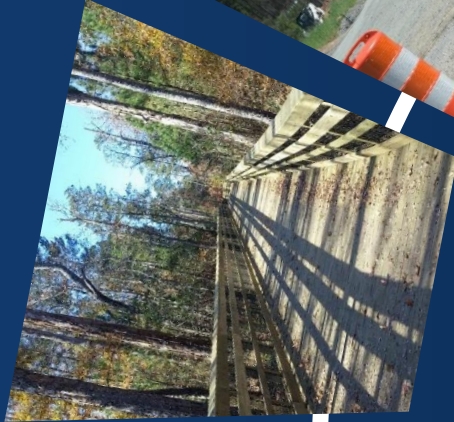


Comprehensive Annual Financial Report

MORRISVILLE

Fiscal Year Ending June 30, 2019



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, 2019



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 17, 2019

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, 2019 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, 2019, 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, 2019. 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 26,041. 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. 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*".

In August 2018 the International Cricket Council (ICC) announced that the 2018 ICC Americas Sub Regional T20 World Cup Qualifier would be hosted in Morrisville at the Town's regulation size cricket field at Church Street Park. In September 2018, Morrisville earned the 2018 Voice of the People Award for Transformation in Community Engagement by the National League of Cities (NCL). This award is only given to top performing jurisdictions that best listen and act for the benefit of their communities. In June 2019 Morrisville was named 2019's 3rd Best Place to Raise a Family in North Carolina by WalletHub. The rating was based on 21 key indicators of family-friendliness and ranged from median family income to housing affordability to quality of school system. The Raleigh-Cary MSA, which includes Morrisville, continues to receive an abundance of national recognitions. Morrisville maintains a strong local economy that provides good jobs and the amenities that people look for when choosing a place to live.

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 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.

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:

- Raleigh Durham International Airport (RDU) is the main airport serving Raleigh, Durham and the surrounding Research Triangle region of North Carolina. The airport covers 5,000 acres and is located just 4.5 miles from the Town, serves 9 major and 6 regional air carriers and cargo services, operates 3 runways, providing service to over 68 non-stop domestic and international destinations on approximately 450 daily flights. Delta Air Lines has been building up operations and has declared RDU to be a focus city. Delta is now the largest carrier at RDU and operates 80 daily flights, including a transatlantic flight to Paris. RDU served approximately 12.8 million passengers in 2018. RDU is on pace for record growth and JD Power ranks it as the fifth-best airport in the country for one of its size. The annual North American Airport Satisfaction Study from JD Power looks at customer feedback in categories such as airport accessibility, baggage check-in, security checkpoints, food and beverage and terminal facilities. The RDU Airport Authority released its Vision 2040 Master Plan in 2017, detailing the improvements that will be made by 2040. The major projects are the construction of a consolidated rental car facility and an on-site hotel, expansion of parking lots, expansion of both terminals to add gates, improvements to the taxiway layout, and the complete rebuilding of the runways.

- The Town is adjacent to Research Triangle Park (RTP), the largest (7,000 acres) and one of the most prominent high-tech research and development parks in the United States. 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), RTP continues to be a major economic engine with 22.5 million square feet of built office space. The park is home to more than 300 companies employing 55,000 workers and an additional 10,000 contractors, including the second largest IBM operation in the world. Park Center, a 100-acre property located in the heart of RTP, is the first major redevelopment in RTP’s history. In October 2018, RTP signed an agreement with Willard Retail to start development on the first phase of Park Center for a new “town center” (approximately 150,000 square feet) that will serve as the shopping and dining core for Park Center. It will be a large mixed-use development project that will include over 1,000 residential units, a hotel, a conference center and over 1 million square feet of office space. Willard is expected to complete construction by the end of 2020. This development is intended to attract additional businesses to the area, which will likely have a spillover effect to the Town due to its proximity to Morrisville.

- 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 has partnered with the North Carolina Department of Transportation (NCDOT) regarding Phase 2 of the McCrimmon Parkway Extension Project which has an estimated completion date of Winter 2019. Morrisville has received both federal and state funding for the Morrisville-Carpenter Road Widening Project and expects to bid out the project in Fall 2019. The Town has executed an agreement with NCDOT to manage the preliminary engineering/design of the Airport Boulevard Extension Phase I Project. 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.

- Wake County Public School System appropriated funds in June 2018 estimated at \$40 million for the new 2-story 52 classroom Parkside Elementary School that was built off Davis Drive in Morrisville. The construction timeline was aggressive, and school opened for Morrisville students in July and the ribbon cutting ceremony was in August 2019. Additional land has been purchased adjacent to Parkside Elementary for a combination middle school and high school.

- 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. Phase I is a 28-acre site that includes a 110,000 square foot building with 720 parking spaces that opened for enrollment in August 2018. 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 at a cost of \$44 million. This project will enable the RTP campus to accommodate an additional 1,100 students and is expected to be completed in spring 2021.
- Wake Competition Center (WCC) a 30-acre indoor and outdoor sports complex features eight indoor courts, four outdoor courts, training space, locker room and office space. Two buildings are now open to the public and are considered champion-level volleyball and gymnastics facilities. Turf soccer fields are also available for public use. Construction for two ice rinks (one with 1,500 seats for spectators so it can host figure skating tournament) and is anticipated to be the practice facility for the Carolina Hurricanes NHL hockey team. This project is expected to be completed by the end of 2019. Additional expansion plans are being considered.

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 is currently under development. 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 is scheduled to open in May 2020.

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 is under way and the estimated completion date is May 2020. The Indian Creek Greenway Connector to Town Hall Terraces Project was funded in the FY2020 budget.

Another health focused project started in 2014, when the Town received a grant from the John Rex Endowment to help create a farmer's market in the Town to improve access to locally grown food. This project was later expanded to include an education garden demonstration area to help teach people how to grow their own fresh fruits and vegetables. This site, now called the Healthy Food Hub, opened in July 2018, at a location that is easily accessible from the growing pedestrian network to promote better food choices and exercises as part of a healthier lifestyle. Construction of Phase II of the Healthy

Food Hub project is completed except for electricity and includes lighting, storm drainage and surface parking spaces. Staff is working on active programming.

As mentioned earlier, the Town has taken a much more aggressive role in local transportation planning. The Town is actively involved in partnering with other communities in the region to pursue funding for needed improvements to transportation facilities, including roads and highways (NC54, McCrimmon Parkway Extension, Morrisville-Carpenter Road), local surface street improvements, (including a major commitment in the Town's fiscal budgets since 2015 to aggressively upgrade and maintain Town-maintained streets and completion of three Municipal Service District road projects), sidewalks (including both Town and CDBG funded projects on various Town roads), and greenways that are part of the regional greenway connectivity initiative.

Fiscal year 2019 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.

In 2012, Morrisville residents overwhelmingly approved 20 million dollars in General Obligation bonds (\$14.3M for Street Improvements and \$5.7M for Parks and Recreation), and in September 2016 the Town issued 10 million in bonds for street improvements for the McCrimmon Parkway Extension project. Phase II of the McCrimmon Parkway Extension (Airport Boulevard to Aviation Parkway) of the project is managed by NCDOT and construction is expected to be completed. In October 2018, the Town issued the remaining \$4.3 million in street improvement bonds for Phase II of the McCrimmon Parkway Extension and \$5.7 million in bonds to help pay for the Morrisville Aquatic Fitness Center (MAFC) Renovation Project. The Town also procured \$3.1 million in direct installment loan debt to help fund the Morrisville-Carpenter Road Widening Project and the MAFC renovation costs.

In fiscal year 2019, the Town issued 182 new building permits totaling over \$78.8 million in additional tax valuation for Morrisville. Of the 182 permits, 161 were for residential development with a tax value of approximately \$21.5 million. Morrisville residential construction continues to flourish with a mix of both single family and townhome type units. One of the significant projects for commercial development this fiscal year is the Residences at Shiloh, a 6-building complex with 318 apartment units.

In Spring 2018 Town Council adopted a Strategic Plan for the Town of Morrisville. The plan "Connect Morrisville" affirmed the Mission, Vision and Values that serve as the core guiding principles of the work and service to Morrisville and was the focus of staff efforts for fiscal year 2019 as the next phase of the Strategic Plan Initiative.

The Comprehensive Transportation Plan was adopted in March 2019 and addressed the changing demographics and development patterns in Morrisville and provided updated policy recommendations, implementation tasks, and prioritization of transportation projects in the Town. The Land Use Plan Update is underway and is intended to guide development and investment within Morrisville over the next 10 years through an outlined community

vision. The Public Transportation Study was funded in FY2019 to evaluate opportunities for local public transit service in Morrisville. Town Council anticipates approving an Affordable Housing Plan in Fall 2019.

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.

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. In September 2018, the Town's AAA ratings were reaffirmed from all three major bond rating agencies - *Standards and Poor's*, *Moody's* and *Fitch*. The ratings were associated with the issuance of \$10,000,000 in general obligation bonds that were sold on October 24-25, 2018. 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. In September 2019, the Town launched the Morrisville PRO Community Dashboard which aligns with the Town's strategic plan initiatives.

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, 2018. 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 25 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



**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
Town of Morrisville, North Carolina



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morill

Date August 8, 2019

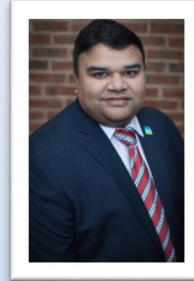
Town Council



TJ Cawley
Mayor



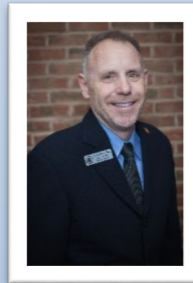
Vicki Scroggins-Johnson
Mayor Pro-Tem (District 4)



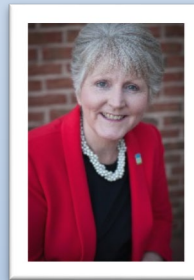
Satish Garimella
Council Member (At-Large)



Steve Rao
Council Member (At-Large)



Michael Schlink
Council Member (District 1)



Liz Johnson
Council Member (District 3)

Vacant
Council Member (District 2)



Martha Paige
Town Manager

- Frank Gray, Town Attorney
- Todd Wright, Assistant Town Manager
- Eric Smith, Town Clerk

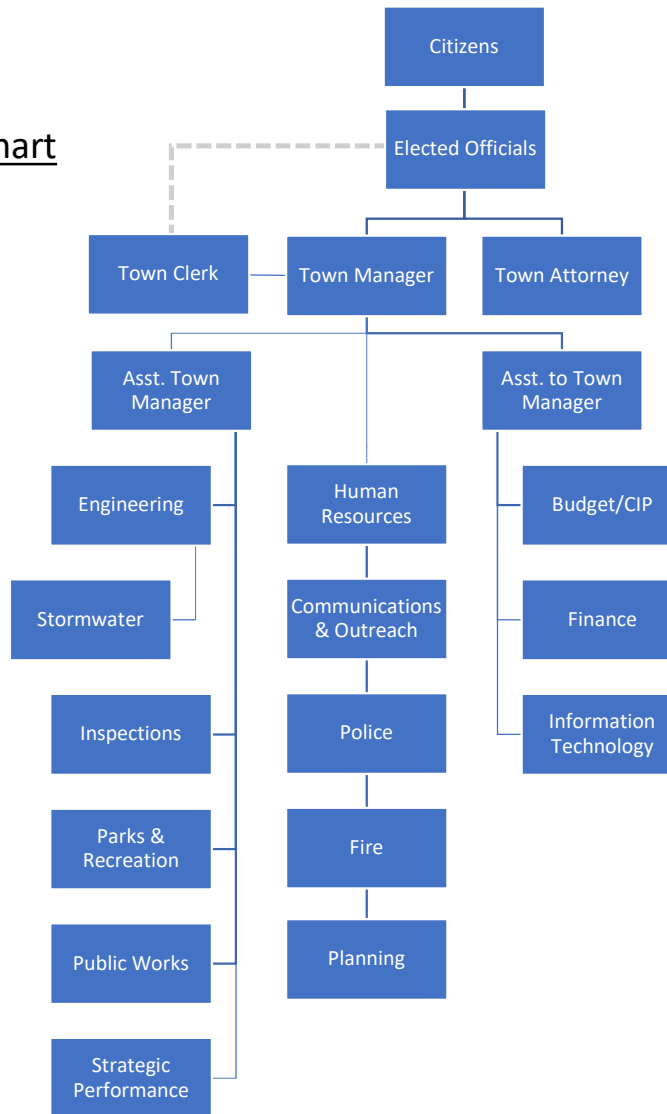
Appointed and Administrative Positions

Martha Paige	Town Manager*
Frank Gray	Town Attorney*
Todd Wright	Assistant Town Manager
Jeanne Hooks	Assistant to Town Manager
Rick Ralph	Chief Information Officer
Cathy Jarboe	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
Courtney Tanner	Planning Director
Patrice Andrews	Police Chief
Jim Grimstead	Acting Public Works Director
Joshua Baird	Stormwater Engineering Manager & Acting Town Engineer
Erin Hudson	Strategic Performance Manager
Eric Smith	Town Clerk*

**Appointed by Town Council*

As of June 30, 2019

Town of Morrisville Organizational Chart
as of June 30, 2019



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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, 2019, 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 17, 2019 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Cheryl Bekaert LLP

Raleigh, North Carolina
October 17, 2019

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, 2019. 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 \$177,856,384 (*net position*). Of this amount, \$19,230,575 (*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 \$12,101,121 in fiscal year 2019 of which \$11,830,213 was derived from governmental activities. Business-type activities reported an increase of \$270,908 in fiscal year 2019.
- As of the close of the current fiscal year, the Town of Morrisville's governmental funds reported a combined ending fund balance of \$58,441,948, an increase of \$12,946,135 over the prior year. Approximately 14.42% of total governmental funds fund balance, or \$8,427,921 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund increased by \$4,540,503. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,122,723 or 40.73% 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 increased by \$13,199,838 in the current fiscal year due to the issuance of \$3,100,000 of direct placement installment debt and \$10,745,000 of general obligation bonds with premiums on issuance of \$1,058,117 and the impact of debt payments on outstanding debt.
- 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, 2019, the Town of Morrisville utilized fourteen 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 thirteen Capital Project Funds (to account for construction projects spanning more than one annual budget year). During the year, the Town opened two new capital project funds, the Public Works Renovation Capital Project Fund and the Healthy Food Hub Capital Project Fund. The General Fund and the McCrimmon Parkway Extension 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

