

Comprehensive Annual Financial Report

*Building Capacity * Fiscal Year Ending June 30, 2020*

Town of Morrisville
100 Town Hall Drive
Morrisville, NC 27560
919-463-6200
www.townofmorrisville.org

Town of Morrisville North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2020



Prepared by:
Town of Morrisville Finance Department

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Introductory Section

This section, which is unaudited, introduces the reader to the report and to the Town. It includes the letter of transmittal and listings of Town officials, as well as other information regarding the Town of Morrisville.



TOWN OF MORRISVILLE

100 Town Hall Drive
Morrisville, NC 27560

October 23, 2020

The Honorable Mayor TJ Cawley
Members of the Town Council and Citizens
Town of Morrisville
100 Town Hall Drive
Morrisville, North Carolina 27560

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Morrisville, North Carolina, for the fiscal year ended June 30, 2020 is submitted for your review and use. This report has been prepared by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position and results of operations for the fiscal year. North Carolina general statutes require each unit of local government to publish a complete set of financial statements within four months after the close of the fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020, and to provide further accountability to citizens and other parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

Town management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All necessary disclosures to enable the reader to obtain an understanding of the Town's financial activities have been included.

This report includes financial statements and supplementary schedules audited by Cherry Bekaert LLP, Certified Public Accountants. The financial section of this document includes the auditor's report conveying their unmodified ("clean") opinion that the financial statements present fairly in conformity

with GAAP, in all material respects, the financial position and changes in financial position for the Town of Morrisville, North Carolina, as of June 30, 2020. The independent auditor's report on the basic financial statements is located at the beginning of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Morrisville's MD&A can be found immediately following the independent auditor's report.

The Town's system of internal accounting controls is designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with state statutes, authorization of the Town Council and GAAP, and that financial records are a reliable basis for preparation of both interim and annual financial statements. Because the cost of internal controls should not outweigh their benefits, the Town's controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge, this financial report is complete and reliable in all material respects.

PROFILE OF THE TOWN

Morrisville was incorporated in 1875 and is a thriving community in the heart of the Triangle area of North Carolina. The Triangle area has been repeatedly ranked among the top regions in the country to live, work, start a business, raise a family and/or retire. Morrisville has approximately 10 square miles within its borders and according to the Office of State Budget and Management, a population of 26,973. Morrisville is a crossroads in the region with great access to Research Triangle Park (RTP), the State Capital, and major transportation hubs including Interstate Highways 40, 85, 95 and 540, and Raleigh-Durham International Airport. The Town is within 20 minutes of major universities: Duke University, NC State University, UNC Chapel Hall and is home to Wake Technical Community College RTP Campus. Morrisville's location is its defined uniqueness, which sets the Town apart from all others. Morrisville features an economy based on highly skilled professional and technology industries, and a population that is diverse, affluent, and highly educated. Live, work, play has truly become RTP's mantra, and people in Morrisville "*Live Connected, Live Well*". With a growing population that is reaching 30,000 (in-house estimate) the Town strategically leverages investments and works to stay on the cutting edge of community advancement.

In FY2020 the Morrisville Fire/Rescue Department achieved a Class-1 ISO Rating – the highest possible rating - from the NC Department of Insurance; this accomplishment has only been achieved by 12 fire departments in the state. In March 2020, Morrisville was named by Niche as the #1 Best Place to Live in the Raleigh Area and in September 2020 Morrisville ranked #10 in Money's 50 Best Places to Live in the United States in 2020. Members of the Town Council are currently serving on local, state, and national boards. The Raleigh-Cary MSA, which includes Morrisville, continues to receive an abundance of national recognitions. Morrisville maintains a strong growing local economy that provides good jobs and the amenities that people look for when choosing a place to live and hosts a vast array of outstanding commercial and residential offerings.

Morrisville operates under a Council-Manager form of government. The Town Council is a seven-member governing board and is comprised of the Mayor, four District Council Members from designated districts and two At-Large members. Each of the council members and the mayor serve four-year staggered terms. The Council members serve as the Town's policymaking body, responsible for adopting an annual balanced budget, establishing

legislative direction for the Town, and hiring a professional Town Manager to serve as chief executive officer and to direct the daily activities and operations of the Town's departments. The Town Council utilizes several appointed boards and committees in the development of policy decisions.

The Town provides its citizens with a full range of services, including police and fire protection, recreational activities, land use development, solid waste collection and disposal, stormwater management, transportation planning, inspections, code enforcement, general administration and management, and the construction and maintenance of streets, curbs, gutters, sidewalks and other infrastructure. This report includes all the Town's activities in delivering and administering these services.

The Morrisville Town Council is required to adopt a balanced annual operating budget by July 1 of each year. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Morrisville's financial planning and control. The Town Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council's intent.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Morrisville operates.

The Covid-19 pandemic and State of Emergency has impacted segments of the economy and only just now we are emerging through phased reopening strategies to control the spread of this virus and mitigate these unprecedented circumstances. As a result of the pandemic, the Town cancelled Parks & Recreation programs and other Town events which resulted in a loss of revenue and an increase in additional expenses for deep cleaning of facilities and playgrounds and the costs associated with Covid-19 supplies such as masks and gloves. There was also additional workload for staff to man an Emergency Operations Center. Work as we know it changed drastically due to Covid-19. Over the last several months the Town effectively responded to adapt in order to maintain core operations and services amidst "Stay-at-Home" proclamations while also ensuring the health and safety of staff. Teleworking for virtually all staff except first responders was successfully implemented. We will continue to evaluate temporary as well as potentially permanent changes to the way we have traditionally approached our work.

LOCAL ECONOMY

Within the greater Triangle area, Morrisville and the surrounding communities continue to be the hub of a strong regional economy. The Town's location relative to several facilities is integral to its economic vitality:

- The fast pace of regional economic growth has spurred an increase in traffic and congestion on roads located within Town limits. Major transportation corridors (e.g. McCrimmon Parkway, Morrisville-Carpenter Road, NC 54) within the Town are State maintained roads and are experiencing the greatest increase in traffic volume requiring the Town to play a much more aggressive role in local transportation planning.

The Town and State have continued to add and improve transportation facilities in, around and through Morrisville to manage traffic growth and enhance the quality of life through connectivity and mobility. The Town partnered with the North Carolina Department of Transportation (NCDOT) regarding Phase 2 of the McCrimmon Parkway Extension Project which opened in April 2020 and will prompt new development in this area. Morrisville has received both federal and state funding for the Morrisville-Carpenter Road Widening Project and received final plan and bid document approval from NCDOT in May 2020 but subsequently was held due to NCDOT budgetary constraints. The Town appealed to NCDOT to reconsider and allow the Town to move forward with the project and to defer reimbursement from NCDOT. This counteraction was approved by NCDOT and the Town has subsequently bid out this project. The Town had executed an agreement with NCDOT to manage the preliminary engineering/design of the Airport Boulevard Extension Phase I Project. This project was also suspended by NCDOT due to cash flow issues. Other NCDOT projects within Morrisville include the Louis Stephens Road project which is currently under construction and will provide an important direct connection between Morrisville and RTP/Cary, two McCrimmon Parkway projects (widening and grade separation) and the NC54 widening project. These projects will improve traffic flow and congestion. Major highways (I-40, I-540, NC 54, NC 147) either run through the Town or provide convenient regional access to the Town. Other important state roads in the Town include Davis Drive, which connects the Town to the Research Triangle Park, and Aviation Parkway, which connects the Town to the Raleigh-Durham International Airport.

- In summer 2019 construction of the Parkside Elementary School in RTP adjacent to Morrisville was completed and the school opened in August. Additional land was purchased by Wake County Public School System (WCPSS) adjacent to the elementary school for a combination middle and high school to be built. Morrisville currently has 2 WCPSS elementary schools but no middle or high school. As part of the Town's Strategic Plan Initiatives to support addressing the middle and high school needs for its residents, Council approved in June 2020 a resolution supporting the Wake County Public School System Capital Improvement Plan (WCPSS CIP) to design and construct a combined middle and high school near Morrisville. The WCPSS CIP includes \$4.9 million in proposed FY2021 funding for planning and design for this project.
- Raleigh Durham International Airport (RDU) is the main airport serving Raleigh, Durham, and the surrounding Research Triangle region of North Carolina. Covid-19 has taken an extraordinary toll on the airline industry. RDU anticipates 5 million total passengers in 2020, about a third of the 14.2 million passengers served in 2019. Due to the pandemic RDU's two transatlantic non-stop flights (London and Paris) have been temporarily suspended with the intention to resume in spring 2021. Airlines adjusted their schedules by cancelling flights and by the end of March 2020 had cancelled more the 70% of total flights at RDU. RDU had 57 nonstop flights before the global health crisis, yet has only 26 in September. RDU's airlines continue to make week-to-week adjustments to their schedules in light of the ongoing Covid-19 pandemic and its impact on consumer demand for airline travel. Passenger counts remain significantly below 2019 levels. RDU is preparing for a prolonged recovery that will likely stretch into 2024 or beyond.

- The Town is adjacent to Research Triangle Park (RTP), which was founded in 1959 as a collaborative effort of the three major universities in the Triangle (University of North Carolina at Chapel Hill, North Carolina State University, Duke University), and is the largest research part in the United States and a premier global innovation center. Hub RTP will be the new face of Research Triangle Park as an urban, walkable development for people who want to live play and shop where they work consisting of 43 acres and is an estimated \$1.5 billion investment. The former IBM plant is now Frontier – an innovation workspace for freelancers, creatives, and startups. Boxyard RTP, a 15,000 square-foot cargotecture (shipping containers) development is an entertainment venue targeted towards millennials, and is set to open this fall. These developments are intended to attract additional businesses to the area, which will likely have a spillover effect to the Town due to proximity to Morrisville.
- Wake Technical Community College is part of the North Carolina System of community colleges and purchased 94 acres in the Town for its RTP campus located in Morrisville. The campus will be built out in 5 phases and will include enough space to support 7,000 students, including 10 buildings with 800,000 square feet, 4 parking decks, and a central energy plant. The campus is estimated to cost approximately \$200 million. Construction is underway for the second building (Phase II) which will include 63,300 square feet with 20+ general classrooms and labs at an estimated cost of \$44 million. This project will enable the RTP campus to accommodate an additional 1,100 students with 750 surface parking spaces and is expected to be completed in spring 2021 with classes starting in late summer or fall of 2021.
- Wake Competition Center (WCC) a 30-acre indoor and outdoor sports complex features two ice rinks, is home to volleyball and gymnastic facilities, two soccer fields, and another building that features an athletic training space, restaurant, and orthopedic center. In December 2019, the Carolina Hurricanes NHL Hockey Team officially announced the Wake Competition Center as their new practice facility. The 115,000 square-foot hockey facility features a 12,000 square-foot suite exclusively for the Canes. Future expansion is anticipated.

In January 2020, Morrisville Town Council approved an incentive agreement with Microsoft, Inc. Microsoft plans to expand its software support operations in Morrisville and will up-fit a local facility to be a “state of the art” installation of additional machinery, fixtures, and equipment to accommodate the company’s operations. The Morrisville site will house 500 new full-time jobs with an average wage of \$125,000, excluding bonuses and benefits. With a minimum investment of \$47.5 million, the Town will realize significant increased tax revenue annually.

Since 2020 is a census year, staff developed an outreach plan (including translation into Hindi and Telugu) to educate citizens regarding the importance of participation. Due to the pandemic, the census closing date was extended to October 31. The results of the 2020 Census will help determine how federal and state funding will help maintain and improve Morrisville communities, keeping Morrisville a wonderful place to live, work and play for the next decade.

Morrisville continues to be committed to the development of a mixed-use Town Center Core and public facilities within Town Center. The Carolina Street Extension project connects the existing Carolina Street to Town Hall Drive through a roundabout and is a key piece of the Town Center Core project which was completed in fall 2019. The master project site concept includes a new Wake County Library, residential housing, community center, regional farmers market, open space, greenways, regional stormwater, retail space and parking. Construction on the Wake County Library began in late 2018 and was substantially completed in April 2020. The new library was scheduled to open in May 2020, however, due to the impact of Covid-19 the opening has been delayed. The Land Use Plan Update continues to be underway (updating the existing 2009 Land Use Plan) and is intended to guide development and investment within Morrisville over the next 10-20 years through an outlined community vision.

Greenway development has become a priority for the Town as a means of transportation, recreation and promoting a healthy lifestyle. The Town designed the most significant single greenway corridor in the system with construction that began in the fall of 2016. The project scope includes 2.9 miles of greenway crossing Highway NC54 via a tunnel crossing under the railroad. The North Carolina Railroad Company proposed to replace the old bridge crossing with a new and longer bridge that would accommodate the greenway. Bridge construction was completed in summer 2020 and the greenway opened in September 2020. This project provided a much-needed east-west greenway through Morrisville. The greenway railroad underpass offers a safe pedestrian crossing underneath the railroad and NC-54. The Indian Creek Greenway Connector to Town Hall Terraces Project was funded in the FY2020 budget and design plans are currently underway with the expectation to bid for construction in fall 2020. The Triangle Bikeway project is currently underway to study the idea of a 17-mile bicycle path that will connect Triangle communities making both short and long bike trips for work, play and daily errands possible.

FY2019 included an appropriation of \$1.3 million to begin engineering design services for renovation and expansion of the Public Works Facility. This project is envisioned to be a joint master planning effort with Wake County that will also provide for an improved Convenience Center for our citizens. Conceptual plans are currently under design.

In fiscal year 2020, the Town issued 96 new building permits totaling approximately \$135 million in additional tax valuation for Morrisville. Of the 96 permits, 59 were for residential development with a tax value of approximately \$8.95 million. There were 4 significant projects for commercial development this fiscal year – Alta Morrisville Apartments, a multifamily development consisting of a total of 250 units, 15,000 square feet of live/work space and 2,000 square feet of coworking office space on 19.88 acres; Broadstone Trailside Apartments, a 263 unit Multi-Family Development; Bainbridge Aviation Apartments, a 300-unit Multi-Family Development located off Aviation Parkway; and Town Plaza Suites Hotel with 112 rooms.

Notable capital projects for FY2020 included the Morrisville Aquatics and Fitness Center renovation which influenced the FY2020 revenue collections due to the closure of the facility and decrease in programming; the exploration and identification of a location for a future fire station with a design/build concept; design and engineering for future development of two signature parks and recreation amenities – Crabtree Creek Nature Park (which will connect to the Crabtree Hatcher Greenway network) and Morrisville Community Park Phase 3, along with other park improvements and facility

renovations and upgrades, including addressing Americans with Disabilities (ADA) access; up-fit for a new Senior Center; and a regional stormwater facility in the Town Center area to accommodate existing and future development in this area of Town. These projects and other community initiatives capitalize on the work already underway as part of the Town's Strategic Plan and the initiative to build capacity.

LONG-TERM FINANCIAL PLANNING

The Town Council is committed to key goals and initiatives. These goals and initiatives, along with Town accomplishments, are discussed in the Town's annual budget document and on the Town's website at www.townofmorrisville.org.

Morrisville's long-range forecasting and community investment planning provides a framework to strategically develop subsequent annual operating and capital budgets to achieve a long-term financial goal of sustainability, including the main goals of flexibility, efficiency, risk management, sufficiency, and credibility. The long-range forecasting CIP provides for long-term visioning and reporting of multi-year financial performance casting a 5-year budget shadow. The Town will update on a 4 year cycle a 5-Year Capital Investments Program and a projection of capital needs and expenditures. Council and Staff are currently working through policy development to define placeholder projects included with the adoption of FY2020 CIP and major project updates and prioritizations in FY2021. The Town periodically reviews the financial policies including internal controls to ensure the safeguard of assets and provide reasonable assurance of proper recording of financial transactions which are ultimately reported in the Comprehensive Annual Financial Report.

The Town maintains an unassigned fund balance sufficient to maintain consistent cash flow and eliminate the need for short-term borrowings and provides flexibility for unanticipated opportunities and needs during emergencies or disasters. In addition, fiscally responsible budgeting has been a factor in maintaining and improving the Town's outstanding bond ratings. As of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with *Standards and Poor's*, *Fitch*, and *Aaa* by *Moody's*.

There continues to be a public demand for government transparency, especially concerning budgeting and financial management. Morrisville embraces the concept and continues to improve its transparency of financial information and public vetting of the budget and long-range financial planning processes.

RISK MANAGEMENT

The Town is fully insured for property, general liability, and workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives, and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the citizens of Morrisville. In addition, various risk control techniques, including but not limited to employee accident prevention training have been implemented to minimize accident related losses. A full-time safety, health and risk management manager administers the safety and risk management program and is responsible for administering ADA rules and regulations. Costs associated with risk management are recorded in the general fund. Since 2015, the Town has received

NC Labor's Public Sector SHARP recognition for its Parks and Recreation, Police, Public Works, and Fire departments. The Town is one of only 15 public sector programs to hold this Safety and Health Achievement Recognition designation. Additional information on the Town's risk management activity can be found in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Morrisville, North Carolina for the *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2019. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Town of Morrisville has received this prestigious award for 26 consecutive years. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We appreciate the assistance and dedication of the Finance Department staff throughout the year and for their preparation of this comprehensive annual financial report. The cooperation of each department is appreciated as we work together to conduct the Town's financial operations. In addition, we express our appreciation to the Mayor and Town Council for their continued support and leadership in planning and conducting the financial activities of the Town in a responsible and progressive manner.


Martha Paige, Town Manager
Nancy H. B. Emslie, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Morrisville
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

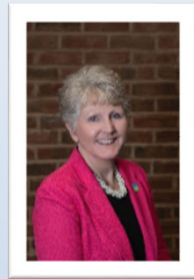
Christopher P. Morrell

Executive Director/CEO

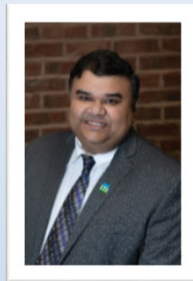
Town Council



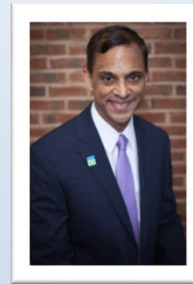
TJ Cawley
Mayor



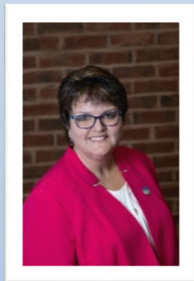
Liz Johnson
Mayor Pro-Tem (District 3)



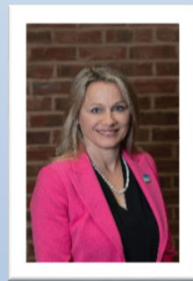
Satish Garimella
Council Member (At-Large)



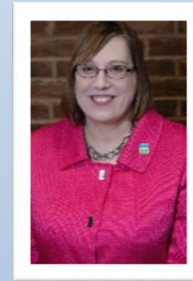
Steve Rao
Council Member (At-Large)



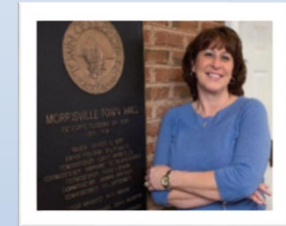
Anne Robotti
Council Member (District 1)



Donna Fender
Council Member (District 2)



Vicki Scroggins-Johnson
Council Member (District 4)



Martha Paige
Town Manager

- Frank Gray, Town Attorney
- Brandon Zuidema, Assistant Town Manager
- Eric Smith, Town Clerk

Appointed and Administrative Positions

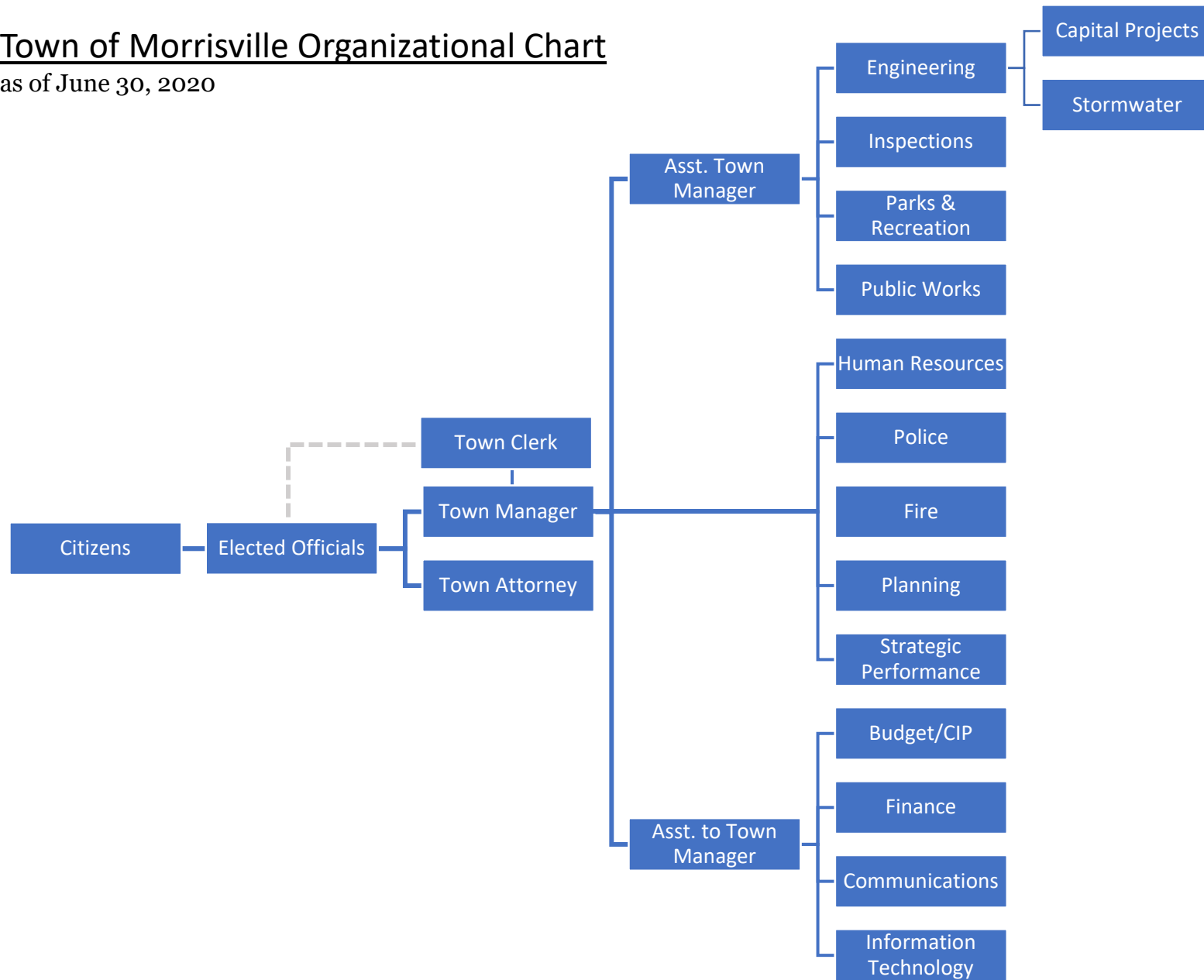
Martha Paige	Town Manager*
Frank Gray	Town Attorney*
Brandon Zuidema	Assistant Town Manager
Jeanne Hooks	Assistant to Town Manager
Rick Ralph	Chief Information Officer
Wil Glenn	Communications & Outreach Director
Nancy Emslie	Finance Director
Scott Criddle	Fire Chief
Lauri Shedlick	Human Resources Director
Shandy Padgett	Inspections Director
Jerry Allen	Parks, Recreation and Cultural Resources Director
Michele Stegall	Planning Director
Patrice Andrews	Police Chief
Giselle Rodriguez	Public Works Director
Ben Mills	Stormwater Engineering Manager
Erin Hudson	Strategic Performance Manager
Eric Smith	Town Clerk*
Mark Spanioli	Town Engineer

**Appointed by Town Council*

As of June 30, 2020

Town of Morrisville Organizational Chart

as of June 30, 2020



Financial Section

This section includes the report of independent auditor, the management discussion and analysis, the basic financial statements (government-wide and fund financial statements), notes to the financial statements and required supplementary information other than management discussion and analysis (budget to actual comparison of major governmental funds and pension schedules).

