 2019

Christopher P. Morill

Executive Director/CEO



ELECTED OFFICIALS

MAYOR:	JACQUES GILBERT
MAYOR PRO TEM:	NICOLE DOZIER
COUNCIL MEMBERS:	BRETT GANTT
	AUDRA KILLINGSWORTH
	TERRY MAHAFFEY
	CHERYL STALLINGS



| APPOINTED OFFICIALS

Drew Havens
Town Manager

Laurie Hohe
Town Attorney

Donna Hosch
Town Clerk

ADMINISTRATIVE STAFF

Shawn Purvis
Assistant Town Manager

Marty Stove
Assistant Town Manager

Dianne Khin
Director of Planning

Mary Beth Manville
Director Human Resources

John Brown
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

John Letteney
Chief of Police

Keith McGee
Fire Chief

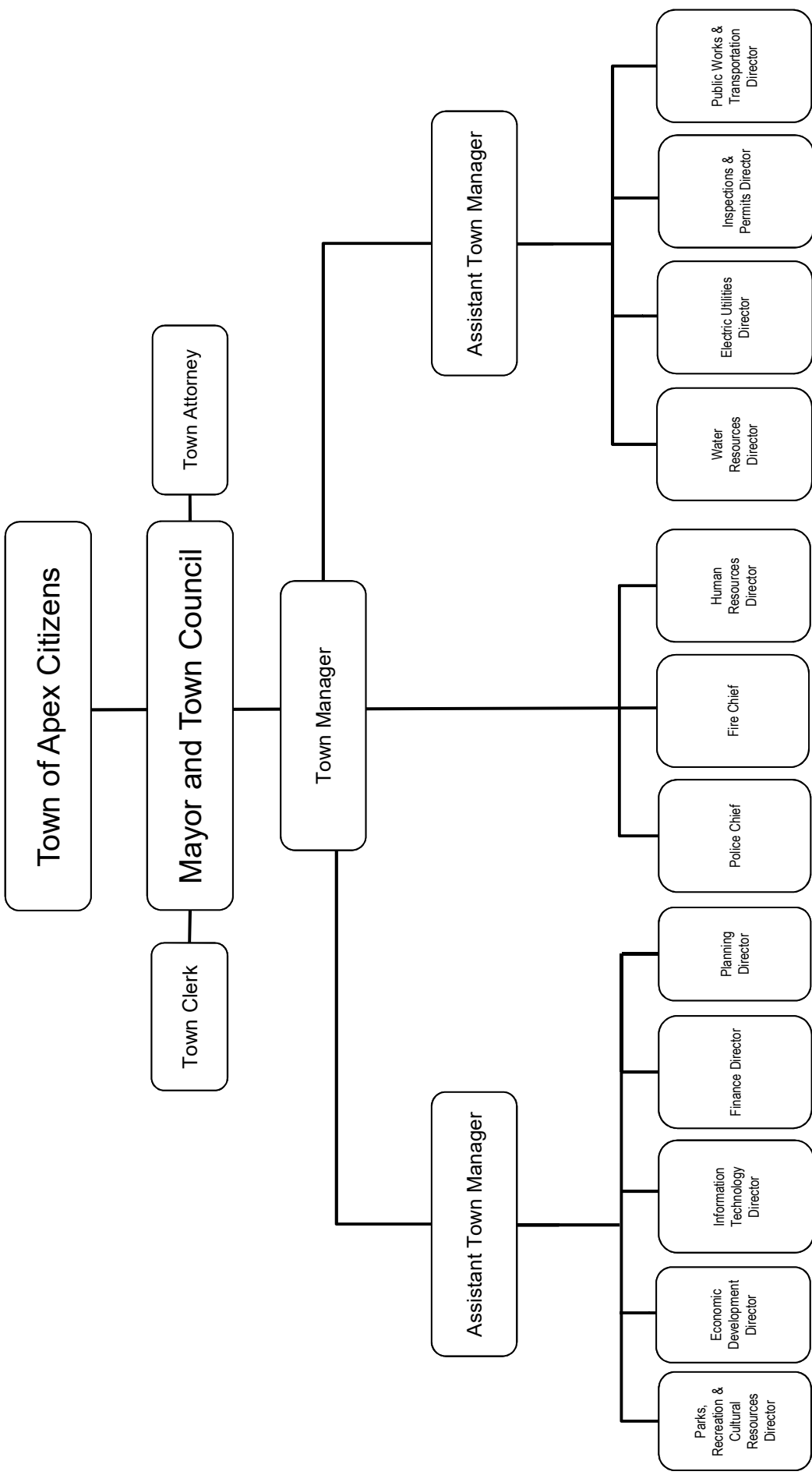
Eric Neumann
Director of Electric Utilities

Vance Holloman
Director of Finance

Jose Martinez
Director of Public Works
and Transportation

Joanna Helms
Director of Economic
Development

Town of Apex Organizational Chart



FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and
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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Apex, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, 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, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, Town of Apex's Contributions, Schedule of Investment Returns, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Apex, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2020 on our consideration of Town of Apex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Apex's internal control over financial reporting and compliance.


JOYCE AND COMPANY, CPA
Cary, North Carolina

December 3, 2020

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, 2020. 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 \$831 million (*net position*). Of this amount, \$89 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 \$74.1 million from the prior year. The net position of the governmental activities increased 50.2 million and the net position of the business-type activities increased \$23.9 million. Approximately \$73.9 million of street related and utility infrastructure was donated by developers with a value of \$57 million for street and sidewalk related infrastructure and \$16.9 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 \$113 million, an increase of \$35 million compared to the prior year. The total fund balance in the General Fund increased \$2.4 million while the total fund balance in other governmental funds increased \$32.5 million primarily due to bonds being issued to fund various parks and recreation projects.
- At the end of the fiscal year, unassigned fund balance for the General Fund increased to \$28.9 million, or 47.4% of total General Fund expenditures for the fiscal year.
- The Town of Apex's total debt increased by \$37.8 million during the current fiscal year due to the Town issuing debt for several capital projects.
- The Town entered into a legal settlement for claims challenging the Town's authority to collect impact fees for water, sewer and transportation infrastructure. The Town agreed to repay water and sewer capital fees of \$14.6 million and \$698,574 of transportation impact fees. The Town accrued a liability in the prior fiscal year and liquidated it in the current fiscal year.

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 33-69 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.

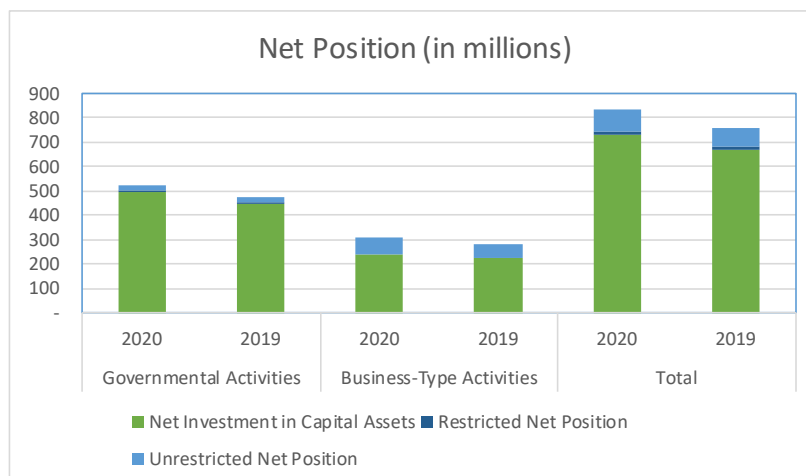
Entity-Wide Financial Analysis

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 \$50.2 million to \$522.2 million during the year and business-type net position increased by \$23.9 million to \$308.8 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$123.3	\$84.2	\$91.4	\$89.5	\$214.7	\$173.7
Capital Assets	525.6	476.8	293.1	278.0	818.7	754.8
Total Assets	648.9	561.0	384.5	367.5	1,033.4	928.5
Deferred Outflows	12.5	8.5	2.9	2.2	15.4	10.7
Long-Term Liabilities	122.2	84.5	66.9	58.9	189.1	143.4
Other Liabilities	13.6	10.9	11.2	25.5	24.8	36.4
Total Liabilities	135.8	95.4	78.1	84.4	213.9	179.8
Deferred Inflows	3.3	2.2	0.6	0.4	3.9	2.6
Net Position:						
Net Investment in Capital Assets	492.4	446.5	238.8	225.2	731.2	671.7
Restricted	10.6	11.2	-	-	10.6	11.2
Unrestricted	19.2	14.3	70.0	59.7	89.2	74.0
Total Net Position	\$522.2	\$472.0	\$308.8	\$284.9	\$831.0	\$756.9

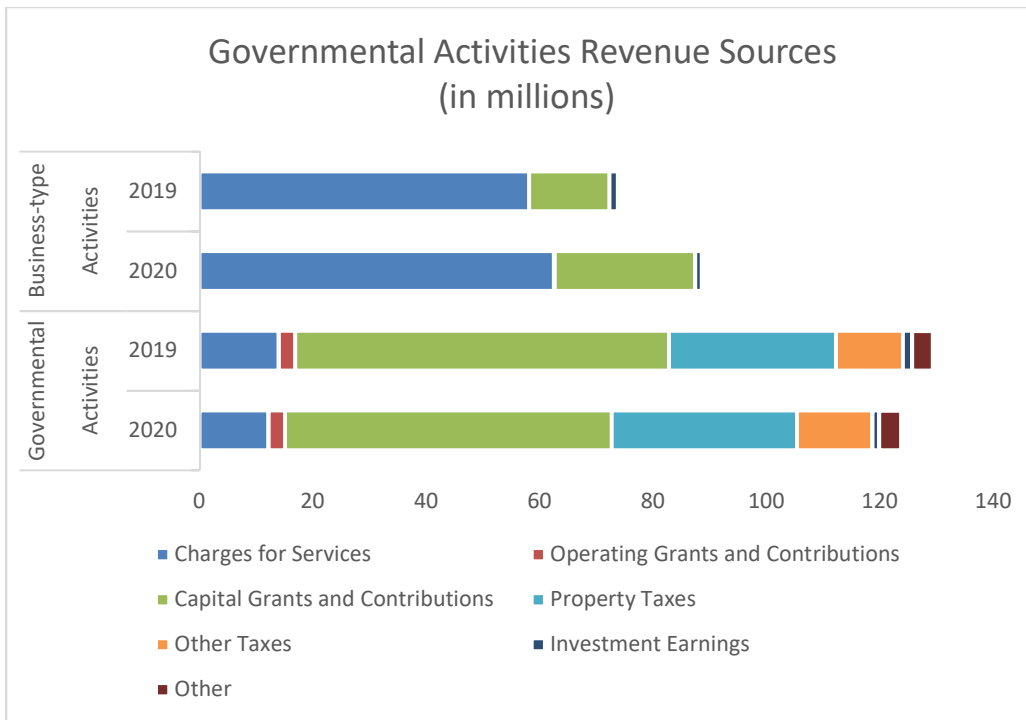


As is the case for many entities, the largest portion of the Town’s net position (\$731.2 million or 88.00%) is represented by its net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was issued to acquire those assets). These capital 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 \$73.9 million of street related and utility infrastructure assets were donated from developers, valued at \$57 million for street and sidewalk related infrastructure and \$16.9 million for utility infrastructure. Most of the remainder of the Town’s net assets (\$89.2 million or 10.7%) 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		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$12.2	\$14.0	\$62.6	\$58.2	\$74.8	\$72.2
Operating Grants and Contributions	2.9	2.9	0.1	---	3.0	2.9
Capital Grants and Contributions	57.7	66.0	24.8	14.2	82.5	80.2
General Revenues:					-	-
Property Taxes	32.7	29.5	---	---	32.7	29.5
Other Taxes	13.3	11.8	---	---	13.3	11.8
Investment Earnings	1.2	1.6	1.2	1.5	2.4	3.1
Other	3.9	3.7	---	0.1	3.9	3.8
Total Revenues	123.9	129.5	88.7	74.0	212.6	203.5
Expenses:						
General Government	13.1	11.7	---	---	13.1	11.7
Public Safety	25.4	21.0	---	---	25.4	21.0
Public Works	21.5	19.0	---	---	21.5	19.0
Environmental Protection	4.8	4.1	---	---	4.8	4.1
Cultural and Recreation	7.1	6.4	---	---	7.1	6.4
Interest on Long-Term Debt	1.8	1.5	---	---	1.8	1.5
Water and Sewer	---	---	25.0	24.5	25.0	24.5
Electric	---	---	39.8	37.0	39.8	37.0
Total Expenses	73.7	63.7	64.8	61.5	138.5	125.2
Special Item - Legal Settlement	---	(0.7)	---	(14.7)	-	(15.4)
Change in Net Position	50.2	65.1	23.9	(2.2)	74.1	62.9
Net Position - Beginning of year	472.0	407.5	284.9	287.2	756.9	694.7
Restatement GASB #75	-	(0.6)	-	(0.1)	-	(0.7)
Net Position - Beginning of year as restated	472.0	406.9	284.9	287.1	756.9	694.0
Net Position - End of year	\$522.2	\$472.0	\$308.8	\$284.9	\$831.0	\$756.9



Governmental activities: Revenues related to governmental activities decreased \$5.6 million, or 4.3%. The majority of this decrease came from Capital Grants and Contributions which decreased by \$8.3 million due to decreased developer contributions. However, tax revenues increased by \$4.9 million due to an increased tax base and increased sales tax revenues despite lower collections in 3 months of the fiscal year due to the impact of COVID-19. Total expenses were up by \$10 million or 15.7%. While most areas experiencing higher operating costs, \$2.30 million of the increase is due to increased depreciation upon Town infrastructure and Public Safety expenditures increased \$4.4 million due to higher personnel costs.

Business-type activities: Total business-type activity revenues increased by \$14.8 million or 20% during the fiscal year. Capital contributions of water and sewer lines from developers increased by \$10.2 million. Charges for services increased \$4.4 million or 7.6%. Electric rates were increased 1.65% and sewer rates 4.0% at the beginning of the fiscal year. Spending for business-type activities increased \$3.3 million or 5.5%. The greatest change being increases in electric power purchases, depreciation expense and operations. Increases in operations and power purchases were in line with customer growth of approximately 9% 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 \$28.9 million, while total fund balance increased to \$42.3 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, 2020, unassigned fund

balance was 47.4% of the year's expenditures (compared to 48.9% last year), while total fund balance represents 69.3% of that same amount (74.9% in 2019).

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 \$7.8 million of fund balance for the 2019-20 fiscal year to help meet the needs of a fast growing community for vehicles, equipment and street improvements. The Town also donated \$1 million to a loan program for Town businesses impacted negatively by COVID-19. Again, revenues ended better than anticipated and expenditures were less than anticipated and total fund balance increased by \$2.4 million as a result of fiscal year operations. Total revenues were \$1.1 million more than the final budget, primarily because higher than expected revenues from property and sales taxes. Charges for services were down a bit due to a number of recreation programs being cancelled due to COVID 19. In addition, total departmental expenditures ended the year \$9.2 million less than the final budget.

At year end, the governmental funds of Town of Apex reported a combined fund balance of \$113 million, an increase of \$35 million from the prior year. The increase resulted predominately from the issuance of debt for park and recreation projects. During the year the Town spent \$7.5 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 \$3.6 million from the prior year, an increase of 6.2%. This increase came from increases in property taxes, sales taxes and garbage and recycling fees. Permits and fees fell by \$0.8 million or 16% from the prior year amount, however, actual revenues exceeded the amount budgeted by more than \$50,000.

General Fund expenditures rose by \$7.8 million, or 14.7%. The majority of the increase came in expenditures for Public Works, Administration and Parks and Debt Service due to a current refunding of debt. The major initiatives of note were increased operating costs and capital outlay.

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 \$13.0 million and \$56.9 million, respectively. The changes in net position for the Electric Fund and Water and Sewer Funds were an increase of \$3.2 million and \$20.7, respectively. The increase in the Water and Sewer Fund was due to donated assets and water and sewer capital fees.

In the Electric Fund, operating revenues increased by \$1.9 million or 4.6% due to an increase in the number of customers and rates. Operating expenses increased by \$2.6 million or 7% due to an increase in the cost of power and operations expense due to an increase in the number of customers.

In the Water and Sewer Fund, operating revenues increased by \$2.6 million or 14.7% due to customer growth and increases in sewer rates. Operating expenses increased by \$0.7 million or 3.1% predominately due to customer growth.

Capital Asset and Debt Administration

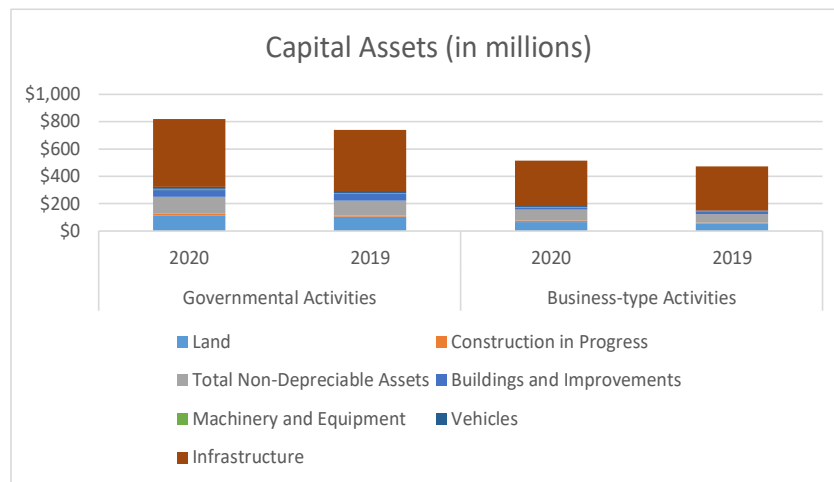
Capital assets: The Town of Apex's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$818.7 million (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment including vehicles, park 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 \$68.4 million,
- Electric distribution system improvements, additions, and other capital assets of \$7.8 million,
- Water and sewer system improvements, additions, and other capital assets of \$20.7 million.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$113.1	\$104.6	\$65.0	\$55.1	\$178.1	\$159.7
Construction in Progress	11.6	6.6	13.4	7.1	25.0	13.7
Total Non-Depreciable Assets	124.7	111.2	78.4	62.2	203.1	173.4
Buildings and Improvements	49.2	48.4	15.1	15.1	64.3	63.5
Machinery and Equipment	9.2	8.5	4.1	3.9	13.3	12.4
Vehicles	14.6	13.6	5.7	5.5	20.3	19.1
Infrastructure	497.7	445.3	331.7	323.7	829.4	769.0
Intangibles	-	-	3.5	-	3.5	-
Total Depreciable	570.7	515.8	360.1	348.2	930.8	864.0
Accumulated Depreciation	(169.8)	(150.2)	(145.5)	(132.4)	(315.3)	(282.6)
Total Depreciable Assets, Net	400.9	365.6	214.6	215.8	615.5	581.4
Total	\$525.6	\$476.8	\$293.0	\$278.0	\$818.6	\$754.8



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, 2020, the Town of Apex had total general obligation bonded debt outstanding of \$98 million, including \$7.0 million of deferred premium, electric revenue bonds outstanding of \$12.3 million, and installment purchase related debt of \$30 million. Of the general obligation bonds, \$30.9 million, including \$1.3 million of deferred premium, 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 \$36.7 million of general obligation bonds including \$4.5 million of deferred premium, but retired \$5.8 million.

