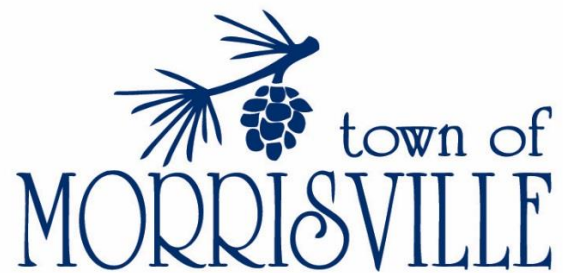




Request for Proposal – RFP # 16-045

FY2016 Major Facilities Capital Projects Funding

June 15, 2016 – 3:00 p.m.



Church Street Park Cricket Field Lights Proposal





Section 1.0 – Executive Summary

The Town of Morrisville requests \$258,000 to purchase and install LED lights for the multi-purpose/cricket field at Church Street Park (5800 Cricket Pitch Way, Morrisville) that will allow expanded use of the field and provide the ability to attract regional and national cricket tournaments to Wake County.

The game of cricket is widely considered to be the third most popular sport in the world. This led Morrisville to open the Church Street Park in 2015 with a regulation cricket field as the primary feature. Morrisville stands on the forefront of non-traditional sports in providing for the first and currently the only regulation cricket field in Wake County. The Town has recognized the increasing popularity of the sport due to the growth in the Asian/Indian population both in Morrisville and Wake County. Demands for non-traditional community amenities continues to outpace available resources. Commitment of funds to this project would enable Wake County to become a premiere destination for growth and expansion of this sport as well as showcase Wake County's pursuit of non-traditional sports and celebration of its diverse population.

Total estimated cost for a turnkey installation and operation of LED lights for the field is \$737,000, of which the Town of Morrisville is committed to funding \$479,000. The project team, comprised of Jerry Allen, Parks, Recreation and Cultural Resources Director, Blake Mills, Public Works Director, and Martha Paige, Town Manager will be responsible for all aspects of working with the lighting contractor, including site design and preparation, contract negotiation and management, and testing and deploying the system once installed.

The primary contact for this proposal is Martha Paige, Morrisville Town Manager.

Contact Information:

mpaige@townofmorrisville.org

Work: (919) 463-6150

Fax: (919) 481-2907



Section 2.0 – Scope of Project

The Town of Morrisville opened Church Street Park (formerly RTP Park) in May 2015. The approximate 25-acre park located in the northern section of Town includes open space, three tennis courts, two picnic shelters, a playground with a tot lot, and restrooms. The park also connects to the Shiloh Greenway, providing 1.7 miles of asphalt paved walkway that starts at McCrimmon Parkway northbound ending at NC 540. The signature component of the park is the multi-purpose playing field, a unique circular field designed to accommodate regulation cricket matches, an identified need within Morrisville and the surrounding regional community. A walking trail surrounds the field. A site design and photographs of the park, exhibiting in particular the multi-purpose field, are included as Attachments 1 and 2 respectively, to this proposal.

The total cost of the park project to date has been \$5.6 million, including property acquisition, design and construction. The citizens of Morrisville approved \$4 million in parks and recreation bonds in 2004 to expand the parks system, particularly in the northern section of Morrisville. The Town contributed \$600,000 of its own resources, and over \$1 million of outside grants, including financial assistance from the North Carolina Parks and Recreation Trust Fund and the Wake County Open Space Fund that supported the success of the project.

Since its opening, the Town has put extensive time and effort into allowing the playing surface on the multi-purpose field to mature, and is currently working toward installing irrigation for the field. A component eliminated from the park project budget due to cost considerations was the installation of lights on the field. The lighting betterment would expand and allow additional use of the field later into the evening, particularly for cricket matches, enhancing the ability to recruit regional and national cricket tournaments to Wake County. Currently there are no other regulation cricket fields in Wake County, and the increasing popularity of the sport due to the increase in the Asian/Indian population both in Morrisville and Wake County has resulted in significant interest in use of the park for more than recreational games. Commitment of funds to this project would enable Wake County to become a premiere destination for growth and expansion of this sport as well as showcase Wake County's pursuit of non-traditional sports and celebration of its diverse population.

This proposed project is consistent with Chapter 458, Section 5 of the 1995 N.C. Session Laws allowing use of occupancy tax revenues for the construction of sports, cultural and arts facilities and related to purposes for which any local government is authorized by the act to expend tax proceeds.

Analysis of Demand/Unmet Need

As mentioned above, there are no regulation-size cricket fields within hundreds of miles. The Triangle Cricket League, based in the Triangle Region and serving players in Morrisville, Raleigh, Durham, Cary, Chapel Hill and beyond, currently plays at a number of modified fields, several of which are in Morrisville. The field at Church Street Park was specifically designed to accommodate cricket, and is circular/elliptical in shape. As a result, the field is in regular demand for league play.



Cricket matches can range from several hours to several days. The addition of lights to the field will extend the ability to add/continue matches from 3 – 5 additional hours during the regular season of March – October. The expanded playing time will allow the Triangle Cricket League to host and sponsor tournaments and other weekend cricket activities such as combines, try-outs and camps, especially for youth. Preliminary projections provided by the Triangle Cricket League indicate the opportunity to host the following events:

- 2 Men's Regional Tournaments
- 2 National Invitational Tournaments
- 3 National/Regional Youth Tournaments
- 4 National Youth Combines/Try-Outs/Camps

These inaugural events are projected to bring an additional 3,000 visitors annually and almost 6,000 room nights to local area hotels.

In November 2015, the Town sponsored a visit by the International Cricket Council to preview the new park and sow the seeds for future international competition. Response to the field was positive and illustrates the potential for further growth in activity in the future. The Raleigh News and Observer coverage of the Town Hall meeting was including in the November 27, 2015 article news article provided as Attachment 3.

County Capital Investment

The development of Church Street Park was funded primarily through the issuance of voter approved bonds in 2004, with additional contributions from grants and the Town's general fund. The debt service for the park is currently programmed in our operating budget.

The Town is also developing other parks and greenway opportunities that have been identified by our Parks and Greenways master plan. Currently, Northwest Park is nearing completion, and the Crabtree Hatcher Creek Greenway is scheduled for bid during FY 2017. Other parks, recreation and cultural resources projects are included in the Capital Investment Plan, including additional parking, irrigation and lighting improvements at Cedar Fork District Park, where the fields are also used to support existing cricket league play.

Historically, the Town has considered and funded projects individually as resources to pay for the project or related debt service are available through the operating budget. Most of the funding for parks and recreation projects has come from parkland payment-in-lieu funds as it is available, rather than through a dedicated funding source. Town Council is actively working on its first comprehensive Capital Improvement Plan to proactively plan for and forecast desired and needed improvements to all Town infrastructure, but needs will continue to outweigh available capacity. Existing and projected parkland-payment-in-lieu funds are not sufficient to meet the full cost of the lights and improvements planned for or underway.

The Town always strives to collaborate with partners to provide for community needs and expectations by developing a strong working relationship with Wake County for support of parks and recreation programs and opportunities. This strong relationship is demonstrated by the partnership for lease and use of Cedar Fork District Park, and support of Open Space goals



espoused by Wake County. The ability to maximize the value of a town/county asset that will directly correlate to increased exposure to the region and increase to both hotel and food and beverage revenues provides a clear link to the intended use of the interlocal funds.

Project Plan Effectiveness Statement

There are no comparable facilities in the area. The addition of lights to a regulation cricket field will enhance the appeal and attractiveness to regional and national growth of activity in Wake County that is not possible today.

The timing of the project is important to achieve project success due to the seasonality of the sport and weather. The Town plans to install irrigation at the field this spring, and installation of lights in close proximity to that work is important to avoid disruption of the maturity of the field and avoid redundant construction efforts. Architectural design and engineering studies would begin immediately upon award in September 2016. Equipment purchase and installation will need to be completed by April 2017 to allow for turf repair, allowing for tournaments to begin in July 2017. Lead time is also necessary to allow the Town to work with the Triangle Cricket League and local hotels and businesses to schedule tournaments and coordinate logistics to support the influx of visitors and to communicate and promote related activities.

Collaboration with Other Organizations

The Town of Morrisville has a long-standing relationship with the Triangle Cricket League (TCL). TCL has used facilities in Morrisville since their inception in 1997 when they were known as the Mid-Atlantic Cricket Conference. Since 2009, the TCL has used the Wake County area as its home base and has played a full season of league games since 2010. TCL leases fields at Cedar Fork District Park, Crabtree Creek Nature Park, and Shiloh Park (using both the baseball field and open space) to host league play. They also currently rent Church Street Park on three of four weekends for weekend play.

TCL is a member of the USA Cricket Association, the governing body for cricket in the nation, and brings to this collaborative effort an opportunity to provide enhanced exposure throughout the cricket community to a premiere venue to host other future events.

The Town has also forged the start of a working relationship and collaboration with the International Cricket Council that is expected to bring future opportunities to Morrisville and Wake County as we develop and upgrade other facilities to host larger cricket tournaments and events.

The Town anticipates working with the Morrisville Chamber of Commerce and the Greater Raleigh Convention and Visitors Bureau, in particular the Greater Raleigh Sports Alliance (GRSA), to attract, showcase and support cricket events. The Town also benefits from a strong working relationship with the Triangle Sports Commission (TSC). Hill Carrow, Chief Executive Officer of the TSC, calls Morrisville home and is familiar with the opportunities and options available to support future cricket tournaments and events.



Tracking and Measuring Success

Upon successful award of funds to allow installation of field lights at Church Street Park, the Town and TCL would develop an outreach action plan to schedule and coordinate future tournaments. Our initial step would be working with GRSA to establish baseline hotel occupancy information and develop target goals and tracking mechanisms with local hotels to monitor and track increases in hotel room nights. Concurrently, Town and TCL staff would meet and develop working relationships with local area hotels to facilitate information sharing between TCL and tournament registrants.

Tracking spreadsheets will be prepared for each event and type of tournament to assist in event evaluation and future recruitment. While initial hotel occupancy is expected to increase more from players, support staff and families, a goal will be to increase spectator and fan attendance. Once a base of tournaments is established, growth opportunities can be forecast to further increase hotel occupancy revenues and expand fan attendance and related event activity that draws additional visitors.

We also believe that in addition to increased hotel occupancy and food and beverage sales, the enhancement of cricket opportunities in Morrisville and Wake County will provide additional regional promotional opportunities for a unique and emerging sport in the area, thereby enhancing media and outreach opportunities that can and will create ancillary events and activities. We look forward to working with hospitality industry partners to create these goals and successes.

Wake County Board of Commissioner Goals

The proposed project is consistent with the following Wake County Board of Commissioner Goals:

- Great Government Objective 3: *Create strategies that promote collaboration, innovation and multi-disciplinary solutions.*
- Growth and Sustainability Objective 1: *Implement a comprehensive approach for developing Wake County's open space, parks and greenways to address gaps, leverage opportunities and resources, and enhance collaboration with municipal partners.*
- People, Arts and Culture Objective 1: *Collaboratively work with public and private stakeholders to enhance, promote and appreciate Wake County's arts and culture.*
- People, Arts and Culture Objective 2: *Develop parks, recreation, open space and greenway opportunities for Wake County residents and visitors.*

The Town of Morrisville welcomes the opportunity to partner with Wake County, hospitality partners, and the Triangle Cricket League to bring new opportunities and future revenue streams to the area. Future collaborative relationships with cricket governing bodies and organization can result in new and innovative ideas and opportunities for exciting tournament and event prospects.

The absence of other regulation cricket fields in the area is a specific gap in fulfilling existing needs in the community. The ability to leverage the unique attributes and potential provided by the Church Street Park with further enhancements benefits the Town and Wake County in general. The Town is eager to collaborate with other municipal partners to promote cricket and meet needs both locally and from outside our county boundaries.



The clearest goal alignment is the ability to develop regional parks, recreation and open spaces available in the Town through the enhancement of an existing asset already supported by the Town of Morrisville and Wake County. Church Street Park is also connected to the greenway network, with Shiloh Greenway located adjacent to the park. Adding value to Church Street Park through the installation of lights allows the park to serve both the local community and attract visitors to the area. A small investment of funds returns significant tangible and intangible benefit to the community.

Cricket itself is a sport celebrated worldwide but most predominantly by the Asian/Indian community, a growing demographic throughout Wake County, most significantly in Morrisville. However, the appeal of the sport continues to grow, attracting the young, old and multiple ethnicities that result in a celebration of diversity and culture on the playing field. The potential to incorporate other arts and culture opportunities exist as events continue to grow, which can increase the appeal of visiting Wake county to beyond cricket players.



Section 3.0 – Project Budget and Funding Sources

Sources of Funding

Town Council has committed to fully funding the cost of the project not covered by the major facilities capital projects funding grant award from available parkland payment-in-lieu reserves, and would formally transfer the funds to the Church Street Park capital project fund upon notification of the grant by Wake County. The investment in the project would be 100% public funding sources, to support a public asset used by residents of the community and future visitors. A letter from Mayor Mark Stohlman affirming Town Council's funding commitment is provided in Attachment 4.

In-kind investment in the project is expected through the efforts of the Triangle Cricket League to sponsor and host tournaments in the area.

Schedule of Expenditures

Upon notification of the grant award, the Town would initiate a contract for engineering services to design the required electrical service extension to the site, amend the site plan, develop specifications and bid the project to install necessary conduit and wire the electrical panel. This work will be managed internally by a staff project team. The anticipated cost of this preparatory work has been developed by experienced Town staff and is estimated at \$25,000. The Town will provide these resources and therefore these costs are not included in the project cost proposal for which we are seeking consideration.

Other project costs:

Planning and Design	See Above	
Land Acquisition Right of Way	N/A	
Construction	See Above	
Equipment/Furnishings	\$737,000	Quote provided by Musco Lighting
Other	N/A	
Contingency	N/A	

The budget estimate dated June 6, 2016 shown in Attachment 5 provides for a turnkey installation of LED lights that meet the lumens/foot candle requirements to host cricket tournaments. The Town of Morrisville consulted with Triangle Cricket League and a private lighting engineer to ensure appropriate lighting levels for the cricket square (pitching area) and field. Support for the 500/300 lumens (50-foot candle poles) is provided by Abacus for regional and national competition (Class II) and is provided as Attachment 6. Lighting level recommendations were verified through comparison to the Sports and Recreational Lighting guidelines as outlined in Document IES RP-6-15 issued by the Illuminating Engineering Society.

Existing Infrastructure Impact

Church Street Park is currently in use and operational. Triangle Cricket League currently uses the field on weekends for league play. The Town has developed a cricket pitch rotation schedule (three are available) to allow for appropriate rest and repair from regular use. The field continues to mature, and plans are underway to install irrigation in spring 2017.



The timing of the lighting project in conjunction with the irrigation work is important to minimize disruption to current activity levels, avoid timing delays and impacts due to weather, and to avoid duplicate work on and around the field that affect the playing surface.

There will be expected, temporary impact to the existing infrastructure to install the necessary lighting conduit, wires and electrical equipment, but no sustained change to the facility. No impacts are expected to roads, water or sewer facilities.



Section 4.0 – Project Timeline

Lighting equipment will need to be installed no later than April of 2017. Engineering, design, bidding and construction are anticipated to take approximately eight months. Weather and sporting season consideration are integral to the establishment and conformance with the following timeline:

Project Action	Start Date	Finish Date
Study/Analysis of Project	Complete	Complete
Site Identification	Complete	Complete
Land/Site Acquisition	Complete	Complete
Facility Construction	N/A	N/A
Architectural/Engineering Studies	September 2016	November 2016
Equipment Purchase	January 2017	February 2017
Equipment Installation	March 2017	April 2017
Turf Repair	May 2017	June 2017
Tournament Events Begin	July 2017	October 2017

The quote from Musco Lighting provides for a turnkey installation of lighting equipment.



Section 5.0 – Project Operating Plan

Operating Budget

Church Street Park is currently managed and operated by the Town of Morrisville. All operating costs are incorporated into the annual operating budget.

Additional anticipated operating costs relate solely to increased electricity usage bills associated with use of the field lights for league and tournament play. Costs associated with maintenance and repair of lights are included in the ten-year warranty and maintenance program provided by Musco Lighting.

The Town's User Fee schedule currently provides for an additional field usage charge when lights are provided that is anticipated to cover additional electrical utility costs. Should user fees need to be adjusted to fully cover costs, Town Council may adjust user fees.

No additional costs are expected from this project. Any additional costs that are incurred would be covered through annual operating budget allocations.

Operating Budget & Financial Results

The Town of Morrisville's 2015 Comprehensive Annual Financial Report CAFR) is provided in Attachment 7. The Town is currently rated Aa1 by Moody's Investors Service (June 2013) and AAA by Standard and Poor's (June 2013).



Section 6.0 – Estimates on Visitors and Return on Investment

Preliminary projections provided by the Triangle Cricket League indicate the opportunity to host the following events:

- 2 Men's Regional Tournaments
- 2 National Invitational Tournaments
- 3 National/Regional Youth Tournaments
- 4 National Youth Combines/Try-Outs/Camps

These inaugural events are projected to bring an additional 3,000 visitors annually and almost 6,000 room nights to local area hotels. Projections provided by Triangle Cricket League are illustrated in Attachment 8. Day visitors from the Town and county are conservatively estimated at 500 per event. Visitor Estimates and Return on Investment calculations are provided as Attachment 9.

Total additional hotel and food and beverage tax revenues for the first seven years of operation are conservatively estimated at \$269,150, with a payback to Wake County in less than the seven-year return on investment window. Additional growth in attendance and ability to increase the number of tournaments is a partnership goal with Triangle Cricket League that will further increase revenues and enhance return on investment.



Section 7.0 – Organizational Information

Organization Background

The Town of Morrisville was founded in 1852 and incorporated in 1875. The Town, with a population of 23,699 and staff of 162 full-time employees is governed by a seven-member Town Council. Information about the Town, Town Council and staff are more fully described in the FY 2015 CAFR.

The Town is not subject to any known litigation or pending governmental or regulatory action. There are no known conflicts of interest or appearance of conflicts of interest in partnering with Wake County to deliver the capital project.

Team Experience

The project team members include Jerry Allen, Parks, Recreation and Cultural Resources Director, Blake Mills, Public Works Director, and Martha Paige, Town Manager.

Martha Paige, Town Manager since September 2013, oversees daily operations for the Town and currently supervises the Parks and Recreation Department. She has experience in capital investment planning and project management, and is ultimately responsible to the Town Council and citizens of Morrisville to effectively manage the budget and financial condition of the Town. She will serve as project advocate and be primarily responsible for tracking and measuring performance.

Jerry Allen will serve as Project Leader. Jerry has served as the Morrisville Parks and Recreation Director since 2007. He has worked in recreation since 1992 and has served in other leadership capacities in Morrisville and as Parks and Recreation Director in Fuquay-Varina from 2003 to 2007. Jerry has led the design and construction of Church Street Park and remains in charge of managing park improvements today, including the current irrigation planning and design. Jerry supervised design and construction of Morrisville Community Park Phase 2, including two lighted baseball fields in 2003. He also supervised design and construction of three lighted soccer fields at Honeycutt Road Park in Fuquay-Varina in 2006.

Blake Mills, Public Works Director, is a registered engineer and has fourteen years of experience with Town of Morrisville facilities, five of those as Town Engineer and nine as Public Works Director. Public Works oversees maintenance and daily operations for parks facilities and is intimately familiar with the needs of these facilities and is adept at assisting with infrastructure design and development. Public Works currently reports to the Assistant Town Manager.

An organizational chart for the Town is included in the FY 2015 CAFR. All Town staff ultimately report to the Town Manager, who is accountable to the Town Council.



Similar Projects

The Town has developed Morrisville Community Park, Church Street Park, and manages Cedar Fork District Park. Northwest Park is currently nearing completion. Experience with lighting projects is included above. Town staff has a demonstrated track record of experience.



Attachments

1. Aerial photo of Church Street Park from Google Maps
 2. Church Street Park Photos
 3. Raleigh News and Observer Article, "International Cricket Council leaders visit to Morrisville", November 27, 2015
 4. Letter from Mayor Mark Stohlman demonstrating funding commitment by Town of Morrisville
 5. Musco Lighting Budget Estimate, dated June 6, 2016
 6. Abacus Lighting, "Guide to Sports Lighting Levels"
 7. Town of Morrisville FY 2015 Comprehensive Annual Financial Report
 8. Church Street Park Cricket Tournament Hotel Occupancy Projections
 9. Visitor Estimates and Return on Investment
-

ATTACHMENT 1

Aerial photo of Church Street Park from Google Maps



ATTACHMENT 2

Panoramic View of Field



Alternate Views of Field







Other Park Amenities







ATTACHMENT 3

News

International Cricket Council leaders visit to Morrisville.

© Sun Nov 27 2015



Courtesy : <http://www.newsobserver.com/>

<http://www.newsobserver.com/news/local/community/cary-news/article46523825.html>

(<http://www.newsobserver.com/news/local/community/cary-news/article46523825.html>)

The town's new regulation-size cricket field, along with its diversity, hotels, sports fans and proximity to an international airport, could help Morrisville land an international cricket tournament.

Officials from the International Cricket Council stopped by Morrisville in mid-November to visit the town's new \$5.2 million Church Street Park, which has the only regulation-size cricket field within hundreds of miles.

Morrisville, which has experience hosting (<http://www.newsobserver.com/news/local/community/cary-news/article26998030.html>) national tournaments, is one of nine cities officials are visiting around the country this fall as they scout locations for future competitions.

Morrisville's population of about 25,000 people makes it the smallest town under consideration. The next-smallest is Fort Lauderdale, Fla., with 165,000 people. Some the country's biggest metro areas – New York, L.A., Dallas and Chicago – also are being considered.

"Every city we've been to wants to bring in 'Big Cricket,'" said Tim Anderson, the head of global development for the International Cricket Council.

Anderson, who is based in Dubai, was in Morrisville with other ICC officials from Toronto and Chicago. They heard from local leaders, toured the field and hosted a town hall style meeting attended by about 40 people. A similar meeting in Chicago (<http://www.icc-cricket.com/news/2015/media-releases/89627/icc-holds-successful-town-hall-meeting-with-usa-cricket-community>) drew 85 people.

It's Anderson's job to grow cricket around the world, and he's particularly focused on the United States, where the USA Cricket Association, the main cricket organization, was suspended (<http://www.espnricinfo.com/ci-icc/content/story/891589.html>) this summer. That's why the ICC is getting involved to scout out sites for potential tournaments around the country.

"There's not a lot of good cricket grounds in America, and you guys, you've got one," Anderson told Morrisville leaders and cricket fans. "There's a lot of energy. And that's why we're here."

Cricket fans

Mayor Mark Stohlman, who is an active member of the Triangle Cricket League along with council member TJ Cawley, used Monday's meeting to tout Morrisville and the community's enthusiasm.

While cricket may not be familiar to many, people in Morrisville are passionate about it, especially the large Indian population. There are several leagues in the area for adults and children. A Cricket World Cup semifinal (<http://www.espnricinfo.com/icc-cricket-world-cup-2015/engine/current/match/656493.html>) earlier this year between India and Australia brought nearly 1,000 people to a local Hindu temple to watch it live in the middle of the night.

A handful of local children play on national youth teams, including 14-year-old Smit Doshi, a student at West Cary Middle School. His father, Pinku Doshi, installed an artificial wicket in their backyard so they can practice.

Pinku Doshi said Morrisville hosting a tournament could do wonders for developing young players, for the local economy and for the town's name recognition.

"People are willing to travel from the West Coast to the East Coast," he said.

For example, Vishal Tiku, who attended Monday's meeting, was on a business trip in Charlotte and decided to drive to Morrisville to meet other cricket fans. He is chairman of the Arizona Cricket Association.

"It's all about youth development," he said of his hopes for the future of cricket in America.

Morrisville is nearly 30 percent Asian, mostly of southeast Asian descent. Satish Garimella, the town council's newest member, remembers his childhood in Mumbai, India, where cricket was dominant. He and his friends even had a secret sound they would make outside one another's homes – a code that said it's time to ditch homework and sneak out to play.

The field Morrisville built, however, is far grander than what Garimella grew up playing on. On Monday, ICC officials said it's the kind of place where they could imagine hosting international friendlies or other major events.

While the most important part of the field isn't built yet – the strip of land that holds the wickets, batsmen and bowlers – the visiting officials' initial impression is that Morrisville can compete with anyone. There's no timeline for when the field will be finished, and ICC officials don't have immediate plans to announce a tournament following their fact-finding tour.

“This is beautiful,” said Anderson, the global development head who has international playing experience as well. “We were saying – we’re all from Australia – and this would be a good cricket ground in Australia.”

0 Comments

Sort by Oldest



Add a comment...



Facebook Comments Plugin



Town of Morrisville
Post Office Box 166
Morrisville, North Carolina 27560

ATTACHMENT 4

Phone: 919.463.6200
Fax: 919.481.2907
www.townofmorrisville.org

June 15, 2016

The Honorable James West, Chair
Wake County Board of Commissioners
P.O. Box 530
Raleigh, NC 27602

Re: Major Facilities Grant RFP #16-045

Dear Chairman West:

The Town of Morrisville has submitted a proposal requesting \$258,000 for the installation of LED lights on the multi-purpose/cricket field at Church Street Park as a part of the FY 2016 Major Facilities Capital Projects Funding RFP #16-045. Field lights will significantly enhance the ability to expand playing time for local area cricket leagues and the ability to attract tournaments and related events to Wake County, and increase hotel occupancy and prepared food and beverage tax revenues. We are confident that our proposal merits your consideration and approval for funding.

