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stability Courtesy Inclusive
Capacity Mobility live well
Flexible Community
Citizens strategic
agile resilient
dedication
goals

LIVE



Staying Focused * Fiscal Year 2021 Annual Comprehensive Financial Report

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

Town of Morrisville North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year
Ended June 30, 2021



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 21, 2021

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 Annual Comprehensive Financial Report (ACFR) of the Town of Morrisville, North Carolina, for the fiscal year ended June 30, 2021 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, 2021, 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, 2021. 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, our official 2020 census population is 29,630. Morrisville is a crossroads in the region with great access to Research Triangle Park (RTP), the State Capital, and major transportation hubs including Interstate Highways 40, 85, 95 and 540, and Raleigh-Durham International Airport. The Town is within 20 minutes of major universities: Duke University, North Carolina State University, the University of North Carolina at Chapel Hill and is home to Wake Technical Community College RTP Campus. Morrisville's location is its defined uniqueness, which sets the Town apart from all others. Morrisville features an economy based on highly skilled professional and technology industries, and a population that is diverse, affluent, and highly educated. Live, work, play has truly become RTP's mantra, and people in Morrisville "*Live Connected, Live Well*".

Morrisville was honored by the National Civic League as an All-America City recipient in June 2021. The National Civic League presented this honor to recognize Morrisville's work in inclusive civic engagement to build equity and resilience and create stronger connections among residents, businesses, non-profits and government leaders. The Raleigh-Cary Metropolitan Statistical Area (MSA), which includes Morrisville, continues to receive an abundance of national recognitions. Morrisville maintains a strong growing local economy that provides good jobs and the amenities that people look for when choosing a place to live and hosts a vast array of outstanding commercial and residential offerings.

Several of the Town's departments received their initial national accreditation and continue to participate in accreditation programs. In 2009, Police Department - Commission on Accreditation for Law Enforcement Agencies (CALEA) every 5 years.; 2011 Fire Department - Commission on Fire Accreditation International (CFAI) every 5 years; 2014 Parks and Recreation – Commission for Accreditation of Park and Recreation Agencies (CAPRA) every 5 years; and 2017 Public Works – American Public Works Association (APWA) every 4 years.

Morrisville operates under a Council-Manager form of government. The Town Council is a seven-member governing board and is comprised of the Mayor, four District Council Members from designated districts and two At-Large members. Each of the council members and the mayor serve four-year staggered terms. The Council members serve as the Town's policymaking body, responsible for adopting an annual balanced budget, establishing legislative direction for the Town, and hiring a professional Town Manager to serve as chief executive officer and to direct the daily activities and operations of the Town's departments. The Town Council utilizes several appointed boards and committees in the development of policy decisions.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Due to the COVID-19 pandemic, Morrisville continues to evaluate temporary as well as permanent changes to the way we have traditionally approached our work. For a portion of the fiscal year since Town offices were closed to the public, staff (except first responders) were teleworking due to the pandemic. Flexible work schedule options including remote work remain for virtually all staff except first responders. The experience of living through the COVID-19 pandemic event will have both short-term and long-range impacts on our community. Strategic and financial perspectives have been influenced by COVID-19 in the balancing of our recurring needs and obligations with proposed initiatives. Staff continues to evaluate the influences on revenue and expenditures for FY2021 and projected for FY2022 as a result of COVID-19 economic impacts that remain unknown.

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:

- In Spring 2021, Apple (the California computer giant) committed over \$1 billion to build a major campus in RTP which includes hiring for 3,000 new jobs with an average annual salary of \$187,000. The facility will span more than 1 million square feet and will run on 100% renewable

energy. Alongside the construction of its first East Coast campus, Apple and the State of North Carolina announced that the company will establish a \$100 million fund to support schools and community initiatives in the Triangle and across the state. This was on the heels of Internet giant Google announcing that they will create an engineering hub focused on cloud computing in Durham that over time will create 1,000 jobs. To make these expansions transformational for our area, both companies need to include a focus on affordable housing and work with local governments.

- The Town is adjacent to RTP, which was founded in 1959 as a collaborative effort of the three major universities in the Triangle (the University of North Carolina at Chapel Hill, North Carolina State University, Duke University), and is the largest research park in the United States and a premier global innovation center. Apple’s presence will add to a growing tech ecosystem that now hosts nearly 4,000 technology firms including Red Hat, IBM, Lenovo, SAS, and Epic Games.
- 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 McCrimmon Parkway Extension Capital Project has been completed. The Town managed and constructed phase one from NC 54 to Airport Boulevard. The Town entered into a Municipal Agreement with the North Carolina Department of Transportation (NCDOT) to manage and construct McCrimmon Parkway from Airport Boulevard to Aviation Parkway for Phase two. The Town’s cost for this project was approximately \$18.8 million. Morrisville has received both federal and state funding (reimbursable grants) for the Morrisville-Carpenter Road Widening Project and this project is now underway and will enhance east/west connectivity through the center of town. The Town has received Local Administered Projects Program (LAPP) managed by the North Carolina Capital Area Metropolitan Planning Organization (CAMPO). Phase one is in progress primarily around the intersection of Town Hall Drive and Morrisville-Carpenter Road. After an initial investment by the Town for the Engineering, Design and Permitting work for Phase One of the Airport Boulevard Extension Project, the Town successfully applied for Right-of-Way and Construction LAPP funding in Fall 2020. The project, managed by NCDOT, is in design with construction expected to begin in 2023 and be completed by 2025. The project will improve traffic flow and congestion. The Airport Boulevard Extension Phase One is a potential project for the Streets, Sidewalk and Improvements Bond Referendum. 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.

- Raleigh Durham International Airport (RDU) is the main airport serving Raleigh, Durham, and the surrounding Research Triangle region of North Carolina. RDU activity reflects approximately 4.9 million total passengers in 2020, which is about a third of the 14.2 million passengers served in 2019. COVID-19 has impacted the number of non-stop destinations currently served from RDU. RDU had 57 nonstop flights before the global health crisis in early 2020 with five international destinations compared to 38 non-stop flights in May 2021 with two international destinations. In September 2021, RDU had 42 non-stop destinations with three international destinations. They have been working to right-size the organization and services to meet demand. Operational staff levels are at an all-time low and it will be necessary to accelerate staffing. This could drive the Authority to use reserves to manage recovery. Passenger counts remain significantly below 2020 levels. Since the emergence of COVID-19, RDU and its business partners have worked to ensure guest and employee safety through a variety of preventive measures.
- Wake Technical Community College is part of the North Carolina System of community colleges and purchased 94 acres in the Town for its RTP campus located in Morrisville. The campus will be built out in five phases and will include enough space to support 7,000 students, including 10 buildings with 800,000 square feet, four parking decks, and a central energy plant. The campus is estimated to cost approximately \$200 million. Construction is nearing completion for the second building (RT2) a biotechnology center which will include 63,600 square feet with 20+ general classrooms and labs, at an estimated cost of \$44 million. This project will enable the RTP campus to accommodate an additional 1,100 students with 750 surface parking spaces and was completed in late Summer 2021 with classes starting in mid-October. The building's design continues with the brand of instructional spaces that invite students to preview potential career paths and features open spaces that inspire creativity and innovation.
- Wake Competition Center (WCC) a 30-acre indoor and outdoor sports complex features two ice rinks, is home to volleyball and gymnastic facilities, two soccer fields, and another building that features an athletic training space, restaurant, and orthopedic center. WCC partnered with the Accelerator School in time for the 2020-2021 school year. Accelerator School has established itself as a leader in supporting children to be the best versions of themselves as both students and athletes. The school provides high quality middle and high school training programs, a 21st-century small classroom environment with a low student-teacher ratio, and international programs to promote global awareness and exposure for future successes. WCC is the practice facility for the Carolina Hurricanes NHL Hockey Team. Expansion is currently underway.

In May 2021, Morrisville Town Council approved an incentive agreement with Invitae Corporation. Invitae, headquartered in San Francisco, is a leading medical genetics company whose mission is to bring comprehensive genetic information into mainstream medicine to improve healthcare. Invitae plans to locate its testing and laboratory facility at "The Stitch", the adaptive reuse project of the former Morrisville Outlet Mall, which is Invitae's first East Coast location. The upfitted facility has 245,000 square feet of office and lab space near Research Triangle Park and Raleigh Durham Airport. The property also includes 18,000 square feet of amenity space, including fitness and retail space. The Morrisville site will house 374 new full-time jobs with

an average wage of at least \$91,167, excluding bonuses and benefits. With a minimum investment of \$114.6 million, the Town will realize significant increased tax revenue annually.

Morrisville continues to be committed to the development of a mixed-use Town Center Core and public facilities within Town Center. In February 2021, the Town solicited Requests for Proposal for the development of the Town Center Core Project. The master project site includes a new Community Library, residential housing, community center, regional farmers market, open space, greenways, regional stormwater, retail space and parking. Morrisville received three development proposals and will be working in Fall 2021 with the preferred developer in negotiating a Memorandum of Understanding. The Town has already invested in the Town Center through stormwater, roadway, and sidewalks projects. In November 2020 the Morrisville Community Library began to offer no contact pickup for library materials and in January 2021 they were open to the public as an “express library” with limited time and visitors in the library. The library is now open with regularly scheduled operational hours.

An update to the Land Use Plan Update was adopted in early 2021 and is intended to guide development and investment within Morrisville over the next 10 to 20 years through an outlined community vision. The plan includes more focused recommendations for three subareas including Town Center, the McCrimmon Parkway Extension and Transit Oriented Development East where significant new development is anticipated in the near future. Implementation of the Plan’s recommendations are currently underway.

In FY2021 the Town issued 179 new building permits totaling approximately \$61 million in additional tax valuation for Morrisville. Of the 179 permits, 169 were for residential development with a tax value of approximately \$30 million. There were two significant projects for commercial development this fiscal year – Brier Pointe Retirement, a 185,000 square foot care facility that will have 130 age restricted units, and School’s Village, which is two shell buildings for various business, mercantile and assembly use with a total of approximately 17,500 square feet.

The Town has invested significant money in capital projects in anticipation of an upcoming bond referendum. Several capital projects were underway in FY2021 and included the exploration and identification of property for a future fire station with a design/build concept [potential project for Public Safety Improvement Bond Referendum]; design and engineering for future development of two signature parks and recreation amenities – Crabtree Creek Nature Park (which will connect to the Crabtree Hatcher Greenway network) and Morrisville Community Park Phase 3, along with other park improvements and facility renovations and upgrades, including access for the differently abled (ADA); [potential projects for the Parks, Recreation & Amenities Improvements Bond Referendum]. Other notable capital projects included the opening of the Crabtree Hatcher Creek Greenway connection; completion and re-opening of the Morrisville Aquatics and Fitness Center renovation in August 2020; construction up-fit for a new Senior Center located at McCrimmon Crossing with subsequent opening in March 2021; Public Works/Wake County Convenience Center design; and the Fairview Avenue and Green Drive culvert replacement project. The Town completed scheduled land acquisitions and is evaluating other properties to meet goals for the future development of the Town Center Core Project.

Other key programs and initiatives that were underway in FY2021 include a Stewardship program designed to give citizens, companies and groups living and working in Morrisville a new way to volunteer and participate in activities to beautify and protect natural resources; sustainability initiatives including the Town's first solar array project; Smart Shuttle, which will provide public transportation service in the Town in FY2022; Smart City initiatives, including the Open Data Portal which has simplified public access to Morrisville's information; update to the Town's Strategic Plan; and Town Council adopting a resolution calling for a Bond Referendum at the November 2021 election. The total amount authorized for a bond issuance is \$37 million (\$8 million Public Safety Improvements, \$11.7 million Streets/Sidewalks and Connectivity Improvements, \$17.3 million Parks & Recreation and Amenities Improvements).

These projects and other community initiatives capitalize on the work already underway as part of the Town's Strategic Plan and the initiative to build capacity.

LONG-TERM FINANCIAL PLANNING

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

Morrisville's long-range forecasting and community investment planning provides a framework to strategically develop subsequent annual operating and capital budgets to achieve a long-term financial goal of sustainability, including the main goals of flexibility, efficiency, risk management, sufficiency, and credibility. The long-range forecasting CIP provides for reporting of multi-year financial performance, casting a 5-year budget forecast. The Town will update on a 5-Year CIP and a projection of capital needs and expenditures. Council and Staff completed policy development to establish guidance to pursue key priority initiative strategic goals. The Town periodically reviews the financial policies including internal controls to ensure the safeguard of assets and provide reasonable assurance of proper recording of financial transactions which are ultimately reported in the Annual Comprehensive Financial Report.

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

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

RISK MANAGEMENT

The Town is fully insured for property, general liability, and workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives, and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the citizens of Morrisville. In addition, various risk control techniques, including but not limited to employee accident prevention training have been implemented to minimize accident-related losses. A full-time safety, health and risk management manager administers the safety and risk management program and is responsible for administering American Disability Act 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 12 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 *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. The Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Town of Morrisville has received this prestigious award for 27 consecutive years. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Martha Paige, Town Manager



Nancy H. B. Emslie, Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence
in Financial Reporting

Presented to

Town of Morrisville North Carolina

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Christopher P. Morill

Executive Director/CEO

Town Council



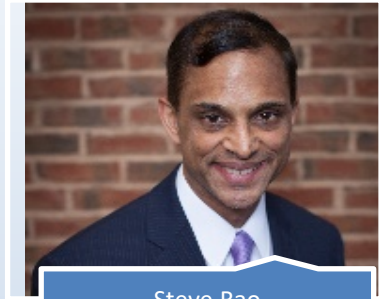
TJ Cawley
Mayor



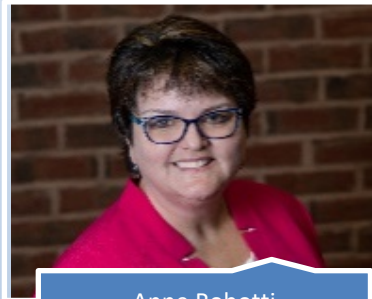
Liz Johnson
Mayor Pro-Tem (District 3)



Satish Garimella
Council Member (At-Large)



Steve Rao
Council Member (At-Large)



Anne Robotti
Council Member (District 1)



Donna Fender
Council Member (District 2)



Vicki Scroggins-Johnson
Council Member (District 4)



Martha Paige
Town Manager

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

Appointed and Administrative Positions

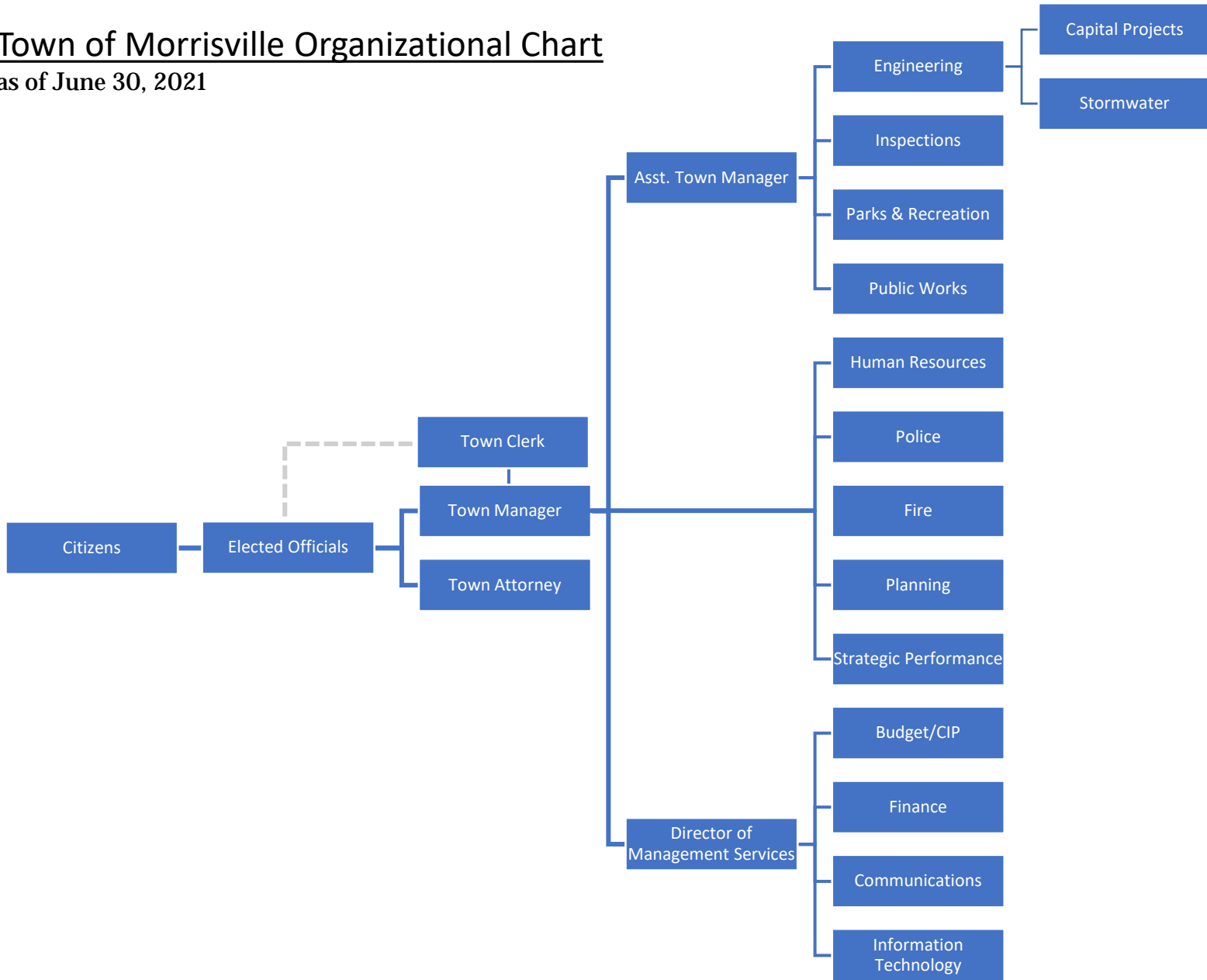
Martha Paige	Town Manager*
Frank Gray	Town Attorney*
Brandon Zuidema	Assistant Town Manager
Jeanne Hooks	Director of Management Services
Rick Ralph	Chief Information Officer
Wil Glenn	Communications & Outreach Director
Nancy Emslie	Finance Director
Scott Criddle	Fire Chief
Lauri Shedlick	Human Resources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

**Appointed by Town Council*

As of June 30, 2021

Town of Morrisville Organizational Chart

as of June 30, 2021



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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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, the combining and individual fund statements and schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 21, 2021 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina
October 21, 2021

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, 2021. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report, 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 \$173,833,350 (*net position*). Of this amount, \$11,171,880 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$8,766,841 in fiscal year 2021 which is primarily due to the McCrimmon Parkway Extension Capital Project being completed and recognized in governmental activities.
- Increase in Stormwater Business-type activities of \$247,075 in fiscal year 2021.
- As of the close of fiscal year 2021, the Town of Morrisville's governmental funds reported a combined ending fund balance of \$43,954,224, a decrease of \$9,226,334 over the prior year. Approximately 26.91% of total governmental funds fund balance, or \$11,827,011 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund increased by \$1,747,590. At the end of fiscal year 2021, the unassigned fund balance for the General Fund was \$13,784,522 or 41.98% of total general fund expenditures. The Town's policy is to maintain a minimum of 25% of expenditures in unassigned fund balance with a fund balance maximum range target of 45%.
- The Town's total outstanding debt decreased by \$2,109,798 in fiscal year 2021 due to debt payments on outstanding debt. The Town issued no new debt in fiscal year 2021.
- A Debt Service Fund was established to more effectively manage budgetary debt capacity at consistent levels and recapture retired debt to facilitate efficient and transparent debt financing and payment activity.
- 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 are 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 using 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 showing 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, 2021, the Town of Morrisville utilized 17 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, the Municipal Service District Fund and the Debt Service Fund (new for FY2021), which are consolidated in the General Fund in accordance with GASB 54] and 16 Capital Project Funds (to account for construction projects spanning more than one annual budget year). The General Fund, McCrimmon Parkway Extension Capital Project Fund and Morrisville Carpenter Road 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 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

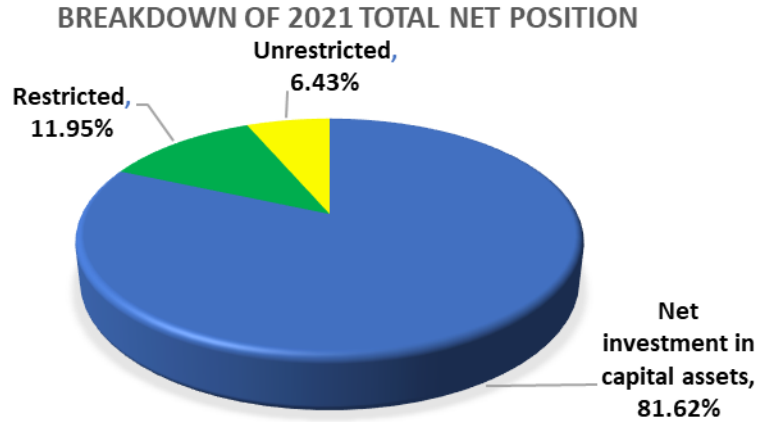
The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 28 -73 of this report.