Town of Apex Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$67.1	\$35.1	\$30.9	\$31.9	\$98.0	\$67.0
Revenue Bonds	-	-	12.3	2.9	12.3	2.9
Installment Purchases	12.2	13.4	17.8	19.3	30.0	32.7
Total	\$ 79.3	\$ 48.5	\$ 61.0	\$ 54.1	\$ 140.3	\$ 102.6

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 \$551.5 million. However, this statutory limit far exceeds the Town’s realistic debt capacity.

The Town had authorized and unissued debt of \$12 million as of June 30, 2020, 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, 2020, Apex’s population was estimated at 65,682. Single family residential construction was down by 2.5% for the fiscal year after having increased by 12% in the prior year based upon construction value. Non-residential construction was up 8% based upon value. 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 5.2% versus the statewide rate of 7.9% and the U.S. rate of 11.2%. 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, 2021

Governmental Funds: The General Fund's budget is \$71 million. The Town's tax base increased from \$7.82 billion at January 1, 2019 to \$10.21 billion at January 1, 2020 as a result of Wake County's revaluation of property and growth. The Town's tax rate fell to 38 cents per \$100. The revenue neutral tax rate was .349 cents. Revenues estimates for property taxes are 19.4% above the prior year budget. Most other revenues were estimated to continue at or slightly below the levels seen during 2019-20. Sales tax collected for the 2019-20 fiscal year was 10.9% higher than the prior year. Due to the uncertain impacts COVID 19 might have on the economy the Town budgeted sales taxes at 5% below the amount collected in fiscal year 19-20. The Town's current 2020-21 budget projects construction and development related revenues to be 4.7% lower than the final figures for 2019-20 contained in this report. There were modest changes in other charges and fees. The budget includes 11 new positions in the General Fund; 3 of those positions are in public safety and 2 are in parks and recreation. Total budgeted revenues were up 12.6% from the original 2019-20 budget to \$68.7 million. The adopted budget appropriates \$2.4 million of fund balance.

Proprietary Funds: The Town expects continued growth in the number of customers. Rates for sewer service were increased by 4.5% 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 \$44 million and \$22.7 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.

BASIC FINANCIAL STATEMENTS

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	2020		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 67,837,462	\$ 73,205,077	\$ 141,042,539
Taxes receivables (net)	189,500	-	189,500
Accounts receivable (net)	843,560	9,619,775	10,463,335
Due from other governments	5,267,117	-	5,267,117
Prepaid items	260,303	-	260,303
Inventories	30,586	1,958,754	1,989,340
Restricted cash and cash equivalents	47,846,315	6,681,133	54,527,448
Notes receivable	1,000,000	-	1,000,000
Capital assets:			
Land, improvements, and construction in progress	124,670,675	78,435,157	203,105,832
Other capital assets, net of depreciation	400,886,345	214,664,587	615,550,932
Total assets	<u>648,831,863</u>	<u>384,564,483</u>	<u>1,033,396,346</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	6,502,849	1,278,724	7,781,573
Pension deferrals	5,998,455	1,649,201	7,647,656
Total deferred outflows of resources	<u>12,501,304</u>	<u>2,927,925</u>	<u>15,429,229</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,701,505	6,455,463	14,156,968
Accrued interest payable	317,334	259,704	577,038
Customer deposits	-	730,531	730,531
Current portion of long-term liabilities	5,612,920	3,788,835	9,401,755
Total current liabilities	<u>13,631,759</u>	<u>11,234,533</u>	<u>24,866,292</u>
Long-term liabilities:			
Due in more than one year	122,228,497	66,889,937	189,118,434
Total liabilities	<u>135,860,256</u>	<u>78,124,470</u>	<u>213,984,726</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	293,194	-	293,194
OPEB deferrals	2,829,439	556,376	3,385,815
Pension deferrals	181,944	28,242	210,186
Total deferred inflows of resources	<u>3,304,577</u>	<u>584,618</u>	<u>3,889,195</u>
NET POSITION			
Net investment in capital assets	492,438,867	238,768,996	731,207,863
Restricted for:			
Nonexpendable			
Perpetual Care	686,518	-	686,518
Expendable			
Stabilization by State Statute	8,824,846	-	8,824,846
Public Safety	305,874	-	305,874
Construction Management Inspections	708,580	-	708,580
Unrestricted	19,203,649	70,014,324	89,217,973
Total net position	<u>\$ 522,168,334</u>	<u>\$ 308,783,320</u>	<u>\$ 830,951,654</u>

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, 2020

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	\$ 13,144,540	\$ 4,216,873	\$ -	\$ -	(8,927,667)	\$ -	(8,927,667)	
Public safety	25,437,283	-	1,571,740	-	(23,865,543)	-	(23,865,543)	
Public works	21,547,425	46,179	1,353,791	57,535,725	37,388,270	-	37,388,270	
Environmental protection	4,792,603	4,853,201	3,123	-	63,721	-	63,721	
Cultural and recreation	7,127,052	3,125,723	-	151,036	(3,850,293)	-	(3,850,293)	
Interest on long-term debt	1,743,437	-	-	-	(1,743,437)	-	(1,743,437)	
Total governmental activities	73,792,340	12,241,976	2,928,654	57,686,761	(934,949)	-	(934,949)	
Business-type activities:								
Electric	39,817,329	42,674,575	90,385	-	-	2,947,631	2,947,631	
Water and Sewer	25,079,099	19,965,590	9,091	24,793,636	-	19,689,218	19,689,218	
Total business-type activities	64,896,428	62,640,165	99,476	24,793,636	-	22,636,849	22,636,849	
Total	\$ 138,688,768	\$ 74,882,141	\$ 3,028,130	\$ 82,480,397	\$ (934,949)	\$ 22,636,849	\$ 21,701,900	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					32,687,211	-	32,687,211	
Other taxes								
Local option sales					12,174,795	-	12,174,795	
Motor vehicle licenses					1,048,963	-	1,048,963	
Miscellaneous					80,713	-	80,713	
Unrestricted intergovernmental					3,458,723	-	3,458,723	
Unrestricted investment earnings					1,244,223	1,210,699	2,454,922	
Miscellaneous					475,994	17,260	493,254	
Total general revenues					51,170,622	1,227,959	52,398,581	
Change in net position					50,235,673	23,864,808	74,100,481	
Net position-beginning of year					471,932,661	284,918,512	756,851,173	
Net position-end of year					\$ 522,168,334	\$ 308,783,320	\$ 830,951,654	

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

**TOWN OF APEX, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

Exhibit 3

	<u>Major Funds</u>			Total Governmental Funds
	General	Recreation Capital Projects	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 41,049,993	\$ 10,980,147	\$ 14,586,663	\$ 66,616,803
Restricted cash	1,014,454	45,562,859	1,269,002	47,846,315
Receivables, net:				
Taxes	93,154	-	96,346	189,500
Accounts	599,196	-	-	599,196
Due from other governments	4,948,360	-	318,757	5,267,117
Prepaid items	254,121	-	-	254,121
Inventories	30,586	-	-	30,586
Total assets	<u>\$ 47,989,864</u>	<u>\$ 56,543,006</u>	<u>\$ 16,270,768</u>	<u>\$ 120,803,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,405,772	\$ 1,793,060	\$ 202,644	\$ 7,401,476
Deferred inflows of resources:				
Property taxes receivable	105,248	-	-	105,248
Prepaid taxes	18,812	-	-	18,812
Prepaid recreation fees	184,717	-	-	184,717
Prepaid fire contract	12,000	-	-	12,000
Greenway credits	-	-	77,665	77,665
Total deferred inflows of resources	<u>320,777</u>	<u>-</u>	<u>77,665</u>	<u>398,442</u>
Fund balances:				
Nonspendable				
Perpetual care	-	-	686,518	686,518
Prepaid items	254,121	-	-	254,121
Inventories	30,586	-	-	30,586
Restricted				
Stabilization by State Statute	8,824,846	-	-	8,824,846
Public Safety	305,874	-	-	305,874
Construction Management Inspections	708,580	-	-	708,580
Street improvements	-	-	582,484	582,484
Recreation improvements	-	45,562,859	-	45,562,859
Committed				
Library maintenance	-	-	121,460	121,460
Street improvements	-	-	3,142,757	3,142,757
Recreation improvements	-	9,187,087	-	9,187,087
Public Safety improvements	-	-	4,534,086	4,534,086
Perpetual care	-	-	440,645	440,645
LEO pension obligation	864,756	-	-	864,756
Assigned				
Recreation improvements	-	-	3,142,175	3,142,175
Street improvements	-	-	3,340,334	3,340,334
Subsequent year's expenditures	2,370,000	-	-	2,370,000
Unassigned	28,904,552	-	-	28,904,552
Total fund balances	<u>42,263,315</u>	<u>54,749,946</u>	<u>15,990,459</u>	<u>113,003,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 47,989,864</u>	<u>\$ 56,543,006</u>	<u>\$ 16,270,768</u>	<u>\$ 120,803,638</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, 2020

Exhibit 3

Fund balances-total governmental funds \$ 113,003,720

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	\$ 695,372,756	
Less accumulated depreciation	<u>(169,815,736)</u>	525,557,020

Deferred outflows of resources related to pensions are not reported in the funds		5,998,455
----------------------------------------------------------------------------------	--	-----------

Notes receivable are not reported in the funds		1,000,000
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Deferred outflows of resources related to OPEB are not reported in the funds		6,502,849
------------------------------------------------------------------------------	--	-----------

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	(73,527,517)	
Premiums on refunding bonds	(5,735,979)	
Net pension liability LGERS	(8,949,565)	
Net pension liability LEO	(2,937,447)	
OPEB liability	(34,630,706)	
Compensated absences	<u>(2,060,203)</u>	(127,841,417)

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		1,171,176
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Earned revenues considered deferred inflows of resources in fund statements		105,248
-----------------------------------------------------------------------------	--	---------

Deferred inflows of resources related to pensions are not reported in the funds		(181,944)
---------------------------------------------------------------------------------	--	-----------

Deferred inflows of resources related to OPEB are not reported in the funds		(2,829,439)
-----------------------------------------------------------------------------	--	-------------

Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Accrued interest payable		<u>(317,334)</u>

Net position of governmental activities		<u><u>\$ 522,168,334</u></u>
-----------------------------------------	--	------------------------------

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

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Recreation Capital Projects</u>	<u>Other Governmental Funds</u>	
REVENUES				
Ad valorem taxes	\$ 32,658,938	\$ -	\$ -	\$ 32,658,938
Other taxes and licenses	12,255,508	-	1,044,183	13,299,691
Unrestricted intergovernmental	3,458,723	-	-	3,458,723
Restricted intergovernmental	2,928,654	151,036	511,413	3,591,103
Permits and fees	4,204,813	-	2,610,591	6,815,404
Sales and services	5,418,897	-	-	5,418,897
Investment earnings	662,713	340,195	241,315	1,244,223
Miscellaneous	550,994	-	-	550,994
Total revenues	<u>62,139,240</u>	<u>491,231</u>	<u>4,407,502</u>	<u>67,037,973</u>
EXPENDITURES				
Current:				
General government	12,352,102	-	-	12,352,102
Public safety	21,376,925	-	-	21,376,925
Public works	6,467,625	-	4,900	6,472,525
Environmental protection	4,476,106	-	-	4,476,106
Cultural and recreational	4,900,883	-	-	4,900,883
Capital outlay	3,984,182	5,456,251	2,061,225	11,501,658
Debt service:				
Principal	5,925,793	-	-	5,925,793
Interest	1,512,818	-	-	1,512,818
Bond issuance costs	28,569	274,971	-	303,540
Total expenditures	<u>61,025,003</u>	<u>5,731,222</u>	<u>2,066,125</u>	<u>68,822,350</u>
Excess of revenues over (under) expenditures	<u>1,114,237</u>	<u>(5,239,991)</u>	<u>2,341,377</u>	<u>(1,784,377)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,508,300	2,288,819	4,567,200	8,364,319
Transfers to other funds	(3,147,200)	-	(5,217,119)	(8,364,319)
Bonds issued	2,445,000	29,800,000	-	32,245,000
Bond premium	509,826	4,029,885	-	4,539,711
Total other financing sources (uses)	<u>1,315,926</u>	<u>36,118,704</u>	<u>(649,919)</u>	<u>36,784,711</u>
Net change in fund balances	2,430,163	30,878,713	1,691,458	35,000,334
Fund balances-beginning of year	<u>39,833,152</u>	<u>23,871,233</u>	<u>14,299,001</u>	<u>78,003,386</u>
Fund balances-end of year	<u>\$ 42,263,315</u>	<u>\$ 54,749,946</u>	<u>\$ 15,990,459</u>	<u>\$ 113,003,720</u>

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, 2020

Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ 35,000,334
<p>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.</p>		
Expenditures for capital assets	\$ 11,501,658	
Less current year depreciation	<u>(19,768,683)</u>	(8,267,025)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Developer's contributed capital and donations	57,024,312	
Change in unavailble revenue for taxes	<u>40,728</u>	57,065,040
<p>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.</p>		
Amortization of bond premium	128,611	
Principal payments	5,925,793	
Issuance of debt	(36,784,711)	
Change in accrued interest payable	<u>(55,690)</u>	(30,785,997)
Benefit payments paid for the LEOSSA are not included on the Statement of Activities		73,581
Net gain of internal service funds determined to be governmental-type		1,567,392
Repayment of loans receivable doesn't result in income to the Town	(75,000)	
Loans issued doesn't result in expenses to the Town	<u>1,000,000</u>	925,000
<p>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.</p>		
Change in compensated absences	(495,112)	
Pension expense LGERS	(1,863,623)	
Pension expense LEO	(258,715)	
OPEB expense	<u>(2,725,202)</u>	(5,342,652)
Total changes in net position of governmental activities		<u>\$ 50,235,673</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, 2020**

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Ad valorem taxes	\$ 32,470,000	\$ 32,470,000	\$ 32,658,938	\$ 188,938
Other taxes and licenses	11,758,000	11,758,000	12,255,508	497,508
Unrestricted intergovernmental	3,312,300	3,312,300	3,458,723	146,423
Restricted intergovernmental	2,639,900	2,649,700	2,928,654	278,954
Permits and fees	4,151,300	4,151,300	4,204,813	53,513
Sales and services	5,612,500	5,612,500	5,418,897	(193,603)
Investment earnings	760,900	751,100	661,097	(90,003)
Miscellaneous	376,500	376,500	550,994	174,494
Total revenues	<u>61,081,400</u>	<u>61,081,400</u>	<u>62,137,624</u>	<u>1,056,224</u>
EXPENDITURES:				
Current:				
General government	13,608,600	16,534,959	13,671,588	2,863,371
Public safety	24,466,300	24,773,548	22,121,082	2,652,466
Public works	8,982,800	10,460,161	7,764,569	2,695,592
Solid waste	5,001,500	5,001,887	4,849,384	152,503
Cultural and recreation	5,818,000	6,011,584	5,151,200	860,384
Debt service:				
Principal	3,000,800	5,925,800	5,925,793	7
Interest and fees	1,511,700	1,512,957	1,512,818	139
Bond issuance costs	-	28,568	28,569	(1)
Total expenditures	<u>62,389,700</u>	<u>70,249,464</u>	<u>61,025,003</u>	<u>9,224,461</u>
Revenues over (under) expenditures	<u>(1,308,300)</u>	<u>(9,168,064)</u>	<u>1,112,621</u>	<u>10,280,685</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	1,708,300	1,708,300	1,508,300	(200,000)
Transfer to other funds	(2,577,200)	(3,147,200)	(3,147,200)	-
Bond proceeds	-	2,445,000	2,445,000	-
Bond premium	-	509,825	509,826	1
Contingency	(150,000)	(150,000)	-	150,000
Fund balance appropriated	2,327,200	7,802,139	-	(7,802,139)
Total other financing sources (uses)	<u>1,308,300</u>	<u>9,168,064</u>	<u>1,315,926</u>	<u>(7,852,138)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,428,547	<u>\$ 2,428,547</u>
Fund balance - beginning of year			<u>39,724,792</u>	
Fund balance - end of year			42,153,339	
A legally budgeted Fire Capital Reserve fund is consolidated in the General Fund for reporting purposes:				
Investment earnings			1,616	
Fund balance - beginning of year			108,360	
Fund balance - end of year (Exhibit 4)			<u>\$ 42,263,315</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, 2020