Report of Independent Auditor

To the Honorable Mayor and Town Council
Town of Morrisville
Morrisville, 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 Morrisville, North Carolina (the "Town"), 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements and 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. In our opinion, based on our audit, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Town's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina
October 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Morrisville, 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 of resources at the close of the fiscal year by \$182,600,191 (*net position*). Of this amount, \$10,819,174 (*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 \$4,743,807 in fiscal year 2020 of which \$5,423,509 was derived from increase governmental activities and decrease in Business-type activities of \$679,702 in fiscal year 2020.
- As of the close of the current fiscal year, the Town of Morrisville's governmental funds reported a combined ending fund balance of \$53,180,558, a decrease of \$5,261,390 over the prior year. Approximately 29.65% of total governmental funds fund balance, or \$15,765,786 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund decreased by \$3,813,176. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,176,024 or 36.98% of total general fund expenditures. The Town's policy is to maintain a minimum of 25% of expenditures in unassigned fund balance.
- The Town's total outstanding debt decreased by \$2,427,841 in the current fiscal year due to debt payments on outstanding debt. The Town issued no new debt in fiscal year 2020.
- As of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor's and Fitch and its Aaa rating by Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Morrisville's basic financial statements. The Town's basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-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 Morrisville.

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-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 Supplementary Information** contains additional information required by generally accepted accounting principles. After the notes and the required supplementary information, other supplementary information is provided. The other supplementary information shows details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

Government-wide Financial Statements

The government-wide financial statements, a *statement of net position* and a *statement of activities*, 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 government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities of the Town include general government, development services, public safety, public works, and culture and recreation. Property taxes and unrestricted state funds finance most of these activities. The business-type activities of the Town consist of Stormwater activities.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Morrisville has no component units that are included in 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 of Morrisville, 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 of Morrisville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the basic services provided by the Town are accounted for in governmental funds. These funds focus on how assets can readily be converted to cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

During the fiscal year ending June 30, 2020, the Town of Morrisville utilized seventeen individual governmental funds: the General Fund (which includes the Fire Apparatus Capital Reserve Fund, Roadway and Transportation Capital Reserve Fund, Capital Investment Plan Capital Reserve Fund and the Municipal Service District Fund, which are consolidated in the General Fund in accordance with GASB 54) and sixteen Capital Project Funds (to account for construction projects spanning more than one annual budget year). During the year, the Town opened three new capital project funds, the Parks & Greenway Improvements Capital Project Fund, the NC54 Congestion Capital Project Fund and the Public Safety Improvements Capital Project Fund. The General Fund, McCrimmon Parkway Extension Capital Project Fund and Morrisville Aquatics & Fitness Center Renovation Capital Project Fund are the only governmental funds considered to be major funds. The other governmental funds are considered non-major and their information is presented in the aggregate.

The Town of Morrisville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, management, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town of Morrisville succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Proprietary Funds: The Town of Morrisville has one proprietary fund that is an enterprise-type fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Morrisville uses an enterprise fund to account for its stormwater activities. This enterprise fund is the same as what is shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 information provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 28 -73 of this report.

Other Information

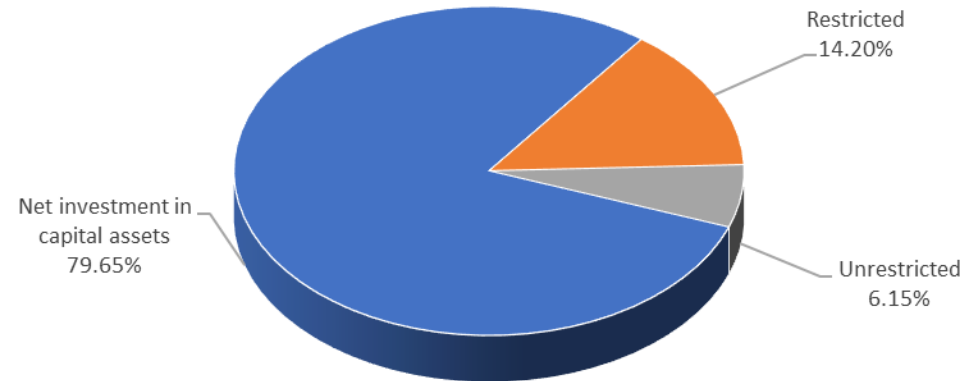
In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligations to provide benefits to its employees. Required supplementary information begins on page 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Town of Morrisville's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 56,877,400	\$ 63,137,330	\$ 1,542,348	\$ 2,170,771	\$ 58,419,748	\$ 65,308,101
Capital assets	166,276,575	156,228,210	648,338	668,769	166,924,913	156,896,979
Total assets	<u>223,153,975</u>	<u>219,365,540</u>	<u>2,190,686</u>	<u>2,839,540</u>	<u>225,344,661</u>	<u>222,205,080</u>
Deferred Outflows of Resources						
Pension deferrals	3,577,714	4,102,262	49,203	63,825	3,626,917	4,166,087
OPEB deferrals	697,393	544,157	10,620	8,848	708,013	553,005
Deferred charge on refunding	104,188	120,858	-	-	104,188	120,858
Total deferred outflows of resources	<u>4,379,295</u>	<u>4,767,277</u>	<u>59,823</u>	<u>72,673</u>	<u>4,439,118</u>	<u>4,839,950</u>
Long-term debt outstanding	41,562,715	43,607,859	163,148	160,910	41,725,863	43,768,769
Other liabilities	5,098,492	5,113,429	32,798	17,615	5,131,290	5,131,044
Total liabilities	<u>46,661,207</u>	<u>48,721,288</u>	<u>195,946</u>	<u>178,525</u>	<u>46,857,153</u>	<u>48,899,813</u>
Deferred Inflows of Resources	<u>322,285</u>	<u>285,260</u>	<u>4,150</u>	<u>3,573</u>	<u>326,435</u>	<u>288,833</u>
Net position:						
Net investment in capital assets	144,793,657	132,627,138	648,338	668,769	145,441,995	133,295,907
Restricted	26,339,022	25,329,902	-	-	26,339,022	25,329,902
Unrestricted	9,417,099	17,169,229	1,402,075	2,061,346	10,819,174	19,230,575
Total net position	<u>\$ 180,549,778</u>	<u>\$ 175,126,269</u>	<u>\$ 2,050,413</u>	<u>\$ 2,730,115</u>	<u>\$ 182,600,191</u>	<u>\$ 177,856,384</u>

BREAKDOWN OF 2020 TOTAL NET POSITION



As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. The assets and deferred outflows of resources for the Town of Morrisville exceeded liabilities and deferred inflows of resources by \$182,600,191 as of June 30, 2020. The Town's net position increased by \$4,743,807 for the fiscal year ended June 30, 2020. The largest portion, \$145,441,995 (79.65%), of net position reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town of Morrisville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$26,339,022 (14.42%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,819,174 (5.93%) of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Morrisville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,839,289	\$ 2,764,721	\$ 772,877	\$ 694,201	\$ 3,612,166	\$ 3,458,922
Operating grants and contributions	643,010	614,529	-	10,344	643,010	624,873
Capital grants and contributions	734,947	4,631,939	-	-	734,947	4,631,939
General revenues:						
Property taxes	19,702,688	18,937,524	-	-	19,702,688	18,937,524
Other taxes and licenses	569,225	527,459	-	-	569,225	527,459
Unrestricted intergovernmental	9,401,957	9,227,535	-	-	9,401,957	9,227,535
Unrestricted investment earnings	679,457	1,150,628	26,222	34,997	705,679	1,185,625
Miscellaneous	482,295	351,008	-	-	482,295	351,008
Parkland payments in lieu	701,903	2,058,619	-	-	701,903	2,058,619
Loss on disposal of capital assets	-	-	-	-	-	-
Total revenues	<u>35,754,771</u>	<u>40,263,962</u>	<u>799,099</u>	<u>739,542</u>	<u>36,553,870</u>	<u>41,003,504</u>
Expenses:						
General government	7,974,256	6,912,016	-	-	7,974,256	6,912,016
Development services	3,021,941	3,011,772	-	-	3,021,941	3,011,772
Public safety	11,803,079	10,567,399	-	-	11,803,079	10,567,399
Public works - Streets & sanitation	5,389,681	5,100,632	-	-	5,389,681	5,100,632
Culture and recreation	2,120,532	2,018,990	-	-	2,120,532	2,018,990
Interest on long-term debt	1,006,023	765,140	-	-	1,006,023	765,140
Stormwater	-	-	494,551	526,434	494,551	526,434
Total expenses	<u>31,315,512</u>	<u>28,375,949</u>	<u>494,551</u>	<u>526,434</u>	<u>31,810,063</u>	<u>28,902,383</u>
Increase in net position before transfers	<u>4,439,259</u>	<u>11,888,013</u>	<u>304,548</u>	<u>213,108</u>	<u>4,743,807</u>	<u>12,101,121</u>
Transfers	<u>984,250</u>	<u>(57,800)</u>	<u>(984,250)</u>	<u>57,800</u>	<u>-</u>	<u>-</u>
Increases in net position after transfers	5,423,509	11,830,213	(679,702)	270,908	4,743,807	12,101,121
Net position, July 1	175,126,269	163,296,056	2,730,115	2,459,207	177,856,384	165,755,263
Net position, June 30	<u>\$ 180,549,778</u>	<u>\$ 175,126,269</u>	<u>\$ 2,050,413</u>	<u>\$ 2,730,115</u>	<u>\$ 182,600,191</u>	<u>\$ 177,856,384</u>

GOVERNMENTAL ACTIVITIES: Governmental activities increased the Town's net position by \$5,423,509. Overall, revenues related to governmental activities decreased this fiscal year compared to FY2019 by \$4,509,190 or 11.20%, along with an increase in expenses of \$2,939,564 or 10.36% compared to FY2019. Key elements of this change in net position are as follows:

- The coronavirus pandemic has had a significant affect on the Town's revenue streams (overall decrease in sources) and an increase in expenditures that are related to this world-wide crisis. Parks and Receptions programs and Town events were cancelled, and deposits were refunded. Covid-19 related supplies and materials were an unbudgeted purchase.
- Local option sales taxes increased 3.18% or \$241,489 over fiscal year 2019. The majority of the increase of sales tax received was recognized prior to the pandemic outbreak in March 2020 as compared to a 9.33% increase last fiscal year.
- Ad valorem taxes increased 3.92% or \$742,237 over fiscal year 2019 which is primarily due to the increase in the tax base from new residential and commercial activity. Town Council approved the property tax rate remain at \$0.39 for fiscal year 2020.
- Permits and fees decreased by \$867,867 from \$3,984,338 in fiscal year 2019 to \$3,116,471 in fiscal year 2020.
- The Town recognized in the current year \$701,903 for Parkland Payment-in-Lieu revenues which will be used for recreational improvements.
- Total spending was up \$2,939,564 (10.36%) and reflects the addition of twelve additional full-time new staff positions and three ¾ positions, of which five full-time positions and all ¾ positions were implemented for one-half of the year (January 2020), and the costs associated with key work initiatives and capital projects that are underway.

BUSINESS-TYPE ACTIVITIES: Business-type activities decreased the Town of Morrisville's net position by \$679,702. This decrease is primarily the result of the \$984,250 transfer to the Town Center Project Fund for the Regional Stormwater Facility related to the Town Center Core Demonstration Project.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds: The focus of the Town of Morrisville'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.

On June 30, 2020, the governmental funds of the Town of Morrisville reported a combined fund balance of \$53,180,558, a decrease of \$5,261,390 compared to the prior year. This change in fund balance is primarily due to the decrease in revenues received as a result of the effect of the pandemic and an increase in expenditures primarily related to increased staff positions, key initiatives and capital projects.

The General Fund is the chief operating fund of the Town of Morrisville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,176,024 while total fund balance for the General Fund was \$30,807,176. 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. Unassigned fund balance represents 36.98% of total General Fund expenditures, while total fund balance represents 93.56% of that same amount (compared to 126.79% in 2019).

The Town of Morrisville has adopted a minimum fund balance policy for the General Fund, which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available is in excess of 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to the Capital Reserve Fund. For fiscal year 2020, the Town originally appropriated \$5,732,969 of fund balance to balance the budget. Since the excess of revenues over expenditures in the General Fund ended better than anticipated by \$6,112,614, only \$3,813,176 was not necessary to draw from fund balance.

The total fund balance of the Town's general fund decreased by \$3,813,176 during the 2020 fiscal year. Key components of this change are as follows:

- Transfers out of the general fund totaled \$4,910,600 primarily for funding of capital projects and capital reserves.
- Ad valorem taxes received increased by \$742,237 primarily due to increase in the tax base from new residential and commercial activity and prior year discoveries and adjustments.
- Unrestricted intergovernmental revenues increased by \$174,422 primarily due to increases in sales.
- General fund expenditures were 85.75% of budgeted amounts representing a savings of \$6,112,614. Some of these savings were related to the following:
 - 1) Several incomplete projects/items which resulted in outstanding purchase orders in the amount of \$2,265,794 were rolled over to fiscal year 2021 which mainly consisted of a street paving project (\$1,009,576), equipment for MAFC renovation project (\$198,368), Cary 911 Transition (\$146,352), vehicles/upfits not in service (\$111,806), annual rental for new Senior Center (\$108,000), and various contracted/consulting services (wayfinding sign program, space study, electronic ticketing system, and miscellaneous consulting).
 - 2) Personnel cost savings of \$1,154,652 (as compared to budget) is mainly due to lapse salaries.
 - 3) Several departments spent less than budgeted for their operating expenditures, examples include fuel, repairs, maintenance, professional services and overall general operation expenditures which totaled approximately \$2,125,000.

The Capital Project Funds reported at the end of the current fiscal year a total fund balance of \$22,373,382, a decrease of \$1,448,214 from the prior year. The McCrimmon Parkway Extension capital project had expenditures this fiscal year totaling \$1,455,558 primarily for Phase 1 of the project and the Morrisville Aquatics & Fitness Center Renovation capital project had significant expenditures this fiscal year totaling \$4,773,485.

General Fund Budgetary Highlights - Fiscal year 2020: During the fiscal year, the Town revised the budget on several occasions recognizing unrealized revenue and appropriating fund balance. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations from fund balance to maintain or expand services. During the current fiscal year, there was a total increase in the original budget of \$4,314,507 (\$174,641 from recognized revenues and \$4,139,866 appropriation of fund balance) to the final amended budget at year-end. The additional appropriations from budget amendments during the year included: 1) recognized for insurance claims \$5,076, 2) Department of Justice proceeds \$20,163, and 3) roof replacement for PMS/Chamber building \$149,402). Due to revenues exceeding original budgeted expectations and delayed spending due to unfinished projects, the Town only used \$3.8 million of the original \$5.7 million fund balance appropriation for fiscal year 2020. The Town has adopted a minimum fund balance policy for the General Fund, which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available is in excess of 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to a Capital Reserve Fund. As of June 30, 2020, the Town's unassigned fund balance was 36.99% of total general fund expenditures.

Proprietary Funds: The Town of Morrisville's Proprietary Fund provides the same type of information found in the government-wide statements but in more detail. The Enterprise Fund, at the end of the fiscal year, reported a total ending net position of \$2,050,413. The change in net position for the enterprise funds was a decrease of \$679,702. The Stormwater Fund, previously reported in the General Fund, was established in fiscal year 2016 as an enterprise fund and is used to account for the activities related to the Town's Stormwater Management Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

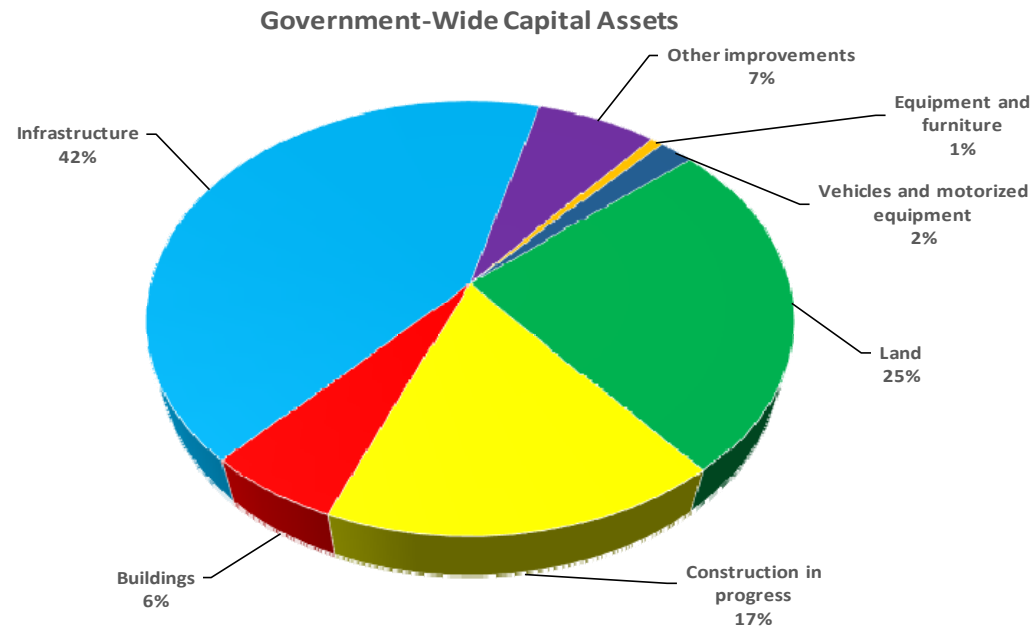
Capital Assets: The Town of Morrisville's capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$166,924,914 (net of accumulated depreciation). These assets include land, streets and sidewalks, buildings, machinery and equipment, vehicles, park facilities, and construction in progress.

Major capital asset transactions during the year included the following:

- Infrastructure assets used in governmental activities increased by \$177,306 primarily due to the street and sidewalk work
- Other improvement increases, totaling \$337,743 in the governmental activities, included completion of the Healthy Food Hub.
- The Town placed new vehicles into service, totaling \$1,562,288 in the governmental activities, including an aerial ladder Fire Truck and one new vehicle for the Fire Department. Three (3) new vehicles for the Police Department and four (4) new vehicles for the Inspections Department, two (2) new vehicles for the Parks and Recreation Department and one (1) new vehicle for the Engineering Department.
- Construction in progress additions in the governmental activities totaled \$10,734,399, and include ongoing projects for street improvements, sidewalks, parks and greenways, building improvements, and vehicles and equipment.

	Governmental Activities		Business Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 41,740,741	\$ 41,740,741	\$ 194,178	\$ 194,178	\$ 41,934,919	\$ 41,934,919
Construction in Progress	28,395,579	17,661,180	137,233	137,233	28,532,812	17,798,413
Buildings	9,619,718	9,884,211	-	-	9,619,718	9,884,211
Infrastructure	70,382,170	71,989,435	156,546	163,091	70,538,716	72,152,526
Other Improvements	11,498,679	11,466,022	152,090	163,134	11,650,769	11,629,156
Equipment and Furniture	1,225,954	1,159,374	5,232	7,026	1,231,186	1,166,400
Vehicles and mortorized equipment	3,413,734	2,327,247	3,059	4,107	3,416,793	2,331,354
Total Assets	<u>\$ 166,276,575</u>	<u>\$ 156,228,210</u>	<u>\$ 648,338</u>	<u>\$ 668,769</u>	<u>\$ 166,924,913</u>	<u>\$ 156,896,979</u>

Additional information on the Town's capital assets can be found in Note 4 of the Basic Financial Statements.



Long-term Debt: As of June 30, 2020, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$26,742,739, and installment purchase related debt of \$3,305,820. The Town's total outstanding debt decreased by \$2,427,841 in the current fiscal year due to the paydown of debt and amortization of the premium.

As mentioned in the financial highlights sections of this document, as of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor's and Fitch and Aaa by Moody's. In September 2018, the Town was awarded AAA ratings from all three major bond rating agencies following meetings in August with *Standards and Poor's*, *Moody's* and *Fitch*. The ratings are associated with the issuance of \$10,745,000 in general obligation bonds that were sold on October 24-25, 2018.

**Town of Morrisville's Outstanding Debt
General Obligation Bonds and Installment Purchases**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 24,545,000	\$ 26,210,000	\$ -	\$ -	\$ 24,545,000	\$ 26,210,000
Direct Placement Installment Notes	3,305,820	3,877,759	-	-	3,305,820	3,877,759
Premiums	2,197,739	2,388,641	-	-	2,197,739	2,388,641
Total	<u>\$ 30,048,559</u>	<u>\$ 32,476,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,048,559</u>	<u>\$ 32,476,400</u>

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 government's boundaries. The legal debt margin for the Town of Morrisville is \$374,917,874.

Additional information regarding the Town of Morrisville's long-term debt can be found in Note 9 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the Town of Morrisville's budget for fiscal year 2021:

- The Town's tax base grew approximately 3.9% from the previous fiscal year. Fiscal year 2020 property tax remained at \$0.39 per \$100 of property valuation and is estimated at \$19,190,000.
- The property tax collection rate is trending at over 99% and overall revenues are approximately 2% over fiscal year 2020 estimated actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2020 was 7.6%, which is 4% more than a year ago at 3.6%. The unemployment rate compares favorably to the state's average unemployment rate in June 2020 of 11.1%. The increase in this rate is a direct result of the pandemic related economic slow-down.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

- The budget is balanced with a \$.36 tax rate which is a 3 cent decrease from FY2020's tax rate and 3.5 cents above the Revenue Neutral Tax Rate calculation of \$.325 due to the 2019 reappraisal. Of the \$.36 tax rate, the equivalent of one and one-half cent of the tax rate or \$900,000 is allocated to the Roadway and Transportation Capital Reserve Fund for use on future projects identified by Town Council.
- Moderate user fee adjustments were made where market comparisons supported changes.
- Conservative revenue projections with adjustments/decreases in revenue streams due to the pandemic's effect on economic conditions.
- Maintain basic operational services and continue to provide these core services at an affordable cost.
- The fiscal year 2021 General Fund budget reflects a fund balance appropriation of \$1,142,200 (less than 3% of expenditures) to support operational non-recurring or one-time expenses.
- Approved appropriation to Roadway & Transportation Reserve Fund (\$900,000), approved transfer to Intersection Improvement Project (\$225,000) and transfer to Municipal Service District Fund (\$110,000). There was no appropriation to the CIP Reserve Fund or Fire Apparatus Reserve Fund.
- Establishment of a Debt Service Fund to more effectively manage budgetary debt capacity at consistent levels and recapture retired debt to facilitate efficient and transparent debt financing and payment activity.
- A pay adjustment for eligible employees of 3% and addition of six full-time positions for a Network & Security Administrator, Human Resources Specialist, Sustainability Program Coordinator and Athletics Facility Maintenance Technician are full year implementations; a Senior Recreation Program Specialist and Traffic Officer were designated as mid-year implementations.

REQUESTS FOR INFORMATION

This report is designed to provide a general 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 Nancy Emslie, Finance Director, Town of Morrisville, 100 Town Hall Drive, Morrisville, NC, 27560, (919) 463-6178 or nemslie@townofmorrisville.org.

