

Annual Comprehensive Financial Report For The Fiscal Year Ended June 30, 2023

Stabilizing Transition



Town of Morrisville North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year
Ended June 30, 2023



Prepared by:
Town of Morrisville Finance Department

TOWN OF MORRISVILLE, NORTH CAROLINA
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal i-viii
Certificate of Achievement for Excellence in Financial Reporting ix
Town Council x
Appointed and Administrative Positions xi
Organizational Chartxii

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR 1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS4-17

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Exhibit 1 - Statement of Net Position 18
Exhibit 2 - Statement of Activities 19

Fund Financial Statements

Exhibit 3 - Balance Sheet – Governmental Funds.....20
Exhibit 3 - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....21
Exhibit 4 - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....22
Exhibit 4 - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities23
Exhibit 5 - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund24
Exhibit 6 - Statement of Net Position – Proprietary Fund25
Exhibit 7 - Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund26
Exhibit 8 - Statement of Cash Flows – Proprietary Fund.....27
Notes to the Basic Financial Statements28-80

TOWN OF MORRISVILLE, NORTH CAROLINA

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Law Enforcement Officers' Special Separation Allowance:	
Exhibit A-1 - Schedule of Changes in Total Pension Liability	81
Exhibit A-2 - Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll	82
Other Postemployment Benefits:	
Exhibit A-3 - Schedule of Changes in the Total OPEB Liability and Related Ratios.....	83
Local Government Employees' Retirement System:	
Exhibit A-4 - Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Contributions.....	84
Firefighters' and Rescue Squad Workers' Pension Fund:	
Exhibit A-5 - Schedule of the Proportionate Share of the Net Pension Liability.....	85

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Sub-Fund: General Fund	
Schedule 1 - Combining Balance Sheet.....	86
Schedule 2 - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	87
Major Governmental Funds:	
Schedule 3 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (Sub-Fund).....	88-93
Schedule 4 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Fire Apparatus Capital Reserve Fund (Sub-Fund).....	94
Schedule 5 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Roadway and Transportation Capital Reserve Fund (Sub-Fund).....	95
Schedule 6 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – CIP Capital Reserve Fund (Sub-Fund)	96
Schedule 7 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Parks and Recreation Capital Reserve Fund (Sub-Fund)	97
Schedule 8 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Service District Fund (Sub-Fund).....	98
Schedule 9 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund (Sub-Fund)	99
Schedule 10 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – American Rescue Plan Act Special Revenue Fund.....	100
Schedule 11 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Public Safety Improvements Capital Project Fund.....	101

TOWN OF MORRISVILLE, NORTH CAROLINA

TABLE OF CONTENTS

Non-Major Governmental Funds:

Schedule 12 - Combining Balance Sheet for Non-Major Governmental Funds.....	102
Schedule 13 - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Schedule 14 - Town Center Capital Project Fund	104
Schedule 15 - Sewer Capital Project Fund	105
Schedule 16 - Public Works Renovation Capital Project Fund	106
Schedule 17 - Morrisville Carpenter Road Capital Project Fund.....	107
Schedule 18 - Sidewalk and Pedestrian Enhancement Capital Project Fund	108
Schedule 19 - NC54 Congestion Mitigation Capital Project Fund.....	109
Schedule 20 - International Drive Capital Project Fund	110
Schedule 21 - Intersection Improvements Capital Project Fund	111
Schedule 22 - Parkland Payment-In-Lieu Capital Project Fund.....	112
Schedule 23 - Crabtree Hatcher Creek Greenway Capital Project Fund.....	113
Schedule 24 - Church Street Park Capital Project Fund.....	114
Schedule 25 - Parks and Greenways Capital Project Fund	115
Schedule 26 - Land and Parkland Acquisition Capital Project Fund.....	116
Schedule 27 - Church Street Park Expansion Capital Project Fund	117

Proprietary Funds:

Schedule 28 - Schedule of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual (NON-GAAP) – Stormwater Fund.....	118-119
Schedule 29 - Schedule of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual (NON-GAAP) – Green Drive and Fairview Avenue Stormwater Capital Project Fund	120

OTHER SCHEDULES

Schedule 30 - Schedule of Ad Valorem Taxes Receivable	121
Schedule 31 - Analysis of Current Tax Levy.....	122
Schedule 32 - General Obligation Debt Service Requirements and Maturity Schedule	123

TOWN OF MORRISVILLE, NORTH CAROLINA

TABLE OF CONTENTS

STATISTICAL SECTION

Table 1 – Net Position by Component	124
Table 2 – Changes in Net Position	125-127
Table 3 – Fund Balances, Governmental Funds	128
Table 4 – Changes in Fund Balances – Governmental Funds	129
Table 5 – Government-wide Revenues	130
Table 6 – General Government Revenues by Source	131
Table 7 – Assessed Value of Taxable Property	132
Table 8 – Property Tax Rates – Direct and Overlapping Governments	133
Table 9 – Principal Property Taxpayers	134
Table 10 – Property Tax Levies and Collections	135
Table 11 – Ratios of Outstanding Debt by Type	136
Table 12 – Ratio of Gross Bonded Debt to Assessed Value and Gross/Net Bonded Debt Per Capita	137
Table 13 – Computation of Legal Debt Margin	138
Table 14 – Computation of Direct and Overlapping Bonded Debt General Obligation Bonds	139
Table 15 – Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures	140
Table 16 – Demographic and Economic Statistics	141
Table 17 – Principal Employers	142
Table 18 – New Commercial and New Residential Activity	143
Table 19 – General Governmental Expenditures by Function	144
Table 20 – Employee Position Authorization by Department	145
Table 21 – Operating Indicators by Function	146
Table 22 – Capital Assets by Function	147

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 Standards* 148-149

Report of Independent Auditor on Compliance for Each Major Federal Program and on
Internal Control over Compliance in Accordance with the OMB Uniform Guidance 150-152

Report of Independent Auditor on Compliance with Requirements Applicable to
Each Major State Program and Internal Control over Compliance in Accordance
with OMB Uniform Guidance and the State Single Audit Implementation Act..... 153-155

Schedule of Expenditures of Federal and State Awards 156

Schedule of Findings and Questioned Costs 157-159

Schedule of Prior Year Findings 160



TOWN OF MORRISVILLE

100 Town Hall Drive
Morrisville, NC 27560

November 9, 2023

Members of the Town Council and Community Stakeholders
Town of Morrisville
100 Town Hall Drive
Morrisville, North Carolina 27560

Dear Members of the Town Council and Community Stakeholders:

The Annual Comprehensive Financial Report (ACFR) of the Town of Morrisville, North Carolina, for the fiscal year ended June 30, 2023, is submitted for your review and use. This report has been prepared by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position and results of operations for the fiscal year. North Carolina general statutes require each unit of local government to publish a complete set of financial statements within four months after the close of the fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023, and to provide further accountability to residents 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, 2023. 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 report of the independent auditor.

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

PROFILE OF THE TOWN

The Town of Morrisville was incorporated in 1852 and is well known for its geographic location at the heart of the Research Triangle. Morrisville’s business-friendly climate and enviable workforce attract not only Fortune 500 businesses in biomanufacturing, life sciences, and technology, it also provides support for start-ups in a range of industries. While retaining its small-town appeal, Morrisville boasts a highly educated workforce and is in close proximity to both Raleigh-Durham International Airport and the largest and most respected research park in the nation. Morrisville’s exceptional quality of life contributes to its popularity. Morrisville continues to exemplify its mantra “Live Connected. Live Well”.

In September 2022, Fortune Well named the Town of Morrisville as one of the top 5 best places to live for families. In October 2022, Morrisville received a \$300,000 grant from the Small Business Administration. In April 2023, the Town was recognized as one of the top 10 best small cities in the country to start a business by WalletHub, a leading personal finance education website. In May 2023 Morrisville launched its Morrisville Means Business program that provides grant funding and professional guidance for small businesses.

In May 2023, the Town of Morrisville received two Smart 50 awards, for both its new mobile application and its connected parks initiative. These awards honor the most innovative and influential municipal-scale projects throughout the world. Morrisville’s connected parks initiative provides real-time data about local parks, including whether courts or fields are available for play, average temperatures, and precipitation, to name a few. The program makes it easier for residents to access local amenities. Morrisville’s mobile app provides information about local events and meetings, allows residents to quickly report concerns, book free rides on the Morrisville Smart Shuttle, get emergency notifications, and more. The Town of Morrisville continues to be one the best places in the country to live, work, play and learn.

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

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

The Morrisville Town Council is required to adopt a balanced annual operating budget for the general fund, including each of its consolidated sub-funds, and proprietary fund by July 1 of each year. Furthermore, the Town has adopted multi-year grant and project ordinances governing the Town's major special revenue fund and each of its capital project funds excluding the Parkland Payment-In-Lieu Capital Project Fund, which is not required to be budgeted. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Morrisville's financial planning and control. The Town Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council's intent.

FACTORS AFFECTING FINANCIAL CONDITION

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

The Town received its second tranche of American Rescue Plan Act (ARPA) funds which were used for one-time costs for key projects and initiatives prioritized by Town Council and aligned with community input. Parks and Recreation programs and facility rentals continue to be impacted by pandemic side-effects and market conditions. Revenues continued to be projected conservatively for FY 2023, as creative work efforts were implemented to recover historically robust youth programs and to maximize on new opportunities with a renovated Morrisville Aquatics and Fitness Center. Sales tax revenues remain robust in spite of pandemic impacts. Anticipated commercial property development in the McCrimmon Parkway Extension area has been underway which will add to real property growth for the next several years. Development Services permits and fees have remained strong in this fiscal year.

LOCAL ECONOMY

Within the greater Triangle area, Morrisville and the surrounding communities continue to be the hub of a strong regional economy.