Exhibit 6

	Enterprise Funds			Internal Service Fund
	Electric Fund	Sewer Fund	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,030,728	60,174,349	\$ 73,205,077	\$ 1,220,659
Accounts receivable (net) - billed	3,761,373	1,830,888	5,592,261	244,364
Accounts receivable - unbilled	2,841,053	1,186,461	4,027,514	-
Inventories	1,673,020	285,734	1,958,754	-
Prepaid items	-	-	-	6,182
Restricted cash and cash equivalents	5,689,088	992,045	6,681,133	-
Total current assets	<u>26,995,262</u>	<u>64,469,477</u>	<u>91,464,739</u>	<u>1,471,205</u>
Noncurrent assets:				
Land and construction in progress	7,599,902	70,835,255	78,435,157	-
Other capital assets, net of depreciation	37,692,362	176,972,225	214,664,587	-
Total noncurrent assets	<u>45,292,264</u>	<u>247,807,480</u>	<u>293,099,744</u>	<u>-</u>
Total assets	<u>72,287,526</u>	<u>312,276,957</u>	<u>384,564,483</u>	<u>1,471,205</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	588,548	690,176	1,278,724	-
Pension deferrals	741,413	907,788	1,649,201	-
Total deferred outflows of resources	<u>1,329,961</u>	<u>1,597,964</u>	<u>2,927,925</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,015,826	2,439,637	6,455,463	300,029
Customer deposits	730,531	-	730,531	-
Accrued interest payable	113,142	146,562	259,704	-
Bonds and notes payable	991,000	2,567,695	3,558,695	-
Compensated absences	91,171	138,969	230,140	-
Total current liabilities	<u>5,941,670</u>	<u>5,292,863</u>	<u>11,234,533</u>	<u>300,029</u>
Noncurrent liabilities:				
Compensated absences	78,679	39,112	117,791	-
Net OPEB liability	3,058,852	3,493,503	6,552,355	-
Bonds and notes payable	11,351,000	46,137,384	57,488,384	-
Net pension liability	1,225,295	1,506,112	2,731,407	-
Total noncurrent liabilities	<u>15,713,826</u>	<u>51,176,111</u>	<u>66,889,937</u>	<u>-</u>
Total liabilities	<u>21,655,496</u>	<u>56,468,974</u>	<u>78,124,470</u>	<u>300,029</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	261,939	294,437	556,376	-
Pension deferrals	12,744	15,498	28,242	-
Total deferred inflows of resources	<u>274,683</u>	<u>309,935</u>	<u>584,618</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	38,578,448	200,190,548	238,768,996	-
Unrestricted	13,108,860	56,905,464	70,014,324	1,171,176
Total net position	<u>\$ 51,687,308</u>	<u>\$ 257,096,012</u>	<u>\$ 308,783,320</u>	<u>\$ 1,171,176</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, 2020

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 38,663,296	19,006,567	\$ 57,669,863	\$ 6,293,778
Water and sewer taps	-	523,366	523,366	-
Other operating revenues	4,011,279	435,657	4,446,936	-
Total operating revenues	<u>42,674,575</u>	<u>19,965,590</u>	<u>62,640,165</u>	<u>6,293,778</u>
OPERATING EXPENSES				
Electric operations	9,081,616	-	9,081,616	-
Electric power purchases	27,658,546	-	27,658,546	-
Water and sewer operations	-	12,920,055	12,920,055	-
Depreciation	2,760,235	10,680,288	13,440,523	-
Health and dental claims	-	-	-	3,828,695
Health and dental administrative fees	-	-	-	897,693
Total operating expenses	<u>39,500,397</u>	<u>23,600,343</u>	<u>63,100,740</u>	<u>4,726,388</u>
Operating income (loss)	<u>3,174,178</u>	<u>(3,634,753)</u>	<u>(460,575)</u>	<u>1,567,390</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	256,338	954,361	1,210,699	-
Interest expense	(204,129)	(1,478,756)	(1,682,885)	-
Bond issuance costs	(112,803)	-	(112,803)	-
Gain on sale of capital assets	-	17,260	17,260	-
Intergovernmental revenues	90,385	339,091	429,476	-
Total nonoperating revenues (expenses)	<u>29,791</u>	<u>(168,044)</u>	<u>(138,253)</u>	<u>-</u>
Income before transfers and contributions	<u>3,203,969</u>	<u>(3,802,797)</u>	<u>(598,828)</u>	<u>1,567,390</u>
Capital contributions	-	24,463,636	24,463,636	-
Change in net position	<u>3,203,969</u>	<u>20,660,839</u>	<u>23,864,808</u>	<u>1,567,390</u>
Total net position - beginning of year	<u>48,483,339</u>	<u>236,435,173</u>	<u>284,918,512</u>	<u>(396,214)</u>
Total net position - ending	<u>\$ 51,687,308</u>	<u>\$ 257,096,012</u>	<u>\$ 308,783,320</u>	<u>\$ 1,171,176</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, 2020

Exhibit 8

	Business-Type Activities			
	Enterprise Funds			Internal Service Fund
	Electric Fund	Water and Sewer Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 42,753,513	\$ 19,659,809	\$ 62,413,322	\$ 6,064,418
Cash paid for goods and services	(31,368,554)	(7,785,016)	(39,153,570)	(4,750,694)
Cash paid to or on behalf of employees for services	(4,380,415)	(5,540,357)	(9,920,772)	-
Increase in customer deposits	25,080	-	25,080	-
Net cash provided by operating activities	<u>7,029,624</u>	<u>6,334,436</u>	<u>13,364,060</u>	<u>1,313,724</u>
NONCAPITAL FINANCING ACTIVITIES				
Interfund loan repayment (advances)	9,697	16,576	26,273	(93,065)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(7,836,058)	(3,823,829)	(11,659,887)	-
Bonds issued	10,000,000	-	10,000,000	-
Bond issuance costs	(112,803)	-	(112,803)	-
Contributions from other agencies	90,385	339,091	429,476	-
Sale of capital assets	-	17,260	17,260	-
Capacity and capital reimbursement fees	-	7,557,222	7,557,222	-
Lawsuit settlement payment	-	(14,558,099)	(14,558,099)	-
Principal paid on bond maturities and equipment contracts	(535,000)	(2,414,539)	(2,949,539)	-
Interest paid on bond maturities and equipment contracts	(104,077)	(1,561,605)	(1,665,682)	-
Net cash provided (used) by capital and related financing activities	<u>1,502,447</u>	<u>(14,444,499)</u>	<u>(12,942,052)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	256,338	954,361	1,210,699	-
Net increase (decrease) in cash and cash equivalents	8,798,106	(7,139,126)	1,658,980	1,220,659
Balances-beginning of the year	9,921,710	68,305,520	78,227,230	-
Balances-end of the year	<u>\$ 18,719,816</u>	<u>\$ 61,166,394</u>	<u>\$ 79,886,210</u>	<u>\$ 1,220,659</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,174,178	\$ (3,634,753)	\$ (460,575)	\$ 1,567,390
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,760,235	10,680,288	13,440,523	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	78,938	(305,781)	(226,843)	(229,361)
Decrease in prepaid expenses	-	-	-	55,698
Decrease in deposits paid	-	-	-	35,100
(Increase) decrease in inventory	7,784	(35,300)	(27,516)	-
Decrease in deferred outflows of resources for pensions	86,018	104,573	190,591	-
Increase in net pension liability	163,882	205,664	369,546	-
Decrease in deferred inflows of resources for pensions	(5,538)	(3,578)	(9,116)	-
Increase (decrease) in accounts payable and accrued liabilities	534,566	(897,297)	(362,731)	(115,103)
Decrease in accrued compensated absences	(10,083)	(65,788)	(75,871)	-
Decrease in deferred outflows of resources for OPEB	(393,912)	(479,082)	(872,994)	-
Increase in deferred inflows of resources for OPEB	78,609	95,606	174,215	-
Increase in net OPEB liability	529,867	669,884	1,199,751	-
Increase in customer deposits	25,080	-	25,080	-
Total adjustments	<u>3,855,446</u>	<u>9,969,189</u>	<u>13,824,635</u>	<u>(253,666)</u>
Net cash provided (used) by operating activities	<u>\$ 7,029,624</u>	<u>\$ 6,334,436</u>	<u>\$ 13,364,060</u>	<u>\$ 1,313,724</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ 16,906,414	\$ 16,906,414	\$ -
Acquisition of capital assets through capital contributions	-	(16,906,414)	(16,906,414)	-
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, 2020

Exhibit 9

	Other Post- Employment Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 624,030
LIABILITIES	-
NET POSITION	
Restricted for postemployment benefits	\$ 624,030

TOWN OF APEX, NORTH CAROLINA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2020

Exhibit 10

	Other Post- Employment Benefits Trust Fund
ADDITIONS	
Employer contributions	\$ 504,835
Net investment income	24,030
Total additions	528,865
 DEDUCTIONS	
Benefit payments	154,835
Change in net position	374,030
Net position, beginning of year	250,000
Net position, end of year	\$ 624,030

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 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, 2020

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 Fund – The Eva Perry Library Fund is used to account for resources that are set aside to be 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, 2020

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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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. Material amendments were made to the budget of the General Fund for a current refunding of debt and to appropriate additional fund balance in support of an emergency loan program for Apex businesses suffering from the economic impact of COVID 19. 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 risk investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are 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 (OPEB) for which the Town is liable. The Town 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 City 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)

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

The North Carolina Capital Management Trust (NCCMT) which consists of two SEC registered funds, 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 second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and Term Portfolios are 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, 2020 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 7.97 years at June 30, 2020.

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, 2020 the fair value of the funds was \$23.107392 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 its 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. In addition, funds transferred from the Cemetery Fund to the General Capital Project Fund for parking improvements that have not yet been expended are also restricted. Unspent inspection funds are also classified as restricted cash because then 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 Projected 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, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted assets at June 30, 2020 consist of:

General Fund	
Public Safety	\$ 305,874
General Government - Inspections	708,580
Street Improvement Capital Project Fund	
Future projects	582,484
Recreation Capital Project Fund	
Future projects	45,562,859
General Capital Project Fund	
Environmental Services	594,000
Water and Sewer Capital Reserve Fund	
Capital Reimbursement	1,992,045
Electric Substation Project Fund	
Future projects	5,689,088
Cemetery Fund	
Environmental Services	92,518
Total Restricted Cash	\$ 54,527,448

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 receivable 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, 2020 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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>
Infrastructure	30 years
Vehicles and Motorized Equipment	3-10 years
Electric, Water and Sewer Systems	30-40 years
Buildings and 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 other post-employment benefits (OPEB) deferrals for the 2020 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 five items that meets the criterion for this category – prepaid taxes, prepaid recreation fees, prepaid fire contract, 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 inspections – *Inspection portion of fund balance that is restricted by State Statute [G.S. 160A-414].*

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

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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 other postemployment benefit plan (OPEB), 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 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, 2020, the carrying amount of the Town’s deposits was \$66,392,728 and the bank balance was \$67,687,527. Of the bank balance, \$1,338,743 was covered by Federal depository insurance and \$66,348,784 was covered by collateral held under the pooling method. At June 30, 2020, the Town had \$1,875 of petty cash on hand.

Investments – at June 30, 2020, the Town’s investments consisted of the following:

Investments by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust Government Portfolio	Fair Value Level 1	\$ 101,368,636	N/A	AAAm
NC Capital Management Trust Term Portfolio	Fair Value Level 1	27,809,595	.15 Years	Unrated
Total		<u>\$ 129,178,231</u>		

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, 2020. The Town’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2020 the Town Healthcare Benefits (HCB) Plan Fund had \$621,183 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 OPEB Trust was invested as follows: State Treasurer’s STIF .15%; State Treasurer’s BIF 36.77% and BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund 63.08% (the equities were split with 57.49% in domestic securities and 42.51% 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, 2020 are net of the following allowances for doubtful accounts:

Fund	Allowance for Uncollectible:		
General Fund	Property Taxes receivable	\$	110,556
Electric Fund	Utility Receivables		226,987
Water and Sewer Fund	Utility Receivables		77,773
	Total	\$	415,316

The Town approved funding of \$1,000,000 in loans to small businesses located in Apex that were experiencing hardships related to COVID 19. Loans of up to \$50,000 per business are available and the program is being administered by the North Carolina Rural Economic Development Center. At June 30, 2020 the entire balance of \$1,000,000 had been transferred to the North Carolina Rural Economic Development Center but there had been no transfers to local businesses as of this date.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 104,547,215	\$ 8,555,566	\$ -	\$ 113,102,781
Construction in progress	6,637,333	7,671,661	2,741,100	11,567,894
Total capital assets not being depreciated	<u>111,184,548</u>	<u>16,227,227</u>	<u>2,741,100</u>	<u>124,670,675</u>
Capital assets being depreciated:				
Buildings	48,444,520	745,998	-	49,190,518
Other improvements	445,310,156	52,435,179	-	497,745,335
Equipment and furniture	8,487,265	733,204	22,002	9,198,467
Vehicles and motorized equipment	13,552,276	1,125,462	109,977	14,567,761
	<u>515,794,217</u>	<u>55,039,843</u>	<u>131,979</u>	<u>570,702,081</u>
Less accumulated depreciation for:				
Buildings	19,505,582	1,600,618	-	21,106,200
Other improvements	117,868,693	15,891,476	-	133,760,169
Equipment and furniture	4,102,976	699,898	22,002	4,780,872
Vehicles and motorized equipment	8,701,781	1,576,691	109,977	10,168,495
Total accumulated depreciation	<u>150,179,032</u>	<u>\$ 19,768,683</u>	<u>\$ 131,979</u>	<u>169,815,736</u>
Total capital assets being depreciated, net	<u>365,615,185</u>			<u>400,886,345</u>
Governmental activity capital assets, net	<u>\$ 476,799,733</u>			<u>\$ 525,557,020</u>
Depreciation expense was charged to functions/programs as follows:				
General government		\$ 977,373		
Public safety		1,974,261		
Public works		14,694,249		
Environmental protection		203,302		
Cultural and recreational		1,919,498		
Total		<u>\$ 19,768,683</u>		

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 4 - CAPITAL ASSETS (continued)

Business activities	Beginning			Ending
ELECTRIC FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 2,827,007	\$ -	\$ -	\$ 2,827,007
Construction in progress	532,715	4,240,180	-	4,772,895
Total capital assets not being depreciated	<u>3,359,722</u>	<u>4,240,180</u>	<u>-</u>	<u>7,599,902</u>
Capital assets being depreciated:				
Utility improvements	55,054,577	3,171,379	-	58,225,956
Building and land improvements	6,780,804	-	-	6,780,804
Equipment and furniture	1,104,859	145,517	58,105	1,192,271
Vehicles and motorized equipment	2,591,178	278,983	156,587	2,713,574
Total capital assets being depreciated	<u>65,531,418</u>	<u>3,595,879</u>	<u>214,692</u>	<u>68,912,605</u>
Less accumulated depreciation for:				
Utility improvements	22,802,088	1,830,632	-	24,632,720
Building and land improvements	3,104,345	636,944	-	3,741,289
Equipment and furniture	801,786	53,573	58,105	797,254
Vehicles and motorized equipment	1,966,481	239,086	156,587	2,048,980
Total accumulated depreciation	<u>28,674,700</u>	<u>2,760,235</u>	<u>214,692</u>	<u>31,220,243</u>
Total capital assets being depreciated, net	<u>36,856,718</u>	<u>\$ 835,644</u>	<u>\$ -</u>	<u>37,692,362</u>
Capital assets, net	<u>\$ 40,216,440</u>			<u>\$ 45,292,264</u>
WATER AND SEWER FUND	Beginning			Ending
WATER AND SEWER FUND	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 52,330,451	\$ 9,910,938	\$ -	\$ 62,241,389
Construction in progress	6,614,326	2,623,412	643,872	8,593,866
Total capital assets not being depreciated	<u>58,944,777</u>	<u>12,534,350</u>	<u>643,872</u>	<u>70,835,255</u>
Capital assets being depreciated:				
Utility improvements	265,057,535	8,466,370	-	273,523,905
Building and land improvements	8,343,274	-	-	8,343,274
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	2,801,648	84,874	-	2,886,522
Vehicles and motorized equipment	2,867,970	288,523	88,432	3,068,061
Total capital assets being depreciated	<u>282,560,427</u>	<u>8,839,767</u>	<u>88,432</u>	<u>291,311,762</u>
Less accumulated depreciation for:				
Utility improvements	95,167,251	9,895,131	-	105,062,382
Building and land improvements	1,509,332	266,710	-	1,776,042
Intangibles	3,490,000	-	-	3,490,000
Equipment and furniture	1,739,841	184,136	-	1,923,977
Vehicles and motorized equipment	1,841,257	334,311	88,432	2,087,136
Total accumulated depreciation	<u>103,747,681</u>	<u>10,680,288</u>	<u>88,432</u>	<u>114,339,537</u>
Total capital assets being depreciated, net	<u>178,812,746</u>	<u>\$ (1,840,521)</u>	<u>\$ -</u>	<u>176,972,225</u>
Capital assets, net	<u>\$ 237,757,523</u>			<u>\$ 247,807,480</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 4 – CAPITAL ASSETS (continued)

Construction Commitments

At June 30, 2020, the Town had contractual commitments as follows:

Project	Spent to Date	Remaining Commitment
Street Improvements Projects	\$ 3,755,270	\$ 679,960
Recreation Capital Projects	7,268,140	19,585,414
Wastewater Treatment Plant Projects	420,108	-
Water/Sewer Capital Projects	8,173,757	518,390
Electric Substation Capital Project	4,772,895	87,500

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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer.

Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$2,764,098 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$11,680,973 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.42773%, which was an increase of 0.00361% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$5,158,364. At June 30, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,000,078	\$ -
Changes of assumptions	1,903,805	-
Net difference between projected and actual earnings on investments	284,915	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,819	119,333
Town contributions subsequent to the measurement date	2,764,098	-
Total	\$ 7,008,715	\$ 119,333

\$2,764,098 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, 2021.

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

Year ended June 30:

2021	\$ 2,053,202
2022	639,632
2023	1,129,899
2024	302,551
Total	\$ 4,125,284

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 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.

The actuarial assumptions used in the December 31, 2018 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by 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 2018 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 3.00%. 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 26,716,521	\$ 11,680,973	\$ (816,614)

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

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

(b) Law Enforcement Officers Special Separation Allowance

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, 2018, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>78</u>
Total	<u><u>84</u></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, 2020, \$864,756 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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.26 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Includes inflation at	2.50 percent

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

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 \$147,155 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, 2020, the Town reported a total pension liability of \$2,937,447. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$322,446.

At June 30, 2020 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	\$ 413,641	\$ -
Changes of assumptions	151,718	90,853
Town benefit payments and administrative costs subsequent to the measurement date	73,581	-
Total	\$ 638,940	\$ 90,853

\$73,581 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, 2021.