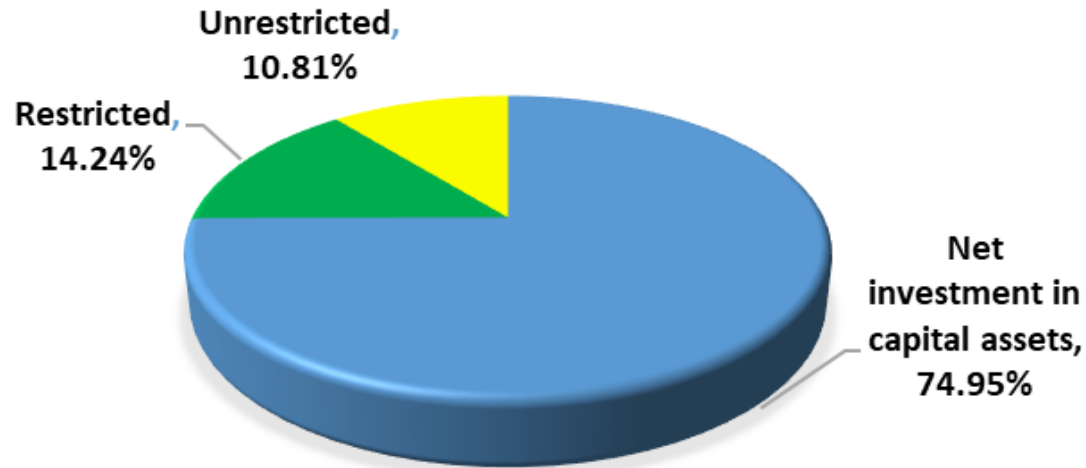
In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligations to provide benefits to its employees. Required supplementary information begins on page 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Town of Morrisville's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 63,137,330	\$ 48,110,156	\$ 2,170,771	\$ 1,897,792	\$ 65,308,101	\$ 50,007,948
Capital assets	156,228,210	142,745,474	668,769	643,220	156,896,979	143,388,694
Total assets	<u>219,365,540</u>	<u>190,855,630</u>	<u>2,839,540</u>	<u>2,541,012</u>	<u>222,205,080</u>	<u>193,396,642</u>
Deferred Outflows of Resources						
Pension deferrals	4,102,262	3,182,740	63,825	46,924	4,166,087	3,229,664
OPEB deferrals	544,157	43,875	8,848	668	553,005	44,543
Deferred charge on refunding	120,858	137,528	-	-	120,858	137,528
Total deferred outflows of resources	<u>4,767,277</u>	<u>3,364,143</u>	<u>72,673</u>	<u>47,592</u>	<u>4,839,950</u>	<u>3,411,735</u>
Long-term debt outstanding	43,607,859	27,882,738	160,910	110,996	43,768,769	27,993,734
Other liabilities	5,113,429	2,712,029	17,615	13,776	5,131,044	2,725,805
Total liabilities	<u>48,721,288</u>	<u>30,594,767</u>	<u>178,525</u>	<u>124,772</u>	<u>48,899,813</u>	<u>30,719,539</u>
Deferred Inflows of Resources	<u>285,260</u>	<u>328,950</u>	<u>3,573</u>	<u>4,625</u>	<u>288,833</u>	<u>333,575</u>
Net position:						
Net investment in capital assets	132,627,138	128,402,016	668,769	643,220	133,295,907	129,045,236
Restricted	25,329,902	21,205,023	-	-	25,329,902	21,205,023
Unrestricted	17,169,229	13,689,017	2,061,346	1,815,987	19,230,575	15,505,004
Total net position	<u>\$ 175,126,269</u>	<u>\$ 163,296,056</u>	<u>\$ 2,730,115</u>	<u>\$ 2,459,207</u>	<u>\$ 177,856,384</u>	<u>\$ 165,755,263</u>

BREAKDOWN OF 2019 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 \$177,856,384 as of June 30, 2019. The Town's net position increased by \$12,101,121 for the fiscal year ended June 30, 2019. The largest portion, \$133,295,907 (74.95%), 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, \$25,329,902 (14.24%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,230,575 (10.81%) 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		Business-type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,764,721	\$ 2,936,307	\$ 694,201	\$ 794,371	\$ 3,458,922	\$ 3,730,678
Operating grants and contributions	614,529	935,194	10,344	14,308	624,873	949,502
Capital grants and contributions	4,631,939	11,459,805	-	-	4,631,939	11,459,805
General revenues:						
Property taxes	18,937,524	17,973,513	-	-	18,937,524	17,973,513
Other taxes and licenses	527,459	289,261	-	-	527,459	289,261
Unrestricted intergovernmental	9,227,535	8,660,926	-	-	9,227,535	8,660,926
Unrestricted investment earnings	1,150,628	503,909	34,997	15,831	1,185,625	519,740
Miscellaneous	351,008	325,730	-	-	351,008	325,730
Parkland payments in lieu	2,058,619	1,051,737	-	-	2,058,619	1,051,737
Loss on disposal of capital assets	-	(137,467)	-	-	-	(137,467)
Total revenues	<u>40,263,962</u>	<u>43,998,915</u>	<u>739,542</u>	<u>824,510</u>	<u>41,003,504</u>	<u>44,823,425</u>
Expenses:						
General government	6,912,016	6,417,384	-	-	6,912,016	6,417,384
Development services	3,011,772	2,380,560	-	-	3,011,772	2,380,560
Public safety	10,567,399	9,583,725	-	-	10,567,399	9,583,725
Public works - Streets & sanitation	5,100,632	5,469,939	-	-	5,100,632	5,469,939
Culture and recreation	2,018,990	2,156,751	-	-	2,018,990	2,156,751
Interest on long-term debt	765,140	534,806	-	-	765,140	534,806
Stormwater	-	-	526,434	382,035	526,434	382,035
Total expenses	<u>28,375,949</u>	<u>26,543,165</u>	<u>526,434</u>	<u>382,035</u>	<u>28,902,383</u>	<u>26,925,200</u>
Increase in net position before transfers	<u>11,888,013</u>	<u>17,455,750</u>	<u>213,108</u>	<u>442,475</u>	<u>12,101,121</u>	<u>17,898,225</u>
Transfers	<u>(57,800)</u>	<u>(126,000)</u>	<u>57,800</u>	<u>126,000</u>	<u>-</u>	<u>-</u>
Increases in net position after transfers	11,830,213	17,329,750	270,908	568,475	12,101,121	17,898,225
Net position, July 1	163,296,056	146,746,024	2,459,207	1,910,823	165,755,263	148,656,847
Restatement	-	(779,718)	-	(20,091)	-	(799,809)
Net position, June 30	<u>\$ 175,126,269</u>	<u>\$ 163,296,056</u>	<u>\$ 2,730,115</u>	<u>\$ 2,459,207</u>	<u>\$ 177,856,384</u>	<u>\$ 165,755,263</u>

GOVERNMENTAL ACTIVITIES: Governmental activities increased the Town's net position by \$11,830,213. Overall, revenues related to governmental activities decreased this fiscal year compared to FY2018 by \$3,734,953 or 8.49%, along with an increase in expenses of \$1,832,784 or 6.90% compared to FY2018. Key elements of this change in net position are as follows:

- Local option sales taxes increased 9.33% or \$491,780 over fiscal year 2018 related to overall improved economic conditions and the increase in retail development in town.
- Ad valorem taxes increased 5.50% or \$986,666 over fiscal year 2018 and reflects a growth in the tax base. Town Council approved the property tax rate remain at \$0.39 for fiscal year 2019.
- Permits and fees increased by \$1,075,425 from \$2,908,913 in fiscal year 2018 to \$3,984,338 in fiscal year 2019.
- The Town recognized in the current year an increase of \$1,006,882 for Parkland Payment-in-Lieu revenues which will be used for recreational improvements.
- Total spending was up \$1,832,784 (6.90%) and reflects the addition of nine additional full-time new staff positions and the costs associated with capital projects that are underway or in the planning stages.

BUSINESS-TYPE ACTIVITIES: Business-type activities increased the Town of Morrisville's net position by \$270,908. This increase is the result of Stormwater activities.

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.

At June 30, 2019, the governmental funds of the Town of Morrisville reported a combined fund balance of \$58,441,948 an increase of \$12,946,135 compared to the prior year. This change in fund balance is primarily due to an increase in fund balance related to governmental activities related debt issuance related to 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 \$11,122,723 while total fund balance for the General Fund was \$34,620,352. 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 40.73% of total General Fund expenditures, while total fund balance represents 126.79% of that same amount (compared to 112.01% in 2018).

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 2019, the Town originally appropriated \$344,218 of fund balance to balance the budget. Since expenditures in the General Fund ended better than anticipated by \$6,619,437, it was not necessary to draw from fund balance.

The total fund balance of the Town's general fund increased by \$4,540,503 during the 2019 fiscal year. Key components of this change are as follows:

- Transfers out of the general fund totaled \$1,757,800 primarily for funding of capital projects and capital reserves.
- Ad valorem taxes received increased by \$986,342, 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 \$566,609 primarily due to increases in sales.
- General fund expenditures were 80.49% of budgeted amounts representing a savings of \$6,619,437. Some of these savings were related to the following:
 - 1) Several incomplete projects/items which resulted in outstanding purchase orders in the amount of \$3,958,569 were rolled over to fiscal year 2020 which mainly consisted of a street paving project (\$1,339,995) new fire aerial truck (\$1,060,953 - a PO roll from FY18), installation of generators at Town buildings (\$229,192) and various consulting services (Town Center, space study, land use plan update, public transportation study and miscellaneous consulting).
 - 2) Personnel cost savings of \$688,070 (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 and overall general operation expenditures which totaled approximately \$1,518,000.

The Capital Project Funds reported at the end of the current fiscal year a total fund balance of \$23,821,596, an increase of \$8,405,632 from the prior year. The McCrimmon Parkway Extension capital project had significant expenditures this fiscal year totaling \$4,156,999 primarily for Phase 1 of the project. The Town Center capital project also had significant expenditures this fiscal year totaling \$3,370,371 and the Morrisville Aquatics & Fitness Center Renovation capital project had expenditures this fiscal year totaling \$2,082,993.

General Fund Budgetary Highlights - Fiscal Year 2019: 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 \$3,135,901 (\$43,672 from recognized revenues and \$3,092,229 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 \$6,986, 2) Department of Justice proceeds \$33,486, 3) Increase in amount of interest income \$3,200 4) re-appropriation of funds \$5,335, 5) Cary 911 transition costs \$230,000, 6) 905 Church Street land acquisition \$546,350, 7) outstanding Purchase Orders year-end \$2,154,894, 8) underground utilities \$82,000, 9) \$50,000 Heathy Food Hub Capital Project, and 10) land acquisition costs \$23,650. Due to revenues exceeding original budgeted expectations and delayed spending due to unfinished projects, the Town did not have to use fund balance appropriation for fiscal year 2019. 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, 2019, the Town's unassigned fund balance was 40.73% 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 \$2,730,115. The change in net position for the enterprise funds was an increase of \$270,908. 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.

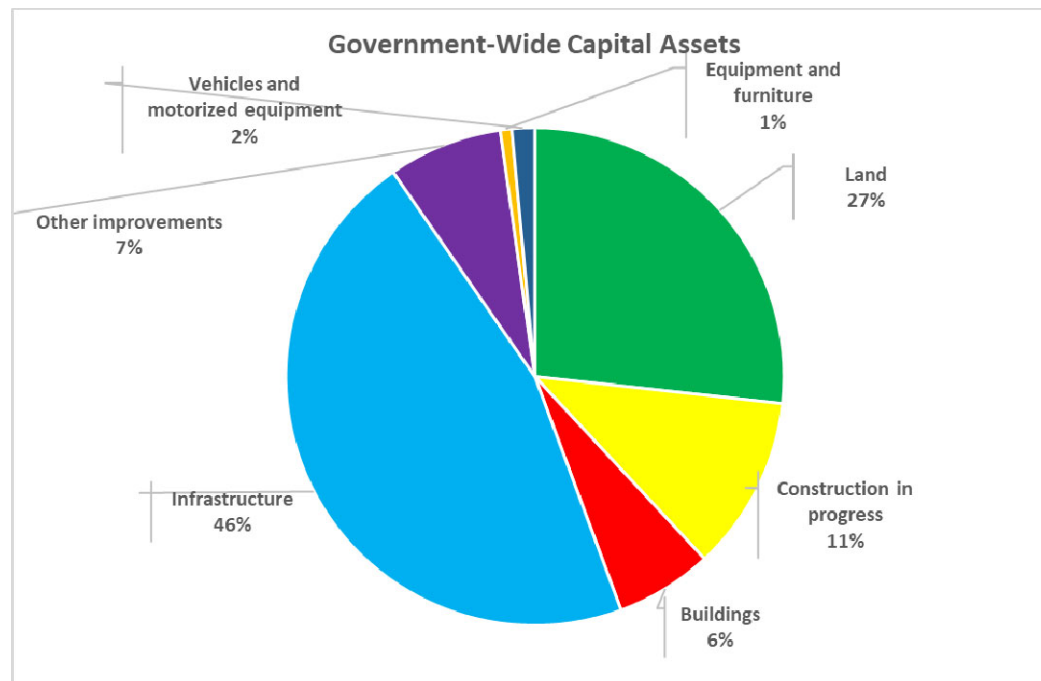
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The Town of Morrisville's capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$156,896,979 (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:

- Additions to land for governmental activities totaled \$1,726,050, which was attributed to land purchased, and land right-of-ways donated by developers.
- Infrastructure assets used in governmental activities increased by \$6,594,239 primarily due to the value of streets and sidewalks donated by developers and the completion of the Carolina Street Extension Project, which was transferred from construction in progress during the year.
- Other improvement increases, totaling \$7,909,904 in the governmental activities, included greenways donated by developers, the completion of a major portion of the Crabtree/Hatcher Creek Greenway and completed portions of enhancement projects related to Church Street Park and Northwest Park.
- The Town placed new vehicles into service, totaling \$824,059 in the governmental activities, including twelve (12) new vehicles for the Police Department, two (2) new vehicles and vehicle equipment for the fire department and one new vehicle for the Town's Administration Department.
- Construction in progress additions in the governmental activities totaled \$683,613, and include ongoing projects for street improvements, sidewalks, parks and greenways, building improvements, and vehicles and equipment. Construction in progress additions in the business-type activities totaled \$45,979, which represents the costs incurred for the Kit Creek Reach 5-1 Stormwater Retrofit and Green Drive and Fairview Avenue Stormwater capital projects.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 41,740,741	\$ 40,014,691	\$ 194,178	\$ 194,178	\$ 41,934,919	\$ 40,208,869
Construction in progress	17,661,180	18,344,793	137,233	91,254	17,798,413	18,436,047
Buildings	9,884,211	10,116,199	-	-	9,884,211	10,116,199
Infrastructure	71,989,435	67,057,110	163,091	169,636	72,152,526	67,226,746
Other improvements	11,466,022	3,795,555	163,134	174,177	11,629,156	3,969,732
Equipment and furniture	1,159,374	1,442,948	7,026	8,820	1,166,400	1,451,768
Vehicles and motorized equipment	2,327,247	1,974,178	4,107	5,155	2,331,354	1,979,333
Total assets	\$ 156,228,210	\$ 142,745,474	\$ 668,769	\$ 643,220	\$ 156,896,979	\$ 143,388,694



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, 2019, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$28,598,641, and installment purchase related debt of \$3,877,759. The Town’s total outstanding debt increased by \$13,199,838 in the current fiscal year due to the issuance of \$3,100,000 of direct placement installment debt and \$10,745,000 of general obligation bonds with premiums on issuance of \$1,058,117 and the impact of debt payments on outstanding debt.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 26,210,000	\$ 16,585,000	\$ -	\$ -	\$ 26,210,000	\$ 16,585,000
Direct Placement Installment Notes	3,877,759	1,191,893	-	-	3,877,759	1,191,893
Premiums	2,388,641	1,499,669	-	-	2,388,641	1,499,669
Total	<u>\$ 32,476,400</u>	<u>\$ 19,276,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,476,400</u>	<u>\$ 19,276,562</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 \$357,486,707.

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 2020:

- The Town's tax base grew 5% from the previous fiscal year. Fiscal year 2019 property tax remained at \$0.0039 per \$100 of property valuation and is estimated at \$18,608,800.
- The property tax collection rate is trending at over 99% and overall revenues are approximately 2% over fiscal year 2019 estimated actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2019 is 3.6%, which is the same rate a year ago at 3.6%. The unemployment rate compares favorably to the state's average unemployment rate in June 2019 of 4.1%.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

- The budget is balanced with no change in the \$0.39 tax rate originally adopted for fiscal year 2019. Of the \$0.39 tax rate, the equivalent of one cent of the tax rate or \$490,000 is allocated to the Roadway and Transportation Capital Reserve Fund for use on projects identified by Town Council.
- Moderate user fee adjustments were made where market comparisons supported changes.
- Conservative revenue projections.
- Maintain basic operational services and continue to provide these core services at an affordable cost.
- The fiscal year 2020 General Fund budget reflects a fund balance appropriation of \$945,000 (less than 3% of expenditures) to support operational non-recurring or one-time expenses.
- There is \$1,413,600 in new debt service for FY20 which is a result of the GO and installment debt issuance in October 2018.
- Continued routine appropriations to CIP Capital Reserve (\$200,000), Fire Apparatus Capital Reserve (\$350,000) and Roadway/Transportation Capital Reserve (\$490,000).
- Merit for eligible employees has an estimated average at 3.4% and addition of twelve full-time positions and three three-quarter time staff (3 Firefighters, Fire Training Captain, 2 Aquatic Aides, MAFC Administrative Assistant, Mechanic, Parks & Grounds Technician II, Assistant Building Codes Administrator, 2 Development Services Coordinators (Inspections & Engineering) and three three-quarter time MAFC Aquatics Aides.