Please accept this letter as evidence of the Town of Morrisville's commitment to provide the required resources to support the overall cost of this project through allocation of parkland payment-in-lieu funds currently in reserve and available for use to support parks, recreational and cultural resource projects. Upon successful award, Town Council will take the appropriate action to transfer the funds into the capital project account to accomplish the goals of this award.

On behalf of the Town Council, thank you and the Wake County Board of Commissioners for your consideration and support for our request.

Sincerely,

Mark Stohlman
Mayor

cc Wake County Board of Commissioners

ATTACHMENT 5



Budget Estimate

Church Street Park--LED
Cricket Field
Morrisville, NC
Date: June 6, 2016

Equipment Description

Light-Structure Green™ System delivered to your site in Five Easy Pieces™

- Pre-cast concrete bases
- Galvanized steel poles
- UL Listed remote driver enclosure
- Pole length wire harness
- Factory-aimed and assembled LED luminaires

Also Includes:

- 50% less spill and glare light than Musco's prior industry leading metal halide technology
- Musco Constant 10™ warranty and maintenance program that eliminates 100% of your maintenance costs for 10 years, including labor and materials
- Guaranteed constant light level for 10 years
- Reduced energy consumption
- Control Link® Control & Monitoring System for flexible control and solid management of your lighting system
- Delivery, unloading, distribution and installation of lighting equipment and associated electrical work, from the distribution panel to the light fixtures, by a licensed electrical contractor.

Taxes and permits and new service (if required) are not included as part of this budget estimate.

Turnkey Budget Estimate

Cricket Field (30 fc -6 pole).....	\$508,000 to \$522,000
Cricket Field (50 fc -6 pole).....	\$722,000 to \$737,000
Cricket Field (70 fc -8 pole).....	\$999,000 to \$1,013,000

Notes:

- Assumes standard soils
- Assumes 480/3 located within 50' of closest pole
- Includes signed and sealed foundation drawings
- Permitting not included if applicable
- Based on June 2016 pricing

Thank you again for the opportunity to provide you with this information. Please let me know if there are any questions with regard to product.

Sincerely,

Dina Neeley

A handwritten signature in black ink, appearing to be "Dina Neeley".

Sales Representative
Musco Sports Lighting, LLC
Phone: 336-414-1030
E-mail: dina.neeley@musco.com

ATTACHMENT 6



Home > Applications > Sports lighting > Guide to sports lighting levels

Home Applications Products Services Technical Media Contact

Guide to sports lighting levels

Lighting levels for exterior sports lighting are considerably lower than daylight levels and usually lower than for the same sport played indoors. This is because there is generally greater subject contrast outdoors, with a dark sky backdrop, giving good adaptation levels. Illuminance levels are dependent upon the difficulty of the visual task.

What you need to know

[Sports lighting brochure](#)
[Sports lighting brochure - Scandinavian](#)
[Sports lighting](#)

Search for...	Search
Take me to...	Go

Telephone: +44 (0)1623 511 111



Guide to sports lighting levels

In general, fast action, a small playing object (cricket ball) and long viewing distance will require high lighting levels. A slower speed, larger playing object (football) and closer viewing distance will require lower lighting levels. Exterior sports lighting is provided to achieve either supervised training, club, national, international or CTV coverage.

Various lighting guides and lighting specifications are available, recommending appropriate illuminance levels for individual sports. Within Europe, a European Standard exists covering minimum sports lighting levels EN 12193:2007. In addition many sports governing bodies also provide separate specific lighting requirements.

Most recommendations of individual sports lighting levels are divided into classes of play:

- Class I - Top Level Competition.
- Class II - Intermediate Level Competition.
- Class III - Lower Level Competition & Supervised Training.

Lighting for CTV broadcasting has specific requirements and recommendations (CIE No 83 1989).

The table below provides a selection of recommended lighting levels for principle sports in accordance with EN 12193:2007.

Recommendations of Minimum Lighting Levels
(Table 1)

Sport		Class I		Class II		Class III		Glare Rating (GR)		
		Em Lux	Uo Min/ave	Em Lux	Uo Min/ave	Em Lux	Uo Min/ave	I	II	III
Athletics		500	0.7	200	0.5	50 to 100	0.5	50	55	55
Baseball	In Fld	750	0.7	500	0.7	300	0.5	50	50	55
	Out Fld	500	0.5	300	0.5	200	0.3	50	50	55
Basketball		500	0.7	200	0.6	75	0.5	50	50	55
Bowls (Flat Green)		300	0.7	200	0.7	100	0.5	50	50	50
Cricket Grounds	Sq	750	0.7	500	0.7	300	0.5	50	50	55
	Field	500	0.5	300	0.5	200	0.3	50	50	55
Equestrian		500	0.7	200	0.7	100	0.5	50	50	55
Football (soccer)		500	0.7	200	0.6	75	0.5	50	50	55
Hockey		500	0.7	200	0.7	200	0.7	50	50	55
Horse racing		200	0.6	100	0.4	50	0.2	50	50	55
Netball		500	0.7	200	0.6	75	0.5	50	50	55
Rugby		500	0.7	200	0.6	75	0.5	50	50	55
Tennis		500	0.7	300	0.7	200	0.6	50	50	55
Volleyball		500	0.7	200	0.6	75	0.5	50	50	55

* Em is the Maintained Illuminance Level (specification level) and is the design illuminance level, below which the lighting should not be allowed to fall during the period to planned maintenance.

Whilst every endeavour is undertaken to provide accurate information, Abacus Lighting recommends that the relevant sport guides and standards or the appropriate individual sport governing body be consulted to ensure full compliance with requirements.

Caution: Lighting specifications for locations outside UK may differ from those stated on this web site.

Home
 About Abacus
 History and people
 Recruitment
 News
 Facebook
 Twitter

Applications
 Airports
 Ports
 Amenity and architectural
 Car park
 Sport
 Industrial and commercial
 Education and BSF

Products
 Amenity and architectural
 lighting
 Sports and area floodlights
 Car park and road lighting
 Columns, base-hinged and
 fixed
 High mast systems

Services
 Design
 Installation
 Maintenance
 Training
 Bespoke structures
 Fabrication services

Media
 News
 Movies
 Facebook
 Twitter feed
 Contact
 Head office

Tweet

Like 6

Follow

G+ 0

ATTACHMENT 7

Town of Morrisville

2015

Comprehensive Annual Financial Report

ATTACHMENT 8

Church St. Park - Cricket Tournament Projections

1. TCL expects to host 2 regional Men's Tournament per year under ICC Americas
2. TCL expects to host 3 regional/national Youth Tournament per year under ICC Americas
3. TCL expects to host 2 National Invitational Men's Tournament per year
4. TCL expects to host 4 National Youth Combines/Try-outs/Camps on behalf of ICC Americas

Tournament Name	Number of Tournaments per Year	Number of Days per Tournament	Number of Visiting Teams	Number of Players Per Team	Number of Support Staff per Team	Number of Parents / Guardians Per Team	Number of out-of town fans	Total Visitors	Room nights with 1.5 people per room
TCL Men's Regional Tournament	2	3	6	15	4		10	348	696
TCL Men's National Invitational Tournament	2	3	12	15	4		20	936	1872
TCL National/Regional Youth Tournament	3	3	12	15	2	10	15	1512	3024
TCL National Youth Combines/Try-outs/Camps	4	3	1	30	10		10	200	400
Total								2996	5992

Attachment 9: Visitor Estimates and Return on Investment

Updated 5/20/2016 - Please use this version with the RFP submittal

Definitions:

- a. **Wake County resident** - visitor from within Wake County
- b. **Day Visitor** - Visitor from outside of Wake County that doesn't spend the night
- c. **Overnight Visitor** - Visitor from outside 50 mile radius of proposed project that spend the night (include total number of nights if visitor will stay multiple nights)

Room Rate = \$95/per night

Meal Rate = \$50/per day

Visitor Estimates, Economic Impact and Taxes Collected

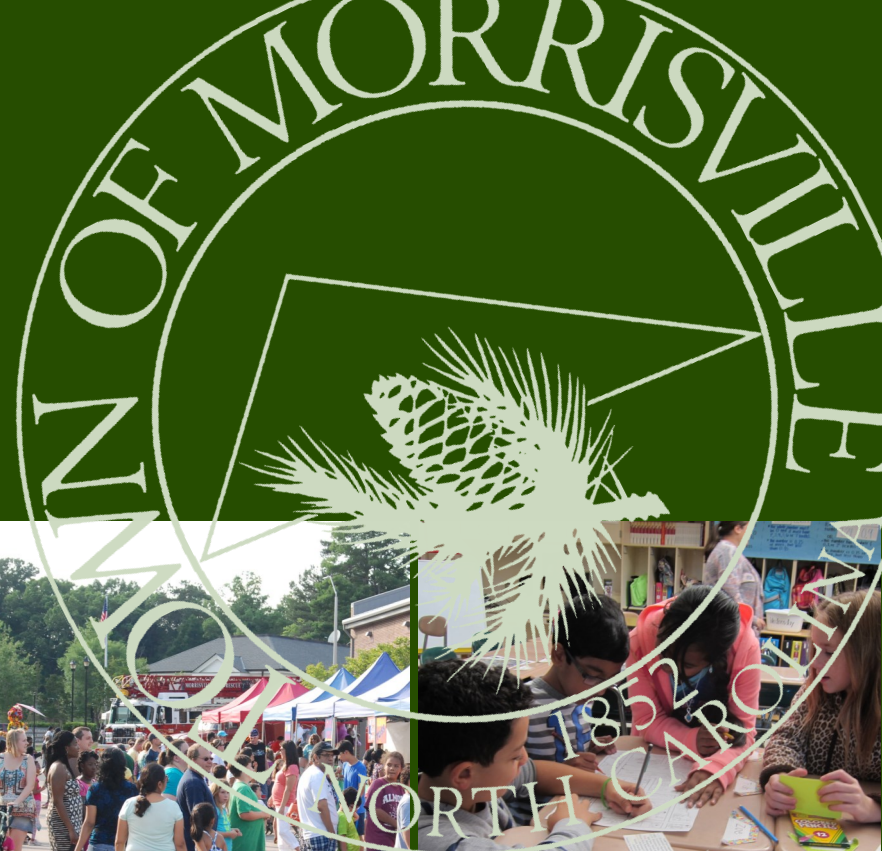
1. Estimated Wake County residential visitors (annual) = 5500

<u>Estimated Food and Beverage Spending and Taxes Collected</u>				
	Number of Visitors	Meal Rate	Meal Spending	
2. Estimated Day Visitors (annual) =	<u>5500</u>	X \$50	= \$ <u>275,000.00</u>	
3. Estimated Overnight Visitors (annual) =	<u>3000</u>	X \$50	= \$ <u>150,000.00</u>	
4. Total Meal Spending =				\$ <u>425,000.00</u> X 1% Food & Bev Tax = \$ <u>4,250.00</u>

<u>Estimated Hotel/Motel Spending and Taxes Collected</u>				
	Number of Rooms	Room Rate	Room Spending	
5. Estimated Overnight Rooms (annual) =	<u>6000</u>	X \$95	= \$ <u>570,000.00</u>	
6. Total Room Spending =				\$ <u>570,000.00</u> X 6% Occupancy tax = \$ <u>34,200.00</u>

7. Return on Investment based on taxes collected (County funding/total taxes collected) = 6.71 (in years)

Fiscal Year Ending June 30, 2015



M

orrisville, North Carolina

Comprehensive Annual Financial Report

APR 24 1930

BOP 14 200

TOWN OF MORRISVILLE, NORTH CAROLINA
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal i-vi
Certificate of Achievement for Excellence in Financial Reportingvii
Town Councilviii
Appointed and Administrative Staff..... ix
Organizational Chart x

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR 1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS4-16

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 17
Statement of Activities 18

Fund Financial Statements

Balance Sheet – Governmental Funds 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities 22
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 23
Statement of Net Position – Proprietary Fund 24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 25
Statement of Cash Flows – Proprietary Fund 26
Statement of Fiduciary Net Position 27
Statement of Changes in Fiduciary Net Position 28
Notes to the Basic Financial Statements.....29-70

TOWN OF MORRISVILLE, NORTH CAROLINA

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Law Enforcement Officers' Special Separation Allowance:	
Schedule of Funding Progress	71
Schedule of Employer Contributions	72
Other Postemployment Benefits:	
Schedule of Funding Progress	73
Schedule of Employer Contributions	74
Local Government Employees' Retirement System:	
Schedule of the Proportionate Share of the Net Pension Asset and Contributions	75
Firefighters' and Rescue Squad Workers' Pension:	
Schedule of the Proportionate Share of the Net Pension Liability	76

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	77-81
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Street Improvement Capital Project Fund	82
Non-major Governmental Funds:	
Combining Balance Sheet for Non-Major Governmental Funds	83
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Parkland Payment-In-Lieu	85
Fire Station Capital Project Fund	86
Public Improvement Capital Project Fund	87
Shiloh Greenway Capital Project Fund	88
NC 54 Multi-Use Path Capital Project Fund	89
Hatcher Creek Capital Project Fund	90
Northwest Park Capital Project Fund	91
Church Street Park Capital Project Fund	92
Proprietary Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (NON-GAAP) – Water and Sewer Fund	93
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Shiloh Sewer Capital Project Fund	94

TOWN OF MORRISVILLE, NORTH CAROLINA

TABLE OF CONTENTS

OTHER SCHEDULES

Schedule of Ad-Valorem Taxes Receivable	95
Analysis of Current Tax Levy	96
General Obligation Debt Service Requirements and Maturity Schedule	97

STATISTICAL SECTION

Table 1 – Net Position by Component	98
Table 2 – Changes in Net Position	99-101
Table 3 – Fund Balances, Governmental Funds	102-103
Table 4 – Changes in Fund Balances – Governmental Funds	104
Table 5 – Government-wide Revenues	105
Table 6 – General Government Revenues by Source	106
Table 7 – Assessed Value of Taxable Property	107
Table 8 – Property Tax Rates – Direct and Overlapping Governments	108
Table 9 – Principal Property Taxpayers	109
Table 10 – Property Tax Levies and Collections	110
Table 11 – Ratios of Outstanding Debt by Type	111
Table 12 – Ratio of Gross Bonded Debt to Assessed Value and Gross/Net Bonded Debt Per Capita	112
Table 13 – Computation of Legal Debt Margin	113
Table 14 – Computation of Direct and Overlapping Bonded Debt General Obligation Bonds	114
Table 15 – Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures	115
Table 16 – Demographic and Economic Statistics	116
Table 17 – Principal Employers	117
Table 18 – New Commercial and Residential Activity	118
Table 19 – General Governmental Expenditures by Function	119
Table 20 – Employee Authorization by Department	120
Table 21 – Operating Indicators by Function	121
Table 22 – Capital Assets by Function	122

TOWN OF MORRISVILLE, NORTH CAROLINA
TABLE OF CONTENTS

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 Standards123-124

Report of Independent Auditor on Compliance with Requirements Applicable to
Each Major State Program and Internal Control over Compliance in Accordance
with OMB Circular A-133 and the State Single Audit Implementation Act125-126

Schedule of Findings and Questioned Costs127-130

Schedule of Corrective Action Plan131-132

Schedule of Prior Year Findings133

Schedule of Expenditures of Federal and State Awards134

Introductory Section

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



TOWN OF MORRISVILLE

P.O. Box 166
Morrisville, NC 27560

October 29, 2015

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

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Morrisville, North Carolina, for the fiscal year ended June 30, 2015 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 ended June 30, 2015. 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, 2015, 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, 2015. 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.

PROFILE OF THE TOWN

Morrisville was incorporated in 1875, and is a thriving community in the heart of the Triangle area of North Carolina. The Triangle area has been repeatedly ranked among the top regions in the country to live, work, start a business, raise a family and/or retire. Morrisville has approximately 10 square miles within its borders and according to the Office of State Budget and Management, a population of 22,914. Morrisville is a crossroads in the region with great access to Research Triangle Park and major transportation hubs like Interstate Highways 40 and 540, Raleigh-Durham International Airport and the State Capital. Morrisville's location is its defined uniqueness, which sets the Town apart from all others.

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 policy making body, responsible for adopting an annual balanced budget, establishing legislative direction for the Town, and hiring a professional Town Manager to serve as chief executive and to direct the daily activities and operations of the Town's departments. The Town Council makes extensive use of 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, storm water management, general administration and management, and the construction and maintenance of streets, curbs, gutters, sidewalks and other infrastructure. This report includes all the Town's activities in delivering and administering these services.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY

On the national level, most economic indicators are improving, albeit slowly. 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 a number of key transportation facilities is integral to its economic vitality:

- Raleigh Durham International Airport (RDU) is located just two miles to the east, with access into the center of town via two major thoroughfares. The airport renovated Terminal 1 and experienced growth in passenger traffic in 2014/2015. The Raleigh Durham Airport Authority has also launched a 25-year master planning project, *Vision 2040*, to guide future development. The 18-month process will conclude in late 2016.
- Research Triangle Park (RTP), the tremendously successful industrial research park, lies adjacent to the Town's northern border. Founded in 1959 as a collaborative effort of the three major universities in the Triangle (University of North Carolina at Chapel Hill, North Carolina State University, Duke University), RTP continues to be a major economic engine with 7,000 acres, 22.5 million square feet of built office space, 200+ research companies and over 40,000 high tech workers. A 100-acre area in the heart of RTP has been identified as Park Center and is the first major redevelopment project in RTP's history. Park Center is envisioned to incorporate restaurants, apartments and shopping within the surrounding science park. Mobilization on the site is expected in 2016.
- Major highways (I-40, I-540, NC 54, NC 147) either run through the Town or provide convenient regional access to the Town. Progress in enhancing the roadway network and easing current and future traffic congestion is evidenced by the visible construction in many parts of town.
- Park West Village, a 100-acre mixed use development community with sought-after major retail anchors, upscale casual restaurants and a movie theatre continues to expand, with Phase IV currently underway. Phase IV incorporates a residential component anticipated to be in high demand. Other major employment centers are located nearby in Cary, Durham, and Raleigh.

The Town strives to provide the programs and amenities desired by those who call Morrisville home. In May 2015, Church Street Park was opened to citizens. The approximately 25-acre park includes a multi-purpose playing field, tennis courts, a picnic shelter, playground, a walking trail and surrounding open space. The multi-purpose field is the only field in the Triangle area capable of holding regulation cricket matches, and

is expected to draw tournaments and related events to the community. The park also connects to the 1.7 mile Shiloh Greenway, also completed this year.

The Town's estimated population at June 30, 2015 was 22,914 (source: State of NC Office of Budget and Management). Internal estimates prepared by Town staff provided evidence that the population count could be significantly higher, and resulted in the town commissioning a Special Census. As of June 30, 2015, the special census was complete and the additional certified population estimate will take effect beginning September 2015. The Town continues to grow, with a population increase of 123% since 2010 and 440% over the 2000 population figures. The Town's tax base is approximately 41% commercial/industrial and 59% residential (source; wakegov.com).

Another important regional linkage is the Town's water and sanitary sewerage systems. As of April 2006, these two utilities were merged with the Town of Cary utilities. The merger guaranteed available sewer treatment capacity to support the future build out of the Town and minimized future capital costs associated with major utilities system upgrades. Fiscal year 2012 was the last year of merger cost recovery and beginning with fiscal year 2013 Morrisville water and sewer customers pay the same rates as Cary customers. More than \$1.2 million in annual savings was realized by Morrisville residents, with another \$1.5 million savings for Morrisville businesses.

The Town is actively involved in partnering with other communities in the region to pursue funding for needed improvements to transportation facilities, including highways (NC54, Morrisville Parkway Grade Separation, Morrisville-Carpenter Road), local surface street improvements, (including a major commitment in the Town's fiscal year 2015 and 2016 budgets to aggressively upgrade and maintain Town-maintained streets and completion of the first Municipal Service District road project), sidewalks (including both Town and CDBG funded projects on various Town roads), greenways (part of the regional greenway connectivity initiative), and transit tracking for the future tax referendum led by Wake County and transit (bus, commuter rail, light rail). In 2012, Morrisville residents overwhelmingly approved 20 million dollars in General Obligation bonds (\$14.3M for Street Improvements and \$5.7M for Parks and Recreation) of which the Town is actively moving forward with the design of the McCrimmon Parkway Extension; bidding for the project is expected in spring 2016.

In fiscal year 2015, the Town issued 354 new building permits. Of the 354 permits, 327 were for residential development. Morrisville residential construction continues to flourish with a mix of both single family and townhome type units. Morrisville's residential construction continues to outpace many of the towns in Wake County.

Development activity continued to run at a high level in 2015, with a balance of residential and non-residential uses. Major new development activity over the past year included: 1) the continued construction build out of the largest development in the Town's history (Park West Village Phase 4), a major mixed-use development project; 2) continued construction of numerous commercial and residential projects (Everett Crossing @ Kitts Creek; Kitts Creek Phase 7; BB&T Bank; Welcome Federal Credit Union); and 3) continuing construction on major residential neighborhoods (Woods @Fairbanks; Cotten Place; and the Birkshires subdivision) along with commercial construction including Perimeter Park and a Sheetz Gas Station/Convenience Store.

LONG-TERM FINANCIAL PLANNING

The Town Council has 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 Plan strategic practice provides a framework for developing subsequent annual operating and capital budgets to achieve a long-term financial goal of sustainability influencing the main financial goals of flexibility, efficiency, risk management, sufficiency and credibility. The long range forecasting CIP provides for long-term visioning and reporting of multi-year financial performance casting a 5-Year budget shadow.

The Town maintains an unassigned fund balance sufficient to maintain consistent cash flow and eliminate the need for short term borrowings, and provides flexibility for unanticipated opportunities and needs during emergencies or disasters. In addition, fiscally responsible budgeting has been a factor in maintaining and improving the Town's outstanding bond ratings. In 2013 *Standard and Poor's* upgraded the Town's bond rating from AA+ to AAA. The Town also received an upgrade from *Moody's* from Aa2 to Aa1. In addition to the 2012 bond approval of \$20 million, the Town has authorized \$4 million in bonds for parks and recreation improvements which were sold in July 2013.

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

RISK MANAGEMENT

The Town is fully insured for property, general liability and workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the citizens of Morrisville. In addition, various risk control techniques, including but not limited to employee accident prevention training have been implemented to minimize accident related losses. A full time safety, health and risk management manager administers the safety and risk management program and is responsible for administering ADA rules and regulations. Costs associated with risk management are recorded in the general fund. In 2015, the Town 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 ten public sector programs to hold this Safety and Health Achievement Recognition designation. Additional information on the Town's risk management activity can be found in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Morrisville, North Carolina for the *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Town of Morrisville has received this prestigious award for 22 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.