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

Year ended June 30:

2021	\$ 102,468
2022	102,468
2023	105,426
2024	94,269
2025	59,932
Thereafter	9,943
Total	\$ 474,506

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 3.26%, 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 (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 3,182,031	\$ 2,937,447	\$ 2,713,842

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	\$	2,560,742
Service cost		128,648
Interest on total pension liability		90,723
Difference between expected and actual experience		206,659
Changes of assumptions or other inputs		87,378
Benefit payments		(136,703)
Ending balance of the total pension liability	\$	2,937,447

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 5,158,364	\$ 322,446	\$ 5,480,810
Pension Liability	11,680,973	2,937,447	14,618,420
Proportionate share of the net pension liability	.42773%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	2,000,078	413,641	2,413,719
Changes of assumptions	1,903,805	151,718	2,055,523
Net difference between projected and actual earnings on plan investments	284,915	-	284,915
Changes in proportion and differences between contributions and proportionate share of contributions	55,819	-	55,819
Benefit payments and administrative costs paid subsequent to the measurement date	2,764,098	73,581	2,837,679

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5 – PENSION PLAN OBLIGATIONS (continued)

Deferred Inflows of Resources			
Changes of assumptions	-	90,853	90,853
Changes in proportion and differences between contributions and proportionate share of contributions	119,333	-	119,333

(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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, 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 \$293,805 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 as of date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Town contributes each month an amount equal to five percent of eligible employees’ salary. The Town made contributions of \$1,222,766 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 have 15-19 years of service at retirement will receive 50% of the benefits. Employees 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.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

<u>Retired Employees' Years of Creditable Service</u>	<u>Coverage Offered</u>
Less than 15 years	Not eligible for coverage
15 – 19 years	50% employee coverage
20 – 24 years	75% employee coverage
25+ years	100% employee coverage

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	493

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 spouse 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 in creditable services under the Plan. Employees hired on or after July 1, 2020 are not eligible for healthcare benefits.

<u>Retired Employees' Years of Creditable Service</u>	<u>Coverage Offered</u>
Less than 15 years	Not eligible for coverage
15 – 19 years	50% employee coverage
20 – 24 years	75% employee coverage
25+ years	100% employee coverage

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 \$504,835 to the plan. The Fund is accounted for as a trust fund.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2020:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	2020	2019	2020	2019
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, 2020, the annual money weighted rate of return on investments, net of investment expense, was 5.50 percent. 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, 2020 were as follows:

Total OPEB Liability	\$ 41,807,091
Plan fiduciary net position	624,030
Town’s net OPEB Liability	\$ 41,183,061
 Plan fiduciary net position as a Percentage of the total OPEB liability	1.49%

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	3.50 to 7.75 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, 2020 utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For general employees, rates are adjusted by 115% (male) and 79% (female) for ages under 78 and by 135% (male) and 116% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 104% for males and 100% for females.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an actuarial experience study for the period 2010-2014.

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, 2020 was 2.21 percent. 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, 2020, 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21 percent)	Discount Rate (2.21 percent)	1% Increase (3.21 percent)
Net OPEB liability	\$ 51,262,499	\$ 41,183,061	\$ 33,589,707

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, 2020, 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current healthcare cost trend rate:

	1% Decrease (6.00 percent decreasing to 3.5 percent)	Healthcare cost Trend Rate (7.00 Percent decreasing to 4.5 percent)	1% Increase (8.00 Percent decreasing to 5.5 percent)
Net OPEB liability	\$ 32,069,962	\$ 41,183,061	\$ 53,875,267

11. Changes in Net OPEB Liability

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020 the Town reported a net OPEB liability of \$41,183,061. 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, 2020 utilizing update procedures incorporating the actuarial assumptions.

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 6 – OTHER POST EMPLOYMENT BENEFIT (continued)

At June 30, 2020, the components of the net OPEB liability of the City, measured as of June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 33,954,558	\$ 250,000	\$ 33,704,558
Changes for the Year:			
Service cost	2,129,618	-	2,129,618
Interest	1,185,723	-	1,185,723
Differences between Expected and Actual experience	(1,572,528)	-	(1,572,528)
Changes of assumptions	6,264,555	-	6,264,555
Contributions	-	504,835	(504,835)
Net investment income	-	24,030	(24,030)
Benefit Payments	(154,835)	(154,835)	-
Net Changes	7,852,533	374,030	7,478,503
Balances at June 30, 2020	\$ 41,807,091	\$ 624,030	\$ 41,183,061

12. Changes of Assumptions

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$3,731,010. At June 30, 2020, 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	\$ 178,555	\$ 1,406,650
Changes of assumptions	7,603,018	1,976,457
Net difference between projected and actual earnings on plan investments	-	2,708
Total	\$ 7,781,573	\$ 3,385,815

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

Year ended June 30:	
2021	\$ 432,060
2022	432,060
2023	432,601
2024	431,611
2025	433,030
Thereafter	2,233,316

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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	\$	2,764,098
Differences between expected and actual experience		2,000,078
Changes of assumptions		1,903,805
Net difference between projected and actual earnings		284,915
Changes in proportion and differences between contributions and proportionate share of contributions		55,819
LEO pension		
Benefit payments made and administrative expenses		73,581
Differences between expected and actual experience		413,641
Changes of assumptions		151,718
OPEB		
Differences between expected and actual experience		178,555
Changes of assumptions		7,603,018
Total deferred outflows of resources	\$	<u>15,429,228</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES (continued)

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

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid taxes (General Fund)	\$ 18,812	\$ 18,812
Prepaid recreation fees (General Fund)	184,717	184,717
Prepaid fire contract (General Fund)	12,000	12,000
Taxes receivable (General Fund)	-	105,248
Greenway credits (Recreation Capital Reserve)	77,665	77,665
Changes in proportion and differences between employer contributions and proportionate share of contributions-LGERS	119,333	-
Changes in assumptions-LEO	90,853	-
Differences between expected and actual experience-OPEB	1,406,650	-
Changes of assumptions-OPEB	1,976,457	-
Net differences between projected and actual earnings-OPEB	2,708	-
Total deferred inflows of resources	<u>\$ 3,889,195</u>	<u>\$ 398,442</u>

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 does not carry flood insurance because flood plain maps show insignificant property values within flood plains. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond 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 \$10,000. 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. BlueCross and BlueShield of North Carolina was the third party administrator through June 30, 2020. Cigna became the third part administrator effective July 1, 2020. As of June 30, 2020, a reserve of \$234,000 for health and dental was calculated for claims incurred but not reported and items reported but not paid. This total liability 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:

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8 – RISK MANAGEMENT (continued)

	Health Claims	Dental Claims	Total
Balance-June 30, 2017	\$ 367,508	\$ 37,025	\$ 404,533
Claims reported and changes in estimates for FY 2018	4,673,079	383,155	5,056,234
Claims paid in FY 2018	<u>(4,479,741)</u>	<u>(376,974)</u>	<u>(4,856,715)</u>
Balance-June 30, 2018	560,846	43,206	604,052
Claims reported and changes in estimates for FY 2019	3,018,251	274,868	3,293,119
Claims paid in FY 2019	<u>(3,308,097)</u>	<u>(318,074)</u>	<u>(3,626,171)</u>
Balance-June 30, 2019	271,000	-	271,000
Claims reported and changes in estimates for FY 2020	3,434,130	325,299	3,759,429
Claims paid in FY 2020	<u>(3,471,130)</u>	<u>(325,299)</u>	<u>(3,796,429)</u>
Balance-June 30, 2020	<u>\$ 234,000</u>	<u>\$ -</u>	<u>\$ 234,000</u>

Note 9 – CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2020, 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.

Bonds payable at June 30, 2020 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%.	\$ 895,000
\$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%.	21,850,000
\$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%.	1,800,000
\$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%.	28,000,000
\$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%.	2,445,000

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 10 – LONG-TERM DEBT (continued)

\$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%.	2,470,000
\$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%.	3,900,000
 <i>Serviced by the Water and Sewer Fund:</i>	
\$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, 2037, interest at varying rates from 2.0-5.0%.	29,640,000
	\$ 91,000,000

At June 30, 2020 the Town of Apex had a legal debt margin of \$551,545,487.

Annual debt service requirements to maturity for general obligation bonds at June 30, 2020 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 3,205,000	\$ 2,202,403	\$ 980,000	\$ 1,061,125
2022	3,215,000	2,068,257	1,045,000	1,041,525
2023	3,215,000	1,923,507	1,115,000	1,020,625
2024	3,225,000	1,786,607	1,185,000	976,025
2025	3,225,000	1,649,057	1,260,000	916,775
2026-2030	15,390,000	6,134,834	7,760,000	3,835,825
2031-2035	16,720,000	3,087,054	10,815,000	2,319,675
2036-2040	13,165,000	842,171	5,480,000	284,275
Total	\$ 61,360,000	\$ 19,693,890	\$ 29,640,000	\$ 11,455,850

(b) Installment Notes

The Town's installment notes outstanding at June 30, 2020 are as follows

Serviced by the General Fund:

\$6,000,000 installment obligation with BB&T due in semi-annual installments of \$209,897 principal plus interest at 2.51% through 2032 secured by land.	\$ 4,965,517
\$6,424,000 installment obligation to the Bank of North Carolina due in annual installments of varying amounts from \$410,800 to \$661,219 through 2028 plus interest of 2.7% secured by land and buildings.	3,462,000
\$4,500,000 installment obligation to the Bank of North Carolina due in annual installments of varying amounts from \$125,000 to \$340,000 through 2031 secured by land and buildings.	3,740,000

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 10 – LONG-TERM DEBT (continued)

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. 403,872

\$8,045,000 installment obligation to the Bank of America 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 4,957,000

\$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. 195,283

\$ 17,723,672

Annual debt service requirements to maturity for installment notes at June 30, 2020 are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,217,793	\$ 317,240	\$ 638,459	\$ 147,051
2022	1,208,793	285,078	654,459	130,187
2023	1,200,793	253,158	669,458	112,890
2024	1,190,793	221,455	685,378	95,188
2025	1,182,793	190,022	702,458	77,054
2026-2030	4,998,965	497,513	2,188,185	119,727
2031-2032	1,167,587	35,214	17,758	391
Total	<u>\$ 12,167,517</u>	<u>\$ 1,799,680</u>	<u>\$ 5,556,155</u>	<u>\$ 682,488</u>

(c) Revolving Fund Loans

The Town has promissory notes 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, 2020 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% \$ 12,250,000

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 10 – LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for promissory notes at June 30, 2020 are as follow:

Year Ending June 30:	Principal	Interest
2021	\$ 875,000	\$ 271,950
2022	875,000	252,525
2023	875,000	233,100
2024	875,000	213,675
2025	875,000	194,250
2026-2030	4,375,000	679,875
2031-2034	3,500,000	194,250
Total	\$ 12,250,000	\$ 2,039,625

(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% \$ 2,342,000

\$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% 10,000,000
\$ 12,342,000

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, 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, 2020 is as follows:

Current revenues	\$ 43,021,298
Current expenses	36,525,596
Subtotal	6,495,702
15% of Unrestricted Net Position, 6-30-19	1,671,585
Income available for debt service	\$ 8,167,287
Debt service, principal and interest Paid (Revenue Bond only)	\$ 639,077
Debt Service Coverage Ratio	1,278%

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 10 – LONG-TERM DEBT (continued)

Per rate covenants, current expenses do not include depreciation expense of \$2,760,235, debt service interest of \$204,129 and the increase in other post-employment benefits of \$214,566.

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 \$2,557,678. Principal and interest paid for the current year and the income available for debt service was \$639,077 and \$8,054,484 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 \$12,200,584. There were no current year payments on this bond.

Annual debt service requirements to maturity for the revenue bonds at June 30, 2020 is as follows:

Year Ending June 30:	Principal	Interest
2021	\$ 991,000	\$ 259,224
2022	994,000	255,969
2023	1,022,000	226,774
2024	1,053,000	196,695
2025	444,000	165,640
2026-2030	2,359,000	691,340
2031-2035	2,604,000	445,840
2036-2040	2,875,000	174,780
Total	\$ 12,342,000	\$ 2,416,262

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 10 – LONG-TERM DEBT (continued)

(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning		Ending		Amounts Due
	Balance	Increases	Decreases	Balance	Within One Year
Governmental activities:					
General obligation bonds	\$ 33,815,000	\$ 32,245,000	4,700,000	\$ 61,360,000	\$ 3,205,000
Plus deferred premium	1,324,879	4,539,711	128,611	5,735,979	416,050
Total bonds payable	35,139,879	36,784,711	4,828,611	67,095,979	3,621,050
Installment notes	13,393,310	-	1,225,793	12,167,517	1,217,793
Compensated absences	1,565,091	1,083,161	588,049	2,060,203	774,077
Net pension liability (LGERS)	7,699,715	3,415,547	2,165,697	8,949,565	-
Net pension liability (LEO)	2,560,742	513,408	136,703	2,937,447	-
Net OPEB liability	28,351,955	6,671,446	392,695	34,630,706	-
Governmental activity long-term liabilities	<u>\$ 88,710,692</u>	<u>\$ 48,468,273</u>	<u>\$ 9,337,548</u>	<u>\$ 127,841,417</u>	<u>\$ 5,612,920</u>
Business-type activities:					
General obligation bonds	\$ 30,555,000	\$ -	\$ 915,000	\$ 29,640,000	\$ 980,000
Plus deferred premium	1,333,160	-	74,236	1,258,924	74,236
Total bonds payable	31,888,160	-	989,236	30,898,924	1,054,236
Installment notes	19,305,694	-	1,499,539	17,806,155	1,513,459
Revenue bond	2,877,000	10,000,000	535,000	12,342,000	991,000
Compensated absences	423,802	211,022	286,893	347,931	230,140
Net pension liability (LGERS)	2,361,861	1,010,011	640,465	2,731,407	-
Net OPEB liability	5,352,603	1,311,891	112,139	6,552,355	-
Business-type activity long-term liabilities	<u>\$ 62,209,120</u>	<u>\$ 12,532,924</u>	<u>\$ 4,063,272</u>	<u>\$ 70,678,772</u>	<u>\$ 3,788,835</u>

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

Note 11 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	\$ 525,557,020	\$ 293,099,744
Less: Long-term debt net of unspent debt proceeds	(33,118,153)	(54,330,748)
Net investment in capital assets	<u>\$ 492,438,867</u>	<u>\$ 238,768,996</u>

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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	\$	42,263,315
Less:		
Inventories		(30,586)
Prepaid items		(254,121)
Stabilization by State Statute		(8,824,846)
Restricted for Public Safety		(305,874)
Restricted for Construction Management Inspections		(708,580)
Committed for LEO pension obligation		(864,756)
Assigned for subsequent year's expenditures		(2,370,000)
Remaining fund balance	\$	<u>28,904,552</u>

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	\$	3,289,384
Encumbrances – Electric Fund		395,629
Encumbrances – Water and Sewer Fund		243,289

Note 13 – INTERFUND BALANCES AND ACTIVITY

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Purpose
General Fund	Street Improvements Project Fund	\$ 1,177,200	Fund improvements
General Fund	General Capital Projects Fund	1,970,000	Fund improvements
Recreation Capital Project Fund-Capital Reserve	General Fund	1,508,300	Fund improvements
Recreation Capital Project Fund-Capital Reserve	Recreation Capital Projects Fund	2,288,819	Fund improvements
Transportation Capital Project Fund-Capital Reserve	Street Improvements Project Fund	755,000	Fund improvements
Cemetery Fund	General Capital Projects Fund	600,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Fund	80,000	Fund improvements
Water/Sewer Capital Reserve Fund	Water/Sewer Project Fund	950,000	Fund improvements
Water/Sewer HB463 Capital Reserve Fund	Water/Sewer Fund	1,865,500	Fund improvements
Water/Sewer HB 463 Capital Reserve Fund	Water/Sewer Project Fund	5,715,000	Fund improvements
	Transportation Capital Project Fund-		
Street Improvement Project Fund	Capital Reserve	65,000	Close capital project
Electric Fund	Electric Substation Capital Project	2,255,820	Fund improvements
Water/Sewer Fund	Water/Sewer Project Fund	995,000	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

TOWN OF APEX, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 14 – JOINTLY GOVERNED ORGANIZATION (continued)

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, 2020 were \$27,658,546.

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 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 are 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 \$83,369,781. Through June 30, 2020, the Town has capitalized the wastewater treatment plant and related land at a total cost of \$82,264,122 and has construction in progress on outfall facilities of \$420,108.

Note 17 – SUBSEQUENT EVENTS

Subsequent to the year end the Town issued \$29.4 million of taxable general obligation bonds for the purpose of advance refunding \$27.6 million of the \$29.6 million outstanding Series 2012 Wastewater Systems General Obligation Bonds. The advance refunding resulted in a net present value savings of \$3.5 million. Subsequent to year end, but prior to the issuance of these financial statements, a lawsuit was filed against the Town challenging the collection and expenditure of fees collected for acquisition and development of recreation areas. The Town is contesting this lawsuit but because the outcome cannot yet be determined an estimate of any potential loss cannot be made.

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, 2020*

TOTAL OPEB LIABILITY	2020	2019	2018
Service cost	\$ 2,129,618	\$ 1,833,733	\$ 2,225,212
Interest	1,185,723	1,111,292	854,654
Differences between expected and actual experience	(1,572,528)	143,860	110,047
Changes of assumptions	6,264,555	2,521,287	(3,373,245)
Benefit payments	<u>(154,835)</u>	<u>(442,864)</u>	<u>(338,332)</u>
Net change in total OPEB liability	7,852,533	5,167,308	(521,664)
Total OPEB liability - beginning	<u>33,954,558</u>	<u>28,787,250</u>	<u>28,561,721</u>
Total OPEB liability - ending	<u><u>\$41,807,091</u></u>	<u><u>\$33,954,558</u></u>	<u><u>\$28,040,057</u></u>
 PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 504,835	\$ 692,864	\$ -
Net investment income	24,030	-	-
Benefit payments	<u>(154,835)</u>	<u>(442,864)</u>	<u>-</u>
Net change in plan fiduciary net position	374,030	250,000	-
Plan fiduciary net position - beginning	<u>250,000</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u><u>\$ 624,030</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ -</u></u>
Town's Net OPEB liability - ending	<u><u>\$41,183,061</u></u>	<u><u>\$33,704,558</u></u>	<u><u>\$28,040,057</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	1.49%	0.74%	0.00%

Notes to Schedule

*The difference of \$747,193 between the 2018 ending TOL and the 2019 beginning TOL is due to the change 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:

Fiscal Year	Rate
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
SCHEDULE OF INVESTMENT RETURNS - HEALTHCARE BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	2,764,098	2,136,423	1,984,665	1,771,996	1,502,800	1,468,206	1,380,271
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of 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
Contributions as a percentage of covered-employee payroll	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
TOWN OF APEX'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
Apex's proportion of the net pension liability (asset) (%)	0.42773%	0.42412%	0.40137%	0.39248%	0.39693%	0.38363%	0.37310%
Apex's proportion of the net pension liability (asset) (\$)	\$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	\$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	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	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
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

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

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2020	2019	2018	2017
Total pension liability	\$ 2,937,447	\$ 2,560,742	\$ 2,248,394	\$ 1,929,620
Covered payroll	5,077,778	5,069,978	4,760,797	4,527,103
Total pension liability as a percentage of covered payroll	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.