Basic

Financial Statements

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 37,303,195	\$ 1,529,994	\$ 38,833,189
Receivables:			
Taxes	51,307	-	51,307
Accounts	55,301	11,224	66,525
Due from other governments	3,042,473	1,131	3,043,604
Prepaid items	19,216	-	19,216
Restricted cash and cash equivalents	16,405,908	-	16,405,908
Non-current assets:			
Capital assets:			
Land, improvements and construction in progress	70,136,320	331,411	70,467,731
Other capital assets, net of depreciation	96,140,255	316,927	96,457,182
Total assets	<u>223,153,975</u>	<u>2,190,686</u>	<u>225,344,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	3,577,714	49,203	3,626,917
OPEB deferrals	697,393	10,620	708,013
Deferred charge on refunding	104,188	-	104,188
Total deferred outflows of resources	<u>4,379,295</u>	<u>59,823</u>	<u>4,439,118</u>
LIABILITIES			
Accounts payable and accrued expenses	3,636,868	32,798	3,669,666
Accrued interest	383,705	-	383,705
Due within one year:			
Compensated absences	1,077,919	11,343	1,089,262
Bonds and notes payable	2,300,733	-	2,300,733
Due in more than one year:			
Other postemployment benefits liability	5,480,702	83,462	5,564,164
LEOSSA pension liability	1,508,609	-	1,508,609
Compensated absences	119,769	1,261	121,030
LGERS pension liability	4,405,076	67,082	4,472,158
Bonds and notes payable	27,747,826	-	27,747,826
Total liabilities	<u>46,661,207</u>	<u>195,946</u>	<u>46,857,153</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	8,667	-	8,667
Pension deferrals	140,516	1,514	142,030
OPEB deferrals	173,102	2,636	175,738
Total deferred inflows of resources	<u>322,285</u>	<u>4,150</u>	<u>326,435</u>
NET POSITION			
Net investment in capital assets	144,793,657	648,338	145,441,995
Restricted for:			
Stabilization by State statute	11,210,070	-	11,210,070
Recreation improvements	4,018,028	-	4,018,028
Street improvements	11,098,205	-	11,098,205
Police operations and activities	12,719	-	12,719
Unrestricted	9,417,099	1,402,075	10,819,174
Total net position	<u>\$ 180,549,778</u>	<u>\$ 2,050,413</u>	<u>\$ 182,600,191</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 7,974,256	\$ 199,120	\$ -	\$ -	\$ (7,775,136)	\$ -	\$ (7,775,136)
Development services	3,021,941	2,321,098	11,445	-	(689,398)	-	(689,398)
Public safety	11,803,079	93,470	39,887	20,226	(11,649,496)	-	(11,649,496)
Public works	5,389,681	-	589,678	386,646	(4,413,357)	-	(4,413,357)
Culture and recreation	2,120,532	225,601	2,000	328,075	(1,564,856)	-	(1,564,856)
Interest on long-term debt	1,006,023	-	-	-	(1,006,023)	-	(1,006,023)
Total governmental activities	31,315,512	2,839,289	643,010	734,947	(27,098,266)	-	(27,098,266)
Business-type activity:							
Stormwater	494,551	772,877	-	-	-	278,326	278,326
Total government	\$ 31,810,063	\$ 3,612,166	\$ 643,010	\$ 734,947	(27,098,266)	278,326	(26,819,940)
General revenues:							
Taxes:							
Property taxes levied for general purposes					19,702,688	-	19,702,688
Other taxes and licenses					569,225	-	569,225
Unrestricted intergovernmental revenues					9,401,957	-	9,401,957
Unrestricted investment earnings					679,457	26,222	705,679
Miscellaneous					482,295	-	482,295
Parkland payments in lieu					701,903	-	701,903
Total general revenues not including transfers					31,537,525	26,222	31,563,747
Transfers					984,250	(984,250)	-
Total general revenues and transfers					32,521,775	(958,028)	31,563,747
Change in net position					5,423,509	(679,702)	4,743,807
Net position - beginning					175,126,269	2,730,115	177,856,384
Net position - ending					\$ 180,549,778	\$ 2,050,413	\$ 182,600,191

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit 3

	Major Funds				
	General	McCrimmon Parkway Extension Capital Project Fund	Morrisville Aquatics & Fitness Center Renovation Capital Project Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 23,658,834	\$ 2,661,205	\$ -	\$ 10,983,156	\$ 37,303,195
Receivables					
Taxes	51,307	-	-	-	51,307
Accounts Receivable	55,301	-	-	-	55,301
Due from other governments	2,539,317	9,129	77,070	416,957	3,042,473
Prepays	19,216	-	-	-	19,216
Due from other funds	2,733,454	-	-	-	2,733,454
Restricted cash and cash equivalents	4,212,022	4,086,573	1,338,506	6,768,807	16,405,908
Total assets	<u>\$ 33,269,451</u>	<u>\$ 6,756,907</u>	<u>\$ 1,415,576</u>	<u>\$ 18,168,920</u>	<u>\$ 59,610,854</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 2,402,301	\$ -	\$ 791,942	\$ 442,625	\$ 3,636,868
Due to other funds	-	2,276,903	456,551	-	2,733,454
Total liabilities	<u>2,402,301</u>	<u>2,276,903</u>	<u>1,248,493</u>	<u>442,625</u>	<u>6,370,322</u>
Deferred inflows of resources					
Taxes receivable	51,307	-	-	-	51,307
Prepaid taxes and fees	8,667	-	-	-	8,667
Total deferred inflows of resources	<u>59,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,974</u>
Fund balances					
Non-Spendable:					
Prepays	19,216	-	-	-	19,216
Restricted:					
Stabilization by State statute	7,593,866	105,920	1,129,982	2,380,302	11,210,070
Street improvements	4,199,303	3,989,782	-	2,909,120	11,098,205
Recreation improvements	-	-	285,594	3,732,434	4,018,028
Police operations and activities	12,719	-	-	-	12,719
Committed:					
General governmental capital	1,595,166	-	-	-	1,595,166
LEOSSA pension liability	364,354	-	-	-	364,354
OPEB liability	3,476,841	-	-	-	3,476,841
Capital projects	-	-	-	4,250,486	4,250,486
Assigned:					
Fire operations and activities	2,487	-	-	-	2,487
Subsequent year's expenditures	1,367,200	-	-	-	1,367,200
Unassigned	12,176,024	384,302	(1,248,493)	4,453,953	15,765,786
Total fund balances	<u>30,807,176</u>	<u>4,480,004</u>	<u>167,083</u>	<u>17,726,295</u>	<u>53,180,558</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,269,451</u>	<u>\$ 6,756,907</u>	<u>\$ 1,415,576</u>	<u>\$ 18,168,920</u>	<u>\$ 59,610,854</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 3****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION***JUNE 30, 2020*

Total fund balances - governmental funds		\$	53,180,558
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 funds			
Governmental capital assets	\$	213,531,374	
Less accumulated depreciation		<u>(47,254,799)</u>	166,276,575
Deferred outflows of resources related to pensions are not reported in the funds			3,577,714
Deferred outflows of resources related to OPEB are not reported in the funds			697,393
Deferred charge on refunding is not available or due in the current period, and, therefore, is not reported in the funds			104,188
Long-term liabilities used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds			
Other postemployment benefits liability		(5,480,702)	
LEOSSA pension liability		(1,508,609)	
Government bonds and notes payable		(27,850,820)	
Deferred bond premium		(2,197,739)	
Compensated absences		(1,197,688)	
LGERS pension liability		<u>(4,405,076)</u>	(42,640,634)
Earned revenues are considered deferred inflows of resources in fund statements and are susceptible to full accrual on the entity-wide statements			
Deferred inflows of resources for taxes			51,307
Pension related deferrals			(140,516)
OPEB related deferrals			(173,102)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Accrued interest payable			<u>(383,705)</u>
Net position of governmental activities		\$	<u><u>180,549,778</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA
Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Major Funds				Total Governmental Funds
	General	McCrimmon Parkway Extension Capital Project Fund	Morrisville Aquatics & Fitness Center Renovation Capital Project Fund	Nonmajor Funds	
Revenues					
Ad valorem taxes	\$ 19,680,070	\$ -	\$ -	\$ -	\$ 19,680,070
Other taxes and licenses	569,225	-	-	-	569,225
Unrestricted intergovernmental	9,401,957	-	-	-	9,401,957
Restricted intergovernmental	643,010	350,000	-	364,721	1,357,731
Permits and fees	2,414,568	-	-	701,903	3,116,471
Sales and services	424,721	-	-	-	424,721
Investment earnings	354,302	79,179	70,771	175,205	679,457
Miscellaneous	538,490	-	-	-	538,490
Total revenues	34,026,343	429,179	70,771	1,241,829	35,768,122
Expenditures					
Current					
General government	5,744,971	-	-	-	5,744,971
Development services	2,779,276	-	-	-	2,779,276
Public safety	10,043,861	-	-	-	10,043,861
Public works	5,158,313	-	-	-	5,158,313
Culture and recreation	1,600,483	-	-	-	1,600,483
Capital outlay	4,109,949	1,455,558	4,773,485	2,855,800	13,194,792
Debt service					
Principal	2,236,939	-	-	-	2,236,939
Interest and other charges	1,255,127	-	-	-	1,255,127
Total expenditures	32,928,919	1,455,558	4,773,485	2,855,800	42,013,762
Excess (deficiency) of revenues over (under) expenditures	1,097,424	(1,026,379)	(4,702,714)	(1,613,971)	(6,245,640)
Other financing sources (uses)					
Transfers in	2,400,000	-	-	7,733,750	10,133,750
Transfers out	(7,310,600)	-	-	(1,838,900)	(9,149,500)
Total other financing sources (uses)	(4,910,600)	-	-	5,894,850	984,250
Net change in fund balance	(3,813,176)	(1,026,379)	(4,702,714)	4,280,879	(5,261,390)
Fund balances beginning	34,620,352	5,506,383	4,869,797	13,445,416	58,441,948
Fund balances, ending	\$ 30,807,176	\$ 4,480,004	\$ 167,083	\$ 17,726,295	\$ 53,180,558

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 4**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds		\$ (5,261,390)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense		
Expenditures for capital assets	\$ 13,194,792	
Less current year depreciation	<u>(3,124,211)</u>	10,070,581
The net effects of disposals of capital assets is to decrease the change in net position in the statement of activities		
Proceeds from disposal of capital assets	\$ (59,332)	
Gain on disposal of capital assets	<u>37,110</u>	(22,222)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		1,141,887
Benefit payments made for LEOSSA in the current fiscal year are not included on the Statement of Activities		94,178
OPEB benefit payments made in the current fiscal year are not included in the Statement of Activities		53,362
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.		
Principal repayments:		
General obligation debt	<u>2,236,939</u>	2,236,939
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds		
Change in reserve for taxes receivable	<u>22,618</u>	22,618
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 the governmental funds		
Amortization of bond premiums	190,902	
Amortization of deferred charge on refunding	(16,670)	
Change in accrued interest payable	74,872	
Change in compensated absences	(209,954)	
OPEB plan expense	(528,551)	
Pension expense	<u>(2,423,043)</u>	(2,912,444)
Change in net position of governmental activities		<u>\$ 5,423,509</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 5**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes	\$ 19,340,700	\$ 19,340,700	\$ 19,680,070	\$ 339,370
Other taxes and licenses	600,200	600,200	569,225	(30,975)
Unrestricted intergovernmental	9,516,200	9,516,200	9,401,957	(114,243)
Restricted intergovernmental	591,600	591,600	643,010	51,410
Permits and fees	1,285,200	1,285,200	2,414,568	1,129,368
Sales and services	1,073,200	1,073,200	424,721	(648,479)
Investment earnings	428,808	428,810	354,302	(74,508)
Miscellaneous	422,600	547,839	538,490	(9,349)
Total revenues	<u>33,258,508</u>	<u>33,383,749</u>	<u>34,026,343</u>	<u>642,594</u>
Expenditures				
Current				
General government	5,969,468	6,722,531	5,744,971	977,560
Development services	2,973,465	3,187,308	2,779,276	408,032
Public safety	10,690,053	10,755,926	10,043,861	712,065
Public works	6,117,092	7,677,046	5,158,313	2,518,733
Culture and recreation	2,283,376	2,313,447	1,600,483	712,964
Capital outlay	2,565,823	4,250,481	4,109,949	140,532
Debt service				
Bond and note principal	2,236,900	2,236,900	2,236,939	(39)
Bond and note interest	1,255,300	1,255,300	1,255,127	173
Total expenditures	<u>34,091,477</u>	<u>38,398,939</u>	<u>32,928,919</u>	<u>5,470,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(832,969)</u>	<u>(5,015,190)</u>	<u>1,097,424</u>	<u>6,112,614</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(4,900,000)	(4,910,600)	(4,910,600)	-
Fund balance appropriated	5,732,969	9,925,790	-	(9,925,790)
Total other financing sources (uses)	<u>832,969</u>	<u>5,015,190</u>	<u>(4,910,600)</u>	<u>(9,925,790)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,813,176)</u>	<u>\$ (3,813,176)</u>
Fund balance, beginning			<u>34,620,352</u>	
Fund balance, ending			<u>\$ 30,807,176</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

Exhibit 6

	Stormwater Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,529,994
Receivables-Accounts	11,224
Due from other governments	1,131
Total current assets	<u>1,542,348</u>
Non-current assets	
Capital assets	
Land, improvements and construction in progress	331,411
Other capital assets, net of depreciation	316,927
Total non-current assets	<u>648,338</u>
Total assets	<u>2,190,686</u>
Deferred outflows of resources	
Pension deferrals	49,203
OPEB deferrals	10,620
Total deferred outflows of resources	<u>59,823</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	32,798
Compensated absences	11,343
Total current liabilities	<u>44,141</u>
Non-current liabilities	
Other postemployment benefits liability	83,462
Compensated absences	1,261
LGERS pension liability	67,082
Total non-current liabilities	<u>151,805</u>
Total liabilities	<u>195,946</u>
Deferred inflows of resources	
Pension deferrals	1,514
OPEB deferrals	2,636
Total deferred inflows of resources	<u>4,150</u>
Net position	
Net investment in capital assets	648,338
Unrestricted	1,402,075
Total net position - business-type activities	<u>\$ 2,050,413</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 7**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2020

	Stormwater Fund
Operating revenues	
Permits and fees	\$ 211,943
Stormwater ERU charges	560,934
	<u>772,877</u>
Total operating revenues	
Operating expenses	
Stormwater operations	474,121
Depreciation	20,430
	<u>494,551</u>
Total operating expenses	
Operating income	278,326
Nonoperating revenues	
Investment earnings	26,222
	<u>304,548</u>
Income before transfers	
Transfer to Capital Projects	(984,250)
	<u>(679,702)</u>
Change in net position	
Net position, beginning of year	2,730,115
Net position, end of year	<u>\$ 2,050,413</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

Exhibit 8

	Stormwater Fund
Cash flows from operating activities	
Cash received from Stormwater charges	\$ 763,885
Cash received from Stormwater grant	1,280
Cash paid to or on behalf of employees for services	(255,911)
Cash paid for goods and services	(187,827)
	<u>321,427</u>
Net cash from operating activities	<u>321,427</u>
Cash flows from noncapital financing activities	
Transfers from (to) other funds	(984,250)
	<u>(984,250)</u>
Cash flows from investing activities	
Investment earnings	26,222
	<u>26,222</u>
Net decrease in cash and cash equivalents	(636,601)
Cash and cash equivalents, beginning of year	<u>2,166,595</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,529,994</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 278,326
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	20,430
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(8,992)
Increase in due from other governments	(467)
Decrease in deferred outflows of resources - pensions	1,280
Decrease in deferred outflows of resources - pensions	14,622
Increase in deferred outflows of resources - OPEB	(1,771)
Increase in accounts payable and accrued expenses	15,184
Increase in other postemployment benefits liability	4,981
Decrease in compensated absences	(3,866)
Increase in LGERS pension liability	1,123
Increase in deferred inflows of resources - pensions	1,173
Decrease in deferred inflows of resources - OPEB	(596)
	<u>(596)</u>
Net cash provided by operating activities	<u><u>\$ 321,427</u></u>

The notes to the financial statements are an integral part of this statement.

Note 1 – Summary of significant accounting policies

The accounting policies of the Town of Morrisville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Town of Morrisville (the “Town”), a political subdivision of the state of North Carolina in Wake County, is a municipal corporation that is governed by an elected Mayor and a six-member Town Council. There are no component units which are required to be included in these financial statements.

B. Basis of presentation

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on all of the activities of the Town. Eliminations have been made to minimize the double counting of internal activities with the exception of interfund services provided and used, which are not eliminated in the process of consolidation. 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 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. Separate statements for each fund category – governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major 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. Non-operating revenues, such as investment earnings, result from ancillary activities.

Separate financial statements are provided for governmental funds and proprietary funds.

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund is used to account for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes. The primary expenditures are for public safety, public works, culture and recreation, development services and general governmental services. Additionally, the Town has legally adopted three Capital Reserve Funds and a Municipal Service District Fund as sub-funds of the General Fund. Under Governmental Accounting Standards Board ("GASB") Statement No. 54 guidance, these funds are consolidated in the General Fund.

McCrimmon Parkway Extension Capital Project Fund - The McCrimmon Parkway Extension Capital Project Fund is used to account for financial resources to be used for the purpose of constructing, reconstructing, widening and improving streets and related sidewalk, streetscape and utility improvements, along with the acquisition of any necessary land and rights-of-way, for McCrimmon Parkway. At the completion of the project, the Town will transfer the McCrimmon Parkway Extension, with the exception of the multi-use paths on each side of the road, to the North Carolina Department of Transportation.

Morrisville Aquatics & Fitness Center Renovation Capital Project Fund – The Morrisville Aquatics & Fitness Center Renovation Capital Project Fund is used to account for the redesign and reconstruction of the Morrisville Aquatics and Fitness Center.

The Town reports the following nonmajor governmental funds:

Parkland Payment-In-Lieu Capital Project Fund – The Parkland Payment-In-Lieu Capital Project Fund is used to account for financial resources to be used for recreation improvements.

Northwest Park Capital Project Fund - The Northwest Park Capital Project Fund is used to account for financial resources to be used for the development of Northwest Park.

Church Street Park Capital Project Fund - The Church Street Park Capital Project Fund is used to account for financial resources to be used for Church Street Park.

Morrisville Carpenter Road Capital Project Fund – The Morrisville Carpenter Road Capital Project Fund is used to account for financial resources to be used for the widening and improving of Morrisville Carpenter Road.

Town Center Capital Project Fund – The Town Center Capital Project Fund is used to account for the financial resources to be used for the design and construction of public improvements associated with the Town Center project.

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

Historic Christian Church Parking Lot Expansion Capital Project Fund – The Historic Christian Church Parking Lot Expansion Capital Project Fund is used to account for the design and construction of a parking lot that will enhance safety, expand program uses and address space needs.

Shiloh Sewer Capital Project Fund – The Shiloh Sewer Capital Project Fund is used to account for the design and construction of a sanitary sewer line in the undeveloped Shiloh area of the Town. At the completion of the project, the Town will transfer the project's assets to the Town of Cary, the provider of water and sewer services in the Town of Morrisville.

Sidewalk and Pedestrian Enhancement Capital Project Fund – The Sidewalk & Pedestrian Enhancement Capital Project Fund is used to account for the design and construction of sidewalk and/or other pedestrian connectivity betterments throughout the Town.

Public Works Renovation Capital Project Fund – The Public Works Renovation Capital Project Fund is used to account for the design and construction of an expanded public works facility.

Healthy Food Hub Capital Project Fund – The Healthy Food Hub Capital Project Fund is used to account for the enhancement of the existing Food Hub Facility.

Crabtree Hatcher Creek Greenway Capital Project Fund - The Crabtree Hatcher Creek Greenway Capital Project Fund is used to account for financial resources to be used for the development of the Crabtree Hatcher Creek Greenway.

Parks and Greenway Improvements Capital Project Fund – The Parks and Greenway Improvements Capital Project Fund is used to account for financial resources to be used for Improvements to the Town's Parks and Greenway System.

NC 54 Congestion Capital Project Fund – The NC 54 Congestion Capital Project Fund is used to account for financial resources to be used for infrastructure improvements along the NC 54 Corridor in Morrisville.

Public Safety Improvements Capital Project Fund – Public Safety Improvements Capital Project Fund is used to account for financial resources to be used for Improvements to the Town's Public Safety Facilities.

The Town reports the following major proprietary fund:

Stormwater Fund – The Stormwater Fund is used to account for the activities related to the Town's Stormwater Management System. The Stormwater Fund is comprised of three sub-funds: Stormwater Operations, the Kit Creek Reach 5-1 Stormwater Retrofit Capital Project Fund and the Green Drive and Fairview Avenue Stormwater Capital Project Fund, where activity is reported together for financial reporting purposes.

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting

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 and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. 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, including special assessments. 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 non-operating 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 revenue source of the Town's Stormwater Fund is charges for Stormwater Equivalent Residential Units ("ERU"), which are generally levied and collected by Wake County. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating 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 revenues to be available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

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, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Morrisville because the tax is levied by Wake County and then remitted to and distributed by the State. Certain intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Proprietary Fund. All annual appropriations lapse at fiscal year-end. Project ordinances, which may cover more than one year, are adopted for capital project funds and proprietary capital project funds. The proprietary fund's projects are consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds.

The Town Manager/Budget Officer is authorized to reallocate any appropriations within departments and may execute contracts for construction or repair projects, which do not require formal competitive bid procedures. They may execute contracts for: (1) purchase of apparatus, supplies, and materials or equipment, which are within budgeted departmental appropriations; and (2) leases of personal property for one-year duration and within budgeted departmental appropriations. They may execute grant agreements to or from public and nonprofit organizations, which are within budgeted appropriations, unless a grantor organization requires execution by the Town Council. Also, they may execute contracts, as the lessor or lessee of real property, for a maximum duration of five years or less, provided funds allocated are within budgeted appropriations. They shall be authorized to appropriate funding received as cost share reimbursements for fire protection services, fire protection equipment, facility maintenance services, and direct said funds back to the appropriate department. The budget ordinance must be adopted by July 1 of the fiscal year or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity

1. Deposits and investments

The deposits of the Town are made in designated official depositories and are secured as required by State Law (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 deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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 bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT - Government Portfolio, a SEC-registered (2a-7) external investment pool, 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.

2. Cash and cash equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted assets

The unexpended bond proceeds for the McCrimmon Parkway Extension Capital Project, Morrisville Carpenter Road Capital Project and Morrisville Aquatics & Fitness Center Renovation Capital Project are restricted in the McCrimmon Parkway Extension Capital Project Fund, Morrisville Carpenter Road Capital Project Fund and Morrisville Aquatics & Fitness Center Renovation Capital Project Fund, respectively, because their use is completely restricted to the purpose for which the bonds were originally issued. Unexpended revenues received for parks and recreation improvements that are restricted by revenue source are classified as restricted cash. Unexpended revenues received for street improvements that are restricted by revenue source are also classified as restricted cash. Unexpended cash received from Federal and State seizures are classified as restricted cash for Police operations and activities.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

Governmental activities:	
General Fund - Street Improvements	\$ 4,199,303
General Fund - Police operations and activities	12,719
McCrimmon Parkway Extension Capital Project Fund -Unspent bond proceeds	4,086,573
Morrisville Aquatics & Fitness Center Renovation Capital Project	
Fund – Unspent bond proceeds	1,338,506
Nonmajor fund – Morrisville Carpenter Road Capital Project Fund-Unspent bond proceeds	3,036,373
Nonmajor funds - Recreation Improvements	<u>3,732,434</u>
Total governmental activities	<u>16,405,908</u>
Total restricted cash and cash equivalents	<u>\$16,405,908</u>

4. Ad valorem taxes receivable

In accordance with State laws (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

5. Allowance for doubtful accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years as well as including known bankruptcies.

6. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

7. Capital assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 for equipment & fixtures, \$10,000 for vehicles, \$50,000 for buildings, \$50,000 for other improvements, and \$100,000 for infrastructure, or more, and a useful life in excess of one year. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 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, are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30-50 years
Buildings and improvements	20-50 years
Equipment and furniture	3-10 years
Vehicles and motorized equipment	3-10 years
Other improvements	10-30 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net 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, therefore, will not be recognized as an expense or expenditure until then. The Town has three items that meet this criterion – pension deferrals and other postemployment benefits (OPEB) deferrals and an unamortized loss on a bond defeasance for general obligation refunding bonds. In addition to liabilities, the statement of net position and governmental funds' balance sheet 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, therefore, will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – prepaid taxes and fees, pension deferrals and OPEB deferrals. Additionally on the governmental funds' balance sheet the Town has taxes receivable in *deferred inflows of resources*.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

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 or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates 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 proceeds received, are reported as debt service expenditures.

10. Compensated absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Town also allows employees to accrue compensatory time for hours worked in excess of a regular workweek. Non-exempt employees may accumulate this time and then use it at a later date in lieu of using vacation time or they will be paid for these hours when leaving the Town's employment. Exempt employees accumulate compensatory time of 80 hours at the beginning of the calendar year. Exempt employees lose any compensatory time not used by the year of the calendar and are not paid for accumulated compensatory time upon leaving service. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave, no provision has been made for this in the accompanying government-wide financial statements. 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.

For the Town's government-wide funds and proprietary fund types in the fund financial statements, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. In the governmental fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

11. Net position/fund balances

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

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.

Prepays – 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.

Restricted Fund Balances – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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 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 Recreation Improvements – portion of fund balance restricted by revenue source for parks and recreation improvements.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

11. Net position/fund balances (continued)

Restricted for Street Improvements – portion of fund balance restricted by revenue source for street improvements.

Restricted for Police Operations and Activities – portion of fund balance that represents unspent drug forfeiture funds and unspent unauthorized substance tax receipts that are restricted for specific police operations and activities.

Committed Fund Balance – This portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the 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 General Governmental Capital - portion of fund balance in the General Fund committed by Town Council for large capital expenditures.

Committed for LEOSSA Pension Liability – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Committed for OPEB Liability – portion of fund balance that will be used for the other postemployment benefit obligations.

Committed for Capital Projects - portion of fund balance committed by Town Council for each capital project fund.