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 46,986,229	\$ 56,877,400	\$ 1,869,653	\$ 1,542,348	\$ 48,855,882	\$ 58,419,748
Capital assets	166,122,895	166,276,575	634,555	648,338	166,757,450	166,924,913
Total assets	<u>213,109,124</u>	<u>223,153,975</u>	<u>2,504,208</u>	<u>2,190,686</u>	<u>215,613,332</u>	<u>225,344,661</u>
Deferred Outflows of Resources						
Pension deferrals	4,961,992	3,577,714	63,516	49,203	5,025,508	3,626,917
OPEB deferrals	1,279,059	697,393	20,798	10,620	1,299,857	708,013
Deferred charge on refunding	87,518	104,188	-	-	87,518	104,188
Total deferred outflows of resources	<u>6,328,569</u>	<u>4,379,295</u>	<u>84,314</u>	<u>59,823</u>	<u>6,412,883</u>	<u>4,439,118</u>
Long-term debt outstanding	40,140,318	41,562,715	253,240	163,148	40,393,558	41,725,863
Other liabilities	6,635,364	5,098,492	20,117	32,798	6,655,481	5,131,290
Total liabilities	<u>46,775,682</u>	<u>46,661,207</u>	<u>273,357</u>	<u>195,946</u>	<u>47,049,039</u>	<u>46,857,153</u>
Deferred inflows of resources	<u>1,126,149</u>	<u>322,285</u>	<u>17,677</u>	<u>4,150</u>	<u>1,143,826</u>	<u>326,435</u>
Net position:						
Net investment in capital assets	141,253,092	144,793,657	634,555	648,338	141,887,647	145,441,995
Restricted	20,773,823	26,339,022	-	-	20,773,823	26,339,022
Unrestricted	9,508,947	9,417,099	1,662,933	1,402,075	11,171,880	10,819,174
Total net position	<u>\$ 171,535,862</u>	<u>\$ 180,549,778</u>	<u>\$ 2,297,488</u>	<u>\$ 2,050,413</u>	<u>\$ 173,833,350</u>	<u>\$ 182,600,191</u>



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 \$173,833,350 as of June 30, 2021. The Town’s net position decreased by \$8,766,841 for the fiscal year ended June 30, 2021. The largest portion, \$141,887,647 (81.62%), 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, \$20,773,823 (11.95%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,171,880 (6.43%) 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			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,720,674	\$ 2,839,289	\$ 948,467	\$ 772,877	\$ 3,669,141	\$ 3,612,166
Operating grants and contributions	1,174,575	643,010	-	-	1,174,575	643,010
Capital grants and contributions	6,770,876	734,947	-	-	6,770,876	734,947
General revenues:						
Property taxes	22,328,175	19,702,688	-	-	22,328,175	19,702,688
Other taxes and licenses	612,630	569,225	-	-	612,630	569,225
Unrestricted intergovernmental	10,297,761	9,401,957	-	-	10,297,761	9,401,957
Unrestricted investment earnings	31,420	679,457	1,115	26,222	32,535	705,679
Miscellaneous	408,778	482,295	-	-	408,778	482,295
Parkland payment in lieu	34,610	701,903	-	-	34,610	701,903
Total revenues	<u>44,379,499</u>	<u>35,754,771</u>	<u>949,582</u>	<u>799,099</u>	<u>45,329,081</u>	<u>36,553,870</u>
Expenses:						
General government	9,010,060	7,974,256	-	-	9,010,060	7,974,256
Development services	3,252,330	3,021,941	-	-	3,252,330	3,021,941
Public safety	12,760,247	11,803,079	-	-	12,760,247	11,803,079
Public works - Streets and sanitation	24,748,340	5,389,681	-	-	24,748,340	5,389,681
Cultural and recreation	2,789,059	2,120,532	-	-	2,789,059	2,120,532
Interest on long-term debt	833,379	1,006,023	-	-	833,379	1,006,023
Stormwater	-	-	702,507	494,551	702,507	494,551
Total expenses	<u>53,393,415</u>	<u>31,315,512</u>	<u>702,507</u>	<u>494,551</u>	<u>54,095,922</u>	<u>31,810,063</u>
Increases (decreases) in net position before transfers	(9,013,916)	4,439,259	247,075	304,548	(8,766,841)	4,743,807
Transfers	-	984,250	-	(984,250)	-	-
Increases (decreases) in net position after transfers	(9,013,916)	5,423,509	247,075	(679,702)	(8,766,841)	4,743,807
Net position, July 1	180,549,778	175,126,269	2,050,413	2,730,115	182,600,191	177,856,384
Net position, June 30	<u>\$ 171,535,862</u>	<u>\$ 180,549,778</u>	<u>\$ 2,297,488</u>	<u>\$ 2,050,413</u>	<u>\$ 173,833,350</u>	<u>\$182,600,191</u>

GOVERNMENTAL ACTIVITIES: Governmental activities decreased the Town's net position by \$9,013,916. Overall, revenues related to governmental activities increased this fiscal year compared to FY2020 by \$8,624,728 or 24.12%, along with an increase in expenses of \$22,077,903 or 70.50% compared to FY2020. Key elements of this change in net position are as follows:

- The total cost to the Town for the McCrimmon Parkway Extension Capital Project was \$18,755,711 and is reflected in the increase of expenses noted above. This project was closed out in FY2021 and is reported as a donation of a capital asset to NCDOT in Exhibit 4.
- Local option sales taxes increased 11.63% or \$911,682 over fiscal year 2020 compared to a 3.18% increase in fiscal year 2020 which were impacted by the pandemic outbreak.
- Ad valorem taxes increased 13.68% or \$2,692,522 over fiscal year 2020 which is primarily due to the increase in the tax base from new residential and commercial activity. Town Council approved a decrease in the property tax rate to \$0.36 for fiscal year 2021 as a result of the calculated revenue neutral tax rate.
- Permits and fees decreased by \$832,144 from \$3,116,471 in fiscal year 2020 to \$2,284,327 in fiscal year 2021.
- The Town recognized \$34,610 in the current year for Parkland Payment-in-Lieu revenues which will be used for recreational improvements.
- Six additional full-time new staff positions, of which two full-time positions were implemented for one-half of the year (January 2021), and the costs associated with key work initiatives and capital projects that are underway.

BUSINESS-TYPE ACTIVITIES: Stormwater business-type activities increased the Town of Morrisville's net position by \$247,075. This increase is primarily due to an increase in stormwater fees received.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds: The focus of the Town of Morrisville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of the Town's net resources available for spending at the end of the fiscal year.

On June 30, 2021, the governmental funds of the Town of Morrisville reported a combined fund balance of \$43,954,224, a decrease of \$9,226,334 compared to the prior year. This change in fund balance is primarily due to the recognition of the close out of the McCrimmon

Parkway Extension Capital Project and an increase in expenditures primarily related to increased staff positions, key initiatives and capital projects.

The General Fund is the chief operating fund of the Town of Morrisville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,784,522 while total fund balance for the General Fund was \$32,554,766. 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 41.98% of total General Fund expenditures, while total fund balance represents 99.15% of that same amount (compared to 93.56% in 2020).

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 exceeds 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 2021, the Town originally appropriated \$1,367,200 of fund balance to balance the budget.

The total fund balance of the Town's general fund increased by \$1,747,590 during fiscal year 2021. Key components of this change are as follows:

- Ad valorem taxes received increased by \$2,692,522 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 \$895,804 primarily due to increases in sales.
- General fund expenditures were 82.96% of budgeted amounts representing a variance of \$6,745,799. Some of these variances were related to the following:
 - 1) Several in progress projects/items which resulted in outstanding purchase orders in the amount of \$2,525,652 were rolled over to fiscal year 2022 which mainly consisted of a street paving project (\$1,689,366), sidewalk repairs (\$169,771), Sustainability (\$93,052), smart shuttle/bus nodes (\$66,132), intersection study (\$62,542), succession planning (\$46,380) and various contracted/consulting services (ArcGIS implementation, mobile app discovery, wayfinding sign program, space study, greenway pedestrian study, Shiloh Park design, and miscellaneous consulting).
 - 2) Personnel cost savings of \$688,858 (as compared to budget) is mainly due to lapse salaries.
 - 3) Several departments spent less than budgeted for their operating expenditures, examples include fuel, repairs, maintenance, professional services and overall general operation expenditures which totaled approximately \$3,531,000.

The Capital Project Funds reported at the end of fiscal year 2021 had a total fund balance of \$11,399,458, a decrease of \$10,973,924 from the prior year. In FY2021 two major projects were completed; the McCrimmon Parkway Extension capital project and the Morrisville Aquatics & Fitness Center Renovation capital project.

General Fund Budgetary Highlights - Fiscal Year 2021: During the fiscal year, the Town revised the budget on several occasions recognizing unrealized revenue and appropriating fund balance. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations from fund balance to maintain or expand services. During the current

fiscal year, there was a total increase in the original budget of \$4,916,265 (\$57,910 from recognized revenues and \$4,858,355 appropriation of fund balance) to the final amended budget at year-end. The additional appropriations from budget amendments during the year included: 1) \$34,059 recognized for insurance claims 2) \$12,283 Department of Justice proceeds 3) \$10,568 FEMA reimbursement for Hurricane Dorian and 4) \$1,000 via a Wake County grant for COVID-19 assistance at PNC arena. 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 exceeds 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, 2021, the Town's unassigned fund balance was 41.98% of total general fund expenditures or \$13,784,522 in unassigned fund balance for the General Fund.

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 \$2,297,488. The change in net position for the enterprise funds was an increase of \$247,075. 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, 2021, totaled \$166,757,450 (net of accumulated depreciation). These assets include land, streets and sidewalks, buildings, machinery and equipment, vehicles, park facilities, and construction in progress.

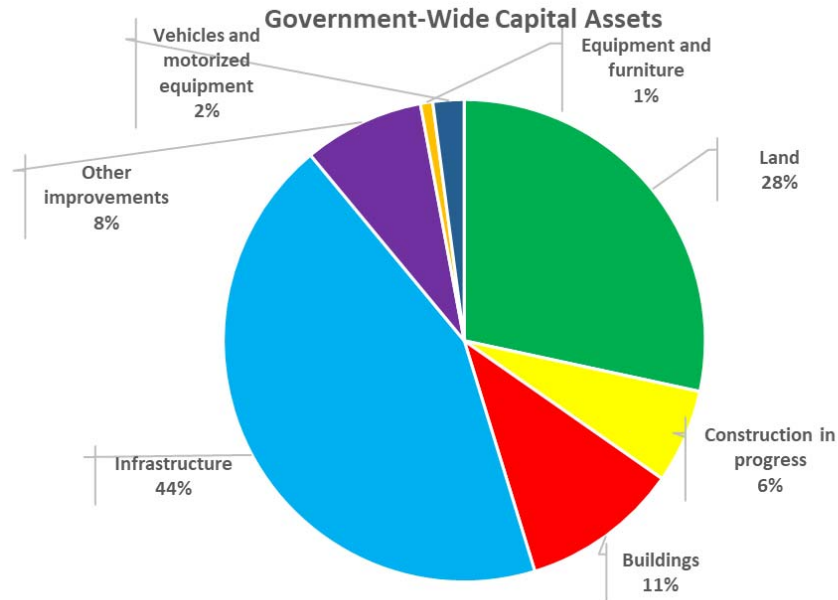
Major capital asset transactions during the year included the following:

- Building assets used in governmental activities increased by \$8,419,813 primarily due to the completion of renovation to the Morrisville Aquatics and Fitness Center.
- Land assets used in governmental activities increased by \$5,381,797 due to land purchases for a new fire station at Harris Mill Road, the Town Center Core project, and donated land for streets and sidewalks.
- Infrastructure assets used in governmental activities increased by \$4,215,057 due to donated streets and sidewalks.
- Other improvement increases, totaling \$2,226,011 in the governmental activities, included completion of the Town Center Stormwater Project.
- The Town placed new vehicles into service, totaling \$843,504 in the governmental activities, including a new vehicle for the Fire Department, eleven (11) new vehicles for the Police Department, and a replacement of a dump truck for Public Works.
- Construction in progress additions in the governmental activities totaled \$12,985,335 and included ongoing projects for street improvements, sidewalks, parks and greenways, building improvements, and vehicles and equipment.
- Construction in progress deletions included items that were completed in fiscal year 2021, specifically Morrisville Aquatic and Fitness Center, Town Center Stormwater, and McCrimmon Parkway Extension.

**Town of Morrisville's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 47,122,538	\$ 41,740,741	\$ 200,410	\$ 194,178	\$ 47,322,948	\$ 41,934,919
Construction in progress	10,388,952	28,395,579	137,647	137,233	10,526,599	28,532,812
Buildings	17,637,902	9,619,718	-	-	17,637,902	9,619,718
Infrastructure	72,745,295	70,382,170	150,002	156,546	72,895,297	70,538,716
Other improvements	13,363,133	11,498,679	141,047	152,090	13,504,180	11,650,769
Equipment and furniture Vehicles and motorized equipment	1,373,887	1,225,954	3,438	5,232	1,377,325	1,231,186
	<u>3,491,188</u>	<u>3,413,734</u>	<u>2,011</u>	<u>3,059</u>	<u>3,493,199</u>	<u>3,416,793</u>
Total assets	<u>\$166,122,895</u>	<u>\$166,276,575</u>	<u>\$ 634,555</u>	<u>\$ 648,338</u>	<u>\$166,757,450</u>	<u>\$166,924,913</u>

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



Long-term Debt: As of June 30, 2021, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$24,881,837, and installment purchase related debt of \$2,866,021. The Town’s total outstanding debt decreased by \$2,300,701 in the current fiscal year due to the paydown of debt and amortization of the premium.

As mentioned in the financial highlights sections of this document, as of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor’s and Fitch and Aaa by Moody’s. In September 2018, the Town was awarded AAA ratings from all three major bond rating agencies following meetings that 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 22,875,000	\$ 24,545,000	\$ -	\$ -	\$ 22,875,000	\$ 24,545,000
Installment Purchases	2,866,021	3,305,820	-	-	2,866,021	3,305,820
Premiums	2,006,837	2,197,739	-	-	2,006,837	2,197,739
Total	<u><u>\$ 27,747,858</u></u>	<u><u>\$ 30,048,559</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,747,858</u></u>	<u><u>\$ 30,048,559</u></u>

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight 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 \$472,683,862.

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 2022:

- Fiscal Year 2021 property tax remained at \$0.36 per \$100 of property valuation and is estimated at \$22,125,000.
- Some ARPA funds have been recognized to mitigate pandemic related revenue losses and allow for support of some proposed expenditures.
- The property tax collection rate is trending at over 99% and overall revenues are approximately 3% over fiscal year 2021 estimated actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2021 was 4.2%, which is 3.4% less than a year ago at 7.6%. The unemployment rate compares favorably to the state's average unemployment rate in June 2021 of 4.6%. North Carolina has seen a steady decrease in the unemployment rate of 11.1% reported as of June 2020.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2022

- Establishment of American Rescue Plan Act (ARPA) Fund to separately track the utilization of the relief funds for compliance purposes in accordance with guidelines provided by the Treasury Department.
- Conservative revenue projections with adjustments/decreases in revenue streams due to the pandemic's impact on economic conditions.
- Moderate user fee adjustments were made where market comparisons supported changes.
- Maintain basic operational services and continue to provide these core services at an affordable cost.
- The fiscal year 2022 General Fund budget reflects a fund balance appropriation of \$2,574,550 (approximately 6% of expenditures) to support operational non-recurring or one-time expenses.
- Approved appropriation to the Roadway & Transportation Reserve Fund (\$620,000), approved appropriation to the Fire Apparatus Reserve Fund (\$750,000), approved appropriation for Parks and Recreation (\$620,000); approved appropriation to Prepaid Acreage Fee Reserve Fund (\$200,000) as well as a transfer to Municipal Service District Fund (\$110,000).
- Establishment of a Healthcare Premium Fund to effectively manage current premiums and better position the Town to potentially mitigate future rate escalations.
- Addition of 13 full-time positions for a Senior Center Community Supervisor, three Fire Captains, two MPD Traffic Unit officers, Financial Systems Manager, Fiscal Recovery Officer, Social Media Coordinator, Police Lieutenant, Facilities Maintenance Technician, Grounds Maintenance Technician II, Smart City Program Manager and a MAFC Community Center Customer Service Representative (3/4 position) and an estimated 4.5% merit increase for eligible employees.

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.

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 32,432,344	\$ 1,866,684	\$ 34,299,028
Receivables:			
Taxes	6,490	-	6,490
Accounts	81,297	2,787	84,084
Due from other governments	3,718,686	182	3,718,868
Restricted cash and cash equivalents	10,747,412	-	10,747,412
Non-current assets:			
Capital assets:			
Land, improvements and construction in progress	57,511,490	338,057	57,849,547
Other capital assets, net of depreciation	108,611,405	296,498	108,907,903
Total assets	<u>213,109,124</u>	<u>2,504,208</u>	<u>215,613,332</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,961,992	63,516	5,025,508
OPEB deferrals	1,279,059	20,798	1,299,857
Deferred charge on refunding	87,518	-	87,518
Total deferred outflows of resources	<u>6,328,569</u>	<u>84,314</u>	<u>6,412,883</u>
LIABILITIES			
Accounts payable and accrued expenses	3,015,282	57,964	3,073,246
Accrued interest	357,285	-	357,285
Due within one year:			
Compensated absences	1,183,328	20,117	1,203,445
Bonds and notes payable	2,079,469	-	2,079,469
Due in more than one year:			
Total Other postemployment benefits liability	5,723,410	93,064	5,816,474
Total LEOSSA pension liability	2,468,521	-	2,468,521
Compensated absences	131,481	2,236	133,717
Net LGERS pension liability	6,148,517	99,976	6,248,493
Bonds and notes payable	25,668,389	-	25,668,389
Total liabilities	<u>46,775,682</u>	<u>273,357</u>	<u>47,049,039</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	10,233	-	10,233
Pension deferrals	103,268	1,211	104,479
OPEB deferrals	1,012,648	16,466	1,029,114
Total deferred inflows of resources	<u>1,126,149</u>	<u>17,677</u>	<u>1,143,826</u>
NET POSITION			
Net investment in capital assets	141,253,092	634,555	141,887,647
Restricted for:			
Stabilization by State statute	12,816,948	-	12,816,948
Recreation improvements	3,409,804	-	3,409,804
Street improvements	4,529,378	-	4,529,378
Police operations and activities	17,693	-	17,693
Unrestricted	9,508,947	1,662,933	11,171,880
Total net position	<u>\$ 171,535,862</u>	<u>\$ 2,297,488</u>	<u>\$ 173,833,350</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, 2021

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 9,010,060	\$ 245,333	\$ -	\$ -	\$ (8,764,727)	\$ -	\$ (8,764,727)
Development services	3,252,330	2,204,662	45,193	-	(1,002,475)	-	(1,002,475)
Public safety	12,760,247	45,055	546,645	-	(12,168,547)	-	(12,168,547)
Public works	24,748,340	-	582,737	6,697,188	(17,468,415)	-	(17,468,415)
Culture and recreation	2,789,059	225,624	-	73,688	(2,489,747)	-	(2,489,747)
Interest on long-term debt	833,379	-	-	-	(833,379)	-	(833,379)
Total governmental activities	53,393,415	2,720,674	1,174,575	6,770,876	(42,727,290)	-	(42,727,290)
Business-type activity:							
Stormwater	702,507	948,467	-	-	-	245,960	245,960
Total government	<u>\$ 54,095,922</u>	<u>\$ 3,669,141</u>	<u>\$ 1,174,575</u>	<u>\$ 6,770,876</u>	<u>(42,727,290)</u>	<u>245,960</u>	<u>(42,481,330)</u>
General revenues:							
Taxes:							
Property taxes levied for general purposes					22,328,175	-	22,328,175
Other taxes and licenses					612,630	-	612,630
Unrestricted intergovernmental revenues					10,297,761	-	10,297,761
Unrestricted investment earnings					31,420	1,115	32,535
Miscellaneous					408,778	-	408,778
Parkland payments in lieu					34,610	-	34,610
Total general revenues					<u>33,713,374</u>	<u>1,115</u>	<u>33,714,489</u>
Change in net position					(9,013,916)	247,075	(8,766,841)
Net position - beginning					<u>180,549,778</u>	<u>2,050,413</u>	<u>182,600,191</u>
Net position - ending					<u>\$ 171,535,862</u>	<u>\$ 2,297,488</u>	<u>\$ 173,833,350</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, 2021