**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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 1

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year	\$ 32,420,000	\$ 32,603,343	\$ 183,343	\$ 29,465,485
Prior years	20,000	16,793	(3,207)	24,554
Penalties and interest	30,000	38,802	8,802	35,195
Total	32,470,000	32,658,938	188,938	29,525,234
Other taxes and licenses				
Local option sales tax	11,680,000	12,174,795	494,795	11,038,256
Rental vehicles tax	78,000	80,713	2,713	82,208
Total	11,758,000	12,255,508	497,508	11,120,464
Unrestricted intergovernmental revenues				
Utility franchise tax	2,890,000	2,814,107	(75,893)	2,765,366
Beer and wine tax	210,000	227,565	17,565	209,435
Solid waste rebates - Wake County	210,000	363,501	153,501	283,669
Payments in lieu of taxes	2,300	53,550	51,250	2,313
Total	3,312,300	3,458,723	146,423	3,260,783
Restricted intergovernmental				
Powell Bill	1,299,800	1,353,791	53,991	1,257,391
Fire district allocation - Wake County	1,242,200	1,241,685	(515)	1,276,536
Federal grants	-	207,021	207,021	131,040
State grants	-	-	-	55,172
Wake County grant	104,200	123,034	18,834	145,183
Miscellaneous	3,500	3,123	(377)	-
Total	2,649,700	2,928,654	278,954	2,865,322
Permits and fees				
Building permits and inspection fees	3,783,800	3,804,230	20,430	4,635,741
Subdivision approval fee	200,000	184,377	(15,623)	237,665
Application fees	155,000	201,593	46,593	194,745
Vendor permits	12,500	11,813	(687)	11,875
Fines and penalties	-	2,800	2,800	-
Total	4,151,300	4,204,813	53,513	5,080,026
Sales and services				
Refuse collection fees	3,771,900	3,871,645	99,745	3,473,568
Emergency services	12,000	12,000	-	-
Recreation fees	928,500	561,311	(367,189)	1,089,168
Recycling revenue	900,000	973,881	73,881	719,476
Planning documents	100	60	(40)	160
Total	5,612,500	5,418,897	(193,603)	5,282,372
Investment earnings	751,100	661,097	(90,003)	815,231

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, 2020
With comparative actual amounts for the year ended June 30, 2019

Schedule 1

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Miscellaneous				
ABC revenue	\$ 240,000	\$ 310,748	\$ 70,748	\$ 276,611
Sale of fixed assets	50,000	30,061	(19,939)	114,258
Miscellaneous	65,000	164,212	99,212	68,100
Donations	8,500	9,601	1,101	12,216
Insurance Refund	-	3,736	3,736	103,998
Promotional activities	-	19,394	19,394	-
Court costs and officer fees	13,000	13,242	242	16,854
Total	<u>376,500</u>	<u>550,994</u>	<u>174,494</u>	<u>592,037</u>
 Total revenues	 <u>61,081,400</u>	 <u>62,137,624</u>	 <u>1,056,224</u>	 <u>58,541,469</u>
EXPENDITURES				
General government				
Governing body				
Personnel services	-	58,712	-	57,501
Operations	-	237,996	-	89,640
Total	<u>312,300</u>	<u>296,708</u>	<u>15,592</u>	<u>147,141</u>
Administration				
Personnel services	-	3,347,603	-	2,900,817
Operations	-	2,376,734	-	1,470,946
Capital outlay	-	235,108	-	125,927
Total	<u>7,289,526</u>	<u>5,959,445</u>	<u>1,330,081</u>	<u>4,497,690</u>
Finance				
Personnel services	-	380,468	-	370,539
Operations	-	386,819	-	371,714
Total	<u>869,100</u>	<u>767,287</u>	<u>101,813</u>	<u>742,253</u>
Facility Services				
Personnel services	-	312,378	-	230,246
Operations	-	780,815	-	714,829
Capital outlay	-	682,129	-	505,169
Total	<u>2,437,961</u>	<u>1,775,322</u>	<u>662,639</u>	<u>1,450,244</u>
Planning				
Personnel services	-	1,743,135	-	1,651,398
Operations	-	286,485	-	362,499
Capital Outlay	-	-	-	31,540
Total	<u>2,309,102</u>	<u>2,029,620</u>	<u>279,482</u>	<u>2,045,437</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 1

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Construction Management				
Personnel services	\$ -	\$ 2,095,803	\$ -	\$ 1,919,886
Operations	-	214,485	-	165,474
Capital outlay	-	402,249	-	138,136
Total	<u>3,146,470</u>	<u>2,712,537</u>	<u>433,933</u>	<u>2,223,496</u>
Special Appropriations				
Wake County Programs	-	12,300	-	31,900
Chamber of Commerce	-	41,695	-	1,991
Human Services	-	54,025	-	-
Downtown Merchants	-	22,649	-	32,950
Total	<u>170,500</u>	<u>130,669</u>	<u>39,831</u>	<u>66,841</u>
Total general government	<u>16,534,959</u>	<u>13,671,588</u>	<u>2,863,371</u>	<u>11,173,102</u>
Public safety				
Police				
Personnel services	-	9,262,456	-	7,763,230
Operations	-	1,679,168	-	1,823,540
Capital outlay	-	622,037	-	1,677,874
Total	<u>13,147,203</u>	<u>11,563,661</u>	<u>1,583,542</u>	<u>11,264,644</u>
Public Safety Communications				
Personnel services	-	875,985	-	850,244
Operations	-	252,291	-	130,314
Capital outlay	-	-	-	120,885
Total	<u>1,341,222</u>	<u>1,128,276</u>	<u>212,946</u>	<u>1,101,443</u>
Fire and Rescue				
Personnel services	-	8,238,517	-	6,918,989
Operations	-	1,068,508	-	935,073
Capital outlay	-	122,120	-	1,171,962
Total	<u>10,285,123</u>	<u>9,429,145</u>	<u>855,978</u>	<u>9,026,024</u>
Total public safety	<u>24,773,548</u>	<u>22,121,082</u>	<u>2,652,466</u>	<u>21,392,111</u>
Public Works				
Public Works & Transportation				
Personnel services	-	897,456	-	855,278
Operations	-	226,588	-	244,102
Capital outlay	-	-	-	18,201
Total	<u>1,352,715</u>	<u>1,124,044</u>	<u>228,671</u>	<u>1,117,581</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 1

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
Utility Engineering & Water Resources				
Personnel services	\$ -	\$ 1,331,288	\$ -	\$ 1,234,906
Operations	-	189,443	-	137,603
Capital Outlay	-	90,120	-	87,962
Total	<u>2,206,703</u>	<u>1,610,851</u>	<u>595,852</u>	<u>1,460,471</u>
Streets				
Personnel services	-	1,120,088	-	1,067,681
Operations	-	2,209,632	-	1,915,458
Capital outlay	-	1,192,489	-	429,379
Total	<u>6,323,184</u>	<u>4,522,209</u>	<u>1,800,975</u>	<u>3,412,518</u>
Fleet Services				
Personnel services	-	330,982	-	317,742
Operations	-	117,899	-	118,277
Capital outlay	-	14,335	-	8,141
Total	<u>504,059</u>	<u>463,216</u>	<u>40,843</u>	<u>444,160</u>
Cemetery				
Operations	<u>73,500</u>	<u>44,249</u>	<u>29,251</u>	<u>344</u>
Total public works	<u>10,460,161</u>	<u>7,764,569</u>	<u>2,695,592</u>	<u>6,435,074</u>
Environmental Protection				
Sanitation				
Personnel services	-	1,094,279	-	937,942
Operations	-	3,381,827	-	2,959,805
Capital outlay	-	373,278	-	187,521
Total environmental protection	<u>5,001,887</u>	<u>4,849,384</u>	<u>152,503</u>	<u>4,085,268</u>
Cultural and Recreational				
Personnel services	-	2,940,620	-	2,632,814
Operations	-	1,960,263	-	1,751,175
Capital outlay	-	250,317	-	1,131,167
Total cultural and recreation	<u>6,011,584</u>	<u>5,151,200</u>	<u>860,384</u>	<u>5,515,156</u>
Debt service				
Principal	-	5,925,793	-	2,903,793
Interest	-	1,512,818	-	1,666,072
Bond issuance cost	-	28,569	-	-
Total debt service	<u>7,467,325</u>	<u>7,467,180</u>	<u>145</u>	<u>4,569,865</u>
Total expenditures	<u>70,249,464</u>	<u>61,025,003</u>	<u>9,224,461</u>	<u>53,170,576</u>
Revenues over (under) expenditures	<u>(9,168,064)</u>	<u>1,112,621</u>	<u>10,280,685</u>	<u>5,370,893</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, 2020
With comparative actual amounts for the year ended June 30, 2019

Schedule 1

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES)				
Operating transfers out				
General Capital Project	\$ (1,970,000)	\$ (1,970,000)	-	\$ (1,969,500)
Street Project	(1,177,200)	(1,177,200)	-	(174,400)
Operating transfers in				
Recreation Project Fund	200,000	-	(200,000)	300,000
Recreation Reserve Fund	1,508,300	1,508,300	-	1,872,408
Transportation Reserve Fund	-	-	-	293,574
Bond issuance	2,445,000	2,445,000	-	-
Bond premium	509,825	509,826	1	-
Contingency	(150,000)	-	150,000	-
Fund balance appropriated	7,802,139	-	(7,802,139)	-
Total other financing sources (uses)	9,168,064	1,315,926	(7,852,138)	322,082
SPECIAL ITEM				
Legal settlement	-	-	-	(698,574)
Net change in fund balance	\$ -	2,428,547	\$ 2,428,547	4,994,401
FUND BALANCE - Beginning of Year		39,724,792		34,730,391
FUND BALANCE - End of Year		\$ 42,153,339		\$ 39,724,792

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 2

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 1,000	\$ 1,616	\$ 616	\$ 2,040
EXPENDITURES				
Reserved for future expenditures	1,000	-	1,000	-
Net change in fund balance	\$ -	1,616	\$ 1,616	2,040
FUND BALANCE - Beginning of year		108,360		106,320
FUND BALANCE - End of year		\$ 109,976		\$ 108,360

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECTS FUND
RECREATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2020

Schedule 3

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Investment earnings	\$ 837,476	\$ 579,544	\$ 340,195	\$ 919,739
Donations	300,000	40,000	-	40,000
Intergovernmental	2,050,000	398,964	151,036	550,000
Miscellaneous	6,200	6,287	-	6,287
Sub-total revenues	3,193,676	1,024,795	491,231	1,516,026
Less closed projects	221,976	221,976	-	221,976
Total revenues	2,971,700	802,819	491,231	1,294,050
EXPENDITURES				
Capital outlay-improvements	63,887,118	2,437,005	5,456,251	7,893,256
Less closed projects	625,117	625,116	-	625,116
Total expenditures	63,262,001	1,811,889	5,456,251	7,268,140
Revenues under expenditures	(60,290,301)	(1,009,070)	(4,965,020)	(5,974,090)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Recreation reserve	10,234,793	4,624,793	2,288,819	6,913,612
General fund	400,000	400,000	-	400,000
General fund	(494,329)	(494,328)	-	(494,328)
Bonds issued	49,800,000	20,000,000	29,800,000	49,800,000
Bond premium	1,046,438	752,978	4,029,885	4,782,863
Bond issuance costs	(293,460)	-	(274,971)	(274,971)
Sub-total other financing sources (uses)	60,693,442	25,283,443	35,843,733	61,127,176
Less closed projects	403,141	403,140	-	403,140
Total other financing sources (uses)	60,290,301	24,880,303	35,843,733	60,724,036
Net change in fund balance	\$ -	\$ 23,871,233	\$ 30,878,713	\$ 54,749,946

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.

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, 2020**

Statement 4

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Perry Library</u>	<u>Street Improvements Project</u>	<u>Recreation Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 121,460	\$ 3,013,795	\$ 3,219,840
Restricted cash	-	582,484	-
Due from other governments	-	318,757	-
Wake County taxes receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 121,460</u>	<u>\$ 3,915,036</u>	<u>\$ 3,219,840</u>
LIABILITIES			
Accounts payable	\$ -	\$ 189,795	\$ -
DEFERRED INFLOWS OF RESOURCES			
Greenway Credits	-	-	77,665
	<u>-</u>	<u>-</u>	<u>77,665</u>
FUND BALANCES			
Restricted	-	582,484	-
Committed	121,460	3,142,757	-
Assigned	-	-	3,142,175
	<u>-</u>	<u>-</u>	<u>3,142,175</u>
Total fund balance	<u>121,460</u>	<u>3,725,241</u>	<u>3,142,175</u>
Total liabilities and fund balances	<u>\$ 121,460</u>	<u>\$ 3,915,036</u>	<u>\$ 3,219,840</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Projects	Total	Cemetery Fund	
\$ 3,243,988	\$ 4,545,735	\$ 14,023,358	\$ 441,845	\$ 14,586,663
-	594,000	1,176,484	92,518	1,269,002
-	-	318,757	-	318,757
96,346	-	96,346	-	96,346
<u>\$ 3,340,334</u>	<u>\$ 5,139,735</u>	<u>\$ 15,614,945</u>	<u>\$ 534,363</u>	<u>\$ 16,270,768</u>
\$ -	\$ 11,649	\$ 201,444	\$ 1,200	\$ 202,644
-	-	77,665	-	77,665
-	594,000	1,176,484	92,518	1,269,002
-	4,534,086	7,676,843	440,645	8,238,948
3,340,334	-	6,482,509	-	6,482,509
<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>\$ 3,340,334</u>	<u>\$ 5,139,735</u>	<u>\$ 15,614,945</u>	<u>\$ 534,363</u>	<u>\$ 16,270,768</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, 2020

Statement 5

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Perry Library</u>	<u>Street Improvements Project</u>	<u>Recreation Reserve</u>
REVENUES			
Other taxes and licenses			
Motor vehicle licenses	\$ -	\$ -	\$ -
Restricted Intergovernmental	-	511,413	-
Permits and fees			
Subdivision recreation fees	-	-	2,564,412
Payments in lieu of streets	-	-	-
Payments in lieu of sidewalks	-	-	-
Investment earnings	1,785	59,480	71,188
Total revenues	<u>1,785</u>	<u>570,893</u>	<u>2,635,600</u>
EXPENDITURES			
Current-Public works	-	-	-
Capital outlay-improvements	-	1,691,657	-
Total expenditures	<u>-</u>	<u>1,691,657</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,785</u>	<u>(1,120,764)</u>	<u>2,635,600</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,932,200	-
Transfers out	-	(65,000)	(3,797,119)
Total other financing sources (uses)	<u>-</u>	<u>1,867,200</u>	<u>(3,797,119)</u>
Net change in fund balances	1,785	746,436	(1,161,519)
FUND BALANCES - Beginning of year	<u>119,675</u>	<u>2,978,805</u>	<u>4,303,694</u>
FUND BALANCES - End of year	<u>\$ 121,460</u>	<u>\$ 3,725,241</u>	<u>\$ 3,142,175</u>

Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
Transportation Reserve	General Capital Projects	Total	Cemetery Fund	
\$ 1,044,183	\$ -	\$ 1,044,183	\$ -	\$ 1,044,183
-	-	511,413	-	511,413
-	-	2,564,412	-	2,564,412
28,265	-	28,265	-	28,265
17,914	-	17,914	-	17,914
40,106	52,897	223,671	15,859	241,315
<u>1,130,468</u>	<u>52,897</u>	<u>4,389,858</u>	<u>15,859</u>	<u>4,407,502</u>
-	-	-	4,900	4,900
-	369,568	2,061,225	-	2,061,225
-	369,568	2,061,225	4,900	2,066,125
<u>1,130,468</u>	<u>(316,671)</u>	<u>2,328,633</u>	<u>10,959</u>	<u>2,341,377</u>
65,000	2,570,000	4,567,200		4,567,200
(755,000)	-	(4,617,119)	(600,000)	(5,217,119)
<u>(690,000)</u>	<u>2,570,000</u>	<u>(49,919)</u>	<u>(600,000)</u>	<u>(649,919)</u>
440,468	2,253,329	2,278,714	(589,041)	1,691,458
<u>2,899,866</u>	<u>2,874,757</u>	<u>13,057,122</u>	<u>1,122,204</u>	<u>14,299,001</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>

**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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 6

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
REVENUES				
Investment earnings	\$ 2,000	\$ 1,785	\$ (215)	\$ 2,253
EXPENDITURES				
Building maintenance and repair	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,785</u>	<u>\$ 1,785</u>	<u>2,253</u>
FUND BALANCE - Beginning of year		<u>119,675</u>		<u>117,422</u>
FUND BALANCE - End of year		<u>\$ 121,460</u>		<u>\$ 119,675</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, 2020

Schedule 7

	Project Author - ization	Actual		
		Prior Year	Current Year	Total to Date
REVENUES				
Reimbursements	\$ 133,000	\$ 29,515	\$ -	\$ 29,515
Payments in lieu of streets	2,165,000	2,064,835	-	2,064,835
Payments in lieu of sidewalks	170,000	150,356	-	150,356
Intergovernmental	6,275,800	1,143,765	511,413	1,655,178
Investment earnings	297,135	305,864	59,480	365,344
Sub-total revenues	9,040,935	3,694,335	570,893	4,265,228
Less closed projects	934,435	878,500	55,964	934,464
Total revenues	8,106,500	2,815,835	514,929	3,330,764
EXPENDITURES				
Capital outlay-improvements	16,768,067	3,790,321	1,691,657	5,481,978
Less closed projects	1,727,695	1,586,904	139,804	1,726,708
Total expenditures	15,040,372	2,203,417	1,551,853	3,755,270
Revenues over (under) expenditures	(6,933,872)	612,418	(1,036,924)	(424,506)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
General Fund	5,160,782	1,868,593	1,177,200	3,045,793
General Fund	(32,517)	(29,050)	-	(29,050)
Transportation Capital Reserve	2,439,345	955,918	755,000	1,710,918
Transportation Capital Reserve	(2,270,000)	(2,150,191)	(65,000)	(2,215,191)
Bonds issued	2,255,606	2,255,605	-	2,255,605
Bond premium	173,916	173,916	-	173,916
Sub-total other financing sources (uses)	7,727,132	3,074,791	1,867,200	4,941,991
Less closed projects	793,260	708,404	83,840	792,244
Total other financing sources (uses)	6,933,872	2,366,387	1,783,360	4,149,747
Net change in fund balance	\$ -	\$ 2,978,805	\$ 746,436	\$ 3,725,241