Assigned Fund Balance – The portion of fund balance that the Town intends to use for specific purposes.

Assigned for Fire Operations and Activities – portion of fund balance that is assigned for specific fire operations and activities.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Town Council approves the appropriation. Budget amendments requiring additional appropriations must receive Town Council approval in the form of a Budget Ordinance Amendment unless the Annual Budget Ordinance authorizes otherwise.

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

11. Net position/fund balances (continued)

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that may report an unassigned fund balance amount. In other governmental funds, it is inappropriate to report a positive unassigned fund balance due to the purposes of those funds. However, in governmental funds other than the General Fund, it may be necessary to report a negative unassigned fund balance in the event that expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

State law (G.S. 159-13(b) (16)) restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and unavailable or unearned revenues arising from cash receipts, as those amounts stand at the close of the fiscal year preceding the budget year.

For projects that include multiple revenue sources, the Town's standard practice is that resources will be used in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and lastly unassigned fund balance. The Finance Director or appointee has the authority to deviate from this policy in order to comply with grant agreements, bond orders or if it is in the best interest of the Town.

The Town of Morrisville has adopted a minimum fund balance policy for the General Fund which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. In the event of an extreme emergency, the Town Council may utilize unassigned fund balance that will reduce fund balance below the 25% policy. If fund balance falls below 25%, the Town Council will adopt a written plan as part of the following year's budget process to restore the fund balance available to the policy level within 24 months from the date of the budget adoption. If unassigned fund balance available is in excess of 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to a Capital Reserve Fund.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

11. Net position/fund balances (continued)

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

Total Fund balance - General Fund	\$30,807,176
Less:	
Prepays	19,216
Stabilization	7,593,866
Street Improvements	4,199,303
Police operations and activities	12,719
General government capital	1,595,166
LEOSA pension liability	364,354
OPEB liability	3,476,841
Fire operations and activities	2,487
Subsequent year's expenditures	<u>1,367,200</u>
Remaining Fund Balance - General Fund	<u><u>\$12,176,024</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following represents encumbrances outstanding as of June 30, 2020:

Encumbrances:	
General Fund	\$ 2,265,794
McCrimmon Parkway Extension Capital Project Fund	96,791
Morrisville Aquatics & Fitness Center Renovation Capital Project Fund	1,052,912
Non-Major Funds	2,003,055

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and fund equity (continued)

12. Defined benefit cost-sharing plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System ("LGERS") and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Morrisville's employer contributions are recognized when due and the Town of Morrisville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net position expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund ("FRSWPF") and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash and investments

A. 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 level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no 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.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 – Cash and investments (continued)

A. Deposits (continued)

At June 30, 2020, the Town's deposits had a carrying amount of \$13,024,603 and a bank balance of \$13,679,299. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2020, the Town's petty cash fund totaled \$2,300.

B. Investments

At June 30, 2020, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at June 30, 2020</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$ 33,346,929	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	8,865,265	.15 years	Unrated
Total		<u>\$ 42,212,194</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 are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from interest rates, the Town's investment policy limits direct investment of operating funds to securities maturing no more than two years from the date of purchase. Also, the Town's investment policy requires purchases of securities to be laddered with staggered maturity dates to meet the operating requirements of each individual fund and cash flow requirements of the Town's overall operations. Reserve funds may be invested in securities exceeding two years if the maturities of such investments are made to coincide with the expected use of funds.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 2 – Cash and investments (continued)

B. Investments (continued)

Credit Risk – The Town has a formal policy that addresses the management of credit risk in various ways, including its compliance with NC G.S. 159-30. The Town's investment policy restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & 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. The maturity of .15 years for the NC Capital Management Trust Term Portfolio is for the duration of the Term Portfolio.

Note 3 – Receivables – Allowance for doubtful accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of an allowance for doubtful accounts in the General Fund of \$105,328 for ad valorem and motor vehicle decal taxes receivable.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4 – Capital assets

A. Governmental capital assets

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

	Beginning Balance	Increases & Transfers	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 41,740,741	\$ -	\$ -	\$ 41,740,741
Construction in progress	17,661,180	12,481,344	(1,746,945)	28,395,579
Total capital assets not being depreciated	59,401,921	12,481,344	(1,746,945)	70,136,320
Capital assets being depreciated:				
Buildings	16,167,052	-	(19,607)	16,147,445
Infrastructure	98,116,283	177,306	-	98,293,589
Other improvements	15,261,701	337,743	-	15,599,444
Equipment and furniture	4,239,294	383,061	(150,854)	4,471,501
Vehicles and motorized equipment	7,688,435	1,562,288	(367,649)	8,883,074
Total capital assets being depreciated	141,472,765	2,460,399	(538,108)	143,395,054
Less accumulated depreciation for:				
Buildings	6,282,839	264,494	(19,607)	6,527,726
Infrastructure	26,126,848	1,784,571	-	27,911,419
Other improvements	3,795,679	305,086	-	4,100,765
Equipment and furniture	3,079,920	309,871	(144,244)	3,245,547
Vehicles and motorized equipment	5,361,190	460,188	(352,036)	5,469,342
Total accumulated depreciation	44,646,476	\$ 3,124,211	\$ (515,886)	47,254,799
Total capital assets being depreciated, net	96,826,289			96,140,255
Governmental activities capital assets, net	\$ 156,228,210			\$ 166,276,575

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4 – Capital assets (continued)

A. Governmental capital assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 1,895,744
Development services	9,743
Public safety	768,400
Public works	72,449
Cultural and recreation	<u>377,875</u>
Total depreciation expense	<u>\$ 3,124,211</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4 – Capital assets (continued)

B. Business-type capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Stormwater Fund				
Capital assets not being depreciated:				
Land	\$ 194,178	\$ -	\$ -	\$ 194,178
Construction in progress	137,233	-	-	137,233
Total capital assets not being depreciated	<u>331,411</u>	<u>-</u>	<u>-</u>	<u>331,411</u>
Capital assets being depreciated:				
Infrastructure	203,563	-	-	203,563
Other improvements	234,485	-	-	234,485
Equipment and furniture	22,054	-	-	22,054
Vehicles and motorized equipment	22,548	-	-	22,548
Total capital assets being depreciated	<u>482,650</u>	<u>-</u>	<u>-</u>	<u>482,650</u>
Less accumulated depreciation for:				
Infrastructure	40,472	6,545	-	47,017
Other improvements	71,352	11,043	-	82,395
Equipment and furniture	15,028	1,794	-	16,822
Vehicles and motorized equipment	18,441	1,048	-	19,489
Total accumulated depreciation	<u>145,293</u>	<u>\$ 20,430</u>	<u>\$ -</u>	<u>165,723</u>
Total capital assets being depreciated, net	<u>337,357</u>			<u>316,927</u>
Business-type activities capital assets, net	<u>\$ 668,768</u>			<u>\$ 648,338</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 4 – Capital assets (continued)

C. Construction commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street Repaving	\$ -	\$ 1,009,577
Hatcher Creek	831,747	227,439
Morrisville Aquatics & Fitness Center Renovation Capital Project	6,771,339	1,052,912
Historic Church Street Parking Lot	12,094	8,473
McCrimmon Parkway	537,889	96,791
Morrisville Carpenter Road	395,451	127,253
Sidewalk & Pedestrian Enhancements	6,100	92,474
Church Street Park	-	63,365
Parks & Greenways Improvements	201,229	409,742
Town Center	710,950	1,074,309
	<u>\$ 9,466,799</u>	<u>\$ 4,162,335</u>

Note 5 – Pension plan and postemployment obligations

A. Local Governmental Employees' Retirement System

Plan Description - The Town of Morrisville is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Morrisville 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 Morrisville's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.99% 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 by the Town of Morrisville were \$1,141,887 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.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

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 \$4,472,158 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 0.16376%, which was an decrease of 0.01% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$2,285,902, of which \$2,251,613 was charged to the governmental activities and \$34,289 was charged to the business-type activities. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 765,747	\$ -
Changes of assumptions	728,888	-
Net difference between projected and actual earnings on pension plan investments	109,083	-
Changes in proportion an differences between Town contributions and proportionate share of contributions	534,608	100,910
Town contributions subsequent to the measurement date	1,141,887	-
Total	<u>\$ 3,280,213</u>	<u>\$ 100,910</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

\$1,141,887 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 outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2021	\$ 1,009,816
2022	416,864
2023	512,056
2024	98,680
	<u>\$ 2,037,416</u>

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%
Salary increases	3.50% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, 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.

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies’ return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

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 3.05%. All rates of return and inflation are annualized.

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

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%, 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%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 10,228,643</u>	<u>\$ 4,472,158</u>	<u>\$ (312,647)</u>

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.

Note 5 – Pension plan and postemployment obligations (continued)

B. Law enforcement officers' special separation allowance

Plan Description - The Town of Morrisville 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	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u><u>39</u></u>

Summary of Significant Accounting Policies - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Note 5 – Pension plan and postemployment obligations (continued)

B. Law enforcement officers' special separation allowance (continued)

Actuarial Assumptions - The entry age normal actuarial cost 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:

Inflation	2.5%
Projected salary increases	3.50 to 7.35%
Discount rate	3.26%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2014 base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted for males and females.

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 \$82,093 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 \$1,508,609. 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 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$160,468.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

B. Law enforcement officers' special separation allowance (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions and other inputs	\$ 71,188	\$ 41,120
Differences between expected and actual experience	225,641	-
Benefit payments and administrative expenses subsequent to the measurement date	<u>49,875</u>	<u>-</u>
Total	<u>\$ 346,704</u>	<u>\$ 41,120</u>

\$49,875 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease to the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ 59,129
2022	59,821
2023	63,187
2024	47,200
2025	26,272
Thereafter	<u>-</u>
Total	<u>\$ 255,609</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

B. Law enforcement officers' special separation allowance (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%) or one percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 1,639,335</u>	<u>\$ 1,508,609</u>	<u>\$ 1,408,814</u>

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

	2020
Beginning balance	\$ 1,260,670
Changes for the year:	
Service cost	56,285
Interest	44,593
Difference between expected and actual experience	186,034
Changes of assumptions and other inputs	43,120
Benefit payments	<u>(82,093)</u>
Ending balance	<u>\$ 1,508,609</u>

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,285,902	\$ 160,468	\$ 2,446,370
Pension Liability	4,472,158	1,508,609	5,980,767
Proportionate share of the net pension liability	0.1638%	100%	
Deferred Outflows of Resources			
Differences between expected and actual experience	765,747	225,641	991,388
Changes of assumptions	728,888	71,188	800,076
Net difference between projected and actual earnings on plan investments	109,083	-	109,083
Changes in proportion and differences between contributions and proportionate share of contributions	534,608	-	534,608
Benefit payments and administrative costs paid subsequent to the measurement date	1,141,887	49,875	1,191,762
Deferred Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	41,120	41,120
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between the Town contributions and proportionate share of contributions	100,910	-	100,910

Note 5 – Pension plan and postemployment obligations (continued)

C. Supplemental retirement income plan for law enforcement officers

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.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. The Town made contributions of \$129,620 for the reporting year. No amounts were forfeited.

D. Supplemental retirement income plan for employees other than law enforcement officers

Plan Description - All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement Income Plan, a defined contribution pension plan as described above.

Funding Policy - The Town contributes each month an amount equal to five percent of each employee's (excluding law enforcement officers) salary, and all amounts contributed are vested immediately. These employees may also make voluntary contributions to the plan. The Town made contributions of \$469,319 for the reporting year.

E. Firefighters' and rescue squad workers' pension fund

Plan Description - The State of North Carolina contributes, on behalf of the Town of Morrisville, to the Firefighters' and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighters' and Rescue Squad Workers' Pension Fund 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 the Firefighters' and Rescue Squad Workers' Pension Fund. 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.

Note 5 – Pension plan and postemployment obligations (continued)

E. Firefighters' and rescue squad workers' pension fund (continued)

Benefits Provided - The Fund provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive the benefits will be paid the amount the member contributed minus the benefits collected.

Contributions - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2019, the State contributed \$18,302,000 to the plan. The Town's proportionate share of the State's contribution is \$22,385.

Refunds of Contributions - Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of the refund payment cancels the individual's right to employer contributions or any other benefit provided by the Fund.

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

At June 30, 2020, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the Fund. The total portion of the net pension liability that was associated with the Town and supported by the State was \$44,377. 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2019 and at June 30, 2018 was 0%.

For the year ended June 30, 2020, the Town recognized pension expense of \$23,363 and revenue of \$23,363 for support provided by the State. At June 30, 2020, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Note 5 – Pension plan and postemployment obligations (continued)

E. Firefighters’ and rescue squad workers’ pension fund (continued)

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%
Salary increases	Not applicable
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section A. of this note.

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.

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.

F. Other postemployment benefits – Healthcare benefits

Plan Description - Under the terms of a Town resolution adopted July 24, 2006, the Town administers a single-employer defined benefit Healthcare Benefits Plan (“HCB Plan”). The Town Council may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. However, the Town sets aside cash resources, which are not considered contributions to an OPEB trust, to help pay the cost of providing these benefits. During the year ended June 30, 2020, the Town set aside \$370,148. The Town’s General Fund and Stormwater Fund have net position committed for retiree healthcare postemployment benefits at June 30, 2020 of \$3,476,841 and \$53,921 respectively.

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Benefits Provided – The HCB Plan covers retirees of the Town who participate in the North Carolina Local Government Employees' Retirement System ("System") and have at least fifteen years of creditable service with the Town. The Town has elected to partially pay the future overall cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the Town's group rates at full cost to the retiree. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The Town Council established the eligibility of an employee who meets the conditions set forth under the provision of the North Carolina Local Government Employees' Retirement System ("NCLGERS") may elect to retire and receive all benefits earned under the retirement plan. An employee who retires directly from the Town may elect to continue on the Town's group health insurance plan if requested within 30 days of the retirement date. Employees hired April 10, 2006 and later are required to have 15 consecutive years of Town service. When a retiree reaches Medicare coverage age, the retiree will no longer be eligible for coverage under the Town's group health insurance. The Town will subsidize the cost of the health insurance premiums for the retiree as follows:

- 15 years of service: 50% subsidy
- An additional 2.5% subsidy added for every year up to 35 years of consecutive Town service.

An employee hired on or before April 10, 2006 who retires with the Local Government Retirement System with between five and fourteen years of consecutive Town service will be eligible to remain on the Town's group health insurance at full cost to the employee. If the employee has fifteen or more years of consecutive service with the Town, the group rate will be subsidized at the percentages noted above. The Town obtains healthcare coverage through private insurers. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Employees
Retirees receiving benefits	7	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	134	34
Total	<u>141</u>	<u>34</u>

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Total OPEB Liability

The Town's total OPEB liability of \$5,564,164 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Real wage growth	1.00%
Salary increases, including inflation	General employees – 3.50% - 7.75%
	Firefighters – 3.50% – 7.75%
	Law enforcement officers – 3.50% - 7.35%
Discount rate	3.50%
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate as of the measurement date is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Schedule of Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 4,905,085
Changes for the year	
Service cost	308,721
Interest	189,499
Changes of benefit terms	-
Differences between expected and actual experience	1,978
Changes in assumptions or other inputs	226,799
Benefit payments and implicit subsidy credit	(67,918)
Net changes	<u>659,079</u>
Balance at June 30, 2019	<u><u>\$ 5,564,164</u></u>

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014. The remaining actuarial assumptions used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 6,190,636	\$ 5,564,164	\$ 5,001,401

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 4,815,781	\$ 5,564,164	\$ 6,451,286

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$555,482. 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	\$ 433,211	\$ -
Changes of assumptions or other inputs	221,440	175,738
Benefit payments and administrative costs made subsequent to the measurement date	53,362	-
Total	<u>\$ 708,013</u>	<u>\$ 175,738</u>

\$53,362 reported as deferred outflows of resources related to other postretirement benefits resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to other postretirement benefits will be recognized in OPEB expense as follows:

Measurement Period Ended June 30:	
2020	\$ 57,262
2021	57,262
2022	57,262
2023	57,262
2024	57,262
Thereafter	192,603
	<u>\$ 478,913</u>

Note 6 – Other employment benefits

Group Term Life Insurance is offered to all eligible active employees only. Once an active employee separates from service (resignation, retirement or etc.), they are no longer covered under the Town's group term life insurance policy. The coverage is 1.5 times the employee's annual salary, with a maximum of \$100,000.

Local Government Death Benefit – The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after termination of service or retirement and have at least one year of contributing membership service in the System at the time of death are eligible to receive death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death; however, 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 Benefit Plan cannot be separated between the postemployment 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.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 7 – Deferred outflows and inflows of resources

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

	Governmental Activities	Business-type Activities
Pension deferrals - LGERS	\$ 3,231,010	\$ 49,203
Pension deferrals - Separation Allowance	346,704	-
OPEB deferrals	697,393	10,620
Deferred charge on refunding	104,188	-
	<hr/>	<hr/>
Total	\$ 4,379,295	\$ 59,823
	<hr/>	<hr/>

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

	Governmental Activities	Business-type Activities	Governmental Funds
Taxes receivable, net	\$ -	\$ -	\$ 51,307
Prepaid taxes and fees	8,667	-	8,667
Pension deferrals - LGERS	99,396	1,514	-
Pension deferrals - Separation Allowance	41,120	-	-
OPEB deferrals	173,102	2,636	-
	<hr/>	<hr/>	<hr/>
Total	\$ 322,285	\$ 4,150	\$ 59,974
	<hr/>	<hr/>	<hr/>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 omissions; injuries to employees; and natural disasters. The Town carries commercial coverage for these and for all other risks of loss. There have been no significant reductions in insurance coverage between the current and prior years. Settled claims from these risks have not exceeded coverage in any of the past three years.

Major policies and their limits of coverage include the following:

Building and personal property	\$ 15,876,000
Comprehensive general liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Business auto	1,000,000
Equipment	697,657
Comprehensive electronic data processing	1,055,000
Law enforcement liability	2,000,000
Public officials' liability	2,000,000
Public official bond:	
Finance Director	100,000
Wake County Tax Collector	100,000
Durham County Tax Collector	10,000
Umbrella	4,000,000
Public employees' crime/theft coverage	100,000
Earthquake and flood coverage	1,000,000
Workers compensation	1,000,000

In accordance with G.S. 159-29, the Town's employees whose duties include the collection or processing of cash are performance bonded with a crime insurance policy with theft coverage of \$100,000. The Finance Director and the Wake County Tax Collector are individually bonded for \$100,000. The Durham County Tax Collector is bonded for \$10,000.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-term obligations

A. Installment note indebtedness

The Town has various direct placement installment notes for capital projects and equipment. Installment notes payable at June 30, 2020 are comprised of the following individual notes:

\$2,700,000 direct placement installment obligation for new Fire Station #1 issued September 15, 2010; semi-annual payments of \$135,000 plus interest at 2.58%, secured by real property	\$ 135,000
\$1,000,000 direct placement installment obligation for emergency radio equipment issued October 21, 2014; semi-annual payments of \$76,725 which includes interest at 1.9%, secured by equipment	225,820
\$3,100,000 direct placement installment obligation for road improvements on Morrisville-Carpenter Road and for renovation of the Morrisville Aquatics & Fitness Center issued on October 18, 2018; annual payments of \$155,000 plus interest at 3.349%, secured by the Morrisville Aquatic & Fitness Center building	<u>2,945,000</u>
Total	<u><u>\$ 3,305,820</u></u>

Annual debt service payments of the direct placement installment notes as of June 30, 2020, including \$992,424 of interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2021	\$ 439,831	\$ 104,035
2022	230,989	94,173
2023	155,000	88,246
2024	155,000	83,055
2025	155,000	77,864
2026-2029	620,000	259,548
2030-2034	775,000	207,639
2035-2039	<u>775,000</u>	<u>77,864</u>
Total	<u><u>\$ 3,305,820</u></u>	<u><u>\$ 992,424</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-term obligations (continued)

B. General obligation bond indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the construction of the public safety facility and street improvements, and for parks and recreation projects. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. In the event of a default, the Town agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the Town under the related agreements. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2020 are comprised of the following individual issues:

Serviced by the General Fund:

\$10,000,000 October 4, 2016 street improvement bonds due in annual installments of \$500,000 plus interest through October 2036; interest at varying rates from 2.0% to 5.0%	\$ 8,500,000
\$4,320,000 October 4, 2016 public improvement (refunding) bonds due in annual installments ranging from \$420,000 to \$440,000 plus interest through June 2027; interest at varying rates from 2.0% to 5.0%	3,040,000
\$4,000,000 July 3, 2013 parks and recreation bonds due in annual installments of \$200,000 plus interest through August 2033; interest at varying rates from 2.0% to 3.0%	2,800,000
\$745,000 October 24, 2018 street improvement bonds due in annual installments ranging from \$245,000 to \$250,000 plus interest through August 2021; interest at 5.0%	495,000
\$10,000,000 October 25, 2018 public improvement bonds due in annual installments ranging 5.0%	<u>9,710,000</u>
Total	<u><u>\$ 24,545,000</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-term obligations (continued)

B. General obligation bond indebtedness (continued)

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2021	\$ 1,670,000	\$ 930,325
2022	1,670,000	852,825
2023	1,675,000	775,325
2024	1,680,000	697,575
2025	1,680,000	625,975
2026-2029	5,820,000	1,831,525
2030-2034	6,175,000	1,220,325
2035-2039	4,175,000	323,438
Total	<u>\$ 24,545,000</u>	<u>\$ 7,257,313</u>

At June 30, 2020, the Town had a legal debt margin of \$374,917,874.

C. Advance Refunding

In fiscal year 2017, the Town issued \$4,320,000 in public improvement bonds to advance refund \$4,850,000 of outstanding 2007 public improvement bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$166,701. This amount is being amortized over the remaining life of the refunding debt. At June 30, 2020, \$104,188 remains on the deferred charge on refunding, and is reflected as a deferred outflow of resources on the statement of net position.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 9 – Long-term obligations (continued)

D. Changes in long-term liabilities

	<u>Balances at June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at June 30, 2020</u>	<u>Current Portion</u>
<u>Governmental activities</u>					
Bonds payable					
General obligation bonds	\$ 26,210,000	\$ -	\$ 1,665,000	\$ 24,545,000	\$ 1,670,000
Premiums on issuance	2,388,641	-	190,902	2,197,739	190,902
Total bonds payable	28,598,641	-	1,855,902	26,742,739	1,860,902
Direct placement installment notes	3,877,759	-	571,939	3,305,820	439,831
Compensated absences	987,725	813,174	603,211	1,197,688	1,077,919
Total OPEB liability	4,826,604	654,098	-	5,480,702	-
Net pension liability (LGERS)	4,056,460	348,616	-	4,405,076	-
Total pension liability (LEO)	1,260,670	247,939	-	1,508,609	-
Governmental activities long-term liabilities	<u>\$ 43,607,859</u>	<u>\$ 2,063,827</u>	<u>\$ 3,031,052</u>	<u>\$ 42,640,634</u>	<u>\$ 3,378,652</u>
<u>Business-type activities</u>					
Compensated Absences	\$ 16,470	\$ 3,512	\$ 7,378	\$ 12,604	\$ 11,343
Total OPEB liability	78,481	4,981	-	83,462	-
Net pension liability (LGERS)	65,959	1,123	-	67,082	-
Business-type activities long-term liabilities	<u>\$ 160,910</u>	<u>\$ 9,616</u>	<u>\$ 7,378</u>	<u>\$ 163,148</u>	<u>\$ 11,343</u>

For the governmental activities, compensated absences and pension liabilities are generally liquidated in the General Fund.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 10 – Interfund balances and activity

At June 30, 2020, the McCrimmon Parkway Extension Capital Project Fund has a loan due to the General Fund in the amount of \$2,276,903. This loan is to cover expenditures for design and engineering fees and will be repaid with general obligation bond proceeds. In addition, the Morrisville Aquatics & Fitness Center Capital Project Fund has a loan due to the General Fund in the amount of \$456,551 to cover professional services fees and will be repaid with general obligation bond proceeds.