Exhibit 3

	Major Funds				Total Governmental Funds
	General	McCrimmon Parkway Extension Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Nonmajor Funds	
Assets					
Cash and cash equivalents	\$ 27,304,188	\$ -	\$ -	\$ 5,128,156	\$ 32,432,344
Receivables					
Taxes	6,490	-	-	-	6,490
Accounts Receivable	81,297	-	-	-	81,297
Due from other governments	2,891,374	-	782,574	44,738	3,718,686
Restricted cash and cash equivalents	4,547,071	-	2,790,537	3,409,804	10,747,412
Total assets	\$ 34,830,420	\$ -	\$ 3,573,111	\$ 8,582,698	\$ 46,986,229
Liabilities					
Accounts payable and accrued liabilities	\$ 2,258,931	\$ -	\$ 441,197	\$ 315,154	\$ 3,015,282
Deferred inflows of resources					
Taxes receivable	6,490	-	-	-	6,490
Prepaid taxes and fees	10,233	-	-	-	10,233
Total deferred inflows of resources	16,723	-	-	-	16,723
Fund balances					
Restricted:					
Stabilization by State statute	5,498,323	-	6,083,340	1,235,285	12,816,948
Street improvements	4,529,378	-	-	-	4,529,378
Recreation improvements	-	-	-	3,409,804	3,409,804
Police operations and activities	17,693	-	-	-	17,693
Committed:					
General governmental capital	1,629,315	-	-	-	1,629,315
Debt Service	353,621	-	-	-	353,621
LEOSSA pension liability	344,924	-	-	-	344,924
OPEB liability	3,819,953	-	-	-	3,819,953
Capital projects	-	-	-	2,628,540	2,628,540
Assigned:					
Fire operations and activities	2,487	-	-	-	2,487
Subsequent year's expenditures	2,574,550	-	-	-	2,574,550
Unassigned	13,784,522	-	(2,951,426)	993,915	11,827,011
Total fund balances	32,554,766	-	3,131,914	8,267,544	43,954,224
Total liabilities, deferred inflows of resources and fund balances	\$ 34,830,420	\$ -	\$ 3,573,111	\$ 8,582,698	\$ 46,986,229

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, 2021

Total fund balances - governmental funds		\$ 43,954,224
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	\$ 216,850,406	
Less accumulated depreciation	<u>(50,727,511)</u>	166,122,895
Deferred outflows of resources related to pensions are not reported in the funds		4,961,992
Deferred outflows of resources related to OPEB are not reported in the funds		1,279,059
Deferred charge on refunding is not available or due in the current period, and, therefore, is not reported in the funds		87,518
Long-term liabilities used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds		
Total Other postemployment benefits liability	(5,723,410)	
Total LEOSSA pension liability	(2,468,521)	
Government bonds and notes payable	(25,741,021)	
Deferred bond premium	(2,006,837)	
Compensated absences	(1,314,809)	
Net LGERS pension liability	<u>(6,148,517)</u>	(43,403,115)
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		6,490
Pension related deferrals		(103,268)
OPEB related deferrals		(1,012,648)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Accrued interest payable		<u>(357,285)</u>
Net position of governmental activities		<u>\$ 171,535,862</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, 2021

	Major Funds				Total Governmental Funds
	General	McCrimmon Parkway Extension Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Nonmajor Funds	
Revenues					
Ad valorem taxes	\$ 22,372,992	\$ -	\$ -	\$ -	\$ 22,372,992
Other taxes and licenses	612,630	-	-	-	612,630
Unrestricted intergovernmental	10,297,761	-	-	-	10,297,761
Restricted intergovernmental	1,174,575	-	1,755,004	114,078	3,043,657
Permits and fees	2,249,717	-	-	34,610	2,284,327
Sales and services	470,957	-	-	-	470,957
Investment earnings	19,900	613	2,720	8,187	31,420
Miscellaneous	437,130	-	-	-	437,130
Total revenues	<u>37,635,662</u>	<u>613</u>	<u>1,757,724</u>	<u>156,875</u>	<u>39,550,874</u>
Expenditures					
Current					
General government	6,658,639	-	-	25,000	6,683,639
Development services	2,997,823	-	-	-	2,997,823
Public safety	10,657,922	-	-	-	10,657,922
Public works	5,754,330	-	-	-	5,754,330
Culture and recreation	2,097,864	-	-	-	2,097,864
Capital outlay	1,523,381	6,859,180	1,823,030	7,236,210	17,441,801
Debt Service					
Principal	2,109,798	-	-	-	2,109,798
Interest	1,034,031	-	-	-	1,034,031
Total expenditures	<u>32,833,788</u>	<u>6,859,180</u>	<u>1,823,030</u>	<u>7,261,210</u>	<u>48,777,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,801,874</u>	<u>(6,858,567)</u>	<u>(65,306)</u>	<u>(7,104,335)</u>	<u>(9,226,334)</u>
Other financing sources (uses)					
Transfers in	1,046,763	2,439,055	-	1,043,621	4,529,439
Transfers out	(4,101,047)	(60,492)	-	(367,900)	(4,529,439)
Total other financing sources (uses)	<u>(3,054,284)</u>	<u>2,378,563</u>	<u>-</u>	<u>675,721</u>	<u>-</u>
Net change in fund balance	<u>1,747,590</u>	<u>(4,480,004)</u>	<u>(65,306)</u>	<u>(6,428,614)</u>	<u>(9,226,334)</u>
Fund balances, beginning	<u>30,807,176</u>	<u>4,480,004</u>	<u>3,197,220</u>	<u>14,696,158</u>	<u>53,180,558</u>
Fund balances, ending	<u>\$ 32,554,766</u>	<u>\$ -</u>	<u>\$ 3,131,914</u>	<u>\$ 8,267,544</u>	<u>\$ 43,954,224</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, 2021

Total net change in fund balances - governmental funds		\$ (9,226,334)
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	\$ 17,441,801	
Less current year depreciation	<u>(3,701,178)</u>	13,740,623
The net effects of disposals of capital assets is to decrease the change in net position in the statement of activities		
Disposal of capital assets	\$ (48,520)	
Gain on sale of capital assets	8,134	
Donation of capital asset to NC Department of Transportation	<u>(18,755,711)</u>	(18,796,097)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		1,408,352
Benefit payments made for LEOSSA in the current fiscal year are not included on the Statement of Activities		95,191
OPEB benefit payments made in the current fiscal year are not included in the Statement of Activities		56,853
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.		
Principal repayments:		
General obligation debt	<u>2,109,798</u>	2,109,798
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	4,901,794	
Change in reserve for taxes receivable	<u>(44,817)</u>	4,856,977
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Amortization of bond premiums	190,902	
Amortization of deferred charge on refunding	(16,670)	
Change in accrued interest payable	26,420	
Change in compensated absences	(117,122)	
OPEB plan expense	(557,441)	
Pension expense	<u>(2,785,368)</u>	(3,259,279)
Change in net position of governmental activities		<u>\$ (9,013,916)</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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes	\$ 22,292,000	\$ 22,292,000	\$ 22,372,992	\$ 80,992
Other taxes and licenses	628,000	628,000	612,630	(15,370)
Unrestricted intergovernmental	8,765,800	8,765,800	10,297,761	1,531,961
Restricted intergovernmental	858,700	870,268	1,174,575	304,307
Permits and fees	1,372,700	1,372,700	2,249,717	877,017
Sales and services	1,307,250	1,307,250	470,957	(836,293)
Investment earnings	278,048	278,050	19,900	(258,150)
Miscellaneous	355,600	401,942	437,130	35,188
Total revenues	<u>35,858,098</u>	<u>35,916,010</u>	<u>37,635,662</u>	<u>1,719,652</u>
Expenditures				
Current				
General government	7,715,159	7,899,229	6,658,639	1,240,590
Development services	3,415,386	3,789,587	2,997,823	791,764
Public safety	11,048,455	11,169,478	10,657,922	511,556
Public works	7,488,199	8,887,976	5,754,330	3,133,646
Culture and recreation	2,511,343	2,522,992	2,097,864	425,128
Capital outlay	1,871,400	2,166,025	1,523,381	642,644
Debt Service				
Principal	2,109,800	2,109,800	2,109,798	2
Interest	1,034,500	1,034,500	1,034,031	469
Total expenditures	<u>37,194,242</u>	<u>39,579,587</u>	<u>32,833,788</u>	<u>6,745,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,336,144)</u>	<u>(3,663,577)</u>	<u>4,801,874</u>	<u>8,465,451</u>
Other financing sources (uses)				
Transfers out	-	(3,090,917)	(3,054,284)	36,633
Fund balance appropriated	1,336,144	6,754,494	-	(6,754,494)
Total other financing sources (uses)	<u>1,336,144</u>	<u>3,663,577</u>	<u>(3,054,284)</u>	<u>(6,717,861)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,747,590</u>	<u>\$ 1,747,590</u>
Fund balance, beginning			<u>30,807,176</u>	
Fund balance, ending			<u>\$ 32,554,766</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, 2021

Exhibit 6

	<u>Stormwater Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 1,866,684
Receivables-Accounts	2,787
Due from other governments	182
Total current assets	<u>1,869,653</u>
Non-current assets	
Capital assets	
Land, improvements and construction in progress	338,057
Other capital assets, net of depreciation	296,498
Total non-current assets	<u>634,555</u>
Total assets	<u>2,504,208</u>
Deferred outflows of resources	
Pension deferrals	63,516
OPEB deferrals	20,798
Total deferred outflows of resources	<u>84,314</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	57,964
Compensated absences	20,117
Total current liabilities	<u>78,081</u>
Non-current liabilities	
Other postemployment benefits liability	93,064
Compensated absences	2,236
LGERS pension liability	99,976
Total non-current liabilities	<u>195,276</u>
Total liabilities	<u>273,357</u>
Deferred inflows of resources	
Pension deferrals	1,211
OPEB deferrals	16,466
Total deferred inflows of resources	<u>17,677</u>
Net position	
Net investment in capital assets	634,555
Unrestricted	1,662,933
Total net position - business-type activities	<u>\$ 2,297,488</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, 2021

Exhibit 7

	<u>Stormwater Fund</u>
Operating revenues	
Permits and fees	\$ 397,696
Stormwater ERU charges	<u>550,771</u>
Total operating revenues	<u>948,467</u>
Operating expenses	
Stormwater operations	682,078
Depreciation	<u>20,429</u>
Total operating expenses	<u>702,507</u>
Operating income	245,960
Nonoperating revenues	
Investment earnings	<u>1,115</u>
Change in net position	<u>247,075</u>
Net position, beginning of year	<u>2,050,413</u>
Net position, end of year	<u><u>\$ 2,297,488</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, 2021

Exhibit 8

	Stormwater Fund
Cash flows from operating activities	
Cash received from Stormwater charges	\$ 956,904
Cash paid to or on behalf of employees for services	(319,024)
Cash paid for goods and services	(295,659)
	<hr/>
Net cash from operating activities	342,221
	<hr/>
Cash flows from investing activities	
Acquisition and construction of capital assets	(6,646)
	<hr/>
Cash flows from investing activities	
Investment earnings	1,115
	<hr/>
Net increase in cash and cash equivalents	336,690
	<hr/>
Cash and cash equivalents, beginning of year	1,529,994
	<hr/>
Cash and cash equivalents, end of year	\$ 1,866,684
	<hr/> <hr/>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 245,960
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	20,429
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Decrease in accounts receivable	8,437
Decrease in due from other governments	949
Increase in deferred outflows of resources - pensions	(14,313)
Increase in deferred outflows of resources - OPEB	(10,178)
Increase in accounts payable and accrued expenses	25,166
Increase in other postemployment benefits liability	9,602
Increase in compensated absences	9,749
Increase in LGERS pension liability	32,894
Decrease in deferred inflows of resources - pensions	(303)
Increase in deferred inflows of resources - OPEB	13,830
	<hr/>
Net cash provided by operating activities	\$ 342,221
	<hr/> <hr/>

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. The project was completed in Fiscal Year 2021 and the Town transferred 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 Capital Project Fund was closed during Fiscal Year 2021.

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.

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. The Capital Project Fund was closed during Fiscal Year 2021.

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. The Capital Project Fund is scheduled to be closed in Fiscal Year 2022.

Morrisville Aquatics & Fitness Center Renovation Capital Project Fund – The Morrisville Aquatics & Fitness Center Renovation Capital Project Fund is used to account for the redesign and reconstruction of the Morrisville Aquatics and Fitness Center. The Capital Project Fund is scheduled to be closed in Fiscal Year 2022.

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

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

Historic Christian Church Parking Lot Expansion Capital Project Fund – The Historic Christian Church Parking Lot Expansion Capital Project Fund is used to account for the design and construction of a parking lot that will enhance safety, expand program uses and address space needs. The Capital Project Fund is schedule to be closed in Fiscal Year 2022.

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. The Capital Project Fund was closed during Fiscal Year 2021.

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 Capital Project Fund is schedule to be closed in Fiscal Year 2022.

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

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

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

The Town reports the following major proprietary fund:

Stormwater Fund – The Stormwater Fund is used to account for the activities related to the Town's Stormwater Management System. The Stormwater Fund is comprised of 3 funds: Stormwater Operations, the Kit Creek Reach 5-1 and the Green Drive/Fairview Avenue Capital Project Funds.

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting

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

Government-Wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue source of the Town's Stormwater Fund is charges for Stormwater Equivalent Residential Units ("ERU"), which are generally levied and collected by Wake County. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

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

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

D. Budgetary data

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

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

Note 1 – Summary of significant accounting policies (continued)

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

1. Deposits and investments

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

State law (G.S. 159.30 (c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT - Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has 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 Morrisville Carpenter Road Capital Project are restricted in the Morrisville Carpenter Road Capital Project Fund 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.

Note 1 – Summary of significant accounting policies (continued)

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

Governmental activities:	
General Fund - Street Improvements	\$ 4,529,378
General Fund - Police operations and activities	17,693
Major fund – Morrisville Carpenter Road Capital Project Fund-Unspent bond proceeds	2,790,537
Nonmajor funds - Recreation Improvements	<u>3,409,804</u>
Total governmental activities	<u>10,747,412</u>
Total restricted cash and cash equivalents	<u>\$10,747,412</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, 2020.

5. Allowance for doubtful accounts

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

6. Prepaid items

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

Note 1 – Summary of significant accounting policies (continued)

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

7. Capital assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 for equipment & fixtures, \$10,000 for vehicles, \$50,000 for buildings, \$50,000 for other improvements, and \$100,000 for infrastructure, or more, and a useful life in excess of one year. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. Deferred outflows/inflows of resources

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

Note 1 – Summary of significant accounting policies (continued)

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

9. Long-term obligations

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

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

10. Compensated absences

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

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

Note 1 – Summary of significant accounting policies (continued)

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

11. Net position/fund balances

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

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

The governmental fund types classify fund balances as follows:

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 Debt Service – portion of fund balance in the General Fund committed by Town Council for future Debt Service.

Committed for LEOSA 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, 2021

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	\$32,554,766
Less:	
Stabilization	5,498,323
Street Improvements	4,529,378
Police operations and activities	17,693
General government capital	1,629,315
Debt Service	353,621
LEOSSA pension liability	344,924
OPEB liability	3,819,953
Fire operations and activities	2,487
Subsequent year's expenditures	<u>2,574,550</u>
Remaining Fund Balance-General Fund	<u>\$13,784,522</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, 2021:

Encumbrances:	
General Fund	\$ 2,525,652
Morrisville Carpenter Capital Project Fund	5,300,766
Non-Major Funds	1,385,694

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, 2021

Note 2 – Cash and investments (continued)

A. Deposits (continued)

At June 30, 2021, the Town’s deposits had a carrying amount of \$18,338,257 and a bank balance of \$18,420,199. 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, 2021, the Town’s petty cash fund totaled \$2,300.

B. Investments

At June 30, 2021, the Town’s investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at June 30, 2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$26,682,866	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities 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, 2021

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, 2021.

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 \$122,593 for ad valorem and motor vehicle decal taxes receivable.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 – Capital assets

A. Governmental capital assets

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

	Beginning Balance	Increases & Transfers	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 41,740,741	\$ 5,381,797	\$ -	\$ 47,122,538
Construction in progress	28,395,579	12,985,335	(30,991,962)	10,388,952
Total capital assets not being depreciated	<u>70,136,320</u>	<u>18,367,132</u>	<u>(30,991,962)</u>	<u>57,511,490</u>
Capital assets being depreciated:				
Buildings	16,147,446	8,419,813	-	24,567,259
Infrastructure	98,293,589	4,215,057	-	102,508,646
Other improvements	15,599,444	2,226,011	-	17,825,455
Equipment and furniture	4,471,501	500,250	(54,335)	4,917,416
Vehicles and motorized equipment	8,883,074	843,504	(206,437)	9,520,141
Total capital assets being depreciated	<u>143,395,054</u>	<u>16,204,635</u>	<u>(260,772)</u>	<u>159,338,917</u>
Less accumulated depreciation for:				
Buildings	6,527,726	401,631	-	6,929,357
Infrastructure	27,911,419	1,851,932	-	29,763,351
Other improvements	4,100,765	361,557	-	4,462,322
Equipment and furniture	3,245,547	351,317	(53,335)	3,543,529
Vehicles and motorized equipment	5,469,342	734,741	(175,130)	6,028,953
Total accumulated depreciation	<u>47,254,799</u>	<u>\$ 3,701,178</u>	<u>\$ (228,465)</u>	<u>50,727,512</u>
Total capital assets being depreciated, net	<u>96,140,255</u>			<u>108,611,405</u>
Governmental activities capital assets, net	<u>\$ 166,276,575</u>			<u>\$ 166,122,895</u>

For year ended June 30, 2021 the Town donated the McCrimmon Parkway Extension asset to the North Carolina Department of Transportation.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 2,014,213
Development services	20,951
Public safety	1,023,518
Public works	108,044
Cultural and recreation	<u>534,452</u>
Total depreciation expense	<u>\$ 3,701,178</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 – Capital assets (continued)

B. Business-type capital assets

Capital asset activity for the year ended June 30, 2021 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	\$ 6,232	\$ -	\$ 200,410
Construction in progress	137,233	414	-	137,647
Total capital assets not being depreciated	<u>331,411</u>	<u>6,646</u>	<u>-</u>	<u>338,057</u>
Capital assets being depreciated:				
Infrastructure	203,563	-	-	203,563
Other improvements	234,485	-	-	234,485
Equipment and furniture	22,054	-	-	22,054
Vehicles and motorized equipment	22,548	-	-	22,548
Total capital assets being depreciated	<u>482,650</u>	<u>-</u>	<u>-</u>	<u>482,650</u>
Less accumulated depreciation for:				
Infrastructure	47,017	6,544	-	53,561
Other improvements	82,395	11,043	-	93,438
Equipment and furniture	16,822	1,794	-	18,616
Vehicles and motorized equipment	19,489	1,048	-	20,537
Total accumulated depreciation	<u>165,723</u>	<u>\$ 20,429</u>	<u>\$ -</u>	<u>186,152</u>
Total capital assets being depreciated, net	<u>337,357</u>			<u>296,498</u>
Business-type activities capital assets, net	<u>\$ 648,338</u>			<u>\$ 634,555</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 – Capital assets (continued)

C. Construction commitments

The government has active construction projects as of June 30, 2021. At year-end, the government’s commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street Repaving	\$ -	\$ 1,724,710
SW Green Dr/Fairview Ave Culvert	-	485,896
Historic Church Street Parking Lot	655,095	37,818
New Fire Station (Harris Mill Road)	227,360	247,030
Public Works Facility	102,223	224,470
Morrisville Carpenter Road	4,457,225	5,300,766
Sidewalk & Pedestrian Enhancements	-	308,485
Parks & Greenways Improvements	201,229	336,159
	\$ 5,643,132	\$ 8,665,334

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 Annual Comprehensive Financial Report (“ACFR”) 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, 2021, was 10.19% of compensation for law enforcement officers and 10.84% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan by the Town of Morrisville were \$1,408,352 for the year ended June 30, 2021.