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 8

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Subdivision recreation fees	\$ 2,800,000	\$ 2,564,412	\$ (235,588)	\$ 3,449,496
Investment earnings	<u>150,000</u>	<u>71,188</u>	<u>(78,812)</u>	<u>120,182</u>
Total revenues	<u>2,950,000</u>	<u>2,635,600</u>	<u>(314,400)</u>	<u>3,569,678</u>
EXPENDITURES				
Reserved for future expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>2,950,000</u>	<u>2,635,600</u>	<u>(314,400)</u>	<u>3,569,678</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
General Fund	(1,508,300)	(1,508,300)	-	(1,872,408)
Recreation Project	(2,288,819)	(2,288,819)	-	(3,251,000)
Fund Balance Appropriated	<u>847,119</u>	<u>-</u>	<u>847,119</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,950,000)</u>	<u>(3,797,119)</u>	<u>847,119</u>	<u>(5,123,408)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,161,519)</u>	<u>\$ (1,161,519)</u>	<u>(1,553,730)</u>
FUND BALANCE - Beginning of year		<u>4,303,694</u>		<u>5,857,424</u>
FUND BALANCE - End of year		<u>\$ 3,142,175</u>		<u>\$ 4,303,694</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 9

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
REVENUES				
Motor vehicle licenses	\$ 750,000	\$ 1,044,183	\$ 294,183	\$ 790,883
Transportation impact fees	-	-	-	(590)
Payments in lieu of streets	-	28,265	28,265	16,503
Payments in lieu of sidewalks	-	17,914	17,914	1,040
Investment earnings	5,000	40,106	35,106	25,901
Total revenues	<u>755,000</u>	<u>1,130,468</u>	<u>375,468</u>	<u>833,737</u>
EXPENDITURES				
Reserved for future expenditures	-	-	-	-
Revenues over expenditures	<u>755,000</u>	<u>1,130,468</u>	<u>375,468</u>	<u>833,737</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
General Fund	-	-	-	(293,574)
Street Project Fund	-	65,000	65,000	2,150,191
Street Project Fund	(889,950)	(755,000)	134,950	(555,522)
Fund Balance Appropriated	134,950	-	(134,950)	-
Total other financingsources (uses)	<u>(755,000)</u>	<u>(690,000)</u>	<u>65,000</u>	<u>1,301,095</u>
Net change in fund balance	<u>\$ -</u>	440,468	<u>\$ 440,468</u>	2,134,832
FUND BALANCE - Beginning of year		<u>2,899,866</u>		<u>765,034</u>
FUND BALANCE - End of year		<u>\$ 3,340,334</u>		<u>\$ 2,899,866</u>

TOWN OF APEX, NORTH CAROLINA
CAPITAL PROJECT FUND
GENERAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From inception to June 30, 2020

Schedule 10

	Project Author - ization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Investment earnings	\$ 15,100	\$ 41,623	\$ 52,897	\$ 94,520
EXPENDITURES				
Capital outlay-improvements	6,964,237	166,004	369,568	535,572
Less closed projects	181,400	109,282	64,491	173,773
Total expenditures	<u>6,782,837</u>	<u>56,722</u>	<u>305,077</u>	<u>361,799</u>
Revenues under expenditures	<u>(6,767,737)</u>	<u>(15,099)</u>	<u>(252,180)</u>	<u>(267,279)</u>
OTHER FINANCING SOURCES				
Transfers in				
General Fund	6,349,137	2,999,138	1,970,000	4,969,138
Cemetery Fund	600,000	-	600,000	600,000
Sub-total other financing sources	<u>6,949,137</u>	<u>2,999,138</u>	<u>2,570,000</u>	<u>5,569,138</u>
Less closed projects	181,400	109,282	64,491	173,773
Total other financing sources	<u>6,767,737</u>	<u>2,889,856</u>	<u>2,505,509</u>	<u>5,395,365</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>2,874,757</u>	\$ <u>2,253,329</u>	\$ <u>5,128,086</u>

TOWN OF APEX, NORTH CAROLINA
PERMANENT FUND
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2020
With comparative actual amounts for the year ended June 30, 2019

Schedule 11

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings	\$ 15,000	\$ 15,859	\$ 859	\$ 21,157
Sale of plots	-	(4,900)	(4,900)	(2,550)
Total revenues	15,000	10,959	(4,041)	18,607
EXPENDITURES				
Reserved for future expenditures	-	-	-	-
Revenues over expenditures	15,000	10,959	(4,041)	18,607
OTHER FINANCING SOURCES (USES)				
Transfers in /(out)				
General Capital Project Fund	(600,000)	(600,000)	-	-
Fund balance appropriated	585,000	-	585,000	-
Total other financing sources (uses)	(15,000)	(600,000)	585,000	-
Net change in fund balance	\$ -	(589,041)	\$ 580,959	18,607
FUND BALANCE - Beginning of year		1,122,204		1,103,597
FUND BALANCE - End of year		\$ 533,163		\$ 1,122,204

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 12

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Charges for services				
Sale of electricity	\$ 39,037,200	\$ 38,410,442	\$ (626,758)	\$ 36,239,086
Pole relocation fees	-	60,609	60,609	-
Reconnection fees	25,000	40,915	15,915	43,589
Service initiation fees	60,000	78,629	18,629	55,947
Penalties	200,000	72,701	(127,299)	202,970
Total	<u>39,322,200</u>	<u>38,663,296</u>	<u>(658,904)</u>	<u>36,541,592</u>
Other operating revenues				
Sales tax revenues	2,732,600	2,688,151	(44,449)	2,525,171
Underground charges	1,320,000	1,058,122	(261,878)	1,460,144
Sale of capital assets	30,000	40,635	10,635	-
Miscellaneous	45,000	32,686	(12,314)	68,923
Electric meters	250,000	191,685	(58,315)	211,100
Total other operating revenues	<u>4,377,600</u>	<u>4,011,279</u>	<u>(366,321)</u>	<u>4,265,338</u>
Total operating revenues	<u>43,699,800</u>	<u>42,674,575</u>	<u>(1,025,225)</u>	<u>40,806,930</u>
Nonoperating revenues:				
Intergovernmental revenues	65,700	90,385	24,685	-
Investment earnings	100,000	87,061	(12,939)	101,015
	<u>165,700</u>	<u>177,446</u>	<u>11,746</u>	<u>101,015</u>
Total revenues	<u>43,865,500</u>	<u>42,852,021</u>	<u>(1,013,479)</u>	<u>40,907,945</u>
EXPENDITURES				
Personnel services	4,948,600	4,417,860	530,740	3,930,761
Operations and maintenance	1,800,386	1,448,438	351,948	1,531,829
Purchases of electricity	27,858,400	27,658,546	199,854	25,984,245
Electric sales tax	2,749,000	2,766,473	(17,473)	2,572,686
Total	<u>37,356,386</u>	<u>36,291,317</u>	<u>1,065,069</u>	<u>34,019,521</u>
Debt service				
Principal retirement	535,000	535,000	-	516,000
Interest	104,200	104,077	123	122,801
Total debt service	<u>639,200</u>	<u>639,077</u>	<u>123</u>	<u>638,801</u>
Capital outlay	4,328,408	3,595,879	732,529	4,214,238
Total expenditures	<u>42,323,994</u>	<u>40,526,273</u>	<u>1,797,721</u>	<u>38,872,560</u>
Revenues over (under) expenses	<u>1,541,506</u>	<u>2,325,748</u>	<u>784,242</u>	<u>2,035,385</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 12

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Electric Substation Project	\$ (2,255,820)	\$ (2,255,820)	\$ -	\$ (1,200,000)
Contingency	(107,800)	-	107,800	-
Appropriated fund balance	822,114	-	(822,114)	-
Total other financing sources (uses)	<u>(1,541,506)</u>	<u>(2,255,820)</u>	<u>(714,314)</u>	<u>(1,200,000)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	69,928	<u>\$ 69,928</u>	835,385

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

Reconciling items:

Capital outlay	3,595,879	4,214,238
Depreciation	(2,760,235)	(2,608,624)
Payment of debt principal	535,000	516,000
Intrafund transfers	2,255,820	1,200,000
(Increase) decrease in accrued vacation and compensatory pay	10,083	(8,476)
(Increase) decrease in accrued interest	(100,052)	2,348
Increase/(decrease) in deferred outflows of resources - pensions	(86,017)	318,958
Increase in net pension liability	(163,883)	(402,800)
Decrease in deferred inflows of resources - pensions	5,538	17,094
Increase in deferred outflows of resources - OPEB	393,911	136,949
(Increase)/decrease in deferred inflows of resources - OPEB	(78,609)	42,800
Increase in net OPEB liability	(529,868)	(373,334)
Electric substation project		
Investment earnings	169,277	89,290
Bond issuance costs	(112,803)	-
Net income	<u>\$ 3,203,969</u>	<u>\$ 3,979,828</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 13

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 20,476,900	\$ 19,006,567	\$ (1,470,333)	\$ 16,477,807
Other operating revenues				
Water and sewer taps	550,000	523,366	(26,634)	507,825
Water tank rentals	170,000	166,078	(3,922)	176,159
Miscellaneous	171,000	269,579	98,579	245,618
Total other operating revenues	891,000	959,023	68,023	929,602
Total operating revenues	21,367,900	19,965,590	(1,402,310)	17,407,409
Nonoperating revenues:				
Investment earnings	250,000	349,448	99,448	315,513
Intergovernmental revenues	-	9,091	9,091	-
Sale of capital assets	10,000	17,260	7,260	131,591
Total nonoperating revenues	260,000	375,799	115,799	447,104
Total revenues	21,627,900	20,341,389	(1,286,511)	17,854,513
EXPENDITURES				
Water & Sewer Administration				
Personnel services	2,566,600	2,370,646	195,954	1,899,681
Operations and maintenance	525,629	465,779	59,850	463,261
Total	3,092,229	2,836,425	255,804	2,362,942
Sewer Treatment				
Personnel services	900,900	809,063	91,837	935,629
Operations and maintenance	1,056,527	841,152	215,375	809,411
Contracted treatment services	1,971,800	1,765,959	205,841	1,801,028
Total	3,929,227	3,416,174	513,053	3,546,068
Sewer Maintenance				
Personnel services	1,229,300	1,161,663	67,637	850,465
Operations and maintenance	1,945,665	998,747	946,918	1,008,509
Total	3,174,965	2,160,410	1,014,555	1,858,974
Water Treatment				
Operations and maintenance	221,284	145,336	75,948	77,569
Water purchases	2,403,100	1,972,741	430,359	1,710,932
Total	2,624,384	2,118,077	506,307	1,788,501
Water Maintenance				
Personnel services	1,513,000	1,227,575	285,425	1,271,918
Operations and maintenance	1,839,326	634,114	1,205,212	1,097,260
Total	3,352,326	1,861,689	1,490,637	2,369,178
Debt service				
Interest	1,561,900	1,561,605	295	1,614,294
Principal retirement	2,414,500	2,414,539	(39)	2,339,444
Total debt service	3,976,400	3,976,144	256	3,953,738

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 13

	2020			2019
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Capital outlay				
Water/Sewer administration	\$ 82,000	\$ 39,863	\$ 42,137	\$ 62,498
Sewer treatment	363,790	61,287	302,503	663,433
Sewer maintenance	628,725	127,473	501,252	305,039
Water maintenance	607,500	646,949	(39,449)	964,022
Water treatment	1,233,000	324,847	908,153	396,366
Total capital outlay	<u>2,915,015</u>	<u>1,200,419</u>	<u>1,714,596</u>	<u>2,391,358</u>
Total expenditures	<u>23,064,546</u>	<u>17,569,338</u>	<u>5,495,208</u>	<u>18,270,759</u>
Revenues over (under) expenditures	<u>(1,436,646)</u>	<u>2,772,051</u>	<u>4,208,697</u>	<u>(416,246)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in /(out)				
Water/Sewer Reserves	1,945,500	1,945,500	-	19,794,923
Water/Sewer Project Fund	(995,000)	(995,000)	-	(2,315,225)
Fund balance appropriated	609,146	-	(609,146)	-
Contingency	(123,000)	-	123,000	-
Total other financing sources (uses)	<u>1,436,646</u>	<u>950,500</u>	<u>(486,146)</u>	<u>17,479,698</u>
SPECIAL ITEM				
Legal settlement	-	-	-	(14,658,099)
Revenues and other financing sources (uses) over expenditures, other financing uses and special item	<u>\$ -</u>	<u>3,722,551</u>	<u>\$ 3,722,551</u>	<u>2,405,353</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Capital outlay		1,200,419		2,391,358
Capital contributions		16,906,414		3,394,390
Intrafund transfers		(950,500)		(17,479,698)
Depreciation		(10,680,288)		(10,648,851)
(Increase)/decrease in accrued interest		8,613		(19,681)
Amortization of premiums on bonds issued		74,236		74,237
Payment of debt principal		2,414,539		2,339,444
Increase/(decrease) in deferred outflows of resources - pensions		(104,574)		399,242
Increase in net pension liability		(205,663)		(504,188)
Decrease in deferred inflows of resources - pensions		3,577		21,397
Disposition of capital assets		-		(72,810)
(Increase) decrease in accrued vacation pay		65,788		(28,264)
Increase in deferred outflows - OPEB		479,082		146,633
(Increase)/decrease in deferred inflows - OPEB		(95,606)		53,851
Increase in net OPEB liability		(669,884)		(416,778)
Water/Sewer Capital Project Fund				
Interest income		155,641		168,865
Federal grants		330,000		-
Waste Water Treatment Plant Capital Project Fund				
Interest income		27,428		36,823

**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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 13

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

Capital Reserve Funds		
Capacity fees	245,782	347,665
Acreage fees	11,397	-
Capital reimbursement fees	7,287,438	10,484,935
Interest income	421,844	742,074
Miscellaneous	12,605	4,212
Net Income	\$ <u>20,660,839</u>	\$ <u>(6,159,791)</u>

TOWN OF APEX, NORTH CAROLINA
ELECTRIC SUBSTATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2020

Schedule 14

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
REVENUES				
Investment earnings	\$ 323,274	\$ 187,336	\$ 169,277	\$ 356,613
EXPENDITURES				
Capital outlay - improvements	18,376,720	532,715	4,240,180	4,772,895
Bond issuance cost	110,100	-	112,803	112,803
Total expenditures	18,486,820	532,715	4,352,983	4,885,698
Revenues under expenditures	(18,163,546)	(345,379)	(4,183,706)	(4,529,085)
OTHER FINANCING SOURCES				
Transfers in				
Electric Fund	8,055,183	4,685,540	2,255,820	6,941,360
Water/Sewer Fund	108,363	108,363	-	108,363
Bonds issued	10,000,000	-	10,000,000	10,000,000
Total other financing sources	18,163,546	4,793,903	12,255,820	17,049,723
Revenues and other financing sources over expenditures	\$ -	\$ 4,448,524	\$ 8,072,114	\$ 12,520,638

TOWN OF APEX, NORTH CAROLINA
WATER/SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception to June 30, 2020

Schedule 15

	Project Author - ization	Actual		
		Prior Years	Current Year	Total to Date
REVENUES				
Intergovernmental revenues	\$ 330,000	\$ -	\$ 330,000	\$ 330,000
Investment earnings	535,336	323,474	155,641	479,115
Subtotal	865,336	323,474	485,641	809,115
Less closed projects	330,000	-	330,000	330,000
Total revenues	535,336	323,474	155,641	479,115
EXPENDITURES				
Capital outlay - improvements	27,875,161	6,459,734	2,357,895	8,817,629
Bond issuance costs	-	60,905	-	60,905
Subtotal	27,875,161	6,520,639	2,357,895	8,878,534
Less closed projects	657,654	378,718	326,059	704,777
Total expenditures	27,217,507	6,141,921	2,031,836	8,173,757
Revenues under expenditures	(26,682,171)	(5,818,447)	(1,876,195)	(7,694,642)
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	13,181,600	12,238,997	950,000	13,188,997
Water/Sewer HB 463 Reserve	9,468,000	-	5,715,000	5,715,000
Water/Sewer Fund	4,360,225	2,815,225	995,000	3,810,225
Total other financing sources	27,009,825	15,054,222	7,660,000	22,714,222
Less closed projects	327,654	374,777	-	374,777
Total other financing sources	26,682,171	14,679,445	7,660,000	22,339,445
Revenues and other financing sources over expenditures	\$ -	\$ 8,860,998	\$ 5,783,805	\$ 14,644,803

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, 2020

Schedule 16

	Project Author - ization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Investment earnings	\$ 400,000	\$ 375,733	\$ 27,428	\$ 403,161
Miscellaneous	-	404	-	404
Total revenues	<u>400,000</u>	<u>376,137</u>	<u>27,428</u>	<u>403,565</u>
EXPENDITURES				
Capital outlay - improvements	<u>841,000</u>	<u>154,592</u>	<u>265,516</u>	<u>420,108</u>
Revenues over (under) expenditures	(441,000)	221,545	(238,088)	(16,543)
OTHER FINANCING SOURCES				
Transfers in				
Water/Sewer Capital Reserve	<u>441,000</u>	<u>1,663,566</u>	<u>-</u>	<u>1,663,566</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,885,111</u>	<u>\$ (238,088)</u>	<u>\$ 1,647,023</u>