- The Town and State have continued to partner to add and improve transportation facilities in, around and through Morrisville to manage traffic growth and enhance the quality of life through connectivity and mobility. Morrisville has received both federal and state funding (approximately a \$10 million project with \$7 million in reimbursable grants) for the Morrisville-Carpenter Road Widening Project. This project was completed in April 2023 and widened the road (2 to 4 lanes) from Davis Drive to NC 54 and included a landscaped center median, intersection improvements to Town Hall Drive, new roadway connection at Franklin Upchurch Sr Street, streetlights, and sidewalks with new pedestrian crosswalks. Town staff continue to work with the North Carolina Department of Transportation (NCDOT) regarding the design and future construction of the Airport Boulevard Extension Phase 1 Project, (managed by NCDOT) which will extend Airport Boulevard from Garden Square Lane to Church Street. The project includes a new 4-lane roadway with 10-foot multi-use path and pedestrian activated signal at a greenway crossing and is in design with construction expected to begin in Spring 2024 and is expected to be completed by 2025. The Airport Boulevard Sidewalk project in conjunction with NCDOT was completed in April 2023. There are several other sidewalk projects currently underway where the Town is partnering with NCDOT. The Town's portion of the transportation projects are primarily funded with the 2022 GO bond issuance.
- Morrisville has a robust and diverse economic ecosystem hosting industries of high caliber supporting longevity and growth for new and existing companies. This includes a wide range of operational models with employers ranging from global, startups, existing industry, and new emerging industry clusters like bio-manufacturing and life sciences. Spark LS is actively underway constructing a new 109-acre campus located on the McCrimmon Parkway corridor. This represents nearly a \$1 billion investment in the community bringing a premier cutting-edge lab and bio-manufacturing facility to Town. Southport Innovation Center, one of Morrisville's longstanding business centers with an existing 912,000 square feet of space, has rebranded its image around life sciences and technology environments essentially reinvesting in the Morrisville community.
- The Town is adjacent to Research Triangle Park (RTP), which was established in 1959 and is one of the largest research parks in the United States (7,000 acres). There are currently more than 375 global research and development-related companies in RTP employing approximately 60,000 workers. Research Triangle Park has three main sections: Frontier RTP, Boxyard RTP, and HUB RTP. Frontier RTP was created in 2021 to provide a supportive community and approximately 100 companies are located on this campus, including the Research Triangle Foundation's headquarters. Boxyard RTP has become a bustling gathering place for food and drinks and there are currently 15 dining places in the development. Construction for Hub RTP is underway and will have more than 1 million square feet of office and lab space and 16 acres of parks and green space.

- The number of total passengers at Raleigh Durham International Airport (RDU) has continued to increase and is approaching pre-pandemic levels. In 2019 RDU saw more than 14.2 million passengers come through its gates, compared to 4.9 million in 2020, 8.8 million in 2021 and 11.8 million in 2022. The number of nonstop destinations out of RDU as of June 2023 is 57 which is at the same level of 57 before COVID-19. There are 16 major airlines which include non-stop international flights (Paris, London, Cancun, Montreal, Toronto, Reykjavik, Freeport) and a new destination to Frankfurt, Germany is scheduled to launch flights in June 2024. There are now over 720 daily flights compared to 400 flights each day in March 2022. RDU is moving beyond the recovery from the pandemic and towards sustained and reliable growth. Increasing passenger traffic, more airlines and new routes make it even more critical for the airport to pursue the Vision 2040 projects that will help RDU meet future demand. In October 2023, RDU had a ceremonial ground breaking for their new primary runway which will replace the existing runway.
- The Town entered a partnership with Wake County Public School Systems (WCPSS) and Wake Tech Community College (WTCC) that will lead to a new high school and 18 acres of parkland and open space in Morrisville. Agreements were signed in March 2023 with WCPSS and WTCC regarding the property transfer and lease of land for a new high school to be located in Morrisville. WCPSS and WTCC staff have been collaborating with Town staff to discuss the strategies for the project and determine the preliminary schedule milestones. The design phase of this project is anticipated to start in November 2023 and be completed in June 2024. Construction is anticipated to start in Fall 2025 and be completed in Spring 2027.
- The Morrisville Chamber of Commerce contracts with the Town to provide economic development services. In April 2023, the Town engaged a consultant to assist with an economic development strategy to inform and align the Town and the Chamber on actions, strategies, and programs to ensure smart and sustainable growth for Morrisville.
- The Town continues to work on a multi-million-dollar public-private partnership to jointly invest in the expansion of Church Street Park, upgrading the facility into an international-quality cricket venue. Construction is currently under way for the Church Street Park Amenity Expansion and Southern Lot projects. The amenity expansion project will include grandstand bleachers, two new site screens, a hospitality area, commentary booth, camera platforms, and protective ball netting. The southern lot project will have cricket practice wickets, a parking lot, shelter/restroom building, multi-sport courts, and infrastructure improvements.

FY 2023 was a year of accomplishment in advancing and completing major projects and laying groundwork for many others. The Harris Mill Fire Station construction project was funded last year with \$8 million in GO bonds. This state-of-the-art facility became operational in August 2023 and held its ribbon cutting ceremony in September 2023. Station 3 will now enhance the Town's fire response model providing improved service to our residents while supporting the Town's collaboration with the Town of Apex, the Town of Cary, and Wake County.

The Morrisville Community Park Phase 3 construction was funded with \$2 million in GO bonds and was completed in May 2023. This phase of construction included three tennis courts, three pickleball courts, stormwater pond, restroom shelter building, picnic shelter, and walking trails with bridge and boardwalk segments. The Town's first Dog Park is progressing through the design process and will provide a one acre area of active space for dogs of any size to safely play. The Shiloh Park renovation project is currently wrapping up creating improved amenities in one of the Town's oldest parks. Both transformative projects are funded using ARP funds.

Morrisville continues to be committed to the creation of the "Town Center", a mixed-use planned development that complements the existing quality of life and character of the Town. The full Town Center project is envisioned to be approximately 25 acres and will be constructed in phases. Phase 1, which is currently in the design phase, is anticipated to begin construction by the end of CY2024 and will include multi-family residential, traditional retail, cottage retail, and a Town Green that can accommodate up to 2,500 visitors for performances. This project is a public private partnership and the Town has selected Singh Development LLC as its development partner. The Town anticipates funding for the Phase 1 public investment will be a combination of General Obligation Bond proceeds (proposed series 2024) and Town Pay-Go reserves.

In FY 2023 the Town issued 49 new building permits totaling approximately \$333.5 million in additional tax valuation for Morrisville. Of the 49 permits, 13 were for residential development with a tax value of approximately \$7.7 million. There were three significant apartment building projects for commercial development this fiscal year: District Flats Apartments with 114 units, Slater Road Apartments with 199 units, and Novel Morrisville Apartments with 344 units. The Town also had two significant commercial projects; Spark with two biomanufacturing buildings, one research and development building with ground floor retail, a parking deck, and associated facilities and infrastructure. Pathway – a 126,000 square foot 3-story research lab facing McCrimmon Parkway Extension, a single story 128,597 square foot biomanufacturing building and a single story 152,230 square foot biomanufacturing building.

Other notable capital projects for FY 2023 include the purchase of public safety radios, the design for a proposed dog park, the design of a new public works facility with a new Wake County solid waste convenience center facility, renovations at Shiloh Park, improvements at International Drive Extension and other intersection improvements, solar installation and electronic vehicle charging stations, and sidewalk connectivity improvements. The Town received a \$250,000 Golden Leaf Grant for the Wolfsnare Lane Stormwater project. This project kicked off Phase I of the recently approved Stormwater Master Plan.

Other key programs and initiatives that were underway with many being completed in FY 2023 include "Pop Up" programming opportunities for disc golf and a temporary dog park, website enhancements, stewardship program expansion, Master Sustainability Plan Development, cultural program expansion, land use plan updates, UDO and TOD updates, McCrimmon Corridor Development, Smart Shuttle, ADA plan, and affordable housing program options. These projects and other community initiatives capitalize on the work already underway as part of the Town's Strategic Plan and the initiative to build capacity.

LONG-TERM FINANCIAL PLANNING

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

Morrisville's long-range forecasting and community investment planning provides a framework to strategically develop subsequent annual operating and capital budgets to achieve a long-term financial goal of sustainability, including the main goals of flexibility, efficiency, risk management, sufficiency, and credibility. The long-range forecasting for the Town's Capital Investment Plan (CIP) provides for reporting of multi-year financial performance, casting a 5-year budget forecast. Every four years, the Town will complete a major update on a 5-Year CIP and a projection of capital needs and expenditures. Council and staff completed capital policy updates and project prioritizations to adopt a new 5-year CIP with the FY 2024 budget that establishes guidance and alignment to strategic goals for future investments. The Town periodically reviews the financial policies including internal controls to ensure the safeguard of assets and provide reasonable assurance of proper recording of financial transactions which are ultimately reported in the Annual Comprehensive Financial Report.

To further assist in understanding future investments and operational impacts, the Town has developed a long-range staffing forecast. This along with other strategic long-term planning tools such as key equipment replacement plans enable the town to understand and plan for opportunities while mitigating and preparing for unforeseen challenges making better informed decisions in the use of public funds.