In addition, the Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2005 through 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

We appreciate the assistance and dedication of the Finance Department staff throughout the year. The preparation of this comprehensive annual financial report was made possible by the dedicated service and cooperation of Cherry Bekaert LLP. 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 L. Paige
Town Manager and Finance Officer



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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Executive Director/CEO

Town Council



Mark Stohlman
Mayor



Liz Johnson
Mayor Pro-Tem (District 3)



Steve Rao
Council Member (At-Large)



Kris Gardner
Council Member (At-Large)



Michael Schlink
Council Member (District 1)

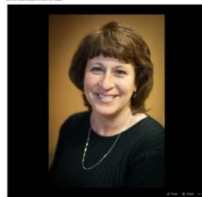


TJ Cawley
Council Member (District 2)



Vicki Scroggins-Johnson
Council Member (District 4)

Town Management



Martha Paige
Town Manager

Frank Gray, *Town Attorney*
Stephanie Smith, *Deputy Town Clerk*
Tony Chiotakis, *Assistant Town Manager*
Tim Gauss, *Directorate of Development Services*

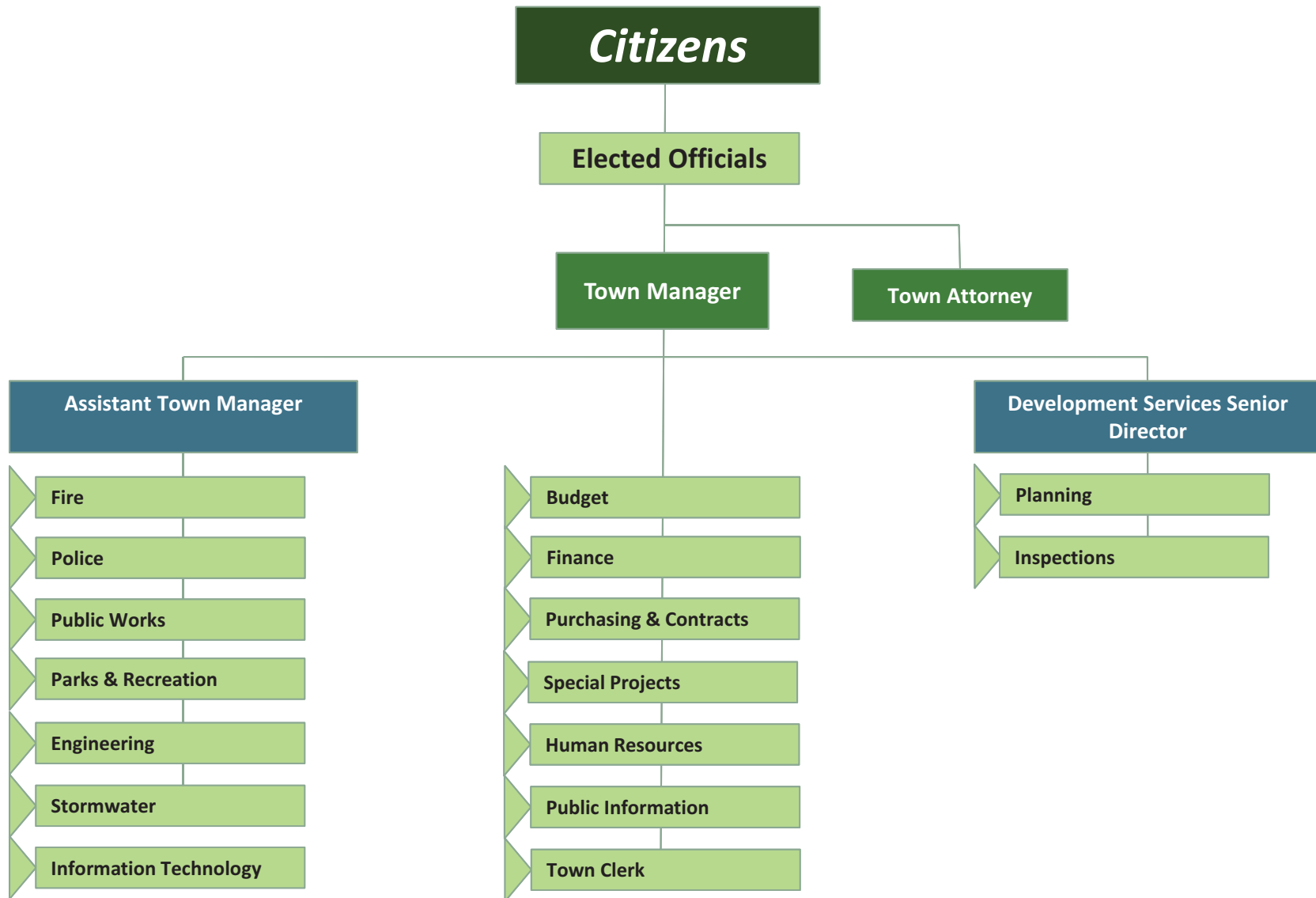
Appointed and Administrative Positions

Martha Paige	Town Manager*
Frank Gray	Town Attorney*
Stephanie Smith	Deputy Town Clerk/Public Information Officer
Tony Chiotakis	Assistant Town Manager
Timothy Gauss.....	Senior Director of Development Services
Jerry Allen.....	Parks and Recreation Director
Dan Birckbichler	Information Technology Director
Rich Cappola	Town Engineer
Forrest Fleming	Inspections Director
Ben Hitchings.....	Planning Director
Jeanne Hooks	Budget Program Manager
Ira Jones	Police Chief
Julia Ketchum	Special Projects Coordinator/Acting Purchasing and Contracts Manager
Blake Mills	Public Works Director
Allison Picone	Finance Director
Chuck Queen	Risk Manager
Lauri Shedlick	Human Resources Director
Todd Wright	Fire Chief

**Appointed by Town Council*

Organizational Chart

Town of Morrisville, North Carolina



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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1.F to the basic financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, net position as of June 30, 2014 of the governmental activities has been restated. Our opinion is not modified with respect to this matter.

As discussed in Note 1.G to the basic financial statements, a prior period adjustment was noted to correct net position as of June 30, 2014 for governmental activities and fund balance for the general fund. Our opinion is not modified with respect to this matter.

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 basic financial statements of the Town. The introductory section, combining and individual fund statements and schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015 on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Handwritten signature of Cherry Burchett LLP in black ink.

Raleigh, North Carolina
October 29, 2015

MANAGEMENT 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, 2015. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report and the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$124,524,875 (*net position*). Of this amount, \$19,038,987 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$9,209,157 in fiscal year 2015 of which \$9,191,082 was derived from governmental activities. Business-type activities reported an increase of \$18,075 in fiscal year 2015.
- As of the close of the current fiscal year, the Town of Morrisville's governmental funds reported a combined ending fund balance of \$25,318,667, an increase of \$2,902,043 over the prior year. Approximately 51.98% of total governmental funds fund balance, or \$13,159,378 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund increased by \$3,969,887. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,173,439 or 57.70% of total general fund expenditures for the fiscal year. The Town's policy is to maintain a minimum of 25% of expenditures in unassigned fund balance.
- The Town's total outstanding debt decreased by \$478,339 in the current fiscal year due to debt payments on outstanding debt. The Town issued \$1,000,000 in installment note debt in fiscal year 2015 for the purchase of public safety radio equipment. The Town of Morrisville maintained its AAA bond rating with Standards and Poor's and Aa1 by Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Morrisville's basic financial statements. The Town's basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Morrisville.

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. The next section of the basic financial statements is the **Notes to the**

Financial Statements. The notes explain in detail some of the data contained in those statements. The **Required Supplementary Information** contains additional information required by generally accepted accounting principles. After the notes and the required supplementary information, other supplementary information is provided. The other supplementary information shows details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

Government-wide Financial Statements

The government-wide financial statements, a *statement of net position* and a *statement of activities*, are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities of the Town include general government, development services, public safety, public works, and cultural and recreational. Property taxes and unrestricted state funds finance most of these activities. The business-type activities of the Town consist of water and sewer utility services. The water and sewer utility system services were transferred to the Town of Cary effective April 1, 2006. The remaining activity is comprised mainly of the completion of various water and sewer capital projects.

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.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town 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 three categories: governmental funds, proprietary funds, and fiduciary 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 more or less 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 as of June 30, 2015, the Town of Morrisville utilized ten individual governmental funds: the General Fund (which includes the Capital Reserve Fund and Special Revenue Fund, which are consolidated in the General Fund under GASB 54) and nine Capital Project Funds (to account for construction projects spanning more than one annual budget year). During the year, the Town completed projects and closed three of the capital project funds and opened one new fund for a new park construction project. The General Fund and the Street Improvement Capital Project fund are the only governmental funds considered to be major funds. The other governmental funds are considered to be non-major and their information is presented in the aggregate.

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

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

Proprietary Funds: The Town of Morrisville has one proprietary fund, 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 the enterprise fund to account for its water and sewer related activities. Minimal activity is recorded in this fund due to the merger of the water and sewer activities with the Town of Cary. This 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.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has two fiduciary funds, a pension trust fund and a retirement health care trust fund. The Town is the trustee, or fiduciary, for employees' pension plan and retirement healthcare plan.

It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on Exhibits 9 and 10 of this report.

Notes to the Financial Statements

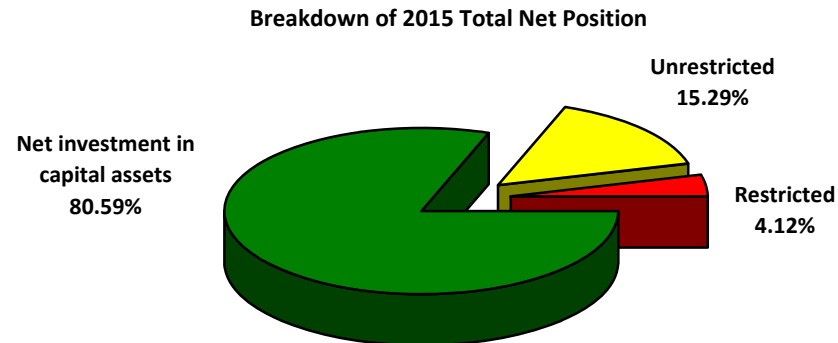
The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 29 -70 of this report.

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 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 29,254,073	\$ 27,388,610	\$ 1,239,024	\$ 1,378,286	\$ 30,493,097	\$ 28,766,896
Capital assets	110,682,301	103,717,771	805,551	805,551	111,487,852	104,523,322
Total assets	<u>139,936,374</u>	<u>131,106,381</u>	<u>2,044,575</u>	<u>2,183,837</u>	<u>141,980,949</u>	<u>133,290,218</u>
Long-term debt outstanding	12,912,449	13,142,159	-	155,000	12,912,449	13,297,159
Other liabilities	2,382,765	4,670,073	-	2,337	2,382,765	4,672,410
Deferred inflows of resources	2,825,466	4,931	-	-	2,825,466	4,931
Total liabilities	<u>18,120,680</u>	<u>17,817,163</u>	<u>-</u>	<u>157,337</u>	<u>18,120,680</u>	<u>17,974,500</u>
Net position:						
Net investment in capital assets	99,549,312	93,088,451	805,551	650,551	100,354,863	93,739,002
Restricted	5,131,025	5,701,761	-	-	5,131,025	5,701,761
Unrestricted	17,799,963	14,499,006	1,239,024	1,375,949	19,038,987	15,874,955
Total net position	<u>\$ 122,480,300</u>	<u>\$ 113,289,218</u>	<u>\$ 2,044,575</u>	<u>\$ 2,026,500</u>	<u>\$ 124,524,875</u>	<u>\$ 115,315,718</u>



As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. The assets of the Town of Morrisville exceeded liabilities and deferred inflows by \$124,524,875 as of June 30, 2015. The Town's net position increased by \$9,209,157 for the fiscal year ended June 30, 2015. The largest portion (80.59%) of net position reflects the Town's net investment in capital assets (e.g. land, buildings, 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, \$5,131,025 (4.12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,038,987 of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Morrisville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 3,266,803	\$ 2,989,395	\$ -	\$ -	\$ 3,266,803	\$ 2,989,395
Operating grants and contributions	508,875	497,609	-	-	508,875	497,609
Capital grants and contributions	7,627,332	5,305,670	-	-	7,627,332	5,305,670
General revenues:						
Property taxes	14,745,618	14,577,176	-	-	14,745,618	14,577,176
Other taxes and licenses	1,724,212	1,753,968	-	-	1,724,212	1,753,968
Unrestricted intergovernmental	6,563,000	5,574,758	-	-	6,563,000	5,574,758
Unrestricted investment earnings	22,745	27,487	21,615	15,482	44,360	42,969
Miscellaneous	296,522	224,459	1,885	-	298,407	224,459
Parkland payment in lieu	551,487	-	-	-	551,487	-
Gain (Loss) on disposal of capital assets	(41,118)	127,227	-	-	(41,118)	127,227
Total revenues	<u>35,265,476</u>	<u>31,077,749</u>	<u>23,500</u>	<u>15,482</u>	<u>35,288,976</u>	<u>31,093,231</u>
Expenses:						
General Government	5,724,056	6,105,290	-	-	5,724,056	6,105,290
Development Services	2,900,259	2,552,421	-	-	2,900,259	2,552,421
Public Safety	9,274,703	8,324,497	-	-	9,274,703	8,324,497
Public Works - Streets & Sanitation	4,805,597	3,768,812	-	-	4,805,597	3,768,812
Cultural and recreation	2,315,218	2,086,939	-	-	2,315,218	2,086,939
Interest on long-term debt	379,060	419,214	-	-	379,060	419,214
Water and sewer	-	-	5,425	13,606	5,425	13,606
Total expenses	<u>25,398,893</u>	<u>23,257,173</u>	<u>5,425</u>	<u>13,606</u>	<u>25,404,318</u>	<u>23,270,779</u>
Increases (decreases) in net position before special items	9,866,583	7,820,576	18,075	1,876	9,884,658	7,822,452
Special items:						
Transfer capital assets to the Town of Cary	-	-	-	-	-	-
Increases (decreases) in net position after special items	9,866,583	7,820,576	18,075	1,876	9,884,658	7,822,452
Net position, July 1	<u>113,289,218</u>	<u>105,468,642</u>	<u>2,026,500</u>	<u>2,024,624</u>	<u>115,315,718</u>	<u>107,493,266</u>
Prior period adjustment	(1,593,556)	-	-	-	(1,593,556)	-
Prior period adjustment	918,055	-	-	-	918,055	-
Net position, June 30	<u>\$ 122,480,300</u>	<u>\$ 113,289,218</u>	<u>\$ 2,044,575</u>	<u>\$ 2,026,500</u>	<u>\$ 124,524,875</u>	<u>\$ 115,315,718</u>

GOVERNMENTAL ACTIVITIES: Governmental activities increased the Town's net position by \$9,191,082. Overall, revenues related to governmental activities increased \$4,187,727 or 13.48%, along with an increase in expenses of \$2,141,720 or 9.21%. Key elements of this increase in net position are as follows:

- Contributions from developers for donated streets and sidewalks were \$3,693,288 more in fiscal year 2015 than in fiscal year 2014.
- Prior year grant revenues for a major park project were \$1,377,935 more than in fiscal year 2015.
- Local option sales taxes increased 13.36% or 482,823 over fiscal year 2014 related to overall improved economic conditions and the increase in retail development in town.
- Utility franchise taxes increased \$465,759 in fiscal year 2015 as a result of changes in distribution formulas for both electric and natural gas sales and tax in addition to consumption base growth.
- Permits and fees grew \$221,971 from \$1,878,056 in fiscal year 2014 to \$2,100,027 in fiscal year 2015 substantially due to increased building permit activity and stormwater fee collections.
- Total spending was up; \$2,141,720 (9.21%), as most departments experienced slightly higher operating costs. Due to the increase in infrastructure (streets and sidewalks), depreciation expense also increased by \$287,533 compared to the prior fiscal year. The Town did not make any major changes to its service levels but several capital expenditures including fire rescue replacement, radio replacements, sidewalk improvements, street paving, facility improvements, computer equipment, software, land purchase, heavy equipment and replacement vehicles were purchased within the fiscal year.
- During the year, the Town implemented GASB statement 68 and GASB statement 71 as discussed in Note 1.F which decreased net position as of July 1 by \$1,593,556 and identified a \$918,055 misstatement related to street improvement PIL that decreased net position as discussed in Note 1.G.

BUSINESS-TYPE ACTIVITIES: Business-type activities increased the Town of Morrisville's net position by \$18,075. This increase was a result of minimal expenses offset by interest earned. The Water and Sewer Utility System of the Town was transferred to the Town of Cary effective April 1, 2006.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

At June 30, 2015, the governmental funds of the Town of Morrisville reported a combined fund balance of \$25,318,667, an increase of \$2,902,043 compared to the prior year. Included in this change in fund balance are an increase in fund balance in the General Fund and a decrease in fund balance in the Capital Projects Funds.

During the year, the Town conducted a comprehensive review of their accounting and reporting of payment-in-lieu (PIL) revenues restricted for various purposes. During this review, the Town identified \$918,055 of street improvements PIL that were not previously recognized into revenue. Accordingly, the Town has adjusted fund balance as of July 1, 2014 by \$918,055. Further information about this adjustment can be found in Note 1.G to the financial statements.

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 \$14,173,439 while total fund balance for the General Fund was \$21,252,176. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.70% of total General Fund expenditures, while total fund balance represents 86.51% of that same amount (compared to 73.80% in 2014).

The Town of Morrisville has adopted a minimum fund balance policy for the General Fund which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available is in excess of 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to the Capital Reserve Fund. For fiscal year 2015, the Town appropriated fund balance to budget for the replacement of vehicles and equipment in the Capital Reserve Fund. Since expenditures in the General Fund ended better than anticipated by \$4,298,679, it was not necessary to draw from fund balance.

The fund balance of the Town's general fund increased by \$3,969,887 during the 2015 fiscal year. Key components of this change are as follows:

- Unrestricted intergovernmental revenues increased by \$988,242, primarily due to increases in sales and utility franchise taxes.
- Permits and fees increased by \$221,971 mainly due to continued robust residential and commercial building activity.
- General fund expenditures were 85.11% of budgeted amounts representing a savings of \$4,298,679. Some of these savings were related to the following:
 - 1) Several incomplete projects/items which resulted in outstanding purchase orders in the amount of \$1,106,219 were rolled over to fiscal year 2016 which mainly consisted of fire breathing apparatus, software, video streaming equipment, branding consulting services, vehicle replacements, Fire Station #2 stormwater repairs, Town Center consulting services, and HVAC replacements.
 - 2) Savings in the amount of \$348,000 was due to delayed spending for the Morrisville/Progress Energy street and sidewalk project, \$217,000 from the delay in the CAMPO sidewalk project, \$120,000 of unused LAPP funds, and \$300,000 in unused roadway design cost in which funds were appropriated under the general government.
 - 3) Personnel cost savings of \$653,773 mainly due to lapse salaries and health care savings.
 - 4) Debt service payments of \$286,154, resulting primarily from experiencing only a partial debt outlay for public safety radio replacements and a shift from debt outlay for all Municipal Service District project improvements to a phased project approach allowing for a cash outlay solution.

The Capital Project Funds reported at the end of the current fiscal year a total fund balance of \$4,066,491, a decrease of \$1,067,844 from the prior year. Two greenway projects, Shiloh Greenway and NC54 Multi-Use Path, were completed during the year and the funds were closed, accounting for \$965,060 of this decrease.

General Fund Budgetary Highlights- Fiscal Year 2015: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations that become necessary to maintain or expand services. During the current fiscal year, there was an increase of \$2,662,878 in appropriations between the original and final amended budget. The Town has adopted a minimum fund balance policy for the General Fund which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available is in excess of 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to a Capital Reserve Fund. As of June 30, 2015, the Town's unassigned fund balance was 57.70% of total general fund expenditures. Some of the additional appropriations during the year included: 1) budget amendments recognized for installment purchase proceeds for public safety radio replacements \$1,000,000, donations \$6,200, drug proceeds \$1,967, reimbursements \$15,176 and capital project close out \$5,958; 2) fund balance appropriation to Planning for the Special Census \$507,353, land acquisition 124 Scoggins Avenue \$116,500 and purchase order rollover in the amount of \$437,588. Budget adjustments, discussed above, throughout the year increased authorized spending by \$2,090,742. Due to revenues exceeding original budgeted expectations and delayed spending due to unfinished projects, the Town did not have to use fund balance appropriation for fiscal year 2015.

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 Water and Sewer Fund at the end of the fiscal year reported a total ending net position of \$2,044,575. The change in net position for the Water and Sewer fund was an increase of \$18,075. The Proprietary Funds are discussed further in the business-type activities along with note 14, Merger of Water and Sewer System with the Town of Cary.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The Town of Morrisville's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totaled \$111,487,852 (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:

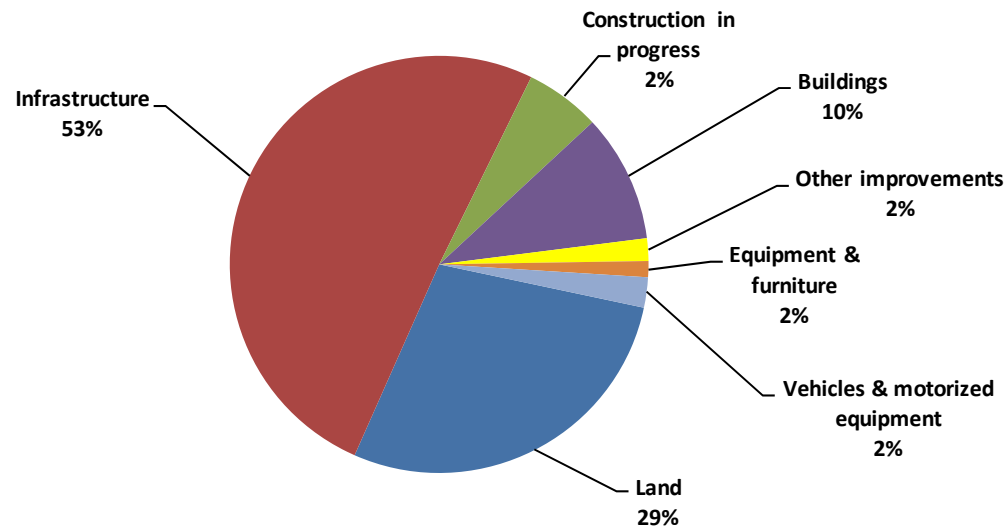
- Land for governmental activities increased by \$3,857,933, due to developer donated rights of ways and acquisition of property on Scoggins Avenue.
- Building assets increased by \$1,427,866 related to completion of park buildings and a historic public building.
- General infrastructure assets for governmental activities of \$8,628,199 due to streets and sidewalks donations by developers of \$7,306,605 and \$1,321,594 for completed Shiloh Greenway and NC 54 Multi-Use Path projects.
- Equipment and vehicles for the General Fund of \$1,228,641 which included new public safety equipment and updated fleet vehicles and public works equipment.

- Construction in Progress additions in the governmental-type activities of \$3,041,286 includes ongoing projects for roads and parks and greenway projects.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 33,194,674	\$ 29,336,741	\$ -	\$ -	\$ 33,194,674	\$ 29,336,741
Construction in progress	2,131,063	6,031,681	805,551	805,551	2,936,614	6,837,232
Buildings	11,106,601	10,294,867	-	-	11,106,601	10,294,867
Infrastructure	58,668,093	52,508,786	-	-	58,668,093	52,508,786
Other improvements	1,666,486	1,816,598	-	-	1,666,486	1,816,598
Equipment	1,938,084	1,301,126	-	-	1,938,084	1,301,126
Vehicles and motorized equipment	1,977,300	2,427,972	-	-	1,977,300	2,427,972
Total assets	<u>\$ 110,682,301</u>	<u>\$ 103,717,771</u>	<u>\$ 805,551</u>	<u>\$ 805,551</u>	<u>\$ 111,487,852</u>	<u>\$ 104,523,322</u>

Government-Wide Capital Assets



Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2015, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$9,670,357, and installment purchase related debt of \$2,417,992. The Town's total debt decreased by \$478,339 during the current fiscal year. The Town issued \$1,000,000 in installment note debt in fiscal year 2015 for the purchase of public safety radio equipment. The town issues no general obligation debt during the fiscal year.

As mentioned in the financial highlights section of this document, the Town of Morrisville has a bond rating AAA from Standard & Poor's Corporation and Aa1 from Moody's Investor Service.

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation Bonds	\$ 9,620,000	\$ 10,370,000	\$ -	\$ 155,000	\$ 9,620,000	\$ 10,525,000
Installment Purchases	2,417,992	1,987,856	-	-	2,417,992	1,987,856
Premiums	50,357	53,832	-	-	50,357	53,832
Total	<u>\$ 12,088,349</u>	<u>\$ 12,411,688</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ 12,088,349</u>	<u>\$ 12,566,688</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Morrisville is \$288,740,410. The Town has the authority to issue an additional \$20,000,000 in general obligation bonds, \$5,700,000 for parks and recreation and \$14,300,000 for streets.

Additional information regarding the Town of Morrisville's long-term debt can be found in Note 10 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Town of Morrisville's budget for fiscal year 2016:

- The Bureau of Labor Statistics – South Region reports a Consumer Price Index – Urban Consumers (CPI-U) at less than 1%.
- Changes in population produced a healthy 10% increase in Fiscal Year 2015 according to the state certified estimate. A Special Census conducted during the year affirmed the town's higher internal estimates and will be incorporated into the Fiscal Year 2016 population figures.
- Residential permits are up 13% as compared to 2014. There is also continuing development interest attributing to an estimated 3% increase in the tax base.
- The property tax collection rate is trending at over 99% and overall revenues are approximately 3% over fiscal year 2015 estimated actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2015 is 5.1% which is a slight decrease from a year ago at 5.2%. The unemployment rate compares favorably to the state's average unemployment rate in June 2015 of 6.1%.
- The Consumer Confidence Index produced by the Conference board of Consumer Research Center further increased in June 2015, demonstrating positive consumer expectations in spending.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2016

- Tax rate increased to 41.00 cents per \$100 for a planned 2.00 cent increase to support debt related to the 2012 voter approved bonds.
- Moderate user fee adjustments where market comparisons supported changes.
- Conservative revenue projections.
- Design phase of 2012 voter approved bond referendum project for the McCrimmon Parkway Extension is 75% complete.
- Maintain basic operational services and continue to provide these core services at an affordable cost.
- Address some replacement needs and updates and planning for future transportation needs/road improvements.
- Merit for eligible employees. No additional positions were added.
- The fiscal year 2016 budget reflects a fund balance appropriation of \$684,800 for transportation, equipment and infrastructure.
- Establishment of an enterprise fund to capture stormwater program activity.