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, 2019

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,399,516	\$ 2,166,595	\$ 38,566,111
Receivables:			
Taxes	28,689	-	28,689
Accounts	66,402	-	66,402
Due from other governments	3,188,388	4,176	3,192,564
Prepaid items	9,742	-	9,742
Restricted cash and cash equivalents	23,444,593	-	23,444,593
Non-current assets:			
Capital assets:			
Land, improvements and construction in progress	59,401,921	331,411	59,733,332
Other capital assets, net of depreciation	96,826,289	337,358	97,163,647
Total assets	<u>219,365,540</u>	<u>2,839,540</u>	<u>222,205,080</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,102,262	63,825	4,166,087
OPEB deferrals	544,157	8,848	553,005
Deferred charge on refunding	120,858	-	120,858
Total deferred outflows of resources	<u>4,767,277</u>	<u>72,673</u>	<u>4,839,950</u>
LIABILITIES			
Accounts payable and accrued expenses	4,304,852	17,615	4,322,467
Accrued interest	458,577	-	458,577
Grants received in advance	350,000	-	350,000
Due within one year:			
Compensated absences	888,953	14,823	903,776
Bonds and notes payable	2,427,840	-	2,427,840
Due in more than one year:			
Other postemployment benefits liability	4,826,604	78,481	4,905,085
LEOSSA pension liability	1,260,670	-	1,260,670
Compensated absences	98,772	1,647	100,419
LGERS pension liability	4,056,460	65,959	4,122,419
Bonds and notes payable	30,048,560	-	30,048,560
Total liabilities	<u>48,721,288</u>	<u>178,525</u>	<u>48,899,813</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	11,841	-	11,841
Pension deferrals	74,644	341	74,985
OPEB deferrals	198,775	3,232	202,007
Total deferred inflows of resources	<u>285,260</u>	<u>3,573</u>	<u>288,833</u>
NET POSITION			
Net investment in capital assets	132,627,138	668,769	133,295,907
Restricted for:			
Stabilization by State statute	17,442,113	-	17,442,113
Recreation improvements	4,817,105	-	4,817,105
Street improvements	3,042,283	-	3,042,283
Police operations and activities	28,401	-	28,401
Unrestricted	17,169,229	2,061,346	19,230,575
Total net position	<u>\$ 175,126,269</u>	<u>\$ 2,730,115</u>	<u>\$ 177,856,384</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, 2019

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 6,912,016	\$ 291,552	\$ -	\$ -	\$ (6,620,464)	\$ -	\$ (6,620,464)
Development services	3,011,772	1,791,348	-	-	(1,220,424)	-	(1,220,424)
Public safety	10,567,399	134,371	500	33,488	(10,399,040)	-	(10,399,040)
Public works	5,100,632	-	605,779	3,883,672	(611,181)	-	(611,181)
Culture and recreation	2,018,990	547,450	8,250	714,779	(748,511)	-	(748,511)
Interest on long-term debt	765,140	-	-	-	(765,140)	-	(765,140)
Total governmental activities	<u>28,375,949</u>	<u>2,764,721</u>	<u>614,529</u>	<u>4,631,939</u>	<u>(20,364,760)</u>	<u>-</u>	<u>(20,364,760)</u>
Business-type activity:							
Stormwater	<u>526,434</u>	<u>694,201</u>	<u>10,344</u>	<u>-</u>	<u>-</u>	<u>178,111</u>	<u>178,111</u>
Total government	<u>\$ 28,902,383</u>	<u>\$ 3,458,922</u>	<u>\$ 624,873</u>	<u>\$ 4,631,939</u>	<u>(20,364,760)</u>	<u>178,111</u>	<u>(20,186,649)</u>
General revenues:							
Taxes:							
Property taxes levied for general purposes					18,937,524	-	18,937,524
Other taxes and licenses					527,459	-	527,459
Unrestricted intergovernmental revenues					9,227,535	-	9,227,535
Unrestricted investment earnings					1,150,628	34,997	1,185,625
Miscellaneous					351,008	-	351,008
Parkland payments in lieu					2,058,619	-	2,058,619
Total general revenues not including transfers					<u>32,252,773</u>	<u>34,997</u>	<u>32,287,770</u>
Transfers					(57,800)	57,800	-
Total general revenues and transfers					<u>32,194,973</u>	<u>92,797</u>	<u>32,287,770</u>
Change in net position					11,830,213	270,908	12,101,121
Net position - beginning					163,296,056	2,459,207	165,755,263
Net position - ending					<u>\$ 175,126,269</u>	<u>\$ 2,730,115</u>	<u>\$ 177,856,384</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit 3

	Major Funds			Total Governmental Funds
	General	McCrimmon Parkway Extension Capital Project Fund	Nonmajor Funds	
Assets				
Cash and cash equivalents	\$ 28,196,249	\$ 2,436,459	\$ 5,766,808	\$ 36,399,516
Receivables				
Taxes	28,689	-	-	28,689
Accounts	66,402	-	-	66,402
Due from other governments	2,555,595	8,843	623,950	3,188,388
Prepays	9,742	-	-	9,742
Due from other funds	2,733,454	-	-	2,733,454
Restricted cash and cash equivalents	3,070,684	6,910,229	13,463,680	23,444,593
Total assets	<u>\$ 36,660,815</u>	<u>\$ 9,355,531</u>	<u>\$ 19,854,438</u>	<u>\$ 65,870,784</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 1,999,933	\$ 1,222,245	\$ 1,082,674	\$ 4,304,852
Due to other funds	-	2,276,903	456,551	2,733,454
Grants received in advance	-	350,000	-	350,000
Total liabilities	<u>1,999,933</u>	<u>3,849,148</u>	<u>1,539,225</u>	<u>7,388,306</u>
Deferred inflows of resources				
Taxes receivable	28,689	-	-	28,689
Prepaid taxes and fees	11,841	-	-	11,841
Total deferred inflows of resources	<u>40,530</u>	<u>-</u>	<u>-</u>	<u>40,530</u>
Fund balances				
Non-Spendable:				
Prepays	9,742	-	-	9,742
Restricted:				
Stabilization by State statute	9,317,570	899,781	7,224,762	17,442,113
Recreation improvements	-	-	4,817,105	4,817,105
Street improvements	3,042,283	6,019,291	2,856,037	11,917,611
Police operations and activities	28,401	-	-	28,401
Committed:				
General governmental capital	6,639,957	-	-	6,639,957
LEOSSA pension liability	383,218	-	-	383,218
OPEB liability	3,128,971	-	-	3,128,971
Capital projects	-	-	4,699,422	4,699,422
Assigned:				
Fire operations and activities	2,487	-	-	2,487
Subsequent year's expenditures	945,000	-	-	945,000
Unassigned	11,122,723	(1,412,689)	(1,282,113)	8,427,921
Total fund balances	<u>34,620,352</u>	<u>5,506,383</u>	<u>18,315,213</u>	<u>58,441,948</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,660,815</u>	<u>\$ 9,355,531</u>	<u>\$ 19,854,438</u>	<u>\$ 65,870,784</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, 2019

Total fund balances - governmental funds		\$ 58,441,948
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	\$ 200,874,685	
Less accumulated depreciation	<u>(44,646,475)</u>	156,228,210
Deferred outflows of resources related to pensions are not reported in the funds		4,102,262
Deferred outflows of resources related to OPEB are not reported in the funds		544,157
Deferred charge on refunding is not available or due in the current period, and, therefore, is not reported in the funds		120,858
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	(4,826,604)	
LEOSSA pension liability	(1,260,670)	
Government bonds and notes payable	(30,087,760)	
Deferred bond premium	(2,388,640)	
Compensated absences	(987,725)	
LGERS pension liability	<u>(4,056,460)</u>	(43,607,859)
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		28,689
Pension related deferrals		(74,644)
OPEB related deferrals		(198,775)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Accrued interest payable		<u>(458,577)</u>
Net position of governmental activities		<u>\$ 175,126,269</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, 2019

	Major Funds			Total Governmental Funds
	General Fund	McCrimmon Parkway Extension Capital Project Fund	Nonmajor Funds	
Revenues				
Ad valorem taxes	\$ 18,937,833	\$ -	\$ -	\$ 18,937,833
Other taxes and licenses	528,334	-	-	528,334
Unrestricted intergovernmental	9,227,535	-	-	9,227,535
Restricted intergovernmental	567,224	-	1,031,462	1,598,686
Permits and fees	1,925,719	-	2,058,619	3,984,338
Sales and services	839,002	-	-	839,002
Investment earnings	553,709	194,140	402,779	1,150,628
Miscellaneous	455,032	-	-	455,032
Total revenues	<u>33,034,388</u>	<u>194,140</u>	<u>3,492,860</u>	<u>36,721,388</u>
Expenditures				
Current				
General government	4,984,628	-	-	4,984,628
Development services	2,815,781	-	-	2,815,781
Public safety	9,161,197	-	-	9,161,197
Public works	4,961,776	-	-	4,961,776
Culture and recreation	1,609,312	-	-	1,609,312
Capital outlay	1,642,977	4,139,814	7,133,716	12,916,507
Debt service				
Principal	1,534,134	-	-	1,534,134
Interest and other charges	596,280	17,185	23,770	637,235
Total expenditures	<u>27,306,085</u>	<u>4,156,999</u>	<u>7,157,486</u>	<u>38,620,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,728,303</u>	<u>(3,962,859)</u>	<u>(3,664,626)</u>	<u>(1,899,182)</u>
Other financing sources (uses)				
Transfers in	570,000	-	1,700,000	2,270,000
Transfers out	(1,757,800)	-	(570,000)	(2,327,800)
Bond proceeds	-	4,300,000	6,445,000	10,745,000
Premium on bonds issued	-	438,926	619,191	1,058,117
Installment debt proceeds	-	-	3,100,000	3,100,000
Total other financing sources (uses)	<u>(1,187,800)</u>	<u>4,738,926</u>	<u>11,294,191</u>	<u>14,845,317</u>
Net change in fund balance	<u>4,540,503</u>	<u>776,067</u>	<u>7,629,565</u>	<u>12,946,135</u>
Fund balances (deficits), beginning	<u>30,079,849</u>	<u>4,730,316</u>	<u>10,685,648</u>	<u>45,495,813</u>
Fund balances, ending	<u>\$ 34,620,352</u>	<u>\$ 5,506,383</u>	<u>\$ 18,315,213</u>	<u>\$ 58,441,948</u>

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, 2019

Total net change in fund balances - governmental funds		\$ 12,946,135
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	\$ 12,916,507	
Less current year depreciation	<u>(2,934,593)</u>	9,981,914
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	\$ (41,044)	
Loss on disposal of capital assets	<u>(25,122)</u>	(66,166)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		839,268
Benefit payments made for LEOSSA in the current fiscal year are not included on the Statement of Activities		59,879
OPEB benefit payments made in the current fiscal year are not included in the Statement of Activities		76,996
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.		
Debt issued:		
General obligation bonds	\$ (10,745,000)	
Plus premium	(1,058,117)	
Installment debt	(3,100,000)	
Principal repayments:		
General obligation debt	<u>1,534,134</u>	(13,368,983)
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		
Donated capital assets	\$ 3,566,989	
Change in reserve for taxes receivable	(309)	
Change in reserve for decals receivable	<u>(875)</u>	3,565,805
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	\$ 169,145	
Amortization of deferred charge on refunding	(16,670)	
Change in accrued interest payable	(321,335)	
Change in compensated absences	(52,026)	
OPEB plan expense	(423,031)	
Pension expense	<u>(1,560,718)</u>	(2,204,635)
Change in net position of governmental activities		<u>\$ 11,830,213</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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes	\$ 18,608,800	\$ 18,608,800	\$ 18,937,833	\$ 329,033
Other taxes and licenses	584,400	584,400	528,334	(56,066)
Unrestricted intergovernmental	9,123,300	9,123,300	9,227,535	104,235
Restricted intergovernmental	580,000	580,000	567,224	(12,776)
Permits and fees	1,164,800	1,164,800	1,925,719	760,919
Sales and services	1,186,400	1,186,400	839,002	(347,398)
Investment earnings	322,603	325,803	553,709	227,906
Miscellaneous	368,700	409,172	455,032	45,860
Total revenues	<u>31,939,003</u>	<u>31,982,675</u>	<u>33,034,388</u>	<u>1,051,713</u>
Expenditures				
Current				
General government	5,602,922	6,089,252	4,984,628	1,104,624
Development services	2,756,079	3,143,958	2,815,781	328,177
Public safety	10,315,682	10,344,687	9,161,197	1,183,490
Public works	6,111,638	6,667,931	4,961,776	1,706,155
Culture and recreation	1,980,400	1,899,831	1,609,312	290,519
Capital outlay	1,678,100	3,649,263	1,642,977	2,006,286
Debt service				
Bond and note principal	1,534,200	1,534,200	1,534,134	66
Bond and note interest	596,400	596,400	596,280	120
Total expenditures	<u>30,575,421</u>	<u>33,925,522</u>	<u>27,306,085</u>	<u>6,619,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,363,582</u>	<u>(1,942,847)</u>	<u>5,728,303</u>	<u>7,671,150</u>
Other financing sources (uses)				
Transfers in	-	570,000	570,000	-
Transfers out	(1,707,800)	(1,757,800)	(1,757,800)	-
Fund balance appropriated	344,218	3,130,647	-	(3,130,647)
Total other financing sources (uses)	<u>(1,363,582)</u>	<u>1,942,847</u>	<u>(1,187,800)</u>	<u>(3,130,647)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,540,503</u>	<u>\$ 4,540,503</u>
Fund balance, beginning			<u>30,079,849</u>	
Fund balance, ending			<u>\$ 34,620,352</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, 2019

Exhibit 6

	<u>Stormwater Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,166,595
Due from other governments	4,176
Total current assets	<u>2,170,771</u>
Non-current assets	
Capital assets	
Land, improvements and construction in progress	331,411
Other capital assets, net of depreciation	337,358
Total non-current assets	<u>668,769</u>
Total assets	<u>2,839,540</u>
Deferred outflows of resources	
Pension deferrals	63,825
OPEB deferrals	8,848
Total deferred outflows of resources	<u>72,673</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	17,615
Compensated absences	14,823
Total current liabilities	<u>32,438</u>
Non-current liabilities	
Other postemployment benefits liability	78,481
Compensated absences	1,647
LGERS pension liability	65,959
Total non-current liabilities	<u>146,087</u>
Total liabilities	<u>178,525</u>
Deferred inflows of resources	
Pension deferrals	341
OPEB deferrals	3,232
Total deferred inflows of resources	<u>3,573</u>
Net position	
Net investment in capital assets	668,769
Unrestricted	2,061,346
Total net position - business-type activities	<u>\$ 2,730,115</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2019

Exhibit 7

	Stormwater Fund
Operating revenues	
Permits and fees	\$ 148,695
Stormwater ERU charges	545,481
Operating grants	10,344
Miscellaneous	25
	<hr/>
Total operating revenues	704,545
	<hr/>
Operating expenses	
Stormwater operations	506,004
Depreciation	20,430
	<hr/>
Total operating expenses	526,434
	<hr/>
Operating income	178,111
	<hr/>
Nonoperating revenues	
Investment earnings	34,997
	<hr/>
Income before transfers	213,108
	<hr/>
Transfer from General Fund	57,800
	<hr/>
Change in net position	270,908
	<hr/>
Net position, beginning of year	2,459,207
	<hr/>
Net position, end of year	<u><u>\$ 2,730,115</u></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, 2019

Exhibit 8

	Stormwater Fund
Cash flows from operating activities	
Cash received from Stormwater charges	\$ 692,292
Cash received from Stormwater grant	12,505
Cash paid to or on behalf of employees for services	(250,360)
Cash paid for goods and services	(228,501)
Other operating revenues	25
Net cash from operating activities	<u>225,961</u>
Cash flows from noncapital financing activities	
Transfers from (to) other funds	<u>57,800</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	<u>(45,979)</u>
Cash flows from investing activities	
Investment earnings	<u>34,997</u>
Net increase in cash and cash equivalents	272,779
Cash and cash equivalents, beginning of year	<u>1,893,816</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,166,595</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 178,111
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 due from other governments	(200)
Increase in deferred outflows of resources - pensions	(16,901)
Increase in deferred outflows of resources - OPEB	(8,180)
Increase in accounts payable and accrued expenses	3,839
Increase in other postemployment benefits liability	18,265
Increase in compensated absences	4,551
Increase in LGERS pension liability	27,098
Decrease in deferred inflows of resources - pensions	(860)
Decrease in deferred inflows of resources - OPEB	(192)
Net cash provided by operating activities	<u><u>\$ 225,961</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.