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

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

RISK MANAGEMENT

The Town is fully insured for property, general liability, and workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives, and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the community. In addition, various risk control techniques, including but not limited to employee accident prevention training have been implemented to minimize accident-related losses. A full-time safety, health and risk management manager administers the safety and risk management program and is responsible for administering American Disability Act rules and regulations. Costs associated with risk management are recorded in the general fund. Since 2015, the Town has received NC Labor's Public Sector SHARP recognition for its Parks, Recreation and Cultural Resources, Police, Public Works, and Fire/Rescue departments. The Town is one of only 14 public sector programs

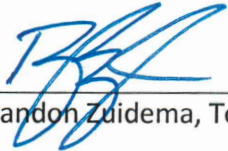
to hold this Safety and Health Achievement Recognition designation. Additional information on the Town's risk management activity can be found in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENT

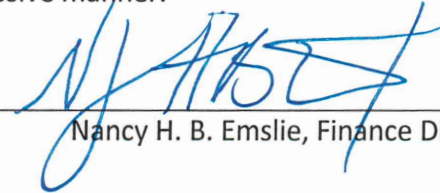
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Morrisville, North Carolina for the *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. The Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Town of Morrisville has received this prestigious award for 29 consecutive years. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Brandon Zuidema, Town Manager



Nancy H. B. Emslie, Finance Director

Introductory Section

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



Government Finance Officers Association

Certificate of Achievement for Excellence
in Financial Reporting

Presented to

Town of Morrisville North Carolina

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Town Council



TJ Cawley
Mayor



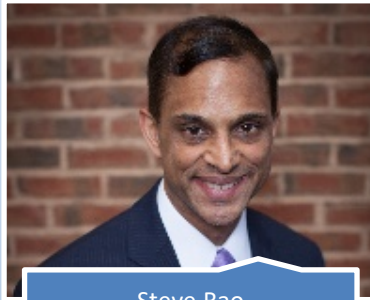
Liz Johnson
Mayor Pro-Tem (District 3)



Donna Fender
Council Member (District 2)



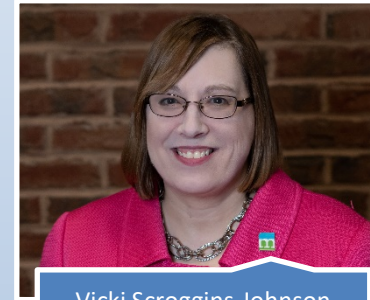
Satish Garimella
Council Member (At-Large)



Steve Rao
Council Member (At-Large)



Anne Robotti
Council Member (District 1)



Vicki Scroggins-Johnson
Council Member (District 4)



Martha Paige
Town Manager

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

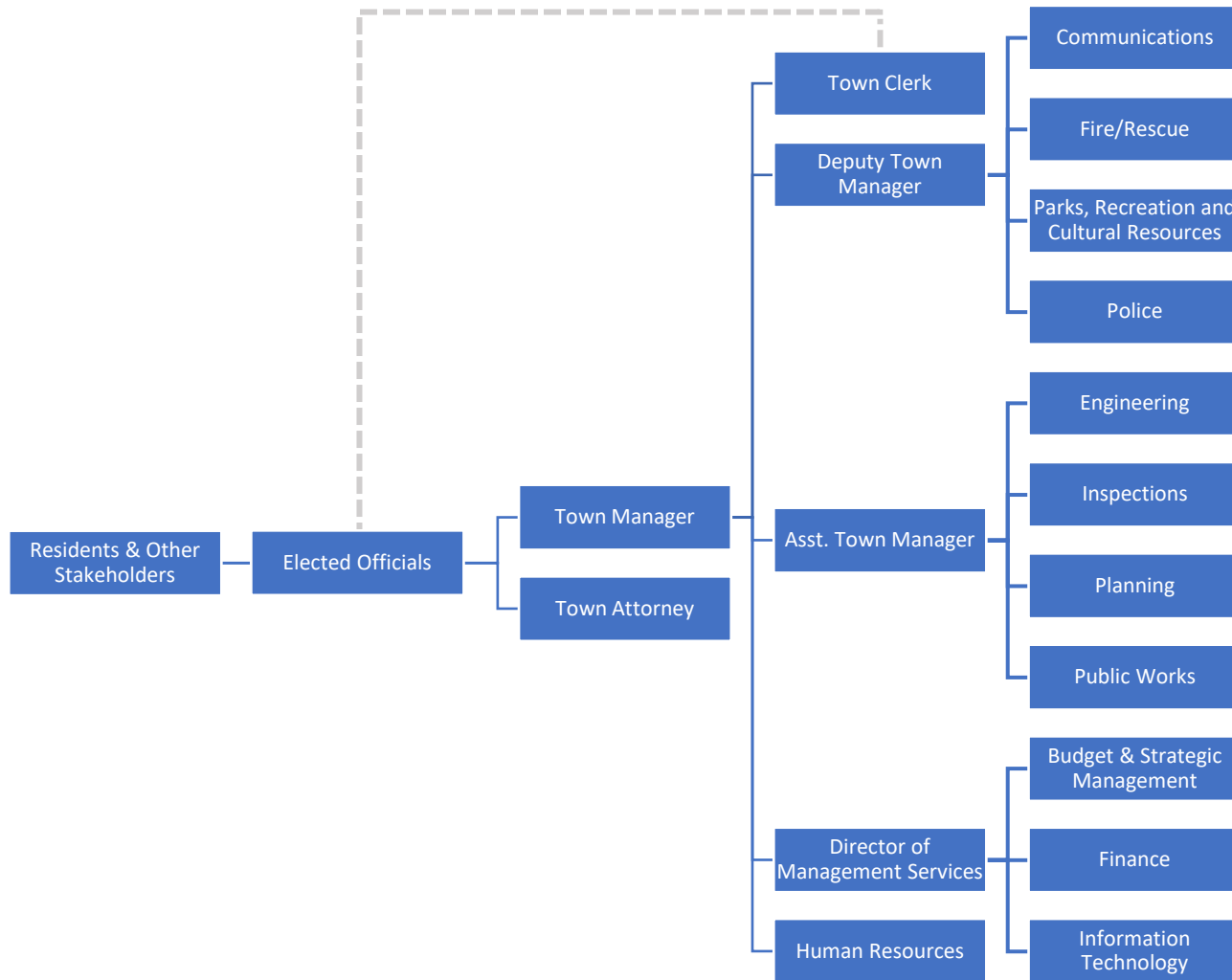
Appointed and Administrative Positions

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

**Appointed by Town Council*

As of June 30, 2023

Town of Morrisville Organizational Chart as of June 30, 2023



Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual fund financial statements and schedules, other schedules, as listed in the table of contents, and schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
November 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Morrisville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report, the basic financial statements, and accompanying notes to the financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$209,686,293 (*net position*). Of this amount, \$23,664,960 (*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 \$24,140,933 in fiscal year 2023 which is primarily due to the purchase of land for capital projects, capital projects that were completed, and capital projects that are currently under construction.
- Increase in net position for Stormwater Business-type activities is \$723,278 in fiscal year 2023.
- As of the close of fiscal year 2023 the Town of Morrisville's governmental funds reported a combined ending fund balance of \$54,897,394, a decrease of \$6,123,535 over the prior year. Approximately 30.18% of total governmental funds fund balance, or \$16,566,581 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund increased by \$7,271,377. At the end of fiscal year 2023, the unassigned fund balance for the General Fund was \$16,566,070 or 41.31% of total general fund expenditures. The Town's policy is to maintain a minimum of 25% of expenditures in unassigned fund balance with a fund balance maximum range target of 45%.
- The Town's total outstanding debt decreased by \$2,970,679 in fiscal year 2023 due to debt payments on outstanding debt. The Town issued no new debt in fiscal year 2023.
- The Town received the second tranche of \$4,596,573 from the Coronavirus State and Local Recovery Fund as a result of the American Rescue Plan Act (ARPA) and allocated \$3,559,500 that replaced lost revenue and helped offset some capital project expenditures.
- As of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor's and Fitch, and its Aaa rating by Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. The **Required Supplementary Information** contains additional information required by generally accepted accounting principles. After the notes and the required supplementary information, other supplementary information is provided showing details about the Town's individual funds, including budgetary information required by North Carolina General Statutes.

Government-wide Financial Statements

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

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

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

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Morrisville has no component units that are included in this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Morrisville, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Morrisville can be divided into two categories: governmental funds and proprietary funds.

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

During the fiscal year ending June 30, 2023, the Town of Morrisville utilized 16 individual governmental funds: the General Fund [which includes the Fire Apparatus Capital Reserve Fund, Roadway and Transportation Capital Reserve Fund, Capital Investment Plan Capital Reserve Fund, Parks and Recreation Capital Reserve Fund, Municipal Service District Fund, and Debt Service Fund, which are consolidated in the General Fund in accordance with GASB 54] and 14 Capital Project Funds (to account for construction projects spanning more than one annual budget year). The General Fund, American Rescue Plan Act Special Revenue Fund, and Public Safety Improvements Capital Project Fund are the only governmental funds considered to be major funds. The other governmental funds are considered non-major, and their information is presented in the aggregate.

The Town of Morrisville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the residents of the Town, management, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town of Morrisville succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

The basic proprietary fund financial statements can be found on Exhibits 6 through 8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 28-80 of this report.

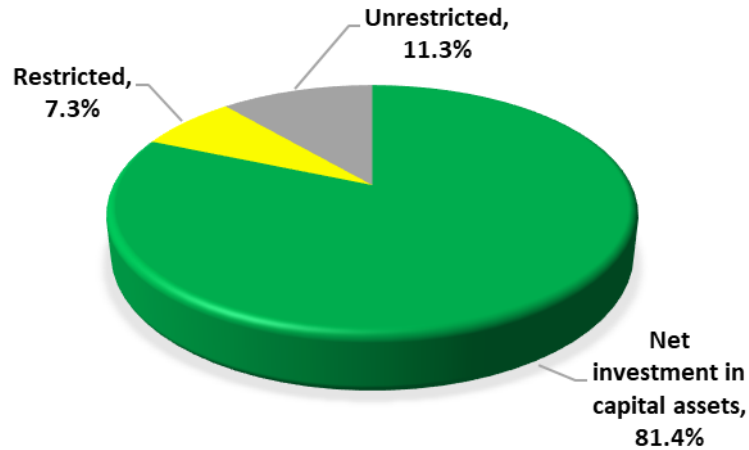
Other Information

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 81 of this report.