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 Martha Paige, Town Manager, Town of Morrisville, Post Office Box 166, Morrisville, NC, 27560; (919) 463-6150 or mpaige@townofmorrisville.org

Basic

Financial Statements

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION

Exhibit 1

JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 22,109,951	\$ 1,239,024	\$ 23,348,975
Receivables:			
Taxes	54,000	-	54,000
Accounts	111,678	-	111,678
Grants	84,871	-	84,871
Due from other governments	1,826,335	-	1,826,335
Prepaid items	13,326	-	13,326
Restricted cash and cash equivalents	3,526,428	-	3,526,428
Due in more than one year:			
Net pension asset	1,134,613	-	1,134,613
Other post employment benefits	392,871	-	392,871
Capital assets:			
Land, improvements and construction in progress	35,325,737	805,551	36,131,288
Other capital assets, net of depreciation	75,356,564	-	75,356,564
Total assets	139,936,374	2,044,575	141,980,949
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	664,606	-	664,606
Total deferred outflows of resources	664,606	-	664,606
LIABILITIES			
Accounts payable and accrued expenses	2,320,951	-	2,320,951
Accrued interest	61,814	-	61,814
Due within one year:			
Compensated absences	640,100	-	640,100
Bonds and notes payable	1,094,510	-	1,094,510
Due in more than one year:			
Net law enforcement officers' pension obligation	38,773	-	38,773
Compensated absences	145,227	-	145,227
Bonds and notes payable	10,993,839	-	10,993,839
Total liabilities	15,295,214	-	15,295,214
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	32,971	-	32,971
Pension deferrals	2,792,495	-	2,792,495
Total deferred inflows of resources	2,825,466	-	2,825,466
NET POSITION			
Net investment in capital assets	99,549,312	805,551	100,354,863
Restricted for:			
Stabilization by State Statute	1,958,624	-	1,958,624
Recreation improvements	1,651,177	-	1,651,177
Stormwater	542,679	-	542,679
Streets improvements	978,545	-	978,545
Unrestricted	17,799,963	1,239,024	19,038,987
Total net position	\$ 122,480,300	\$ 2,044,575	\$ 124,524,875

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES

Exhibit 2

YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues				Primary Government		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 5,724,056	\$ 254,375	\$ -	\$ -	\$ (5,469,681)	\$ -	\$ (5,469,681)
Development services	2,900,259	2,028,806	-	-	(871,453)	-	(871,453)
Public safety	9,274,703	71,221	5,946	6,309	(9,191,227)	-	(9,191,227)
Public works	4,805,597	-	502,929	7,597,616	3,294,948	-	3,294,948
Cultural and recreational	2,315,218	912,401	-	23,407	(1,379,410)	-	(1,379,410)
Interest on long-term debt	379,060	-	-	-	(379,060)	-	(379,060)
Total governmental activities	25,398,893	3,266,803	508,875	7,627,332	(13,995,883)	-	(13,995,883)
Business-type activities:							
Water and sewer	5,425	-	-	-	-	(5,425)	(5,425)
Total primary government	\$ 25,404,318	\$ 3,266,803	\$ 508,875	\$ 7,627,332	(13,995,883)	(5,425)	(14,001,308)
General revenues:							
Taxes:							
Property taxes levied for general purposes					14,745,618	-	14,745,618
Other taxes and licenses					1,724,212	-	1,724,212
Unrestricted intergovernmental revenues					6,563,000	-	6,563,000
Unrestricted investment earnings					22,745	21,615	44,360
Miscellaneous					296,522	1,885	298,407
Parkland Payment in Lieu					551,487	-	551,487
Loss on disposal of capital assets					(41,118)	-	(41,118)
Total general revenues					23,862,466	23,500	23,885,966
Change in net position					9,866,583	18,075	9,884,658
Net position - beginning					113,289,218	2,026,500	115,315,718
Prior period adjustment (see Note 1.F)					(1,593,556)	-	(1,593,556)
Prior period adjustment (see Note 1.G)					918,055	-	918,055
Net position - ending					\$ 122,480,300	\$ 2,044,575	\$ 124,524,875

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

TOWN OF MORRISVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS

Exhibit 3

JUNE 30, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Street Improvement Capital Projects Fund	Other Governmental Funds	
Assets				
Cash and cash equivalents	\$ 18,961,565	\$ 737,837	\$ 2,410,549	\$ 22,109,951
Receivables:				
Taxes	54,000	-	-	54,000
Accounts	111,678	-	-	111,678
Grants	21,189	-	63,682	84,871
Due from other governments	1,812,431	-	13,904	1,826,335
Prepays	13,326	-	-	13,326
Due from other funds	1,731,903	-	679,920	2,411,823
Restricted cash	1,521,224	-	2,005,204	3,526,428
Total assets	<u>\$ 24,227,316</u>	<u>\$ 737,837</u>	<u>\$ 5,173,259</u>	<u>\$ 30,138,412</u>
Liabilities				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,300,740	\$ 19,995	\$ 216	\$ 2,320,951
Due to other funds	587,429	1,731,903	92,491	2,411,823
Total liabilities	<u>2,888,169</u>	<u>1,751,898</u>	<u>92,707</u>	<u>4,732,774</u>
Deferred inflows of resources				
Taxes receivable	54,000	-	-	54,000
Prepaid taxes and fees	32,971	-	-	32,971
Total deferred inflows of resources	<u>86,971</u>	<u>-</u>	<u>-</u>	<u>86,971</u>
Fund balances				
Non-Spendable:				
Prepays	13,326	-	-	13,326
Restricted:				
Stabilization by state statute	3,690,527	-	757,506	4,448,033
Stormwater	542,679	-	-	542,679
Recreation improvements	-	-	1,912,713	1,912,713
Street improvements	978,545	-	-	978,545
Committed:				
General Governmental Capital	747,441	-	-	747,441
Capital Projects	-	-	2,410,333	2,410,333
Assigned:				
Subsequent year's expenditures	1,106,219	-	-	1,106,219
Unassigned	14,173,439	(1,014,061)	-	13,159,378
Total fund balances	<u>21,252,176</u>	<u>(1,014,061)</u>	<u>5,080,552</u>	<u>25,318,667</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,227,316</u>	<u>\$ 737,837</u>	<u>\$ 5,173,259</u>	<u>\$ 30,138,412</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 3****RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS***JUNE 30, 2015*

Fund balances - total governmental funds		\$ 25,318,667
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 147,058,104	
Less accumulated depreciation	<u>(36,375,803)</u>	110,682,301
Other long-term assets not available to pay for current period expenditures and therefore are deferred in the funds.		
Net pension asset	1,134,613	
Other post employment benefits	<u>392,871</u>	1,527,484
Contributions to the pension plan in the current fiscal year are deferred inflows of resources on the Statement of Net Position		
		664,606
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Net law enforcement officers' pension obligation	(38,773)	
Government bonds and notes payable	(12,037,992)	
Deferred bond premium	(50,357)	
Compensated absences	<u>(785,327)</u>	(12,912,449)
Liabilities for 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		54,000
Pension related deferrals		(2,792,495)
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued interest payable		<u>(61,814)</u>
Net position of governmental activities		<u><u>\$ 122,480,300</u></u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Exhibit 4

YEAR ENDED JUNE 30, 2015

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Street Improvement Capital Projects Fund		
Revenues				
Ad valorem taxes	\$ 14,784,833	\$ -	\$ -	\$ 14,784,833
Other taxes and licenses	1,731,430	-	-	1,731,430
Unrestricted intergovernmental	6,563,000	-	-	6,563,000
Restricted intergovernmental	538,077	-	285,216	823,293
Permits and fees	2,100,027	-	551,487	2,651,514
Sales and services	1,166,776	-	-	1,166,776
Investment earnings	17,869	846	4,030	22,745
Miscellaneous	302,603	-	-	302,603
Total revenues	27,204,615	846	840,733	28,046,194
Expenditures				
Current:				
General government	3,115,978	-	-	3,115,978
Development services	2,978,817	-	-	2,978,817
Public safety	8,484,213	-	-	8,484,213
Public works	4,869,772	638,875	-	5,508,647
Cultural and recreation	1,889,020	-	-	1,889,020
Capital outlay	1,509,898	-	1,852,019	3,361,917
Debt service:				
Principal	1,319,864	-	-	1,319,864
Interest	396,742	-	-	396,742
Total expenditures	24,564,304	638,875	1,852,019	27,055,198
Excess (deficiency) of revenues over (under) expenditures	2,640,311	(638,029)	(1,011,286)	990,996
Other financing sources (uses)				
Transfers out	(581,471)	-	(5,958)	(587,429)
Transfers in	-	-	587,429	587,429
Claims and settlements	(7,008)	-	-	(7,008)
Installment debt issuance proceeds	1,000,000	-	-	1,000,000
Total other financing sources (uses)	411,521	-	581,471	992,992
Net change in fund balance	3,051,832	(638,029)	(429,815)	1,983,988
Fund balance - beginning	17,282,289	(376,032)	5,510,367	22,416,624
Prior period adjustment (see Note 1.G)	918,055	-	-	918,055
Fund balance - ending	\$ 21,252,176	\$ (1,014,061)	\$ 5,080,552	\$ 25,318,667

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, 2015*

Net change in fund balances - total governmental funds		\$ 1,983,988
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 4,001,019	
Less current year depreciation	<u>(4,301,976)</u>	(300,957)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		664,606
Installment note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and installment note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.		
Installment notes issued	(1,000,000)	
Amortization of bond premiums	3,475	
Principal payments	<u>1,319,864</u>	323,339
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.		
Donated capital assets	7,306,605	
Change in reserve for taxes receivable	(39,215)	
Change in reserve for decal receivable	<u>(7,218)</u>	7,260,172
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Loss on disposal of capital asset	(41,118)	
Change in accrued interest payable	14,207	
Change in compensated absences	(74,105)	
Change in other post employment benefits	120,301	
Pension expense	(64,326)	
Change in net law enforcement officers' pension obligation	<u>(19,524)</u>	(64,565)
Change in net position of governmental activities		<u><u>\$ 9,866,583</u></u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Exhibit 5

YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 14,536,816	\$ 14,626,916	\$ 14,784,833	\$ 157,917
Other taxes and licenses	1,643,934	1,643,934	1,731,430	87,496
Unrestricted intergovernmental	5,712,945	5,712,945	6,563,000	850,055
Restricted intergovernmental	645,580	651,438	538,077	(113,361)
Permits and fees	1,471,700	1,471,700	2,100,027	628,327
Sales and services	1,090,950	1,090,950	1,166,776	75,826
Investment earnings	17,000	110,029	17,869	(92,160)
Miscellaneous	596,075	2,395,016	302,603	(2,092,413)
Total revenues	25,715,000	27,702,928	27,204,615	(498,313)
Expenditures				
Current:				
General government	3,716,555	3,625,584	3,115,978	509,606
Development services	3,212,710	3,317,509	2,978,817	338,692
Public safety	8,332,370	8,354,734	8,484,213	(129,479)
Public works	4,376,498	5,149,317	4,869,772	279,545
Culture and recreation	1,914,127	1,925,038	1,889,020	36,018
Capital outlay	2,645,085	4,488,041	1,509,898	2,978,143
Debt service				-
Bond and note principal	1,563,217	1,563,217	1,319,864	243,353
Bond and note interest	439,543	439,543	396,742	42,801
Total expenditures	26,200,105	28,862,983	24,564,304	4,298,679
Excess (deficiency) of revenues over (under) expenditures	(485,105)	(1,160,055)	2,640,311	3,800,366
Other financing sources (uses)				
Transfers in	505,100	5,958	(581,471)	(587,429)
Transfers out	(665,000)	(1,874,485)	-	1,874,485
Installment debt issuance proceeds	-	1,000,000	1,000,000	
Claims and settlements	(6,455)	(7,155)	(7,008)	147
Fund balance appropriated	651,460	2,035,737	-	(2,035,737)
Total other financing sources (uses)	485,105	1,160,055	411,521	(748,534)
Net change in fund balance	\$ -	\$ -	3,051,832	\$ 3,051,832
Fund balance - beginning			17,282,289	
Prior period adjustment (see Note 1.G)			918,055	
Fund balance - ending			\$ 21,252,176	

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

Exhibit 6

JUNE 30, 2015

	Water and Sewer Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,239,024
Capital assets:	
Land, improvements and construction in progress	805,551
Total assets	<u>2,044,575</u>
Liabilities	<u>-</u>
Net position	
Net investment in capital assets	805,551
Unrestricted	1,239,024
Total net position	<u><u>\$ 2,044,575</u></u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA**Exhibit 7****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS***YEAR ENDED JUNE 30, 2015*

	Water and Sewer Fund
Operating revenues	
Charges for services	\$ -
Operating expenses	
Operating income	-
Nonoperating revenue (expense)	
Miscellaneous	1,885
Interest earnings	21,615
Interest expense	(5,425)
Total nonoperating revenue (expense)	18,075
Change in net position	18,075
Net position - beginning of year	2,026,500
Net position - end of year	<u><u>\$ 2,044,575</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 FUNDS

Exhibit 8

YEAR ENDED JUNE 30, 2015

	Water and Sewer Fund
Cash flows from capital and related financing activities	
Debt service reimbursement from Town of Cary, pursuant to merger agreement	\$ 155,000
Principal paid on debt	(155,000)
Interest paid on debt	(5,425)
Net cash used for capital and related financing activities	<u>(5,425)</u>
Cash flows from investing activities	
Investment earnings	<u>6,492</u>
Net change in cash and cash equivalents	1,067
Cash and cash equivalents - beginning of year	<u>1,237,957</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,239,024</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION

Exhibit 9

JUNE 30, 2015

	Pension Plan Trust Fund	Retirement Health Care Trust Fund
Assets		
Current assets:		
Cash and cash equivalents	<u>\$ 328,664</u>	<u>\$ 2,025,627</u>
Liabilities	<u>1,883</u>	<u>-</u>
Net position		
Held in fund for pension benefits and retiree health care	<u><u>\$ 326,781</u></u>	<u><u>\$ 2,025,627</u></u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit 10

YEAR ENDED JUNE 30, 2015

	Pension Plan Trust Fund	Retirement Health Care Trust Fund
Additions		
Contributions - employer	\$ 57,481	\$ 275,622
Investment earnings	280	1,620
Total additions	<u>57,761</u>	<u>277,242</u>
Deductions		
Benefits paid to plan members	<u>45,288</u>	<u>6,416</u>
Change in net position	12,473	270,826
Net position, beginning of year	<u>314,308</u>	<u>1,754,801</u>
Net position, end of year	<u><u>\$ 326,781</u></u>	<u><u>\$ 2,025,627</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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 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 Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. Eliminations have been made to minimize the double counting of internal activities. 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, including fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental 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.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes and licenses. The primary expenditures are for public safety, public works, culture and recreation, engineering and general governmental services. Additionally, the Town has legally adopted a Capital Reserve Fund 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 reported with the activity of the General Fund.

Street Improvement Capital Project Fund - The Street Improvement Capital Project Fund is used to account for financial resources to be used for street improvements.

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.

Fire Station Capital Project Fund – The Fire Station Capital Project Fund is used to account for financial resources to be used for fire station improvements.

Public Improvement Capital Project Fund – The Public Improvement Capital Project Fund is used to account for financial resources to be used for various public improvements including restoration of the Pugh House.

Shiloh Greenway Capital Project Fund – The Shiloh Greenway Capital Project Fund is used to account for financial resources to be used for the development of a new greenway.

NC 54 Multi-Use Path Capital Project Fund – The NC 54 Multi-Use Path Capital Project Fund is used to account for financial resources to be used for the development of a multi-use path/greenway.

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

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

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

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

The Town reports the following major proprietary fund:

Water and Sewer Fund – The Water Sewer Fund is used to account for water and sewer operations. The Town of Morrisville has one Proprietary Fund, the Water and Sewer Fund. The Water and Sewer Fund is composed of two sub-funds: Water and Sewer Operations and Shiloh Sewer Capital Project Fund, where activity is reported together for financial reporting reasons. The Water and Sewer operations of the Town were transferred to the Town of Cary effective April 1, 2006. However these funds remain open to pay long term debt and complete capital projects. The merger is discussed more fully in Note 14.

Additionally, the Town reports the following fund types:

Pension Plan Trust Fund – The Pension Plan Trust Fund accounts for the activities of the Law Enforcement Officers' Special Separation Allowance, which accumulates resources for pension benefit payments to qualified public safety employees.

Retirement Health Care Trust Fund – The Retirement Health Care Trust Fund accounts for the activities of the Retirement Health Care Plan of the Town of Morrisville, which accumulates resources for the health insurance costs for qualified retirees from the Town of Morrisville.

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, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resource measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

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 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 water and sewer operations of the Town were transferred to the Town of Cary effective April 1, 2006.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resource 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 property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, 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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

D. Budgetary data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Pension Plan Trust Fund, Retirement Health Care Trust 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 improvements. The proprietary fund projects are consolidated with their 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; (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 required 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 equipment, facility maintenance services, and direct said funds back to the Fire 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.

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

1. Deposits and investments

The deposits of the Town are made in board-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 and loan 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"), an SEC registered money market mutual fund.

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

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

1. Deposits and investments (continued)

The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

2. Cash and cash equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted assets

Unexpended stormwater fees are classified as restricted cash since they can only be used for providing stormwater management programs and related functions. Unexpended bond proceeds for Church Street Park improvements are restricted in the Church Street Park 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 shown as restricted cash.

Town of Morrisville

Governmental Activities

General Fund

Stormwater \$ 542,679

Street Improvements 978,545

Nonmajor Funds

Unspent Bond Proceeds 850,170

Recreation Improvements 1,155,034

Total governmental activities 3,526,428

Total Restricted Cash \$ 3,526,428

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

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

4. Ad valorem taxes receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 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 6. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for doubtful accounts

Ad valorem taxes receivable 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.

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

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

7. Capital assets

Capital assets, which include property, plant, equipment 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, \$10,000 for vehicles, \$20,000 for buildings, and \$100,000 for infrastructure, or more and a useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, are recorded 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 expensed as incurred. Any interest incurred during the construction phase of business-type capital assets is included as part of the capitalized value of the asset constructed.

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 years
Building and improvements	10–30 years
Equipment and furniture	7–10 years
Vehicles	5 years

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 one item that meets this criterion - contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 – taxes receivable, prepaid taxes and fees, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-term debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental 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. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

10. Compensated absences

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

For the Town's government-wide funds, 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.

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.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

11. Net position/fund balances (continued)

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Stormwater – portion of fund balance that is restricted by revenue source for providing a stormwater management program and related functions (G.S. 160A-314).

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

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

Committed Fund Balances – This portion of fund balance can only be used for specific purposes imposed by majority vote by quorum of 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 limitations.

Committed for General Governmental Capital - portion of fund balance in the General Fund committed by Town Council for large capital expenditures.

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

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

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

11. Net position/fund balances (continued)

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

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.

Unassigned Fund Balance - This portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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 deferred 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 purpose 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, 2015

Note 1 – Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred 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 balance that is available for appropriation:

Total fund balance-General Fund	\$ 21,252,176
Less:	
Prepays	13,326
Stabilization by State statute	3,690,527
Stormwater	542,679
Street improvements	978,545
General governmental capital	747,441
Subsequent year's expenditures	<u>1,106,219</u>
Remaining fund balance-General Fund	<u>\$ 14,173,439</u>

The Town of Morrisville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

12. Pensions

For purposes of measuring the net pension asset, 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.

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

JUNE 30, 2015

Note 1 – Summary of significant accounting policies (continued)

F. Change in Accounting Principles/Restatement

The Town implemented GASB statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27) and GASB statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (an amendment of GASB Statement No. 68), in the fiscal year ended June 30, 2015. The implementation of the statements required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ended June 30, 2014) and after the measurement period (fiscal year ended June 30, 2015). As a result, beginning net position for the governmental activities decreased by \$1,593,556.

G. Correction of an Error/Restatement

During the fiscal year ended June 30, 2015, the Town performed a comprehensive review of the revenue recognition procedures governing the receipt of payments-in-lieu received from developers for street improvements. It was determined during this review that certain amounts related to prior periods should have been previously recognized into revenue instead of deferred for recognition in future periods as recorded in previous periods. Accordingly, the Town has restated its beginning net position for the governmental activities and for the general fund by \$918,055.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 2 – Stewardship, compliance, and accountability

Deficit in Fund Balance or Net Position of Individual Funds

At June 30, 2015, the Street Improvements Capital Project Fund had a deficit in fund balance in the amount of \$1,014,061. Budgeted revenues in this fund are from a future sale of general obligation bonds. Design and engineering fees have been paid currently from a loan from the General Fund in the amount of \$1,731,903. This loan will be repaid when the bonds are issued.

Note 3 – Cash and investments

A. Deposits

All of the Town's deposits are either insured or collateralized by using one or two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact 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.

At June 30, 2015, the Town's deposits had a carrying amount of \$2,452,145 and a bank balance of \$2,941,518. Of the bank balance, \$531,270 was covered by federal depository insurance and the remainder was covered under the Pooling Method. At June 30, 2015, the Town's petty cash fund totaled \$3,230.

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

JUNE 30, 2015

Note 3 – Cash and investments (continued)

B. Investments

At June 30, 2015, the Town investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	\$ 20,750,885	N/A	AAAm
NC Capital Management Trust - Term Portfolio	6,023,434		Unrated
	<u>\$ 26,774,319</u>		

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 ladderred 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.

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 Cash Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2015. The Town’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Note 4 – Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of allowance for doubtful accounts in the General Fund of \$113,840. This balance is the allowance estimated for taxes receivable.

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

JUNE 30, 2015

Note 5 – Capital assets

A. Governmental Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease and Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 29,336,741	\$ 3,857,933	\$ -	\$ 33,194,674
Construction in progress	6,031,681	3,041,286	(6,941,904)	2,131,063
Total capital assets not being depreciated	<u>35,368,422</u>	<u>6,899,219</u>	<u>(6,941,904)</u>	<u>35,325,737</u>
Capital assets being depreciated:				
Buildings	15,876,740	1,427,866	-	17,304,606
Infrastructure	69,859,652	8,628,199	-	78,487,851
Other improvements	5,031,481	24,485	-	5,055,966
Equipment and Furniture	3,724,086	991,970	(172,764)	4,543,292
Vehicles and motorized equipment	6,869,810	236,671	(267,167)	6,839,314
Total capital assets being depreciated	<u>101,361,769</u>	<u>11,309,191</u>	<u>(439,931)</u>	<u>112,231,029</u>
Less accumulated depreciation for:				
Buildings	5,581,873	616,132	-	6,198,005
Infrastructure	17,350,866	2,468,892	-	19,819,758
Other improvements	3,214,883	174,597	-	3,389,480
Equipment and Furniture	2,422,960	355,012	(172,764)	2,605,208
Vehicles and motorized equipment	4,441,838	687,343	(267,167)	4,862,014
Total accumulated depreciation	<u>33,012,420</u>	<u>\$ 4,301,976</u>	<u>\$ (439,931)</u>	<u>36,874,465</u>
Total capital assets being depreciated, net	<u>68,349,349</u>			<u>75,356,564</u>
Governmental activities capital assets, net	<u>\$ 103,717,771</u>			<u>\$ 110,682,301</u>

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

JUNE 30, 2015

Note 5 – Capital assets (continued)

A. Governmental Capital Assets (continued)

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

General government	\$	2,675,833
Development Services		28,367
Public Safety		1,107,253
Public Works		202,814
Cultural and recreational		<u>287,709</u>
Total depreciation expense	\$	<u><u>4,301,976</u></u>

B. Business-type Capital Assets

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease and Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Water and Sewer				
Capital assets not being depreciated				
Construction in progress	\$ <u>805,551</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>805,551</u>

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

JUNE 30, 2015

Note 5 – Capital assets (continued)

C. Construction Commitments

The government has active construction projects as of June 30, 2015. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-To-Date</u>	<u>Remaining Commitment</u>
Church Street Park Project	\$ 4,879,022	\$ 198,171
Northwest Park Capital Project	101,987	1,449,480
Hatcher Creek Greenway Capital Project	495,819	67,096
Street Improvement Capital Project	1,016,148	715,254
Total	<u>\$ 6,492,977</u>	<u>\$ 2,430,001</u>

Note 6 – Pension plan obligations

A. Local Governmental Employees' Retirement System

Plan Description - The Town of Morrisville is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 707-0500, or at www.osc.nc.gov.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan 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, 2015, was 7.55% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Morrisville were \$664,606 for the year ended June 30, 2015.

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, 2015

Note 6 – Pension plan 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, 2015, the Town reported an asset of \$1,134,613 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2014, the Town's proportion was 0.019%, which was an increase of 0.008% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$64,326. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 123,976
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,641,353
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	27,166
Town contributions subsequent to the measurement date	664,606	-
	<u>\$ 664,606</u>	<u>\$ 2,792,495</u>

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

\$664,606 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2016	\$ (698,218)
2017	(698,218)
2018	(698,218)
2019	(697,841)
	<u>\$ (2,792,495)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

JUNE 30, 2015

Note 6 – Pension plan 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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 3,851,367</u>	<u>\$ (1,134,613)</u>	<u>\$ (5,332,646)</u>

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

Accrued Liability Contribution – The Town is required to make a monthly payment towards an accrued liability contribution which covers the liabilities for past services at a rate of 5.35% of covered salaries. At July 1, 2003, the date the Town entered into the LGERS, an actuarial study determined the valuation of accrued liability to be equal to \$3,622,690. The annual required contribution percentage was determined as part of the July 1, 2003 actuarial valuation. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) an inflation component of 3.75%. This liability was originally payable for a period of 24 years. In January 2012, a decision was made to change the way this additional contribution rate was calculated beginning July 1, 2012. This change reduced the number of years that some employers, including the Town of Morrisville, will pay the additional contribution rate. The unfunded accrued liability as of December 31, 2013 was \$1,858,607 and is estimated to be liquidated June 30, 2018.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

During the years ended June 30, 2015, 2014 and 2013, the Town had covered payroll of \$9,218,986, \$8,826,890 and \$8,448,530, respectively and made accrued liability payments of \$ 493,215, \$472,239 and \$451,997 for these respective years. Using an interest rate of 7.25% for the year ended June 30, 2015 and 7% for the years ended June 30, 2014 and 2013 to amortize this liability results in a remaining liability at June 30, 2015, 2014 and 2013, of \$ 1,319,500, \$1,644,788 and \$1,983,984, respectively.