The Town made a transfer from the Stormwater Fund to the Town Center Capital Project Fund in the amount of \$984,250 for stormwater improvements

During the fiscal year, the Town's interfund balances were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	McCrimmon Parkway Extension	\$ 2,276,903	For capital expenditures
General Fund	Morrisville Aquatic and Fitness Center	456,551	For capital expenditures
		<u>\$ 2,733,454</u>	

Note 11 – Net investment in capital assets

The following table provides detail information of the net investment in capital assets that is presented in the government-wide financial statements:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation	\$ 166,276,575	\$ 648,338
Less: Long-term debt	27,850,820	-
Unamortized Liabilities related to Capital Debt	2,197,739	-
Add: Unspent debt proceeds	8,461,453	-
Deferred charging on refunding	104,188	-
	<u>\$ 144,793,657</u>	<u>\$ 648,338</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 12 – 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 under the grant agreements. Such audits could result in the refund of grant moneys to 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.

Claims, Judgments and Contingent Liabilities - From time to time, the Town is a defendant in assorted lawsuits. At June 30, 2020, 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. During 2020 an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the Town's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

Note 13 – Operating leases

The Town leases buildings under noncancelable operating leases. Total rental expense was \$42,188 for the year ended June 30, 2020. The future minimum lease payments for the leases are as follows:

Fiscal Year	
Ending June 30,	Amount
2021	\$ 115,638
2022	117,517
2023	113,528
2024	116,934
2025	120,441
2026	40,541
Total	<u>\$ 624,599</u>

Note 14 – Subsequent events

The Town has evaluated subsequent events through October 23, 2020, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

Required Supplementary Information

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit A-1**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAST FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability, beginning balance	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588	\$ 1,011,856
Changes for the year:				
Service cost	56,285	64,043	51,158	45,324
Interest	44,593	36,107	38,474	35,158
Difference between expected and actual experience	186,034	90,216	24,497	-
Changes of assumptions and other inputs	43,120	(50,528)	71,425	(23,656)
Benefit payments	<u>(82,093)</u>	<u>(43,582)</u>	<u>(35,728)</u>	<u>(54,094)</u>
Total pension liability, ending balance	<u>\$ 1,508,609</u>	<u>\$ 1,260,670</u>	<u>\$ 1,164,414</u>	<u>\$ 1,014,588</u>

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

* Information is not available for years prior those presented.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit A-2**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

JUNE 30, 2020

LAST FOUR FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588
Covered-employee payroll	2,208,445	2,246,153	2,128,913	1,905,496
Total pension liability as a percentage of covered-employee payroll	68.31%	56.13%	54.70%	53.25%

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

* Information is not available for years prior to those presented.

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit A-3**

OTHER POSTEMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2020

LAST THREE FISCAL YEARS*

Total OPEB Liability

	2020	2019	2018
Service cost	\$ 308,721	\$ 259,192	\$ 278,691
Interest	189,499	141,652	117,208
Differences between expected and actual experience	1,978	538,082	8,586
Changes in assumptions or other inputs	226,799	23,223	(254,545)
Benefit payments	<u>(67,918)</u>	<u>(71,491)</u>	<u>(58,472)</u>
Net change in total OPEB liability	659,079	890,658	91,468
Total OPEB liability - beginning	<u>4,905,085</u>	<u>4,014,427</u>	<u>3,922,959</u>
Total OPEB liability - ending	<u><u>\$ 5,564,164</u></u>	<u><u>\$ 4,905,085</u></u>	<u><u>\$ 4,014,427</u></u>
Covered-employee payroll	\$ 9,526,195	\$ 9,526,195	\$ 8,241,429
Total OPEB liability as a percentage of covered-employee payroll	58.41%	51.49%	48.71%

Notes to the required schedule:

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

* Information is not available for years prior to those presented.

Changes of assumptions: Changes of assumptions or other inputs reflect the effects of changes in the discount rate of each period. The following is the discount rate used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

Schedule of Proportionate Share of Net Pension Liability (Asset)

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.1638%	0.1738%	0.1696%	0.1667%	0.1937%	(0.1924%)	(0.0018%)
Town's proportion of the net pension liability (asset) (\$)	\$ 4,472,158	\$ 4,122,419	\$ 2,590,713	\$ 3,536,870	\$ 869,493	\$ (1,134,613)	\$ 2,221,523
Town's covered-employee payroll	10,745,653	10,266,112	9,514,872	9,692,159	9,218,986	8,826,890	8,448,530
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.62%	40.16%	27.23%	36.49%	9.43%	(12.31)%	25.20%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,141,887	\$ 852,915	\$ 789,462	\$ 708,703	\$ 614,882	\$ 664,606	\$ 627,967
Contributions in relation to the contractually required contribution	1,141,887	852,915	789,462	708,703	614,882	664,606	627,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 11,780,772	\$ 10,745,653	\$ 10,266,112	\$ 9,514,872	\$ 9,692,159	\$ 9,218,986	8,826,890
Contributions as a percentage of covered-employee payroll	9.7%	7.9%	7.7%	7.4%	6.3%	7.2%	7.1%

* Information is not available for years prior to those presented.

Schedule of Proportionate Share of Net Pension Liability

	2020	2019	2018	2017	2016	2015
Town's proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	44,377	62,645	50,289	34,813	48,890	40,887
Total	<u>\$ 44,377</u>	<u>\$ 62,645</u>	<u>\$ 50,289</u>	<u>\$ 34,813</u>	<u>\$ 48,890</u>	<u>\$ 40,887</u>
Town's covered-employee payroll	\$ 3,822,741	\$ 3,373,603	\$ 3,025,462	\$ 2,757,188	\$ 2,939,216	\$ 2,729,868
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.16%	1.86%	1.66%	1.26%	1.66%	1.50%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%

* Information is not available for years prior to those presented.

Combining and Individual Fund Statements and Schedules

This section contains additional information on the Governmental (includes sub-funds of the General Fund) and Proprietary Funds (budget to actual comparison) and other schedules (ad-valorem taxes receivable, current tax levy and general obligation debt service requirements and maturity schedule).

TOWN OF MORRISVILLE, NORTH CAROLINA
SUB-FUND COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2020

Schedule 1

	Sub-Funds					
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Municipal Service District Fund	Total General Fund
Assets						
Cash and cash equivalents	\$ 21,864,288	\$ 14,440	\$ 560,909	\$ 1,019,817	\$ 199,380	\$ 23,658,834
Receivables						
Taxes	51,307	-	-	-	-	51,307
Accounts	55,301	-	-	-	-	55,301
Due from other governments	2,535,784	-	-	-	3,533	2,539,317
Prepays	19,216	-	-	-	-	19,216
Due from other funds	2,733,454	-	-	-	-	2,733,454
Restricted cash	4,212,022	-	-	-	-	4,212,022
Total assets	\$ 31,471,372	\$ 14,440	\$ 560,909	\$ 1,019,817	\$ 202,913	\$ 33,269,451
Liabilities						
Accounts payable and accrued liabilities	\$ 2,402,301	\$ -	\$ -	\$ -	\$ -	\$ 2,402,301
Total liabilities	2,402,301	-	-	-	-	2,402,301
Deferred inflows of resources						
Taxes receivable	51,307	-	-	-	-	51,307
Prepaid taxes and fees	8,661	-	-	-	6	8,667
Total deferred inflows of resources	59,968	-	-	-	6	59,974
Fund balances						
Non-Spendable:						
Prepays	19,216	-	-	-	-	19,216
Restricted:						
Stabilization by State statute	7,590,333	-	-	-	3,533	7,593,866
Street improvements	4,199,303	-	-	-	-	4,199,303
Police operations and activities	12,719	-	-	-	-	12,719
Committed:						
General governmental capital	-	14,440	560,909	1,019,817	-	1,595,166
LEO pension obligation	364,354	-	-	-	-	364,354
OPEB liability	3,476,841	-	-	-	-	3,476,841
Assigned:						
Fire operations and activities	2,487	-	-	-	-	2,487
Subsequent year's expenditures	1,367,200	-	-	-	-	1,367,200
Unassigned	11,976,650	-	-	-	199,374	12,176,024
Total fund balances	29,009,103	14,440	560,909	1,019,817	202,907	30,807,176
Total liabilities, deferred inflows of resources and fund balances	\$ 31,471,372	\$ 14,440	\$ 560,909	\$ 1,019,817	\$ 202,913	\$ 33,269,451

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 2
SUB-FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Sub-Funds					
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Municipal Service District Fund	Total General Fund
Revenues						
Ad valorem taxes	\$ 19,585,056	\$ -	\$ -	\$ -	\$ 95,014	\$ 19,680,070
Other taxes and licenses	569,225	-	-	-	-	569,225
Unrestricted intergovernmental	9,401,957	-	-	-	-	9,401,957
Restricted intergovernmental	643,010	-	-	-	-	643,010
Permits and fees	2,414,568	-	-	-	-	2,414,568
Sales and services	424,721	-	-	-	-	424,721
Investment earnings	287,361	6,880	14,900	43,429	1,732	354,302
Miscellaneous	538,490	-	-	-	-	538,490
Total revenues	33,864,388	6,880	14,900	43,429	96,746	34,026,343
Expenditures						
Current						
General government	5,744,971	-	-	-	-	5,744,971
Development services	2,779,276	-	-	-	-	2,779,276
Public safety	10,043,861	-	-	-	-	10,043,861
Public works	5,156,323	-	-	-	1,990	5,158,313
Culture and recreation	1,600,483	-	-	-	-	1,600,483
Capital outlay	3,938,690	-	-	-	171,259	4,109,949
Debt service						
Principal	2,236,939	-	-	-	-	2,236,939
Interest	1,255,127	-	-	-	-	1,255,127
Total expenditures	32,755,670	-	-	-	173,249	32,928,919
Excess of revenues over expenditures	1,108,718	6,880	14,900	43,429	(76,503)	1,097,424
Other financing sources (uses)						
Transfers in	1,250,000	350,000	490,000	200,000	110,000	2,400,000
Transfers out	(1,160,600)	(1,250,000)	(1,350,000)	(3,550,000)	-	(7,310,600)
Total other financing sources (uses)	89,400	(900,000)	(860,000)	(3,350,000)	110,000	(4,910,600)
Net change in fund balance	1,198,118	(893,120)	(845,100)	(3,306,571)	33,497	(3,813,176)
Fund balances, beginning	27,810,985	907,560	1,406,009	4,326,388	169,410	34,620,352
Fund balances, ending	\$ 29,009,103	\$ 14,440	\$ 560,909	\$ 1,019,817	\$ 202,907	\$ 30,807,176

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

Page 1 of 6

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ 19,190,000	\$ 19,552,315	\$ 362,315
Prior years	25,000	10,176	(14,824)
Penalties and interest	25,000	22,565	(2,435)
Total ad valorem taxes	19,240,000	19,585,056	345,056
Other taxes and licenses			
Motor vehicle decal tax	600,200	569,225	(30,975)
Unrestricted intergovernmental			
Local option sales taxes	6,080,000	6,047,027	(32,973)
Rental vehicle tax	110,000	100,532	(9,468)
Utilities sales tax	1,640,000	1,688,487	48,487
Telecommunication and video programming sales tax	693,700	589,633	(104,067)
Beer and wine tax	115,600	112,004	(3,596)
Wake County fire tax	854,500	846,120	(8,380)
Fire reimbursements	5,000	-	(5,000)
Solid waste disposal tax	17,400	18,154	754
Total unrestricted intergovernmental	9,516,200	9,401,957	(114,243)
Restricted intergovernmental			
Powell Bill allocation	591,600	589,678	(1,922)
Federal grants	-	53,332	53,332
Total restricted intergovernmental	591,600	643,010	51,410
Permits and fees			
Building permits	858,000	1,274,196	416,196
Planning fees	115,000	119,740	4,740
Engineering fees	190,000	927,162	737,162

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Permits and fees (continued)			
Officer fees and civil police	\$ 61,000	\$ 31,307	\$ (29,693)
Fire permits	61,200	62,163	963
Total permits and fees	1,285,200	2,414,568	1,129,368
Sales and services			
Recreation	785,800	225,601	(560,199)
Rents	287,400	199,120	(88,280)
Total sales and services	1,073,200	424,721	(648,479)
Investment earnings	428,810	287,361	(141,449)
Miscellaneous			
ABC revenue	185,500	204,163	18,663
Surplus property	80,000	74,704	(5,296)
Wake County Landfill	58,100	70,204	12,104
Miscellaneous	204,076	162,043	(42,033)
Fines and forfeitures	20,163	20,226	63
Contributions and donations - private sources	-	7,150	7,150
Total miscellaneous	547,839	538,490	(9,349)
Total revenues	33,283,049	33,864,388	581,339
Expenditures			
General government			
Governing body			
Personnel costs	142,450	109,722	32,728
Contract and professional services	277,900	251,763	26,137
Other operating	135,396	117,426	17,970
Subtotal	555,746	478,911	76,835

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Administration			
Personnel costs	884,032	883,829	203
Contract and professional services	599,369	332,377	266,992
Other operating	735,946	740,454	(4,508)
Subtotal	2,219,347	1,956,660	262,687
Communications & Outreach			
Personnel costs	283,997	261,100	22,897
Contract and professional services	20,000	-	20,000
Other operating	156,137	63,042	93,095
Subtotal	460,134	324,142	135,992
Information technology			
Personnel costs	691,619	667,455	24,164
Contract and professional services	247,327	146,697	100,630
Other operating	1,351,433	1,079,848	271,585
Capital outlay	111,000	267,921	(156,921)
Subtotal	2,401,379	2,161,921	239,458
Finance			
Personnel costs	458,562	440,287	18,275
Contract and professional services	235,676	176,153	59,523
Other operating	18,307	14,791	3,516
Subtotal	712,545	631,231	81,314
Human resources			
Personnel costs	332,836	336,266	(3,430)
Contract and professional services	92,685	93,232	(547)
Other operating	58,859	30,529	28,330
Subtotal	484,380	460,027	24,353
Total general government	6,833,531	6,012,892	820,639

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Development services			
Engineering			
Personnel costs	\$ 628,007	\$ 576,002	\$ 52,005
Contract and professional services	50,623	54,307	(3,684)
Other operating	51,139	37,292	13,847
Capital outlay	16,470	12,270	4,200
Subtotal	746,239	679,871	66,368
Inspections			
Personnel costs	819,684	767,131	52,553
Other operating	68,410	38,427	29,983
Subtotal	888,094	805,558	82,536
Planning			
Personnel costs	1,071,609	995,171	76,438
Contract and professional services	338,252	210,930	127,322
Other operating	159,584	100,016	59,568
Subtotal	1,569,445	1,306,117	263,328
Total development services	3,203,778	2,791,546	412,232
Public safety			
Police			
Personnel costs	4,086,228	3,728,930	357,298
Contract and professional services	13,300	6,490	6,810
Other operating	483,186	330,774	152,412
Subtotal	4,582,714	4,066,194	516,520

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Public safety (continued)			
Fire and rescue			
Personnel costs	\$ 5,355,089	\$ 5,202,294	\$ 152,795
Contract and professional services	97,203	74,305	22,898
Other operating	720,920	701,068	19,852
Capital outlay	2,415,953	2,410,288	5,665
Subtotal	8,589,165	8,387,955	201,210
Total public safety	13,171,879	12,454,149	717,730
Public works			
Personnel costs	1,615,832	1,528,222	87,610
Contract and professional services	1,625,359	1,524,832	100,527
Other operating	3,603,835	1,865,169	1,738,666
Capital outlay	1,495,125	1,246,811	248,314
Subtotal	8,340,151	6,165,034	2,175,117
Powell Bill			
Other operating	829,700	238,100	591,600
Total public works	9,169,851	6,403,134	2,766,717
Culture and recreation			
Personnel costs	1,600,737	1,319,621	281,116
Contract and professional services	44,116	30,331	13,785
Other operating	668,594	250,531	418,063
Capital outlay	-	1,400	(1,400)
Total culture and recreation	2,313,447	1,601,883	711,564

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Debt service			
Principal	\$ 2,236,900	\$ 2,236,939	\$ (39)
Interest	1,255,300	1,255,127	173
Total debt service	3,492,200	3,492,066	134
Total expenditures	38,184,686	32,755,670	5,429,016
Revenues over (under) expenditures	(4,901,637)	1,108,718	6,010,355
Other financing sources (uses)			
Transfers in (out)			
Capital Reserve Funds	1,250,000	1,250,000	-
Capital Reserve Funds	(1,040,000)	(1,040,000)	-
Municipal Service District Fund	(110,000)	(110,000)	-
Capital Project Funds	(10,600)	(10,600)	-
Fund balance appropriated	4,812,237	-	(4,812,237)
Total other financing sources (uses)	4,901,637	89,400	(4,812,237)
Net change in fund balance	\$ -	1,198,118	\$ 1,198,118
Fund balance, beginning		27,810,985	
Fund balance, ending		\$ 29,009,103	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 4**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - FIRE APPARATUS CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 6,880	\$ 6,880
Expenditures	-	-	-
Revenues over (under) expenditures	-	6,880	6,880
Other financing sources (uses)			
Transfers in (out)			
General Fund	350,000	350,000	-
General Fund	(1,250,000)	(1,250,000)	-
Fund balance appropriated	900,000	-	(900,000)
Total other financing sources	-	(900,000)	(900,000)
Net change in fund balance	<u>\$ -</u>	<u>(893,120)</u>	<u>\$ (893,120)</u>
Fund balance, beginning		<u>907,560</u>	
Fund balance, ending		<u>\$ 14,440</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 5**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - ROADWAY AND TRANSPORTATION CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 14,900	\$ 14,900
Other financing sources			
Transfers in(out)			
General Fund	490,000	490,000	-
Capital Projects	(1,350,000)	(1,350,000)	-
Fund balance appropriated	860,000	-	(860,000)
Total other financing sources	-	(860,000)	(860,000)
Net change in fund balance	<u>\$ -</u>	<u>(845,100)</u>	<u>\$ (845,100)</u>
Fund balance, beginning		<u>1,406,009</u>	
Fund balance, ending		<u>\$ 560,909</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 6****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL INVESTMENT PLAN CAPITAL RESERVE FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 43,429	\$ 43,429
Other financing sources			
Transfers in(out)			
General Fund	200,000	200,000	-
Capital Projects	(3,550,000)	(3,550,000)	-
Fund balance appropriated	3,350,000	-	(3,350,000)
Total other financing sources	-	(3,350,000)	(3,350,000)
Net change in fund balance	<u>\$ -</u>	<u>(3,306,571)</u>	<u>\$ (3,306,571)</u>
Fund balance, beginning		<u>4,326,388</u>	
Fund balance, ending		<u>\$ 1,019,817</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 7**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MUNICIPAL SERVICE DISTRICT FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 100,700	\$ 95,014	\$ (5,686)
Investment earnings	-	1,732	1,732
Total revenues	100,700	96,746	(3,954)
Expenditures			
Contract and professional services	2,320	1,990	330
Capital Outlay	211,933	171,259	40,674
Total expenditures	214,253	173,249	41,004
Revenues over (under) expenditures	(113,553)	(76,503)	37,050
Other financing sources			
Transfers in - General Fund	110,000	110,000	-
Fund balance appropriated	3,553	-	(3,553)
Total other financing sources	113,553	110,000	(3,553)
Net change in fund balance	<u>\$ -</u>	<u>33,497</u>	<u>\$ 33,497</u>
Fund balance, beginning		<u>169,410</u>	
Fund balance, ending		<u>\$ 202,907</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 8**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

MCCRIMMON PARKWAY EXTENSION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Investment earnings	158,300	327,064	79,179	406,243
Total revenues	508,300	327,064	429,179	756,243
Expenditures				
Bond issue costs	-	17,185	-	17,185
Professional services	3,356,430	3,190,385	57,559	3,247,944
Construction	11,168,970	5,985,032	1,397,999	7,383,031
Land acquisition	1,624,700	1,273,637	-	1,273,637
Total expenditures	16,150,100	10,466,239	1,455,558	11,921,797
Revenues under expenditures	(15,641,800)	(10,139,175)	(1,026,379)	(11,165,554)
Other financing sources				
Bond proceeds	14,300,000	14,300,062	-	14,300,062
Premium on bonds issued	1,341,800	1,345,496	-	1,345,496
Total other financing sources	15,641,800	15,645,558	-	15,645,558
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,506,383</u>	<u>(1,026,379)</u>	<u>\$ 4,480,004</u>
Fund balance, beginning			<u>5,506,383</u>	
Fund balance, ending			<u>\$ 4,480,004</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 9**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

MORRISVILLE AQUATICS & FITNESS CENTER RENOVATION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 135,817	\$ 70,771	\$ 206,588
Expenditures				
Bond issue costs	-	22,780	-	22,780
Professional services	727,000	583,635	121,226	704,861
Capital outlay	6,997,000	1,974,770	4,652,259	6,627,029
Contingency	690,000	-	-	-
Total expenditures	8,414,000	2,581,185	4,773,485	7,354,670
Revenues under expenditures	(8,414,000)	(2,445,368)	(4,702,714)	(7,148,082)
Other financing sources				
Bond proceeds	5,700,000	5,700,000	-	5,700,000
Premium on bonds issued	581,725	581,832	-	581,832
Installment financing proceeds	1,000,000	1,033,333	-	1,033,333
Transfers in				
General Fund	600,000	-	-	-
Parkland Payment-in-Lieu Capital Project Fund	532,275	-	-	-
Total other financing sources	8,414,000	7,315,165	-	7,315,165
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,869,797</u>	<u>(4,702,714)</u>	<u>\$ 167,083</u>
Fund balance, beginning			<u>4,869,797</u>	
Fund balance, ending			<u>\$ 167,083</u>	

Capital Projects															
	Parkland Payment-In-Lieu Capital Project Fund	Northwest Park Capital Project Fund	Church Street Park Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Town Center Capital Project Fund	Historic Christian Church Parking Lot Expansion Capital Project Fund	Shiloh Sewer Capital Project Fund	Sidewalk and Pedestrian Enhancement Capital Project Fund	Public Works Renovation Capital Project Fund	Healthy Food Hub Capital Project Fund	Crabtree Hatcher Creek Greenway Capital Project Fund	Parks & Greenway Improvements Capital Project Fund	NC54 Congestion Capital Project Fund	Public Safety Improvements Capital Project Fund	Total Nonmajor Governmental Funds
Assets															
Cash and cash equivalents	\$ -	\$ 2,477	\$ 409,611	\$ 161,612	\$ 1,523,011	\$ 632,456	\$ 1,133,384	\$ 539,331	\$ 1,328,541	\$ -	\$ 126,636	\$ 1,576,097	\$ 400,000	\$ 3,150,000	\$ 10,983,156
Due from other governments	-	1,548	-	13,445	34,293	-	696	36,646	-	25,000	303,116	2,213	-	-	416,957
Restricted cash	3,732,434	-	-	3,036,373	-	-	-	-	-	-	-	-	-	-	6,768,807
Total assets	\$ 3,732,434	\$ 4,025	\$ 409,611	\$ 3,211,430	\$ 1,557,304	\$ 632,456	\$ 1,134,080	\$ 575,977	\$ 1,328,541	\$ 25,000	\$ 429,752	\$ 1,578,310	\$ 400,000	\$ 3,150,000	\$ 18,168,920
Liabilities															
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 14,210	\$ 200,772	\$ -	\$ -	\$ 39,708	\$ -	\$ 23,859	\$ 151,626	\$ -	\$ -	\$ 12,450	\$ 442,625
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	14,210	200,772	-	-	39,708	-	23,859	151,626	-	-	12,450	442,625
Fund balances (deficits)															
Restricted															
Stabilization by State statute	-	1,548	63,365	140,698	1,108,600	8,473	696	89,412	-	25,000	530,555	411,955	-	-	2,380,302
Street improvements	-	-	-	2,909,120	-	-	-	-	-	-	-	-	-	-	2,909,120
Recreation improvements	3,732,434	-	-	-	-	-	-	-	-	-	-	-	-	-	3,732,434
Committed															
Capital projects	-	-	346,246	147,402	247,932	623,983	1,133,384	446,857	1,328,541	(23,859)	-	-	-	-	4,250,486
Unassigned	-	2,477	-	-	-	-	-	-	-	-	(252,429)	1,166,355	400,000	3,137,550	4,453,953
Total fund balances (deficits)	3,732,434	4,025	409,611	3,197,220	1,356,532	632,456	1,134,080	536,269	1,328,541	1,141	278,126	1,578,310	400,000	3,137,550	17,726,295
Total liabilities and fund balances (deficits)	\$ 3,732,434	\$ 4,025	\$ 409,611	\$ 3,211,430	\$ 1,557,304	\$ 632,456	\$ 1,134,080	\$ 575,977	\$ 1,328,541	\$ 25,000	\$ 429,752	\$ 1,578,310	\$ 400,000	\$ 3,150,000	\$ 18,168,920