Town of Morrisville's Net Position
Governmental **Business-type**
Activities **Activities** **Total**

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 65,043,152	\$ 70,348,749	\$ 2,759,585	\$ 2,044,858	\$ 67,802,737	\$ 72,393,607
Capital assets	206,711,874	177,616,840	1,192,485	1,135,523	207,904,359	178,752,363
Other long-term assets	2,174,362	1,312,605	-	-	2,174,362	1,312,605
Total assets	<u>273,929,388</u>	<u>249,278,194</u>	<u>3,952,070</u>	<u>3,180,381</u>	<u>277,881,458</u>	<u>252,458,575</u>
Deferred outflows of resources	<u>9,372,246</u>	<u>7,155,449</u>	<u>152,416</u>	<u>95,436</u>	<u>9,524,662</u>	<u>7,250,885</u>
Long-term debt outstanding	57,779,125	53,857,185	292,936	142,055	58,072,061	53,999,240
Other liabilities	15,419,685	13,876,299	55,496	47,618	15,465,181	13,923,917
Total liabilities	<u>73,188,810</u>	<u>67,733,484</u>	<u>348,432</u>	<u>189,673</u>	<u>73,537,242</u>	<u>67,923,157</u>
Deferred inflows of resources	<u>4,156,048</u>	<u>6,161,039</u>	<u>26,536</u>	<u>79,904</u>	<u>4,182,584</u>	<u>6,240,943</u>
Net position:						
Net investment in capital assets	169,577,275	152,861,140	1,192,485	1,135,523	170,769,760	153,996,663
Restricted	15,251,843	11,866,466	-	-	15,251,843	11,866,466
Unrestricted	21,127,657	17,811,514	2,537,033	1,870,717	23,664,690	19,682,231
Total net position	<u>\$ 205,956,775</u>	<u>\$ 182,539,120</u>	<u>\$ 3,729,518</u>	<u>\$ 3,006,240</u>	<u>\$ 209,686,293</u>	<u>\$ 185,545,360</u>

BREAKDOWN OF 2023 TOTAL NET POSITION



As noted earlier, net position may serve over time as one useful indicator of the Town's financial condition. The assets and deferred outflows of resources for the Town of Morrisville exceeded liabilities and deferred inflows of resources by \$209,686,293 as of June 30, 2023. The Town's net position increased by \$24,140,933 for the fiscal year ended June 30, 2023. The largest portion, \$170,769,760 (81.4%), of net position reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, equipment, right to use lease and subscription assets). The Town of Morrisville uses these capital assets to provide services to the community; 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, \$15,251,843 (7.3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,664,690 (11.3%) of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Morrisville's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 5,031,718	\$ 2,341,431	\$ 1,226,749	\$ 1,171,039	\$ 6,258,467	\$ 3,512,470
Operating grants and contributions	1,882,056	2,141,609	-	-	1,882,056	2,141,609
Capital grants and contributions	12,772,879	9,235,319	-	-	12,772,879	9,235,319
General revenues:						
Property taxes	26,079,036	23,118,819	-	-	26,079,036	23,118,819
Local option sales taxes	9,967,798	8,824,518	-	-	4,245,150	8,824,518
Other taxes and licenses	4,245,150	4,121,466	-	-	9,967,798	4,121,466
Unrestricted investment earnings	2,335,432	99,877	53,223	2,573	2,388,655	102,450
Miscellaneous	445,856	755,999	-	24,130	445,856	780,129
Parkland payment in lieu	1,262,033	508,204	-	-	1,262,033	508,204
Total revenues	<u>64,021,958</u>	<u>51,147,242</u>	<u>1,279,972</u>	<u>1,197,742</u>	<u>65,301,930</u>	<u>52,344,984</u>
Expenses:						
General government	8,796,877	9,792,132	-	-	8,796,877	9,792,132
Development services	4,494,764	3,641,353	-	-	4,494,764	3,641,353
Public safety	15,289,590	13,662,345	-	-	15,289,590	13,662,345
Public works - Streets and sanitation	7,471,162	8,929,163	-	-	7,471,162	8,929,163
Cultural and recreation	3,173,918	3,130,020	-	-	3,173,918	3,130,020
Interest on long-term debt	1,377,992	988,971	-	-	1,377,992	988,971
Stormwater	-	-	556,694	488,990	556,694	488,990
Total expenses	<u>40,604,303</u>	<u>40,143,984</u>	<u>556,694</u>	<u>488,990</u>	<u>41,160,997</u>	<u>40,632,974</u>
Changes in net position						
transfers	<u>23,417,655</u>	<u>11,003,258</u>	<u>723,278</u>	<u>708,752</u>	<u>24,140,933</u>	<u>11,712,010</u>
Net position, July 1	182,539,120	171,535,862	3,006,240	2,297,488	185,545,360	173,833,380
Net position, June 30	<u>\$ 205,956,775</u>	<u>\$ 182,539,120</u>	<u>\$ 3,729,518</u>	<u>\$ 3,006,240</u>	<u>\$ 209,686,293</u>	<u>\$ 185,545,360</u>

GOVERNMENTAL ACTIVITIES: Governmental activities increased the Town’s net position by \$23,417,655. Overall, revenues related to governmental activities increased this fiscal year compared to fiscal year 2022 by \$12,874,716 or 25.17%, along with an increase in expenses of \$460,311 or .01% more compared to fiscal year 2022. Key elements of this change in net position are as follows:

- Local option sales taxes increased 12.9% in fiscal year 2023 or \$1,143,280 over fiscal year 2022 compared to a 3.42% increase in fiscal year 2022 which has been impacted by the 2020 census results.
- Ad valorem taxes increased 12.94% or \$2,988,130 over fiscal year 2022 which is primarily due to the increase in the tax base from new residential and commercial activity. For FY2023 the tax rate increased 3 cents from \$.36 to \$.39 and the three-cent increase is dedicated to bond projects approved by voters in November 2021.
- Permits and fees increased by \$374,211 from \$1,948,883 in fiscal year 2022 to \$2,323,094 in fiscal year 2023 due to an increase in new commercial permit activity.
- The Town recognized \$1,262,033 in the current year for Parkland Payment-in-Lieu revenues which will be used for recreational improvements.
- In fiscal year 2023, the Town added two new full-time new staff positions – an additional Assistant Town Manager position authorized in FY 2022 and a Stormwater Engineer needed to manage increased workload demands due to new state mandated stormwater program requirements.

BUSINESS-TYPE ACTIVITIES: Stormwater business-type activities increased the Town of Morrisville’s net position by \$723,278. This increase is primarily due to a decrease in expenditures.

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

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

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

On June 30, 2023, the governmental funds of the Town of Morrisville reported a combined fund balance of \$54,897,394, a decrease of \$6,122,585 compared to the prior year. This change in fund balance is primarily due to the completion of capital projects.

The General Fund is the chief operating fund of the Town of Morrisville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,566,070 while total fund balance for the General Fund was \$38,390,970. As a measure of the General Fund’s liquidity, it

may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41.31% of total General Fund expenditures, while total fund balance represents 95.73% of that same amount (compared to 82.48% in 2022).

The Town of Morrisville has adopted a minimum fund balance policy for the General Fund, which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available exceeds 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to the Capital Reserve Fund. For fiscal year 2023, the Town originally appropriated \$1,841,000 of fund balance to balance the budget.

The total fund balance of the Town's general fund increased by \$7,271,377 during fiscal year 2023. Key components of this change are as follows:

Ad valorem taxes received increased by \$2,988,130 which is primarily due to increase in the tax base from new residential and commercial activity and prior year discoveries and adjustments.

- Sales tax revenues increased by \$1,143,280 due to an increase in consumer spending (\$9,967,798 compared to \$8,824,518 in fiscal year 2022).
- General fund expenditures were 90.86% of budgeted amounts representing a variance of \$4,034,798. Some of these variances were related to the following:
 - 1) Several in progress projects/items which resulted in outstanding purchase orders in the amount of \$883,402 were rolled over to fiscal year 2024 which mainly consisted of MAFC elevator modernization (\$235,300), land use plan update (\$178,954), equipment repairs and maintenance (\$45,910), Harris Mill pavement repair (\$47,950), building repairs and maintenance (\$47,576), fleet purchases (\$53,455), affordable housing initiatives (\$39,752), smart shuttle (\$28,863), equipment software (\$41,145), miscellaneous operating costs (\$17,366) and miscellaneous consulting/professional services for departments (\$147,131).
 - 2) Personnel cost savings of \$297,671 (as compared to budget) is mainly due to lapse salaries.
 - 3) Several departments spent less than budgeted for their operating expenditures. Examples include repairs, maintenance, professional services, and overall general operation expenditures which totaled approximately \$1,897,000.

The Capital Project Funds reported at the end of fiscal year 2023 had a total fund balance of \$16,203,692, a decrease of \$13,697,644 from the prior year. The decrease is due to the substantial completion of several capital projects and closeout of Church Street Park Capital Project Fund.