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 for dedicated senior programs.

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.

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.

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

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, 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, 2019, the Term portfolio has a duration of .11 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, 2019

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	\$ 3,042,283
General Fund - Police operations and activities	28,401
McCrimmon Parkway Extension Capital Project Fund -Unspent bond proceeds	6,910,229
Nonmajor fund – Morrisville Carpenter Road Capital Project Fund-Unspent bond proceeds	2,872,996
Nonmajor fund – Morrisville Aquatics & Fitness Center Renovation Capital Project	
Fund – Unspent bond proceeds	5,773,579
Nonmajor funds - Recreation Improvements	<u>4,817,105</u>
Total governmental activities	<u>24,444,593</u>
Total restricted cash and cash equivalents	<u>\$24,444,593</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, 2018.

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 may accumulate compensatory time up to a maximum of 80 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 80 hours 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, 2019

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	\$34,620,352
Less:	
Prepays	9,742
Stabilization by State statute	9,317,570
Street improvements	3,042,283
Police operations and activities	28,401
General governmental capital	6,639,957
LEOSSA pension liability	383,218
OPEB liability	3,128,971
Fire operations and activities	2,487
Subsequent year's expenditures	<u>945,000</u>
Remaining fund balance - General Fund	<u>\$11,122,723</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, 2019:

Encumbrances:	
General Fund	\$ 3,962,119
McCrimmon Parkway Extension Capital Project Fund	890,938
Non-major funds	6,601,112

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, 2019

Note 2 – Cash and investments (continued)

A. Deposits (continued)

At June 30, 2019, the Town’s deposits had a carrying amount of \$11,942,803 and a bank balance of \$13,646,222. 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, 2019, the Town’s petty cash fund totaled \$2,300.

B. Investments

At June 30, 2019, the Town’s investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at June 30, 2019</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$ 40,429,788	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>9,635,813</u>	.11 years	Unrated
Total		<u>\$ 50,065,601</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, 2019

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, 2019. 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 .11 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 \$87,107 for ad valorem and motor vehicle decal taxes receivable.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 – Capital assets

A. Governmental capital assets

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

	<u>Beginning Balance</u>	<u>Increases & Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 40,014,691	\$ 1,726,050	\$ -	\$ 41,740,741
Construction in progress	18,344,793	683,613	(1,367,226)	17,661,180
Total capital assets not being depreciated	<u>58,359,484</u>	<u>2,409,663</u>	<u>(1,367,226)</u>	<u>59,401,921</u>
Capital assets being depreciated:				
Buildings	16,356,655	46,777	(236,382)	16,167,050
Infrastructure	91,522,044	6,594,239	-	98,116,283
Other improvements	7,421,435	7,909,904	(69,638)	15,261,701
Equipment and furniture	4,508,516	66,080	(335,302)	4,239,294
Vehicles and motorized equipment	6,984,390	824,059	(120,012)	7,688,437
Total capital assets being depreciated	<u>126,793,040</u>	<u>15,441,059</u>	<u>(761,334)</u>	<u>141,472,765</u>
Less accumulated depreciation for:				
Buildings	6,240,456	264,189	(221,806)	6,282,839
Infrastructure	24,464,934	1,661,914	-	26,126,848
Other improvements	3,625,880	221,193	(51,394)	3,795,679
Equipment and furniture	3,065,568	316,306	(301,954)	3,079,920
Vehicles and motorized equipment	5,010,212	470,991	(120,013)	5,361,190
Total accumulated depreciation	<u>42,407,050</u>	<u>\$ 2,934,593</u>	<u>\$ (695,168)</u>	<u>44,646,476</u>
Total capital assets being depreciated, net	<u>84,385,990</u>			<u>96,826,289</u>
Governmental activities capital assets, net	<u>\$ 142,745,474</u>			<u>\$ 156,228,210</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 1,771,201
Development services	7,945
Public safety	787,802
Public works	72,135
Cultural and recreation	<u>295,510</u>
Total depreciation expense	<u>\$ 2,934,593</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 – Capital assets (continued)

B. Business-type capital assets

Capital asset activity for the year ended June 30, 2019 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	91,254	45,979	-	137,233
Total capital assets not being depreciated	<u>285,432</u>	<u>45,979</u>	<u>-</u>	<u>331,411</u>
Capital assets being depreciated:				
Infrastructure	203,563	-	-	203,563
Other improvements	234,484	-	-	234,484
Equipment and furniture	22,054	-	-	22,054
Vehicles and motorized equipment	22,548	-	-	22,548
Total capital assets being depreciated	<u>482,649</u>	<u>-</u>	<u>-</u>	<u>482,649</u>
Less accumulated depreciation for:				
Infrastructure	33,927	6,545	-	40,472
Other improvements	60,307	11,043	-	71,350
Equipment and furniture	13,234	1,794	-	15,028
Vehicles and motorized equipment	17,393	1,048	-	18,441
Total accumulated depreciation	<u>124,861</u>	<u>\$ 20,430</u>	<u>\$ -</u>	<u>145,291</u>
Total capital assets being depreciated, net	<u>357,788</u>			<u>337,358</u>
Business-type activities capital assets, net	<u>\$ 643,220</u>			<u>\$ 668,769</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 4 – Capital assets (continued)

C. Construction commitments

The government has active construction projects as of June 30, 2019. At year-end, the government’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
McCrimmon Parkway Extension	\$ 10,466,239	\$ 890,938
Hatcher Creek	5,218,609	681,966
Morrisville-Carpenter Road Impr.	2,266,610	16,959
Sidewalk and Pedestrian Enhancement	105,997	6,826
Historic Church Parking Lot Exp.	64,723	411
Morrisville Aquatics & Fitness Center Renovation Capital Project	2,581,185	5,807,371
Shiloh Sewer	820,078	3,087
Northwest Park	1,725,167	22,343
Healthy Food Hub	261,780	35,910
Town Center	3,827,906	26,239
	<u>\$ 27,338,294</u>	<u>\$ 7,492,050</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, 2019, was 8.50% of compensation for law enforcement officers and 7.79% 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 \$852,915 for the year ended June 30, 2019.

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, 2019

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, 2019, the Town reported a liability of \$4,122,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town’s proportion was 0.1738%, which was an increase of 0.0042% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$1,465,053, of which \$1,441,612 was charged to the governmental activities and \$23,441 was charged to the business-type activities. At June 30, 2019, 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	\$ 635,991	\$ 21,341
Changes of assumptions	1,093,931	-
Net difference between projected and actual earnings on pension plan investments	565,885	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	840,347	-
Town contributions subsequent to the measurement date	852,915	-
Total	<u>\$ 3,989,069</u>	<u>\$ 21,341</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

\$852,915 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 1,404,408
2021	952,404
2022	325,708
2023	<u>432,293</u>
	<u><u>\$ 3,114,813</u></u>

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

Inflation	3.0%
Salary 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, 2017 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, 2018 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	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3%. All rates of return and inflation are annualized.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 9,902,407</u>	<u>\$ 4,122,419</u>	<u>\$ (707,430)</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, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>37</u>
Total	<u><u>40</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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Projected salary increases	3.50 to 7.35%
Discount rate	3.64%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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 \$43,582 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$1,260,670. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$119,082.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 47,617	\$ 53,644
Differences between expected and actual experience	91,611	-
Benefit payments and administrative expenses subsequent to the measurement date	<u>37,790</u>	<u>-</u>
Total	<u>\$ 177,018</u>	<u>\$ 53,644</u>

\$37,790 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, 2020. 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>	
2020	\$ 18,499
2021	18,499
2022	19,191
2023	22,557
2024	6,570
Thereafter	<u>268</u>
Total	<u>\$ 85,584</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 3.64%, 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 (2.64%) or one percentage point higher (4.64%) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ 1,368,364	\$ 1,260,670	\$ 1,162,074

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

	<u>2019</u>
Beginning balance	\$ 1,164,414
Changes for the year:	
Service cost	64,043
Interest	36,107
Difference between expected and actual experience	90,216
Changes of assumptions and other inputs	(50,528)
Benefit payments	(43,582)
Ending balance	<u>\$ 1,260,670</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, 2017 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, 2019

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	\$ 1,465,053	\$ 119,082	\$ 1,584,135
Pension Liability	4,122,419	1,260,670	5,383,089
Proportionate share of the net pension liability	0.1738%	100%	
Deferred Outflows of Resources			
Differences between expected and actual experience	635,991	91,611	727,602
Changes of assumptions	1,093,931	47,617	1,141,548
Net difference between projected and actual earnings on plan investments	565,885	-	565,885
Changes in proportion and differences between contributions and proportionate share of contributions	840,347	-	840,347
Benefit payments and administrative costs paid subsequent to the measurement date	852,915	37,790	890,705
Deferred Inflows of Resources			
Differences between expected and actual experience	21,341	-	21,341
Changes of assumptions	-	53,644	53,644
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between the Town contributions and proportionate share of contributions	-	-	-

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 \$116,970 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 \$445,015 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, 2018, the State contributed \$17,952,000 to the plan. The Town’s proportionate share of the State’s contribution is \$23,026.

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, 2019, 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 \$62,645. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of 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, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the Town recognized pension expense of \$17,815 and revenue of \$17,815 for support provided by the State. At June 30, 2019, 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, 2017 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, 2019, the Town set aside \$321,034. The Town’s General Fund and Stormwater Fund have net position committed for retiree healthcare postemployment benefits at June 30, 2019 of \$3,128,971 and \$48,328, 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	141	34

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$4,905,085 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 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	3.89%
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, 2017	\$ 4,014,427
Changes for the year	
Service cost	259,192
Interest	141,652
Changes of benefit terms	-
Differences between expected and actual experience	538,082
Changes in assumptions or other inputs	23,223
Benefit payments and implicit subsidy credit	(71,491)
Net changes	<u>890,658</u>
Balance at June 30, 2018	<u>\$ 4,905,085</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 3.56% to 3.89%.

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, 2018 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 (2.89%) or one percentage point higher (4.89%) than the current discount rate:

	<u>1% Decrease (2.89%)</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB liability	\$ 5,471,104	\$ 4,905,085	\$ 4,397,966

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,273,567	\$ 4,905,085	\$ 5,648,593

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the Town recognized OPEB expense of \$434,175. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 488,611	\$ -
Changes of assumptions or other inputs	20,794	202,007
Benefit payments and administrative costs made subsequent to the measurement date	43,600	-
Total	<u>\$ 553,005</u>	<u>\$ 202,007</u>

\$43,600 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, 2020. 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:	
2019	\$ 33,331
2020	33,331
2021	33,331
2022	33,331
2023	33,331
Thereafter	140,743
	<u>\$ 307,398</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, 2019

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	\$ 3,925,244	\$ 63,825
Pension deferrals - Separation Allowance	177,018	-
OPEB deferrals	544,157	8,848
Deferred charge on refunding	120,858	-
	<hr/>	<hr/>
Total	\$ 4,767,277	\$ 72,673

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

	Governmental Activities	Business-type Activities	Governmental Funds
Taxes receivable, net	\$ -	\$ -	\$ 28,689
Prepaid taxes and fees	11,841	-	11,841
Pension deferrals - LGERS	21,000	341	-
Pension deferrals - Separation Allowance	53,644	-	-
OPEB deferrals	198,775	3,232	-
	<hr/>	<hr/>	<hr/>
Total	\$ 285,260	\$ 3,573	\$ 40,530

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 16,883,000
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, 2019

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, 2019 are comprised of the following individual notes:

Serviced by the General Fund:

\$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	\$ 405,000
\$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	372,759
\$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>3,100,000</u>
Total	<u><u>\$ 3,877,759</u></u>

Annual debt service payments of the direct placement installment notes as of June 30, 2019, including \$1,106,592 of interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2020	\$ 571,939	\$ 114,169
2021	439,831	104,035
2022	230,989	94,173
2023	155,000	88,246
2024	155,000	83,055
2025-2029	775,000	337,412
2030-2034	775,000	207,638
2035-2039	775,000	77,864
Total	<u><u>\$ 3,877,759</u></u>	<u><u>\$ 1,106,592</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 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%	\$ 9,000,000
\$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%	3,465,000
\$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%	3,000,000
\$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%	745,000
\$10,000,000 October 25, 2018 public improvement bonds due in annual installments ranging from \$290,000 to \$540,000 plus interest through August 2038; interest at varying rates from 4.0% to 5.0%	<u>10,000,000</u>
Total	<u>\$ 26,210,000</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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
2020	\$ 1,665,000	\$ 1,140,958
2021	1,670,000	930,325
2022	1,670,000	852,825
2023	1,675,000	775,325
2024	1,680,000	697,575
2025-2029	7,500,000	2,457,500
2030-2034	6,175,000	1,220,325
2035-2039	4,175,000	323,438
Total	<u>\$ 26,210,000</u>	<u>\$ 8,398,271</u>

At June 30, 2019, the Town had a legal debt margin of \$357,486,707.

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, 2019, \$120,858 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, 2019

Note 9 – Long-term obligations (continued)

D. Changes in long-term liabilities

	Balances at June 30, 2018	Increases	Decreases	Balances at June 30, 2019	Current Portion
<u>Governmental activities</u>					
Bonds payable					
General obligation bonds	\$ 16,585,000	\$ 10,745,000	\$ 1,120,000	\$ 26,210,000	\$ 1,665,000
Premiums on issuance	1,499,669	1,058,117	169,145	2,388,641	190,901
Total bonds payable	<u>18,084,669</u>	<u>11,803,117</u>	<u>1,289,145</u>	<u>28,598,641</u>	<u>1,855,901</u>
Direct placement installment notes	1,191,893	3,100,000	414,134	3,877,759	571,939
Compensated absences	935,699	894,155	842,129	987,725	888,953
Total OPEB liability	3,954,211	872,393	-	4,826,604	-
Net pension liability (LGERS)	2,551,852	1,504,608	-	4,056,460	-
Total pension liability (LEO)	1,164,414	96,256	-	1,260,670	-
Governmental activities long-term liabilities	<u>\$ 27,882,738</u>	<u>\$ 18,270,529</u>	<u>\$ 2,545,408</u>	<u>\$ 43,607,859</u>	<u>\$ 3,316,793</u>
<u>Business-type activities</u>					
Compensated Absences	\$ 11,919	\$ 15,278	\$ 10,727	\$ 16,470	\$ 14,823
Total OPEB liability	60,216	18,265	-	78,481	-
Net pension liability (LGERS)	38,861	27,098	-	65,959	-
Business-type activities long-term liabilities	<u>\$ 110,996</u>	<u>\$ 60,641</u>	<u>\$ 10,727</u>	<u>\$ 160,910</u>	<u>\$ 14,823</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 10 – Interfund balances and activity

At June 30, 2019, 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.