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	Capital Projects														
	Parkland Payment-In-Lieu Capital Project Fund	Northwest Park Capital Project Fund	Church Street Park Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Town Center Capital Project Fund	Historic Christian Church Parking Lot Expansion Capital Project Fund	Shiloh Sewer Capital Project Fund	Sidewalk and Pedestrian Enhancement Capital Project Fund	Public Works Renovation Capital Project Fund	Healthy Food Hub Capital Project Fund	Crabtree Hatcher Creek Greenway Capital Project Fund	Parks & Greenway Improvements Capital Project Fund	NC54 Congestion Capital Project Fund	Public Safety Improvements Capital Project Fund	Total Nonmajor Governmental Funds
Revenues															
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,646	\$ -	\$ 25,000	\$ 303,075	\$ -	\$ -	\$ -	\$ 364,721
Investment earnings	52,326	70	1,942	68,694	6,857	4,499	13,799	5,448	14,670	622	6,278	-	-	-	175,205
Parkland payments in lieu	701,903	-	-	-	-	-	-	-	-	-	-	-	-	-	701,903
Total revenues	754,229	70	1,942	68,694	6,857	4,499	13,799	42,094	14,670	25,622	309,353	-	-	-	1,241,829
Expenditures															
Capital projects	-	21,342	21,500	367,585	702,452	3,473	145,879	51,854	-	75,964	606,711	246,590	600,000	12,450	2,855,800
Total expenditures	-	21,342	21,500	367,585	702,452	3,473	145,879	51,854	-	75,964	606,711	246,590	600,000	12,450	2,855,800
Revenues over (under) expenditures	754,229	(21,272)	(19,558)	(298,891)	(695,595)	1,026	(132,080)	(9,760)	14,670	(50,342)	(297,358)	(246,590)	(600,000)	(12,450)	(1,613,971)
Other financing sources (uses)															
Transfers in															
General Fund	-	-	-	-	-	-	-	-	-	10,600	-	-	-	-	10,600
Capital Reserve	-	-	-	-	750,000	-	-	-	-	-	-	-	1,000,000	3,150,000	4,900,000
Stormwater Fund	-	-	-	-	755,900	228,350	-	-	-	-	-	-	-	-	984,250
Parkland Payment-in-Lieu	-	14,000	-	-	-	-	-	-	-	-	-	1,824,900	-	-	1,838,900
Transfers out															
Hatcher Creek Greenway															
Northwest Park Capital Project Fund	(14,000)		-	-	-	-	-	-	-	-	-	-	-	-	(14,000)
Parks and Greenways Capital Project Fund	(1,824,900)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,824,900)
Total other financing sources (uses)	(1,838,900)	14,000	-	-	1,505,900	228,350	-	-	-	10,600	-	1,824,900	1,000,000	3,150,000	5,894,850
Net change in fund balance	(1,084,671)	(7,272)	(19,558)	(298,891)	810,305	229,376	(132,080)	(9,760)	14,670	(39,742)	(297,358)	1,578,310	400,000	3,137,550	4,280,879
Fund balances, beginning	4,817,105	11,297	429,169	3,496,111	546,227	403,080	1,266,160	546,029	1,313,871	40,883	575,484	-	-	-	13,445,416
Fund balances, ending	<u>\$ 3,732,434</u>	<u>\$ 4,025</u>	<u>\$ 409,611</u>	<u>\$ 3,197,220</u>	<u>\$ 1,356,532</u>	<u>\$ 632,456</u>	<u>\$ 1,134,080</u>	<u>\$ 536,269</u>	<u>\$ 1,328,541</u>	<u>\$ 1,141</u>	<u>\$ 278,126</u>	<u>\$ 1,578,310</u>	<u>\$ 400,000</u>	<u>\$ 3,137,550</u>	<u>\$ 17,726,295</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 12
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKLAND PAYMENT-IN-LIEU CAPITAL PROJECT FUND
FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 204,104	\$ 52,326	\$ 256,430
Parkland payments in lieu	-	7,384,055	701,903	8,085,958
Total revenues	-	7,588,159	754,229	8,342,388
Other financing sources (uses)				
Transfers in (out)				
General Fund	-	1,272,517	-	1,272,517
Capital Reserve Fund	-	1,684,257	-	1,684,257
Northwest Park Capital Project Fund	-	(1,733,903)	(14,000)	(1,747,903)
Northwest Park Capital Project Fund	-	28,930	-	28,930
Shiloh Greenway Capital Project Fund	-	(1,110,712)	-	(1,110,712)
NC 54 Multi-Use Path Capital Project Fund	-	(249,040)	-	(249,040)
Church Street Park Project Fund	-	(1,083,047)	-	(1,083,047)
Indian Creek Greenway Capital Project Fund	-	(1,041,860)	-	(1,041,860)
Hatcher Creek Greenway Capital Project Fund	-	(538,196)	-	(538,196)
Parks and Greenways Capital Project Fund	-	-	(1,824,900)	(1,824,900)
Total other financing uses	-	(2,771,054)	(1,838,900)	(4,609,954)
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,817,105</u>	<u>(1,084,671)</u>	<u>\$ 3,732,434</u>
Fund balance, beginning			<u>4,817,105</u>	
Fund balance, ending			<u>\$ 3,732,434</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 13**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

NORTHWEST PARK CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 2,327	\$ 2,561	\$ 70	\$ 2,631
Expenditures				
Professional services	192,502	191,550	-	191,550
Capital outlay	1,557,728	1,533,617	21,342	1,554,959
Total expenditures	1,750,230	1,725,167	21,342	1,746,509
Revenues under expenditures	(1,747,903)	(1,722,606)	(21,272)	(1,743,878)
Other financing sources				
Transfers in				
Parkland Payment-In-Lieu Capital Project Fund	1,747,903	1,733,903	14,000	1,747,903
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,297</u>	(7,272)	<u>\$ 4,025</u>
Fund balance, beginning			11,297	
Fund balance, ending			<u>\$ 4,025</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 14****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL****CHURCH STREET PARK CAPITAL PROJECT FUND***FROM INCEPTION TO JUNE 30, 2020*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 1,796,703	1,796,703	\$ -	\$ 1,796,703
Investment earnings	8,503	30,158	1,942	32,100
Parkland payments in lieu	-	92,491	-	92,491
Total revenues	1,805,206	1,919,352	1,942	1,921,294
Expenditures				
Professional services	464,877	420,843	-	420,843
Construction	4,332,612	4,020,505	21,500	4,042,005
Land acquisition	1,781,022	1,781,022	-	1,781,022
Total expenditures	6,578,511	6,222,370	21,500	6,243,870
Revenues under expenditures	(4,773,305)	(4,303,018)	(19,558)	(4,322,576)
Other financing sources (uses)				
Transfers in (out)				
General Fund	1,067,429	1,067,429	-	1,067,429
General Fund	(587,429)	(587,429)	-	(587,429)
Parkland Payment-in-Lieu Capital Project Fund	264,283	223,165	-	223,165
Bonds issued	4,000,000	4,000,000	-	4,000,000
Bond premium	29,022	29,022	-	29,022
Total other financing sources	4,773,305	4,732,187	-	4,732,187
Net change in fund balance	<u>\$ -</u>	<u>\$ 429,169</u>	<u>(19,558)</u>	<u>\$ 409,611</u>
Fund balance, beginning			<u>429,169</u>	
Fund balance, ending			<u>\$ 409,611</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 15**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MORRISVILLE CARPENTER ROAD CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 6,300,000	\$ 419,153	\$ -	\$ 419,153
Investment earnings	-	90,542	68,694	159,236
Total revenues	6,300,000	509,695	68,694	578,389
Expenditures				
Bond issue costs	-	990	-	990
Professional services	1,155,827	1,061,668	72,799	1,134,467
Land acquisition	1,248,173	1,203,952	-	1,203,952
Capital Outlay	9,149,000	-	294,786	294,786
Total expenditures	11,553,000	2,266,610	367,585	2,634,195
Revenues under expenditures	(5,253,000)	(1,756,915)	(298,891)	(2,055,806)
Other financing sources				
Bond proceeds	745,000	745,000	-	745,000
Premium on bonds issued	37,300	37,359	-	37,359
Installment debt proceeds	2,066,700	2,066,667	-	2,066,667
Transfers in General Fund	2,404,000	2,404,000	-	2,404,000
Total other financing sources	5,253,000	5,253,026	-	5,253,026
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,496,111</u>	(298,891)	<u>\$ 3,197,220</u>
Fund balance, beginning			3,496,111	
Fund balance, ending			<u>\$ 3,197,220</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 16**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

TOWN CENTER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 78,100	\$ 74,133	\$ 6,857	\$ 80,990
Expenditures				
Professional services	611,920	606,409	8,475	614,884
Capital Outlay	5,272,080	3,221,497	693,977	3,915,474
Total expenditures	5,884,000	3,827,906	702,452	4,530,358
Revenues under expenditures	(5,805,900)	(3,753,773)	(695,595)	(4,449,368)
Other financing sources				
Transfers in				
General Fund	4,300,000	4,300,000	-	4,300,000
Capital Reserve	750,000	-	750,000	750,000
Stormwater Fund	755,900	-	755,900	755,900
Total other financing sources	5,805,900	4,300,000	1,505,900	5,805,900
Net change in fund balance	<u>\$ -</u>	<u>\$ 546,227</u>	810,305	<u>\$ 1,356,532</u>
Fund balance, beginning			546,227	
Fund balance, ending			<u>\$ 1,356,532</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 17**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

HISTORIC CHRISTIAN CHURCH PARKING LOT EXPANSION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 12,800	\$ 12,803	\$ 4,499	\$ 17,302
Expenditures				
Professional services	80,000	64,723	3,473	68,196
Capital outlay	616,150	-	-	-
Total expenditures	696,150	64,723	3,473	68,196
Revenues under expenditures	(683,350)	(51,920)	1,026	(50,894)
Other financing sources				
Transfers in				
General Fund	455,000	455,000	-	455,000
Stormwater Fund	228,350	-	228,350	228,350
Total other financing sources	683,350	455,000	228,350	683,350
Net change in fund balance	<u>\$ -</u>	<u>\$ 403,080</u>	\$ 229,376	<u>\$ 632,456</u>
Fund balance, beginning			403,080	
Fund balance, ending			<u>\$ 632,456</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 18**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

SHILOH SEWER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 249,022	\$ 13,799	\$ 262,821
Miscellaneous	7,135	7,135	-	7,135
Total revenues	204,301	256,157	13,799	269,956
Expenditures				
Professional services	138,847	46,765	2,438	49,203
Property acquisition	17,398	16,397	73	16,470
Construction	1,876,219	756,915	143,368	900,283
Total expenditures	2,032,464	820,077	145,879	965,956
Revenues over (under) expenditures	(1,828,163)	(563,920)	(132,080)	(696,000)
Other financing sources				
Transfers in				
Water/Sewer Capital Reserve	1,562,500	1,562,500	-	1,562,500
Cape Fear Capital Project Fund	265,663	265,663	-	265,663
Water and Sewer Fund	-	1,917	-	1,917
Total other financing sources	1,828,163	1,830,080	-	1,830,080
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,266,160</u>	<u>(132,080)</u>	<u>\$ 1,134,080</u>
Fund balance, beginning			<u>1,266,160</u>	
Fund balance, ending			<u>\$ 1,134,080</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 19**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

SIDEWALK AND PEDESTRIAN ENHANCEMENT CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 12,026	\$ 5,448	\$ 17,474
Grants	597,000	97,000	36,646	133,646
Total revenues	597,000	109,026	42,094	151,120
Expenditures				
Professional services	378,000	14,943	46,570	61,513
Construction	805,900	91,054	5,284	96,338
Total expenditures	1,183,900	105,997	51,854	157,851
Revenues over (under) expenditures	(586,900)	3,029	(9,760)	(6,731)
Other financing sources				
Transfers in				
General Fund	586,900	543,000	-	543,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 546,029</u>	<u>(9,760)</u>	<u>\$ 536,269</u>
Fund balance, beginning			546,029	
Fund balance, ending			<u>\$ 536,269</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 20**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PUBLIC WORKS RENOVATION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 13,871	\$ 14,670	\$ 28,541
Expenditures				
Professional Services	1,300,000	-	-	-
Revenues over (under) expenditures	(1,300,000)	13,871	14,670	28,541
Other financing sources				
Transfers in General Fund	1,300,000	1,300,000	-	1,300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,313,871</u>	14,670	<u>\$ 1,328,541</u>
Fund balance, beginning			1,313,871	
Fund balance, ending			<u>\$ 1,328,541</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 21**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

HEALTHY FOOD HUB CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 3,400	\$ 2,662	\$ 622	\$ 3,284
Grants	25,000	-	25,000	25,000
Total revenues	28,400	2,662	25,622	28,284
Expenditures				
Construction	339,000	261,779	75,964	337,743
Revenues over (under) expenditures	(310,600)	(259,117)	(50,342)	(309,459)
Other financing sources				
Transfers in				
General Fund	310,600	300,000	10,600	310,600
Net change in fund balance	<u>\$ -</u>	<u>\$ 40,883</u>	(39,742)	<u>\$ 1,141</u>
Fund balance, beginning			40,883	
Fund balance, ending			<u>\$ 1,141</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 22**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

CRABTREE HATCHER CREEK GREENWAY CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 4,903,602	\$ 4,384,665	\$ 303,075	\$ 4,687,740
Investment earnings	-	21,854	6,278	28,132
Total revenues	4,903,602	4,406,519	309,353	4,715,872
Expenditures				
Professional services	867,323	847,654	-	847,654
Capital outlay	5,654,051	4,301,153	606,711	4,907,864
Land acquisition	69,802	69,802	-	69,802
Total expenditures	6,591,176	5,218,609	606,711	5,825,320
Revenues under expenditures	(1,687,574)	(812,090)	(297,358)	(1,109,448)
Other financing sources				
Transfers in				
Parkland Payment-in-Lieu Capital Project Fund	1,687,574	1,387,574	-	1,387,574
Net change in fund balance	<u>\$ -</u>	<u>\$ 575,484</u>	(297,358)	<u>\$ 278,126</u>
Fund balance, beginning			<u>575,484</u>	
Fund balance, ending			<u>\$ 278,126</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 23**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PARKS AND GREENWAYS CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 45,000	\$ -	\$ -	\$ -
Expenditures				
Professional services	1,200,000	-	201,229	201,229
Capital outlay	669,900	-	45,361	45,361
Total expenditures	1,869,900	-	246,590	246,590
Revenues under expenditures	(1,824,900)	-	(246,590)	(246,590)
Other financing sources				
Transfers in				
Parkland Payment-in-Lieu Capital Project Fund	1,824,900	-	1,824,900	1,824,900
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,578,310	<u>\$ 1,578,310</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 1,578,310</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 24**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

NC 54 CONGESTION MITIGATION CAPITAL PROJECT

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Professional services	\$ 1,000,000	\$ -	\$ 600,000	\$ 600,000
Other financing sources				
Transfers in				
Road and Transportation Capital Reserve Fund	1,000,000	-	1,000,000	1,000,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	400,000	<u>\$ 400,000</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 400,000</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 25**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PUBLIC SAFETY IMPROVEMENTS CAPITAL PROJECTS

FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Professional services	\$ 300,000	\$ -	\$ 12,450	\$ 12,450
Capital outlay	350,000	-	-	-
Land Acquisition	2,500,000	-	-	-
Total expenditures	3,150,000	-	12,450	12,450
Other financing sources				
Transfers in				
CIP Capital Reserve Fund	2,800,000	-	2,800,000	2,800,000
Road and Transportation Capital Reserve Fund	350,000	-	350,000	350,000
Total other financing sources	3,150,000	-	3,150,000	3,150,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,137,550	<u>\$ 3,137,550</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 3,137,550</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -****BUDGET AND ACTUAL (NON-GAAP)****STORMWATER FUND****YEAR ENDED JUNE 30, 2020****Schedule 26**

Page 1 of 2

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Permits and fees	\$ 35,000	\$ 211,943	\$ 176,943
Stormwater ERU charges	577,800	560,934	(16,866)
Investment earnings	25,500	21,073	(4,427)
Total revenues	638,300	793,950	155,650
Expenditures			
Stormwater operations			
Personnel costs	265,461	262,590	2,871
Professional services	291,013	123,742	167,271
Other operating	178,100	72,124	105,976
Capital outlay	56,044	-	56,044
Total expenditures	790,618	458,456	332,162
Revenues over (under) expenditures	(152,318)	335,494	487,812
Other financing sources (uses)			
Transfer out - Stormwater capital projects	(984,250)	(984,250)	-
Fund balance appropriated	1,136,568	-	(1,136,568)
Total other financing sources (uses)	152,318	(984,250)	(1,136,568)
Revenues and other sources (uses) over expenditures	<u>\$ -</u>	<u>(648,756)</u>	<u>\$ (648,756)</u>

TOWN OF MORRISVILLE, NORTH CAROLINA**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -****BUDGET AND ACTUAL (NON-GAAP)****STORMWATER FUND****YEAR ENDED JUNE 30, 2020****Schedule 26**

Page 2 of 2

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

Add (deduct):

Decrease in compensated absences liability	\$ 3,866
Decrease in deferred outflows of resources - pensions	(14,622)
Increase in deferred outflows of resources - OPEB	1,772
Increase in net pension liability	(1,123)
Increase in OPEB liability	(4,981)
Increase in deferred inflows of resources - pensions	(1,173)
Increase in deferred inflows of resources - OPEB	596
Depreciation expense	(20,430)

Change in net position

(684,851)**Net position, beginning of year**

2,136,987**Net position, end of year**

\$ 1,452,136

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 27**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL (NON-GAAP)
 KIT CREEK REACH 5-1 STORMWATER RETROFIT CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 330	\$ 140	\$ 470
Grants	101,077	90,086	-	90,086
Total revenues	101,077	90,416	140	90,556
Expenditures				
Supplies	-	1,279	-	1,279
Professional services	56,000	33,823	-	33,823
Construction	69,000	66,496	-	66,496
Total expenditures	125,000	101,598	-	101,598
Revenues over (under) expenditures	(23,923)	(11,182)	140	(11,042)
Other financing sources				
Transfer in				
Stormwater Fund	23,923	23,923	-	23,923
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 12,741</u>	140	<u>\$ 12,881</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Add - Capital outlay			-	
Change in net position			140	
Net position, beginning of year			113,060	
Net position, end of year			<u>\$ 113,200</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 28**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL (NON-GAAP)
 GREEN DRIVE AND FAIRVIEW AVENUE STORMWATER CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 5,068	\$ 5,009	\$ 10,077
Expenditures				
Professional services	55,000	36,914	-	36,914
Land Acquisition	20,000	-	-	-
Construction	400,000	-	-	-
Total expenditures	475,000	36,914	-	36,914
Revenues over (under) expenditures	(475,000)	(31,846)	5,009	(26,837)
Other financing sources				
Transfer in Stormwater Fund	475,000	475,000	-	475,000
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 443,154</u>	5,009	<u>\$ 448,163</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Add - Capital outlay			-	
Change in net position			5,009	
Net position, beginning of year			480,068	
Net position, end of year			<u>\$ 485,077</u>	

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2020

Schedule 29

Fiscal Year	Balance June 30, 2019	Current Levy	Collection Adjustments and Releases	Balance June 30, 2020
2019 - 2020	\$ -	\$ 19,620,857 (1)	\$ 19,552,108 (2)	\$ 68,749
2018 - 2019	13,538	-	6,154	7,384
2017 - 2018	7,031	-	3,661	3,370
2016 - 2017	2,904	-	256	2,648
2015 - 2016	2,255	-	32	2,223
2014 - 2015	552	-	3	549
2013 - 2014	4,943	-	88	4,855
2012 - 2013	8,080	-	57	8,023
2011 - 2012	9,555	-	-	9,555
2010 - 2011	23,678	-	-	23,678
2009 - 2010	19,071	-	19,071	-
	<u>\$ 91,607</u>	<u>\$ 19,620,857</u>	<u>\$ 19,581,430</u>	131,034
Less allowance for uncollectible taxes				<u>(105,328)</u>
Ad valorem taxes receivable, net				<u>\$ 25,706 (3)</u>
Reconciliation to revenues:				
Ad valorem taxes, General Fund			\$ 19,585,056 (4)	
Reconciling items;				
Penalties and interest received			(22,565)	
Releases, rebates and adjustments			(132)	
Taxes written off			19,071	
Total collections, adjustments and releases			<u>\$ 19,581,430</u>	

Note (1) and (2) - The Town's taxes are collected by Wake County and a small percentage from Durham County.

Note (3) - Ad valorem taxes receivable only; does not include decal tax receivable of \$25,215.

Note (4) - Does not include Municipal Service District taxes of \$95,014.

TOWN OF MORRISVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
YEAR ENDED JUNE 30, 2020

Schedule 30

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	\$ 5,023,622,821	\$ 0.39	\$ 19,592,129	\$ 18,484,313	\$ 1,107,816
Penalties	-		26,993	26,993	-
Total	5,023,622,821		19,619,122	18,511,306	1,107,816
Discoveries					
Prior year's taxes	10,985,855		33,639	33,639	-
Less - Abatements	-		(31,904)	(31,904)	-
Total property valuation	<u>\$ 5,034,608,676</u>				
Net levy			19,620,857	18,513,041	1,107,816
Uncollected taxes at June 30, 2020			68,749	68,749	-
Current year's taxes collected			<u>\$ 19,552,108</u>	<u>\$ 18,444,292</u>	<u>\$ 1,107,816</u>
Current levy collection percentage			<u>99.65%</u>	<u>99.63%</u>	<u>100.00%</u>

Note: The Town's taxes are collected by Wake County, the North Carolina Vehicle Tax System and a small percentage from Durham County.