General Fund Budgetary Highlights - Fiscal Year 2023: During the fiscal year, the Town revised the budget on several occasions recognizing unrealized revenue and appropriating fund balance. Generally, budget amendments are made to recognize new funding amounts from external sources, such as federal and state grants or to increase appropriations from fund balance to maintain or expand services. During FY 2023, there was a total increase in the original budget of \$1,800,115 (\$574,922 from recognized revenues and \$1,225,193 appropriation of fund balance) to the final amended budget at year-end. The additional appropriations from budget amendments during the year included: 1) \$70,754 recognized for insurance claims 2) \$24,622 Department of Justice proceeds 3) \$11,046 for additional Powell Bill funds received 4) \$300,000 for Small Business Association grant 5) \$60,000 for Duke Energy solar rebate and 6) \$108,500 for a transfer from a closed capital project (Church Street

Park). The fund balance appropriations included: 1) \$22,315 for re-appropriation of drug proceeds and Police Department grant funding 2) \$1,008,878 PO Rollover 3) \$158,700 Streets Payment in Lieu for intersection improvements and 4) \$35,300 for the J-Morris Commons Lane Extension construction project. The Town has adopted a minimum fund balance policy for the General Fund, which states that the unassigned fund balance shall be no less than three months operating expenditures or 25% of the total budgeted operating expenditures. If unassigned fund balance available exceeds 45%, the Town Council may appropriate the excess for one-time capital expenditures, economic development related expenditures, or transfer the excess to a Capital Reserve Fund. As of June 30, 2023, the Town's unassigned fund balance was 33.81% of total general fund expenditures or \$16,567,115 in unassigned fund balance for the General Fund.

Proprietary Funds: The Town of Morrisville's Proprietary Fund provides the same type of information found in the government-wide statements but in more detail. The Enterprise Fund, at the end of the fiscal year, reported a total ending net position of \$3,729,518. The change in net position for the enterprise funds was an increase of \$723,278. The Stormwater Fund, previously reported in the General Fund, was established in FY 2016 as an enterprise fund and is used to account for the activities related to the Town's Stormwater Management Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The Town of Morrisville's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$207,904,358 (net of accumulated depreciation and amortization). These assets include land, streets and sidewalks, buildings, machinery and equipment, vehicles, park facilities, construction in progress, intangible right to use lease assets and SBITAs.

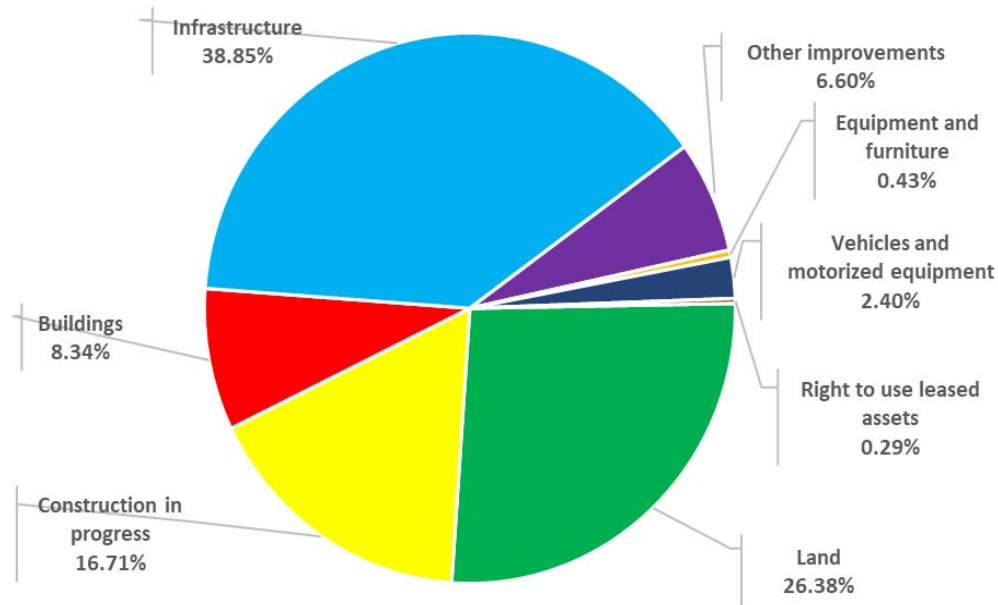
Major capital asset transactions during the year included the following:

- Building assets used in governmental activities increased by \$178,666 primarily due to the completion of the solar panel installation on the PSMS building.
- Land assets used in governmental activities increased by \$4,182,540 due to land purchases for future parks, the Town Center project, and donated land for streets and sidewalks.
- Infrastructure assets used in governmental activities increased by \$5,266,573 due to donated streets and sidewalks.
- The Town placed new equipment into service with \$109,122 in governmental activities.
- Other improvements increases in governmental activities by \$12,399 due to the fencing at North West Park.
- The Town placed new vehicles into service, totaling \$393,439 in the governmental activities including a donated tanker truck for the Fire Department, and four (4) new vehicles for the Police Department.
- Construction in progress additions in the governmental activities totaled \$21,359,824 and included ongoing projects for street improvements, sidewalks, parks and greenways, building improvements, and vehicles and equipment.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 54,670,426	\$ 50,487,886	\$ 200,410	\$ 200,410	\$ 54,870,836	\$ 50,688,296
Construction in progress	34,054,113	14,592,584	686,210	644,099	34,740,323	15,236,683
Buildings	17,340,099	17,338,569	-	-	17,340,099	17,338,569
Infrastructure	80,631,243	75,643,763	142,892	143,457	80,774,135	75,787,220
Other improvements	13,642,301	13,695,834	146,939	130,004	13,789,240	13,825,838
Equipment and furniture	873,643	1,363,217	15,070	16,590	888,713	1,379,807
Vehicles and motorized equipment	4,925,793	4,494,987	963	963	4,926,756	4,495,950
Right to use leases assets	574,255	818,690	-	-	574,255	818,690
Total assets	\$ 206,711,874	\$ 178,435,530	\$ 1,192,484	\$ 1,135,524	\$ 207,904,358	\$ 179,571,053

Government-Wide Capital Assets



Long-term Debt: As of June 30, 2023, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$39,019,728, and installment purchase related debt of \$2,480,000. The Town’s total outstanding debt decreased by \$2,970,679 in the current fiscal year due to the paydown of debt and amortization of the premium.

As mentioned in the financial highlights sections of this document, as of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor’s and Fitch and Aaa by Moody’s. In April 2022, the Town was awarded AAA ratings from all three major bond rating agencies following meetings with *Standards and Poor’s*, *Moody’s* and *Fitch*. The ratings are associated with the issuance of \$17,610,000 in general obligation bonds that were sold on April 26, 2022.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Obligation Bonds	\$ 36,255,000	\$ 38,815,000	\$ -	\$ -	\$ 36,255,000	\$ 38,815,000
Installment Purchases	2,480,000	2,635,000	-	-	2,480,000	2,635,000
Premiums	2,764,728	3,020,407	-	-	2,764,728	3,020,407
Total	<u>\$ 41,499,728</u>	<u>\$ 44,470,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,499,728</u>	<u>\$ 44,470,407</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 \$498,363,856 or .074% of the assessed value of taxable property.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the Town of Morrisville's budget for fiscal year 2024:

- Fiscal Year 2023 property tax remains at \$0.39 per \$100 of property valuation and is estimated at \$25,290,000.
- The remaining ARPA proceeds have been incorporated into the FY 2024 budget for revenue replacement and completion of one-time projects and purchases.
- The property tax collection rate is trending at over 99% and overall revenues are approximately 13% over fiscal year 2022 actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2023 was 3.2% which is 0.2% less than a year ago at 3.4%. The unemployment rate compares favorably to the state's average unemployment rate in June 2023 of 3.3%.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2024

- Conservative revenue projections with adjustments/decreases in revenue streams that recognize the need to supplant revenue lost from programs with ARPA funds.
- Moderate user fee adjustments were made where market comparisons supported changes.
- Maintain the stability of existing core programs and services, including operational cost increases.
- New debt service payments from the second issuance in Spring 2024 of \$13,900,000 of the \$37 million in voter approved bonds in FY2022.
- The fiscal year 2024 General Fund budget reflects a fund balance appropriation of \$1,238,800 (approximately 3% of expenditures) to support operational non-recurring or one-time expenses.
- Approved appropriation to the Roadway & Transportation Reserve Fund (\$685,000), approved appropriation to the Fire Apparatus Reserve Fund (\$850,000), approved appropriation for Parks and Recreation Reserve Fund (\$685,000), approved appropriation for CIP Capital CIP Reserve Fund (\$200,000), as well as an approved transfer to Municipal Service District Fund (\$110,000).
- Addition of two new full-time positions- one Athletics Maintenance Technician III and one Senior Capital Projects Manager, and conversion of two existing part-time positions to provide for program capacity needs for Parks & Receptions operations, an estimated 4.5% merit increase for eligible employees, and a 2% market conditions pay adjustment.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Nancy Emslie, Finance Director, Town of Morrisville, 100 Town Hall Drive, Morrisville, NC, 27560, (919) 463-6178 or nemslie@townofmorrisville.org.

Financial Section

This section includes the report of independent auditor, the management's 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's discussion and analysis and other supplementary information (budget to actual comparison of major governmental funds and pension schedules).