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town reported a liability of \$6,248,493 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (the measurement date), the Town’s proportion was 0.17486%, which was an increase of 0.01110% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$2,469,900, of which \$2,430,382 was charged to the governmental activities and \$39,518 was charged to the business-type activities. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 789,075	\$ -
Changes of assumptions	465,010	-
Net difference between projected and actual earnings on pension plan investments	879,308	-
Changes in proportion an differences between Town contributions and proportionate share of contributions	428,026	75,683
Town contributions subsequent to the measurement date	<u>1,408,352</u>	<u>-</u>
Total	<u>\$ 3,969,771</u>	<u>\$ 75,683</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

\$1,408,352 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30,	
2022	\$ 814,738
2023	922,566
2024	488,201
2025	<u>260,231</u>
	<u>\$ 2,485,736</u>

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

Inflation	3.0%
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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2020 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 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Note 5 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 12,677,511</u>	<u>\$ 6,248,493</u>	<u>\$ 905,527</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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, 2019, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>40</u>
Total	<u><u>46</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Projected salary increases	3.25% to 7.75%
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 amount-weighted tables and projected from 2010 using generational improvement with Scale MP-2019.

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 \$95,191 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$2,468,521. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$331,314.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 632,068	\$ 28,796
Differences between expected and actual experience	376,583	-
Benefit payments and administrative expenses subsequent to the measurement date	<u>47,086</u>	<u>-</u>
Total	<u>\$ 1,055,737</u>	<u>\$ 28,796</u>

\$47,086 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, 2022. 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>	
2022	\$ 216,811
2023	220,177
2024	204,190
2025	183,262
2026	<u>155,415</u>
Total	<u>\$ 979,855</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

	<u>1% Decrease (0.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Total pension liability	\$ 2,660,476	\$ 2,468,521	\$ 2,290,433

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

	<u>2021</u>
Beginning balance	\$ 1,508,609
Changes for the year:	
Service cost	66,517
Interest	48,221
Difference between expected and actual experience	243,617
Changes of assumptions and other inputs	696,748
Benefit payments	<u>(95,191)</u>
Ending balance	<u>\$ 2,468,521</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, 2019 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, 2021

Note 5 – Pension plan and postemployment obligations (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,469,900	\$ 331,314	\$ 2,801,214
Pension Liability	6,248,493	2,468,521	8,717,014
Proportionate share of the net pension liability	0.1749%	100%	
Deferred Outflows of Resources			
Differences between expected and actual experience	789,075	632,068	1,421,143
Changes of assumptions	465,010	376,583	841,593
Net difference between projected and actual earnings on plan investments	879,308	-	879,308
Changes in proportion and differences between contributions and proportionate share	428,026	-	428,026
Benefit payments and administrative costs paid subsequent to the measurement date	1,408,352	47,086	1,455,438
Deferred Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	28,796	28,796
Net difference between projected and actual earnings on plan investments	-	-	-
proportionate share of contributions	75,683	-	75,683

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 \$136,119 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 \$539,251 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 Annual Comprehensive Financial Report (ACFR) 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, 2020, the State contributed \$18,652,000 to the plan. The Town's proportionate share of the State's contribution is \$25,971.

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, 2021, 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 \$50,383. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of 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, 2020 and at June 30, 2019 was 0%.

For the year ended June 30, 2021, the Town recognized pension expense of \$20,168 and revenue of \$20,168 for support provided by the State. At June 30, 2021, 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, 2019 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 Annual Comprehensive Financial Report (“ACFR”) 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, 2021, the Town set aside \$403,360. The Town’s General Fund and Stormwater Fund have net position committed for retiree healthcare postemployment benefits at June 30, 2021 of \$3,819,853 and \$59,803 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, 2020, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Employees
Retirees receiving benefits	8	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	144	40
Total	152	43

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Total OPEB Liability

The Town's total OPEB liability of \$5,816,474 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 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	2.21%
Healthcare cost trend rates	7.00% for 2019 decreasing to an ultimate rate of 4.5% by 2030

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 5,564,164
Changes for the year	
Service cost	333,558
Interest	205,469
Changes of benefit terms	-
Differences between expected and actual experience	(981,574)
Changes in assumptions or other inputs	749,738
Benefit payments and implicit subsidy credit	(54,881)
Net changes	<u>252,310</u>
Balance at June 30, 2020	<u>\$ 5,816,474</u>

Note 5 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS Board

The remaining actuarial assumptions used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 6,450,755	\$ 5,816,474	\$ 5,243,657

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

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 5,080,814	\$ 5,816,474	\$ 6,687,099

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town recognized OPEB expense of \$572,214. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 375,833	\$ 879,645
Changes of assumptions or other inputs	867,171	149,469
Benefit payments and administrative costs made subsequent to the measurement date	56,853	-
Total	<u>\$ 1,299,857</u>	<u>\$ 1,029,114</u>

\$56,853 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, 2022. 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:	
2022	\$ 33,187
2023	33,187
2024	33,187
2025	33,187
2026	33,187
Thereafter	47,955
	<u>\$ 213,890</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, 2021

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	\$ 3,906,255	\$ 63,516
Pension deferrals - Separation Allowance	1,055,737	-
OPEB deferrals	1,279,059	20,798
Deferred charge on refunding	87,518	-
	<hr/>	<hr/>
Total	\$ 6,328,569	\$ 84,314

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

	Governmental Activities	Business-type Activities	Governmental Funds
Taxes receivable, net	\$ -	\$ -	\$ 6,490
Prepaid taxes and fees	10,233	-	10,233
Pension deferrals - LGERS	74,472	1,211	-
Pension deferrals - Separation Allowance	28,796	-	-
OPEB deferrals	1,012,648	16,466	-
	<hr/>	<hr/>	<hr/>
Total	\$ 1,126,149	\$ 17,677	\$ 16,723

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8 – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and 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	\$22,301,043
Comprehensive general liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Business auto	1,000,000
Equipment	642,501
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	1,000,000
Flood	5,000,000
Workers compensation	1,000,000
Employment-Related Practices Liability	2,000,000

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, 2021

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, 2021 are comprised of the following individual notes:

Serviced by the General Fund:

\$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	\$	76,021
\$3,100,000 direct placement installment obligation for road improvements on Morrisville-Carpenter Road and for renovation of the Morrisville Aquatics & Fitness Center issued on October 18, 2018; annual payments of \$155,000 plus interest at 3.349%, secured by the Morrisville Aquatic & Fitness Center building		<u>2,790,000</u>
Total	\$	<u><u>2,866,021</u></u>

Annual debt service payments of the direct placement installment notes as of June 30, 2021, including \$888,388 of interest, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 231,021	\$ 94,173
2023	155,000	88,246
2024	155,000	83,055
2025	155,000	77,864
2026	155,000	72,673
2027-2031	775,000	285,502
2032-2036	775,000	155,729
2037-2039	<u>465,000</u>	<u>31,146</u>
Total	<u><u>\$ 2,866,021</u></u>	<u><u>\$ 888,388</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 are comprised of the following individual issues:

Serviced by the General Fund:

\$10,000,000 October 4, 2016 street improvement bonds due in annual installments of \$500,000 plus interest through October 2036; interest at varying rates from 2.0% to 5.0%	\$ 8,000,000
\$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%	2,610,000
\$4,000,000 July 3, 2013 parks and recreation bonds due in annual installments of \$200,000 plus interest through August 2033; interest at varying rates from 2.0% to 3.0%	2,600,000
\$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%	245,000
\$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>9,420,000</u>
Total	<u>\$ 22,875,000</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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
2022	\$ 1,670,000	\$ 852,825
2023	1,675,000	775,325
2024	1,680,000	697,575
2025	1,675,000	625,975
2026	1,675,000	556,575
2027-2031	6,620,000	1,888,300
2032-2036	5,775,000	827,863
2037-2039	2,105,000	102,550
Total	<u>\$ 22,875,000</u>	<u>\$ 6,326,988</u>

At June 30, 2021, the Town had a legal debt margin of \$472,683,862.

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, 2021, \$87,518 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, 2021

Note 9 – Long-term obligations (continued)

D. Changes in long-term liabilities

	Balances at June 30, 2020	Increases	Decreases	Balances at June 30, 2021	Current Portion
<u>Governmental activities</u>					
Bonds payable					
General obligation bonds	\$ 24,545,000	\$ -	\$ 1,670,000	\$ 22,875,000	\$ 1,670,000
Premiums on issuance	2,197,739	-	190,902	2,006,837	178,448
Total bonds payable	<u>26,742,739</u>	<u>-</u>	<u>1,860,902</u>	<u>24,881,837</u>	<u>1,848,448</u>
Direct placement installment notes	3,305,820	-	439,799	2,866,021	231,021
Compensated absences	1,197,688	1,065,892	948,771	1,314,809	1,183,328
Total OPEB liability	5,480,702	242,708	-	5,723,410	-
Net pension liability (LGERS)	4,405,076	1,743,441	-	6,148,517	-
Total pension liability (LEO)	1,508,609	959,912	-	2,468,521	-
Governmental activities long-term liabilities	<u>\$ 42,640,634</u>	<u>\$ 4,011,953</u>	<u>\$ 3,249,472</u>	<u>\$ 43,403,115</u>	<u>\$ 3,262,797</u>
<u>Business-type activities</u>					
Compensated Absences	\$ 12,604	\$ 16,627	\$ 6,878	\$ 22,353	\$ 20,117
Total OPEB liability	83,462	9,602	-	93,064	-
Net pension liability (LGERS)	67,082	32,894	-	99,976	-
Business-type activities long-term liabilities	<u>\$ 163,148</u>	<u>\$ 59,123</u>	<u>\$ 6,878</u>	<u>\$ 215,393</u>	<u>\$ 20,117</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 10 – Net investment in capital assets

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

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation	\$ 166,122,895	\$ 634,555
Less: Long-term debt	25,741,021	-
Unamortized Liabilities related to Capital	2,006,837	-
Add: Unspent debt proceeds	2,790,537	-
Deferred charging on refunding	87,518	-
	<u>\$ 141,253,092</u>	<u>\$ 634,555</u>

Note 11 – 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, 2021, 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.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note 12 – Operating leases

The Town leases buildings under noncancelable operating leases. Total rental expense was \$115,638 for the year ended June 30, 2021. The future minimum lease payments for the leases are as follows:

Fiscal Year	
Ending June 30,	Amount
2022	\$ 117,517
2023	113,528
2024	116,934
2025	120,441
2026	40,541
Total	<u>\$ 508,961</u>

Note 13 – Subsequent events

The Town has evaluated subsequent events through October 22, 2021 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

Required Supplementary Information

TOWN OF MORRISVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
*LAST FIVE FISCAL YEARS**

Exhibit A-1

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability, beginning balance	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588	\$ 1,011,856
Changes for the year:					
Service cost	66,517	56,285	64,043	51,158	45,324
Interest	48,221	44,593	36,107	38,474	35,158
Difference between expected and actual experience	243,617	186,034	90,216	24,497	-
Changes of assumptions and other inputs	696,748	43,120	(50,528)	71,425	(23,656)
Benefit payments	<u>(95,191)</u>	<u>(82,093)</u>	<u>(43,582)</u>	<u>(35,728)</u>	<u>(54,094)</u>
Total pension liability, ending balance	<u>\$ 2,468,521</u>	<u>\$ 1,508,609</u>	<u>\$ 1,260,670</u>	<u>\$ 1,164,414</u>	<u>\$ 1,014,588</u>

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

* Information is not available for years prior those presented.

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit A-2

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

JUNE 30, 2021

LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,468,521	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588
Covered-employee payroll	2,526,615	2,208,445	2,246,153	2,128,913	1,905,496
Total pension liability as a percentage of covered-employee payroll	97.70%	68.31%	56.13%	54.70%	53.25%

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit A-3

OTHER POSTEMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2021

LAST FOUR FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 333,558	\$ 308,721	\$ 259,192	\$ 278,691
Interest	205,469	189,499	141,652	117,208
Differences between expected and actual experience	(981,574)	1,978	538,082	8,586
Changes in assumptions or other inputs	749,738	226,799	23,223	(254,545)
Benefit payments	<u>(54,881)</u>	<u>(67,918)</u>	<u>(71,491)</u>	<u>(58,472)</u>
Net change in total OPEB liability	252,310	659,079	890,658	91,468
Total OPEB liability - beginning	<u>5,564,164</u>	<u>4,905,085</u>	<u>4,014,427</u>	<u>3,922,959</u>
Total OPEB liability - ending	<u>\$ 5,816,474</u>	<u>\$ 5,564,164</u>	<u>\$ 4,905,085</u>	<u>\$ 4,014,427</u>
Covered-employee payroll	\$ 11,909,267	\$ 9,526,195	\$ 9,526,195	\$ 8,241,429
Total OPEB liability as a percentage of covered-employee payroll	48.84%	58.41%	51.49%	48.71%

Notes to the required schedule:

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

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

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

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Schedule of Proportionate Share of Net Pension Liability (Asset) and Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.1749%	0.1638%	0.1738%	0.1696%	0.1667%	0.1937%	(0.1924%)	(0.0018%)
Town's proportion of the net pension liability (asset) (\$)	\$ 6,248,493	\$ 4,472,158	\$ 4,122,419	\$ 2,590,713	\$ 3,536,870	\$ 869,493	\$ (1,134,613)	\$ 2,221,523
Town's covered payroll	11,780,772	10,745,653	10,266,112	9,514,872	9,692,159	9,218,986	8,826,890	8,448,530
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.04%	41.62%	40.16%	27.23%	36.49%	9.43%	(12.31)%	25.20%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.68%	91.63%	94.18%	99.07%	98.09%	102.64%	94.35%

Schedule of Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,408,352	\$ 1,141,887	\$ 852,915	\$ 789,462	\$ 708,703	\$ 614,882	\$ 664,606	\$ 627,967
Contributions in relation to the contractually required contribution	1,408,352	1,141,887	852,915	789,462	708,703	614,882	664,606	627,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 13,222,889	\$ 11,780,772	\$ 10,745,653	\$ 10,266,112	\$ 9,514,872	\$ 9,692,159	\$ 9,218,986	8,826,890
Contributions as a percentage of covered payroll	10.7%	9.7%	7.9%	7.7%	7.4%	6.3%	7.2%	7.1%

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

Schedule of Proportionate Share of Net Pension Liability

	<u>2021</u>	<u>2020</u>	<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%	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>50,383</u>	<u>44,377</u>	<u>62,645</u>	<u>50,289</u>	<u>34,813</u>	<u>48,890</u>	<u>40,887</u>
Total	<u>\$ 50,383</u>	<u>\$ 44,377</u>	<u>\$ 62,645</u>	<u>\$ 50,289</u>	<u>\$ 34,813</u>	<u>\$ 48,890</u>	<u>\$ 40,887</u>
Town's covered payroll	\$ 4,109,164	\$ 3,822,741	\$ 3,373,603	\$ 3,025,462	\$ 2,757,188	\$ 2,939,216	\$ 2,729,868
Town's proportionate share of the net pension liability as a percentage of its covered payroll	1.23%	1.16%	1.86%	1.66%	1.26%	1.66%	1.50%
Plan fiduciary net position as a percentage of the total pension liability	92.58%	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%

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

Combining and Individual Fund Statements and Schedules

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

TOWN OF MORRISVILLE, NORTH CAROLINA
SUB-FUND COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2021

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	Debt Service Fund	
Assets							
Cash and cash equivalents	\$ 24,892,763	\$ 14,449	\$ 1,246,320	\$ 368,546	\$ 428,319	\$ 353,791	\$ 27,304,188
Receivables							
Taxes	6,490	-	-	-	-	-	6,490
Accounts	81,297	-	-	-	-	-	81,297
Due from other governments	2,889,874	-	-	-	616	884	2,891,374
Restricted cash	4,547,071	-	-	-	-	-	4,547,071
Total assets	\$ 32,417,495	\$ 14,449	\$ 1,246,320	\$ 368,546	\$ 428,935	\$ 354,675	\$ 34,830,420
Liabilities							
Accounts payable and accrued liabilities	\$ 2,258,761	\$ -	\$ -	\$ -	\$ -	\$ 170	\$ 2,258,931
Total liabilities	2,258,761	-	-	-	-	170	2,258,931
Deferred inflows of resources							
Taxes receivable	6,490	-	-	-	-	-	6,490
Prepaid taxes and fees	10,212	-	-	-	21	-	10,233
Total deferred inflows of resources	16,702	-	-	-	21	-	16,723
Fund balances							
Restricted:							
Stabilization by State statute	5,496,823	-	-	-	616	884	5,498,323
Street improvements	4,529,378	-	-	-	-	-	4,529,378
Police operations and activities	17,693	-	-	-	-	-	17,693
Committed:							
General governmental capital	-	14,449	1,246,320	368,546	-	-	1,629,315
Debt Service	-	-	-	-	-	353,621	353,621
LEOSSA pension liability	344,924	-	-	-	-	-	344,924
OPEB liability	3,819,953	-	-	-	-	-	3,819,953
Assigned:							
Fire operations and activities	2,487	-	-	-	-	-	2,487
Subsequent year's expenditures	2,574,550	-	-	-	-	-	2,574,550
Unassigned	13,356,224	-	-	-	428,298	-	13,784,522
Total fund balances	30,142,032	14,449	1,246,320	368,546	428,914	354,505	32,554,766
Total liabilities, deferred inflows of resources and fund balances	\$ 32,417,495	\$ 14,449	\$ 1,246,320	\$ 368,546	\$ 428,935	\$ 354,675	\$ 34,830,420

TOWN OF MORRISVILLE, NORTH CAROLINA

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

GENERAL FUND

YEAR ENDED JUNE 30, 2021

	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	Debt Service Fund	
Revenues							
Ad valorem taxes	\$ 22,254,984	\$ -	\$ -	\$ -	\$ 118,008	\$ -	\$ 22,372,992
Other taxes and licenses	612,630	-	-	-	-	-	612,630
Unrestricted intergovernmental	10,297,761	-	-	-	-	-	10,297,761
Restricted intergovernmental	1,174,575	-	-	-	-	-	1,174,575
Permits and fees	2,249,717	-	-	-	-	-	2,249,717
Sales and services	470,957	-	-	-	-	-	470,957
Investment earnings	18,496	9	595	591	208	1	19,900
Miscellaneous	437,130	-	-	-	-	-	437,130
Total revenues	<u>37,516,250</u>	<u>9</u>	<u>595</u>	<u>591</u>	<u>118,216</u>	<u>1</u>	<u>37,635,662</u>
Expenditures							
Current							
General government	6,638,272	-	-	-	-	20,367	6,658,639
Development services	2,997,823	-	-	-	-	-	2,997,823
Public safety	10,657,922	-	-	-	-	-	10,657,922
Public works	5,752,121	-	-	-	2,209	-	5,754,330
Culture and recreation	2,097,864	-	-	-	-	-	2,097,864
Capital outlay	1,523,381	-	-	-	-	-	1,523,381
Debt Service							
Principal	-	-	-	-	-	2,109,798	2,109,798
Interest	-	-	-	-	-	1,034,031	1,034,031
Total expenditures	<u>29,667,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,209</u>	<u>3,164,196</u>	<u>32,833,788</u>
Excess of revenues over expenditures	<u>7,848,867</u>	<u>9</u>	<u>595</u>	<u>591</u>	<u>116,007</u>	<u>(3,164,195)</u>	<u>4,801,874</u>
Other financing sources (uses)							
Transfers in	36,633	-	900,000	-	110,000	3,518,700	4,565,333
Transfers out	(6,752,571)	-	(215,184)	(651,862)	-	-	(7,619,617)
Total other financing sources (uses)	<u>(6,715,938)</u>	<u>-</u>	<u>684,816</u>	<u>(651,862)</u>	<u>110,000</u>	<u>3,518,700</u>	<u>(3,054,284)</u>
Net change in fund balance	<u>1,132,929</u>	<u>9</u>	<u>685,411</u>	<u>(651,271)</u>	<u>226,007</u>	<u>354,505</u>	<u>1,747,590</u>
Fund balances, beginning	<u>29,009,103</u>	<u>14,440</u>	<u>560,909</u>	<u>1,019,817</u>	<u>202,907</u>	<u>-</u>	<u>30,807,176</u>
Fund balances, ending	<u>\$ 30,142,032</u>	<u>\$ 14,449</u>	<u>\$ 1,246,320</u>	<u>\$ 368,546</u>	<u>\$ 428,914</u>	<u>\$ 354,505</u>	<u>\$ 32,554,766</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, 2021