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 17

	<u>2020</u>			<u>2019</u>
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Capacity fees	\$ -	\$ 245,782	\$ 245,782	\$ 347,665
Capital reimbursement fees	-	65,761	65,761	1,301,814
Acreage fees	-	11,397	11,397	-
Payments in lieu of water/sewer	-	12,605	12,605	4,212
Investment earnings	300,000	314,278	14,278	678,459
Total revenues	<u>300,000</u>	<u>649,823</u>	<u>349,823</u>	<u>2,332,150</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>300,000</u>	<u>649,823</u>	<u>349,823</u>	<u>2,332,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)				
Water/Sewer Fund	(80,000)	(80,000)	-	(15,597,073)
Water/Sewer Project Fund	(950,000)	(950,000)	-	(1,314,750)
Fund Balance Appropriated	730,000	-	(730,000)	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>(1,030,000)</u>	<u>(730,000)</u>	<u>(16,911,823)</u>
Net change in fund balance	<u>\$ -</u>	<u>(380,177)</u>	<u>\$ (380,177)</u>	<u>(14,579,673)</u>
FUND BALANCE - Beginning of year		<u>21,077,934</u>		<u>35,657,607</u>
FUND BALANCE - End of year		<u>\$ 20,697,757</u>		<u>\$ 21,077,934</u>

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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 18

	<u>2020</u>			<u>2019</u>
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Capital reimbursement fees	\$ 6,000,000	\$ 7,221,677	\$ 1,221,677	\$ 9,183,121
Investment earnings	50,000	107,566	57,566	63,615
Total revenues	<u>6,050,000</u>	<u>7,329,243</u>	<u>1,279,243</u>	<u>9,246,736</u>
EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>6,050,000</u>	<u>7,329,243</u>	<u>1,279,243</u>	<u>9,246,736</u>
OTHER FINANCING USES				
Transfers out				
Water/Sewer Fund	(1,865,500)	(1,865,500)	-	(4,197,850)
Water/Sewer Project Fund	(5,715,000)	(5,715,000)	-	-
Fund balance appropriated	1,530,500	-	(1,530,500)	-
Total other financing uses	<u>(6,050,000)</u>	<u>(7,580,500)</u>	<u>-</u>	<u>(4,197,850)</u>
Net change in fund balance	\$ <u>-</u>	(251,257)	\$ <u>(251,257)</u>	5,048,886
FUND BALANCE - Beginning of year		<u>5,048,886</u>		<u>-</u>
FUND BALANCE - End of year		\$ <u><u>4,797,629</u></u>		\$ <u><u>5,048,886</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, 2020

With comparative actual amounts for the year ended June 30, 2019

Schedule 19

	2020			2019
	Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES				
Health premiums	\$ 5,056,902	\$ 4,700,858	\$ (356,044)	\$ 3,938,889
Dental premiums	304,783	318,562	13,779	238,128
Employee health contributions	1,011,849	944,818	(67,031)	884,450
Employee dental contributions	154,003	177,541	23,538	142,545
Employee vision contributions	56,912	65,177	8,265	60,804
Retiree health contributions	-	86,823	86,823	78,839
Total revenues	6,584,449	6,293,779	(290,670)	5,343,655
EXPENDITURES				
Health claims-employees	5,154,049	3,285,382	1,868,667	3,213,945
Dental claims-employees	425,819	321,644	104,175	339,513
Administrative fees-employees	373,409	774,843	(401,434)	661,535
Health claims-retiree	546,673	185,748	360,925	397,229
Dental claims-retiree	9,000	3,655	5,345	8,536
Retiree premiums	-	69,266	(69,266)	-
Administrative fees-retiree	18,587	64,321	(45,734)	65,462
Administrative fees-vision	56,912	58,530	(1,618)	54,801
Total expenditures	6,584,449	4,763,389	1,821,060	4,741,021
Revenues over expenditures	\$ -	1,530,390	\$ 1,530,390	602,634
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Reconciling items:				
Decrease in reserve for incurred but not reported ("IBNR") claims		37,000		333,052
Change in net position		\$ 1,567,390		\$ 935,686

**TOWN OF APEX, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2020**

Schedule 20

<u>Fiscal Year</u>	Uncollected Balance June 30, 2019	<u>Additions</u>	Collections, Adjustments and Releases	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 32,667,307	\$ 32,603,343	\$ 63,964
2018-2019	31,317	-	13,667	17,650
2017-2018	18,541	-	2,738	15,803
2016-2017	9,435	-	510	8,925
2015-2016	9,658	-	368	9,290
2014-2015	10,505	-	255	10,250
2013-2014	16,563	-	297	16,266
2012-2013	9,712	-	89	9,623
2011-2012	8,414	-	58	8,356
2010-2011	9,915	-	388	9,527
2009-2010	10,241	-	10,241	-
	<u>\$ 134,301</u>	<u>\$ 32,667,307</u>	<u>\$ 32,631,954</u>	<u>169,654</u>
				<u>110,556</u>
				<u>\$ 59,098</u>

Less: Allowance for uncollectible accounts

Ad valorem taxes receivable - net

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 32,658,938
Reconciling items:	
Less: Penalties and interest	(38,802)
Add: Adjustments and releases	<u>11,818</u>
Total collections and credits	<u><u>32,631,954</u></u>

**TOWN OF APEX, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2020**

Schedule 21

	Town - Wide		Total Levy		
			Property exclusing Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 7,860,418,072	0.415	\$ 32,620,735	29,928,102	\$ 2,692,633
Penalties	-		8,702	8,702	-
Total	7,860,418,072		32,629,437	29,936,804	2,692,633
Discoveries:					
Prior year taxes	-		59,889	59,889	-
Total	7,860,418,072		32,689,326	29,996,693	2,692,633
Releases	(5,305,783)	0.415	(22,019)	(22,019)	-
Total property valuation	\$ 7,855,112,289				
Net levy			32,667,307	29,974,674	2,692,633
Uncollected taxes at June 30, 2020			63,964	42,915	21,049
Current year's taxes collected			\$ 32,603,343	\$ 29,931,759	\$ 2,671,584
Current levy collection percentage			99.8%	99.9%	99.2%

**TOWN OF APEX, NORTH CAROLINA
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
AND MATURITY SCHEDULE
June 30, 2020**

Schedule 22

Fiscal Year	UTILITIES		OTHER		TOTAL	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2020-2021	980,000	2,041,125	3,205,000	5,407,403	4,185,000	7,448,528
2021-2022	1,045,000	2,086,525	3,215,000	5,283,257	4,260,000	7,369,782
2022-2023	1,115,000	2,135,625	3,215,000	5,138,507	4,330,000	7,274,132
2023-2024	1,185,000	2,161,025	3,225,000	5,011,607	4,410,000	7,172,632
2024-2025	1,260,000	2,176,775	3,225,000	4,874,057	4,485,000	7,050,832
2025-2026	1,340,000	2,193,775	3,020,000	4,531,206	4,360,000	6,724,981
2026-2027	1,420,000	2,233,575	3,025,000	4,391,207	4,445,000	6,624,782
2027-2028	1,575,000	2,345,975	3,030,000	4,250,957	4,605,000	6,596,932
2028-2029	1,665,000	2,388,725	3,205,000	4,288,957	4,870,000	6,677,682
2029-2030	1,760,000	2,433,775	3,110,000	4,062,507	4,870,000	6,496,282
2030-2031	1,855,000	2,475,975	3,110,000	3,939,407	4,965,000	6,415,382
2031-2032	1,955,000	2,501,775	3,295,000	4,001,307	5,250,000	6,503,082
2032-2033	2,080,000	2,548,575	3,525,000	4,132,457	5,605,000	6,681,032
2033-2034	2,185,000	2,570,375	3,395,000	3,911,607	5,580,000	6,481,982
2034-2035	2,740,000	3,037,975	3,395,000	3,822,276	6,135,000	6,860,251
2035-2036	2,740,000	2,928,375	3,395,000	3,732,944	6,135,000	6,661,319
2036-2037	2,740,000	2,835,900	3,395,000	3,643,613	6,135,000	6,479,513
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	1,523,525	1,490,000	1,523,525
	<u>\$ 29,640,000</u>	<u>\$ 41,095,850</u>	<u>\$ 61,360,000</u>	<u>\$ 81,053,890</u>	<u>\$ 91,000,000</u>	<u>\$ 122,149,740</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 138,025	\$ 145,697	\$ 146,483	\$ 150,821	\$ 172,231	\$ 208,352	\$ 298,896	\$ 383,833	\$ 446,504	\$ 492,439
Restricted	4,138	4,019	5,251	7,352	6,090	10,486	8,279	10,340	11,128	10,525
Unrestricted	15,810	14,161	15,473	14,699	14,216	13,406	17,797	13,270	14,301	19,204
Total governmental activities net position	\$ 157,973	\$ 163,877	\$ 167,207	\$ 172,872	\$ 192,537	\$ 232,244	\$ 324,972	\$ 407,443	\$ 471,933	\$ 522,168
Business-type activities										
Net investment in capital assets	\$ 104,380	\$ 102,749	\$ 104,939	\$ 135,200	\$ 147,820	\$ 181,185	\$ 202,626	\$ 220,327	\$ 225,236	\$ 238,830
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	53,767	62,759	65,281	46,298	46,393	44,345	49,435	66,894	59,682	69,953
Total business-type activities net position	\$ 158,147	\$ 165,508	\$ 170,220	\$ 181,498	\$ 194,213	\$ 225,530	\$ 252,061	\$ 287,221	\$ 284,918	\$ 308,783
Primary government										
Net investment in capital assets	\$ 242,405	\$ 248,446	\$ 251,422	\$ 286,021	\$ 320,051	\$ 389,537	\$ 501,522	\$ 604,160	\$ 671,740	\$ 731,269
Restricted	4,138	4,019	5,251	7,352	6,090	10,486	8,279	10,340	11,128	10,525
Unrestricted	69,577	76,920	80,754	60,997	60,609	57,751	67,232	80,164	73,983	89,157
Total primary government net position	\$ 316,120	\$ 329,385	\$ 337,427	\$ 354,370	\$ 386,750	\$ 457,774	\$ 577,033	\$ 694,664	\$ 756,851	\$ 830,951

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 7,380	\$ 7,987	\$ 7,941	\$ 8,761	\$ 9,235	\$ 9,851	\$ 10,069	\$ 10,584	\$ 11,746	\$ 13,145
Public Safety	11,994	12,878	13,836	14,692	15,491	16,623	19,644	21,076	21,019	25,437
Public Works	6,427	7,023	7,350	6,644	8,854	8,697	13,241	16,523	18,984	21,547
Environmental Protection	3,163	3,304	3,270	3,532	3,794	4,006	3,394	3,642	4,147	4,792
Culture and recreation	3,786	3,963	4,272	4,381	4,811	5,336	5,519	5,750	6,395	7,127
Interest on long-term debt	935	862	917	974	944	822	764	1,073	1,510	1,743
Total governmental activities expenses	33,685	36,017	37,586	38,984	43,129	45,335	52,631	58,648	63,801	73,791
Business-type activities										
Water and Sewer	11,124	11,473	13,304	14,196	15,498	18,485	20,140	22,334	24,462	25,080
Electric	27,223	28,330	28,335	29,530	31,674	31,179	34,154	34,215	37,018	39,817
Total business-type activities expenses	38,347	39,803	41,639	43,726	47,172	49,664	54,294	56,549	61,480	64,897
Total primary government expenses	\$ 72,032	\$ 75,820	\$ 79,225	\$ 82,710	\$ 90,301	\$ 94,999	\$ 106,925	\$ 115,197	\$ 125,281	\$ 138,688
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 918	\$ 891	\$ 1,218	\$ 1,840	\$ 2,557	\$ 3,501	\$ 4,960	\$ 5,638	\$ 5,080	\$ 4,216
Public Safety ⁽¹⁾	1,020	51	14	14	11	15	17	12	-	-
Culture and recreation	858	1,097	1,706	1,553	2,324	323	4,892	5,149	4,539	3,125
Public Works	169	299	228	398	636	2,953	1,487	1,152	220	46
Environmental Protection	2,389	2,465	2,574	2,683	2,814	3,029	3,351	3,629	4,193	4,853
Operating grants and contributions	1,168	2,315	3,189	2,897	3,008	3,073	3,773	4,276	2,865	2,929
Capital grants and contributions	4,277	10,174	5,074	6,472	23,058	38,469	92,297	98,076	65,952	57,687
Total governmental activities program revenues	10,799	17,292	14,003	15,857	34,408	51,363	110,777	117,932	82,849	72,856
Business-type activities										
Charges for services:										
Water and Sewer	12,964	28,901	15,797	16,448	12,949	13,374	14,457	16,260	17,408	19,966
Electric	29,686	13,809	29,069	31,599	32,646	33,299	36,224	38,364	40,807	42,674
Operating grants and contributions	-	-	-	-	-	-	-	-	-	99
Capital grants and contributions	805	4,362	2,603	6,478	14,977	34,121	29,850	37,863	14,231	24,794
Total business-type activities program revenues	43,455	47,072	47,469	54,525	60,572	80,794	80,531	92,487	72,446	87,533
Total primary government program revenues	\$ 54,254	\$ 64,364	\$ 61,472	\$ 70,382	\$ 94,980	\$ 132,157	\$ 191,308	\$ 210,419	\$ 155,295	\$ 160,389

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

	<u>2011</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>
Net (expense)/revenue										
Governmental activities	\$ (22,886)	\$ (18,726)	\$ (23,583)	\$ (23,127)	\$ (8,721)	\$ 6,028	\$ 58,146	\$ 59,293	\$ 19,048	\$ (935)
Business-type activities	5,108	7,269	5,830	10,799	13,400	31,130	26,237	35,938	10,966	22,636
Total primary government net expenses	\$ (17,778)	\$ (11,457)	\$ (17,753)	\$ (12,328)	\$ 4,679	\$ 37,158	\$ 84,383	\$ 95,231	\$ 30,014	\$ 21,701
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	14,722	15,063	17,837	18,969	19,547	20,676	22,987	24,665	29,498	32,687
Sales taxes	5,189	6,293	6,665	7,219	7,959	8,753	9,407	10,109	11,038	12,175
Motor vehicle licenses	136	143	148	202	168	176	329	345	791	1,049
Miscellaneous taxes	35	36	42	47	51	56	65	271	82	81
Unrestricted grants and contributions	2,104	2,415	2,122	2,176	2,859	2,971	2,971	3,028	3,261	3,459
Investment earnings	83	48	53	25	24	95	202	562	1,621	1,244
Miscellaneous	214	631	375	553	398	364	475	536	475	476
Transfers	-	-	-	(400)	-	-	-	-	-	-
Total governmental activities	22,483	24,629	27,242	28,791	31,006	33,091	36,436	39,516	46,766	51,171
Business-type activities										
Investment earnings	177	93	115	51	71	133	264	694	1,453	1,211
Miscellaneous	-	-	5	28	10	54	30	39	59	17
Transfers	-	-	-	400	-	-	-	-	-	-
Total business-type activities	177	93	120	479	81	187	294	733	1,512	1,228
Total primary government	\$ 22,660	\$ 24,722	\$ 27,362	\$ 29,270	\$ 31,087	\$ 33,278	\$ 36,730	\$ 40,249	\$ 48,278	\$ 52,399
Special Item: Legal Settlement										
Total governmental activities	-	-	-	-	-	-	-	-	(699)	-
Total business-type activities	-	-	-	-	-	-	-	-	(14,658)	-
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,357)	\$ -
Change in Net Position										
Governmental activities	\$ (403)	\$ 5,903	\$ 3,659	\$ 5,664	\$ 22,285	\$ 39,119	\$ 94,582	\$ 98,809	\$ 65,115	\$ 50,236
Business-type activities	5,285	7,362	5,950	11,278	13,481	31,317	26,531	36,671	(2,180)	23,864
Total primary government	\$ 4,882	\$ 13,265	\$ 9,609	\$ 16,942	\$ 35,766	\$ 70,436	\$ 121,113	\$ 135,480	\$ 62,935	\$ 74,100

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Licenses	Beer & Wine Tax	Rental Vehicle Tax	Total
2011	14,728,071	5,189,227	1,682,919	136,292	142,249	32,452	21,911,210
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

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

Table 4

	<u>2011</u> ⁽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>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	80	80	111	101	142	166	115	114	163	285
Restricted	3,046	4,379	4,154	5,877	5,377	7,179	7,569	9,640	10,431	9,839
Committed	-	-	-	-	-	677	776	842	850	865
Assigned	620	1,533	1,538	1,500	1,012	1,826	-	2,358	2,327	2,370
Unassigned	12,623	11,608	13,983	14,299	15,190	15,467	19,377	21,883	26,062	28,905
Total General Fund	\$ 16,369	\$ 17,600	\$ 19,786	\$ 21,777	\$ 21,721	\$ 25,315	\$ 27,837	\$ 34,837	\$ 39,833	\$ 42,264
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	714	718	716	717	713	712	709	700	697	687
Restricted	-	-	-	759	-	2,595	-	20,177	18,237	46,145
Committed	4,068	2,205	5,727	1,920	3,509	3,999	5,476	8,507	12,032	17,426
Assigned	696	1,114	2,749	3,138	2,934	2,833	5,202	6,622	7,204	6,482
Unassigned	-	(31)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,478	\$ 4,006	\$ 9,192	\$ 6,534	\$ 7,156	\$ 10,139	\$ 11,387	\$ 36,006	\$ 38,170	\$ 70,740

Notes:

⁽¹⁾ Beginning fiscal year 2011, fund balance has been reclassified based on GASB 54 guidelines.