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 plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. 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. The separation allowance is reported in the Town's financial statements as a pension trust fund.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	34
Total	<u>37</u>

Summary of Significant Accounting Policies - The Town has chosen to fund the Separation Allowance. Pension expenditures are made from the General Fund, using the actuarial basis described in the following section. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For the current year, the Town contributed \$57,481, or 3.01% of annual covered payroll.

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

B. Law enforcement officers special separation allowance (continued)

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

Method Used to Value Investments – At June 30, 2015, \$325,514 of net assets (at cost and market) was available to pay pension obligations.

Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments through appropriations made in the General Fund operating budget. For the current year, the Town contributed \$57,481, or 3.01% of annual covered payroll. 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 annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25%-7.85% per year. The inflation component was 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

B. Law enforcement officers special separation allowance (continued)

Annual Pension Cost and Net Pension Obligation - The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contributions	\$ 77,669
Interest earnings	962
Adjustment to annual required contribution	<u>(1,626)</u>
Annual pension cost	77,005
Contribution made	<u>57,481</u>
Decrease in net pension obligation	19,524
Net pension obligation, beginning of fiscal year	<u>19,249</u>
Net pension obligation, end of fiscal year	<u>\$ 38,773</u>

Three-year Trend Information:

Fiscal Year Ended June 30,	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 61,340	82.02%	\$ 8,958
2014	66,256	84.47%	19,249
2015	77,005	74.65%	38,773

Funding Status and Funding Progress - As of December 31, 2014 the most recent actuarial valuation date, the plan was 39.81% funded. The actuarial accrued liability for benefits was \$817,700, and the actuarial value of assets was \$325,514, resulting in an unfunded actuarial accrued liability (UAAL) of \$492,186. The covered payroll (annual payroll of active employees covered by the plan) was \$1,908,324, and the ratio of the UAAL to the covered payroll was 25.79%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan 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) 707-0500.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$135,519, which consisted of \$93,737 from the Town and \$41,782 from the law enforcement officers.

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. Also, these employees may make voluntary contributions to the plan. Total contributions for the year ended June 30, 2015 were \$596,240 which consisted of \$369,033 from the Town and \$227,207 from employees.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

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 Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that 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 Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's 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) 707-0500.

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.

Funding Policy - 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 contributed \$6,020 to the Plan for the year ended June 30, 2015. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

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.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

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

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

At June 30, 2015, 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 FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$40,887. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014 and at June 30, 2013 was 0%.

For the year ended June 30, 2015, the Town recognized pension expense of \$15,372 and revenue of \$15,372 for support provided by the State. At June 30, 2015, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, 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 7.25%. 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.

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

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

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

F. Other postemployment benefit – healthcare benefits

Plan Description - Under the terms of a Town resolution adopted July 24, 2006, the Town provides healthcare benefits through the Healthcare Benefits Plan ("HCB Plan") as a single-employer defined benefit plan to cover 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 may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Employees
Retirees receiving benefits	2	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	159	34
Total	161	34

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

F. Other postemployment benefit – healthcare benefits (continued)

Funding Policy - 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 less than fifteen years of service must pay 100% of the group rate. For each year above fifteen years, the group rate will be subsidized at the percentages noted above.

The current ARC rate is 1.33% of annual covered payroll. For the current year, the Town contributed \$275,620 or 3.15% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 3.00% and 3.00% of covered payroll, respectively. Contributions made by employees based on years of service with the Town were \$10,572 and contributions made for dependent coverage were \$8,085. The Town's obligation to contribute to HCB Plan is established and may be amended by the Town Council.

Summary of Significant Accounting Policies - The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a Town resolution, the contributions are recognized when due and the Town will provide the contributions to the HCB Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Administration costs of the HCB Plan are financed through investment earnings.

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

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

F. Other postemployment benefit – healthcare benefits (continued)

Annual OPEB Cost and Net OPEB Obligation - The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Town's net OPEB asset for the postemployment healthcare benefits:

Annual required contributions	\$ 157,294
Interest earnings	(11,698)
Adjustment to annual required contribution	9,723
Annual OPEB cost	<u>155,319</u>
Contribution made	<u>275,620</u>
Decrease in net OPEB asset	<u>(120,301)</u>
Net OPEB asset, beginning of fiscal year	<u>(272,570)</u>
Net OPEB asset, end of fiscal year	<u><u>\$ (392,871)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation as of June 30, 2015 were as follows:

Fiscal Year Ended June 30,	Annual Pension Cost ("AOC")	Percentage of AOC Contributed	Net OPEB Asset
2013	\$ 223,597	112.50%	\$ (167,115)
2014	155,319	167.90%	(272,570)
2015	155,319	177.45%	(392,871)

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 – Pension plan obligations (continued)

F. Other postemployment benefit – healthcare benefits (continued)

Funding Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the plan was 109.5 percent funded. The actuarial accrued liability for benefits was \$1,483,317, and the actuarial value of assets was \$1,624,924, resulting in an actuarial accrued benefit of \$141,607. The covered payroll (annual payroll of active employees covered by the plan) was \$8,765,032, and the ratio of UAAL to the covered payroll was (1.6) percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - Projections of benefits for the financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.00 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 7.75 and 5.00 percent. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on level percent of pay, closed basis. The remaining amortization period at December 31, 2013, was 24 years. Also note, the Town is only required to have an actuarial study performed every three years due to the number of employees.

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 7 – 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 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 these 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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Note 8 – Deferred outflows and inflows of resources

Deferred outflows of resources at year-end are comprised of \$664,606 for governmental activities.

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

	Governmental Activities	Governmental Funds
Taxes receivable, net	\$ -	\$ 54,000
Prepaid taxes and fees	32,971	32,971
Pension deferrals	2,792,495	-
Total	\$ 2,825,466	\$ 86,971

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 9 – Risk management

The Town is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial coverage for these and for all other risks of loss. There have been no significant reductions in insurance coverage between the current and prior years. Settled claims from these risks have not exceeded coverage in any of the past three years. Major policies and their limits of coverage include the following:

Building and personal property	\$ 15,452,000
Comprehensive general liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Business auto	1,000,000
Equipment	674,902
Comprehensive electronic data processing	1,055,000
Law enforcement liability	1,000,000
Public officials liability	1,000,000
Public official bond:	
Finance Director	100,000
Director of Business Management	100,000
Wake County Tax Collector	100,000
Durham County Tax Collector	10,000
Umbrella	1,000,000
Public employees blanket bond	50,000
Earthquake and flood coverage	1,000,000
Workman compensation	1,000,000

In accordance with G.S. 159-29, the Town's employees whose duties include the collection or processing of cash are performance bonded through a commercial surety bond. The Director of Finance, Controller 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, 2015

Note 10 – Long-term obligations

A. Installment note indebtedness

The Town also has various installment notes for capital projects, equipment, and vehicles. Installment notes payable at June 30, 2015 are composed of the following individual notes:

Serviced by the General Fund

\$2,700,000 installment obligation to SunTrust for new fire station #1 issued September 15, 2010; semi-annual payments of \$135,000 plus interest at 2.58%, secured by real property.	\$ 1,485,000
\$1,000,000 installment obligation to US Bank for emergency radio equipment issued October 21, 2014; semi-annual payments of \$76,725 which includes interest at 1.9%, secured by equipment.	932,992
Total	<u><u>\$ 2,417,992</u></u>

Annual debt service payments of the installment notes as of June 30, 2015, including \$179,609 of interest, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 406,035	\$ 54,097
2017	408,862	44,388
2018	411,382	34,723
2019	414,134	25,005
2020	416,939	15,253
2021-2022	360,820	6,143
Total	<u><u>\$ 2,417,992</u></u>	<u><u>\$ 179,609</u></u>

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

JUNE 30, 2015

Note 10 – Long-term obligations (continued)

B. General obligation 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. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Enterprise Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2015 are composed of the following individual issues:

Serviced by the General Fund

\$9,700,000 October 15, 2007 public improvement bonds due in annual installments of \$485,000 plus interest through June 2027; interest at varying rates from 3.65% to 4.00%.	\$ 5,820,000
\$4,000,000 July 3, 2013 parks and recreation bonds due in annual installments of \$200,000 plus interest through August 2033; interest at varying rates from 2.0% to 3.0%.	3,800,000
Total	<u><u>\$ 9,620,000</u></u>

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

JUNE 30, 2015

Note 10 – Long-term obligations (continued)

B. General obligation indebtedness (continued)

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

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 685,000	\$ 312,943
2017	685,000	289,543
2018	685,000	266,143
2019	685,000	244,440
2020	685,000	222,738
2021-2025	3,425,000	780,618
2026-2030	1,970,000	246,700
2031-2032	800,000	48,000
Total	<u>\$ 9,620,000</u>	<u>\$ 2,411,123</u>

At June 30, 2015, the Town had a legal debt margin of \$288,740,410. The Town had authorized but unissued bonds outstanding at June 30, 2015 totaling \$20,000,000. The bonds will be used for parks and recreation improvements along with streets in the amount of \$5,700,000 and \$14,300,000, respectively.

Advance and Current Refunding:

On May 4, 2004, the Town issued \$4,630,000 in general obligation Public Improvement refunding bonds for a current refunding of \$745,000 of outstanding 1992 Public Improvement and \$1,955,000 of 1992 Water and Sewer bonds as well as \$815,000 of outstanding 1996 Public Improvement and \$1,155,000 of 1996 Water and Sewer Bonds. The Town completed the current refunding to reduce its total debt service payments over 11 years by \$396,464 and to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$359,127. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$45,000.

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

JUNE 30, 2015

Note 10 – Long-term obligations (continued)

C. Changes in long-term liabilities

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current Portion</u>
Governmental activities:					
Bonds and payable:					
General obligation bonds	\$ 10,370,000	\$ -	\$ 750,000	\$ 9,620,000	\$ 685,000
Premiums on issuance	53,832	-	3,475	50,357	3,475
Total bonds and notes payable	<u>10,423,832</u>	<u>-</u>	<u>753,475</u>	<u>9,670,357</u>	<u>688,475</u>
Installment notes	1,987,856	1,000,000	569,864	2,417,992	406,035
Compensated absences	711,222	706,317	632,212	785,327	640,100
Net pension obligation	627,967	-	627,967	-	-
Net law enforcement officers' pension obligation	19,249	77,005	57,481	38,773	-
Governmental activity long-term liabilities	<u>\$ 13,770,126</u>	<u>\$ 1,783,322</u>	<u>\$ 2,640,999</u>	<u>\$ 12,912,449</u>	<u>\$ 1,734,610</u>
Business-type activities					
General obligation bonds	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ -</u>

For the governmental activities, compensated absences are generally liquidated in the general fund.

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

JUNE 30, 2015

Note 11 – Interfund balances and activity

At June 30, 2015, the Street Improvements Capital Project Funds has a loan due to the General Fund in the amount of \$1,731,903. This loan is to cover expenses for design and engineering fees until general obligation bonds are issued. The General Fund has a loan due to Parkland Payment-In-Lieu Capital Project Fund in the amount of \$587,429 and the Parkland Payment-In-Lieu Capital Project Fund has a loan due to Church Street Park Capital Project Fund in the amount of \$92,491.

During the year the Town had interfund transfers as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Funds	\$ 587,429	For capital expenditures
Nonmajor Funds	General Fund	<u>(5,958)</u>	For capital expenditures
		<u>\$ 581,471</u>	

Note 12 – Net investment in capital assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 110,682,301	\$ 805,551
Less: Long-term debt	(12,088,349)	-
Add: Unexpended debt proceeds	955,360	-
Total	<u>\$ 99,549,312</u>	<u>\$ 805,551</u>

TOWN OF MORRISVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

Note 13 – 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.

Note 14 – Merger of water and sewer system with the Town of Cary

The Water and Sewer Utility System of the Town was transferred to the Town of Cary effective April 1, 2006. Under the terms of the agreement, Cary assumed full responsibility for the provision of water and sewer services in Morrisville, including responsibility for Morrisville's water and sewer utility systems and related equipment and property rights. Upon the transfer, Cary assumed immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the water and sewer systems serving Morrisville's existing and future corporate limits and Urban Services Area. The Town transferred ownership of all facilities, property, land, equipment, financial assets, information and data subject to the agreement with Cary. Pursuant to the agreement, the Town will transfer Water and Sewer Capital Projects as they are completed.

Note 15 – Subsequent events

The Town has evaluated subsequent events through October 29, 2015, 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 FUNDING PROGRESS

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2005	\$ -	\$ 258,630	\$ 258,630	- %	\$ 1,303,309	19.84 %
December 31, 2006	-	339,094	339,094	-	1,407,602	24.09
December 31, 2007	156,189	366,570	210,381	42.61	1,464,250	14.37
December 31, 2008	196,472	422,832	226,360	46.47	1,552,784	14.58
December 31, 2009	224,451	639,822	415,371	35.08	1,806,636	22.99
December 31, 2010	246,846	646,368	399,522	38.19	1,777,285	22.48
December 31, 2011	265,187	661,059	395,872	40.12	1,757,052	22.53
December 31, 2012	284,068	707,500	423,432	40.15	1,800,599	23.52
December 31, 2013	304,723	739,690	434,967	41.20	1,826,168	23.82
December 31, 2014	325,514	817,700	492,186	39.81	1,908,324	25.79

TOWN OF MORRISVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Exhibit A-2

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 27,164	71.79 %
2007	34,102	391.65
2008	40,003	107.96
2009	33,010	131.74
2010	37,993	125.03
2011	61,746	79.92
2012	60,151	85.53
2013	61,314	82.06
2014	66,538	84.11
2015	77,669	74.01

Notes to the Required Schedules

The information presented in the required supplemental schedules was determined as part of the actuarial valuations as follows:

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

TOWN OF MORRISVILLE, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Exhibit A-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2005	\$ -	\$ 1,109,703	\$ 1,109,703	- %	\$ 6,231,580	17.81 %
December 31, 2006	-	1,234,466	1,234,466	-	6,790,743	18.18
December 31, 2007	241,037	1,266,470	1,025,433	19.03	6,804,015	15.07
December 31, 2010	879,713	1,385,923	506,210	63.47	8,271,055	6.12
December 31, 2013	1,624,924	1,483,317	(141,607)	109.55	8,765,032	(1.62)

Note: Fiscal year ending June 30, 2008 was the first year that the Town recognized this liability under GASB 45. Also, note, the Town is only required to have an actuarial study performed every three years due to the number of employees. The years shown above represent the actual years that the actuarial study was performed.

TOWN OF MORRISVILLE, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Exhibit A-4

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 216,778	123.52%
2009	216,778	109.13%
2010	216,778	110.42%
2011	233,341	105.86%
2012	233,341	110.07%
2013	233,341	107.79%
2014	157,294	165.79%
2015	157,294	175.23%

Notes to the Required Schedules

The information presented in the required supplemental schedules was determined as part of the actuarial valuation as follows:

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	24 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	7.00%
Medical cost trend rate	7.75% - 5.00%
Year of ultimate trend rate	2019
*Includes inflation at	3.00%

TOWN OF MORRISVILLE, NORTH CAROLINA
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS ENDING*

Exhibit A-5

Schedule of Proportionate Share of Net Pension Asset

	2015	2014
Town's proportion of the net pension liability (asset) (%)	(0.19%)	0.18%
Town's proportion of the net pension liability (asset) (\$)	\$ (1,134,613)	\$ 2,221,523
Town's covered-employee payroll	\$ 9,218,986	\$ 8,826,890
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.31%	25.2%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

Schedule of Contributions

	2015	2014
Contractually required contribution	\$ 664,606	\$ 627,967
Contributions in relation to the contractually required contribution	664,606	627,967
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 9,218,986	\$ 8,826,890
Contributions as a percentage of covered-employee payroll	7.2%	7.1%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not available for years prior to those presented.

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

Exhibit A-6

Schedule of Proportionate Share of Net Pension Liability

	2015
Town's proportionate share of the net pension liability (%)	0.00%
Town's proportionate share of the net pension liability (\$)	\$ -
State proportionate share of the net pension liability associated with the Town	40,887
Total	<u>\$ 40,887</u>
Town's covered-employee payroll	2,729,868
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.50%
Plan fiduciary net position as a percentage of the total pension liability	93.42%

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

Combining and Individual Fund Statements and Schedules

This section contains additional information on the Governmental 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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

Schedule 1

Page 1 of 5

YEAR ENDED JUNE 30, 2015

	2015		Variance With Final Positive (Negative)
	Final Budget	Actual	
Revenues			
Ad valorem taxes:			
Current year	\$ 14,531,916	\$ 14,727,527	\$ 195,611
Prior years	70,000	32,188	(37,812)
Penalties and interest	25,000	25,118	118
Total ad valorem taxes	<u>14,626,916</u>	<u>14,784,833</u>	<u>157,917</u>
Other taxes and licenses:			
Motor vehicle decals	255,000	248,636	(6,364)
Privilege licenses	737,900	830,123	92,223
Video programming	651,034	652,671	1,637
Total other taxes and licenses	<u>1,643,934</u>	<u>1,731,430</u>	<u>87,496</u>
Unrestricted intergovernmental:			
Local option sales taxes	3,810,000	4,095,031	285,031
Rental vehicle	70,000	67,513	(2,487)
Utility franchise tax	940,000	1,456,779	516,779
Beer and wine tax	80,000	98,979	18,979
Wake County fire tax	800,000	831,306	31,306
Solid waste disposal tax	12,945	13,392	447
Total unrestricted intergovernmental	<u>5,712,945</u>	<u>6,563,000</u>	<u>850,055</u>
Restricted intergovernmental:			
Powell bill	495,000	502,929	7,929
Fire - Wake County reimbursement	5,858	5,946	88
Federal grants	150,580	29,202	(121,378)
Total restricted intergovernmental	<u>651,438</u>	<u>538,077</u>	<u>(113,361)</u>
Permits and fees:			
Building permits	707,570	898,518	190,948
Zoning fees	79,630	117,563	37,933
Engineering fees	137,000	158,262	21,262
Stormwater fees	490,000	854,463	364,463
Officer fees	7,500	27,541	20,041
Fire permits	50,000	43,680	(6,320)
Total permits and fees	<u>1,471,700</u>	<u>2,100,027</u>	<u>628,327</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Schedule 1

Page 2 of 5

YEAR ENDED JUNE 30, 2015

	2015		Variance With Final Positive (Negative)
	Final Budget	Actual	
Recreation	845,050	912,401	67,351
Rents	245,900	254,375	8,475
Total sales and services	1,090,950	1,166,776	75,826
Investment earnings	110,029	17,869	(92,160)
Miscellaneous:			
ABC revenue	116,000	126,793	10,793
Surplus property	135,000	62,172	(72,828)
Wake County Landfill	32,000	29,937	(2,063)
Miscellaneous	328,478	63,668	(264,810)
Fines and forfeitures	1,967	6,833	4,866
Contributions and donations - private sources	115	13,200	13,085
Parkland Payment in Lieu	1,781,456	-	(1,781,456)
Total miscellaneous	2,395,016	302,603	(2,092,413)
Total revenues	27,702,928	27,204,615	(498,313)
Expenditures			
General government:			
Governing body			
Personnel costs	91,006	79,516	11,490
Contract services	220,564	147,160	73,404
Other operating	126,517	108,412	18,105
Capital outlay	699,676	405,179	294,497
Subtotal	1,137,763	740,267	397,496
Administration			
Personnel costs	640,292	598,716	41,576
Contract services	111,194	35,191	76,003
Other operating	564,002	487,609	76,393
Subtotal	1,315,488	1,121,516	193,972
Information technology			
Personnel costs	402,222	323,538	78,684
Contract services	58,020	38,569	19,451
Other operating	533,091	470,287	62,804
Capital outlay	311,782	94,714	217,068
Subtotal	1,305,115	927,108	378,007

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Schedule 1

Page 3 of 5

YEAR ENDED JUNE 30, 2015

	2015		Variance With Final Positive (Negative)
	Final Budget	Actual	
Finance			
Personnel costs	684,730	656,947	27,783
Contract services	139,500	136,902	2,598
Other operating	54,446	33,131	21,315
Subtotal	878,676	826,980	51,696
Total general government	4,637,042	3,615,871	1,021,171
Development services:			
Engineering			
Personnel costs	508,060	499,644	8,416
Contract services	76,940	62,274	14,666
Other operating	35,834	28,513	7,321
Capital outlay	313,000	-	313,000
Subtotal	933,834	590,431	343,403
Stormwater			
Personnel costs	295,584	248,617	46,967
Contract services	164,292	112,793	51,499
Other operating	106,525	98,156	8,369
Capital outlay	180,376	7,753	172,623
Subtotal	746,777	467,319	279,458
Inspections			
Personnel costs	572,066	560,449	11,617
Contract services	15,256	9,973	5,283
Other operating	35,594	27,005	8,589
Capital outlay	-	-	-
Subtotal	622,916	597,427	25,489
Planning			
Personnel costs	1,116,808	1,063,559	53,249
Contract services	322,842	219,307	103,535
Other operating	67,708	48,527	19,181
Capital outlay	10,000	5,080	4,920
Subtotal	1,517,358	1,336,473	180,885
Total development services	3,820,885	2,991,650	829,235

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Schedule 1

Page 4 of 5

YEAR ENDED JUNE 30, 2015

	2015		Variance With Final Positive (Negative)
	Final Budget	Actual	
Public Safety			
Police			
Personnel costs	3,172,552	3,003,104	169,448
Contract services	150,624	124,369	26,255
Other operating	355,620	481,463	(125,843)
Capital outlay	675,536	436,802	238,734
Subtotal	4,354,332	4,045,738	308,594
Fire and rescue			
Personnel costs	4,104,351	4,024,712	79,639
Contract services	74,974	69,896	5,078
Other operating	496,613	780,669	(284,056)
Capital outlay	815,253	191,468	623,785
Subtotal	5,491,191	5,066,745	424,446
Total public safety	9,845,523	9,112,483	733,040
Public works			
Personnel costs	1,533,702	1,423,806	109,896
Contract services	1,467,593	1,430,815	36,778
Other operating	1,676,292	1,543,454	132,838
Capital outlay	1,341,840	275,838	1,066,002
Subtotal	6,019,427	4,673,913	1,345,514
Powell Bill			
Other operating	471,730	471,697	33
Capital outlay	23,270	22,811	459
Subtotal	495,000	494,508	492
Total public works	6,514,427	5,168,421	1,346,006

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Schedule 1

Page 5 of 5

YEAR ENDED JUNE 30, 2015

	2015		
	Final Budget	Actual	Variance With Final Positive (Negative)
Culture and recreation			
Personnel costs	1,442,135	1,427,127	15,008
Contract services	43,809	43,182	627
Other operating	439,094	418,711	20,383
Capital outlay	117,308	70,253	47,055
Total culture and recreation	2,042,346	1,959,273	83,073
Debt service			
Principal	1,563,217	1,319,864	243,353
Interest	439,543	396,742	42,801
Total debt service	2,002,760	1,716,606	286,154
Total expenditures	28,862,983	24,564,304	4,298,679
Revenues over (under) expenditures	(1,160,055)	2,640,311	3,800,366
Other financing sources (uses)			
Transfers in (out)			
Capital projects fund			
Downtown Development Capital Project Fund	5,958	5,958	-
Northwest Park Capital Project Fund	(1,874,485)	-	1,874,485
Parkland Payment-In-Lieu Capital Project Fund	-	(587,429)	(587,429)
Installment debt issuance proceeds	1,000,000	1,000,000	-
Claims/settlements	(7,155)	(7,008)	147
Fund balance appropriated	2,035,737	-	(2,035,737)
Total other financing sources (uses)	1,160,055	411,521	(748,534)
Net change in fund balances	\$ -	3,051,832	\$ 3,051,832
Fund Balance - Beginning		17,282,289	
Prior period adjustment		918,055	
Fund Balance - Ending		\$ 21,252,176	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 2****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
STREET IMPROVEMENT CAPITAL PROJECT FUND***FROM INCEPTION TO JUNE 30, 2015*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Bond proceeds	\$ 14,300,000	\$ -	\$ -	\$ -
Investment earnings	-	1,241	846	2,087
Total revenues	14,300,000	1,241	846	2,087
Expenditures				
Engineering	1,731,903	377,273	638,875	1,016,148
Construction	12,568,097	-	-	-
Total expenditures	14,300,000	377,273	638,875	1,016,148
Revenues under expenditures	-	(376,032)	(638,029)	(1,014,061)
Net change in fund balance	\$ -	\$ (376,032)	\$ (638,029)	\$ (1,014,061)