During the fiscal year, the Town’s interfund transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Funds	\$ 1,700,000	For capital expenditures
General Fund	Stormwater Fund	57,800	For operating expenses
Parkland Payment-in-Lieu Capital Project Fund	General Fund	570,000	For land acquisition
		<u>\$ 2,327,800</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	\$ 156,228,210	\$ 668,769
Less: Long-term debt	(32,476,400)	-
Add: Unspent debt proceeds	8,875,328	-
Net investment in capital assets	<u>\$ 132,627,138</u>	<u>\$ 668,769</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, in the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Note 13 – Operating leases

The Town leases a building under a noncancelable operating lease. Total rental expense was \$27,540 for the year ended June 30, 2019. The future minimum lease payments for the lease is as follows:

Fiscal Year Ending June 30,	Amount
2020	\$ 42,188
2021	43,243
2022	21,888
	<u>\$ 107,319</u>

Note 14 – Subsequent events

The Town has evaluated subsequent events through October 17, 2019, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued. On July 9, 2019, subsequent to the end of the fiscal year, the Town Council approved a budget ordinance amending the multi-year Morrisville Carpenter Road Capital Project Fund budget to \$11,553,000, an increase of \$9,149,000.

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 THREE FISCAL YEARS*

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

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

Notes to the required schedule:

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, 2019

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

Notes to the required schedule:

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>
2019	3.89%
2018	3.56%

Schedule of Proportionate Share of Net Pension Liability (Asset)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.1738%	0.1696%	0.1667%	0.1937%	(0.1924%)	0.0018%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,122,419	\$ 2,590,713	\$ 3,536,870	\$ 869,493	\$ (1,134,613)	\$ 2,221,523
Town's covered payroll	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 payroll	40.16%	27.23%	36.49%	9.43%	(12.31)%	25.20%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Schedule of Contributions

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

* 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.

TOWN OF MORRISVILLE, NORTH CAROLINA
FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND
*LAST FIVE FISCAL YEARS**

Exhibit A-5

Schedule of Proportionate Share of Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportionate share of the net pension liability (%)	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	<u>62,645</u>	<u>50,289</u>	<u>34,813</u>	<u>48,890</u>	<u>40,887</u>
Total	<u>\$ 62,645</u>	<u>\$ 50,289</u>	<u>\$ 34,813</u>	<u>\$ 48,890</u>	<u>\$ 40,887</u>
Town's covered payroll	\$ 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 payroll	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%

* 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.

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, 2019

Schedule 1

	Sub-Funds					Total General Fund
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Municipal Service District Fund	
Assets						
Cash and cash equivalents	\$ 21,388,766	\$ 907,560	\$ 1,406,009	\$ 4,326,388	\$ 167,526	\$ 28,196,249
Receivables						
Taxes	28,689	-	-	-	-	28,689
Accounts	66,402	-	-	-	-	66,402
Due from other governments	2,553,709	-	-	-	1,886	2,555,595
Prepays	9,742	-	-	-	-	9,742
Due from other funds	2,733,454	-	-	-	-	2,733,454
Restricted cash	3,070,684	-	-	-	-	3,070,684
	<u>\$ 29,851,446</u>	<u>\$ 907,560</u>	<u>\$ 1,406,009</u>	<u>\$ 4,326,388</u>	<u>\$ 169,412</u>	<u>\$ 36,660,815</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 1,999,933	\$ -	\$ -	\$ -	\$ -	\$ 1,999,933
Total liabilities	<u>1,999,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,999,933</u>
Deferred inflows of resources						
Taxes receivable	28,689	-	-	-	-	28,689
Prepaid taxes and fees	11,839	-	-	-	2	11,841
Total deferred inflows of resources	<u>40,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>40,530</u>
Fund balances						
Non-Spendable:						
Prepays	9,742	-	-	-	-	9,742
Restricted:						
Stabilization by State statute	9,312,131	-	-	-	5,439	9,317,570
Street improvements	3,042,283	-	-	-	-	3,042,283
Police operations and activities	28,401	-	-	-	-	28,401
Committed:						
General governmental capital	-	907,560	1,406,009	4,326,388	-	6,639,957
LEO pension obligation	383,218	-	-	-	-	383,218
OPEB liability	3,128,971	-	-	-	-	3,128,971
Assigned:						
Fire operations and activities	2,487	-	-	-	-	2,487
Subsequent year's expenditures	945,000	-	-	-	-	945,000
Unassigned	10,958,752	-	-	-	163,971	11,122,723
Total fund balances	<u>27,810,985</u>	<u>907,560</u>	<u>1,406,009</u>	<u>4,326,388</u>	<u>169,410</u>	<u>34,620,352</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,851,446</u>	<u>\$ 907,560</u>	<u>\$ 1,406,009</u>	<u>\$ 4,326,388</u>	<u>\$ 169,412</u>	<u>\$ 36,660,815</u>

TOWN OF MORRISVILLE, NORTH CAROLINA

SUB-FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

YEAR ENDED JUNE 30, 2019

	Sub-Funds					Total General Fund
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Municipal Service District Fund	
Revenues						
Ad valorem taxes	\$ 18,841,516	\$ -	\$ -	\$ -	\$ 96,317	\$ 18,937,833
Other taxes and licenses	528,334	-	-	-	-	528,334
Unrestricted intergovernmental	9,227,535	-	-	-	-	9,227,535
Restricted intergovernmental	567,224	-	-	-	-	567,224
Permits and fees	1,925,719	-	-	-	-	1,925,719
Sales and services	839,002	-	-	-	-	839,002
Investment earnings	458,167	13,411	21,469	52,125	8,537	553,709
Miscellaneous	455,032	-	-	-	-	455,032
Total revenues	<u>32,842,529</u>	<u>13,411</u>	<u>21,469</u>	<u>52,125</u>	<u>104,854</u>	<u>33,034,388</u>
Expenditures						
Current						
General government	4,984,628	-	-	-	-	4,984,628
Development services	2,815,781	-	-	-	-	2,815,781
Public safety	9,161,197	-	-	-	-	9,161,197
Public works	4,491,768	-	-	-	470,008	4,961,776
Culture and recreation	1,609,312	-	-	-	-	1,609,312
Capital outlay	1,642,977	-	-	-	-	1,642,977
Debt service						
Principal	1,534,134	-	-	-	-	1,534,134
Interest	596,280	-	-	-	-	596,280
Total expenditures	<u>26,836,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,008</u>	<u>27,306,085</u>
Excess of revenues over expenditures	<u>6,006,452</u>	<u>13,411</u>	<u>21,469</u>	<u>52,125</u>	<u>(365,154)</u>	<u>5,728,303</u>
Other financing sources (uses)						
Transfers in	570,000	400,000	475,000	3,870,000	110,000	5,425,000
Transfers out	(6,612,800)	-	-	-	-	(6,612,800)
Total other financing sources (uses)	<u>(6,042,800)</u>	<u>400,000</u>	<u>475,000</u>	<u>3,870,000</u>	<u>110,000</u>	<u>(1,187,800)</u>
Net change in fund balance	(36,348)	413,411	496,469	3,922,125	(255,154)	4,540,503
Fund balances, beginning	<u>27,847,333</u>	<u>494,149</u>	<u>909,540</u>	<u>404,263</u>	<u>424,564</u>	<u>30,079,849</u>
Fund balances, ending	<u>\$ 27,810,985</u>	<u>\$ 907,560</u>	<u>\$ 1,406,009</u>	<u>\$ 4,326,388</u>	<u>\$ 169,410</u>	<u>\$ 34,620,352</u>

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, 2019

Schedule 3

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes			
Current year	\$ 18,465,000	\$ 18,801,705	\$ 336,705
Prior years	25,000	5,247	(19,753)
Penalties and interest	20,000	34,564	14,564
Total ad valorem taxes	<u>18,510,000</u>	<u>18,841,516</u>	<u>331,516</u>
Other taxes and licenses			
Motor vehicle decal tax	<u>584,400</u>	<u>528,334</u>	<u>(56,066)</u>
Unrestricted intergovernmental			
Local option sales taxes	5,735,000	5,757,210	22,210
Rental vehicle tax	98,800	110,104	11,304
Utilities sales tax	1,605,900	1,727,243	121,343
Telecommunication and video programming sales tax	693,700	649,314	(44,386)
Beer and wine tax	113,300	109,066	(4,234)
Wake County fire tax	854,500	854,943	443
Fire reimbursements	5,000	901	(4,099)
Solid waste disposal tax	17,100	18,754	1,654
Total unrestricted intergovernmental	<u>9,123,300</u>	<u>9,227,535</u>	<u>104,235</u>
Restricted intergovernmental			
Powell Bill allocation	580,000	579,013	(987)
Federal grants	-	(11,789)	(11,789)
Total restricted intergovernmental	<u>580,000</u>	<u>567,224</u>	<u>(12,776)</u>
Permits and fees			
Building permits	824,300	964,413	140,113
Planning fees	114,500	113,684	(816)
Engineering fees	130,000	713,251	583,251

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, 2019

Schedule 3

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Permits and fees (continued)			
Officer fees and civil police	\$ 36,000	\$ 69,790	\$ 33,790
Fire permits	60,000	64,581	4,581
Total permits and fees	<u>1,164,800</u>	<u>1,925,719</u>	<u>760,919</u>
Sales and services			
Recreation	876,100	547,450	(328,650)
Rents	310,300	291,552	(18,748)
Total sales and services	<u>1,186,400</u>	<u>839,002</u>	<u>(347,398)</u>
Investment earnings	<u>325,803</u>	<u>458,167</u>	<u>132,364</u>
Miscellaneous			
ABC revenue	173,400	210,932	37,532
Surplus property	51,300	52,805	1,505
Wake County Landfill	46,800	67,828	21,028
Miscellaneous	76,986	42,674	(34,312)
Fines and forfeitures	33,486	33,488	2
Contributions and donations - private sources	27,200	47,305	20,105
Total miscellaneous	<u>409,172</u>	<u>455,032</u>	<u>45,860</u>
Total revenues	<u>31,883,875</u>	<u>32,842,529</u>	<u>958,654</u>
Expenditures			
General government			
Governing body			
Personnel costs	137,000	109,028	27,972
Contract and professional services	262,700	317,439	(54,739)
Other operating	110,200	94,717	15,483

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, 2019

Schedule 3

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General government (continued)			
Governing body (continued)			
Capital outlay	\$ 570,000	\$ 570,000	\$ -
Subtotal	<u>1,079,900</u>	<u>1,091,184</u>	<u>(11,284)</u>
Administration			
Personnel costs	1,072,881	915,525	157,356
Contract and professional services	925,191	686,721	238,470
Other operating	573,881	365,678	208,203
Subtotal	<u>2,571,953</u>	<u>1,967,924</u>	<u>604,029</u>
Information technology			
Personnel costs	507,983	369,040	138,943
Contract and professional services	329,474	293,908	35,566
Other operating	851,567	594,756	256,811
Capital outlay	385,329	354,154	31,175
Subtotal	<u>2,074,353</u>	<u>1,611,858</u>	<u>462,495</u>
Finance			
Personnel costs	422,311	415,094	7,217
Contract and professional services	440,730	413,738	26,992
Other operating	31,500	21,707	9,793
Subtotal	<u>894,541</u>	<u>850,539</u>	<u>44,002</u>
Human resources			
Personnel costs	311,574	302,727	8,847
Contract and professional services	75,960	52,281	23,679
Other operating	36,300	32,269	4,031
Subtotal	<u>423,834</u>	<u>387,277</u>	<u>36,557</u>
Total general government	<u>7,044,581</u>	<u>5,908,782</u>	<u>1,135,799</u>

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, 2019

Schedule 3

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Development services			
Engineering			
Personnel costs	\$ 484,049	\$ 482,526	\$ 1,523
Contract and professional services	46,000	32,232	13,768
Other operating	33,600	21,465	12,135
Capital outlay	175,000	29,630	145,370
Subtotal	<u>738,649</u>	<u>565,853</u>	<u>172,796</u>
Inspections			
Personnel costs	658,296	653,315	4,981
Other operating	50,800	47,326	3,474
Subtotal	<u>709,096</u>	<u>700,641</u>	<u>8,455</u>
Planning			
Personnel costs	1,150,198	1,132,833	17,365
Contract and professional services	610,615	377,275	233,340
Other operating	110,400	68,809	41,591
Subtotal	<u>1,871,213</u>	<u>1,578,917</u>	<u>292,296</u>
Total development services	<u>3,318,958</u>	<u>2,845,411</u>	<u>473,547</u>
Public safety			
Police			
Personnel costs	3,909,651	3,270,451	639,200
Contract and professional services	182,100	171,951	10,149
Other operating	475,150	339,302	135,848
Subtotal	<u>4,566,901</u>	<u>3,781,704</u>	<u>785,197</u>

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, 2019

Schedule 3

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety (continued)			
Fire and rescue			
Personnel costs	\$ 4,938,931	\$ 4,656,210	\$ 282,721
Contract and professional services	201,600	163,706	37,894
Other operating	637,255	559,577	77,678
Capital outlay	1,191,031	128,138	1,062,893
Subtotal	<u>6,968,817</u>	<u>5,507,631</u>	<u>1,461,186</u>
Total public safety	<u>11,535,718</u>	<u>9,289,335</u>	<u>2,246,383</u>
Public works			
Personnel costs	1,548,638	1,208,769	339,869
Contract and professional services	1,553,452	1,521,328	32,124
Other operating	2,512,841	1,419,771	1,093,070
Capital outlay	1,298,449	531,601	766,848
Subtotal	<u>6,913,380</u>	<u>4,681,469</u>	<u>2,231,911</u>
Powell Bill			
Other operating	<u>580,000</u>	<u>341,900</u>	<u>238,100</u>
Total public works	<u>7,493,380</u>	<u>5,023,369</u>	<u>2,470,011</u>
Culture and recreation			
Personnel costs	1,505,400	1,370,927	134,473
Contract and professional services	48,300	23,122	25,178
Other operating	346,131	215,263	130,868
Capital outlay	<u>29,454</u>	<u>29,454</u>	<u>-</u>
Total culture and recreation	<u>1,929,285</u>	<u>1,638,766</u>	<u>290,519</u>

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, 2019

Schedule 3

Page 6 of 6

	Final Budget	Actual	Variance Positive (Negative)
Debt service			
Principal	\$ 1,534,200	\$ 1,534,134	\$ 66
Interest	596,400	596,280	120
Total debt service	<u>2,130,600</u>	<u>2,130,414</u>	<u>186</u>
Total expenditures	<u>33,452,522</u>	<u>26,836,077</u>	<u>6,616,445</u>
Revenues over (under) expenditures	<u>(1,568,647)</u>	<u>6,006,452</u>	<u>7,575,099</u>
Other financing sources (uses)			
Transfers in (out)			
Parkland Payment-in-Lieu Capital Project Fund	570,000	570,000	-
Capital Reserve Funds	(4,745,000)	(4,745,000)	-
Municipal Service District Fund	(110,000)	(110,000)	-
Capital Project Funds	(1,700,000)	(1,700,000)	-
Stormwater Fund	(57,800)	(57,800)	-
Fund balance appropriated	7,611,447	-	(7,611,447)
Total other financing sources (uses)	<u>1,568,647</u>	<u>(6,042,800)</u>	<u>(7,611,447)</u>
Net change in fund balance	<u>\$ -</u>	<u>(36,348)</u>	<u>\$ (36,348)</u>
Fund balance, beginning		<u>27,847,333</u>	
Fund balance, ending		<u>\$ 27,810,985</u>	