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ 22,125,000	\$ 22,176,381	\$ 51,381
Prior years	25,000	41,630	16,630
Penalties and interest	25,000	36,973	11,973
Total ad valorem taxes	<u>22,175,000</u>	<u>22,254,984</u>	<u>79,984</u>
Other taxes and licenses			
Motor vehicle decal tax	<u>628,000</u>	<u>612,630</u>	<u>(15,370)</u>
Unrestricted intergovernmental			
Local option sales taxes	5,400,000	6,977,453	1,577,453
Rental vehicle tax	100,000	100,297	297
Utilities sales tax	1,640,000	1,669,978	29,978
Telecommunication and video programming sales tax	656,000	618,982	(37,018)
Beer and wine tax	115,600	112,654	(2,946)
Wake County fire tax	806,000	796,656	(9,344)
Fire reimbursements	30,000	-	(30,000)
Solid waste disposal tax	18,200	21,741	3,541
Total unrestricted intergovernmental	<u>8,765,800</u>	<u>10,297,761</u>	<u>1,531,961</u>
Restricted intergovernmental			
Powell Bill allocation	590,000	582,737	(7,263)
Grants	280,268	591,838	311,570
Total restricted intergovernmental	<u>870,268</u>	<u>1,174,575</u>	<u>304,307</u>
Permits and fees			
Building permits	926,500	1,194,178	267,678
Planning fees	115,000	120,079	5,079
Engineering fees	230,000	890,405	660,405

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, 2021

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	\$ 40,000	\$ 12,968	\$ (27,032)
Fire permits	61,200	32,087	(29,113)
Total permits and fees	<u>1,372,700</u>	<u>2,249,717</u>	<u>877,017</u>
Sales and services			
Recreation	1,040,550	225,624	(814,926)
Rents	266,700	245,333	(21,367)
Total Sales and services	<u>1,307,250</u>	<u>470,957</u>	<u>(836,293)</u>
Investment earnings	<u>278,050</u>	<u>18,496</u>	<u>(259,554)</u>
Miscellaneous			
ABC revenue	190,000	242,265	52,265
Surplus property	50,000	57,561	7,561
Wake County Landfill	58,100	42,576	(15,524)
Miscellaneous	84,059	82,525	(1,534)
Fines and forfeitures	12,283	12,203	(80)
Contributions and donations - private sources	7,500	-	(7,500)
Total miscellaneous	<u>401,942</u>	<u>437,130</u>	<u>35,188</u>
Total revenues	<u>35,799,010</u>	<u>37,516,250</u>	<u>1,717,240</u>
Expenditures			
General government			
Governing body			
Personnel costs	144,700	144,471	229
Contract and professional services	371,262	361,925	9,337
Other operating	120,690	86,814	33,876
Capital outlay	70,000	65,906	4,094
Subtotal	<u>706,652</u>	<u>659,116</u>	<u>47,536</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, 2021

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Administration			
Personnel costs	\$ 915,943	\$ 915,935	\$ 8
Contract and professional services	537,655	416,727	120,928
Other operating	757,013	769,489	(12,476)
Subtotal	<u>2,210,611</u>	<u>2,102,151</u>	<u>108,460</u>
Communications & Outreach			
Personnel costs	400,943	402,574	(1,631)
Contract and professional services	27,500	5,880	21,620
Other operating	245,621	128,186	117,435
Subtotal	<u>674,064</u>	<u>536,640</u>	<u>137,424</u>
Information technology			
Personnel costs	812,685	808,821	3,864
Contract and professional services	317,320	184,579	132,741
Other operating	1,563,274	1,189,361	373,913
Capital outlay	95,000	134,450	(39,450)
Subtotal	<u>2,788,279</u>	<u>2,317,211</u>	<u>471,068</u>
Finance			
Personnel costs	498,862	499,097	(235)
Contract and professional services	204,304	205,233	(929)
Other operating	26,500	11,169	15,331
Subtotal	<u>729,666</u>	<u>715,499</u>	<u>14,167</u>
Human resources			
Personnel costs	425,257	424,078	1,179
Contract and professional services	98,000	49,705	48,295
Other operating	57,300	34,228	23,072
Subtotal	<u>580,557</u>	<u>508,011</u>	<u>72,546</u>
Total general government	<u>7,689,829</u>	<u>6,838,628</u>	<u>851,201</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, 2021

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Development services			
Engineering			
Personnel costs	\$ 889,443	\$ 889,926	\$ (483)
Contract and professional services	144,298	72,472	71,826
Other operating	377,561	44,373	333,188
Capital outlay	186,000	429,924	(243,924)
Subtotal	<u>1,597,302</u>	<u>1,436,695</u>	<u>160,607</u>
Inspections			
Personnel costs	910,714	849,554	61,160
Other operating	60,100	39,453	20,647
Subtotal	<u>970,814</u>	<u>889,007</u>	<u>81,807</u>
Planning			
Personnel costs	1,142,429	1,039,253	103,176
Contract and professional services	178,542	35,020	143,522
Other operating	86,500	27,772	58,728
Capital outlay	450,000	70,093	379,907
Subtotal	<u>1,857,471</u>	<u>1,172,138</u>	<u>685,333</u>
Total development services	<u>4,425,587</u>	<u>3,497,840</u>	<u>927,747</u>
Public safety			
Police			
Personnel costs	4,192,283	3,960,433	231,850
Contract and professional services	13,500	13,027	473
Other operating	546,311	345,587	200,724
Capital outlay	33,900	-	33,900
Subtotal	<u>4,785,994</u>	<u>4,319,047</u>	<u>466,947</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, 2021

Schedule 3

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	Final Budget	Actual	Variance Positive (Negative)
Public safety (continued)			
Fire and rescue			
Personnel costs	\$ 5,661,739	\$ 5,638,116	\$ 23,623
Contract and professional services	114,963	83,915	31,048
Other operating	640,682	616,844	23,838
Capital outlay	120,200	120,179	21
Subtotal	<u>6,537,584</u>	<u>6,459,054</u>	<u>78,530</u>
Total public safety	<u>11,323,578</u>	<u>10,778,101</u>	<u>545,477</u>
Public works			
Personnel costs	1,759,218	1,650,934	108,284
Contract and professional services	2,033,554	1,839,194	194,360
Other operating	3,013,604	1,813,450	1,200,154
Capital outlay	983,925	702,829	281,096
Subtotal	<u>7,790,301</u>	<u>6,006,407</u>	<u>1,783,894</u>
Powell Bill			
Other operating	<u>1,181,600</u>	<u>448,543</u>	<u>733,057</u>
Total public works	<u>8,971,901</u>	<u>6,454,950</u>	<u>2,516,951</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, 2021

Schedule 3

Page 6 of 6

	Final Budget	Actual	Variance Positive (Negative)
Culture and recreation			
Personnel costs	\$ 1,849,645	\$ 1,691,811	\$ 157,834
Contract and professional services	101,100	42,111	58,989
Other operating	572,247	363,942	208,305
Total culture and recreation	<u>2,522,992</u>	<u>2,097,864</u>	<u>425,128</u>
Total expenditures	<u>34,933,887</u>	<u>29,667,383</u>	<u>5,266,504</u>
Revenues over (under) expenditures	<u>865,123</u>	<u>7,848,867</u>	<u>6,983,744</u>
Other financing sources (uses)			
Transfers in (out)			
Capital Reserve Funds	70,000	-	(70,000)
Capital Project Funds	-	36,633	36,633
Municipal Service District Fund	(110,000)	(110,000)	-
Capital Reserve Funds	(900,000)	(900,000)	-
Capital Project Funds	(2,223,871)	(2,223,871)	-
Debt Service Fund	(3,518,700)	(3,518,700)	-
Fund balance appropriated	5,817,448	-	(5,817,448)
Total other financing sources (uses)	<u>(865,123)</u>	<u>(6,715,938)</u>	<u>(5,850,815)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,132,929</u>	<u>\$ 1,132,929</u>
Fund balance, beginning		<u>29,009,103</u>	
Fund balance, ending		<u>\$ 30,142,032</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 9	\$ 9
Revenues over (under) expenditures	<u>-</u>	<u>9</u>	<u>\$ 9</u>
Net change in fund balance	<u>\$ -</u>	<u>9</u>	<u>\$ 9</u>
Fund balance, beginning		<u>14,440</u>	
Fund balance, ending		<u>\$ 14,449</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 595	\$ 595
Expenditures			
Contract and professional services	900,000	-	900,000
Revenues over (under) expenditures	(900,000)	595	900,595
Other financing sources			
Transfers in(out)			-
General Fund	900,000	900,000	-
Capital Projects	(215,184)	(215,184)	-
Fund balance appropriated	215,184	-	215,184
Total other financing sources	900,000	684,816	-
Net change in fund balance	<u>\$ -</u>	<u>685,411</u>	<u>\$ 685,411</u>
Fund balance, beginning		<u>560,909</u>	
Fund balance, ending		<u>\$ 1,246,320</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 591	\$ 591
Other financing sources			
Transfers in(out)			
Capital Projects	(651,862)	(651,862)	-
Fund balance appropriated	651,862	-	(651,862)
Total other financing sources	-	(651,862)	(651,862)
Net change in fund balance	<u>\$ -</u>	<u>(651,271)</u>	<u>\$ (651,271)</u>
Fund balance, beginning		<u>1,019,817</u>	
Fund balance, ending		<u>\$ 368,546</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 117,000	\$ 118,008	\$ 1,008
Investment earnings	-	208	208
Total revenues	<u>117,000</u>	<u>118,216</u>	<u>1,216</u>
Expenditures			
Contract and professional services	-	2,209	(2,209)
Capital Outlay	227,000	-	227,000
Total expenditures	<u>227,000</u>	<u>2,209</u>	<u>224,791</u>
Revenues over (under) expenditures	(110,000)	116,007	226,007
Other financing sources			
Transfers in - General Fund	110,000	110,000	-
Net change in fund balance	<u>\$ -</u>	<u>226,007</u>	<u>\$ 226,007</u>
Fund balance, beginning		<u>202,907</u>	
Fund balance, ending		<u>\$ 428,914</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 8

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DEBT SERVICE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 1	\$ 1
Expenditures			
Bond Issuance Cost	26,500	20,367	6,133
Debt Reserve	347,900	-	347,900
Debt Service			
Principal	2,109,800	2,109,798	2
Interest	1,034,500	1,034,031	469
Total expenditures	3,518,700	3,164,196	354,504
Revenues over (under) expenditures	(3,518,700)	(3,164,195)	(354,503)
Other financing sources			
Transfers in - General Fund	3,518,700	3,518,700	-
Net change in fund balance	<u>\$ -</u>	354,505	<u>\$ (354,503)</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 354,505</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 9

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MCCRIMMON PARKWAY EXTENSION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 350,000	\$ 350,000	\$ -	\$ 350,000
Investment earnings	406,786	406,243	613	406,856
Total revenues	756,786	756,243	613	756,856
Expenditures				
Bond issue costs	-	17,185	-	17,185
Professional services	3,344,734	3,247,944	17,238	3,265,182
Construction	14,223,028	7,383,031	6,841,942	14,224,973
Land acquisition	1,273,637	1,273,637	-	1,273,637
Total expenditures	18,841,399	11,921,797	6,859,180	18,780,977
Revenues under expenditures	(18,084,613)	(11,165,554)	(6,858,567)	(18,024,121)
Other financing sources(uses)				
Transfer from Transportation Capital Reserve Fund	215,184	-	215,184	215,184
Transfer from General Fund	2,223,871	-	2,223,871	2,223,871
Transfer to General Fund	-	-	(36,633)	(36,633)
Transfer to Healthy Food Hub	-	-	(23,859)	(23,859)
Bond proceeds	14,300,062	14,300,062	-	14,300,062
Premium on bonds issued	1,345,496	1,345,496	-	1,345,496
Total other financing sources(uses)	18,084,613	15,645,558	2,378,563	18,024,121
Net change in fund balance	\$ -	\$ 4,480,004	(4,480,004)	\$ -
Fund balance, beginning			4,480,004	
Fund balance, ending			\$ -	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 10

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

MORRISVILLE CARPENTER ROAD CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 6,300,000	\$ 419,153	\$ 1,755,004	\$ 2,174,157
Investment earnings	-	159,236	2,720	161,956
Total revenues	6,300,000	578,389	1,757,724	2,336,113
Expenditures				
Bond issue costs	-	990	-	990
Professional services	1,157,327	1,134,467	34,469	1,168,936
Land acquisition	1,248,173	1,203,952	-	1,203,952
Capital Outlay	9,147,500	294,786	1,788,561	2,083,347
Total expenditures	11,553,000	2,634,195	1,823,030	4,457,225
Revenues under expenditures	(5,253,000)	(2,055,806)	(65,306)	(2,121,112)
Other financing sources				
Bond proceeds	745,000	745,000	-	745,000
Premium on bonds issued	37,300	37,359	-	37,359
Installment debt proceeds	2,066,700	2,066,667	-	2,066,667
Transfers in				
General Fund	2,404,000	2,404,000	-	2,404,000
Total other financing sources	5,253,000	5,253,026	-	5,253,026
Net change in fund balance	\$ -	\$ 3,197,220	(65,306)	\$ 3,131,914
Fund balance, beginning			3,197,220	
Fund balance, ending			\$ 3,131,914	

	Capital Projects														
	Parkland Payment-In-Lieu Capital Project Fund	Northwest Park Capital Project Fund	Church Street Park Capital Project Fund	Morrisville Aquatics & Fitness Center Renovation Capital Project Fund	Town Center Capital Project Fund	Historic Christian Church Parking Lot Expansion Capital Project Fund	Shiloh Sewer Capital Project Fund	Sidewalk and Pedestrian Enhancement Capital Project Fund	Public Works Renovation Capital Project Fund	Healthy Food Hub Capital Project Fund	Crabtree Hatcher Creek Greenway Capital Project Fund	Parks & Greenway Improvements Capital Project Fund	NC54 Congestion Capital Project Fund	Public Safety Improvements Capital Project Fund	Total Nonmajor Governmental Funds
Assets															
Cash and cash equivalents	\$ -	\$ -	\$ 338,299	\$ -	\$ 7,700	\$ 42,902	\$ 1,134,848	\$ 544,358	\$ 1,227,213	\$ -	\$ 196,351	\$ 1,174,516	\$ 123	\$ 461,846	\$ 5,128,156
Due from other governments	-	-	3,186	28,849	2,546	2,899	-	3,039	-	-	-	4,219	-	-	44,738
Restricted cash	3,409,804	-	-	-	-	-	-	-	-	-	-	-	-	-	3,409,804
Total assets	\$ 3,409,804	\$ -	\$ 341,485	\$ 28,849	\$ 10,246	\$ 45,801	\$ 1,134,848	\$ 547,397	\$ 1,227,213	\$ -	\$ 196,351	\$ 1,178,735	\$ 123	\$ 461,846	\$ 8,582,698
Liabilities															
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 23,015	\$ -	\$ -	\$ -	\$ 86,451	\$ -	\$ -	\$ 188,011	\$ 16,477	\$ -	\$ 1,200	\$ 315,154
Total liabilities	-	-	-	23,015	-	-	-	86,451	-	-	188,011	16,477	-	1,200	315,154
Fund balances (deficits)															
Restricted															
Stabilization by State statute	-	-	12,742	28,850	2,546	40,717	-	311,524	224,470	-	43,505	323,901	-	247,030	1,235,285
Recreation improvements	3,409,804	-	-	-	-	-	-	-	-	-	-	-	-	-	3,409,804
Committed															
Capital projects	-	-	328,743	-	7,700	5,084	1,134,848	149,422	1,002,743	-	-	-	-	-	2,628,540
Unassigned	-	-	-	(23,016)	-	-	-	-	-	-	(35,165)	838,357	123	213,616	993,915
Total fund balances (deficits)	3,409,804	-	341,485	5,834	10,246	45,801	1,134,848	460,946	1,227,213	-	8,340	1,162,258	123	460,646	8,267,544
Total liabilities and fund balances (deficits)	\$ 3,409,804	\$ -	\$ 341,485	\$ 28,849	\$ 10,246	\$ 45,801	\$ 1,134,848	\$ 547,397	\$ 1,227,213	\$ -	\$ 196,351	\$ 1,178,735	\$ 123	\$ 461,846	\$ 8,582,698

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	Capital Projects														
	Parkland Payment-In-Lieu Capital Project Fund	Northwest Park Capital Project Fund	Church Street Park Capital Project Fund	Morrisville Aquatics & Fitness Center Renovation Capital Project Fund	Town Center Capital Project Fund	Historic Christian Church Parking Lot Expansion Capital Project Fund	Shiloh Sewer Capital Project Fund	Sidewalk and Pedestrian Enhancement Capital Project Fund	Public Works Renovation Capital Project Fund	Healthy Food Hub Capital Project Fund	Crabtree Hatcher Creek Greenway Capital Project Fund	Parks & Greenway Improvements Capital Project Fund	NC54 Congestion Capital Project Fund	Public Safety Improvements Capital Project Fund	Total Nonmajor Governmental Funds
Revenues															
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,390	\$ -	\$ -	\$ 73,688	\$ -	\$ -	\$ -	\$ 114,078
Investment earnings	2,608	1	249	139	464	244	768	336	895	-	159	909	123	1,292	8,187
Parkland payments in lieu	34,610	-	-	-	-	-	-	-	-	-	-	-	-	-	34,610
Total revenues	37,218	1	249	139	464	244	768	40,726	895	-	73,847	909	123	1,292	156,875
Expenditures															
Uncollectible Pledge	-	-	-	-	-	-	-	-	-	25,000	-	-	-	-	25,000
Capital projects	-	-	68,375	525,262	1,998,612	586,899	-	116,049	102,223	-	343,633	416,961	400,000	2,678,196	7,236,210
Total expenditures	-	-	68,375	525,262	1,998,612	586,899	-	116,049	102,223	25,000	343,633	416,961	400,000	2,678,196	7,261,210
Revenues over (under) expenditures	37,218	1	(68,126)	(525,123)	(1,998,148)	(586,655)	768	(75,323)	(101,328)	(25,000)	(269,786)	(416,052)	(399,877)	(2,676,904)	(7,104,335)
Other financing sources (uses)															
Transfers in															
Capital Reserve	-	-	-	-	651,862	-	-	-	-	-	-	-	-	-	651,862
Northwest Park Capital Project Fund	4,026	-	-	-	-	-	-	-	-	-	-	-	-	-	4,026
Parkland Payment-in-Lieu	-	-	-	363,874	-	-	-	-	-	-	-	-	-	-	363,874
McCrimmon Parkway Extension	-	-	-	-	-	-	-	-	-	23,859	-	-	-	-	23,859
Transfers out															
Parkland Payment-in-Lieu	-	(4,026)	-	-	-	-	-	-	-	-	-	-	-	-	(4,026)
Morrisville Aquatics and Fitness Center	(363,874)	-	-	-	-	-	-	-	-	-	-	-	-	-	(363,874)
Total other financing sources (uses)	(359,848)	(4,026)	-	363,874	651,862	-	-	-	-	23,859	-	-	-	-	675,721
Net change in fund balance	(322,630)	(4,025)	(68,126)	(161,249)	(1,346,286)	(586,655)	768	(75,323)	(101,328)	(1,141)	(269,786)	(416,052)	(399,877)	(2,676,904)	(6,428,614)
Fund balances, beginning	3,732,434	4,025	409,611	167,083	1,356,532	632,456	1,134,080	536,269	1,328,541	1,141	278,126	1,578,310	400,000	3,137,550	14,696,158
Fund balances, ending	\$ 3,409,804	\$ -	\$ 341,485	\$ 5,834	\$ 10,246	\$ 45,801	\$ 1,134,848	\$ 460,946	\$ 1,227,213	\$ -	\$ 8,340	\$ 1,162,258	\$ 123	\$ 460,646	\$ 8,267,544

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PARKLAND PAYMENT-IN-LIEU CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 256,430	\$ 2,608	\$ 259,038
Parkland payments in lieu	-	8,085,958	34,610	8,120,568
Total revenues	-	8,342,388	37,218	8,379,606
Other financing sources (uses)				
Transfers in (out)				
General Fund	-	1,272,517	-	1,272,517
Capital Reserve Fund	-	1,684,257	-	1,684,257
Northwest Park Capital Project Fund	-	(1,747,903)	-	(1,747,903)
Northwest Park Capital Project Fund	-	28,930	4,026	32,956
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)
Morrisville Aquatics and Fitness Center Renovations	-	-	(363,874)	(363,874)
Hatcher Creek Greenway Capital Project Fund	-	(538,196)	-	(538,196)
Parks and Greenways Capital Project Fund	-	(1,824,900)	-	(1,824,900)
Total other financing uses	-	(4,609,954)	(359,848)	(4,969,802)
Net change in fund balance	\$ -	\$ 3,732,434	(322,630)	\$ 3,409,804
Fund balance, beginning			<u>3,732,434</u>	
Fund balance, ending			<u>\$ 3,409,804</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 14