Basic

Financial Statements

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2023

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 45,028,017	\$ 2,753,063	\$ 47,781,080
Receivables:			
Taxes	26,423	-	26,423
Accounts	106,573	4,802	111,375
Lease - current portion	95,982	-	95,982
Interest	161	-	161
Due from other governments	4,028,632	1,720	4,030,352
Prepaid expenses	22,607	-	22,607
Restricted cash and cash equivalents	15,734,757	-	15,734,757
Non-current assets:			
Lease receivable	2,174,362	-	2,174,362
Capital assets:			
Land, improvements and construction in progress	88,724,539	886,620	89,611,159
Other capital assets, net of depreciation	117,413,080	305,865	117,718,945
Intangible right to use assets, net of amortization	574,255	-	574,255
Total assets	<u>273,929,388</u>	<u>3,952,070</u>	<u>277,881,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	8,319,212	135,142	8,454,354
OPEB deferrals	998,856	17,274	1,016,130
Deferred charge on refunding	54,178	-	54,178
Total deferred outflows of resources	<u>9,372,246</u>	<u>152,416</u>	<u>9,524,662</u>
LIABILITIES			
Accounts payable and accrued expenses	4,265,325	24,926	4,290,251
Accrued interest	605,459	-	605,459
Unearned revenue	5,816,427	-	5,816,427
Due within one year:			
Compensated absences	1,451,345	30,570	1,481,915
Bonds and notes payable	2,975,679	-	2,975,679
Leases and IT subscriptions	295,450	-	295,450
Due in more than one year:			
Total OPEB liability	5,316,645	91,928	5,408,573
Total LEOSSA pension liability	2,069,993	-	2,069,993
Compensated absences	161,260	3,397	164,657
Net LGERS pension liability	11,426,551	197,611	11,624,162
Bonds and notes payable	38,524,049	-	38,524,049
Leases and IT subscriptions	280,627	-	280,627
Total liabilities	<u>73,188,810</u>	<u>348,432</u>	<u>73,537,242</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	11,305	-	11,305
Leases	2,200,478	-	2,200,478
OPEB deferrals	1,460,467	25,257	1,485,724
Pension deferrals	483,798	1,279	485,077
Total deferred inflows of resources	<u>4,156,048</u>	<u>26,536</u>	<u>4,182,584</u>
NET POSITION			
Net investment in capital assets	169,577,275	1,192,485	170,769,760
Restricted for:			
Stabilization by State statute	4,651,520	-	4,651,520
Recreation improvements	4,921,066	-	4,921,066
Street improvements	4,338,445	-	4,338,445
Public safety operations and activities	1,340,812	-	1,340,812
Unrestricted	21,127,657	2,537,033	23,664,690
Total net position	<u>\$ 205,956,775</u>	<u>\$ 3,729,518</u>	<u>\$ 209,686,293</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,796,877	\$ 429,423	\$ 654,614	\$ 900,000	\$ (6,812,840)	\$ -	\$ (6,812,840)
Development services	4,494,764	3,560,614	375,813	-	(558,337)	-	(558,337)
Public safety	15,289,590	178,919	15,583	64,225	(15,030,863)	-	(15,030,863)
Public works	7,471,162	-	836,046	10,421,600	3,786,484	-	3,786,484
Culture and recreation	3,173,918	862,762	-	1,387,054	(924,102)	-	(924,102)
Interest on long-term debt	1,377,992	-	-	-	(1,377,992)	-	(1,377,992)
Total governmental activities	40,604,303	5,031,718	1,882,056	12,772,879	(20,917,650)	-	(20,917,650)
Business-type activity:							
Stormwater	556,694	1,226,749	-	-	-	670,055	670,055
Total government	\$ 41,160,997	\$ 6,258,467	\$ 1,882,056	\$ 12,772,879	(20,917,650)	670,055	(20,247,595)
General revenues:							
Taxes:							
Property taxes levied for general purposes					26,079,036	-	26,079,036
Local option sales taxes					9,967,798	-	9,967,798
Other taxes and licenses					4,245,150	-	4,245,150
Investment earnings					2,335,432	53,223	2,388,655
Miscellaneous					445,856	-	445,856
Parkland payments in lieu					1,262,033	-	1,262,033
Total general revenues					44,335,305	53,223	44,388,528
Change in net position					23,417,655	723,278	24,140,933
Net position - beginning					182,539,120	3,006,240	185,545,360
Net position - ending					\$ 205,956,775	\$ 3,729,518	\$ 209,686,293

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

TOWN OF MORRISVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENT FUNDS
JUNE 30, 2023

Exhibit 3

	Major Funds				Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund	Public Safety Improvements Capital Project Fund	Nonmajor Funds	
Assets					
Cash and cash equivalents	\$ 33,864,943	\$ -	\$ -	\$ 11,163,075	\$ 45,028,017
Receivables					
Taxes	26,423	-	-	-	26,423
Accounts receivable	79,722	-	-	26,851	106,573
Lease receivable	2,270,344	-	-	-	2,270,344
Due from other governments	3,690,739	7,945	226,594	103,354	4,028,632
Prepaid expenses	22,607	-	-	-	22,607
Restricted cash and cash equivalents	3,113,673	5,903,029	1,684,789	5,033,266	15,734,757
Total assets	<u>\$ 43,068,450</u>	<u>\$ 5,910,974</u>	<u>\$ 1,911,383</u>	<u>\$ 16,326,546</u>	<u>\$ 67,217,352</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 2,213,088	\$ 18,000	\$ 611,707	\$ 1,422,530	\$ 4,265,325
Unearned revenue	226,186	5,590,241	-	-	5,816,427
Total liabilities	<u>2,439,274</u>	<u>5,608,241</u>	<u>611,707</u>	<u>1,422,530</u>	<u>10,081,752</u>
Deferred inflows of resources					
Taxes receivable	26,423	-	-	-	26,423
Prepaid taxes and fees	11,305	-	-	-	11,305
Lease receivable	2,200,478	-	-	-	2,200,478
Total deferred inflows of resources	<u>2,238,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,238,206</u>
Fund balances					
Nonspendable:					
Prepaid expenses	22,607	-	-	-	22,607
Leases	69,866	-	-	-	69,866
Restricted:					
Stabilization by State statute	4,651,520	-	-	-	4,651,520
Street improvements	3,072,537	-	-	1,265,908	4,338,445
Recreation improvements	-	-	-	4,921,066	4,921,066
Public safety operations and activities	41,136	-	1,299,676	-	1,340,812
Committed:					
General governmental capital	4,953,618	-	-	-	4,953,618
Debt service	2,255,143	-	-	-	2,255,143
LEOSSA pension liability	376,655	-	-	-	376,655
OPEB liability	4,686,953	-	-	-	4,686,953
Healthcare premium	453,578	-	-	-	453,578
American Rescue Plan Act projects	-	302,733	-	900,000	1,202,733
Capital projects	-	-	-	7,816,530	7,816,530
Assigned:					
Fire operations and activities	2,487	-	-	-	2,487
Subsequent year's expenditures	1,238,800	-	-	-	1,238,800
Unassigned	16,566,070	-	-	512	16,566,581
Total fund balances	<u>38,390,970</u>	<u>302,733</u>	<u>1,299,676</u>	<u>14,904,016</u>	<u>54,897,394</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,068,450</u>	<u>\$ 5,910,974</u>	<u>\$ 1,911,383</u>	<u>\$ 16,326,546</u>	<u>\$ 67,217,352</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit 3

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total fund balances - governmental funds		54,897,394
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, exclusive of leased assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Governmental capital assets, exclusive of leased assets	\$ 260,083,845	
Less accumulated depreciation	<u>(53,946,226)</u>	206,137,619
Right to use leased assets used in government activities are not financial resources and, therefore, are not reported in the funds		
Right to use leased assets	1,149,526	
Less accumulated amortization	<u>(575,271)</u>	574,255
Deferred outflows of resources related to pensions are not reported in the funds		
Deferred outflows of resources related to OPEB are not reported in the funds		8,319,212
		998,856
Deferred charge on refunding is not available or due in current period, and, therefore, is not reported in the fund		
		54,178
Long-term liabilities used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds		
Total other postemployment benefits liability	(5,316,645)	
Total LEOSA pension liability	(2,069,993)	
Government bonds and notes payable	(38,735,000)	
Deferred bond premium	(2,764,728)	
Compensated absences	(1,612,605)	
Net LGERS pension liability	(11,426,551)	
Lease and IT subscriptions	<u>(576,077)</u>	(62,501,599)
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		26,423
Pension related deferrals		
OPEB related deferrals		(483,798)
		(1,460,467)
Other receivables and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Accrued interest receivable		161
Accrued interest payable		<u>(605,459)</u>
Net position of governmental activities		<u>\$ 205,956,775</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

YEAR ENDED JUNE 30, 2023

Exhibit 4

	Major Funds				Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund	Public Safety Improvements Capital Project Fund	Nonmajor Funds	
Revenues					
Ad valorem taxes	\$ 26,083,026	\$ -	\$ -	\$ -	\$ 26,083,026
Other taxes and licenses	631,815	-	-	-	631,815
Unrestricted intergovernmental	13,581,133	-	47,439	-	13,628,572
Restricted intergovernmental	1,347,481	2,127,202	-	1,687,879	5,162,562
Permits and fees	3,667,472	-	-	1,262,033	4,929,505
Sales and services	1,292,185	-	-	-	1,292,185
Investment earnings	834,726	297,153	465,412	738,141	2,335,432
Miscellaneous	470,483	-	-	1,387,054	1,857,537
Total revenues	<u>47,908,321</u>	<u>2,424,355</u>	<u>512,851</u>	<u>5,075,107</u>	<u>55,920,634</u>
Expenditures					
Current					
General government	7,936,900	-	-	-	7,936,900
Development services	4,241,293	-	-	-	4,241,293
Public safety	13,341,722	-	-	-	13,341,722
Public works	6,838,132	434,369	-	-	7,272,501
Culture and recreation	2,616,879	-	-	825	2,617,704
Capital outlay	621,340	212,534	8,943,704	12,399,258	22,176,836
Debt service					
Principal	3,095,724	-	-	-	3,095,724
Interest	1,407,260	-	-	-	1,407,260
Total expenditures	<u>40,099,250</u>	<u>646,903</u>	<u>8,943,704</u>	<u>12,400,083</u>	<u>62,089,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,809,071</u>	<u>1,777,452</u>	<u>(8,430,853)</u>	<u>(7,324,976)</u>	<u>(6,169,306)</u>
Other Financing sources (uses)					
Transfers in	8,502,736	-	35,300	4,708,800	13,246,836
Transfers out	(9,086,200)	(1,480,300)	-	(2,680,336)	(13,246,836)
Right to use proceeds	45,770	-	-	-	45,770
Total other financing sources (uses)	<u>(537,694)</u>	<u>(1,480,300)</u>	<u>35,300</u>	<u>2,028,464</u>	<u>45,770</u>
Net change in fund balance	<u>7,271,377</u>	<u>297,152</u>	<u>(8,395,553)</u>	<u>(5,296,511)</u>	<u>(6,123,536)</u>
Fund balance, beginning	<u>31,119,593</u>	<u>5,581</u>	<u>9,695,229</u>	<u>20,200,527</u>	<u>61,020,930</u>
Fund balance, ending	<u>\$ 38,390,970</u>	<u>\$ 302,733</u>	<u>\$ 1,299,676</u>	<u>\$ 14,904,016</u>	<u>\$ 54,897,394</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2023