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, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 13,411	\$ 13,411
Expenditures			
Capital outlay	400,000	-	400,000
Revenues over (under) expenditures	(400,000)	13,411	413,411
Other financing sources (uses)			
Transfers in (out)			
General Fund	400,000	400,000	-
Net change in fund balance	<u>\$ -</u>	<u>413,411</u>	<u>\$ 413,411</u>
Fund balance, beginning		<u>494,149</u>	
Fund balance, ending		<u><u>\$ 907,560</u></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, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 21,469	\$ 21,469
Other financing sources			
Transfers in			
General Fund	475,000	475,000	-
Fund balance appropriated	(475,000)	-	475,000
Total other financing sources	-	475,000	475,000
Net change in fund balance	\$ -	496,469	\$ 496,469
Fund balance, beginning		<u>909,540</u>	
Fund balance, ending		<u><u>\$ 1,406,009</u></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, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ 52,125	\$ 52,125
Other financing sources			
Transfers in			
General Fund	3,870,000	3,870,000	-
Fund balance appropriated	(3,870,000)	-	3,870,000
Total other financing sources	-	3,870,000	3,870,000
Net change in fund balance	\$ -	3,922,125	\$ 3,922,125
Fund balance, beginning		<u>404,263</u>	
Fund balance, ending		<u><u>\$ 4,326,388</u></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, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 98,800	\$ 96,317	\$ (2,483)
Investment earnings	-	8,537	8,537
Total revenues	98,800	104,854	6,054
Expenditures			
Contract and professional services	1,035	2,780	(1,745)
Repairs and maintenance - Paving	471,965	467,228	4,737
Total expenditures	473,000	470,008	2,992
Revenues over (under) expenditures	(374,200)	(365,154)	9,046
Other financing sources			
Transfers in - General Fund	110,000	110,000	-
Fund balance appropriated	264,200	-	(264,200)
Total other financing sources	374,200	110,000	(264,200)
Net change in fund balance	\$ -	(255,154)	\$ (255,154)
Fund balance, beginning		424,564	
Fund balance, ending		\$ 169,410	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MCCRIMMON PARKWAY EXTENSION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 350,000	\$ -	\$ -	\$ -
Investment earnings	158,300	132,924	194,140	327,064
Total revenues	508,300	132,924	194,140	327,064
Expenditures				
Bond issue costs	-	-	17,185	17,185
Professional services	3,356,430	3,092,182	98,203	3,190,385
Construction	11,168,970	2,316,341	3,668,691	5,985,032
Land acquisition	1,624,700	900,717	372,920	1,273,637
Total expenditures	16,150,100	6,309,240	4,156,999	10,466,239
Revenues under expenditures	(15,641,800)	(6,176,316)	(3,962,859)	(10,139,175)
Other financing sources				
Bond proceeds	14,300,000	10,000,062	4,300,000	14,300,062
Premium on bonds issued	1,341,800	906,570	438,926	1,345,496
Total other financing sources	15,641,800	10,906,632	4,738,926	15,645,558
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,730,316</u>	776,067	<u>\$ 5,506,383</u>
Fund balance, beginning			4,730,316	
Fund balance, ending			<u>\$ 5,506,383</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	Morrisville Aquatics & Fitness Center Renovation 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	Total Nonmajor Governmental Funds
Assets													
Cash and cash equivalents	\$ -	\$ 11,297	\$ 171,169	\$ 617,172	\$ 546,170	\$ 403,080	\$ 306	\$ 1,266,160	\$ 449,029	\$ 1,313,871	\$ 301,163	\$ 687,391	\$ 5,766,808
Due from other governments	-	-	258,000	13,444	28,195	-	13,123	-	97,000	-	-	214,188	623,950
Restricted cash	4,817,105	-	-	2,872,996	-	-	5,773,579	-	-	-	-	-	13,463,680
Total assets	\$ 4,817,105	\$ 11,297	\$ 429,169	\$ 3,503,612	\$ 574,365	\$ 403,080	\$ 5,787,008	\$ 1,266,160	\$ 546,029	\$ 1,313,871	\$ 301,163	\$ 901,579	\$ 19,854,438
Liabilities													
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 7,501	\$ 28,138	\$ -	\$ 460,660	\$ -	\$ -	\$ -	\$ 260,280	\$ 326,095	\$ 1,082,674
Due to other funds	-	-	-	-	-	-	456,551	-	-	-	-	-	456,551
Total liabilities	-	-	-	7,501	28,138	-	917,211	-	-	-	260,280	326,095	1,539,225
Fund balances													
Restricted													
Stabilization by State statute	-	22,343	258,000	30,403	54,434	411	5,820,494	3,087	103,826	-	35,910	895,854	7,224,762
Street improvements	-	-	-	2,856,037	-	-	-	-	-	-	-	-	2,856,037
Recreation improvements	4,817,105	-	-	-	-	-	-	-	-	-	-	-	4,817,105
Committed													
Capital projects	-	-	171,169	609,671	491,793	402,669	-	1,263,073	442,203	1,313,871	4,973	-	4,699,422
Unassigned	-	(11,046)	-	-	-	-	(950,697)	-	-	-	-	(320,370)	(1,282,113)
Total fund balances	4,817,105	11,297	429,169	3,496,111	546,227	403,080	4,869,797	1,266,160	546,029	1,313,871	40,883	575,484	18,315,213
Total liabilities and fund balances	\$ 4,817,105	\$ 11,297	\$ 429,169	\$ 3,503,612	\$ 574,365	\$ 403,080	\$ 5,787,008	\$ 1,266,160	\$ 546,029	\$ 1,313,871	\$ 301,163	\$ 901,579	\$ 19,854,438

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	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	Morrisville Aquatics & Fitness Center Renovation 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	Total Nonmajor Governmental Funds
Revenues													
Grants	\$ -	\$ -	\$ 258,000	\$ 419,153	\$ -	\$ -	\$ -	\$ -	\$ 97,000	\$ -	\$ -	\$ 257,309	\$ 1,031,462
Investment earnings	73,401	200	3,097	71,186	52,901	7,082	135,817	21,958	8,742	13,871	2,662	11,862	402,779
Parkland payments in lieu	2,058,619	-	-	-	-	-	-	-	-	-	-	-	2,058,619
Total revenues	2,132,020	200	261,097	490,339	52,901	7,082	135,817	21,958	105,742	13,871	2,662	269,171	3,492,860
Expenditures													
Bond issue costs	-	-	-	990	-	-	22,780	-	-	-	-	-	23,770
Capital projects	-	-	138,432	720,679	3,370,371	12,125	2,060,213	14,526	105,997	-	261,779	449,594	7,133,716
Total expenditures	-	-	138,432	721,669	3,370,371	12,125	2,082,993	14,526	105,997	-	261,779	449,594	7,157,486
Revenues over (under) expenditures	2,132,020	200	122,665	(231,330)	(3,317,470)	(5,043)	(1,947,176)	7,432	(255)	13,871	(259,117)	(180,423)	(3,664,626)
Other financing sources (uses)													
Bond proceeds	-	-	-	745,000	-	-	5,700,000	-	-	-	-	-	6,445,000
Premium on bonds issued	-	-	-	37,359	-	-	581,832	-	-	-	-	-	619,191
Installment debt proceeds	-	-	-	2,066,667	-	-	1,033,333	-	-	-	-	-	3,100,000
Transfers in													
General Fund	-	-	-	-	-	-	-	-	100,000	1,300,000	300,000	-	1,700,000
Transfers out													
General Fund	(570,000)	-	-	-	-	-	-	-	-	-	-	-	(570,000)
Total other financing sources (uses)	(570,000)	-	-	2,849,026	-	-	7,315,165	-	100,000	1,300,000	300,000	-	11,294,191
Net change in fund balance	1,562,020	200	122,665	2,617,696	(3,317,470)	(5,043)	5,367,989	7,432	99,745	1,313,871	40,883	(180,423)	7,629,565
Fund balances (deficits), beginning	3,255,085	11,097	306,504	878,415	3,863,697	408,123	(498,192)	1,258,728	446,284	-	-	755,907	10,685,648
Fund balances, ending	\$ 4,817,105	\$ 11,297	\$ 429,169	\$ 3,496,111	\$ 546,227	\$ 403,080	\$ 4,869,797	\$ 1,266,160	\$ 546,029	\$ 1,313,871	\$ 40,883	\$ 575,484	\$ 18,315,213

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PARKLAND PAYMENT-IN-LIEU CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 130,703	\$ 73,401	\$ 204,104
Parkland payments in lieu	-	5,325,436	2,058,619	7,384,055
Total revenues	-	5,456,139	2,132,020	7,588,159
Other financing sources (uses)				
Transfers in (out)				
General Fund	-	1,842,517	(570,000)	1,272,517
Capital Reserve Fund	-	1,684,257	-	1,684,257
Northwest Park Capital Project Fund	-	(1,733,903)	-	(1,733,903)
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)
Total other financing uses	-	(2,201,054)	(570,000)	(2,771,054)
Net change in fund balance	\$ -	\$ 3,255,085	1,562,020	\$ 4,817,105
Fund balance, beginning			3,255,085	
Fund balance, ending			\$ 4,817,105	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 NORTHWEST PARK CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 2,327	\$ 2,361	\$ 200	\$ 2,561
Expenditures				
Professional services	192,502	191,550	-	191,550
Capital outlay	1,557,728	1,533,617	-	1,533,617
Total expenditures	1,750,230	1,725,167	-	1,725,167
Revenues under expenditures	(1,747,903)	(1,722,806)	200	(1,722,606)
Other financing sources				
Transfers in				
Parkland Payment-In-Lieu Capital Project Fund	1,747,903	1,733,903	-	1,733,903
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,097</u>	200	<u>\$ 11,297</u>
Fund balance, beginning			11,097	
Fund balance, ending			<u>\$ 11,297</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

CHURCH STREET PARK CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 1,796,703	\$ 1,538,703	\$ 258,000	\$ 1,796,703
Investment earnings	8,503	27,061	3,097	30,158
Parkland payments in lieu	-	92,491	-	92,491
Total revenues	1,805,206	1,658,255	261,097	1,919,352
Expenditures				
Professional services	464,877	420,843	-	420,843
Construction	4,332,612	3,882,073	138,432	4,020,505
Land acquisition	1,781,022	1,781,022	-	1,781,022
Total expenditures	6,578,511	6,083,938	138,432	6,222,370
Revenues under expenditures	(4,773,305)	(4,425,683)	122,665	(4,303,018)
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	\$ -	\$ 306,504	122,665	\$ 429,169
Fund balance, beginning			306,504	
Fund balance, ending			\$ 429,169	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 14

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MORRISVILLE CARPENTER ROAD CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ -	\$ -	\$ 419,153	\$ 419,153
Investment earnings	-	19,356	71,186	90,542
Total revenues	-	19,356	490,339	509,695
Expenditures				
Bond issue costs	-	-	990	990
Professional services	1,078,627	939,679	121,989	1,061,668
Land acquisition	1,325,373	605,262	598,690	1,203,952
Total expenditures	2,404,000	1,544,941	721,669	2,266,610
Revenues under expenditures	(2,404,000)	(1,525,585)	(231,330)	(1,756,915)
Other financing sources				
Bond proceeds	-	-	745,000	745,000
Premium on bonds issued	-	-	37,359	37,359
Installment debt proceeds	-	-	2,066,667	2,066,667
Transfers in General Fund	2,404,000	2,404,000	-	2,404,000
Total other financing sources	2,404,000	2,404,000	2,849,026	5,253,026
Net change in fund balance	<u>\$ -</u>	<u>\$ 878,415</u>	2,617,696	<u>\$ 3,496,111</u>
Fund balance, beginning			<u>878,415</u>	
Fund balance, ending			<u>\$ 3,496,111</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

TOWN CENTER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 21,232	\$ 52,901	\$ 74,133
Expenditures				
Professional services	611,920	457,535	148,874	606,409
Capital Outlay	3,688,080	-	3,221,497	3,221,497
Total expenditures	4,300,000	457,535	3,370,371	3,827,906
Revenues under expenditures	(4,300,000)	(436,303)	(3,317,470)	(3,753,773)
Other financing sources				
Transfers in				
General Fund	4,300,000	4,300,000	-	4,300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,863,697</u>	(3,317,470)	<u>\$ 546,227</u>
Fund balance, beginning			3,863,697	
Fund balance, ending			<u>\$ 546,227</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

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, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 5,721	\$ 7,082	\$ 12,803
Expenditures				
Professional services	80,000	52,598	12,125	64,723
Capital outlay	375,000	-	-	-
Total expenditures	455,000	52,598	12,125	64,723
Revenues under expenditures	(455,000)	(46,877)	(5,043)	(51,920)
Other financing sources				
Transfers in General Fund	455,000	455,000	-	455,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 408,123</u>	(5,043)	<u>\$ 403,080</u>
Fund balance, beginning			408,123	
Fund balance, ending			<u>\$ 403,080</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

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, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 135,817	\$ 135,817
Expenditures				
Bond issue costs	-	-	22,780	22,780
Professional services	727,000	498,192	85,443	583,635
Capital outlay	6,997,000	-	1,974,770	1,974,770
Contingency	690,000	-	-	-
Total expenditures	8,414,000	498,192	2,082,993	2,581,185
Revenues under expenditures	(8,414,000)	(498,192)	(1,947,176)	(2,445,368)
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>\$ (498,192)</u>	<u>5,367,989</u>	<u>\$ 4,869,797</u>
Fund balance, beginning			<u>(498,192)</u>	
Fund balance, ending			<u>\$ 4,869,797</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

SHILOH SEWER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 227,064	\$ 21,958	\$ 249,022
Miscellaneous	7,135	7,135	-	7,135
Total revenues	204,301	234,199	21,958	256,157
Expenditures				
Professional services	139,847	32,239	14,526	46,765
Property acquisition	16,398	16,397	-	16,397
Construction	1,876,219	756,915	-	756,915
Total expenditures	2,032,464	805,551	14,526	820,077
Revenues over (under) expenditures	(1,828,163)	(571,352)	7,432	(563,920)
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	\$ -	\$ 1,258,728	7,432	\$ 1,266,160
Fund balance, beginning			1,258,728	
Fund balance, ending			\$ 1,266,160	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SIDEWALK AND PEDESTRIAN ENHANCEMENT CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 3,284	\$ 8,742	\$ 12,026
Grants	597,000	-	97,000	97,000
Total revenues	597,000	3,284	105,742	109,026
Expenditures				
Professional services	378,000	-	14,943	14,943
Construction	805,900	-	91,054	91,054
Total expenditures	1,183,900	-	105,997	105,997
Revenues over (under) expenditures	(586,900)	3,284	(255)	3,029
Other financing sources				
Transfers in General Fund	586,900	443,000	100,000	543,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 446,284</u>	99,745	<u>\$ 546,029</u>
Fund balance, beginning			<u>446,284</u>	
Fund balance, ending			<u>\$ 546,029</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PUBLIC WORKS RENOVATION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2019

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

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

HEALTHY FOOD HUB CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 2,662	\$ 2,662
Grants	25,000	-	-	-
Total revenues	25,000	-	2,662	2,662
Expenditures				
Construction	325,000	-	261,779	261,779
Revenues over (under) expenditures	(300,000)	-	(259,117)	(259,117)
Other financing sources				
Transfers in General Fund	300,000	-	300,000	300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>40,883</u>	<u>\$ 40,883</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ 40,883</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

CRABTREE HATCHER CREEK GREENWAY CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 4,903,602	\$ 4,127,356	\$ 257,309	\$ 4,384,665
Investment earnings	-	9,992	11,862	21,854
Total revenues	4,903,602	4,137,348	269,171	4,406,519
Expenditures				
Professional services	867,323	822,076	25,578	847,654
Capital outlay	5,654,051	3,877,137	424,016	4,301,153
Land acquisition	69,802	69,802	-	69,802
Total expenditures	6,591,176	4,769,015	449,594	5,218,609
Revenues under expenditures	(1,687,574)	(631,667)	(180,423)	(812,090)
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>\$ 755,907</u>	(180,423)	<u>\$ 575,484</u>
Fund balance, beginning			755,907	
Fund balance, ending			<u>\$ 575,484</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, 2019

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Page 1 of 2

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Permits and fees	\$ 25,100	\$ 148,695	\$ 123,595
Stormwater ERU charges	566,500	545,481	(21,019)
Investment earnings	16,600	29,745	13,145
Miscellaneous	-	25	25
Total revenues	608,200	723,946	115,746
Expenditures			
Stormwater operations			
Personnel costs	245,059	251,997	(6,938)
Professional services	316,908	4,021	312,887
Other operating	326,720	224,926	101,794
Capital outlay	70,208	-	70,208
Total expenditures	958,895	480,944	477,951
Revenues over (under) expenditures	(350,695)	243,002	593,697
Other financing sources (uses)			
Transfer In - General Fund	57,800	57,800	-
Transfer out - Stormwater capital projects	(475,000)	(475,000)	-
Fund balance appropriated	767,895	-	(767,895)
Total other financing sources (uses)	350,695	(417,200)	(767,895)
Revenues and other sources (uses) over expenditures	\$ -	(174,198)	\$ (174,198)