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

NORTHWEST PARK CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 2,632	\$ 2,631	\$ 1	\$ 2,632
Expenditures				
Professional services	191,550	191,550	-	191,550
Capital outlay	1,554,959	1,554,959	-	1,554,959
Total expenditures	1,746,509	1,746,509	-	1,746,509
Revenues under expenditures	(1,743,877)	(1,743,878)	1	(1,743,877)
Other financing sources (uses)				
Transfers in(out)				
Parkland Payment-In-Lieu Capital Project Fund	(4,026)	-	(4,026)	(4,026)
Parkland Payment-In-Lieu Capital Project Fund	1,747,903	1,747,903	-	1,747,903
Total other financing sources(uses)	1,743,877	1,747,903	(4,026)	1,743,877
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,025</u>	<u>(4,025)</u>	<u>\$ -</u>
Fund balance, beginning			<u>4,025</u>	
Fund balance, ending			<u>\$ -</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 15

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

CHURCH STREET PARK CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 1,796,703	\$ 1,796,703	\$ -	\$ 1,796,703
Investment earnings	8,503	32,100	249	32,349
Parkland payments in lieu	-	92,491	-	92,491
Total revenues	1,805,206	1,921,294	249	1,921,543
Expenditures				
Professional services	464,877	420,843	-	420,843
Construction	4,332,612	4,042,005	68,375	4,110,380
Land acquisition	1,781,022	1,781,022	-	1,781,022
Total expenditures	6,578,511	6,243,870	68,375	6,312,245
Revenues under expenditures	(4,773,305)	(4,322,576)	(68,126)	(4,390,702)
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	\$ -	\$ 409,611	(68,126)	\$ 341,485
Fund balance, beginning			409,611	
Fund balance, ending			\$ 341,485	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 16

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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 206,588	\$ 139	\$ 206,727
Expenditures				
Bond issue costs	-	22,780	-	22,780
Professional services	747,500	704,861	26,016	730,877
Capital outlay	7,021,743	6,627,029	408,667	7,035,696
Contingency	644,757	-	90,579	90,579
Total expenditures	8,414,000	7,354,670	525,262	7,879,932
Revenues under expenditures	(8,414,000)	(7,148,082)	(525,123)	(7,673,205)
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	-	363,874	363,874
Total other financing sources	8,414,000	7,315,165	363,874	7,679,039
Net change in fund balance	<u>\$ -</u>	<u>\$ 167,083</u>	(161,249)	<u>\$ 5,834</u>
Fund balance, beginning			167,083	
Fund balance, ending			<u>\$ 5,834</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 17

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

TOWN CENTER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 78,100	\$ 80,990	\$ 464	\$ 81,454
Expenditures				
Professional services	611,920	614,884	-	614,884
Capital Outlay	5,923,942	3,915,474	1,998,612	5,914,086
Total expenditures	6,535,862	4,530,358	1,998,612	6,528,970
Revenues under expenditures	(6,457,762)	(4,449,368)	(1,998,148)	(6,447,516)
Other financing sources				
Transfers in				
General Fund	4,300,000	4,300,000	-	4,300,000
Capital Reserve	1,401,862	750,000	651,862	1,401,862
Stormwater Fund	755,900	755,900	-	755,900
Total other financing sources	6,457,762	5,805,900	651,862	6,457,762
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,356,532</u>	(1,346,286)	<u>\$ 10,246</u>
Fund balance, beginning			<u>1,356,532</u>	
Fund balance, ending			<u>\$ 10,246</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 18

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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 12,800	\$ 17,302	\$ 244	\$ 17,546
Expenditures				
Professional services	96,624	68,196	26,928	95,124
Capital outlay	599,526	-	559,971	559,971
Total expenditures	696,150	68,196	586,899	655,095
Revenues under expenditures	(683,350)	(50,894)	(586,655)	(637,549)
Other financing sources				
Transfers in				
General Fund	455,000	455,000	-	455,000
Stormwater Fund	228,350	228,350	-	228,350
Total other financing sources	683,350	683,350	-	683,350
Net change in fund balance	<u>\$ -</u>	<u>\$ 632,456</u>	<u>\$ (586,655)</u>	<u>\$ 45,801</u>
Fund balance, beginning			<u>632,456</u>	
Fund balance, ending			<u>\$ 45,801</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 19

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

SHILOH SEWER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 262,821	\$ 768	\$ 263,589
Miscellaneous	7,135	7,135	-	7,135
Total revenues	204,301	269,956	768	270,724
Expenditures				
Professional services	138,847	49,203	-	49,203
Property acquisition	17,398	16,470	-	16,470
Construction	1,876,219	900,283	-	900,283
Total expenditures	2,032,464	965,956	-	965,956
Revenues over (under) expenditures	(1,828,163)	(696,000)	768	(695,232)
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	\$ -	\$ 1,134,080	768	\$ 1,134,848
Fund balance, beginning			1,134,080	
Fund balance, ending			\$ 1,134,848	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 20

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SIDEWALK AND PEDESTRIAN ENHANCEMENT CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 17,474	\$ 336	\$ 17,810
Grants	597,000	133,646	40,390	174,036
Total revenues	597,000	151,120	40,726	191,846
Expenditures				
Professional services	350,750	61,513	73,838	135,351
Construction	833,150	96,338	42,211	138,549
Total expenditures	1,183,900	157,851	116,049	273,900
Revenues over (under) expenditures	(586,900)	(6,731)	(75,323)	(82,054)
Other financing sources				
Transfers in				
General Fund	586,900	543,000	-	543,000
Net change in fund balance	\$ -	\$ 536,269	(75,323)	\$ 460,946
Fund balance, beginning			536,269	
Fund balance, ending			\$ 460,946	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 21

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PUBLIC WORKS RENOVATION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 28,541	\$ 895	\$ 29,436
Expenditures				
Professional Services	1,300,000	-	102,223	102,223
Revenues over (under) expenditures	(1,300,000)	28,541	(101,328)	(72,787)
Other financing sources				
Transfers in General Fund	1,300,000	1,300,000	-	1,300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,328,541</u>	<u>(101,328)</u>	<u>\$ 1,227,213</u>
Fund balance, beginning			<u>1,328,541</u>	
Fund balance, ending			<u>\$ 1,227,213</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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 3,400	\$ 3,284	\$ -	\$ 3,284
Grants	25,000	25,000	-	25,000
Total revenues	28,400	28,284	-	28,284
Expenditures				
Uncollectible Pledge	25,000	-	25,000	25,000
Construction	339,000	337,743	-	337,743
Total expenditures	364,000	337,743	25,000	362,743
Revenues over (under) expenditures	(335,600)	(309,459)	(25,000)	(334,459)
Other financing sources				
Transfers in				
McCrimmon Parkway Capital Project	25,000	-	23,859	23,859
General Fund	310,600	310,600	-	310,600
Total other financing sources	335,600	310,600	23,859	334,459
Net change in fund balance	\$ -	\$ 1,141	(1,141)	\$ -
Fund balance, beginning			1,141	
Fund balance, ending			\$ -	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 23

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 CRABTREE HATCHER CREEK GREENWAY CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 4,903,602	\$ 4,687,740	\$ 73,688	\$ 4,761,428
Investment earnings	-	28,132	159	28,291
Total revenues	4,903,602	4,715,872	73,847	4,789,719
Expenditures				
Professional services	867,323	847,654	8,249	855,903
Capital outlay	5,654,051	4,907,864	335,384	5,243,248
Land acquisition	69,802	69,802	-	69,802
Total expenditures	6,591,176	5,825,320	343,633	6,168,953
Revenues under expenditures	(1,687,574)	(1,109,448)	(269,786)	(1,379,234)
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>\$ 278,126</u>	(269,786)	<u>\$ 8,340</u>
Fund balance, beginning			<u>278,126</u>	
Fund balance, ending			<u>\$ 8,340</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 24

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PARKS AND GREENWAYS CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 909	\$ 909
Grants	45,000	-	-	-
Total revenues	45,000	-	909	909
Expenditures				
Professional services	1,200,000	201,229	187,548	388,777
Capital outlay	669,900	45,361	229,413	274,774
Total expenditures	1,869,900	246,590	416,961	663,551
Revenues over (under) expenditures	(1,824,900)	(246,590)	(416,052)	(662,642)
Other financing sources				
Transfers in				
Parkland Payment-in-Lieu Capital Project Fund	1,824,900	1,824,900	-	1,824,900
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,578,310</u>	(416,052)	<u>\$ 1,162,258</u>
Fund balance, beginning			<u>1,578,310</u>	
Fund balance, ending			<u>\$ 1,162,258</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 25

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

NC 54 CONGESTION MITIGATION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 123	\$ 123
Expenditures				
Professional services	1,000,000	600,000	400,000	1,000,000
Revenues over (under) expenditures	(1,000,000)	(600,000)	(399,877)	(999,877)
Other financing sources				
Transfers in				
Road and Transportation Capital Reserve Fund	1,000,000	1,000,000	-	1,000,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 400,000</u>	(399,877)	<u>\$ 123</u>
Fund balance, beginning			400,000	
Fund balance, ending			<u>\$ 123</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 26

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

PUBLIC SAFETY IMPROVEMENTS CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,292	\$ 1,292
Expenditures				
Professional services	300,000	12,450	258,894	271,344
Capital outlay	350,000	-	89,876	89,876
Land Acquisition	2,500,000	-	2,329,426	2,329,426
Total expenditures	3,150,000	12,450	2,678,196	2,690,646
Revenues over (under) expenditures	(3,150,000)	(12,450)	(2,676,904)	(2,689,354)
Other financing sources				
Transfers in				
CIP Capital Reserve Fund	2,800,000	2,800,000	-	2,800,000
Road and Transportation Capital Reserve Fund	350,000	350,000	-	350,000
Total other financing sources	3,150,000	3,150,000	-	3,150,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,137,550</u>	(2,676,904)	<u>\$ 460,646</u>
Fund balance, beginning			<u>3,137,550</u>	
Fund balance, ending			<u>\$ 460,646</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 27

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -

Page 1 of 2

BUDGET AND ACTUAL (NON-GAAP)

STORMWATER FUND

YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Permits and fees	\$ 45,000	\$ 397,696	\$ 352,696
Stormwater ERU charges	570,000	550,771	(19,229)
Investment earnings	18,000	794	(17,206)
Total revenues	633,000	949,261	316,261
Expenditures			
Stormwater operations			
Personnel costs	318,171	318,033	138
Professional services	314,621	196,560	118,061
Other operating	192,452	126,204	66,248
Capital outlay	54,000	-	54,000
Total expenditures	879,244	640,797	238,447
Revenues over (under) expenditures	(246,244)	308,464	554,708
Other financing sources (uses)			
Transfer out - Stormwater capital projects	(102,500)	(102,500)	-
Fund balance appropriated	348,744	-	(348,744)
Total other financing sources (uses)	246,244	(102,500)	(348,744)
Revenues and other sources (uses) over expenditures	\$ -	205,964	\$ 205,964

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, 2021

Schedule 27

Page 2 of 2

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

Add (deduct):	
Increase in compensated absences liability	(9,749)
Increase in deferred outflows of resources - pensions	14,313
Increase in deferred outflows of resources - OPEB	10,178
Increase in net pension liability	(32,894)
Increase in OPEB liability	(9,602)
Increase in deferred inflows of resources - pensions	303
Increase in deferred inflows of resources - OPEB	(13,830)
Depreciation expense	(20,429)
	<hr/>
Change in net position	144,254
	<hr/>
Net position, beginning of year	1,452,136
	<hr/>
Net position, end of year	\$ 1,596,390
	<hr/> <hr/>

TOWN OF MORRISVILLE, NORTH CAROLINA

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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 470	\$ 9	\$ 479
Grants	101,077	90,086	-	90,086
Total revenues	101,077	90,556	9	90,565
Expenditures				
Supplies	-	1,279	-	1,279
Professional services	56,000	33,823	-	33,823
Construction	69,000	66,496	-	66,496
Total expenditures	125,000	101,598	-	101,598
Revenues over (under) expenditures	(23,923)	(11,042)	9	(11,033)
Other financing sources				
Transfer in Stormwater Fund	23,923	23,923	-	23,923
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 12,881</u>	9	<u>\$ 12,890</u>
Change in net position			9	
Net position, beginning of year			<u>113,200</u>	
Net position, end of year			<u>\$ 113,209</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 29

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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 10,250	\$ 10,077	\$ 312	10,389
Expenditures				
Professional services	47,000	36,914	416	37,330
Land Acquisition	6,250	-	6,230	6,230
Construction	534,500	-	-	-
Total expenditures	587,750	36,914	6,646	43,560
Revenues over (under) expenditures	(577,500)	(26,837)	(6,334)	(33,171)
Other financing sources				
Transfer in Stormwater Fund	577,500	475,000	102,500	577,500
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 448,163</u>	96,166	<u>\$ 544,329</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Add - Capital outlay			6,646	
Change in net position			102,812	
Net position, beginning of year			485,077	
Net position, end of year			<u>\$ 587,889</u>	

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

Schedule 30

<u>Fiscal Year</u>	<u>Balance June 30, 2020</u>	<u>Current Levy</u>	<u>Collection Adjustments and Releases</u>	<u>Balance June 30, 2021</u>
2020 - 2021	\$ -	\$ 22,216,477 (1)	\$ 22,170,536 (2)	\$ 45,941
2019 - 2020	69,134	-	49,027	20,107
2018 - 2019	7,384	-	2,036	5,348
2017 - 2018	3,370	-	49	3,321
2016 - 2017	2,648	-	99	2,549
2015 - 2016	2,224	-	7	2,217
2014 - 2015	548	-	44	504
2013 - 2014	4,855	-	43	4,812
2012 - 2013	8,023	-	176	7,847
2011 - 2012	9,555	-	108	9,447
2010 - 2011	23,679	-	23,679	-
	<u>\$ 131,420</u>	<u>\$ 22,216,477</u>	<u>\$ 22,245,804</u>	102,093
Less allowance for uncollectible taxes				<u>(122,593)</u>
Ad valorem taxes receivable, net				<u>\$ (20,500) (3)</u>
Reconciliation to revenues:				
Ad valorem taxes, General Fund			\$ 22,254,984 (4)	
Reconciling items;				
Penalties and interest received			(36,973)	
Releases, rebates and adjustments			4,114	
Taxes written off			23,679	
Total collections, adjustments and releases			<u>\$ 22,245,804</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 \$26,990.

Note (4) - Does not include Municipal Service District taxes of \$118,008.

TOWN OF MORRISVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
YEAR ENDED JUNE 30, 2021

Schedule 31

	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	\$ 6,225,729,417	\$ 0.36	\$ 22,412,626	\$ 21,296,589	\$ 1,116,037
Penalties	-		39,135	39,135	-
Total	6,225,729,417		22,451,761	21,335,724	1,116,037
Discoveries					
Prior year's taxes	4,591,615		16,270	16,270	-
Less - Abatements	-		(251,554)	(251,554)	-
Total property valuation	<u>\$ 6,230,321,032</u>				
Net levy			22,216,477	21,100,440	1,116,037
Uncollected taxes at June 30, 2021			45,941	45,941	-
Current year's taxes collected			<u>\$ 22,170,536</u>	<u>\$ 21,054,499</u>	<u>\$ 1,116,037</u>
Current levy collection percentage			<u>99.79%</u>	<u>99.78%</u>	<u>100.00%</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 32

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

JUNE 30, 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>Principal and Interest</u>
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>\$ 22,875,000</u>	<u>\$ 29,201,988</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

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

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 74,067,797	\$ 88,628,766	\$ 93,088,451	\$ 99,549,312	\$ 103,511,580	\$ 114,455,319	\$ 128,402,016	\$ 139,308,614	\$ 144,793,657	\$ 141,253,092
Restricted	3,774,979	4,059,415	5,701,761	5,131,025	\$ 13,141,913	\$ 19,999,993	\$ 21,205,023	\$ 24,173,484	\$ 26,339,022	\$ 20,773,823
Unrestricted	12,228,459	12,780,461	14,499,006	17,799,963	\$ 14,329,050	\$ 12,290,712	\$ 13,689,017	\$ 11,644,171	\$ 9,417,099	\$ 9,508,947
Total governmental activities net position	<u>\$ 90,071,235</u>	<u>\$ 105,468,642</u>	<u>\$ 113,289,218</u>	<u>\$ 122,480,300</u>	<u>\$ 130,982,543</u>	<u>\$ 146,746,024</u>	<u>\$ 163,296,056</u>	<u>\$ 175,126,269</u>	<u>\$ 180,549,778</u>	<u>\$ 171,535,862</u>
Business-type activities										
Net investment in capital assets	2,899,810	2,040,473	650,551	805,551	\$ 1,468,020	\$ 650,915	\$ 643,220	\$ 668,769	\$ 648,338	\$ 634,555
Unrestricted	1,239,423	(15,849)	1,375,949	1,239,024	\$ 2,141,019	\$ 1,259,908	\$ 1,815,987	\$ 2,061,346	\$ 1,402,075	\$ 1,662,933
Total business-type activities net position	<u>4,139,233</u>	<u>2,024,624</u>	<u>2,026,500</u>	<u>2,044,575</u>	<u>\$ 3,609,039</u>	<u>\$ 1,910,823</u>	<u>\$ 2,459,207</u>	<u>\$ 2,730,115</u>	<u>\$ 2,050,413</u>	<u>\$ 2,297,488</u>
Primary government										
Net investment in capital assets	76,967,607	89,434,031	93,739,002	100,354,863	\$ 104,979,600	\$ 115,106,234	\$ 129,045,236	\$ 139,977,383	\$ 145,441,995	\$ 141,887,647
Restricted	3,774,979	4,059,415	5,701,761	5,131,025	\$ 13,141,913	\$ 19,999,993	\$ 21,205,023	\$ 24,173,484	\$ 26,339,022	\$ 20,773,823
Unrestricted	13,467,882	13,999,820	15,874,955	19,038,987	\$ 16,470,069	\$ 13,550,620	\$ 15,505,004	\$ 13,705,517	\$ 10,819,174	\$ 11,171,880
Total primary government net position	<u>\$ 94,210,468</u>	<u>\$ 107,493,266</u>	<u>\$ 115,315,718</u>	<u>\$ 124,524,875</u>	<u>\$ 134,591,582</u>	<u>\$ 148,656,847</u>	<u>\$ 165,755,263</u>	<u>\$ 177,856,384</u>	<u>\$ 182,600,191</u>	<u>\$ 173,833,350</u>

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

Table 2
Page 1 of 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 5,393,251	\$ 5,809,595	\$ 6,105,290	\$ 5,724,056	\$ 5,012,357	\$ 6,203,972	\$ 6,417,384	\$ 6,912,016	\$ 7,974,256	\$ 9,010,060
Public safety	7,659,788	7,808,292	8,324,497	9,274,703	8,510,593	9,189,668	9,583,725	10,567,399	11,803,079	12,760,247
Public works	3,550,843	3,433,293	3,768,812	4,805,597	5,186,053	6,133,623	5,469,939	5,100,632	5,389,681	24,748,340
Development services	2,068,150	2,264,328	2,552,421	2,900,259	1,874,840	2,259,598	2,380,560	3,011,772	3,021,941	3,252,330
Culture and recreation	2,024,179	1,990,604	2,086,939	2,315,218	1,797,070	2,002,012	2,156,751	2,018,990	2,120,532	2,789,059
Interest on long-term debt	416,960	451,847	419,214	379,060	367,433	433,651	534,806	765,140	1,006,023	833,379
Total governmental activities expenses	21,113,171	21,757,959	23,257,173	25,398,893	22,748,346	26,222,524	26,543,165	28,375,949	31,315,512	53,393,415
Business-type activities:										
Stormwater	-	-	-	-	475,490	488,053	382,035	526,434	494,551	702,507
Water and sewer	46,394	42,470	13,606	5,425	-	-	-	-	-	-
Total business-type activities expenses	46,394	42,470	13,606	5,425	475,490	488,053	382,035	526,434	494,551	702,507
Total primary government expenses	\$ 21,159,565	\$ 21,800,429	\$ 23,270,779	\$ 25,404,318	\$ 23,223,836	\$ 26,710,577	\$ 26,925,200	\$ 28,902,383	\$ 31,810,063	\$ 54,095,922
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 164,707	\$ 164,670	\$ 275,713	\$ 254,375	\$ 253,233	\$ 242,190	\$ 247,394	\$ 291,552	\$ 199,120	\$ 245,333
Public safety	52,029	50,202	64,120	71,221	91,033	83,602	105,182	134,371	93,470	45,055
Development services	848,905	1,480,815	1,813,936	2,028,806	1,677,208	1,757,021	1,751,994	1,791,348	2,321,098	2,204,662
Culture and recreation	877,125	867,187	835,626	912,401	855,610	901,261	831,737	547,450	225,601	225,624
Operating grants and contributions										
General government	100,000	-	-	-	105,804	-	-	-	-	-
Public safety	21,638	8,429	8,394	5,946	5,092	29,688	-	500	39,887	546,645
Public works	202,128	458,759	489,215	502,929	546,237	659,753	809,664	605,779	589,678	582,737
Development services	39,542	-	-	-	-	4,000	125,530	-	-	45,193
Culture and recreation	-	-	-	-	-	-	-	8,250	2,000	-
Capital grants and contributions										
Public safety	-	76,819	-	6,309	24,427	9,905	2,956	33,488	20,226	-
Public works	7,402,863	13,846,086	3,904,328	7,597,616	3,189,718	10,008,117	8,436,652	3,883,672	386,646	6,697,188
Culture and recreation	689,613	399,532	1,401,342	23,407	22,342	731,526	3,020,197	714,779	328,075	73,688
Total governmental activities program revenues	10,398,550	17,352,499	8,792,674	11,403,010	6,770,704	14,427,063	15,331,306	8,011,189	4,205,801	10,666,125