TOWN OF MORRISVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Schedule 3

JUNE 30, 2015

	Capital Projects							
	Parkland	Public	Shiloh	NC 54	Hatcher Creek	Northwest Park	Church Street	Total
	Payment-In-Lieu	Fire Station	Improvement	Greenway	Multi-Use	Capital	Capital	Nonmajor
	Capital	Capital	Capital	Capital	Path Capital	Capital	Park Capital	Governmental
	Project Fund	Project Fund	Project Fund	Project Fund	Project Fund	Project Fund	Project Fund	Funds
Assets								
Cash and cash equivalents	\$ -	\$ 71,874	\$ -	\$ -	\$ -	\$ 706,610	\$ 1,632,065	\$ 2,410,549
Grants receivable	-	-	-	-	-	63,682	-	63,682
Due from other governments	1,205	-	-	-	-	-	12,699	13,904
Due from other funds	587,429	-	-	-	-	-	92,491	679,920
Restricted cash	1,155,034	-	-	-	-	-	850,170	2,005,204
Total assets	<u>\$ 1,743,668</u>	<u>\$ 71,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,292</u>	<u>\$ 1,632,065</u>	<u>\$ 5,173,259</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 216	\$ -	\$ -	\$ 216
Due to other funds	92,491	-	-	-	-	-	-	92,491
Total liabilities	<u>92,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>	<u>-</u>	<u>-</u>	<u>92,707</u>
Fund balances:								
Restricted								
Stabilization by State statute	588,634	-	-	-	63,682	-	105,190	757,506
Recreation improvements	1,062,543	-	-	-	-	-	850,170	1,912,713
Committed								
Capital projects	-	71,874	-	-	706,394	1,632,065	-	2,410,333
Total fund balances	<u>1,651,177</u>	<u>71,874</u>	<u>-</u>	<u>-</u>	<u>770,076</u>	<u>1,632,065</u>	<u>955,360</u>	<u>5,080,552</u>
Total liabilities and fund balances	<u>\$ 1,743,668</u>	<u>\$ 71,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,292</u>	<u>\$ 1,632,065</u>	<u>\$ 955,360</u>	<u>\$ 5,173,259</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 4
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2015

	Capital Projects								
	Parkland Payment-In-Lieu Capital Project Fund	Fire Station Capital Project Fund	Public Improvement Capital Project Fund	Shiloh Greenway Capital Project Fund	NC 54 Multi-Use Path Capital Project Fund	Hatcher Creek Capital Project Fund	Northwest Park Capital Project Fund	Church Street Park Capital Project Fund	Total Nonmajor Governmental Funds
Revenues									
Grants	\$ -	\$ -	\$ -	\$ 99,572	\$ 897	\$ 184,747	\$ -	\$ -	\$ 285,216
Investment earnings	1,071	58	3	381	69	403	149	1,896	4,030
Parkland payment in lieu	551,487	-	-	-	-	-	-	-	551,487
Total revenues	552,558	58	3	99,953	966	185,150	149	1,896	840,733
Expenditures									
Capital projects	-	-	-	284,788	4,322	234,294	23,732	1,304,883	1,852,019
Revenues over (under) expenditures	552,558	58	3	(184,835)	(3,356)	(49,144)	(23,583)	(1,302,987)	(1,011,286)
Other financing sources (uses)									
Transfers in (out)									
General fund	587,429	-	-	-	-	-	-	-	587,429
General fund	-	-	(5,958)	-	-	-	-	-	(5,958)
NC 54 Multi-Use Path Capital project fund	198,509	-	-	-	-	-	-	-	198,509
Northwest Park Capital Project Fund	(1,733,903)	-	-	-	-	-	-	-	(1,733,903)
Northwest Park Capital Project Fund	-	-	-	-	-	-	-	78,255	78,255
Shiloh Greenway Capital Project Fund	578,360	-	-	-	-	-	-	-	578,360
Church Street Park Capital Project Fund	(92,491)	-	-	-	-	-	(78,255)	-	(170,746)
Church Street Park Capital Project Fund	859,882	-	-	-	-	-	-	-	859,882
Hatcher Creek Capital Project Fund	261,525	-	-	-	-	-	-	-	261,525
Hatcher Creek Capital Project Fund	(1,080,745)	-	-	-	-	-	-	-	(1,080,745)
Parkland Payment-In-Lieu Capital Project Fund	-	-	-	-	-	1,080,745	-	92,491	1,173,236
Parkland Payment-In-Lieu Capital Project Fund	-	-	-	(578,360)	(198,509)	(261,525)	1,733,903	(859,882)	(164,373)
Total other financing sources (uses)	(421,434)	-	(5,958)	(578,360)	(198,509)	819,220	1,655,648	(689,136)	581,471
Net change in fund balances	131,124	58	(5,955)	(763,195)	(201,865)	770,076	1,632,065	(1,992,123)	(429,815)
Fund balance - beginning	1,520,053	71,816	5,955	763,195	201,865	-	-	2,947,483	5,510,367
Fund balance - ending	\$ 1,651,177	\$ 71,874	\$ -	\$ -	\$ -	\$ 770,076	\$ 1,632,065	\$ 955,360	\$ 5,080,552

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 5
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PARKLAND PAYMENT-IN-LIEU CAPITAL PROJECT FUND**

FROM INCEPTION TO JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	92,652	1,071	93,723
Parkland payment in lieu	-	2,668,825	551,487	3,220,312
Total revenues	-	2,761,477	552,558	3,314,035
Expenditures				
Professional services	-	-	-	-
Construction	-	-	-	-
Total expenditures	-	-	-	-
Revenues over expenditures	-	2,761,477	552,558	3,314,035
Other financing sources (uses)				
Transfers in (out)				
General Fund	-	1,255,088	-	1,255,088
General Fund	-	-	587,429	587,429
Capital Reserve Fund	-	1,684,257	-	1,684,257
Northwest Park Capital Project Fund	-	-	(1,733,903)	(1,733,903)
Northwest Park Capital Project Fund	-	28,930	-	28,930
Shiloh Greenway Capital Project Fund	-	(1,110,712)	-	(1,110,712)
Shiloh Greenway Capital Project Fund	-	(578,360)	578,360	-
NC 54 Multi-Use Path Capital Project Fund	-	(249,040)	-	(249,040)
NC 54 Multi-Use Path Capital Project Fund	-	(198,509)	198,509	-
Church Street Park Project Fund	-	(990,556)	-	(990,556)
Church Street Park Project Fund	-	(859,882)	859,882	-
Recreation Facilities Capital Project Fund	-	-	(92,491)	(92,491)
Hatcher Creek Capital Project Fund	-	(261,525)	261,525	-
Hatcher Creek Capital Project Fund	-	1,080,745	(1,080,745)	-
Indian Creek Greenway Capital Project Fund	-	(1,041,860)	-	(1,041,860)
Total other financing sources (uses)	-	(1,241,424)	(421,434)	(1,662,858)
Net change in fund balances	\$ -	\$ 1,520,053	\$ 131,124	\$ 1,651,177

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 6****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****FIRE STATION CAPITAL PROJECT FUND***FROM INCEPTION TO JUNE 30, 2015*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 120,425	\$ 9,435	\$ 58	\$ 9,493
Expenditures				
Professional services	4,490	4,489	-	4,489
Construction	55,935	12,779	-	12,779
Capital outlay	60,000	51,605	-	51,605
Total expenditures	120,425	68,873	-	68,873
Revenues over (under) expenditures	-	(59,438)	58	(59,380)
Other financing sources (uses)				
Transfers in (out)				
General Fund	120,425	131,254	-	131,254
Net change in fund balances	\$ -	\$ 71,816	\$ 58	\$ 71,874

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 7

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PUBLIC IMPROVEMENT CAPITAL PROJECT FUND**

FROM INCEPTION TO JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 75,025	\$ 75,021	\$ 3	\$ 75,024
Expenditures				
Professional services	10,000	10,000	-	10,000
Construction	154,452	154,451	-	154,451
Total expenditures	164,452	164,451	-	164,451
Revenues over (under) expenditures	(89,427)	(89,430)	3	(89,427)
Other financing sources (uses)				
Transfers in (out)				
General Fund	87,427	93,385	(5,958)	87,427
Downtown Development Capital Project Fund	47,000	47,000	-	47,000
Street Improvement Capital Project Fund	(45,000)	(45,000)	-	(45,000)
Total other financing sources (uses)	89,427	95,385	(5,958)	89,427
Net change in fund balances	\$ -	\$ 5,955	\$ (5,955)	\$ -

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 8****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****SHILOH GREENWAY CAPITAL PROJECT FUND***FROM INCEPTION TO JUNE 30, 2015*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 522,116	\$ 422,544	\$ 99,572	\$ 522,116
Investment earnings	2,483	2,102	381	2,483
Total revenues	<u>524,599</u>	<u>424,646</u>	<u>99,953</u>	<u>524,599</u>
Expenditures				
Professional services	266,232	227,126	39,106	266,232
Construction	730,107	484,425	245,682	730,107
Property acquisition	60,612	60,612	-	60,612
Total expenditures	<u>1,056,951</u>	<u>772,163</u>	<u>284,788</u>	<u>1,056,951</u>
Revenues over (under) expenditures	<u>(532,352)</u>	<u>(347,517)</u>	<u>(184,835)</u>	<u>(532,352)</u>
Other financing sources (uses)				
Transfers in (out)				
Greenway Capital Project Fund	1,110,712	1,110,712	-	1,110,712
Parkland Payment-In-Lieu Capital Project Fund	(578,360)	-	(578,360)	(578,360)
Total other financing sources (uses)	<u>532,352</u>	<u>1,110,712</u>	<u>(578,360)</u>	<u>532,352</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 763,195</u>	<u>\$ (763,195)</u>	<u>\$ -</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 9
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NC 54 MULTI-USE PATH CAPITAL PROJECT FUND**
FROM INCEPTION TO JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 115,224	\$ 114,327	\$ 897	\$ 115,224
Investment earnings	529	460	69	529
Total revenues	<u>115,753</u>	<u>114,787</u>	<u>966</u>	<u>115,753</u>
Expenditures				
Professional services	89,146	87,741	1,405	89,146
Construction	<u>77,138</u>	<u>74,221</u>	<u>2,917</u>	<u>77,138</u>
Total expenditures	<u>166,284</u>	<u>161,962</u>	<u>4,322</u>	<u>166,284</u>
Revenues over (under) expenditures	<u>(50,531)</u>	<u>(47,175)</u>	<u>(3,356)</u>	<u>(50,531)</u>
Other financing sources (uses)				
Transfers in (out)				
Greenway Capital Project Fund	249,040	249,040	-	249,040
Parkland Payment-In-Lieu Capital Project Fund	<u>(198,509)</u>	<u>-</u>	<u>(198,509)</u>	<u>(198,509)</u>
Total other financing sources (uses)	<u>50,531</u>	<u>249,040</u>	<u>(198,509)</u>	<u>50,531</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 201,865</u>	<u>\$ (201,865)</u>	<u>\$ -</u>

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 10

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HATCHER CREEK GREENWAY CAPITAL PROJECT FUND**

FROM INCEPTION TO JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 3,967,514	\$ 231,367	\$ 184,747	\$ 416,114
Investment earnings	-	-	403	403
Total revenues	<u>3,967,514</u>	<u>231,367</u>	<u>185,150</u>	<u>416,517</u>
Expenditures				
Professional services	600,000	261,525	232,535	494,060
Capital Outlay	4,066,892	-	1,207	1,207
Land acquisition	150,000	-	552	552
Total expenditures	<u>4,816,892</u>	<u>261,525</u>	<u>234,294</u>	<u>495,819</u>
Revenues over (under) expenditures	<u>(849,378)</u>	<u>(30,158)</u>	<u>(49,144)</u>	<u>(79,302)</u>
Other financing sources (uses)				
Transfers in (out)				
Parkland Payment-In-Lieu Capital Project Fund	849,378	-	849,378	849,378
Parkland Payment-In-Lieu Capital Project Fund	-	(231,367)	231,367	-
Parkland Payment-In-Lieu Capital Project Fund	-	261,525	(261,525)	-
Total other financing sources (uses)	<u>849,378</u>	<u>30,158</u>	<u>819,220</u>	<u>849,378</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,076</u>	<u>\$ 770,076</u>

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 11****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NORTHWEST PARK CAPITAL PROJECT FUND***FROM INCEPTION TO JUNE 30, 2015*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 149	\$ 149
Expenditures				
Professional services	207,502	78,255	20,753	99,008
Capital Outlay	1,526,401	-	2,979	2,979
Total expenditures	1,733,903	78,255	23,732	101,987
Revenues over (under) expenditures	(1,733,903)	(78,255)	(23,583)	(101,838)
Other financing sources (uses)				
Transfers in (out)				
Church Street Park Capital Project Fund	-	78,255	(78,255)	-
Parkland Payment-In-Lieu Capital Project Fund	1,733,903	-	1,733,903	1,733,903
Total other financing sources (uses)	1,733,903	78,255	1,655,648	1,733,903
Net change in fund balances	\$ -	\$ -	\$ 1,632,065	\$ 1,632,065

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 12
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CHURCH STREET PARK CAPITAL PROJECT FUND**

FROM INCEPTION TO JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 1,535,857	\$ 1,475,880	\$ -	\$ 1,475,880
Investment earnings	8,503	11,928	1,896	13,824
Parkland payments in lieu	-	92,491	-	92,491
Total revenues	1,544,360	1,580,299	1,896	1,582,195
Expenditures				
Engineering	450,269	367,619	40,647	408,266
Construction	3,775,526	1,594,650	1,264,236	2,858,886
Land acquisition	1,611,870	1,611,870	-	1,611,870
Total expenditures	5,837,665	3,574,139	1,304,883	4,879,022
Revenues over (under) expenditures	(4,293,305)	(1,993,840)	(1,302,987)	(3,296,827)
Other financing sources (uses)				
Transfers in (out)				
General Fund	587,429	587,429	-	587,429
General Fund	(587,429)	(587,429)	-	(587,429)
Parkland Payment-In-Lieu Capital Project Fund	-	(92,491)	92,491	-
Parkland Payment-In-Lieu Capital Project Fund	264,283	1,083,047	(859,882)	223,165
Northwest Park Project fund	-	(78,255)	78,255	-
Bonds issued	4,000,000	4,000,000	-	4,000,000
Bond premium	29,022	29,022	-	29,022
Total other financing sources (uses)	4,293,305	4,941,323	(689,136)	4,252,187
Net change in fund balance	\$ -	\$ 2,947,483	\$ (1,992,123)	\$ 955,360

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 13**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP) - WATER AND SEWER FUND

YEAR ENDED JUNE 30, 2015

	2015		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues	\$ -	\$ -	\$ -
Non-operating revenues			
Debt reimbursements from Cary	160,425	160,425	-
Investment earnings	-	-	-
Miscellaneous	-	1,885	1,885
Total revenues	<u>160,425</u>	<u>162,310</u>	<u>1,885</u>
Operating expenditures			
Debt service			
Debt principal	155,000	155,000	-
Interest	5,425	5,425	-
Total debt service	<u>160,425</u>	<u>160,425</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	1,885	<u>\$ 1,885</u>
Adjustments to accrual			
Add (deduct)			
Debt principal		155,000	
Decrease (increase) in accrued interest		459	
Receipts of notes receivable		(140,329)	
Shiloh Sewer Capital Project			
Interest income		<u>1,060</u>	
Change in net position		<u>\$ 18,075</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 14****SHILOH SEWER CAPITAL PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION TO JUNE 30, 2015*

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 206,305	\$ 1,060	\$ 207,365
Miscellaneous	7,135	7,135	-	7,135
Total revenues	204,301	213,440	1,060	214,500
Expenditures				
Professional services	139,847	32,239	-	32,239
Property acquisition	16,398	16,397	-	16,397
Construction	1,876,219	756,915	-	756,915
Total expenditures	2,032,464	805,551	-	805,551
Revenues over (under) expenditures	(1,828,163)	(592,111)	1,060	(591,051)
Other financing sources				
Transfers in				
Water/sewer capital reserve	1,562,500	1,562,500	-	1,562,500
Cape Fear capital project	265,663	265,663	-	265,663
Total other financing sources	1,828,163	1,828,163	-	1,828,163
Net change in fund balance	\$ -	\$ 1,236,052	\$ 1,060	\$ 1,237,112

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

Schedule 15

JUNE 30, 2015

Fiscal Year	Balance June 30, 2014	Current Levy	Collection Adjustments and Releases	Balance June 30, 2015
2014 - 2015	\$ -	\$ 14,672,918 (1)	\$ 14,657,124 (2)	\$ 15,794
2013 - 2014	39,044		26,922	12,122
2012 - 2013	13,123	-	3,468	9,655
2011 - 2012	11,866		912	10,954
2010 - 2011	24,876		527	24,349
2009 - 2010	20,097	-	382	19,715
2008 - 2009	9,960	-	529	9,431
2007 - 2008	12,535	-	887	11,648
2006 - 2007	11,332	-	326	11,006
2005 - 2006	8,787	-	523	8,264
2004-2005	10,170	-	10,170	-
	<u>\$ 161,790</u>	<u>\$ 14,672,918</u>	<u>\$ 14,701,769</u>	<u>132,940</u>
Less allowance for uncollectible taxes				<u>(113,840)</u>
				<u>\$ 19,100 (3)</u>
Reconcilement with revenues:				
Ad valorem taxes, General Fund			\$ 14,690,769 (4)	
Add (deduct):				
Taxes written off			10,170	
Discounts Allowed			829	
Total collections, adjustments and releases			<u>\$ 14,701,768</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 revenue of \$34,900.

Note (4):

Does not include municipal service district taxes of \$94,064.

TOWN OF MORRISVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY

Schedule 16

YEAR ENDED JUNE 30, 2015

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 3,746,820,952	0.3900	\$ 14,616,176	\$ 13,677,017	\$ 939,159
Registered motor vehicles taxed at prior year's rate	6,060	0.3900	24	-	24
Penalties	-		32,751	32,751	-
Total	3,746,827,012		14,648,950	13,709,767	939,183
Discoveries					
Prior year's taxes	12,903,008		45,861	43,564	2,297
Less: Abatements	-		(21,893)	(21,893)	-
Total Property Valuation	<u>\$ 3,759,730,020</u>				
Net Levy			14,672,918	13,731,438	941,480
Uncollected taxes at June 30, 2015			15,794	11,007	4,787
Current year's taxes collected			<u>\$ 14,657,124</u>	<u>\$ 13,720,431</u>	<u>\$ 936,693</u>
Current levy collection percentage			<u>99.90%</u>	<u>99.90%</u>	<u>99.50%</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 17
GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE
JUNE 30, 2015

Fiscal Year	Utilities		Other		Total	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2015 - 2016	\$ -	\$ -	\$ 685,000	\$ 997,943	\$ 685,000	\$ 997,943
2016 - 2017	-	-	685,000	974,542	685,000	974,542
2017 - 2018	-	-	685,000	951,142	685,000	951,142
2018 - 2019	-	-	685,000	929,440	685,000	929,440
2019 - 2020	-	-	685,000	907,738	685,000	907,738
2020 - 2021	-	-	685,000	885,792	685,000	885,792
2021 - 2022	-	-	685,000	863,605	685,000	863,605
2022 - 2023	-	-	685,000	841,418	685,000	841,418
2023 - 2024	-	-	685,000	818,988	685,000	818,988
2024 - 2025	-	-	685,000	795,815	685,000	795,815
2025 - 2026	-	-	685,000	771,900	685,000	771,900
2026 - 2027	-	-	685,000	747,400	685,000	747,400
2027 - 2028	-	-	200,000	237,800	200,000	237,800
2028 - 2029	-	-	200,000	232,600	200,000	232,600
2029 - 2030	-	-	200,000	227,000	200,000	227,000
2030 - 2031	-	-	200,000	221,000	200,000	221,000
2031 - 2032	-	-	200,000	215,000	200,000	215,000
2032 - 2033	-	-	200,000	209,000	200,000	209,000
2033 - 2034	-	-	200,000	203,000	200,000	203,000
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,620,000</u>	<u>\$ 11,033,180</u>	<u>\$ 9,620,000</u>	<u>\$ 11,033,180</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**
- Revenue Capacity**
- Debt Capacity**
- Demographic and Economic Information**
- Operating Information**

TOWN OF MORRISVILLE, NORTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net Invested in capital assets	\$ 38,303,771	\$ 43,063,923	\$ 42,376,489	\$ 51,321,291	\$ 58,997,742	\$ 65,670,263	\$ 74,067,797	\$ 88,628,766	\$ 93,088,451	\$ 99,549,312
Restricted	-	-	101,080	608,571	245,183	4,645,589	3,774,979	4,059,415	5,701,761	5,131,025
Unrestricted	7,330,665	3,845,333	12,741,668	8,407,026	9,471,189	11,185,131	12,228,459	12,780,461	14,499,006	17,799,963
Total governmental activities net assets	45,634,436	46,909,256	55,219,237	60,336,888	68,714,114	81,500,983	90,071,235	105,468,642	113,289,218	122,480,300
Business-type Activities:										
Net Invested in capital assets	1,636,176	2,065,027	2,149,752	2,602,234	2,615,882	2,713,257	2,899,810	2,040,473	650,551	805,551
Unrestricted	2,988,548	2,698,607	1,981,045	1,548,985	1,531,573	1,430,844	1,239,423	(15,849)	1,375,949	1,239,024
Total business-type activities net assets	4,624,724	4,763,634	4,130,797	4,151,219	4,147,455	4,144,101	4,139,233	2,024,624	2,026,500	2,044,575
Primary government:										
Net Invested in capital assets	39,939,947	45,128,950	44,526,241	53,923,525	61,613,624	68,383,520	76,967,607	89,434,031	93,739,002	100,354,863
Restricted	-	-	101,080	608,571	245,183	4,645,589	3,774,979	4,059,415	5,701,761	5,131,025
Unrestricted	10,319,213	6,543,940	14,722,713	9,956,011	11,002,762	12,615,975	13,467,882	13,999,820	15,874,955	19,038,987
Total primary government net assets	\$ 50,259,160	\$ 51,672,890	\$ 59,350,034	\$ 64,488,107	\$ 72,861,569	\$ 85,645,084	\$ 94,210,468	\$ 107,493,266	\$ 115,315,718	\$ 124,524,875

TOWN OF MORRISVILLE, NORTH CAROLINA

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

Table 2
Page 1 of 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 3,334,624	\$ 3,539,540	\$ 3,835,378	\$ 4,195,035	\$ 4,194,444	\$ 4,853,531	\$ 5,393,251	\$ 5,809,595	\$ 6,105,290	\$ 5,724,056
Public safety	6,263,780	6,755,124	7,499,853	6,957,469	7,076,662	7,360,981	7,659,788	7,808,292	8,324,497	9,274,703
Public works	2,564,565	2,888,217	3,044,031	3,115,900	3,335,102	3,346,456	3,550,843	3,433,293	3,768,812	4,805,597
Economic and physical development	353,598	523,875	758,428	-	-	-	-	-	-	-
Engineering	341,637	545,841	517,231	-	-	-	-	-	-	-
Development Services	-	-	-	2,184,754	1,962,172	1,994,138	2,068,150	2,264,328	2,552,421	2,900,259
Cultural and recreational	1,972,922	2,158,755	1,953,029	1,950,948	1,858,567	1,902,841	2,024,179	1,990,604	2,086,939	2,315,218
Interest on long-term debt	193,766	144,472	374,889	509,857	440,155	445,300	416,960	451,847	419,214	379,060
Total governmental activities expense	15,024,892	16,555,824	17,982,839	18,913,963	18,867,102	19,903,247	21,113,171	21,757,959	23,257,173	25,398,893
Business-type activities:										
Water and sewer	3,205,175	92,802	85,518	78,018	68,950	64,538	46,394	42,470	13,606	5,425
Total primary government expenses	\$ 18,230,067	\$ 16,648,626	\$ 18,068,357	\$ 18,991,981	\$ 18,936,052	\$ 19,967,785	\$ 21,159,565	\$ 21,800,429	\$ 23,270,779	\$ 25,404,318
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 91,149	\$ 278,179	\$ 106,419	\$ 162,176	\$ 158,925	\$ 167,843	\$ 164,707	\$ 164,670	\$ 275,713	\$ 254,375
Public safety	5,606	6,054	771,578	51,126	29,815	39,712	52,029	50,202	64,120	71,221
Economic and physical development	646,167	728,423	65,015	-	-	-	-	-	-	-
Engineering	163,306	261,333	252,596	-	-	-	-	-	-	-
Development Services	-	-	-	695,411	469,198	815,626	848,905	1,480,815	1,813,936	2,028,806
Cultural and recreational	723,190	666,642	781,963	760,001	790,847	778,096	877,125	867,187	835,626	912,401
Operating grants and contributions										
General government	-	-	-	-	-	-	100,000	-	-	-
Public safety	37,076	49,319	27,252	5,603	6,363	3,921	21,638	8,429	8,394	5,946
Public works	320,811	329,399	349,163	10,288	31,187	24,442	202,128	458,759	489,215	502,929
Development Services	-	-	-	-	-	-	39,542	-	-	-
Cultural and recreational	-	-	-	-	-	1,594	-	-	-	-
Capital grants and contributions										
Public safety	147,392	-	-	207,894	76,236	16,036	-	76,819	-	6,309
Public works	91,898	675,039	5,406,739	4,865,703	7,994,785	9,070,081	7,402,863	13,846,086	3,904,328	7,597,616
Cultural and recreational	391,796	845,839	2,048,859	434,090	157,484	124,261	689,613	399,532	1,401,342	23,407
Total governmental activities program revenue:	2,618,391	3,840,227	9,809,584	7,192,292	9,714,840	11,041,612	10,398,550	17,352,499	8,792,674	11,403,010