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, 2019

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

Add (deduct):	
Increase in compensated absences liability	\$ (4,551)
Increase in deferred outflows of resources - pensions	16,901
Increase in deferred outflows of resources - OPEB	8,180
Increase in net pension liability	(27,098)
Increase in OPEB liability	(18,265)
Decrease in deferred inflows of resources - pensions	860
Increase in deferred inflows of resources - OPEB	192
Depreciation expense	<u>(20,430)</u>
Change in net position	<u>(218,409)</u>
Net position, beginning of year, as restated	<u>2,355,396</u>
Net position, end of year	<u><u>\$ 2,136,987</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 24

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, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 146	\$ 184	\$ 330
Grants	101,077	79,742	10,344	90,086
Total revenues	101,077	79,888	10,528	90,416
Expenditures				
Supplies	-	-	1,279	1,279
Professional services	56,000	24,758	9,065	33,823
Construction	69,000	66,496	-	66,496
Total expenditures	125,000	91,254	10,344	101,598
Revenues over (under) expenditures	(23,923)	(11,366)	184	(11,182)
Other financing sources				
Transfer in Stormwater Fund	23,923	23,923	-	23,923
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 12,557</u>	184	<u>\$ 12,741</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Add - Capital outlay			9,065	
Change in net position			9,249	
Net position, beginning of year			103,811	
Net position, end of year			<u>\$ 113,060</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

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, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 5,068	\$ 5,068
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)	(31,846)
Other financing sources				
Transfer in Stormwater Fund	475,000	-	475,000	475,000
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	443,154	<u>\$ 443,154</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Add - Capital outlay			36,914	
Change in net position			480,068	
Net position, beginning of year			-	
Net position, end of year			<u>\$ 480,068</u>	

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

Schedule 26

Fiscal Year	Balance June 30, 2018	Current Levy	Collection Adjustments and Releases	Balance June 30, 2019
2018 - 2019	\$ -	\$ 18,817,208 (1)	\$ 18,803,670 (2)	\$ 13,538
2017 - 2018	10,662	-	3,631	7,031
2016 - 2017	3,806	-	902	2,904
2015 - 2016	3,190	-	935	2,255
2014 - 2015	762	-	210	552
2013 - 2014	5,168	-	225	4,943
2012 - 2013	8,166	-	86	8,080
2011 - 2012	9,607	-	52	9,555
2010 - 2011	23,779	-	101	23,678
2009 - 2010	19,251	-	180	19,071
2008 - 2009	8,870	-	8,870	-
	<u>\$ 93,261</u>	<u>\$ 18,817,208</u>	<u>\$ 18,818,862</u>	91,607
Less allowance for uncollectible taxes				<u>(87,107)</u>
Ad valorem taxes receivable, net				<u>\$ 4,500 (3)</u>
Reconciliation to revenues:				
Ad valorem taxes, General Fund			\$ 18,841,516 (4)	
Reconciling items;				
Penalties and interest received			(34,564)	
Releases, rebates and adjustments			3,040	
Taxes written off			8,870	
Total collections, adjustments and releases			<u>\$ 18,818,862</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 \$24,189.

Note (4) - Does not include Municipal Service District taxes of \$96,317.

TOWN OF MORRISVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
YEAR ENDED JUNE 30, 2019

Schedule 27

	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	\$ 4,781,487,692	\$ 0.3900	\$ 18,647,802	\$ 17,521,359	\$ 1,126,443
Penalties	-		81,011	81,011	-
Total	4,781,487,692		18,728,813	17,602,370	1,126,443
Discoveries					
Prior year's taxes	63,193,136		245,388	245,388	-
Less - Abatements	-		(156,993)	(156,963)	(30)
Total property valuation	<u>\$ 4,844,680,828</u>				
Net levy			18,817,208	17,690,795	1,126,413
Uncollected taxes at June 30, 2019			15,503	13,538	1,965
Current year's taxes collected			<u>\$ 18,801,705</u>	<u>\$ 17,677,257</u>	<u>\$ 1,124,448</u>
Current levy collection percentage			<u>99.92%</u>	<u>99.92%</u>	<u>99.83%</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 28

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

JUNE 30, 2019

<u>Fiscal Year</u>	<u>Principal</u>	<u>Principal and Interest</u>
2019 - 2020	\$ 1,665,000	\$ 2,805,958
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>\$ 26,210,000</u>	<u>\$ 34,608,271</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 58,997,742	\$ 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
Restricted	245,183	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
Unrestricted	9,471,189	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
Total governmental activities net position	68,714,114	81,500,983	90,071,235	105,468,642	113,289,218	122,480,300	130,982,543	146,746,024	163,296,056	175,126,269
Business-type activities										
Net investment in capital assets	2,615,882	2,713,257	2,899,810	2,040,473	650,551	805,551	1,468,020	650,915	643,220	668,769
Unrestricted	1,531,573	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
Total business-type activities net position	4,147,455	4,144,101	4,139,233	2,024,624	2,026,500	2,044,575	3,609,039	1,910,823	2,459,207	2,730,115
Primary government										
Net investment in capital assets	61,613,624	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
Restricted	245,183	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
Unrestricted	11,002,762	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
Total primary government net position	\$ 72,861,569	\$ 85,645,084	\$ 94,210,468	\$ 107,493,266	\$ 115,315,718	\$ 124,524,875	\$ 134,591,582	\$ 148,656,847	\$ 165,755,263	\$ 177,856,384

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

Table 2
Page 1 of 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 4,194,444	\$ 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
Public safety	7,076,662	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
Public works	3,335,102	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
Development services	1,962,172	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
Culture and recreation	1,858,567	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
Interest on long-term debt	440,155	445,300	416,960	451,847	419,214	379,060	367,433	433,651	534,806	765,140
Total governmental activities expenses	18,867,102	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
Business-type activities:										
Stormwater	-	-	-	-	-	-	475,490	488,053	382,035	526,434
Water and sewer	68,950	64,538	46,394	42,470	13,606	5,425	-	-	-	-
Total business-type activities expenses	68,950	64,538	46,394	42,470	13,606	5,425	475,490	488,053	382,035	526,434
Total primary government expenses	\$ 18,936,052	\$ 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
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 158,925	\$ 167,843	\$ 164,707	\$ 164,670	\$ 275,713	\$ 254,375	\$ 253,233	\$ 242,190	\$ 247,394	\$ 291,552
Public safety	29,815	39,712	52,029	50,202	64,120	71,221	91,033	83,602	105,182	134,371
Development services	469,198	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
Culture and recreation	790,847	778,096	877,125	867,187	835,626	912,401	855,610	901,261	831,737	547,450
Operating grants and contributions										
General government	-	-	100,000	-	-	-	105,804	-	-	-
Public safety	6,363	3,921	21,638	8,429	8,394	5,946	5,092	29,688	-	500
Public works	31,187	24,442	202,128	458,759	489,215	502,929	546,237	659,753	809,664	605,779
Development services	-	-	39,542	-	-	-	-	4,000	125,530	-
Culture and recreation	-	1,594	-	-	-	-	-	-	-	8,250
Capital grants and contributions										
Public safety	76,236	16,036	-	76,819	-	6,309	24,427	9,905	2,956	33,488
Public works	7,994,785	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
Culture and recreation	157,484	124,261	689,613	399,532	1,401,342	23,407	22,342	731,526	3,020,197	714,779
Total governmental activities program revenues	9,714,840	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

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

Table 2
Page 2 of 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Stormwater										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	834,314	718,165	794,371	694,201
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
Total primary government program revenues	<u>\$ 9,714,840</u>	<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>
Net (Expense) Revenue										
Governmental activities	\$ (9,152,262)	\$ (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)
Business-type activities	(68,950)	(64,538)	(46,394)	(42,470)	(13,606)	(5,425)	413,809	240,561	426,644	178,111
Total primary government net expense	<u>\$ (9,221,212)</u>	<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>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 11,908,172	\$ 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
Other taxes and licenses	1,162,337	1,299,114	1,455,079	1,509,323	1,753,968	1,724,212	273,725	285,897	289,261	527,459
Unrestricted intergovernmental revenues	4,173,221	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
Unrestricted investment earnings	43,053	47,868	34,611	31,760	27,487	22,745	81,621	232,552	503,909	1,150,628
Miscellaneous	242,705	277,104	499,768	220,266	224,459	296,522	411,923	342,517	325,730	351,008
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
Transfers	-	-	-	-	-	-	(126,200)	(112,983)	(126,000)	(57,800)
Special item: settlement	-	-	-	(349,000)	-	-	-	-	-	-
Total governmental activities	<u>17,529,488</u>	<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>
Business-type activities:										
Unrestricted investment earnings	65,186	61,184	41,526	28,102	15,482	21,615	4,275	4,917	15,831	34,997
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
Total business-type activities	<u>65,186</u>	<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>

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

Table 2
Page 3 of 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total primary government	<u>\$ 17,594,674</u>	<u>\$ 18,420,256</u>	<u>\$ 19,326,399</u>	<u>\$ 17,730,728</u>	<u>\$ 22,300,557</u>	<u>\$ 23,885,966</u>	<u>\$ 25,757,429</u>	<u>\$ 27,176,010</u>	<u>\$ 28,683,440</u>	<u>\$ 32,287,770</u>
Change in net position										
Governmental activities	8,377,226	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
Business-type activities	<u>(3,764)</u>	<u>(3,354)</u>	<u>(4,868)</u>	<u>(2,114,609)</u>	<u>1,876</u>	<u>18,075</u>	<u>544,284</u>	<u>358,461</u>	<u>568,475</u>	<u>270,908</u>
Total primary government	<u>\$ 8,373,462</u>	<u>\$ 9,494,083</u>	<u>\$ 8,565,384</u>	<u>\$ 13,282,798</u>	<u>\$ 7,822,452</u>	<u>\$ 9,884,658</u>	<u>\$ 10,193,596</u>	<u>\$ 15,621,110</u>	<u>\$ 17,898,225</u>	<u>\$ 12,101,121</u>

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
Page 1 of 2

	<u>2010</u>
General Fund	
Reserved for:	
State statute	\$ 1,022,921
Streets	245,183
Community development	-
Recreation improvements	-
Other	-
Total Reserved	<u>1,268,104</u>
Designated	-
Unreserved, undesignated	<u>8,362,587</u>
Total General Fund	<u>9,630,691</u>
All Other Governmental Funds	
Reserved for:	
Recreation improvements	1,992,627
Other	-
Total Reserved	<u>1,992,627</u>
Unreserved, reported in:	
Capital projects funds	<u>2,589,195</u>
Total all other Governmental Funds	<u>4,581,822</u>
Total Governmental Fund Balances	<u><u>\$ 10,951,782</u></u>

Fund balance reporting prior to GASB 54.

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

Table 3
Page 2 of 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund									
Non Spendable:									
Prepays	\$ 9,306	\$ 170,762	\$ 4,458	\$ 1,383	\$ 13,326	\$ 40,263	\$ 8,886	\$ 13,990	\$ 9,742
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
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
Police operations and activities	-	-	-	-	-	24,918	22,678	5,335	28,401
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
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
LEO pension obligation	-	-	-	-	-	328,296	344,103	373,598	383,218
OPEB pension liability	-	-	-	-	-	-	-	2,804,999	3,128,971
Total Committed	-	1,217,294	1,190,373	496,830	747,441	931,000	2,246,357	4,986,549	10,152,146
Assigned:									
Fire operations and activities	-	-	-	-	-	-	-	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
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
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
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
All Other Governmental Funds									
Restricted:									
Stabilization by State statute	-	-	-	-	757,506	3,135,257	10,195,584	8,501,860	8,124,543
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
Street improvements	-	-	-	-	-	-	-	4,933,104	8,875,328
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
Committed:									
Capital projects	-	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422
Fire station	1,376,715	-	-	-	-	-	-	-	-
Total Committed	1,376,715	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422
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)
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
Total Governmental Fund Balances	\$ 16,120,606	\$ 16,422,996	\$ 17,265,173	\$ 22,416,624	\$ 25,318,667	\$ 28,767,376	\$ 41,282,874	\$ 45,495,813	\$ 58,441,948

Note: Fiscal Year 2011 and forward is presented in conformity with GASB Statement No. 54 which was implemented in Fiscal Year 2011.

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

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Ad valorem taxes	\$ 11,906,215	\$ 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
Other taxes and licenses	1,159,433	1,290,397	1,449,940	1,505,393	1,761,048	1,731,430	277,630	288,953	292,135	528,334
Unrestricted intergovernmental	4,173,221	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
Restricted intergovernmental	451,632	382,853	661,987	1,002,662	1,710,823	823,293	573,671	1,420,967	3,829,861	1,598,686
Permits and fees	625,759	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
Sales and services	949,772	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
Investment earnings	41,029	45,844	32,587	29,736	24,133	22,745	81,621	232,462	503,909	1,150,628
Miscellaneous	273,146	314,089	560,725	404,864	351,686	302,603	542,152	346,207	487,099	455,032
TOTAL REVENUES	19,580,207	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
EXPENDITURES										
Current:										
General government	2,576,902	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
Public safety	6,401,636	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
Public works	3,206,013	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
Development services	1,930,198	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
Culture and recreation	1,506,923	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
Capital outlay	1,541,487	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
Debt service										
Principal	1,359,900	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
Interest and other charges	440,205	426,962	418,197	374,656	385,898	396,742	367,040	555,859	655,997	637,235
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	18,963,264	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
REVENUES OVER (UNDER) EXPENDITURES	616,943	(345,571)	302,390	1,191,177	1,347,429	990,996	3,790,807	389,667	1,824,751	(1,899,182)
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	4,352,645	1,775,200	318,500	584,336	1,651,084	(587,429)	804,000	2,855,113	5,035,617	7,125,000
Transfers out	(4,352,645)	(1,775,200)	(318,500)	(584,336)	(1,651,084)	587,429	(930,200)	(2,968,096)	(5,161,617)	(7,182,800)
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
NET CHANGE IN FUND BALANCES	\$ 616,943	\$ 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
Debt Service as a percentage of non-capital expenditures	10.3%	8.7%	8.6%	8.4%	7.5%	7.4%	6.6%	6.5%	8.8%	8.4%

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	
2010	\$ 11,908,172	\$ 1,162,337	\$ 4,173,221	\$ 242,705	\$ -	\$ 108,239	\$ -	\$ 1,448,785	\$ 37,550	\$ 8,228,505	\$ -	\$ 27,309,514
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

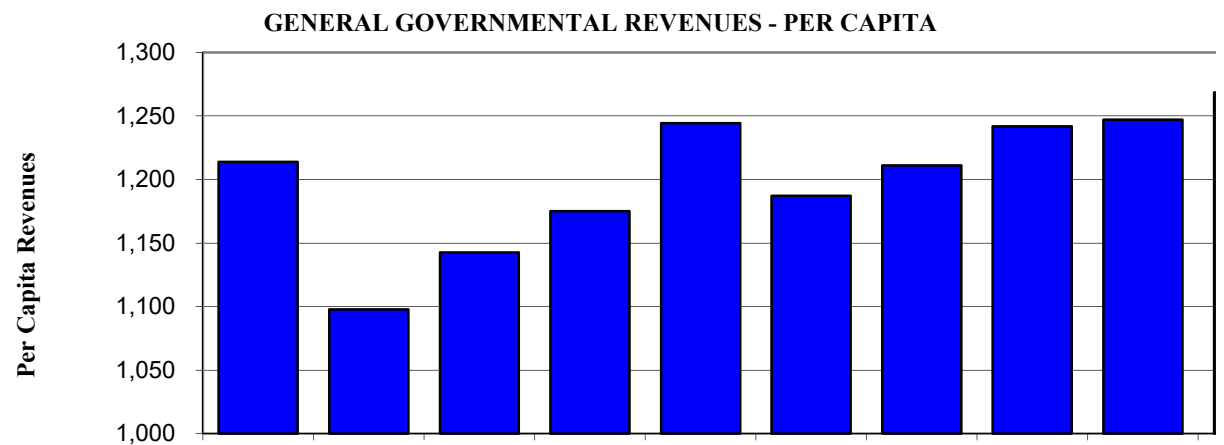
TOWN OF MORRISVILLE, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Taxes	Intergovernmental	Licenses, Permits and Fees	Investment Earnings	Sales and Services	Miscellaneous	Fiscal Year Total	Per Capita Revenues (3)
2010	\$ 13,065,648	\$ 4,594,115	\$ 499,013	\$ 33,005	\$ 949,772	\$ 273,146	\$ 19,414,699	1,214
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

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

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>			<u>Property Tax Rate (Per \$100 Assessed Value)</u>
	<u>Real Property</u>	<u>Personal Property (3)</u>	<u>Total</u>	
2010	\$ 2,780,286,761	\$ 462,614,695	\$ 3,242,901,456	.3665
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

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 2016.