Exhibit 4

Total net change in fund balances - governmental funds \$ (6,123,536)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense and amortization

Expenditures for capital and right to use assets	21,055,141	
Less current year depreciation and amortization expense	<u>(1,864,805)</u>	20,768,090

The net effects of disposals of capital assets is to decrease the change in net position in the statement of activities

Disposal of capital assets	(29,328)	
Gain on sale of capital assets	<u>20,893</u>	(8,435)

Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		2,002,819
Benefit payments made for LEOSA in the current fiscal year are not included on the Statement of Activities		45,695
OPEB benefit payments made in the current fiscal year are not included in the Statement of Activities		69,032

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Principal repayments:

General obligation debt, installment notes and right to use		3,106,000
Issuance of debt		(45,753)

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds

Change in accrued interest receivable	5	
Donated capital assets	8,105,318	
Change in reserve for taxes receivable	<u>(3,990)</u>	8,101,333

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Amortization of bond premiums	255,679	
Amortization of deferred charge on refunding	(16,670)	
Change in accrued interest payable	(182,754)	
Change in compensated absences	(191,384)	
OPEB plan expense	(45,729)	
Pension expense	<u>(4,316,732)</u>	(4,497,590)

Change in net position of governmental activities \$ 23,417,655

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes	\$ 25,555,000	\$ 25,555,000	\$ 26,083,026	\$ 528,026
Other taxes and licenses	631,000	631,000	631,815	815
Unrestricted intergovernmental	12,080,300	12,080,300	13,581,133	1,500,833
Restricted intergovernmental	1,143,700	1,570,471	1,347,481	(222,990)
Permits and fees	1,320,750	1,320,750	3,667,472	2,346,722
Sales and services	2,475,600	2,475,600	1,292,185	(1,183,415)
Investment earnings	29,600	29,600	834,726	805,126
Miscellaneous	481,300	576,676	470,483	(106,193)
Total revenues	<u>43,717,250</u>	<u>44,239,397</u>	<u>47,908,321</u>	<u>3,668,924</u>
Expenditures				
Current				
General government	7,796,188	8,863,298	7,936,900	926,398
Development services	4,029,062	4,599,929	4,241,293	358,636
Public safety	12,258,422	13,525,203	13,341,722	183,481
Public works	7,205,669	7,244,413	6,838,132	406,281
Culture and recreation	2,713,919	2,993,979	2,616,879	377,100
Capital Outlay	1,648,000	2,404,242	621,340	1,782,902
Debt Service				
Principal	2,715,000	3,095,724	3,095,724	-
Interest	1,374,000	1,407,260	1,407,260	-
Total expenditures	<u>39,740,260</u>	<u>44,134,048</u>	<u>40,099,250</u>	<u>4,034,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,976,990</u>	<u>105,349</u>	<u>7,809,071</u>	<u>7,703,722</u>
Other financing sources (uses)				
Transfers in	580,300	580,300	8,502,736	-
Transfers out	(7,625,000)	(1,575,368)	(9,086,200)	(7,510,832)
Right to use proceeds	-	45,754	45,770	16
Fund balance appropriated	3,067,710	843,965	-	(843,965)
Total other financing sources (uses)	<u>(3,976,990)</u>	<u>(105,349)</u>	<u>(537,694)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,271,377</u>	<u>\$ 7,271,377</u>
Fund balance, beginning			<u>31,119,593</u>	
Fund balance, ending			<u>\$ 38,390,970</u>	

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

Exhibit 6

	<u>Stormwater Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 2,753,063
Receivables- accounts	4,802
Due from other governments	1,720
Total current assets	<u>2,759,585</u>
Noncurrent assets	
Capital assets	
Land, improvements and construction in progress	886,620
Other capital assets, net of depreciation	305,865
Total non-current assets	<u>1,192,485</u>
Total assets	<u>3,952,070</u>
Deferred outflows of resources	
Pension deferrals	135,142
OPEB deferrals	17,274
Total deferred outflows of resources	<u>152,416</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	24,926
Compensated absences	30,570
Total current liabilities	<u>55,496</u>
Non-current liabilities	
Total OPEB liability	91,928
Compensated absences	3,397
Net LGERS pension liability	197,611
Total non-current liabilities	<u>292,936</u>
Total liabilities	<u>348,432</u>
Deferred inflows of resources	
Pension deferrals	1,279
OPEB deferrals	25,257
Total deferred inflows of resources	<u>26,536</u>
Net position	
Net investment in capital assets	1,192,485
Unrestricted	2,537,033
Total net position - business-type activities	<u>\$ 3,729,518</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR END JUNE 30, 2023

Exhibit 7

	<u>Stormwater Fund</u>
Operating revenues	
Permits and fees	\$ 290,468
Stormwater ERU charges	<u>936,281</u>
Total operating revenues	<u>1,226,749</u>
Operating expenses	
Stormwater operations	554,609
Depreciation	<u>2,085</u>
Total operating expenses	<u>556,694</u>
Operating income	670,055
Nonoperating revenues	
Investment earnings	<u>53,223</u>
Total non-operating revenues	<u>53,223</u>
Change in net position	<u>723,278</u>
Net position, beginning of year	<u>\$ 3,006,240</u>
Net position, end of year	<u><u>\$ 3,729,518</u></u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

Exhibit 8

	Stormwater Fund
Cash flows from operating activities	
Cash received from Stormwater charges	\$ 1,226,749
Cash paid to or on behalf of employees for services	(446,683)
Cash paid for good and services	(115,250)
	<hr/>
Net cash from operating activities	664,816
	<hr/>
Cash flows from investing activities	
Investment earnings	51,289
	<hr/>
Net cash from investing activities	51,289
	<hr/>
Net increase in cash and cash equivalents	716,105
	<hr/>
Cash and cash equivalents, beginning of year	2,036,958
	<hr/>
Cash and cash equivalents, end of year	\$ 2,753,063
	<hr/> <hr/>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 670,055
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	2,085
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Decrease in accounts receivable	(2,060)
Increase in due from other governments	3,479
Increase in deferred outflows of resources - pensions	57,281
Decrease in deferred outflow of resources - OPEB	(301)
Decrease in accounts payable and accrued expenses	(6,596)
Increase in OPEB liability	1,859
Increase in compensated absences	(10,681)
Decrease in LGERS pension liability	(103,673)
Decrease in deferred inflows of resources - pensions	65,111
Decrease in deferred inflows of resources - OPEB	(11,743)
	<hr/>
Net cash provided by operating activities	\$ 664,816
	<hr/> <hr/>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of significant accounting policies

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

A. Reporting entity

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

B. Basis of presentation

Government-wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on all of the activities of the Town. Eliminations have been made to minimize the double counting of internal activities with the exception of interfund services provided and used, which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from ancillary activities.

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

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund is used to account for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes. The primary expenditures are for public safety, public works, culture and recreation, development services and general governmental services. Additionally, the Town has legally adopted four Capital Reserve Funds, a Debt Service Fund, and a Municipal Service District Fund as consolidated sub-funds of the General Fund.

American Rescue Plan Act Special Revenue Fund - The American Rescue Plan Act (ARPA) Special Revenue Fund is used to account for financial resources to be used for the provision of government services amidst the coronavirus pandemic and to make investments that support long-term growth and opportunity in the community.

Public Safety Improvements Capital Project Fund – Public Safety Improvements Capital Project Fund is used to account for financial resources to be used for construction of a fire station.

The Town reports the following nonmajor governmental funds:

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

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

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

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

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

Note 1 – Summary of significant accounting policies (continued)

B. Basis of presentation (continued)

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

International Drive Extension Capital Project Fund – The International Drive Extension Capital Project Fund is used to account for financial resources to be used for enhanced east/west connectivity.

Intersection Improvements Capital Project Fund – The Intersection Improvements Capital Project Fund is used to account for financial resources to be used for intersection improvements.

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.

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

Church Street Park Capital Project Fund - The Church Street Park Capital Project Fund is used to account for financial resources to be used for improvements to Church Street Park. This project was completed in fiscal year 2023.

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

Land and Parkland Acquisition Capital Project Fund – The Land and Parkland Acquisition Capital Project Fund is used to account for financial resources to be used for land and parkland acquisitions.

Church Street Park Expansion Capital Project Fund – The Church Street Park Expansion Capital Project Fund is used to account for the design and construction of new amenity expansion and upgrades for the Church Street Park facility.

The Town reports the following major proprietary fund:

Stormwater Fund – The Stormwater Fund is used to account for the activities related to the Town’s Stormwater Management System. The Stormwater Fund is comprised of 3 sub funds: Stormwater Operations, the Kit Creek Reach 5-1 and the Green Drive/Fairview Avenue Capital Project Funds. The Kit Creek Reach 5-1 fund was completed in fiscal year 2023.

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting

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

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

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

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

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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 of right to use assets under leases and IT subscriptions are reported as other financing sources.