TOWN OF MORRISVILLE, NORTH CAROLINA

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

Table 2
Page 2 of 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activity: Water and sewer										
Charges for services	\$ 6,000,526	\$ 7,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital grants and contributions	77,572	-	-	-	-	-	-	-	-	-
Total business activity program revenues	6,078,098	7,135	-	-	-	-	-	-	-	-
Total primary government program revenues	\$ 8,696,489	\$ 3,847,362	\$ 9,809,584	\$ 7,192,292	\$ 9,714,840	\$ 11,041,612	\$ 10,398,550	\$ 17,352,499	\$ 8,792,674	\$ 11,403,010
Net (Expense) Revenue										
Governmental activities	\$(12,406,501)	\$(12,715,597)	\$ (8,173,255)	\$(11,721,671)	\$ (9,152,262)	\$ (8,861,635)	\$ (10,714,621)	\$ (4,405,460)	\$(14,464,499)	\$(13,995,883)
Business-type activity	2,872,923	(85,667)	(85,518)	(78,018)	(68,950)	(64,538)	(46,394)	(42,470)	(13,606)	(5,425)
Total primary government net expense	\$ (9,533,578)	\$ (12,801,264)	\$ (8,258,773)	\$ (11,799,689)	\$ (9,221,212)	\$ (8,926,173)	\$ (10,761,015)	\$ (4,447,930)	\$ (14,478,105)	\$ (14,001,308)
General revenues and other changes in net assets										
Governmental activities:										
Property Taxes	\$ 8,849,584	\$ 9,389,791	\$ 10,383,614	\$ 11,256,354	\$ 11,908,172	\$ 12,295,448	\$ 12,323,383	\$ 12,949,904	\$ 14,577,176	\$ 14,745,618
Other taxes and licenses	487,109	641,068	984,997	1,027,701	1,162,337	1,299,114	1,455,079	1,509,323	1,753,968	1,724,212
Unrestricted intergovernmental revenues	3,683,919	4,002,357	4,256,342	4,170,532	4,173,221	4,432,357	5,068,135	5,346,806	5,574,758	6,563,000
Unrestricted investment earnings	436,771	474,407	585,124	284,852	43,053	47,868	34,611	31,760	27,487	22,745
Miscellaneous	462,926	137,613	139,244	155,882	242,705	277,104	499,768	220,266	224,459	296,522
Gain (Loss) on disposition of capital asset	15,321	(654,819)	34,920	(216,409)	-	7,181	(96,103)	93,808	127,227	(41,118)
Parkland Payment in Lieu	-	-	-	-	-	-	-	-	-	551,487
Transfers	765,450	-	98,995	-	-	-	-	-	-	-
Special item: settlement	-	-	-	-	-	-	-	(349,000)	-	-
Total Governmental activities	14,701,080	13,990,417	16,483,236	16,678,912	17,529,488	18,359,072	19,284,873	19,802,867	22,285,075	23,862,466
Business-type activity:										
Unrestricted investment earnings	248,937	224,577	175,053	98,440	65,186	61,184	41,526	28,102	15,482	21,615
Miscellaneous	-	-	-	-	-	-	-	-	-	1,885
Special item: loss on transfer of assets to the Town of Cary	(22,746,920)	-	(623,377)	-	-	-	-	(2,100,241)	-	-
Transfers	(765,450)	-	(98,995)	-	-	-	-	-	-	-
Total Business-type activity	(23,263,433)	224,577	(547,319)	98,440	65,186	61,184	41,526	(2,072,139)	15,482	23,500

TOWN OF MORRISVILLE, NORTH CAROLINA

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

Table 2
Page 3 of 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Primary Government	\$ (8,562,353)	\$ 14,214,994	\$ 15,935,917	\$ 16,777,352	\$ 17,594,674	\$ 18,420,256	\$ 19,326,399	\$ 17,730,728	\$ 22,300,557	\$ 23,885,966
Change in Net Position										
Governmental activities	2,294,579	1,274,820	8,309,981	4,957,241	8,377,226	9,497,437	8,570,252	15,397,407	7,820,576	9,866,583
Business-type activity	(20,390,510)	138,910	(632,837)	20,422	(3,764)	(3,354)	(4,868)	(2,114,609)	1,876	18,075
Total Primary Government	<u><u>\$ (18,095,931)</u></u>	<u><u>\$ 1,413,730</u></u>	<u><u>\$ 7,677,144</u></u>	<u><u>\$ 4,977,663</u></u>	<u><u>\$ 8,373,462</u></u>	<u><u>\$ 9,494,083</u></u>	<u><u>\$ 8,565,384</u></u>	<u><u>\$ 13,282,798</u></u>	<u><u>\$ 7,822,452</u></u>	<u><u>\$ 9,884,658</u></u>

Notes:

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

TOWN OF MORRISVILLE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Table 3
Page 1 of 2

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved for:					
State statute	\$ 934,668	\$ 813,812	\$ 1,076,150	\$ 1,022,704	\$ 1,022,921
Streets	-	-	101,080	292,205	245,183
Community development	-	-	-	-	-
Recreation improvements	1,338,552	993,201	1,667,692	1,369,416	-
Other	1,991	22,198	13,003	-	-
Total Reserved	<u>2,275,211</u>	<u>1,829,211</u>	<u>2,857,925</u>	<u>2,684,325</u>	<u>1,268,104</u>
Designated	598,501	486,752	659,055	-	-
Unreserved, undesignated	<u>7,237,178</u>	<u>2,542,608</u>	<u>6,476,083</u>	<u>7,584,454</u>	<u>8,362,587</u>
Total General Fund	<u>10,110,890</u>	<u>4,858,571</u>	<u>9,993,063</u>	<u>10,268,779</u>	<u>9,630,691</u>
All Other Governmental Funds					
Reserved for:					
Recreation improvements	-	1,191,190	1,365,558	437,658	1,992,627
Other	-	1,278	1,278	-	-
Total Reserved	<u>-</u>	<u>1,192,468</u>	<u>1,366,836</u>	<u>437,658</u>	<u>1,992,627</u>
Unreserved, reported in:					
Capital projects funds	<u>1,120,455</u>	<u>1,549,053</u>	<u>5,117,856</u>	<u>2,572,767</u>	<u>2,589,195</u>
Total all other Governmental Funds	<u>1,120,455</u>	<u>2,741,521</u>	<u>6,484,692</u>	<u>3,010,425</u>	<u>4,581,822</u>
Total Governmental Fund Balances	<u>\$ 11,231,345</u>	<u>\$ 7,600,092</u>	<u>\$ 16,477,755</u>	<u>\$ 13,279,204</u>	<u>\$ 14,212,513</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Table 3
Page 2 of 2

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Non Spendable:					
Prepays	\$ 9,306	\$ 170,762	\$ 4,458	\$ 1,383	\$ 13,326
Restricted:					
Stabilization by state statute	1,133,847	1,294,281	1,443,902	3,820,617	3,690,527
Stormwater	-	-	78,630	127,750	542,679
Streets	44,639	71,476	41,336	-	978,545
Total Restricted	1,178,486	1,365,757	1,563,868	3,948,367	5,211,751
Committed:					
General Governmental Capital	-	1,217,294	1,190,373	496,830	747,441
Assigned:					
Subsequent year's expenditures	816,920	274,758	526,368	1,155,254	1,106,219
Unassigned	10,138,929	10,265,046	11,118,066	11,680,455	14,173,439
Total General Fund	12,143,641	13,293,617	14,403,133	17,282,289	21,252,176
All Other Governmental Funds					
Restricted:					
Stabilization by state statute	-	-	-	-	757,506
Recreation improvements	2,090,388	2,409,222	2,495,547	1,753,394	2,017,903
Fire Station	1,376,715	-	-	-	-
Total Restricted	3,467,103	2,409,222	2,495,547	1,753,394	2,775,409
Assigned:					
Subsequent year's expenditures	509,862	720,157	366,493	3,380,941	2,430,001
Unassigned	-	-	-	-	(1,138,919)
Total all other Governmental Funds	3,976,965	3,129,379	2,862,040	5,134,335	4,066,491
Total Governmental Fund Balances	\$ 16,120,606	\$ 16,422,996	\$ 17,265,173	\$ 22,416,624	\$ 25,318,667

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

TOWN OF MORRISVILLE, NORTH CAROLINA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (1)

LAST TEN FISCAL YEARS

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Ad valorem taxes	\$ 8,872,646	\$ 9,380,730	\$ 10,377,472	\$ 11,234,550	\$ 11,906,215	\$ 12,272,395	\$ 12,480,910	\$ 12,947,896	\$ 14,603,628	\$ 14,784,833
Other taxes and licenses	484,214	639,135	982,591	1,025,286	1,159,433	1,290,397	1,449,940	1,505,393	1,761,048	1,731,430
Unrestricted intergovernmental	3,683,919	4,002,357	4,256,342	4,170,532	4,173,221	4,432,357	5,068,135	5,346,806	5,574,758	6,563,000
Restricted intergovernmental	505,279	378,718	1,346,966	892,701	451,632	382,853	661,987	1,002,662	1,710,823	823,293
Permits and fees	1,206,875	1,841,649	2,167,742	836,319	625,759	979,599	1,570,674	1,830,710	2,717,451	2,651,514
Sales and services	814,339	944,821	922,608	950,119	949,772	945,939	1,041,832	1,031,857	1,111,339	1,166,776
Investment earnings	436,771	474,407	583,691	282,828	41,029	45,844	32,587	29,736	24,133	22,745
Miscellaneous	481,337	217,346	336,600	346,082	273,146	314,089	560,725	404,864	351,686	302,603
TOTAL REVENUES	16,485,380	17,879,163	20,974,012	19,738,417	19,580,207	20,663,473	22,866,790	24,099,924	27,854,866	28,046,194
EXPENDITURES										
Current:										
General government	2,296,011	2,499,305	2,809,968	2,859,491	2,576,902	2,815,839	3,171,131	3,206,886	3,153,654	3,115,978
Public safety	325,275	6,489,533	854,571	6,351,936	6,401,636	6,776,367	7,119,811	7,196,338	7,582,421	8,484,213
Public works	5,766,577	2,725,301	6,872,325	2,981,461	3,206,013	3,207,809	3,395,494	3,272,849	3,614,871	4,869,772
Economic and physical development	2,509,401	501,948	2,894,819	-	-	-	-	-	-	-
Engineering	343,813	520,388	516,023	-	-	-	-	-	-	-
Development services	-	-	-	2,120,916	1,930,198	1,978,652	2,031,951	2,216,347	2,534,564	2,978,817
Cultural and recreational	1,641,514	1,848,728	1,707,253	1,616,748	1,506,923	1,551,834	1,680,598	1,665,116	1,771,664	1,889,020
Capital outlay	1,447,052	5,687,092	5,773,133	5,055,029	1,541,487	3,120,661	3,517,951	3,739,631	6,333,562	4,000,792
Debt service										
Note principal	1,831,207	1,181,879	1,519,604	1,429,280	1,359,900	1,130,920	1,229,267	1,236,924	1,130,803	1,319,864
Note interest	237,912	152,554	356,170	483,286	440,205	426,962	418,197	374,656	385,898	396,742
TOTAL EXPENDITURES	16,398,762	21,606,728	23,303,866	22,898,147	18,963,264	21,009,044	22,564,400	22,908,747	26,507,437	27,055,198
REVENUES OVER (UNDER) EXPENDITURES	86,618	(3,727,565)	(2,329,854)	(3,159,730)	616,943	(345,571)	302,390	1,191,177	1,347,429	990,996
OTHER FINANCING SOURCES (USES)										
Issuance of debt	69,853	96,312	1,368,805	117,135	-	2,700,000	-	-	-	-
Issuance of bonds	-	-	9,739,717	-	-	-	-	-	4,029,022	-
Installment debt issuance proceeds	-	-	-	-	-	-	-	-	-	1,000,000
Transfer in	2,033,475	6,009,468	4,782,027	1,537,860	4,352,645	1,775,200	318,500	584,336	1,651,084	(587,429)
Transfers out	(1,258,807)	(6,009,468)	(4,683,032)	(1,537,860)	(4,352,645)	(1,775,200)	(318,500)	(584,336)	(1,651,084)	587,429
Claims/settlements	-	-	-	-	-	-	-	(349,000)	(225,000)	(7,008)
TOTAL OTHER FINANCING SOURCES (USES)	844,521	96,312	11,207,517	117,135	-	2,700,000	-	(349,000)	3,804,022	992,992
NET CHANGE IN FUND BALANCES	\$ 931,139	\$ (3,631,253)	\$ 8,877,663	\$ (3,042,595)	\$ 616,943	\$ 2,354,429	\$ 302,390	\$ 842,177	\$ 5,151,451	\$ 1,983,988
Debt Service as a percentage of non-capital expendit	13.8%	8.4%	10.7%	10.7%	10.3%	8.7%	8.6%	8.4%	7.5%	7.4%

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

TOWN OF MORRISVILLE, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES

LAST TEN FISCAL YEARS

Table 5

Fiscal Year	GENERAL REVENUES						PROGRAM REVENUES				
	Property Taxes	Other Taxes & Licenses	Unrestricted Intergovernmental	Miscellaneous	Parkland Payment in Lieu	Unrestricted Investment Earnings	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Special Items	Fiscal Year Total
2006	\$ 8,849,584	\$ 487,109	\$ 3,683,919	\$ 462,926	\$ -	\$ 685,708	\$ 7,629,944	\$ 357,887	\$ 708,658	\$ 15,321	\$ 22,881,056
2007	9,389,791	641,068	4,002,357	137,613	-	698,984	1,947,766	378,718	1,520,878	-	18,717,175
2008	10,383,614	984,997	4,256,342	174,164	-	760,177	1,977,571	376,415	7,455,598	-	26,368,878
2009	11,256,354	1,027,701	4,170,532	155,882	-	383,292	1,668,714	15,891	5,191,321	-	23,869,687
2010	11,908,172	1,162,337	4,173,221	242,705	-	108,239	1,448,785	37,550	8,228,505	-	27,309,514
2011	12,295,448	1,299,114	4,432,357	277,104	-	109,052	1,801,277	29,957	9,210,378	7,181	29,461,868
2012	12,323,383	1,455,079	5,068,135	499,768	-	76,137	1,942,766	363,308	8,092,476	(96,103)	29,724,949
2013	12,949,904	1,509,323	5,346,806	220,266	-	59,862	2,562,874	467,188	14,322,437	(2,355,433)	35,083,227
2014	14,577,176	1,753,968	5,574,758	351,686	-	42,969	2,989,395	497,609	5,305,670	-	31,093,231
2015	14,745,618	1,724,212	6,563,000	257,289	551,487	44,360	3,266,803	508,875	7,627,332	-	35,288,976

TOWN OF MORRISVILLE, NORTH CAROLINA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

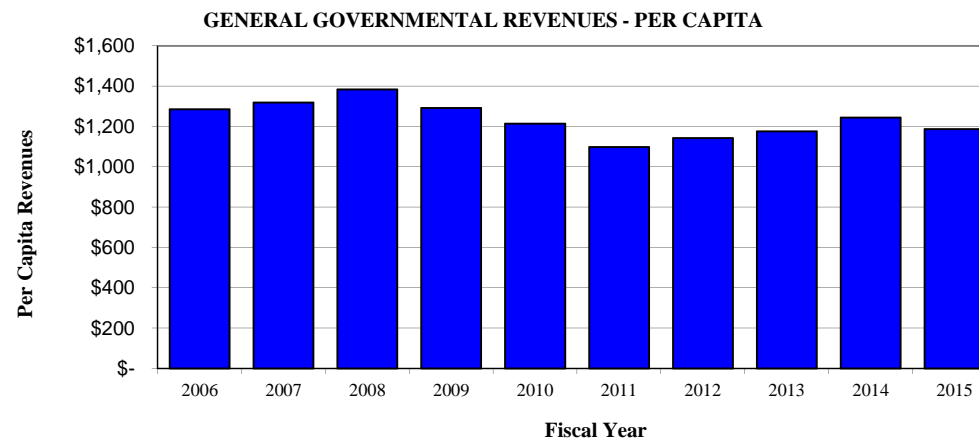
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Taxes	Intergovernmental	Licenses, Permits & Fees	Investment Earnings	Sales & Services	Miscellaneous	Fiscal Year Total	Per Capita Revenues ⁽³⁾
2006	\$ 9,356,860	\$ 4,189,198	\$ 1,206,875	\$ 386,472	\$ 814,339	\$ 529,598	\$ 16,483,342	\$ 1,285
2007	10,019,865	4,381,075	1,841,649	394,118	944,821	211,846	17,793,374	1,318
2008	11,360,063	4,667,228	2,167,742	349,915	922,608	329,889	19,797,445	1,384
2009	12,259,836	4,746,867	836,319	181,396	950,119	346,082	19,320,619	1,292
2010	13,065,648	4,594,115	499,013	33,005	949,772	273,146	19,414,699	1,214
2011	13,562,792	4,815,210	855,338	34,202	945,939	314,089	20,527,570	1,098
2012	13,930,850	5,710,249	900,934	27,545	1,041,832	560,725	22,172,135	1,143
2013	14,453,155	6,249,629	1,531,017	25,349	1,031,857	404,864	23,695,871	1,175
2014	16,364,676	6,097,255	1,878,056	17,069	1,111,339	351,686	25,820,081	1,244
2015	16,516,263	7,101,077	2,100,027	17,869	1,166,776	302,603	27,204,615	1,187

Note:

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



TOWN OF MORRISVILLE, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Table 7

Fiscal Year	Assessed Value (1)			Property Tax Rate (Per \$100 Assessed Value)
	Real Property	Personal Property (3)	Total	
2006	\$ 1,540,369,481	\$ 334,699,881	\$ 1,875,069,362	.4677
2007	1,648,237,279	352,050,681	2,000,287,960	.4677
2008 (2)	1,766,258,079	437,020,739	2,203,278,818	.4677
2009	2,601,669,307	433,448,166	3,035,117,473	.3665
2010	2,780,286,761	462,614,695	3,242,901,456	.3665
2011	2,834,372,014	511,012,254	3,345,384,268	.3665
2012	2,882,863,424	507,301,119	3,390,164,543	.3665
2013	2,968,527,049	552,879,301	3,521,406,350	.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

Note:

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

(2) A revaluation of all property is required every eight (8) years by State statute. The most recent revaluation occurred in 2008.

(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

Fiscal Year	Town of Morrisville	Wake County	Combined Tax Rate per \$100 of Assessed Value
2006	.4677	0.634	1.1017
2007	.4677	0.678	1.1457
2008	.4677	0.534	1.0017
2009	.3665	0.534	0.9005
2010	.3665	0.534	0.9005
2011	.3665	0.534	0.9005
2012	.3665	0.534	0.9005
2013	.3665	0.534	0.9005
2014	.39	0.578	0.968
2015	.39	0.6145	1.0045

TOWN OF MORRISVILLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Table 9

Taxpayer	2015			2006		
	2014 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2005 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Realty LP	\$ 246,427,183	1	6.6%	\$ 87,906,596	2	4.7%
Southport Business Park LP	90,386,388	2	2.4%	70,828,684	3	3.8%
WMCI Raleigh LLC	75,141,245	3	2.0%	22,186,820	9	1.2%
Park West Village LLC	73,715,247	4	2.0%	-	-	-
Duke Construction LP	45,950,894	5	1.2%	-	-	-
LSREF2 Oreo (East Ridge) LLC	43,986,485	6	1.2%	-	-	-
LSREF3 Bravo (Raleigh) LLC	41,966,421	7	1.1%	-	-	-
RT Research Triangle LLC	34,631,113	8	0.9%	-	-	-
Bell Fund IV Morrisville Apartments	33,119,650	9	0.9%	-	-	-
Time Warner Cable Southeast	32,678,347	10	0.9%	-	-	-
Weeks Realty LP	-	-	-	183,207,899	1	9.8%
UDR Oaks at Weston LLC	-	-	-	28,774,060	4	1.5%
EQR Fanky 2004 LMTD Partnership	-	-	-	27,962,981	5	1.5%
Summit Properties Partnership	-	-	-	26,742,238	6	1.4%
Tekelec Inc.	-	-	-	24,249,234	7	1.3%
Casco Properties	-	-	-	23,691,323	8	1.3%
Triangle Factory Stores Lmted Partnership	-	-	-	19,666,952	10	1.0%
	<u>\$ 718,002,973</u>		<u>19.1%</u>	<u>\$ 515,216,787</u>		<u>27.5%</u>

Source: Wake County Revenue Department

TOWN OF MORRISVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Table 10

<u>Fiscal Year</u>	<u>Original Levy</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Adjusted Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
2006	\$ 8,840,213	\$ (6,024)	\$ 8,834,189	\$ 8,754,094	99.1%	\$ 71,502	\$ 8,825,596	99.9%
2007	9,380,360	(8,465)	9,371,895	9,288,031	99.1%	72,085	9,360,116	99.9%
2008	10,371,492	(6,958)	10,364,534	10,272,964	99.1%	78,792	10,351,756	99.9%
2009	11,242,777	(55,400)	11,187,377	11,130,849	99.5%	43,278	11,174,127	99.9%
2010	11,913,726	(40,412)	11,873,314	11,812,109	99.5%	35,925	11,848,034	99.8%
2011	12,365,390	-	12,365,390	12,244,947	99.0%	62,222	12,307,169	99.5%
2012	12,462,076	-	12,462,076	12,378,660	99.3%	69,036	12,447,696	99.9%
2013	12,948,450	-	12,948,450	12,859,051	99.3%	74,022	12,933,073	99.9%
2014	14,424,648	-	14,424,648	14,385,604	99.7%	26,073	14,411,677	99.9%
2015	14,672,918	-	14,672,918	14,657,124	99.9%	-	14,657,124	99.9%

TOWN OF MORRISVILLE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	(1) Debt per Capita
	General Obligation Bonds	Capital Leases	Installment Notes	General Obligation Bonds	Installment Notes			
2006	\$ 1,235,000	\$ 71,693	\$ 3,290,004	\$ 2,655,000	\$ 119,457	\$ 7,371,154	1.5 %	\$ 575
2007	1,040,000	95,724	2,372,892	2,365,000	100,386	5,974,002	1.1	442
2008	10,065,000	52,009	2,940,807	2,085,000	80,700	15,223,516	2.3	1,064
2009	9,395,000	89,083	2,261,588	1,810,000	60,379	13,616,050	-	910
2010	8,667,430	38,985	1,611,786	1,505,601	39,402	11,863,204	-	742
2011	8,140,000	-	3,814,851	1,150,000	22,208	13,127,059	-	702
2012	7,550,000	-	3,175,584	775,000	-	11,500,584	-	593
2013	6,960,000	-	2,528,661	410,000	-	9,898,661	1.3	491
2014	10,423,832	-	1,987,856	155,000	-	12,566,688	1.6	606
2015	9,670,357	-	2,417,992	-	-	12,088,349	1.3	528

Note:

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

TOWN OF MORRISVILLE, NORTH CAROLINA

RATIO OF GROSS BONDED DEBT TO ASSESSED - VALUE AND GROSS/NET BONDED DEBT PER CAPITA

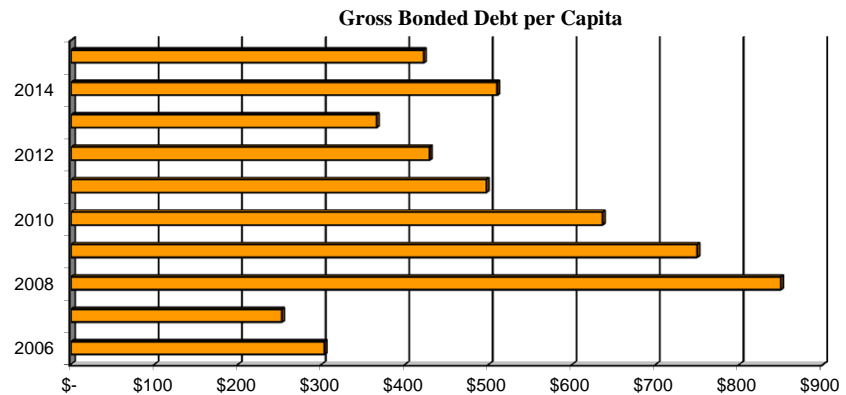
LAST TEN FISCAL YEARS

Table 12

Fiscal Year	(1) Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Gross Bonded Debt per Capita
2006	12,829	\$ 1,875,069,362	\$ 3,890,000	\$ 2,655,000	\$ 1,235,000	0.07	\$ 96	\$ 303
2007	13,501	2,000,287,960	3,405,000	2,365,000	1,040,000	0.05	77	252
2008	14,308	2,203,278,818	12,150,000	2,085,000	10,065,000	0.46	703	849
2009	14,956	3,035,117,473	11,205,000	1,810,000	9,395,000	0.31	628	749
2010	15,996	3,242,901,456	10,173,031	1,505,601	8,667,430	0.27	542	636
2011	18,700	3,345,384,268	9,290,000	1,150,000	8,140,000	0.24	435	497
2012	19,406	3,390,164,543	8,325,000	775,000	7,550,000	0.22	389	429
2013	20,164	3,521,406,350	7,370,000	410,000	6,960,000	0.21	345	366
2014	20,753	3,660,598,315	10,578,832	155,000	10,423,832	0.29	502	510
2015	22,914	3,759,730,020	9,670,357	-	9,670,357	0.26	422	422

Notes:

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



TOWN OF MORRISVILLE, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

Table 13

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	(1) Less: Amount of debt applicable to debt limit - net bonded debt	Legal Debt Limit
2006	\$ 1,875,069,362	\$ 150,005,549	\$ (7,299,461)	\$ 142,706,088
2007	2,000,287,960	160,023,037	(5,878,278)	154,144,759
2008	2,203,278,818	176,262,305	(15,171,507)	161,090,798
2009	3,035,117,473	242,809,398	(13,526,967)	229,282,431
2010	3,242,901,456	259,432,116	(11,824,219)	247,607,897
2011	3,345,384,268	267,630,741	(13,127,059)	254,503,682
2012	3,390,164,543	271,213,163	(11,500,584)	259,712,579
2013	3,521,406,350	281,712,508	(9,898,661)	271,813,847
2014	3,660,598,315	292,847,865	(12,512,856)	280,335,009
2015	3,759,730,020	300,778,402	(12,037,992)	288,740,410

Notes:

(1) Net Bonded Debt Calculation for FY 2015

Total debt applicable to limitation:

Bonded debt:

Outstanding:

Public improvement bonds

\$ 9,620,000

Installment obligations

2,417,992

Total amount of debt applicable to debt limit

\$ 12,037,992

TOWN OF MORRISVILLE, NORTH CAROLINA**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT - GENERAL OBLIGATION BONDS***JUNE 30, 2015***Table 14**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Town (1)</u>	<u>Amount Applicable to Town</u>
Direct:			
Town of Morrisville	\$ 9,670,357	100%	\$ 9,670,357
Overlapping: (2)			
Wake County	1,967,590,000 (3)	2.94%	<u>57,817,510</u>
Total direct and overlapping debt			<u><u>\$ 67,487,867</u></u>

Notes:

(1) Based on total assessed values.