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 31****GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE***JUNE 30, 2020*

Fiscal Year	Principal	Principal and Interest
2020 - 2021	\$ 1,670,000	\$ 2,600,325
2021 - 2022	1,670,000	2,522,825
2022 - 2023	1,675,000	2,450,325
2023 - 2024	1,680,000	2,377,575
2024 - 2025	1,675,000	2,300,974
2025 - 2026	1,675,000	2,231,575
2026 - 2027	1,675,000	2,162,075
2027 - 2028	1,240,000	1,657,475
2028 - 2029	1,235,000	1,605,400
2029 - 2030	1,235,000	1,563,050
2030 - 2031	1,235,000	1,520,300
2031 - 2032	1,235,000	1,477,238
2032 - 2033	1,235,000	1,436,538
2033 - 2034	1,235,000	1,398,200
2034 - 2035	1,035,000	1,162,238
2035 - 2036	1,035,000	1,128,650
2036 - 2037	1,035,000	1,094,750
2037 - 2038	535,000	567,100
2038 - 2039	535,000	545,700
Total	<u>\$ 24,545,000</u>	<u>\$ 31,802,313</u>

Statistical Section

This part of the Town of Morrisville'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 government's overall financial health. This section is the chief source of information regarding a government's economic condition and is organized around the following five specific objectives:

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

Revenue Capacity - *These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.*

Debt Capacity - *These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.*

Demographic and Economic Information – *These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.*

Operating Information - *These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and activities it performs.*

TOWN OF MORRISVILLE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 65,670,263	\$ 74,067,797	\$ 88,628,766	\$ 93,088,451	\$ 99,549,312	\$ 103,511,580	\$ 114,455,319	\$ 128,402,016	\$ 139,308,614	\$ 144,793,657
Restricted	4,645,589	3,774,979	4,059,415	5,701,761	5,131,025	13,141,913	19,999,993	21,205,023	24,173,484	26,339,022
Unrestricted	11,185,131	12,228,459	12,780,461	14,499,006	17,799,963	14,329,050	12,290,712	13,689,017	11,644,171	9,417,099
Total governmental activities net position	<u>81,500,983</u>	<u>90,071,235</u>	<u>105,468,642</u>	<u>113,289,218</u>	<u>122,480,300</u>	<u>130,982,543</u>	<u>146,746,024</u>	<u>163,296,056</u>	<u>175,126,269</u>	<u>180,549,778</u>
Business-type activities										
Net investment in capital assets	2,713,257	2,899,810	2,040,473	650,551	805,551	1,468,020	650,915	643,220	668,769	648,338
Unrestricted	1,430,844	1,239,423	(15,849)	1,375,949	1,239,024	2,141,019	1,259,908	1,815,987	2,061,346	1,402,075
Total business-type activities net position	<u>4,144,101</u>	<u>4,139,233</u>	<u>2,024,624</u>	<u>2,026,500</u>	<u>2,044,575</u>	<u>3,609,039</u>	<u>1,910,823</u>	<u>2,459,207</u>	<u>2,730,115</u>	<u>2,050,413</u>
Primary government										
Net investment in capital assets	68,383,520	76,967,607	89,434,031	93,739,002	100,354,863	104,979,600	115,106,234	129,045,236	139,977,383	145,441,995
Restricted	4,645,589	3,774,979	4,059,415	5,701,761	5,131,025	13,141,913	19,999,993	21,205,023	24,173,484	26,339,022
Unrestricted	12,615,975	13,467,882	13,999,820	15,874,955	19,038,987	16,470,069	13,550,620	15,505,004	13,705,517	10,819,174
Total primary government net position	<u>\$ 85,645,084</u>	<u>\$ 94,210,468</u>	<u>\$ 107,493,266</u>	<u>\$ 115,315,718</u>	<u>\$ 124,524,875</u>	<u>\$ 134,591,582</u>	<u>\$ 148,656,847</u>	<u>\$ 165,755,263</u>	<u>\$ 177,856,384</u>	<u>\$ 182,600,191</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
CHANGES IN NET POSITION ⁽¹⁾
LAST TEN FISCAL YEARS

Table 2
Page 1 of 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 4,853,531	\$ 5,393,251	\$ 5,809,595	\$ 6,105,290	\$ 5,724,056	\$ 5,012,357	\$ 6,203,972	\$ 6,417,384	\$ 6,912,016	\$ 7,974,256
Public safety	7,360,981	7,659,788	7,808,292	8,324,497	9,274,703	8,510,593	9,189,668	9,583,725	10,567,399	11,803,079
Public works	3,346,456	3,550,843	3,433,293	3,768,812	4,805,597	5,186,053	6,133,623	5,469,939	5,100,632	5,389,681
Development services	1,994,138	2,068,150	2,264,328	2,552,421	2,900,259	1,874,840	2,259,598	2,380,560	3,011,772	3,021,941
Culture and recreation	1,902,841	2,024,179	1,990,604	2,086,939	2,315,218	1,797,070	2,002,012	2,156,751	2,018,990	2,120,532
Interest on long-term debt	445,300	416,960	451,847	419,214	379,060	367,433	433,651	534,806	765,140	1,006,023
Total governmental activities expenses	19,903,247	21,113,171	21,757,959	23,257,173	25,398,893	22,748,346	26,222,524	26,543,165	28,375,949	31,315,512
Business-type activities:										
Stormwater	-	-	-	-	-	475,490	488,053	382,035	526,434	494,551
Water and sewer	64,538	46,394	42,470	13,606	5,425	-	-	-	-	-
Total business-type activities expenses	64,538	46,394	42,470	13,606	5,425	475,490	488,053	382,035	526,434	494,551
Total primary government expenses	\$ 19,967,785	\$ 21,159,565	\$ 21,800,429	\$ 23,270,779	\$ 25,404,318	\$ 23,223,836	\$ 26,710,577	\$ 26,925,200	\$ 28,902,383	\$ 31,810,063
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 167,843	\$ 164,707	\$ 164,670	\$ 275,713	\$ 254,375	\$ 253,233	\$ 242,190	\$ 247,394	\$ 291,552	\$ 199,120
Public safety	39,712	52,029	50,202	64,120	71,221	91,033	83,602	105,182	134,371	93,470
Development services	815,626	848,905	1,480,815	1,813,936	2,028,806	1,677,208	1,757,021	1,751,994	1,791,348	2,321,098
Culture and recreation	778,096	877,125	867,187	835,626	912,401	855,610	901,261	831,737	547,450	225,601
Operating grants and contributions										
General government	-	100,000	-	-	-	105,804	-	-	-	-
Public safety	3,921	21,638	8,429	8,394	5,946	5,092	29,688	-	500	39,887
Public works	24,442	202,128	458,759	489,215	502,929	546,237	659,753	809,664	605,779	589,678
Development services	-	39,542	-	-	-	-	4,000	125,530	-	-
Culture and recreation	1,594	-	-	-	-	-	-	-	8,250	2,000
Capital grants and contributions										
Public safety	16,036	-	76,819	-	6,309	24,427	9,905	2,956	33,488	20,226
Public works	9,070,081	7,402,863	13,846,086	3,904,328	7,597,616	3,189,718	10,008,117	8,436,652	3,883,672	386,646
Culture and recreation	124,261	689,613	399,532	1,401,342	23,407	22,342	731,526	3,020,197	714,779	328,075
Total governmental activities program revenues	11,041,612	10,398,550	17,352,499	8,792,674	11,403,010	6,770,704	14,427,063	15,331,306	8,011,189	4,205,801

TOWN OF MORRISVILLE, NORTH CAROLINA
CHANGES IN NET POSITION ⁽¹⁾
LAST TEN FISCAL YEARS

Table 2
Page 2 of 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Stormwater										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	834,314	718,165	794,371	694,201	772,877
Operating grants and contributions	-	-	-	-	-	54,985	10,449	14,308	10,344	-
Total business-type activities program revenues	-	-	-	-	-	889,299	728,614	808,679	704,545	772,877
Total primary government program revenues	<u>\$ 11,041,612</u>	<u>\$ 10,398,550</u>	<u>\$ 17,352,499</u>	<u>\$ 8,792,674</u>	<u>\$ 11,403,010</u>	<u>\$ 7,660,003</u>	<u>\$ 15,155,677</u>	<u>\$ 16,139,985</u>	<u>\$ 8,715,734</u>	<u>\$ 4,978,678</u>
Net (Expense) Revenue										
Governmental activities	\$ (8,861,635)	\$ (10,714,621)	\$ (4,405,460)	\$ (14,464,499)	\$ (13,995,883)	\$ (15,977,642)	\$ (11,795,461)	\$ (11,211,859)	\$ (20,364,760)	\$ (27,098,266)
Business-type activities	(64,538)	(46,394)	(42,470)	(13,606)	(5,425)	413,809	240,561	426,644	178,111	278,326
Total primary government net expense	<u>\$ (8,926,173)</u>	<u>\$ (10,761,015)</u>	<u>\$ (4,447,930)</u>	<u>\$ (14,478,105)</u>	<u>\$ (14,001,308)</u>	<u>\$ (15,563,833)</u>	<u>\$ (11,554,900)</u>	<u>\$ (10,785,215)</u>	<u>\$ (20,186,649)</u>	<u>\$ (26,819,940)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 12,295,448	\$ 12,323,383	\$ 12,949,904	\$ 14,577,176	\$ 14,745,618	\$ 16,380,456	\$ 17,600,497	\$ 17,973,513	\$ 18,937,524	\$ 19,702,688
Other taxes and licenses	1,299,114	1,455,079	1,509,323	1,753,968	1,724,212	273,725	285,897	289,261	527,459	569,225
Unrestricted intergovernmental revenues	4,432,357	5,068,135	5,346,806	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957
Unrestricted investment earnings	47,868	34,611	31,760	27,487	22,745	81,621	232,552	503,909	1,150,628	679,457
Miscellaneous	277,104	499,768	220,266	224,459	296,522	411,923	342,517	325,730	351,008	482,295
Gain (Loss) on disposition of capital assets	7,181	(96,103)	93,808	127,227	(41,118)	-	-	(137,467)	-	-
Parkland payment in lieu	-	-	-	-	551,487	640,609	412,778	1,051,737	2,058,619	701,903
Transfers	-	-	-	-	-	(126,200)	(112,983)	(126,000)	(57,800)	984,250
Special item: settlement	-	-	(349,000)	-	-	-	-	-	-	-
Total governmental activities	<u>18,359,072</u>	<u>19,284,873</u>	<u>19,802,867</u>	<u>22,285,075</u>	<u>23,862,466</u>	<u>25,626,954</u>	<u>27,058,110</u>	<u>28,541,609</u>	<u>32,194,973</u>	<u>32,521,775</u>
Business-type activities:										
Unrestricted investment earnings	61,184	41,526	28,102	15,482	21,615	4,275	4,917	15,831	34,997	26,222
Miscellaneous	-	-	-	-	1,885	-	-	-	-	-
Special item: loss on transfer of assets to the Town of Cary	-	-	(2,100,241)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	126,200	112,983	126,000	57,800	(984,250)
Total business-type activities	<u>61,184</u>	<u>41,526</u>	<u>(2,072,139)</u>	<u>15,482</u>	<u>23,500</u>	<u>130,475</u>	<u>117,900</u>	<u>141,831</u>	<u>92,797</u>	<u>(958,028)</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
CHANGES IN NET POSITION ⁽¹⁾
LAST TEN FISCAL YEARS

Table 2
Page 3 of 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total primary government	\$ 18,420,256	\$ 19,326,399	\$ 17,730,728	\$ 22,300,557	\$ 23,885,966	\$ 25,757,429	\$ 27,176,010	\$ 28,683,440	\$ 32,287,770	\$ 31,563,747
Change in net position										
Governmental activities	9,497,437	8,570,252	15,397,407	7,820,576	9,866,583	9,649,312	15,262,649	17,329,750	11,830,213	5,423,509
Business-type activites	(3,354)	(4,868)	(2,114,609)	1,876	18,075	544,284	358,461	568,475	270,908	(679,702)
Total primary government	\$ 9,494,083	\$ 8,565,384	\$ 13,282,798	\$ 7,822,452	\$ 9,884,658	\$ 10,193,596	\$ 15,621,110	\$ 17,898,225	\$ 12,101,121	\$ 4,743,807

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

TOWN OF MORRISVILLE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non Spendable:										
Prepays	\$ 9,306	\$ 170,762	\$ 4,458	\$ 1,383	\$ 13,326	\$ 40,263	\$ 8,886	\$ 13,990	\$ 9,742	\$ 19,216
Restricted:										
Stabilization by State statute	1,133,847	1,294,281	1,443,902	3,820,617	3,690,527	5,544,570	5,763,023	7,250,961	9,297,398	7,593,866
Stormwater	-	-	78,630	127,750	542,679	-	-	-	-	-
Street improvements	44,639	71,476	41,336	-	978,545	1,563,938	1,599,108	2,191,782	2,796,975	4,199,303
Police operations and activities	-	-	-	-	-	24,918	22,678	5,335	28,401	12,719
Total Restricted	1,178,486	1,365,757	1,563,868	3,948,367	5,211,751	7,133,426	7,384,809	9,448,078	12,122,774	11,805,888
Committed:										
General governmental capital	-	1,217,294	1,190,373	496,830	747,441	602,704	1,902,254	1,807,952	6,639,957	1,595,166
LEO pension obligation	-	-	-	-	-	328,296	344,103	373,598	383,218	364,354
OPEB pension liability	-	-	-	-	-	-	-	2,804,999	3,128,971	3,476,841
Total Committed	-	1,217,294	1,190,373	496,830	747,441	931,000	2,246,357	4,986,549	10,152,146	5,436,361
Assigned:										
Fire operations and activities	-	-	-	-	-	-	-	2,487	2,487	2,487
Subsequent year's expenditures	816,920	274,758	526,368	1,155,254	1,106,219	2,305,000	2,823,000	5,395,000	945,000	1,367,200
Total Assigned	816,920	274,758	526,368	1,155,254	1,106,219	2,305,000	2,823,000	5,397,487	947,487	1,369,687
Unassigned	10,138,929	10,265,046	11,118,066	11,680,455	14,173,439	15,257,586	15,254,649	10,233,745	11,388,203	12,176,024
Total General Fund	12,143,641	13,293,617	14,403,133	17,282,289	21,252,176	25,667,275	27,717,701	30,079,849	34,620,352	30,807,176
All Other Governmental Funds										
Restricted:										
Stabilization by State statute	-	-	-	-	757,506	3,135,257	10,195,584	8,501,860	8,124,543	3,616,204
Recreation improvements	2,090,388	2,409,222	2,495,547	1,753,394	2,017,903	2,873,230	2,419,600	3,255,085	4,817,105	4,018,028
Street improvements	-	-	-	-	-	-	-	4,933,104	8,875,328	6,898,902
Total Restricted	2,090,388	2,409,222	2,495,547	1,753,394	2,775,409	6,008,487	12,615,184	16,690,049	21,816,976	14,533,134
Committed:										
Capital projects	-	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486
Fire station	1,376,715	-	-	-	-	-	-	-	-	-
Total Committed	1,376,715	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486
Assigned:										
Subsequent year's expenditures	509,862	720,157	366,493	3,380,941	2,430,001	-	-	-	-	-
Unassigned	-	-	-	-	(1,138,919)	(3,073,459)	(2,278,917)	(5,173,492)	(2,694,802)	3,589,762
Total All Other Governmental Funds	3,976,965	3,129,379	2,862,040	5,134,335	4,066,491	3,100,101	13,565,173	15,415,964	23,821,596	22,373,382
Total Governmental Fund Balances	<u>\$ 16,120,606</u>	<u>\$ 16,422,996</u>	<u>\$ 17,265,173</u>	<u>\$ 22,416,624</u>	<u>\$ 25,318,667</u>	<u>\$ 28,767,376</u>	<u>\$ 41,282,874</u>	<u>\$ 45,495,813</u>	<u>\$ 58,441,948</u>	<u>\$ 53,180,558</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (1)
LAST TEN FISCAL YEARS

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Ad valorem taxes	\$ 12,272,395	\$ 12,480,910	\$ 12,947,896	\$ 14,603,628	\$ 14,784,833	\$ 16,397,410	\$ 17,620,181	\$ 17,951,167	\$ 18,937,833	\$ 19,680,070
Other taxes and licenses	1,290,397	1,449,940	1,505,393	1,761,048	1,731,430	277,630	288,953	292,135	528,334	569,225
Unrestricted intergovernmental	4,432,357	5,068,135	5,346,806	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957
Restricted intergovernmental	382,853	661,987	1,002,662	1,710,823	823,293	573,671	1,420,967	3,829,861	1,598,686	1,357,731
Permits and fees	979,599	1,570,674	1,830,710	2,717,451	2,651,514	2,408,850	2,253,401	2,908,913	3,984,338	3,116,471
Sales and services	945,939	1,041,832	1,031,857	1,111,339	1,166,776	1,108,843	1,143,451	1,079,131	839,002	424,721
Investment earnings	45,844	32,587	29,736	24,133	22,745	81,621	232,462	503,909	1,150,628	679,457
Miscellaneous	314,089	560,725	404,864	351,686	302,603	542,152	346,207	487,099	455,032	538,490
TOTAL REVENUES	20,663,473	22,866,790	24,099,924	27,854,866	28,046,194	29,354,997	31,602,474	35,713,141	36,721,388	35,768,122
EXPENDITURES										
Current:										
General government	2,815,839	3,171,131	3,206,886	3,153,654	3,115,978	3,541,976	4,302,843	4,524,451	4,984,628	5,744,971
Public safety	6,776,367	7,119,811	7,196,338	7,582,421	8,484,213	8,159,452	8,166,536	8,633,485	9,161,197	10,043,861
Public works	3,207,809	3,395,494	3,272,849	3,614,871	4,869,772	5,206,847	5,925,474	5,381,532	4,961,776	5,158,313
Development services	1,978,652	2,031,951	2,216,347	2,534,564	2,978,817	1,989,194	2,230,718	2,329,719	2,815,781	2,779,276
Culture and recreation	1,551,834	1,680,598	1,665,116	1,771,664	1,889,020	1,618,153	1,728,506	1,889,507	1,609,312	1,600,483
Capital outlay	3,120,661	3,517,951	3,739,631	6,333,562	4,000,792	3,590,493	7,194,189	8,942,317	12,916,507	13,194,792
Debt service										
Principal	1,130,920	1,229,267	1,236,924	1,130,803	1,319,864	1,091,035	1,108,682	1,531,382	1,534,134	2,236,939
Interest and other charges	426,962	418,197	374,656	385,898	396,742	367,040	555,859	655,997	637,235	1,255,127
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	21,009,044	22,564,400	22,908,747	26,507,437	27,055,198	25,564,190	31,212,807	33,888,390	38,620,570	42,013,762
REVENUES OVER (UNDER) EXPENDITURES	(345,571)	302,390	1,191,177	1,347,429	990,996	3,790,807	389,667	1,824,751	(1,899,182)	(6,245,640)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	2,700,000	-	-	-	-	-	-	-	3,100,000	-
Issuance of bonds	-	-	-	4,029,022	-	-	10,998,487	-	10,745,000	-
Installment debt issuance proceeds	-	-	-	-	1,000,000	-	-	-	1,058,117	-
Transfers in	1,775,200	318,500	584,336	1,651,084	(587,429)	804,000	2,855,113	5,035,617	7,125,000	10,133,750
Transfers out	(1,775,200)	(318,500)	(584,336)	(1,651,084)	587,429	(930,200)	(2,968,096)	(5,161,617)	(7,182,800)	(9,149,500)
Claims/settlements	-	-	(349,000)	(225,000)	(7,008)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,700,000	-	(349,000)	3,804,022	992,992	(126,200)	10,885,504	(126,000)	14,845,317	984,250
NET CHANGE IN FUND BALANCES	\$ 2,354,429	\$ 302,390	\$ 842,177	\$ 5,151,451	\$ 1,983,988	\$ 3,664,607	\$ 11,275,171	\$ 1,698,751	\$ 12,946,135	\$ (5,261,390)
Debt Service as a percentage of non-capital expenditures	8.7%	8.6%	8.4%	7.5%	7.4%	6.6%	6.5%	8.8%	8.4%	12.1%

Note:

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

TOWN OF MORRISVILLE, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS

Table 5

Fiscal Year	GENERAL REVENUES							PROGRAM REVENUES				Fiscal Year Total
	Property Taxes	Other Taxes and Licenses	Unrestricted Intergovernmental	Miscellaneous	Parkland Payment in Lieu	Unrestricted Investment Earnings	Gain (Loss) on Disposal of Capital Assets	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Special Items	
2011	\$ 12,295,448	\$ 1,299,114	\$ 4,432,357	\$ 277,104	\$ -	\$ 109,052	\$ -	\$ 1,801,277	\$ 29,957	\$ 9,210,378	\$ 7,181	\$ 29,461,868
2012	12,323,383	1,455,079	5,068,135	499,768	-	76,137	-	1,942,766	363,308	8,092,476	(96,103)	29,724,949
2013	12,949,904	1,509,323	5,346,806	220,266	-	59,862	-	2,562,874	467,188	14,322,437	(2,355,433)	35,083,227
2014	14,577,176	1,753,968	5,574,758	351,686	-	42,969	-	2,989,395	497,609	5,305,670	-	31,093,231
2015	14,745,618	1,724,212	6,563,000	257,289	551,487	44,360	-	3,266,803	508,875	7,627,332	-	35,288,976
2016	16,380,456	273,725	7,964,820	411,923	640,609	85,896	-	3,711,398	712,118	3,236,487	-	33,417,432
2017	17,600,497	285,897	8,296,852	342,517	412,778	237,469	-	3,702,239	703,890	10,749,548	-	42,331,687
2018	17,973,513	289,261	8,660,926	325,730	1,051,737	519,740	(137,467)	3,730,678	949,502	11,459,805	-	44,823,425
2019	18,937,524	527,459	9,227,535	351,008	2,058,619	1,185,625	-	3,458,922	624,873	4,631,939	-	41,003,504
2020	19,702,688	569,225	9,401,957	482,295	701,903	679,457	-	2,839,289	643,010	734,947	-	35,754,771

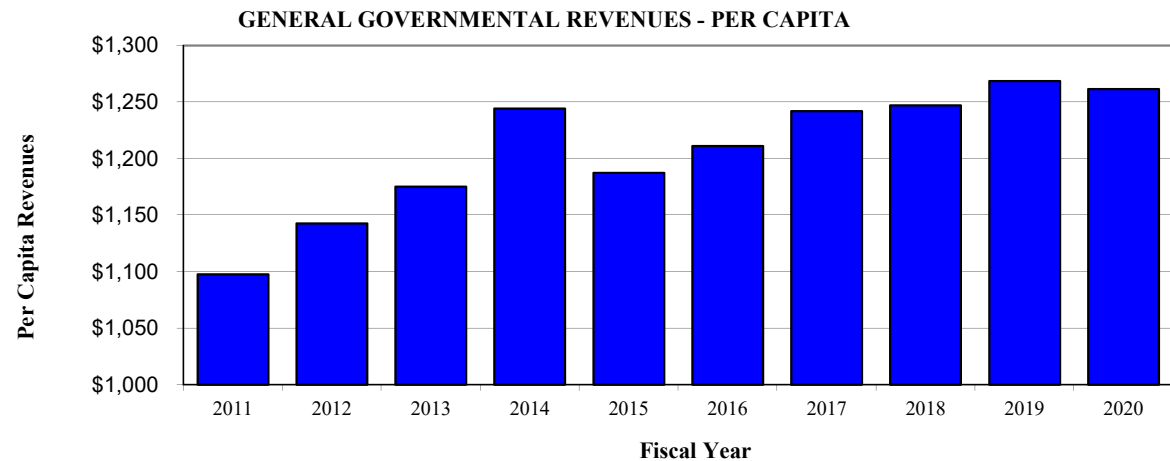
TOWN OF MORRISVILLE, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Taxes		Intergovernmental		Licenses, Permits and Fees		Investment Earnings		Sales and Services		Miscellaneous		Fiscal Year Total	Per Capita Revenues (3)
2011	\$	13,562,792	\$	4,815,210	\$	855,338	\$	34,202	\$	945,939	\$	314,089	\$ 20,527,570	\$ 1,098
2012		13,930,850		5,710,249		900,934		27,545		1,041,832		560,725	22,172,135	1,143
2013		14,453,155		6,249,629		1,531,017		25,349		1,031,857		404,864	23,695,871	1,175
2014		16,364,676		6,097,255		1,878,056		17,069		1,111,339		351,686	25,820,081	1,244
2015		16,516,263		7,101,077		2,100,027		17,869		1,166,776		302,603	27,204,615	1,187
2016		16,675,040		8,516,149		1,768,241		72,091		1,108,843		542,152	28,682,516	1,211
2017		17,909,134		8,986,293		1,840,623		144,604		1,143,451		346,207	30,370,312	1,242
2018		18,243,302		9,470,590		1,857,176		341,622		1,079,131		487,099	31,478,920	1,247
2019		19,466,167		9,794,759		1,925,719		553,709		839,002		455,032	33,034,388	1,269
2020		20,249,295		10,044,967		2,414,568		354,302		424,721		538,490	34,026,343	1,261

Notes:

- (1) Includes only the General Fund.
- (2) This table was prepared using the modified accrual basis of accounting.
- (3) See Table 12 for population data.



TOWN OF MORRISVILLE, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 7

Fiscal Year	Assessed Value (1)			Property Tax Rate (Per \$100 Assessed Value)
	Real Property	Personal Property (3)	Total	
2011	\$ 2,834,372,014	\$ 511,012,254	\$ 3,345,384,268	.3665
2012	2,882,863,424	507,301,119	3,390,164,543	.3665
2013	2,968,527,049	552,879,301	3,521,406,350	.39
2014	3,162,756,944	497,841,371	3,660,598,315	.39
2015	3,406,956,056	352,773,964	3,759,730,020	.39
2016 (2)	3,715,276,039	265,544,793	3,980,820,832	.41
2017	4,249,456,268	283,261,101	4,532,717,369	.39
2018	4,308,504,486	279,156,312	4,587,660,798	.39
2019	4,554,674,390	290,006,438	4,844,680,828	.39
2020 (2)	4,703,676,411	330,932,265	5,034,608,676	.39

Notes:

(1) Assessed value is established by Wake County Tax Department.

(2) A revaluation of all property is required every four (4) years by State statute. The most recent revaluation occurred in 2020.

(3) Personal property includes Public Service values and vehicle values.