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

Table 2
Page 2 of 3

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Stormwater										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 834,314	\$ 718,165	\$ 794,371	\$ 694,201	\$ 772,877	\$ 948,467
Operating grants and contributions	-	-	-	-	54,985	10,449	14,308	10,344	-	-
Total business-type activities program revenues	-	-	-	-	889,299	728,614	808,679	704,545	772,877	948,467
Total primary government program revenues	<u>\$ 10,398,550</u>	<u>\$ 17,352,499</u>	<u>\$ 8,792,674</u>	<u>\$ 11,403,010</u>	<u>\$ 7,660,003</u>	<u>\$ 15,155,677</u>	<u>\$ 16,139,985</u>	<u>\$ 8,715,734</u>	<u>\$ 4,978,678</u>	<u>\$ 11,614,592</u>
Net (Expense) Revenue										
Governmental activities	\$ (10,714,621)	\$ (4,405,460)	\$ (14,464,499)	\$ (13,995,883)	\$ (15,977,642)	\$ (11,795,461)	\$ (11,211,859)	\$ (20,364,760)	\$ (27,098,266)	\$ (42,727,290)
Business-type activities	(46,394)	(42,470)	(13,606)	(5,425)	413,809	240,561	426,644	178,111	278,326	245,960
Total primary government net expense	<u>\$ (10,761,015)</u>	<u>\$ (4,447,930)</u>	<u>\$ (14,478,105)</u>	<u>\$ (14,001,308)</u>	<u>\$ (15,563,833)</u>	<u>\$ (11,554,900)</u>	<u>\$ (10,785,215)</u>	<u>\$ (20,186,649)</u>	<u>\$ (26,819,940)</u>	<u>\$ (42,481,330)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 12,323,383	\$ 12,949,904	\$ 14,577,176	\$ 14,745,618	\$ 16,380,456	\$ 17,600,497	\$ 17,973,513	\$ 18,937,524	\$ 19,702,688	\$ 22,327,775
Other taxes and licenses	1,455,079	1,509,323	1,753,968	1,724,212	273,725	285,897	289,261	527,459	569,225	612,630
Unrestricted intergovernmental revenues	5,068,135	5,346,806	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761
Unrestricted investment earnings	34,611	31,760	27,487	22,745	81,621	232,552	503,909	1,150,628	679,457	31,820
Miscellaneous	499,768	220,266	224,459	296,522	411,923	342,517	325,730	351,008	482,295	408,778
Gain (Loss) on disposition of capital assets	(96,103)	93,808	127,227	(41,118)	-	-	(137,467)	-	-	-
Parkland payment in lieu	-	-	-	551,487	640,609	412,778	1,051,737	2,058,619	701,903	34,610
Transfers	-	-	-	-	(126,200)	(112,983)	(126,000)	(57,800)	984,250	-
Special item: settlement	-	(349,000)	-	-	-	-	-	-	-	-
Total governmental activities	<u>19,284,873</u>	<u>19,802,867</u>	<u>22,285,075</u>	<u>23,862,466</u>	<u>25,626,954</u>	<u>27,058,110</u>	<u>28,541,609</u>	<u>32,194,973</u>	<u>32,521,775</u>	<u>33,713,374</u>
Business-type activities:										
Unrestricted investment earnings	41,526	28,102	15,482	21,615	4,275	4,917	15,831	34,997	26,222	1,115
Miscellaneous	-	-	-	1,885	-	-	-	-	-	-
Special item: loss on transfer of assets to the Town of Cary	-	(2,100,241)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	126,200	112,983	126,000	57,800	(984,250)	-
Total business-type activities	<u>41,526</u>	<u>(2,072,139)</u>	<u>15,482</u>	<u>23,500</u>	<u>130,475</u>	<u>117,900</u>	<u>141,831</u>	<u>92,797</u>	<u>(958,028)</u>	<u>1,115</u>

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

Table 2
Page 3 of 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total primary government	\$ 19,326,399	\$ 17,730,728	\$ 22,300,557	\$ 23,885,966	\$ 25,757,429	\$ 27,176,010	\$ 28,683,440	\$ 32,287,770	\$ 31,563,747	\$ 33,714,489
Change in net position										
Governmental activities	8,570,252	15,397,407	7,820,576	9,866,583	9,649,312	15,262,649	17,329,750	11,830,213	5,423,509	(9,013,916)
Business-type activities	(4,868)	(2,114,609)	1,876	18,075	544,284	358,461	568,475	270,908	(679,702)	247,075
Total primary government	\$ 8,565,384	\$ 13,282,798	\$ 7,822,452	\$ 9,884,658	\$ 10,193,596	\$ 15,621,110	\$ 17,898,225	\$ 12,101,121	\$ 4,743,807	\$ (8,766,841)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non Spendable:										
Prepays	\$ 170,762	\$ 4,458	\$ 1,383	\$ 13,326	\$ 40,263	\$ 8,886	\$ 13,990	\$ 9,742	\$ 19,216	\$ -
Restricted:										
Stabilization by State statute	1,294,281	1,443,902	3,820,617	3,690,527	5,544,570	5,763,023	7,250,961	9,297,398	7,593,866	5,498,323
Stormwater	-	78,630	127,750	542,679	-	-	-	-	-	-
Street improvements	71,476	41,336	-	978,545	1,563,938	1,599,108	2,191,782	2,796,975	4,199,303	4,529,378
Police operations and activities	-	-	-	-	24,918	22,678	5,335	28,401	12,719	17,693
Total Restricted	1,365,757	1,563,868	3,948,367	5,211,751	7,133,426	7,384,809	9,448,078	12,122,774	11,805,888	10,045,394
Committed:										
General governmental capital	1,217,294	1,190,373	496,830	747,441	602,704	1,902,254	1,807,952	6,639,957	1,595,166	1,629,315
Debt Service	-	-	-	-	-	-	-	-	-	353,621
LEOSSA pension liability	-	-	-	-	328,296	344,103	373,598	383,218	364,354	344,924
OPEB pension liability	-	-	-	-	-	-	2,804,999	3,128,971	3,476,841	3,819,953
Total Committed	1,217,294	1,190,373	496,830	747,441	931,000	2,246,357	4,986,549	10,152,146	5,436,361	6,147,813
Assigned:										
Fire operations and activities	-	-	-	-	-	-	2,487	2,487	2,487	2,487
Subsequent year's expenditures	274,758	526,368	1,155,254	1,106,219	2,305,000	2,823,000	5,395,000	945,000	1,367,200	2,574,550
Total Assigned	274,758	526,368	1,155,254	1,106,219	2,305,000	2,823,000	5,397,487	947,487	1,369,687	2,577,037
Unassigned	10,265,046	11,118,066	11,680,455	14,173,439	15,257,586	15,254,649	10,233,745	11,388,203	12,176,024	13,784,522
Total General Fund	13,293,617	14,403,133	17,282,289	21,252,176	25,667,275	27,717,701	30,079,849	34,620,352	30,807,176	32,554,766
All Other Governmental Funds										
Restricted:										
Stabilization by State statute	-	-	-	757,506	3,135,257	10,195,584	8,501,860	8,124,543	3,616,204	7,318,625
Recreation improvements	2,409,222	2,495,547	1,753,394	2,017,903	2,873,230	2,419,600	3,255,085	4,817,105	4,018,028	3,409,804
Street improvements	-	-	-	-	-	-	4,933,104	8,875,328	6,898,902	-
Total Restricted	2,409,222	2,495,547	1,753,394	2,775,409	6,008,487	12,615,184	16,690,049	21,816,976	14,533,134	10,728,429
Committed:										
Capital projects	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486	2,628,540
Fire station	-	-	-	-	-	-	-	-	-	-
Total Committed	-	-	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486	2,628,540
Assigned:										
Subsequent year's expenditures	720,157	366,493	3,380,941	2,430,001	-	-	-	-	-	-
Unassigned	-	-	-	(1,138,919)	(3,073,459)	(2,278,917)	(5,173,492)	(2,694,802)	3,589,762	(1,957,511)
Total All Other Governmental Funds	3,129,379	2,862,040	5,134,335	4,066,491	3,100,101	13,565,173	15,415,964	23,821,596	22,373,382	11,399,458
Total Governmental Fund Balances	\$ 16,422,996	\$ 17,265,173	\$ 22,416,624	\$ 25,318,667	\$ 28,767,376	\$ 41,282,874	\$ 45,495,813	\$ 58,441,948	\$ 53,180,558	\$ 43,954,224

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

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad valorem taxes	\$ 12,480,910	\$ 12,947,896	\$ 14,603,628	\$ 14,784,833	\$ 16,397,410	\$ 17,620,181	\$ 17,951,167	\$ 18,937,833	\$ 19,680,070	\$ 22,372,592
Other taxes and licenses	1,449,940	1,505,393	1,761,048	1,731,430	277,630	288,953	292,135	528,334	569,225	612,630
Unrestricted intergovernmental	5,068,135	5,346,806	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761
Restricted intergovernmental	661,987	1,002,662	1,710,823	823,293	573,671	1,420,967	3,829,861	1,598,686	1,357,731	3,043,657
Permits and fees	1,570,674	1,830,710	2,717,451	2,651,514	2,408,850	2,253,401	2,908,913	3,984,338	3,116,471	2,284,327
Sales and services	1,041,832	1,031,857	1,111,339	1,166,776	1,108,843	1,143,451	1,079,131	839,002	424,721	470,957
Investment earnings	32,587	29,736	24,133	22,745	81,621	232,462	503,909	1,150,628	679,457	31,820
Miscellaneous	560,725	404,864	351,686	302,603	542,152	346,207	487,099	455,032	538,490	437,130
TOTAL REVENUES	22,866,790	24,099,924	27,854,866	28,046,194	29,354,997	31,602,474	35,713,141	36,721,388	35,768,122	39,550,874
EXPENDITURES										
Current:										
General government	3,171,131	3,206,886	3,153,654	3,115,978	3,541,976	4,302,843	4,524,451	4,984,628	5,744,971	6,683,639
Public safety	7,119,811	7,196,338	7,582,421	8,484,213	8,159,452	8,166,536	8,633,485	9,161,197	10,043,861	10,657,922
Public works	3,395,494	3,272,849	3,614,871	4,869,772	5,206,847	5,925,474	5,381,532	4,961,776	5,158,313	5,754,330
Development services	2,031,951	2,216,347	2,534,564	2,978,817	1,989,194	2,230,718	2,329,719	2,815,781	2,779,276	2,997,823
Culture and recreation	1,680,598	1,665,116	1,771,664	1,889,020	1,618,153	1,728,506	1,889,507	1,609,312	1,600,483	2,097,864
Capital outlay	3,517,951	3,739,631	6,333,562	4,000,792	3,590,493	7,194,189	8,942,317	12,916,507	13,194,792	17,441,801
Debt service										
Principal	1,229,267	1,236,924	1,130,803	1,319,864	1,091,035	1,108,682	1,531,382	1,534,134	2,236,939	2,109,798
Interest and other charges	418,197	374,656	385,898	396,742	367,040	555,859	655,997	637,235	1,255,127	1,034,031
TOTAL EXPENDITURES	22,564,400	22,908,747	26,507,437	27,055,198	25,564,190	31,212,807	33,888,390	38,620,570	42,013,762	48,777,208
REVENUES OVER (UNDER) EXPENDITURES	302,390	1,191,177	1,347,429	990,996	3,790,807	389,667	1,824,751	(1,899,182)	(6,245,640)	(9,226,334)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	-	-	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	318,500	584,336	1,651,084	(587,429)	804,000	2,855,113	5,035,617	7,125,000	10,133,750	8,048,009
Transfers out	(318,500)	(584,336)	(1,651,084)	587,429	(930,200)	(2,968,096)	(5,161,617)	(7,182,800)	(9,149,500)	(8,048,009)
Claims/settlements	-	(349,000)	(225,000)	(7,008)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(349,000)	3,804,022	992,992	(126,200)	10,885,504	(126,000)	14,845,317	984,250	-
NET CHANGE IN FUND BALANCES	\$ 302,390	\$ 842,177	\$ 5,151,451	\$ 1,983,988	\$ 3,664,607	\$ 11,275,171	\$ 1,698,751	\$ 12,946,135	\$ (5,261,390)	\$ (9,226,334)
Debt Service as a percentage of non-capital expenditures	8.6%	8.4%	7.5%	7.4%	6.6%	6.5%	8.8%	8.4%	12.1%	10.0%

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	
2012	12,323,383	1,455,079	5,068,135	499,768	-	76,137	-	1,942,766	363,308	8,092,476	(96,103)	29,724,949
2013	12,949,904	1,509,323	5,346,806	220,266	-	59,862	-	2,562,874	467,188	14,322,437	(2,355,433)	35,083,227
2014	14,577,176	1,753,968	5,574,758	351,686	-	42,969	-	2,989,395	497,609	5,305,670	-	31,093,231
2015	14,745,618	1,724,212	6,563,000	257,289	551,487	44,360	-	3,266,803	508,875	7,627,332	-	35,288,976
2016	16,380,456	273,725	7,964,820	411,923	640,609	85,896	-	3,711,398	712,118	3,236,487	-	33,417,432
2017	17,600,497	285,897	8,296,852	342,517	412,778	237,469	-	3,702,239	703,890	10,749,548	-	42,331,687
2018	17,973,513	289,261	8,660,926	325,730	1,051,737	519,740	(137,467)	3,730,678	949,502	11,459,805	-	44,823,425
2019	18,937,524	527,459	9,227,535	351,008	2,058,619	1,185,625	-	3,458,922	624,873	4,631,939	-	41,003,504
2020	19,702,688	569,225	9,401,957	482,295	701,903	679,457	-	2,839,289	643,010	734,947	-	35,754,771
2021	22,328,175	612,630	10,297,761	408,778	34,610	31,420	-	2,720,674	1,174,575	6,770,876	-	44,379,499

TOWN OF MORRISVILLE, NORTH CAROLINA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

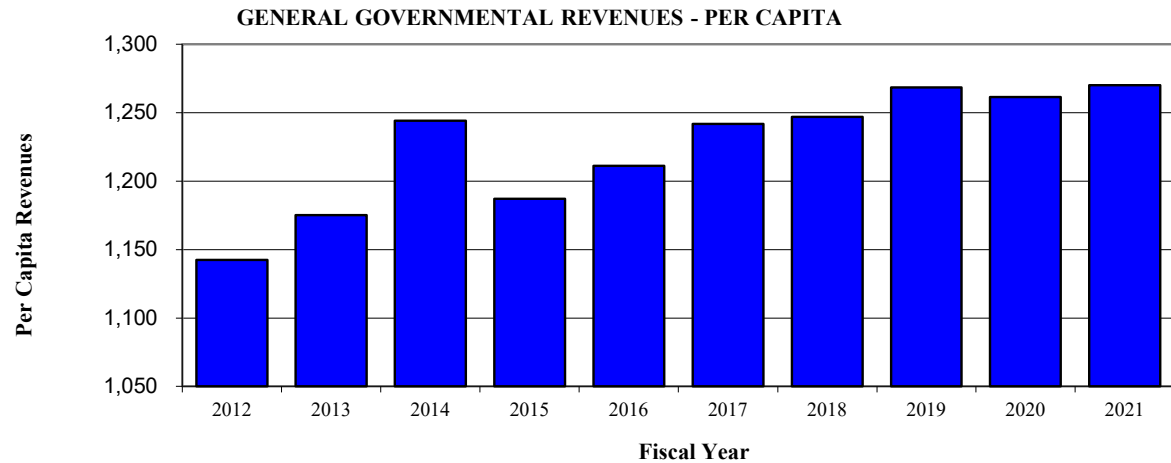
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Taxes	Intergovernmental	Licenses, Permits and Fees	Investment Earnings	Sales and Services	Miscellaneous	Fiscal Year Total	Per Capita Revenues (3)
2012	13,930,850	5,710,249	900,934	27,545	1,041,832	560,725	22,172,135	1,143
2013	14,453,155	6,249,629	1,531,017	25,349	1,031,857	404,864	23,695,871	1,175
2014	16,364,676	6,097,255	1,878,056	17,069	1,111,339	351,686	25,820,081	1,244
2015	16,516,263	7,101,077	2,100,027	17,869	1,166,776	302,603	27,204,615	1,187
2016	16,675,040	8,516,149	1,768,241	72,091	1,108,843	542,152	28,682,516	1,211
2017	17,909,134	8,986,293	1,840,623	144,604	1,143,451	346,207	30,370,312	1,242
2018	18,243,302	9,470,590	1,857,176	341,622	1,079,131	487,099	31,478,920	1,247
2019	19,466,167	9,794,759	1,925,719	553,709	839,002	455,032	33,034,388	1,269
2020	20,249,295	10,044,967	2,414,568	354,302	424,721	538,490	34,026,343	1,261
2021	22,985,622	11,472,336	2,249,717	19,900	470,957	437,130	37,635,662	1,270

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>	
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	.3665
2014	3,162,756,944	497,841,371	3,660,598,315	.39
2015	3,406,956,056	352,773,964	3,759,730,020	.39
2016 (2)	3,715,276,039	265,544,793	3,980,820,832	.41
2017	4,249,456,268	283,261,101	4,532,717,369	.39
2018	4,308,504,486	279,156,312	4,587,660,798	.39
2019	4,554,674,390	290,006,438	4,844,680,828	.39
2020 (2)	4,703,676,411	330,932,265	5,034,608,676	.39
2021	5,872,245,609	358,075,423	6,230,321,032	.36

Notes:

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

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

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

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

Table 8

<u>Fiscal Year</u>	<u>Town of Morrisville</u>	<u>Wake County</u>	<u>Combined Tax Rate per \$100 of Assessed Value</u>
2012	.3665	0.534	0.9005
2013	.3665	0.534	0.9005
2014	.39	0.534	0.924
2015	.39	0.578	0.968
2016	.41	0.6145	1.0245
2017	.39	0.6005	0.9905
2018	.39	0.615	1.005
2019	.39	0.6544	1.0444
2020	.39	0.7207	1.1107
2021	.36	0.60	0.96

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

Table 9

Taxpayer	2021			2012		
	2020 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2011 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Raleigh 1 LP	\$ 268,294,537	1	4.3%			
WMCI Raleigh LLC	148,568,477	2	2.4%	49,016,457	4	1.4%
Park West Village LLC	125,184,280	3	2.0%			
Perimeter Center 7 Pack LLC	98,697,801	4	1.6%			
Southport Business Park LP	96,346,631	5	1.5%	90,223,825	3	2.7%
SVT Lenovo BTS LP	84,992,913	6	1.4%			
CEGM Morrisville LLC	70,776,272	7	1.1%			
PRIII RTP8 (Oaks at Weston) Owner LLC	62,700,047	8	1.0%			
TGA King Eastridge Owner LLC	60,482,256	9	1.0%			
Align Technology Inc	58,878,951	10	0.9%			
Weeks Realty LP				\$ 161,642,353	1	4.8%
Duke Weeks Realty Limited Partnership				125,498,125	2	3.7%
Raleigh Flex Owner I LLC				43,998,863	5	1.3%
G&I VI Oaks at Weston LP				42,076,235	6	1.2%
Lenovo (United States) Inc.				39,384,004	7	1.2%
Tekelec Inc.				36,094,036	8	1.1%
DH Research Triangle LLC				34,631,113	9	1.0%
BES Preston Fund VII LLC				33,119,650	10	1.0%
	<u>\$ 1,074,922,165</u>		<u>17.2%</u>	<u>\$ 655,684,661</u>		<u>19.4%</u>