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

(3) Wake County Revenue Department.

TOWN OF MORRISVILLE, NORTH CAROLINA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

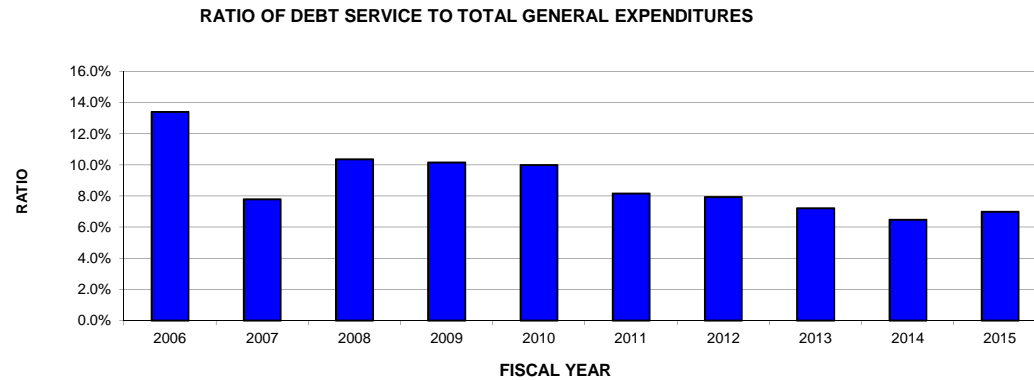
Table 15

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to Total General Expenditures
2006	\$ 1,831,207	\$ 237,912	\$ 2,069,119	\$ 15,430,545	13.4%
2007	1,181,879	152,554	1,334,433	17,132,537	7.8%
2008	1,519,604	356,170	1,875,774	18,098,726	10.4%
2009	1,429,280	483,286	1,912,566	18,826,448	10.2%
2010	1,359,900	440,205	1,800,105	18,027,067	10.0%
2011	1,130,920	426,962	1,557,882	19,099,176	8.2%
2012	1,229,267	418,197	1,647,464	20,732,159	7.9%
2013	1,236,924	374,656	1,611,580	22,345,251	7.2%
2014	1,130,803	385,898	1,516,701	23,417,539	6.5%
2015	1,319,864	396,742	1,716,606	24,564,304	7.0%

Note:

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

(2) Includes General Fund.



TOWN OF MORRISVILLE, NORTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Table 16

Fiscal Year	(1) Population	(2) Per Capita Personal Income	(5) Median Age	(4) Wake County School Enrollment	(2) Unemployment Rate Percentage
2006	12,829	\$ 37,221	34.7	120,504	3.7
2007	13,501	39,373	34.9	134,002	4.7
2008	14,308	46,819	34.9	138,000	5.0
2009	14,956	(3)	34.9	137,706	9.3
2010	15,996	(3)	(3)	139,599	8.9
2011	18,700	(3)	32.6	(6) 143,289	8.6
2012	19,406	(3)	32.5	(6) 146,687	8.0
2013	20,164	38,504 (6)	33.5	(6) 149,508	7.5
2014	20,753	38,856 (6)	33.4	(6) 153,300	6.4
2015	22,914	39,734 (7)	33.3	(6) 155,184	5.8

Notes and Data Sources:

- (1) North Carolina Office of State Budget and Management - Certified Population Estimate.
- (2) North Carolina State Employment Security Commission for the Raleigh-Cary, NC Metropolitan Statistical area. Separate figures for the Town are not available.
- (3) Information is unavailable.
- (4) Wake County, NC, Comprehensive Annual Financial Reports or WCPSS, Demographics Resource Center.
- (5) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area. Separate figures for the Town are not available.
- (6) American FactFinder, U.S. Census Bureau estimates, 2005-2009 American Community Survey for Morrisville, NC. / 2006-2010 American Community Survey for Morrisville, NC / 2007-2011 American Community Survey for Morrisville / 2008-2012 American Community Survey for Morrisville, NC.
- (7) US Census QuickFacts (2009-2013)

TOWN OF MORRISVILLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Table 17

Company/Institution	2015			2006 ⁽²⁾		
	Approximate Number of Employees ⁽¹⁾	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area ⁽²⁾	Approximate Number of Employees	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area
Lenovo	2,200	1	0.36%	-	-	-
PPD Development	1,500	2	0.24%	-	-	-
Catalent Pharma Solutions	1,300	3	0.21%	-	-	-
ATP LLC	600	4	0.10%	-	-	-
Walmart Supercenter	400	5	0.06%	-	-	-
SciQuest Inc	400	6	0.06%	-	-	-
Novella Clinical Inc	350	7	0.06%	-	-	-
Oracle America	330	8	0.05%	-	-	-
QBE First Insurance Agency, Inc.	300	9	0.05%	-	-	-
URS Corporation	290	10	0.05%	-	-	-
Totals	7,670		1.24%	-		-

Notes and Data Sources:

(1) U.S. Bureau of Labor Statistics, Raleigh-Cary, NC.

(2) Information is unavailable.

TOWN OF MORRISVILLE, NORTH CAROLINA
NEW COMMERCIAL AND NEW RESIDENTIAL ACTIVITY

LAST TEN FISCAL YEARS

Table 18

Fiscal Year	Commercial		Residential		Total	
	Number of New Permits	Property Value	Number of New Permits	Property Value	Number of New Permits	Property Value
2006	15	\$ 37,357,967 (1)	278	\$ 45,524,981	293	\$ 82,882,948
2007	19	48,871,698 (1)	282	57,459,363	301	106,331,061
2008	42	52,387,641 (1)	211	38,969,078	253	91,356,719
2009	11	15,166,861 (1)	262	30,198,479	273	45,365,340
2010	7	3,105,773 (1)	220	30,073,164	227	33,178,937
2011	22	20,943,758 (1)	194	27,608,493	216	48,552,251
2012	22	28,140,638 (1)	248	38,362,353	270	66,502,991
2013	24	21,175,709 (1)	258	36,753,611	282	57,929,320
2014	8	18,286,282 (1)	263	40,857,029	271	59,143,311
2015	26	34,550,075 (1)	327	43,134,691	353	77,684,766

NOTES:

(1) Includes Multi-family

Compiled by the Town of Morrisville Inspections Department

TOWN OF MORRISVILLE, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

Table 19

Fiscal Year	General Government	Economic and Physical Development	Public Safety	Public Works	Engineering	Development Services	Culture and Recreation	(2) Capital Outlay	Debt Service	Fiscal Year Total	Per Capita Expenditures
2006	\$ 2,296,011	\$ 325,275	\$ 5,766,577	\$ 2,509,401	\$ 343,813	\$ -	\$ 1,641,514	\$ 478,835	\$ 2,069,119	\$ 15,430,545	\$ 1,273
2007	2,499,305	501,948	6,489,533	2,725,301	520,388	-	1,848,728	1,212,901	1,334,433	17,132,537	1,335
2008	2,809,968	854,571	6,872,325	2,894,819	516,023	-	1,707,253	567,993	1,875,774	18,098,726	1,341
2009	2,859,491	-	6,351,936	2,981,461	-	2,120,916	1,616,748	983,330	1,912,566	18,826,448	1,316
2010	2,576,902	-	6,401,636	3,206,013	-	1,930,198	1,506,923	605,290	1,800,105	18,027,067	1,205
2011	2,815,839	-	6,776,367	3,207,809	-	1,978,652	1,551,834	1,210,793	1,557,882	19,099,176	1,194
2012	3,171,131	-	7,119,811	3,395,494	-	2,031,951	1,680,598	1,685,710	1,647,464	20,732,159	1,109
2013	3,206,886	-	7,196,338	3,272,849	-	2,216,347	1,665,116	3,176,135	1,611,580	22,345,251	1,151
2014	3,153,654	-	7,582,421	3,614,871	-	2,534,564	1,771,664	3,243,664	1,516,701	23,417,539	1,161
2015	3,115,978	-	8,484,213	4,869,772	-	2,978,817	1,889,020	1,509,898	1,716,606	24,564,304	1,072

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)

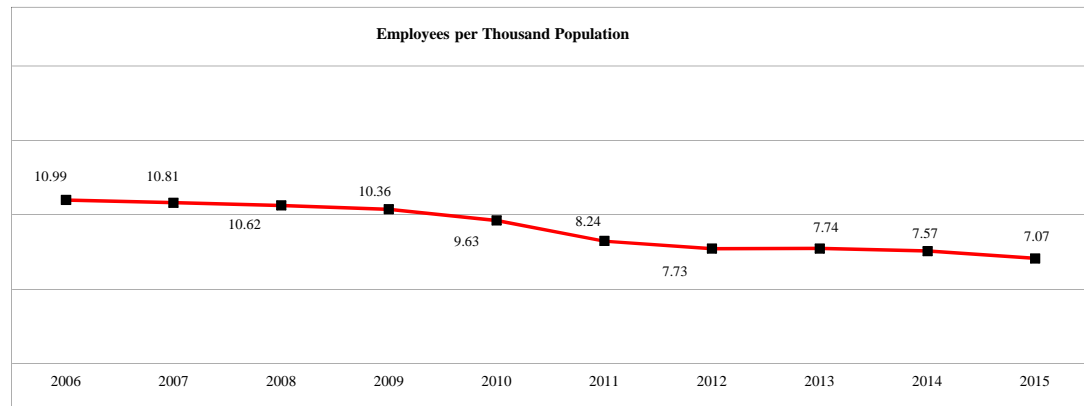
Table 20

Fiscal Year	(3) Administration	(4) Planning & Engineering & Stormwater	Police Dept.	(7) Inspections	(5) Public Works	Parks & Recreation	Fire Dept.	Wastewater Treatment	(6) Finance	Fiscal Year Total
2006	13	10	32	7	12	16	43	4	4	141
2007	13	12	32	8	19	14	43	0	5	146
2008	13	12	36	8	20	14	43	0	6	152
2009	14	14	36	8	19	14	43	0	7	155
2010	14	13	36	8	20	13	43	0	7	154
2011	14	13	36	8	20	13	43	0	7	154
2012	14	13	35	6	20	13	43	0	6	150
2013	14	15	35	6	20	13	46	0	7	156
2014	15	15	36	6	20	13	46	0	6	157
2015	15	16	36	6	21	13	49	0	6	162

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

Notes:

- (1) Regular full-time employees only per the annual operating budget, does not include part-time, temporary or seasonal employees.
- (2) As of June 30 of the fiscal year.
- (3) Includes Administration, Human Resources, Information Technology, Risk Management, Directorate of Community Services, Directorate of Development Services and Directorate of Business Management and one Admin position (fy2014)
- (4) Includes Planning, Engineering, Stormwater and one Admin position
- (5) Includes Public Works and Water Operations
- (6) Includes Finance, Budget, and Purchasing & Contracts
- (7) Includes Inspections and one Administration position



TOWN OF MORRISVILLE, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST FIVE FISCAL YEARS

Table 21

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
General government:					
Privilege licenses issued	1,637	1,804	1,744	794	950
New Building permits issued	216	270	282	271	354
Police:					
Police calls for service	11,207	8,985	8,044	9,949	9,905
Physical arrests	156	174	133	212	262
Traffic accidents reported	427	487	494	432	500
Traffic violations	3,148	3,027	3,576	2,089	2,629
Warrants served	188	521	175	72	87
Fire:					
Child safety seat inspections	719	624	625	672	662
Emergency responses	1,584	1,638	1,864	1,944	2,020
Fires extinguished	69	57	71	40	83
Property losses due to fire (dollars)	\$ 210,218	\$ 101,451	\$ 1,784,225	\$ 301,996	\$ 290,400
Fire code violations corrected	862	1,695	1,165	1,412	1,344
Streets:					
Miles of road maintained	35.42	38.62	44.94	46.47	48.28
Environmental Protection					
Number of households served	4,440	4,690	4,953	5,170	5,440
Municipal Solid Waste collected (tons)	2,481	2,802	3,103	2,902	3,110
Recycling collected (tons)	822	886	943	1050	998
Yard waste collected (tons)	193	213	212	202	240
Recreation and Parks:					
Youth program participants	1,509	1,606	1,894	1,841	1,595
Athletic program participants (youth and adult)	2,676	2,589	2,426	2,363	2,446
Recreation program participants (youth and adult)	2,033	1,532	1,285	1,270	975
Senior program participants	186	172	427	414	405
Park and community center facility reservations	1,958	2,582	2,671	3,004	5,411

Source: Town of Morrisville - Finance, Police, Fire, Parks & Recreation, and Public Works departments

Notes:

(1) Information prior to 2011 not available

TOWN OF MORRISVILLE, NORTH CAROLINA

CAPITAL ASSETS BY FUNCTION

LAST FIVE FISCAL YEARS

Table 22

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
Police:					
Police stations	1	1	1	1	1
Patrol units	26	26	25	31	24
Detective units	4	4	4	9	4
K-9 units	1	1	1	1	1
Fire:					
Fire stations	3	3	3	3	3
Fire trucks/command vehicles	8 / 2	8 / 2	8 / 5	8 / 5	8 / 5
Streets:					
Streets (miles)	35.42	38.62	44.94	46.47	48.28
Recreation and Parks:					
Number of developed parks	5	5	5	5	6
Acreage	96	96	96	96	108
Baseball fields	4	4	4	4	4
Tennis courts	3	3	3	3	6
Racquetball courts	2	2	2	2	2
Community centers	1	1	1	1	1
Aquatic centers	1	1	1	1	1
Greenway miles	7.96	9.02	9.02	11.08	11.98

Source: Town of Morrisville - Police, Fire, and Parks & Recreation departments

Notes:

(1) Information prior to 2011 not available

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, 2015, and the related notes to the financial statement, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated October 29, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2015-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2015-002 to be a significant deficiency.

Compliance and Other Matters

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

Town of Morrisville's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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

Handwritten signature of Cherry R. Smith, LLP. The signature is written in cursive and includes the letters "LLP" at the end.

Raleigh, North Carolina
October 29, 2015

**Report of Independent Auditor on Compliance With Requirements
Applicable To Each Major State Program and Internal Control Over Compliance
In Accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

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

Report on Compliance for each Major State Program

We have audited the Town of Morrisville, North Carolina (the "Town"), compliance with the types of requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2015. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State 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 state program for the year ended June 30, 2015.

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 compliance 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Cherry R. Smith, LLP. The signature is written in cursive and includes the initials "LLP" at the end.

Raleigh, North Carolina
October 29, 2015

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

YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued:

Unmodified

Internal control over Financial Reporting:

- Material weaknesses identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

State Awards

Internal control over major state program:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to state awards?

☐ yes ☒ no

Type of auditor’s report issued on compliance for major State program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major State programs:

Names of State Program or Cluster

Non-State System Street-Aid Allocation Fund (Powell Bill)

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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

Finding 2015-001

MATERIAL WEAKNESS

<u>Criteria</u>	According to the Town's Unified Development Ordinance ("Ordinance"), the Town shall deposit any in-lieu payment received into a special Town fund that shall be used only for the design and construction of street improvements that serve the occupants, residents, or invitees of the subdivision or development for which the in-lieu payment is made. The Ordinance also describes stormwater maintenance guarantees as being one-time payments received from developers, which are held in perpetuity by the Town. Both, in-lieu payments and stormwater maintenance guarantee payments, should be recognized as revenue upon receipt of the payment from developers.
<u>Condition</u>	In previous years, payments-in-lieu for street improvements project were incorrectly recorded as deferred revenue, rather than revenue and restricted in fund balance. Related to stormwater maintenance guarantee receipts, there was an instance noted in which a stormwater maintenance guarantee receipt was incorrectly recorded as a payable as of year-end. The Town required payment of the guarantee by developer in the current fiscal year, then refunded the amount to the developer subsequent year-end and, ultimately received repayment of the stormwater maintenance guarantee by another developer for the same project. Since the guarantee was required by the Town in the current year, the receipt was earned in the current year and should have been recorded as revenue in the current year.
<u>Effect</u>	Related to in-lieu receipts, the Town's net position for governmental activities and fund balance for the general fund as of June 30, 2014 were overstated by \$918,055. Related to stormwater maintenance guarantee receipts, accounts payable was overstated and governmental revenue was understated by \$93,933. Town management has corrected these misstatements.
<u>Cause</u>	Misstatements were noted due to the lack of knowledge of the effect of the Town's Ordinances on the accounting treatment of the transactions.
<u>Recommendation</u>	All payments-in-lieu receipts should be recorded when received in accordance with the Town's Ordinance. Stormwater maintenance guarantee receipts should be recorded as revenue during the year in which they are received. Should a refund be required, this should be accounted for in the proper period based on the circumstances necessitating the receipt and related refund.
<u>Name of Contact</u>	Martha Paige, Town Manager
<u>Views of responsible officials and planned corrective actions</u>	The Town agrees with the finding and will implement recommendations.

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

YEAR ENDED JUNE 30, 2015

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

Finding 2015-002

SIGNIFICANT DEFICIENCY

<u>Criteria</u>	Capital assets should be specifically identified in the capital asset subledger in order to be able to clearly identify a specific asset. Also, a physical inventory of capital assets should be performed on a regular basis and documented in order to ensure that the capital asset subledger accurately reflects the assets owned and in-use by the Town. Additionally, the capitalization policy should be reviewed regularly by management to ensure that depreciable lives are updated and accurately reflect useful lives of assets. Lastly, the Town should consistently apply the threshold for capitalization to ensure that assets in the subledger are above the threshold, and that those that do not meet the threshold are properly expensed in the correct period.
<u>Condition</u>	The Town has a number of vague descriptions in the capital asset subledger. Regular inventories of capital assets are not currently being performed. The capitalization policy does not currently reflect actual useful lives assigned for all assets, such as greenways. Also, there are assets in the capital asset subledger that are below the capitalization threshold.
<u>Effect</u>	Due to vague descriptions in the capital asset subledger, the Town is not able to specifically identify all assets that are recorded. In addition, due to physical inventories not being performed on a regular basis, management believes there are a number of old items included in the current asset subledger that should be removed. Management believes most of these assets are fully depreciated, so a potential error related to these assets was not determined to be material. By not updating the capitalization policy, there are assets currently being depreciated over periods of time that may not reflect their actual useful life. Lastly, there are assets currently in the asset subledger that are below the capitalization threshold, which is not in accordance with Town policy.
<u>Cause</u>	Lack of oversight and maintenance of the capital assets subledger and review of policies.
<u>Recommendation</u>	Management should include detailed descriptions of each asset in the subledger so that all assets can be specifically identified. Physical inventories of capital assets should be performed on a regular basis and documented in order to ensure that the capital asset subledger accurately reflects the assets owned and in-use by the Town. The capitalization policy should be reviewed regularly by management to ensure that depreciable lives and thresholds are updated and are consistent with the Town's estimates. Lastly, the Town should consistently apply the threshold for capitalization to ensure that assets in the subledger are above the threshold and that those that do not meet the threshold are properly expensed in the correct period.
<u>Name of Contact</u>	Martha Paige, Town Manager

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

YEAR ENDED JUNE 30, 2015

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

Finding 2015-002 (continued)

Views of responsible officials and planned corrective actions

The Town agrees with the finding and will implement recommendations.

Section III. State Award Findings and Questioned Costs

None.

TOWN OF MORRISVILLE, NORTH CAROLINA

SCHEDULE OF CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2015

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

Finding 2015-001

Name of contact person: Martha Paige, Town Manager

Corrective Action: Effective November 2, 2015, Town staff in departments accepting such deposits and PILs will be provided training and guidance about proper accounting treatment. A process memo will be prepared and provided to appropriate staff to maintain in the department for future guidance.

All activity posted to date during fiscal year 2016 to liability accounts will be reviewed and evaluated by the Accounting Services Supervisor (or other designated Finance Department staff). Any inappropriate postings will be reclassified as necessary.

As monthly internal financial statements are prepared, the Accounting Services Supervisor (or other designated Finance Department staff) will review liability accounts to ensure compliance with established policies.

Subsidiary ledgers (Excel spreadsheets) will continue to be maintained to verify and validate the total accumulated restricted fund balance for these revenues.

Proposed Completion Date: November 2015

Finding 2015-002

Name of contact person: Martha Paige, Town Manager

Corrective Action: The Special Projects Coordinator, formerly a Town of Morrisville Director, has been tasked with developing an action plan to properly identify and inventory the Town's capital assets on an ongoing basis. The Special Projects Coordinator, in conjunction with Finance Department staff, will develop written policies and procedures to be used in training staff in all departments. These procedures will be aimed at assisting staff to properly identify, capture, record, evaluate the useful lives, and track the Town's capital assets. Additionally, this policy will mandate appropriate descriptions and include a methodology for ensuring proper stewardship, accuracy and completeness of the Town's capital assets. Where appropriate, an inventory tagging system will also be employed. The review and evaluation of capital asset management systems to aid in the design of this process is already underway. Once a comprehensive review and inventory of the Town's capital assets has been conducted, the physical assets will be reconciled with the subledger and adjusted as deemed appropriate.

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2015

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

Finding 2015-002 (continued)

The capital asset capitalization policy will be reviewed and updated, including asset classifications, cost thresholds and estimated useful life categories for presentation to Town Council for their consideration.

Proposed Completion Date: June 2016

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2015

Finding 2014-001
Status: Corrected

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

YEAR ENDED JUNE 30, 2015

<u>Federal/State Grantor/Pass-through</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
FEDERAL GRANTS					
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation					
<i>Bicycle and Pedestrian Transportation Enhancement Program</i>	20.205	WBS 46233.1.1	\$ 183,487	\$ -	\$ -
<i>Highway Planning and Construction</i>	20.205	WBS 41821.3.23	99,572	-	-
<i>Highway Planning and Construction</i>	20.205	WBS 41821.1.24	897	-	-
<i>State and Community Highway Safety Program</i>	20.600	WBS 52014.5.2	29,202	-	-
<i>Total</i>			<u>313,158</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Direct from U.S. Department of Justice					
<i>Equitable Sharing Program</i>	16.922		<u>1,952</u>	<u>-</u>	<u>-</u>
Total assistance-federal programs			<u>315,110</u>	<u>-</u>	<u>-</u>
STATE GRANTS					
<u>N.C. Department of Transportation</u>					
<i>Powell Bill</i>	N/A	N/A	<u>-</u>	<u>502,929</u>	<u>-</u>
Total assistance-state programs			<u>-</u>	<u>502,929</u>	<u>-</u>
Total assistance			<u>\$ 315,110</u>	<u>\$ 502,929</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of State Financial Awards

Basis of Presentation -The accompanying schedule of expenditures of federal and state awards includes the state grant activity of the Town of Morrisville and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.