(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>
2010	.3665	0.534	0.9005
2011	.3665	0.534	0.9005
2012	.3665	0.534	0.9005
2013	.3665	0.534	0.9005
2014	.39	0.578	0.968
2015	.39	0.6145	1.0045
2016	.41	0.6005	1.0105
2017	.39	0.615	1.005
2018	.39	0.6544	1.0444
2019	.39	0.7207	1.1107

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

Table 9

Taxpayer	2019			2010		
	2017 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Park West Village LLC	\$ 114,251,111	1	2.4%	\$ -	-	-
WCMI Raleigh LLC	113,934,814	2	2.4%	-	-	-
Catalent Pharma Solutions LLC	100,722,255	3	2.1%	-	-	-
Southport Business Park, LP	88,694,124	4	1.8%	111,002,377	2	3.4%
Perimeter Center 7 Pack LLC	84,091,964	5	1.7%	-	-	-
SVT Lenovo BTS LP	59,650,598	6	1.2%	39,982,126	7	1.2%
LSREF3 Bravo (Raleigh) LLC	51,257,310	7	1.1%	-	-	-
Raleigh Flex East Ridge LLC	49,051,436	8	1.0%	44,090,013	4	1.4%
BRG FNMA Shelf 7 LLC	47,247,760	9	1.0%	-	-	-
SVT Perimeter Three LP	43,941,460	10	0.9%	-	-	-
Weeks Realty LP	-	-	-	203,266,357	1	6.3%
Duke Realty Limited Partnership	-	-	-	73,826,967	3	2.3%
Lichtin Development LLC	-	-	-	43,460,094	5	1.3%
G&I VI Oaks at Weston LP LTD Partnership	-	-	-	41,966,421	6	1.3%
Tekelec Inc.	-	-	-	37,261,255	8	1.1%
Duke Weeks Realty Limited Partnership	-	-	-	33,862,419	9	1.0%
ERP Operating LTD Partnership	-	-	-	33,119,650	10	1.0%
	<u>\$ 752,842,832</u>		<u>15.4%</u>	<u>\$ 661,837,679</u>		<u>20.3%</u>

Source: Wake County Revenue Department and 2010 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
2010	\$ 11,913,726	\$ (40,412)	\$ 11,873,314	\$ 11,812,109	99.5%	\$ 36,458	\$ 11,848,567	99.8%
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%

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			
2010	\$ 8,667,430	\$ 38,985	\$ 1,611,786	\$ 1,505,601	\$ 39,402	\$ 11,863,204	0.0	742
2011	8,140,000	-	3,814,851	1,150,000	22,208	13,127,059	0.0	702
2012	7,550,000	-	3,175,584	775,000	-	11,500,584	0.0	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	28,598,641	-	3,877,759	-	-	32,476,400	2.9	1,247

Note:

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

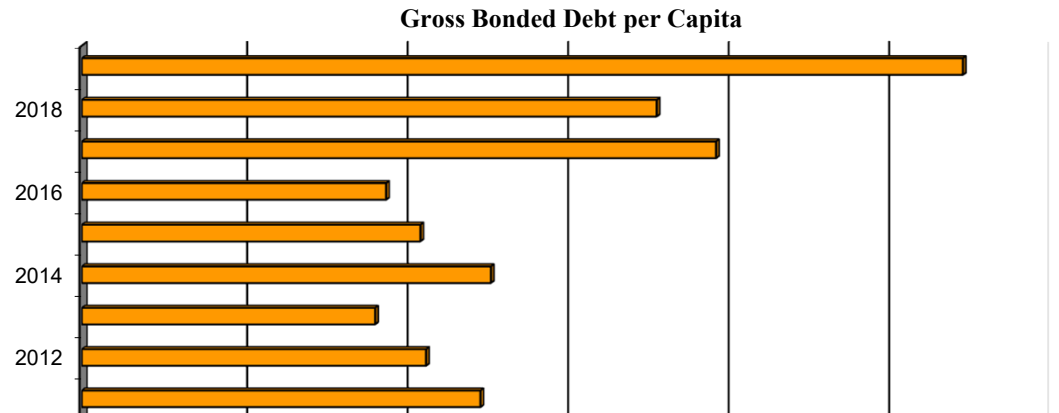
TOWN OF MORRISVILLE, NORTH CAROLINA
RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE AND
GROSS/NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

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
2010	15,996	\$ 3,242,901,456	\$ 10,173,031	\$ 1,505,601	\$ 8,667,430	0.27	\$ 542	\$ 636
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	28,598,641	-	28,598,641	0.59	1,098	1,098

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
2010	\$ 3,242,901,456	\$ 259,432,116	\$ (11,824,219)	\$ 247,607,897
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

Notes:

(1) Net Bonded Debt Calculation for FY 2019

Total debt applicable to limitation:

Bonded debt:

Outstanding:

Public improvement bonds

\$ 26,210,000

Installment obligations

3,877,759

Total amount of debt applicable to debt limit

\$ 30,087,759

TOWN OF MORRISVILLE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -
GENERAL OBLIGATION BONDS
JUNE 30, 2019

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	\$ 28,598,641	\$ 3,877,759	100%	\$ 32,476,400
Overlapping: (2)				
Wake County	1,727,510,000 (3)	4,427,115	3.26%	<u>56,310,108</u>
Total direct and overlapping debt				<u><u>\$ 88,786,508</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

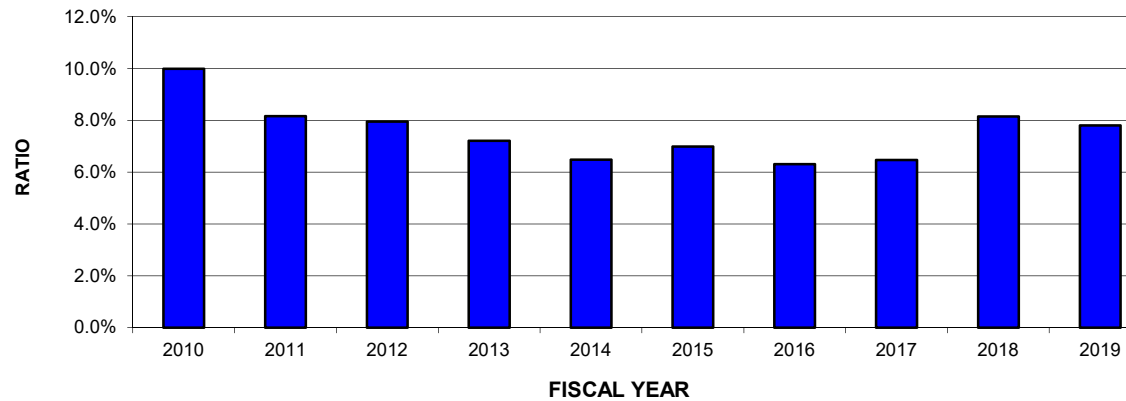
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2010	\$ 1,359,900	\$ 440,205	\$ 1,800,105	\$ 18,027,067	10.0%
2011	1,130,920	426,962	1,557,882	19,099,176	8.2%
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%

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) Population	Per Capita Personal Income	(5) Median Age		(4) Wake County School Enrollment	(2) Unemployment Rate Percentage
2010	15,996	(3)	(3)		139,599	8.9
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

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, 2013-2017 American Community Survey for Morrisville, NC.
- (7) US Census QuickFacts (2013-2017).

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

Table 17

Company/Institution	2019			2010		
	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)
Conduent Inc.	3,300	1	0.46%	-	-	-
Lenovo	3,000	2	0.42%	1518	1	0.30%
Pharmaceuticala Product Development, Inc. (PPD)	2,000	3	0.28%	-	-	-
Spectrum AKA Charter Communication	1,800	4	0.25%	-	-	-
Syneous Health Inc.	1,800	5	0.25%	-	-	-
Laboratory Corporation of America	1,500	6	0.21%	-	-	-
Luihn Four Inc.	1,290	7	0.18%	-	-	-
ChannelAdvisor Corp.	737	8	0.10%	-	-	-
TrialCard Inc.	600	9	0.08%	-	-	-
Teleflex Medical	577	10	0.08%	-	-	-
Tekelec, Inc.	-	-	-	664	2	0.13%
Diosynth	-	-	-	500	3	0.10%
SunStates Security, LLC	-	-	-	325	4	0.06%
Analysts International Corp	-	-	-	315	5	0.06%
Catalent Pharma Solutions	-	-	-	300	6	0.06%
Wal-Mart	-	-	-	250	7	0.05%
Trugreen LP	-	-	-	200	8	0.04%
Ceridian Corp	-	-	-	175	9	0.03%
URS Group, Inc.	-	-	-	170	10	0.03%
Totals	16,604		2.31%	4,417		0.86%

Notes and Data Sources:

- (1) Town of Morrisville Chamber of Commerce.
- (2) U.S. Bureau of Labor Statistics, Raleigh-Cary, NC.
- (3) Town of Morrisville FY2010 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
2010	7	\$ 3,105,773 (1)	220	\$ 30,073,164	227	\$ 33,178,937
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

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
2010	\$ 2,576,902	\$ 6,401,636	\$ 3,206,013	\$ 1,930,198	\$ 1,506,923	\$ 605,290	\$ 1,800,105	\$ 18,027,067	1,205
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

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.

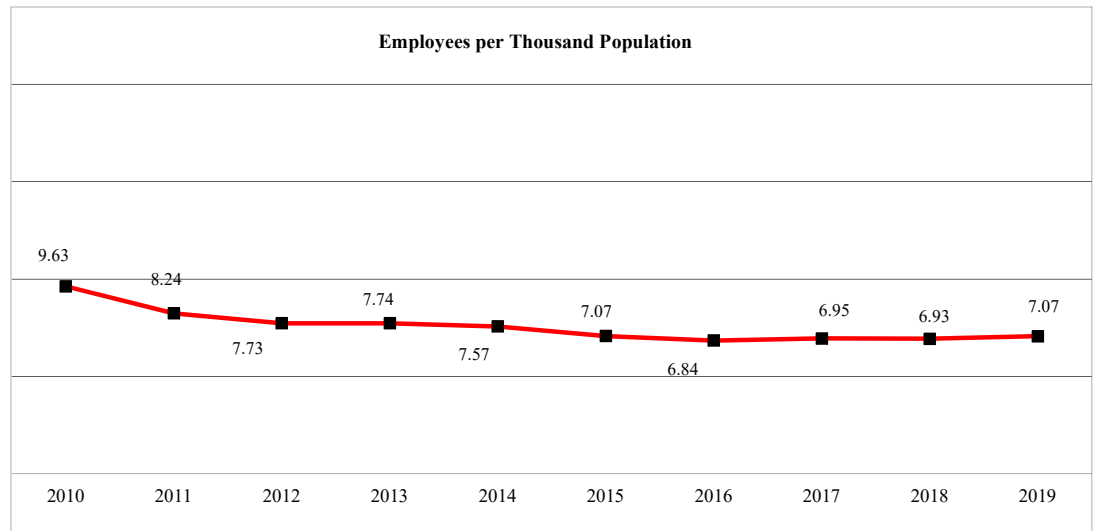
TOWN OF MORRISVILLE, NORTH CAROLINA
 EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT (1)
 LAST TEN FISCAL YEARS (2)

Table 20

Fiscal Year	(3) Administration	Planning, Engineering and Stormwater	Police	Inspections	Public Works	Parks and Recreation	Fire	Finance	Fiscal Year Total
2010	14	13	36	8	20	13	43	7	154
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

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, Human Resources, and Information Technology,



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

Table 21

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019
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
Police									
Police calls for service	11,207	8,985	8,044	9,949	9,905	11,611	18,198	11,970	27,453
Physical arrests	156	174	133	212	262	308	247	148	322
Traffic accidents reported	427	487	494	432	500	745	708	446	823
Traffic violations	3,148	3,027	3,576	2,089	2,629	2,334	1,963	852	1,193
Warrants served	188	521	175	72	87	61	184	133	27
Fire									
Child safety seat inspections	719	624	625	672	662	611	577	575	661
Emergency responses	1,584	1,638	1,864	1,944	2,020	2,316	2,225	2,377	2,432
Fires extinguished	69	57	71	40	83	43	41	7	55
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
Fire code violations corrected	862	1,695	1,165	1,412	1,344	1,716	2,049	1,249	1,277
Streets									
Miles of road maintained	35	39	45	46	48	49	52	52	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
Municipal solid waste collected (tons)	2,481	2,802	3,103	2,902	3,110	4,330	3,735	3,716	3,731
Recycling collected (tons)	822	886	943	1,050	998	1,249	1,276	1,273	1,347
Yard waste collected (tons)	193	213	212	202	240	222	231	181	264
Recreation and Parks									
Youth program participants	1,509	1,606	1,894	1,841	1,595	1,957	1,886	1,739	1,419
Athletic program participants (youth and adult)	2,676	2,589	2,426	2,363	2,446	2,139	2,228	2,242	1,996
Recreation program participants (youth and adult)	2,033	1,532	1,285	1,270	975	983	1,876	1,731	2,725
Senior program participants	186	172	427	414	405	435	570	295	467
Park and community center facility reservations	1,958	2,582	2,671	3,004	5,411	6,272	6,598	7,028	4,085

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

Notes:

(1) Information prior to 2011 is not available.

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

Table 22

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

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

Notes:

(1) Information prior to 2011 is not available.

(2) The Morrisville Aquatics and Fitness Center closed in November 2018 for renovations, resulting in a decrease in recreational facilities available in 2019.

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, 2019, and the related notes to the financial statement, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Cheryl Bekaert LLP

Raleigh, North Carolina
October 17, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Morrisville, North Carolina's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina
October 17, 2019

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

YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued on whether the financial statements were prepared in accordance with GAAP: *Unmodified*

Internal control over Financial Reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to federal awards? yes no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Numbers

20.205

Names of Federal Program or Cluster

U.S Department of Transportation
Highway Planning and Construction Cluster

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

YEAR ENDED JUNE 30, 2019

I – Summary of Auditor’s Results (continued)

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

\$ 750,000

Auditee qualified as low-risk auditee?

X yes no

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

None.

Section III – Federal Award Findings and Questioned Costs

None.

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2019

None.

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

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>U.S. Department of Transportation</u>				
Passed Through North Carolina Department of Transportation				
Highway Planning and Construction	20.205	WBS 46233.1.1	\$ 234,970	\$ -
Highway Planning and Construction	20.205	WBS 47167.2.1	419,153	-
Highway Planning and Construction	20.205	WBS 3605.3.14	97,000	-
Total U.S. Department of Transportation			<u>751,123</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct From U.S. Department of Justice				
Equitable Sharing Program	16.922	n/a	6,406	-
Total Assistance - Federal Programs			<u>757,529</u>	<u>-</u>
State Grants				
<u>North Carolina Department of Transportation</u>				
Powell Bill	n/a	1000006748	-	341,900
<u>North Carolina Clean Water Management Trust Fund</u>				
Innovative Stormwater Project	n/a	2015-1002	-	10,344
Total Assistance - State Programs			<u>-</u>	<u>352,244</u>
Total Assistance			<u>\$ 757,529</u>	<u>\$ 352,244</u>

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, 2019. 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.