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>2011</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>
Revenues										
Ad valorem taxes	\$ 14,728	\$ 15,094	\$ 17,819	\$ 19,041	\$ 19,577	\$ 20,709	\$ 22,995	\$ 24,672	\$ 29,525	\$ 32,658
Other taxes and licenses	5,358	6,473	6,854	7,477	8,186	8,989	9,672	10,729	11,911	13,300
Unrestricted intergovernmental	2,104	2,415	2,122	2,176	2,859	2,971	2,971	3,028	3,261	3,459
Restricted intergovernmental	2,221	3,667	4,280	3,285	4,341	3,555	4,306	5,617	3,015	3,591
Permits and fees	1,410	1,746	2,515	3,078	4,652	5,945	10,461	10,948	8,749	6,815
Sales and services	3,957	3,055	3,211	3,410	3,691	3,874	4,380	4,629	5,282	5,419
Investment earnings	73	38	32	25	24	95	201	562	1,621	1,244
Miscellaneous	221	648	425	585	413	397	560	848	596	551
Total revenues	\$ 30,072	\$ 33,136	\$ 37,258	\$ 39,077	\$ 43,743	\$ 46,535	\$ 55,546	\$ 61,033	\$ 63,960	\$ 67,037
Expenditures										
General government	\$ 6,510	\$ 6,892	\$ 6,945	\$ 7,636	\$ 8,251	\$ 8,864	\$ 8,688	\$ 9,238	\$ 10,372	\$ 12,352
Public safety	11,202	11,676	12,757	13,462	14,487	15,534	17,173	18,479	18,421	21,377
Public works	1,872	2,255	2,460	1,692	3,578	2,593	5,124	5,727	5,894	6,472
Environmental protection	2,987	3,137	3,177	3,426	3,680	3,887	3,208	3,417	3,898	4,476
Cultural and recreation	2,675	2,792	2,999	3,323	3,555	3,682	3,674	3,884	4,384	4,901
Capital projects	3,989	4,636	5,532	6,855	8,718	6,928	9,994	14,918	8,562	11,502
Debt Service										
Principal	1,652	1,655	1,809	2,134	2,134	2,667	3,028	3,870	2,904	5,926
Interest	1,040	835	882	816	732	817	886	1,012	1,666	1,816
Bond issuance costs	-	-	139	-	-	-	-	-	-	-
Total expenditures	\$ 31,927	\$ 33,878	\$ 36,700	\$ 39,344	\$ 45,135	\$ 44,972	\$ 51,775	\$ 60,545	\$ 56,101	\$ 68,822
Excess of revenues over (under) expenditures	(1,855)	(742)	558	(267)	(1,392)	1,563	3,771	488	7,859	(1,785)
Other financing sources (uses)										
Issuance of debt	8,302	502	5,000	-	2,226	4,500	-	6,000	-	-
Payment to refund debt	(8,190)	-	(4,903)	-	(6,421)	-	-	-	-	-
Bonds issued	-	-	6,000	-	6,424	-	-	24,105	-	32,245
Premium on bond issuance	-	-	267	-	-	-	-	1,026	-	4,540
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Transfers in	331	780	548	-	-	3,729	3,932	4,578	10,567	8,364
Transfers out	(331)	(780)	(548)	(400)	-	(3,804)	(3,932)	(4,578)	(10,567)	(8,364)
Total other financing sources (uses)	112	502	6,364	(400)	2,229	4,425	-	31,131	-	36,785
Special Item										
Legal Settlement	-	-	-	-	-	-	-	-	(699)	-
Net change in fund balances	\$ (1,743)	\$ (240)	\$ 6,922	\$ (667)	\$ 837	\$ 5,988	\$ 3,771	\$ 31,619	\$ 7,160	\$ 35,000
Debt service as a percentage of noncapital expenditures	9.6%	8.5%	9.1%	9.1%	7.9%	9.2%	9.4%	10.7%	9.6%	13.5%

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	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
	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		
2011	3,822,880,479	28,566,184	293,770,882	169,973,631	4,315,191,176	.34	4,146,984,435	104.1%		
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%		

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
June 30, 2020

Table 7

Fiscal Year	Town of Apex	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2011	.34	.534	.874
2012	.34	.534	.874
2013	.39	.534	.924
2014	.39	.578	.968
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	.98

TOWN OF APEX, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
 June 30, 2020

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
2011	14,724,826	(6,227)	14,718,599	14,598,651	99.2	110,405	14,709,056	99.9
2012	15,080,217	(4,167)	15,076,050	14,946,582	99.1	94,755	15,041,337	99.8
2013	17,819,954	(5,341)	17,814,613	17,681,021	99.3	123,968	17,804,989	99.9
2014	18,937,765	(1,107)	18,936,658	18,869,293	99.6	51,095	18,920,388	99.9
2015	19,525,453	(5,777)	19,519,676	19,482,708	99.8	26,584	19,509,292	99.9
2016	20,668,145	(7,038)	20,661,107	20,645,326	99.9	6,340	20,651,666	100.0
2017	22,979,651	(4,339)	22,975,312	22,953,997	99.9	15,756	22,969,753	100.0
2018	24,666,208	(1,383)	24,664,825	24,631,157	99.9	17,972	24,649,129	99.9
2019	29,496,802	(825)	29,495,977	29,465,485	99.9	12,842	29,478,327	99.9
2020	32,667,306	-	32,667,306	32,603,343	99.8	-	32,603,343	99.8

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CSP Community Owner LLC	\$ 94,209,277	1	1.20%	\$ 63,317,954	2	0.80%
Beaver Creek Crossings Owner LLC	60,247,793	2	0.76			
CRLP Creekside Hills Drive LLC	34,856,268	3	0.44			
JHG VBS I LLC	34,560,754	4	0.44			
CFK Apex Land Co LLC	33,740,578	5	0.43	19,651,943	9	
G&I IX Lake Cameron LLC	30,025,246	6	0.38			
BELL HNW Exchange Apex LLC	29,981,710	7	0.38			
EMC Corporation	29,696,071	5	0.38	32,529,534	4	
Beaver Creek Crossing LLC	29,013,660	6	0.37			
HH Trinity Apex Investments LLC	29,967,080	10	0.38	29,403,539	6	
DDR 1st Carolina				73,557,324	1	1.70
TRT DDR BeaverCreek				35,149,211	3	0.81
Enterprise Propane Terminals				30,864,626	5	0.72
Metropolitan Development @ Apex LLC				25,936,178	7	0.60
Lake Cameron LLC				23,755,976	8	0.55
Target Corporation				17,022,666	10	0.39
Totals	\$ 406,298,437			\$ 351,188,951		
Total Assessed Valuation =		\$ 7,882,315,357		\$ 4,315,191,176		

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

Electric Ratepayer	2020				2011			
	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric	Consumption kWh	Annual Electric Charges	Rank	Percentage of Total Electric Charges
Town of Cary	14,853,800	\$ 724,011	1	1.88%				
Wake County Public Schools	6,386,861	425,056	2	1.11	7,129,141	\$ 850,734	1	2.98%
Harris Teeter	4,629,640	289,633	3	0.75	2,734,800	222,767	6	0.78
Food Lion	3,204,520	185,479	4	0.48	2,945,320	200,931		
Lowe's Foods	2,408,960	150,645	5	0.39	2,647,840	209,883	9	0.73
Wake Med Property Services	2,327,280	147,866	6	0.38	2,383,760	194,710	5	0.68
Crossroads Automotive Group	1,725,500	139,018	7	0.36				
Time Warner Cable	1,764,600	136,413	8	0.36	1,359,360	126,534	2	0.44
Lowe's Home Improvement	2,096,800	133,384	9	0.35	2,621,680	146,165	3	0.51
Target Corporation	2,529,000	124,429	10	0.32	4,004,040	272,204	8	0.95
Kroger					2,645,440	213,905	4	0.75
Home Depot					2,259,520	191,022	7	0.67
Totals		\$ 2,455,934				\$ 2,628,855		
Total Sales of Electricity =		\$ 38,410,443				\$ 28,575,570		

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			
2011	15,903,785	7,815,000	30,000	1,278,264	6,442,250	31,469,299	2.5	824
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	4.8%	2,110

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⁾
2011	15,933,785	0.38%	417
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%	1,474

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, 2020

Table 12

<u>Governmental 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	5.14%	\$ 81,313,257
Town of Apex governmental activities debt			<u>79,263,496</u>
Total direct and overlapping debt			<u><u>\$ 160,576,753</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 345,215	\$ 353,173	\$ 365,756	\$ 387,216	\$ 399,531	\$ 422,562	\$ 481,498	\$ 516,805	\$ 566,584	\$ 630,585
Total net debt applicable to limit	\$ 23,860	\$ 22,710	\$ 26,993	\$ 25,477	\$ 25,639	\$ 27,421	\$ 24,342	\$ 51,540	\$ 48,533	\$ 79,263
Legal debt margin	\$ 321,355	\$ 330,463	\$ 338,763	\$ 361,739	\$ 373,892	\$ 395,141	\$ 457,156	\$ 465,265	\$ 515,044	\$ 551,322
Total net debt applicable to the limit as a percentage of debt limit	6.91%	6.43%	7.38%	6.58%	6.42%	6.49%	5.06%	9.97%	9.10%	12.57%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 7,885,112,289
Debt limit - 8% of assessed value	630,808,983
Total debt applicable to limit	79,263,496
Legal debt margin	<u>\$ 551,545,487</u>

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

Table 14

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Personal Income (1) (2)	Unemployment Rate (3)
2011	38,180	1,266,507	33,172	6.3
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	66,500	2,902,659	43,649	5.2

Notes:

- (1) Town of Apex Planning Department.
- (2) Apex Chamber of Commerce demographics, Bureau of Economic Analysis Apex and US Census Bureau. Information for 2017-2019 not available.
- (3) North Carolina Department of Commerce - Department of Employment Security.

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

Table 15

Taxpayer	2020			2011		
	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	1779	1	6.90%	900	1	4.82%
Town of Apex	506	2	1.96%	316	5	1.69%
Dell Technologies Inc	500	3	1.94%			0.00%
Apex Tool Group	425	4	1.65%			0.00%
Bland Landscaping	325	5	1.26%	168	7	
Costco	290	6	1.13%			
ATI Industrial Automation	275	7	1.07%			
Super Target	250	9	0.97%	329	3	1.76%
WalMart	243	8	0.94%	225	6	1.20%
Lowe's Home Improvement	220	10	0.85%			
Cooper Industries (Lufkin)				363	2	1.94%
EMC Corp.				322	4	1.72%
Tipper Tie				137	8	0.73%
NC Department of Corrections				127	9	0.68%
Rex Healthcare				125	10	0.67%
Totals	4,813			3,012		
Total Employed in Apex (2)	25,771			18,688		

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, 2020

Table 16

Fiscal Year	Admin- istration	Planning	Public Safety ⁽³⁾	Streets	Public Works	Parks & Recreation
2011	37	12	136	8	4	20
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

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	31	25	20	316
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

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

Table 17

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	746	639	758	516	504	464	484	484	682	650
Parking violations	124	216	193	215	235	256	426	394	529	341
Traffic violations	8,004	5,882	5,787	7,074	6,047	6,904	8,169	7,414	7,051	6,807
Fire										
Number of calls answered	2,433	2,214	2,567	2,635	2,881	2,822	3,009	3,034	3,972	3,503
Highways and streets										
Street resurfacing (miles)	0.9	3.8	8.6	0	9.9	0.0	20.1	22.2	2.6	4.3
Environmental Protection										
Number of households served	11,432	11,717	12,036	12,476	13,689	14,604	15,445	16,257	17,838	19,581
Solid waste collected (tons/day)	31.73	28.71	29.77	27.06	30.62	32.68	34.89	37.71	41.58	43.12
Recyclables collected (tons/day)	9.98	7.47	7.62	8.53	9.91	11.03	10.82	10.89	11.62	13.17
Mulching and composting (tons/day)	13.55	15.16	17.01	15.71	16.80	17.92	17.89	16.71	21.54	19.22
Cultural and recreation										
Number of program/activity participants	40,919	42,731	45,709	49,022	59,808	63,396	60,958	63,978	62,896	48,329
Water										
Number of customers	13,251	13,587	14,042	14,103	14,770	15,459	17,209	18,697	20,423	22,317
Average daily consumption (millions of gallons)	2.86	2.95	2.81	3.08	3.3	3.37	3.58	3.79	3.75	4.16
Wastewater										
Number of customers	12,771	13,071	13,240	13,840	14,485	15,207	16,949	18,431	20,156	22,031
Average daily sewage treatment (millions of gallons)	2.26	2.32	2.72	2.78	2.68	2.79	2.85	3.38	3.86	3.72
Electric										
Number of customers	14,109	14,540	15,389	16,016	16,682	17,314	18,936	20,363	22,269	24,440
Average daily consumption (kilowatt-hours)	710,423	765,975	744,098	780,614	833,966	846,098	877,824	939,159	969,098	1,004,896

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Public safety										
Police										
Stations	1	1	1	1	1	1	2	2	3	
Patrol Units	45	47	50	80	80	81	82	88	96	
K-9 Units	0	0	0	1	1	2	2	2	2	
Fire stations	4	4	4	4	4	4	5	5	5	
Streets										
Streets (miles)	122.29	127.12	129.15	140.04	151.04	171.14	193.14	207.17	215.64	
Streetlights	2,465	2,582	2,713	2,775	2,846	3,391	3,479	3,914	4,091	
Parks and Recreation										
Parks acreage	452.51	452.51	452.51	544.51	544.51	544.51	558	618.28	618.28	
Parks	9	9	9	10	10	10	11	11	13	
Tennis courts (Adult & Youth)	8	8	8	15	15	15	15	15	15	
Community centers	1	1	1	1	1	1	1	1	1	
Cultural Arts Center	1	1	1	1	1	1	1	1	1	
Lakes	1	1	1	1	1	1	1	1	1	
Water										
Water lines (miles)	170	170	182	194	215	269	293	310	318	
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	
Electric										
Number of delivery points (substations)	3	3	3	3	3	3	3	3	3	
Miles of service lines ⁽¹⁾	315	355	355	537	569	569	681	764	787	
Sewer										
Sanitary sewer lines (miles)	186.5	189	189	207	239	249	280	296	303	
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	

Sources:

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

Notes:

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

COMPLIANCE SECTION

**Report 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***

Independent Auditor's Report

To the Honorable Mayor and
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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprises the Town of Apex's basic financial statements and have issued our report thereon dated December 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Apex's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Apex'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 entity'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (Item 2020-1)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Apex's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


JOYCE AND COMPANY, CPA
Cary, North Carolina

December 3, 2020

**Report on Compliance for the Major Federal Programs;
Report on Internal Control Over Compliance: With OMB Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

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

Report on Compliance for the Major Federal Programs

We have audited the Town of Apex, North Carolina, 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 the Town of Apex's major federal program for the year ended June 30, 2020. The Town of Apex's major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Apex'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 applicable sections of OMB 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 of Apex'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 federal programs. However, our audit does not provide a legal determination of the Town of Apex's compliance.

Opinion on the Major State Program

In our opinion, the Town of Apex 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 federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Town of Apex 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 of Apex'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.

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.


JOYCE AND COMPANY, CPA
Cary, North Carolina

December 3, 2020

**Report on Compliance for the Major State Program;
Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

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

Report on Compliance for the Major State Program

We have audited the Town of Apex, North Carolina, 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 of Apex's major state program for the year ended June 30, 2020. The Town of Apex'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 the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Apex'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 OMB 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 Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Apex'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 of Apex's compliance.

Opinion on the Major State Program

In our opinion, the Town of Apex 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, 2020.

Report on Internal Control Over Compliance

Management of the Town of Apex 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 of Apex's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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.

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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


JOYCE AND COMPANY, CPA
Cary, North Carolina

December 3, 2020

Town of Apex, North Carolina
Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statement noted	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major state program: Unmodified		
Identification of major federal programs:		

<u>CFDA No(s)</u>	<u>Names of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Grant
14.228-2	Community Development Block Grant

State Awards

Internal control over major state program:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major state program: Unmodified		
Identification of major state program: Powell Bill		

Section II. Financial Statement Findings

Significant Deficiency (Item 2020-1)

<u>Criteria</u>	Town has a system to review financial statements and associated items on an ongoing basis to verify that all amounts are properly stated.
<u>Condition</u>	There were instances where invoices were not recorded in a timely manner, where accounts were not fully reconciled and where adjustments were not recorded in a timely manner.
<u>Effect</u>	Financial statements could be materially misstated and not be detected and corrected.

Cause Lack of complete review of monthly and year-end financial statements, subledgers and account reconciliations by staff.

Recommendation We recommend that management complete a thorough review of all financial statement accounts on a monthly basis and that any corrections, journal entries, etc. be posted at that time to accurately state the financial position and operations of the Town.

Name of Contact Person Vance Holloman, Finance Officer

Corrective Action We will continue to work with department heads to be certain invoices are promptly submitted to Finance for payment. Our efforts to do so for the fiscal year ended June 30, 2020 were hindered by COVID 19. Procedures for recording internal service fund and electronic payables program transactions will be reviewed. We will work with our software provider to improve our procedures for utility account reconciliations.

Proposed Completion Date January 31, 2021

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

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

For the fiscal year ended June 30, 2020

Schedule 23

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through/State Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
FEDERAL GRANTS:						
<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	\$ 318,757	\$ -	\$ -	\$ 136,610
<i>Highway Planning and Construction</i>	20.205	WBS Element 44112.1.F1	126,608	-	-	54,261
<i>Highway Planning and Construction</i>	20.205	WBS Element 43714.2.14	16,048	-	-	6,878
<i>Total Highway Planning and Construction</i>			461,413	-	-	197,749
<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	63,563	-	-	21,188
<u>US Department of Housing and Urban Development</u>						
Passed through Wake County						
<i>Community Development Block Grant</i>	14.228-2	CT 12493	330,000	-	-	-
<u>US Department of Interior</u>						
Passed through NC Department of Natural and Cultural Resources						
<i>Outdoor Recreation - Acquisition, Planning and Development</i>	15.916	37-01046	150,000	-	-	194,757
<u>US Department of Treasury</u>						
Passed through Wake County						
<i>Coronavirus Relief Fund</i>	21.019		33,455	-	-	11,152
<u>US Department of Justice</u>						
Bureau of Justice Assistance						
<i>Bullet Proof Vest Partnership Program</i>	16.607		9,305	-	-	9,305
Total assistance-federal programs			1,047,736	-	-	434,151
STATE GRANT:						
<u>NC Department of Transportation</u>						
<i>Powell Bill Fund</i>	N/A	32570	-	1,354,536	-	-
<u>NC Office of State Budget and Management</u>						
<i>Multi-use Path</i>	N/A	5866-C	-	50,000	-	-
Total assistance-state programs			-	1,404,536	-	-
Total assistance			\$ 1,047,736	\$ 1,404,536	\$ -	\$ 434,151

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, 2020. 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.

Outdoor Recreation - Acquisition, Planning and Development - Expenditures for this project were incurred in a prior year but were not approved by the grantor agency until the current fiscal year.

Coronavirus Relief Funds - The Town of Apex received \$41,341 of funding from the Coronavirus Relief Fund (21.019) from Wake County in accordance with HB 1043 and HB 1023. The Town of Apex has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.