TOWN OF MORRISVILLE, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Table 8

<u>Fiscal Year</u>	<u>Town of Morrisville</u>	<u>Wake County</u>	<u>Combined Tax Rate per \$100 of Assessed Value</u>
2011	.3665	0.534	0.9005
2012	.3665	0.534	0.9005
2013	.3665	0.534	0.9005
2014	.39	0.534	0.924
2015	.39	0.578	0.968
2016	.41	0.6145	1.0245
2017	.39	0.6005	0.9905
2018	.39	0.615	1.005
2019	.39	0.6544	1.0444
2020	.39	0.7207	1.1107

TOWN OF MORRISVILLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

Table 9

Taxpayer	2020			2011		
	2019 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Raleigh 1 LP	\$ 191,427,702	1	3.8%			
Park West Village LLC	114,662,383	2	2.3%			
WMCi Raleigh LLC	113,788,593	3	2.3%			
Southport Business	88,185,042	4	1.8%	90,555,439	3	2.7%
Perimeter Center 7 Pack LLC	84,091,964	5	1.7%			
SVT Lenovo BTS LP	59,650,598	6	1.2%			
Syneos Health Inc	58,487,471	7	1.2%			
CEGM Morrisville LLC	52,316,012	8	1.0%			
Raleigh Flex East Ridge LLC	51,573,240	9	1.0%	44,090,013	5	1.3%
PRIII RTP8 (Oaks at Weston) Owner LLC	51,257,310	10	1.0%			
Weeks Realty LP				\$ 161,642,353	1	4.8%
Duke Weeks Realty Limited Partnership				114,375,186	2	3.4%
Lenovo Inc.				72,333,527	4	2.2%
G&I VI Oaks at Weston LP				42,086,428	6	1.3%
Tekelec Inc.				39,239,328	7	1.2%
DH Research Triangle LLC				34,631,113	8	1.0%
BES Preston Fund VII LLC				33,119,650	9	1.0%
CSP Community Owner LLC				29,941,218	10	0.9%
	<u>\$ 865,440,315</u>		<u>17.3%</u>	<u>\$ 662,014,255</u>		<u>19.8%</u>

Source: Wake County Revenue Department and 2011 CAFR.

TOWN OF MORRISVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 10

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 Adjusted Levy		Amount	Percentage of Adjusted Levy
2011	\$ 12,365,390	\$ -	\$ 12,365,390	\$ 12,244,947	99.0%	\$ 62,838	\$ 12,307,785	99.5%
2012	12,462,076	-	12,462,076	12,378,660	99.3%	70,158	12,448,818	99.9%
2013	12,948,450	-	12,948,450	12,859,051	99.3%	75,463	12,934,514	99.9%
2014	14,424,648	-	14,424,648	14,385,604	99.7%	31,529	14,417,133	99.9%
2015	14,672,918	-	14,672,918	14,657,124	99.9%	28,181	14,685,305	99.9%
2016	16,269,228	-	16,269,228	16,258,202	99.9%	16,102	16,274,304	100.0%
2017	17,500,964	-	17,500,964	17,487,652	99.9%	(6,415)	17,481,237	99.9%
2018	17,851,012	-	17,851,012	17,840,350	99.9%	2,071	17,842,421	100.0%
2019	18,817,208	-	18,817,208	18,803,670	99.9%	-	18,803,670	99.9%
2020	19,620,857	-	19,620,857	19,552,108	99.6%	-	19,552,108	99.6%

TOWN OF MORRISVILLE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	(1) Debt per Capita
	General Obligation Bonds	Capital Leases	Installment Notes	General Obligation Bonds	Installment Notes			
2011	\$ 8,140,000	-	\$ 3,814,851	\$ 1,150,000	\$ 22,208	\$ 13,127,059	-	702
2012	7,550,000	-	3,175,584	775,000	-	11,500,584	-	593
2013	6,960,000	-	2,528,661	410,000	-	9,898,661	1.3	491
2014	10,423,832	-	1,987,856	155,000	-	12,566,688	1.6	606
2015	9,670,357	-	2,417,992	-	-	12,088,349	1.3	528
2016	8,981,882	-	2,011,957	-	-	10,993,839	1.2	464
2017	19,330,301	-	1,603,275	-	-	20,933,576	2.1	856
2018	18,084,669	-	1,191,893	-	-	19,276,562	1.8	764
2019	28,598,640	-	3,877,759	-	-	32,476,399	2.9	1,247
2020	26,742,739	-	3,305,820	-	-	30,048,559	2.6	1,114

Note:

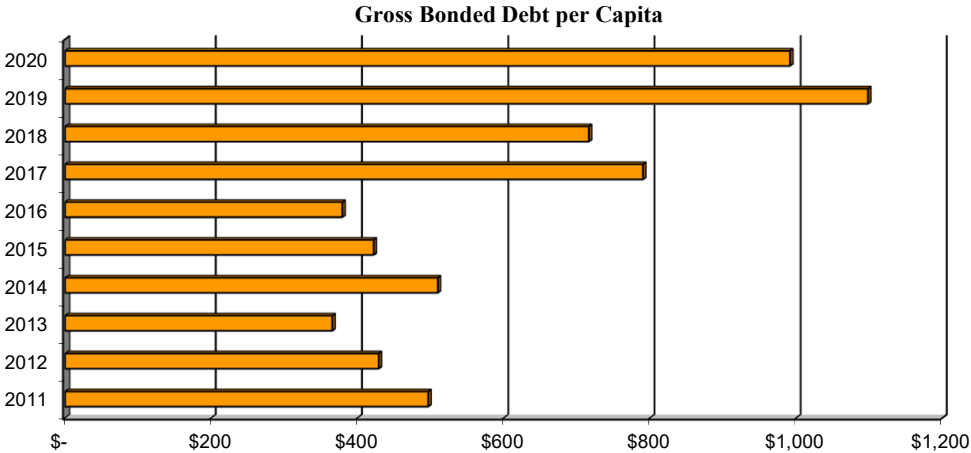
(1) See Table 16 for population and personal income data.

TOWN OF MORRISVILLE, NORTH CAROLINA
RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE AND
GROSS/NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Table 12

Fiscal Year	(1) Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
2011	18,700	\$ 3,345,384,268	\$ 9,290,000	\$ 1,150,000	\$ 8,140,000	0.24	\$ 435	\$ 497
2012	19,406	3,390,164,543	8,325,000	775,000	7,550,000	0.22	389	429
2013	20,164	3,521,406,350	7,370,000	410,000	6,960,000	0.21	345	366
2014	20,753	3,660,598,315	10,578,832	155,000	10,423,832	0.29	502	510
2015	22,914	3,759,730,020	9,670,357	-	9,670,357	0.26	422	422
2016	23,682	3,980,820,832	8,981,882	-	8,981,882	0.23	379	379
2017	24,456	4,532,717,369	19,330,301	-	19,330,301	0.43	790	790
2018	25,242	4,587,660,798	18,084,669	-	18,084,669	0.39	716	716
2019	26,041	4,844,680,828	28,598,640	-	28,598,640	0.59	1,098	1,098
2020	26,973	5,034,608,676	26,742,739	-	26,742,739	0.53	991	991

Notes:
 (1) North Carolina Office of State Planning -
 Certified Population Estimate.



TOWN OF MORRISVILLE, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Table 13

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	(1) Less: Amount of Debt Applicable to Debt Limit - Net Bonded Debt	Legal Debt Limit
2011	3,345,384,268	267,630,741	(13,127,059)	254,503,682
2012	3,390,164,543	271,213,163	(11,500,584)	259,712,579
2013	3,521,406,350	281,712,508	(9,898,661)	271,813,847
2014	3,660,598,315	292,847,865	(12,512,856)	280,335,009
2015	3,759,730,020	300,778,402	(12,037,992)	288,740,410
2016	3,980,820,832	318,465,667	(10,946,957)	307,518,710
2017	4,532,717,369	362,617,390	(19,308,275)	343,309,115
2018	4,587,660,798	367,012,864	(17,776,893)	349,235,971
2019	4,844,680,828	387,574,466	(30,087,759)	357,486,707
2020	5,034,608,676	402,768,694	(27,850,820)	374,917,874

Notes:

(1) Net Bonded Debt Calculation for FY 2020

Total debt applicable to limitation:

Bonded debt:

Outstanding:

Public improvement bonds

\$ 24,545,000

Installment obligations

3,305,820

Total amount of debt applicable to debt limit

\$ 27,850,820

TOWN OF MORRISVILLE, NORTH CAROLINA**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -
GENERAL OBLIGATION BONDS***JUNE 30, 2020***Table 14**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Net Installment Note Debt Outstanding</u>	<u>Percentage Applicable to Town (1)</u>	<u>Amount Applicable to Town</u>
Direct:				
Town of Morrisville	\$ 26,742,739	\$ 3,305,820	100%	\$ 30,048,559
Overlapping: (2)				
Wake County	1,580,690,000 (3)	3,719,115	3.18%	<u>50,384,210</u>
Total direct and overlapping debt				<u><u>\$ 80,432,769</u></u>

Notes:

(1) Based on total assessed values.

(2) Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of Airport revenue.

(3) Wake County Revenue Department.

TOWN OF MORRISVILLE, NORTH CAROLINA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Table 15

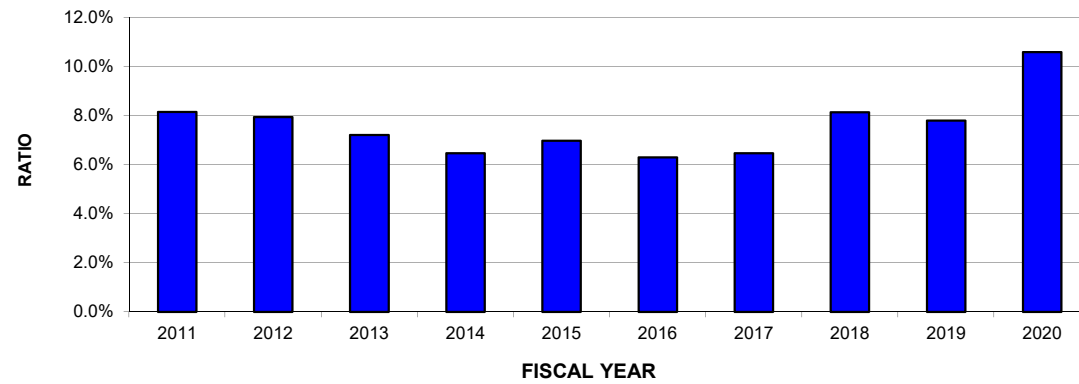
Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to Total General Expenditures
2011	\$ 1,130,920	\$ 426,962	\$ 1,557,882	\$ 19,099,176	8.2%
2012	1,229,267	418,197	1,647,464	20,732,159	7.9%
2013	1,236,924	374,656	1,611,580	22,345,251	7.2%
2014	1,130,803	385,898	1,516,701	23,417,539	6.5%
2015	1,319,864	396,742	1,716,606	24,564,304	7.0%
2016	1,091,035	367,040	1,458,075	23,121,319	6.3%
2017	1,108,682	555,859	1,664,541	25,741,841	6.5%
2018	1,531,382	655,997	2,187,379	26,854,577	8.1%
2019	1,534,134	596,280	2,130,414	27,306,085	7.8%
2020	2,236,939	1,255,127	3,492,066	32,928,919	10.6%

Note:

(1) Includes General Long Term debt and capitalized leases.

(2) Includes General Fund.

RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES



TOWN OF MORRISVILLE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 16

Fiscal Year	(1)	Per Capita	(5) Median Age	(4) Wake County	(2)	
	Population	Personal Income		School Enrollment	Unemployment Rate Percentage	
2011	18,700	(3)	32.6	(5)	143,289	8.6
2012	19,406	(3)	32.5	(6)	146,687	8.0
2013	20,164	38,504 (6)	33.5	(6)	149,508	7.5
2014	20,753	38,856 (6)	33.4	(6)	153,300	6.4
2015	22,914	39,734 (7)	33.3	(6)	155,184	5.8
2016	23,682	39,229 (7)	32.9	(6)	157,180	4.3
2017	24,456	40,693 (7)	33.1	(6)	159,549	3.7
2018	25,242	41,523 (7)	33.5	(6)	160,429	3.7
2019	26,041	43,054 (7)	33.5	(6)	160,471	3.6
2020	26,973	43,058 (7)	33.4	(6)	161,907	7.0

Notes and Data Sources:

- (1) North Carolina Office of State Budget and Management - Certified Population Estimate.
- (2) North Carolina State Employment Security Commission for the Raleigh-Cary, NC Metropolitan Statistical area.
Separate figures for the Town are not available.
- (3) Information is unavailable.
- (4) Wake County Public School System Demographics Resource Center.
- (5) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area.
Separate figures for the Town were not available.
- (6) American FactFinder, U.S. Census Bureau estimates, 2012-2016 American Community Survey for Morrisville, NC.
- (7) US Census QuickFacts (2014-2018).

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

Table 17

Company/Institution	2020			2011		
	Approximate Number of Employees (1)	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area (2)	Approximate Number of Employees (3)	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area (3)
Sensus (a Xylem Brand)	3,691	1	0.58%			
Conduent Inc.	3,487	2	0.55%			
Lenovo	3,000	3	0.47%	1,475	1	0.26%
Credit Suisse	2,700	4	0.43%			
Syneos Health Inc.	2,100	5	0.33%			
Pharmaceutical Product Development, Inc. (PPD)	2,000	6	0.32%	1,400	2	0.25%
TrialCard Inc.	1,300	7	0.21%			
Luihn Food Systems	1,290	8	0.20%			
Eaton	1,088	9	0.17%			
Spectrum AKA Charter Communication	925	10	0.15%			
Tekelec Inc.				664	3	0.12%
Wal-Mart				350	4	0.06%
Catalent Pharma Solutions				300	5	0.05%
QBE First				275	6	0.05%
Value Options, Inc.				269	7	0.05%
URS Group. Inc.				231	8	0.04%
MG Capital Maintenance, Inc.				200	9	0.04%
Sam's Club				167	10	0.03%
Totals	21,581		3.41%	5,331		0.95%

Notes and Data Sources:

- (1) Wake County Economic Development
- (2) U.S. Bureau of Labor Statistics, Raleigh-Cary, NC.
- (3) Town of Morrisville FY2011 CAFR.

TOWN OF MORRISVILLE, NORTH CAROLINA
NEW COMMERCIAL AND NEW RESIDENTIAL ACTIVITY
LAST TEN FISCAL YEARS

Table 18

Fiscal Year	Commercial		Residential		Total	
	Number of New Permits	Property Value	Number of New Permits	Property Value	Number of New Permits	Property Value
2011	22	\$ 20,943,758 (1)	194	\$ 27,608,493	216	\$ 48,552,251
2012	22	28,140,638 (1)	248	38,362,353	270	66,502,991
2013	24	21,175,709 (1)	258	36,753,611	282	57,929,320
2014	8	18,286,282 (1)	263	40,857,029	271	59,143,311
2015	26	34,550,075 (1)	327	43,134,691	353	77,684,766
2016	11	29,267,441 (1)	236	27,998,196	247	57,265,637
2017	31	125,935,241 (1)	171	27,006,285	202	152,941,526
2018	17	63,009,729 (1)	113	14,694,519	130	77,704,248
2019	21	57,285,552 (1)	161	21,546,813	182	78,832,365
2020	37	125,974,413 (1)	59	8,951,175	96	134,925,588

Notes:

(1) Includes multi-family.

Compiled by the Town of Morrisville Inspections Department.

TOWN OF MORRISVILLE, NORTH CAROLINA**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)***LAST TEN FISCAL YEARS***Table 19**

Fiscal Year	General Government	Public Safety	Public Works	Development Services	Culture and Recreation	(2) Capital Outlay	Debt Service	Fiscal Year Total	Per Capita Expenditures
2011	\$ 2,815,839	\$ 6,776,367	\$ 3,207,809	\$ 1,978,652	\$ 1,551,834	\$ 1,210,793	\$ 1,557,882	\$ 19,099,176	1,194
2012	3,171,131	7,119,811	3,395,494	2,031,951	1,680,598	1,685,710	1,647,464	20,732,159	1,109
2013	3,206,886	7,196,338	3,272,849	2,216,347	1,665,116	3,176,135	1,611,580	22,345,251	1,151
2014	3,153,654	7,582,421	3,614,871	2,534,564	1,771,664	3,243,664	1,516,701	23,417,539	1,161
2015	3,115,978	8,484,213	4,869,772	2,978,817	1,889,020	1,509,898	1,716,606	24,564,304	1,072
2016	3,541,976	8,159,452	5,206,847	1,989,194	1,618,153	1,147,622	1,458,075	23,121,319	976
2017	4,302,843	8,166,536	5,925,474	2,230,718	1,728,506	1,723,223	1,664,541	25,741,841	1,053
2018	4,524,451	8,633,485	5,381,532	2,329,719	1,889,507	1,908,504	2,187,379	26,854,577	1,064
2019	4,984,628	9,161,197	4,961,776	2,815,781	1,609,312	1,642,977	2,130,414	27,306,085	1,049
2020	5,744,971	10,043,861	5,158,313	2,779,276	1,600,483	4,109,949	3,492,066	32,928,919	1,221

Notes:

Includes only the General Fund.

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

(2) Capital outlay is budgeted within departments and shown separate for this schedule.

TOWN OF MORRISVILLE, NORTH CAROLINA

EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT (1)

LAST TEN FISCAL YEARS (2)

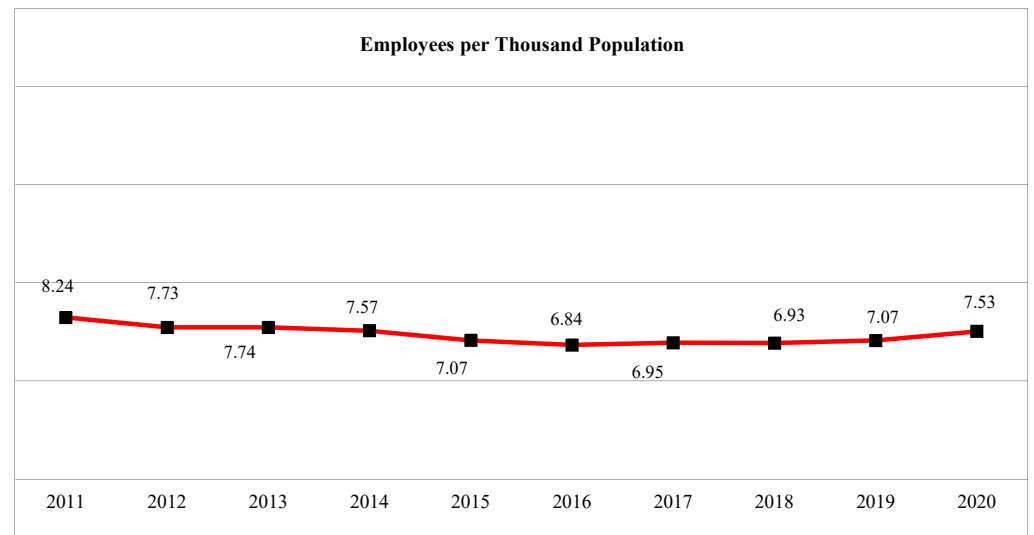
Table 20

Fiscal Year	(3) Administration	Planning, Engineering and Stormwater	Police	Inspections	Public Works	Parks and Recreation	Fire	Finance	Fiscal Year Total
2011	14	13	36	8	20	13	43	7	154
2012	14	13	35	6	20	13	43	6	150
2013	14	15	35	6	20	13	46	7	156
2014	15	15	36	6	20	13	46	6	157
2015	15	16	36	6	21	13	49	6	162
2016	16	17	36	5	21	13	49	5	162
2017	15	20	41	6	21	13	49	5	170
2018	15	19	42	8	21	13	52	5	175
2019	17	21	45	8	21	13	54	5	184
2020	18	23	45	10	22	15	58	5	196

Restated historical data based on authorized positions grouping as noted below.

Notes:

- (1) Regular full-time employees only per the annual operating budget, does not include part-time, temporary or seasonal employees.
- (2) As of June 30 of the fiscal year.
- (3) Includes Administration, Communications, Human Resources, and IT.



TOWN OF MORRISVILLE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Table 21

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Privilege licenses issued	1,637	1,804	1,744	794	950	-	-	-	-	-
New building permits issued	216	270	282	271	354	247	202	130	182	96
Police										
Police calls for service	11,207	8,985	8,044	9,949	9,905	11,611	18,198	11,970	27,453	33,725
Physical arrests	156	174	133	212	262	308	247	148	322	236
Traffic accidents reported	427	487	494	432	500	745	708	446	823	940
Traffic violations	3,148	3,027	3,576	2,089	2,629	2,334	1,963	852	1,193	1,253
Warrants served	188	521	175	72	87	61	184	133	27	29
Fire										
Child safety seat inspections	719	624	625	672	662	611	577	575	661	518
Emergency responses	1,584	1,638	1,864	1,944	2,020	2,316	2,225	2,377	2,432	3,026
Fires extinguished	69	57	71	40	57	43	46	37	52	59
Property losses due to fire (dollars)	\$210,218	\$101,451	\$1,784,225	\$301,996	\$290,400	\$212,126	\$403,226	\$67,525	\$149,655	\$86,550
Fire code violations corrected	862	1,695	1,165	1,412	1,344	1,716	2,049	1,249	1,277	704
Streets										
Miles of road maintained	35	39	45	46	48	49	52	52	54	54
Environmental Protection										
Number of households served	4,440	4,690	4,953	5,170	5,440	5,856	6,011	6,150	6,263	6,325
Municipal solid waste collected (tons)	2,481	2,802	3,103	2,902	3,110	4,330	3,735	3,716	3,731	4,080
Recycling collected (tons)	822	886	943	1,050	998	1,249	1,276	1,273	1,347	1,432
Yard waste collected (tons)	193	213	212	202	240	222	231	181	264	309
Recreation and Parks										
Youth program participants	1,509	1,606	1,894	1,841	1,595	1,957	1,886	1,739	1,419	1,314
Athletic program participants (youth and adult)	2,676	2,589	2,426	2,363	2,446	2,139	2,228	2,242	1,996	818
Recreation program participants (youth and adult)	2,033	1,532	1,285	1,270	975	983	1,876	1,731	2,725	1,247
Senior program participants	186	172	427	414	405	435	570	295	467	291
Park and community center facility reservations	1,958	2,582	2,671	3,004	5,411	6,272	6,598	7,028	4,085	2,816

Source: Town of Morrisville - Finance, Police, Fire, Parks and Recreation, and Public Works Departments.

Note: The Recreation and Parks statistics were affected by the pandemic.

TOWN OF MORRISVILLE, NORTH CAROLINA
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Table 22

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	25	31	24	24	31	20	28	27
Detective units	4	4	4	9	4	4	4	4	4	4
K-9 units	1	1	1	1	1	1	1	2	2	2
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks/command vehicles	8 / 2	8 / 2	8 / 5	8 / 5	8 / 5	8 / 5	8 / 3	8 / 4	8 / 4	10 / 8
Streets										
Streets (miles)	35.42	38.62	44.94	46.47	48.28	49.17	51.98	51.98	54.00	54.00
Recreation and Parks										
Number of developed parks	5	5	5	5	6	6	7	10	7	7
Developed Park Acreage	96	96	96	96	108	108	113	127.38	113.00	113.00
Baseball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	3	3	3	3	6	6	6	6	3	3
Racquetball courts	2	2	2	2	2	2	2	2	0	0
Community centers	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	1	0
Greenway miles	7.96	9.02	9.02	11.08	11.98	11.98	12.14	14.40	16.35	16.90

Source: Town of Morrisville - Police, Fire, and Parks and Recreation Departments.

Note: The Morrisville Aquatics and Fitness Center was closed for renovations for FY20. The indoor racquet ball courts were not available due to the renovation.

Compliance Section

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Town Council
Town of Morrisville
Morrisville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Morrisville, North Carolina (the "Town"), 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, and have issued our report thereon dated October 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing 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'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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
October 23, 2020

TOWN OF MORRISVILLE, NORTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal Expenditures (Direct and Pass-Through)	State Expenditures
Federal Grants				
U.S. Department of Homeland Security-FEMA				
Passed Through North Carolina Department of Emergency Management				
Hurricane Florence			\$ 14,614	\$ 4,871
<u>U.S. Department of Transportation</u>				
Passed Through North Carolina Department of Transportation				
Highway Planning and Construction	20.205	WBS 46233.1.1	303,076	-
Highway Planning and Construction	20.205	WBS 44666.1.1	36,345	
<u>U.S. Department of Justice</u>				
Direct From U.S. Department of Justice				
Equitable Sharing Program	16.922	n/a	35,910	-
Passed Through North Carolina Department of Public Safety				
2017 Local Law Enforcement Block Grant Program			20,662	
Total Assistance - Federal Programs			410,607	-
State Grants				
<u>North Carolina Department of Transportation</u>				
Powell Bill	n/a	1000006748	-	238,100
Total Assistance - State Programs			-	242,971
Total Assistance			\$ 410,607	\$ 242,971

Notes to the Schedule of Expenditures of Federal and State Awards:**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the Town of Morrisville, North Carolina under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA 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 Morrisville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Morrisville.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The Town of Morrisville has not contracted or made awards to any subrecipients.