Source: Wake County Revenue Department and 2012 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
2012	12,462,076	-	12,462,076	12,378,660	99.3%	73,969	12,452,629	99.9%
2013	12,948,450	-	12,948,450	12,859,051	99.3%	75,552	12,934,603	99.9%
2014	14,424,648	-	14,424,648	14,385,604	99.7%	34,232	14,419,836	100.0%
2015	14,672,918	-	14,672,918	14,657,124	99.9%	15,290	14,672,414	100.0%
2016	16,269,228	-	16,269,228	16,258,202	99.9%	8,809	16,267,011	100.0%
2017	17,500,964	-	17,500,964	17,487,652	99.9%	10,763	17,498,415	100.0%
2018	17,851,012	-	17,851,012	17,840,350	99.9%	7,341	17,847,691	100.0%
2019	18,817,208	-	18,817,208	18,803,670	99.9%	8,190	18,811,860	100.0%
2020	19,620,857	-	19,620,857	19,552,108	99.6%	48,642	19,600,750	99.9%
2021	22,216,477	-	22,216,477	22,170,536	99.8%	-	22,170,536	99.8%

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			
2012	7,550,000	-	3,175,584	775,000	-	11,500,584	-	593
2013	6,960,000	-	2,528,661	410,000	-	9,898,661	1.3	491
2014	10,423,832	-	1,987,856	155,000	-	12,566,688	1.6	606
2015	9,670,357	-	2,417,992	-	-	12,088,349	1.3	528
2016	8,981,882	-	2,011,957	-	-	10,993,839	1.2	464
2017	19,330,301	-	1,603,275	-	-	20,933,576	2.1	856
2018	18,084,669	-	1,191,893	-	-	19,276,562	1.8	764
2019	28,598,640	-	3,877,759	-	-	32,476,399	2.9	1,247
2020	26,742,739	-	3,305,820	-	-	30,048,559	2.6	1,114
2021	24,881,837	-	2,866,021	-	-	27,747,858	2.1	936

Note:

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

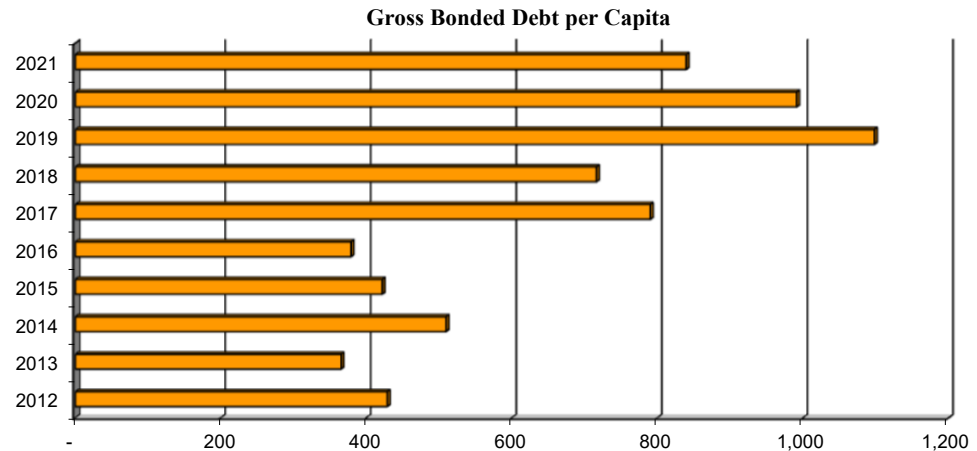
TOWN OF MORRISVILLE, NORTH CAROLINA
RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE AND
GROSS/NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Table 12

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Gross Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>	<u>Gross Bonded Debt per Capita</u>
2012	19,406	3,390,164,543	8,325,000	775,000	7,550,000	0.22	389	429
2013	20,164	3,521,406,350	7,370,000	410,000	6,960,000	0.21	345	366
2014	20,753	3,660,598,315	10,578,832	155,000	10,423,832	0.29	502	510
2015	22,914	3,759,730,020	9,670,357	-	9,670,357	0.26	422	422
2016	23,682	3,980,820,832	8,981,882	-	8,981,882	0.23	379	379
2017	24,456	4,532,717,369	19,330,301	-	19,330,301	0.43	790	790
2018	25,242	4,587,660,798	18,084,669	-	18,084,669	0.39	716	716
2019	26,041	4,844,680,828	28,598,640	-	28,598,640	0.59	1,098	1,098
2020	26,973	5,034,608,676	26,742,739	-	26,742,739	0.53	991	991
2021	29,630 (2)	6,230,321,032	24,881,837	-	24,881,837	0.40	840	840

Notes:

- (1) North Carolina Office of State Planning - Certified Population Estimate.
- (2) US Census Bureau - as of April 1, 2020.



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
2012	3,390,164,543	271,213,163	(11,500,584)	259,712,579
2013	3,521,406,350	281,712,508	(9,898,661)	271,813,847
2014	3,660,598,315	292,847,865	(12,512,856)	280,335,009
2015	3,759,730,020	300,778,402	(12,037,992)	288,740,410
2016	3,980,820,832	318,465,667	(10,946,957)	307,518,710
2017	4,532,717,369	362,617,390	(19,308,275)	343,309,115
2018	4,587,660,798	367,012,864	(17,776,893)	349,235,971
2019	4,844,680,828	387,574,466	(30,087,759)	357,486,707
2020	5,034,608,676	402,768,694	(27,850,820)	374,917,874
2021	6,230,321,032	498,425,683	(25,741,821)	472,683,862

Notes:

(1) Net Bonded Debt Calculation for FY 2021

Total debt applicable to limitation:

Bonded debt:

Outstanding:

Public improvement bonds

\$ 22,875,000

Installment obligations

2,866,021

Total amount of debt applicable to debt limit

\$ 25,741,821

TOWN OF MORRISVILLE, NORTH CAROLINA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -

GENERAL OBLIGATION BONDS

JUNE 30, 2021

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 (1)	\$ 24,881,837	\$ 2,866,021	100%	\$ 27,747,858
Overlapping: (2)				
Wake County	2,406,029,253 (3)	3,002,115	3.29%	<u>79,166,489</u>
Total direct and overlapping debt				<u>\$ 106,914,347</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

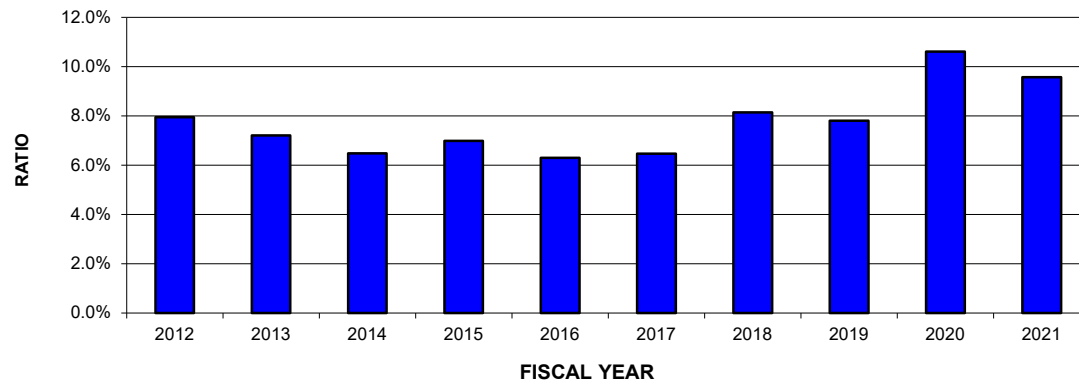
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2012	1,229,267	418,197	1,647,464	20,732,159	7.9%
2013	1,236,924	374,656	1,611,580	22,345,251	7.2%
2014	1,130,803	385,898	1,516,701	23,417,539	6.5%
2015	1,319,864	396,742	1,716,606	24,564,304	7.0%
2016	1,091,035	367,040	1,458,075	23,121,319	6.3%
2017	1,108,682	555,859	1,664,541	25,741,841	6.5%
2018	1,531,382	655,997	2,187,379	26,854,577	8.1%
2019	1,534,134	596,280	2,130,414	27,306,085	7.8%
2020	2,236,939	1,255,127	3,492,066	32,928,919	10.6%
2021	2,109,798	1,034,031	3,143,829	32,833,788	9.6%

Note:

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

(2) Includes General Fund.

RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES



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

Table 16

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Per Capita Personal Income</u>	<u>(5) Median Age</u>	<u>(4) Wake County School Enrollment</u>	<u>(2) Unemployment Rate Percentage</u>
2012	19,406	(3)	32.5	(6) 146,687	8.0
2013	20,164	38,504	(6) 33.5	(6) 149,508	7.5
2014	20,753	38,856	(6) 33.4	(6) 153,300	6.4
2015	22,914	39,734	(7) 33.3	(6) 155,184	5.8
2016	23,682	39,229	(7) 32.9	(6) 157,180	4.3
2017	24,456	40,693	(7) 33.1	(6) 159,549	3.7
2018	25,242	41,523	(7) 33.5	(6) 160,429	3.7
2019	26,041	43,054	(7) 33.5	(6) 160,471	3.6
2020	26,973	43,058	(7) 33.4	(6) 161,907	7.0
2021	29,630 (8)	45,453	(8) 33.8	(8) 157,673	4.2

Notes and Data Sources:

- (1) North Carolina Office of State Budget and Management - Certified Population Estimate. 2021 information is not available. Reported US Census Bureau as of April 1, 2020.
- (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. Reporting may not be accurate due to issues related to the pandemic.
- (5) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area.
Separate figures for the Town were not available.
- (6) American FactFinder, U.S. Census Bureau estimates, 2012-2020 American Community Survey for Morrisville, NC.
- (7) US Census QuickFacts (2016-2020).
- (8) US Census Bureau.

TOWN OF MORRISVILLE, NORTH CAROLINA

PRINCIPAL EMPLOYERS

FY2020 AND NINE YEARS AGO (Due to pandemic-FY2021 information was not available)

Table 17

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

Notes and Data Sources:

- (1) Wake County Economic Development - **due to the pandemic 2021 employment is not available. Information shown above is for 2020.**
- (2) U.S. Bureau of Labor Statistics, Raleigh-Cary, NC.
- (3) Town of Morrisville FY2012 CAFR.

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

Table 18

<u>Fiscal Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Total</u>	
	<u>Number of New Permits</u>	<u>Property Value</u>	<u>Number of New Permits</u>	<u>Property Value</u>	<u>Number of New Permits</u>	<u>Property Value</u>
2012	22	\$ 28,140,638 (1)	248	\$ 38,362,353	270	\$ 66,502,991
2013	24	21,175,709 (1)	258	36,753,611	282	57,929,320
2014	8	18,286,282 (1)	263	40,857,029	271	59,143,311
2015	26	34,550,075 (1)	327	43,134,691	353	77,684,766
2016	11	29,267,441 (1)	236	27,998,196	247	57,265,637
2017	31	125,935,241 (1)	171	27,006,285	202	152,941,526
2018	17	63,009,729 (1)	113	14,694,519	130	77,704,248
2019	21	57,285,552 (1)	161	21,546,813	182	78,832,365
2020	37	125,974,413 (1)	59	8,951,175	96	134,925,588
2021	10	30,997,561 (1)	169	29,784,554	179	60,782,115

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Development Services</u>	<u>Culture and Recreation</u>	<u>(2) Capital Outlay</u>	<u>Debt Service</u>	<u>Fiscal Year Total</u>	<u>Per Capita Expenditures</u>
2012	3,171,131	7,119,811	3,395,494	2,031,951	1,680,598	1,685,710	1,647,464	20,732,159	1,109
2013	3,206,886	7,196,338	3,272,849	2,216,347	1,665,116	3,176,135	1,611,580	22,345,251	1,151
2014	3,153,654	7,582,421	3,614,871	2,534,564	1,771,664	3,243,664	1,516,701	23,417,539	1,161
2015	3,115,978	8,484,213	4,869,772	2,978,817	1,889,020	1,509,898	1,716,606	24,564,304	1,072
2016	3,541,976	8,159,452	5,206,847	1,989,194	1,618,153	1,147,622	1,458,075	23,121,319	976
2017	4,302,843	8,166,536	5,925,474	2,230,718	1,728,506	1,723,223	1,664,541	25,741,841	1,053
2018	4,524,451	8,633,485	5,381,532	2,329,719	1,889,507	1,908,504	2,187,379	26,854,577	1,064
2019	4,984,628	9,161,197	4,961,776	2,815,781	1,609,312	1,642,977	2,130,414	27,306,085	1,049
2020	5,744,971	10,043,861	5,158,313	2,779,276	1,600,483	4,109,949	3,492,066	32,928,919	1,221
2021	6,658,639	10,657,922	5,754,330	2,997,823	2,097,864	1,523,381	3,143,829	32,833,788	1,108

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)

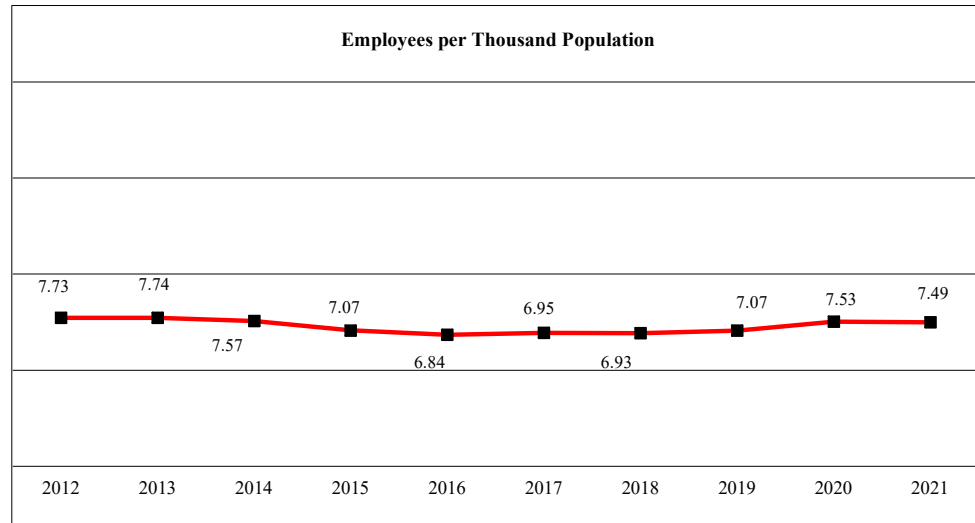
Table 20

Fiscal Year	(3) Administration	Planning, Engineering and Stormwater	Police	Inspections	Public Works	Parks and Recreation	Fire	Finance	Fiscal Year Total
2012	14	13	35	6	20	13	43	6	150
2013	14	15	35	6	20	13	46	7	156
2014	15	15	36	6	20	13	46	6	157
2015	15	16	36	6	21	13	49	6	162
2016	16	17	36	5	21	13	49	5	162
2017	15	20	41	6	21	13	49	5	170
2018	15	19	42	8	21	13	52	5	175
2019	17	21	45	8	21	13	54	5	184
2020	18	23	45	10	22	15	58	5	196
2021	21	23	46	10	23	16	58	5	202

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

Notes:

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



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

Table 21

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Privilege licenses issued	1,804	1,744	794	950	-	-	-	-	-	-
New building permits issued	270	282	271	354	247	202	130	182	96	179
Police										
Police calls for service	8,985	8,044	9,949	9,905	11,611	18,198	11,970	27,453	33,725	41,578
Physical arrests	174	133	212	262	308	247	148	322	236	133
Traffic accidents reported	487	494	432	500	745	708	446	823	940	514
Traffic violations	3,027	3,576	2,089	2,629	2,334	1,963	852	1,193	1,253	1,257
Warrants served	521	175	72	87	61	184	133	27	29	47
Fire										
Child safety seat inspections	624	625	672	662	611	577	575	661	518	170
Emergency responses	1,638	1,864	1,944	2,020	2,316	2,225	2,377	2,432	3,026	2,545
Fires extinguished	57	71	40	57	43	46	37	52	59	67
Property losses due to fire (dollars)	\$101,451	\$1,784,225	\$301,996	\$290,400	\$212,126	\$403,226	\$67,525	\$149,655	\$86,550	\$502,039
Fire code violations corrected	1,695	1,165	1,412	1,344	1,716	2,049	1,249	1,277	704	478
Streets										
Miles of road maintained	39	45	46	48	49	52	52	54	54	54
Environmental Protection										
Number of households served	4,690	4,953	5,170	5,440	5,856	6,011	6,150	6,263	6,325	6,400
Municipal solid waste collected (tons)	2,802	3,103	2,902	3,110	4,330	3,735	3,716	3,731	4,080	4,361
Recycling collected (tons)	886	943	1,050	998	1,249	1,276	1,273	1,347	1,432	1,543
Yard waste collected (tons)	213	212	202	240	222	231	181	264	302	309
Recreation and Parks										
Youth program participants	1,606	1,894	1,841	1,595	1,957	1,886	1,739	1,419	1,314	1,088
Athletic program participants (youth and adult)	2,589	2,426	2,363	2,446	2,139	2,228	2,242	1,996	818	251
Recreation program participants (youth and adult)	1,532	1,285	1,270	975	983	1,876	1,731	2,725	1,247	1,299
Senior program participants	172	427	414	405	435	570	295	467	291	287
Park and community center facility reservations	2,582	2,671	3,004	5,411	6,272	6,598	7,028	4,085	2,816	291

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

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

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

Table 22

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	25	31	24	24	31	20	28	27	26
Detective units	4	4	9	4	4	4	4	4	4	4
K-9 units	1	1	1	1	1	1	2	2	2	2
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks/command vehicles	8 / 2	8 / 5	8 / 5	8 / 5	8 / 5	8 / 3	8 / 4	8 / 4	10 / 8	9 / 14
Streets										
Streets (miles)	38.62	44.94	46.47	48.28	49.17	51.98	51.98	54.00	54.00	54.00
Recreation and Parks										
Number of developed parks	5	5	5	6	6	7	10	7	7	10
Developed Park Acreage	96	96	96	108	108	113	127.38	113.00	113.00	127.38
Baseball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	3	3	3	6	6	6	6	3	3	5
Racquetball courts	2	2	2	2	2	2	2	0	0	2
Community centers	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	0	1
Greenway miles	9.02	9.02	11.08	11.98	11.98	12.14	14.40	16.35	16.90	17.15

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

Note: The Morrisville Aquatics and Fitness Center was closed for renovations for FY20. The indoor racquet ball courts were not available due to the renovation in FY2019 and FY2020.

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, 2021, 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 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
October 21, 2021

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance In Accordance with the OMB Uniform Guidance

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

Report on Compliance for the 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 the Town's major federal program for the year ended June 30, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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"). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination on the Town's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of 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 the 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 21, 2021

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

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	\$ 167,693	\$ -
Highway Planning and Construction	20.205	WBS 47167.3.1	1,755,004	-
Highway Planning and Construction	20.205	WBS 44666.1.1	<u>40,390</u>	-
Total			<u>1,963,087</u>	-
<u>U.S. Department of Homeland Security</u>				
Passed Through North Carolina Department of Public Safety				
FEMA/COVID	97.036		24,422	-
FEMA/Hurricane Dorian	97.036		<u>10,568</u>	-
Total			<u>34,990</u>	-
<u>U.S. Department of Treasury</u>				
Passed Through Wake County, North Carolina				
Coronavirous Relief Funds	21.019		511,655	-
Total Assistance - Federal Programs			<u>2,509,732</u>	-
State Grants				
<u>North Carolina Department of Transportation</u>				
Powell Bill	n/a	1000006748	-	448,543
Total Assistance - State Programs			<u>-</u>	<u>448,543</u>
Total Assistance			<u>\$ 2,509,732</u>	<u>\$ 448,543</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, 2021. 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.

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

YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over Financial Reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
_____ yes X none reported
_____ yes X no

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
_____ yes X none reported
_____ yes X no

Noncompliance material to federal awards?

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

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

YEAR ENDED JUNE 30, 2021

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

Identification of major federal program:

CFDA Number

20.205

Names of Federal Program or Cluster

U.S. Department of Transportation
Highway Planning & Construction

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

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X 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, 2021

None.