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

Note 1 – Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

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

D. Budgetary data

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

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

Note 1 – Summary of significant accounting policies (continued)

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

1. Deposits and investments

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

State law (G.S. 159.30 (c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. The NCCMT - Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and cash equivalents

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

3. Restricted cash and cash equivalents

The unexpended bond proceeds for the Morrisville Carpenter Road capital project, streets/sidewalks and connectivity capital projects, public safety improvements capital projects, and parks and recreation acquisitions/amenities capital projects are completely restricted in their respective funds to the purpose for which the bonds were originally issued. Unexpended revenues received for parks and recreation improvements that are restricted by revenue source are classified as restricted cash and cash equivalents. Unexpended revenues received for street/transportation improvements that are restricted by revenue source are classified as restricted cash and cash equivalents. Unexpended revenues received for the Coronavirus State and Local Fiscal Recovery Fund under the American Rescue Plan Act that are restricted by revenue source are also classified as restricted cash and cash equivalents. Unexpended cash received from Federal and State seizures are classified as restricted cash and cash equivalents for public safety operations and activities. Powell Bill funds are classified as restricted cash and cash equivalents because they can only be expended for the purposes outlined in the general statutes. Unexpended Federal and State Grant proceeds are also classified as restricted cash and cash equivalents because they can only be expended for the purposes outlined in the grant agreements.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of significant accounting policies (continued)

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

3. Restricted cash and cash equivalents (continued)

Governmental activities:

General Fund - Street improvements	\$ 2,721,275
General Fund - Public safety operations and activities	41,136
General Fund - Small Business Administration Program	226,186
Major fund – Morrisville Carpenter Road Capital Project Fund-unspent bond proceeds	125,077
Major fund – Public Safety Improvements Capital Project Fund-unspent bond proceeds	1,684,788
Major fund – American Rescue Plan Act Special Revenue Fund	5,903,029
Nonmajor funds - Recreation Improvements	2,976,663
Nonmajor funds - Recreation Improvements-unspent bond proceeds	1,931,526
Nonmajor funds – Street Improvements-unspent bond proceeds	125,077
Total governmental activities	<u>15,734,757</u>
Total restricted cash and cash equivalents	<u><u>\$ 15,734,757</u></u>

4. Ad valorem taxes receivable

In accordance with State laws (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022.

5. Allowance for doubtful accounts

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

6. Lease receivable

The Town leases space on its water tower to several communications companies as a lessor. The Town’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. A corresponding deferred inflow of resources is recorded at the initiation of the lease in an amount equal

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of significant accounting policies (continued)

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

6. Lease receivable (continued)

to the initial recording of the lease receivable. As payments are received, the principal portion of the lease payment relieves the lease receivable and interest income is recorded as an inflow of resources. The deferred inflow of resources is recognized into revenue on a straight-line basis over the term of the lease. There are no variable components under the lease agreements.

7. Prepaid items

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

8. Capital assets

Capital assets, which include land, buildings, equipment, vehicles, right to use leases and subscriptions based information technology arrangements 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 and fixtures, \$10,000 for vehicles, \$50,000 for buildings, \$50,000 for other improvements, and \$100,000 for infrastructure, or more, and a useful life in excess of one year. Donated capital assets are recorded at fair value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

The Town has recorded right to use lease and IT subscriptions asset. These right to use lease assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the

Note 1 – Summary of significant accounting policies (continued)

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

8. Capital assets (continued)

requirements of GASB 87 and GASB 96, respectively. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related leases or the useful life of the asset, whichever is shorter.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term or the useful life of the asset, whichever is shorter.

9. Deferred outflows/inflows of resources

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

10. Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts 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.

Note 1 – Summary of significant accounting policies (continued)

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

10. Long-term obligations

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

11. Compensated absences

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

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

Note 1 – Summary of significant accounting policies (continued)

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

12. Reimbursements for pandemic-related expenditures

In Fiscal Year 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Fund to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$9,193,147 of fiscal recovery funds to be paid in two equal installments. The first installment of \$4,596,573 was received in July 2021. The second installment was received in July 2022. Staff and Town Council have elected to use \$2,127,202 of the ARPA funds during the fiscal year ended June 30, 2023, to provide governmental services to support parks and recreation programs and improvements and capital projects for sustainability and smart solution initiatives under the Revenue Replacement component of the Act.

13. Net position/fund balances

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

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

The governmental fund types classify fund balances as follows:

Nonspendable 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.

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Note 1 – Summary of significant accounting policies (continued)

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

13. Net position/fund balances (continued)

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by prepaids and leases as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

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

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

Restricted for Public Safety Operations and Activities – portion of fund balance that represents unspent drug forfeiture funds, unspent unauthorized substance tax receipts, and unspent bond proceeds.

Note 1 – Summary of significant accounting policies (continued)

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

13. Net position/fund balances (continued)

Committed Fund Balance – This portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town Council (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

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

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

Committed for American Rescue Plan projects – portion of fund balance committed for use for the provision of governmental services and for investments in projects aimed at supporting long term growth and opportunity in the community.

Committed for Healthcare Premium- portion of fund balance that will be used for future healthcare premium obligations.

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

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

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

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

Note 1 – Summary of significant accounting policies (continued)

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

13. Net position/fund balances (continued)

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that may report an unassigned fund balance amount. In other governmental funds, it is inappropriate to report a positive unassigned fund balance due to the purposes of those funds.

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of significant accounting policies (continued)

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

13. Net position/fund balances (continued)

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

Total fund balance-General Fund	\$	38,391,923
Less:		
Nonspendable		92,473
Stabilization		4,651,520
Street improvements		3,072,537
Public safety operations and activities		41,136
General government capital		4,953,618
Debt service		2,255,143
LEOSSA pension liability		376,655
OPEB liability		4,686,953
Healthcare premium		453,486
Fire operations and activities		2,487
Subsequent year's expenditures		1,238,800
Remaining fund balance-General Fund	\$	<u>16,567,115</u>

Note 1 – Summary of significant accounting policies (continued)

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

13. Net position/fund balances (continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following represents encumbrances outstanding as of June 30, 2023:

Encumbrances:	
General Fund	\$ 883,402
American Rescue Plan Act Special Revenue Fund	855,333
Public Safety Improvements Capital Project Fund	2,415,974
Non-Major Funds	2,614,393
Stormwater Funds	519,009

14. Defined benefit cost-sharing plans

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

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

Note 2 – Cash and investments

A. Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$25,646,924 and a bank balance of \$26,007,507. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2023, the Town's petty cash fund totaled \$2,419.

B. Investments

At June 30, 2023, the Town had \$37,867,540 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's (S&P) and AAA-mf by Moody's Investment Services as of June 30, 2023.

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.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3 – Receivables – allowance for doubtful accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of an allowance for doubtful accounts in the General Fund of \$119,402 for ad valorem and motor vehicle decal taxes receivable.

Note 4 – Lease receivable

On February 21, 2014, the Town entered into a 120-month lease as the lessor for space to a communications company. An initial lease receivable was recorded in the amount of \$266,595. As of June 30, 2023, the value of the lease receivable is \$631,897. The value of the deferred inflow of resources as of June 30, 2023, was \$612,204, and the Town recognized lease revenue of \$24,988 during the fiscal year. The lessee has five extension options, each for 60 months.

On September 16, 2016, the Town entered into a 120-month lease as the lessor for space to a communications company. An initial lease receivable was recorded in the amount of \$300,326. The lease term was extended by sixty month's beginning September 1, 2021. As of June 30, 2023, the value of the lease receivable is \$753,307. The value of the deferred inflow of resources as of June 30, 2023, was \$730,527, and the Town recognized lease revenue of \$28,188 during the fiscal year. The lessee has five extension options, each for 60 months.

On September 1, 2018, the Town entered into a 120-month lease as the lessor for space to a communications company. An initial lease receivable was recorded in the amount of \$393,888. As of June 30, 2023, the value of the lease receivable is \$885,141. The value of the deferred inflow of resources as of June 30, 2023, was \$857,748, and the Town recognized lease revenue of \$37,025 during the fiscal year. The lessee has five extension options, each for 60 months.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 – Capital assets

A. Governmental capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases & Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated and amortized:				
Land	\$ 50,487,886	\$ 4,182,540	\$ -	\$ 54,670,426
Construction in progress	14,592,584	21,359,824	(1,898,295)	34,054,113
Total capital assets not being depreciated and amortized	<u>65,080,470</u>	<u>25,542,364</u>	<u>(1,898,295)</u>	<u>88,724,539</u>
Capital assets being depreciated:				
Buildings	24,704,287	178,666	-	24,882,953
Infrastructure	107,377,469	5,266,573	-	112,644,042
Other improvements	18,528,461	12,399	-	18,540,860
Equipment and furniture	4,607,997	109,122	(631,881)	4,085,238
Vehicles and motorized equipment	10,972,756	393,439	(159,983)	11,206,212
Total capital assets being depreciated	<u>166,190,970</u>	<u>5,960,199</u>	<u>(791,864)</u>	<u>171,359,305</u>
Capital Assets being amortized:				
Intangible right to use assets:				
Buildings	557,605	-	-	557,605
Computers and equipment	501,210	12,603	-	513,813
IT subscriptions	494,562	38,151	(454,605)	78,108
Total intangible right to use assets being amortized	<u>1,553,377</u>	<u>50,754</u>	<u>(454,605)</u>	<u>1,149,526</u>
Less accumulated depreciation for:				
Buildings	7,365,718	177,136	-	7,542,854
Infrastructure	31,733,706	279,093	-	32,012,799
Other improvements	4,832,627	65,932	-	4,898,559
Equipment and furniture	3,244,780	121,869	(155,054)	3,211,595
Vehicles and motorized equipment	6,477,769	431,025	(628,375)	6,280,419
Total accumulated depreciation	<u>53,654,600</u>	<u>1,075,055</u>	<u>(783,429)</u>	<u>53,946,226</u>
Less accumulated amortization for:				
Intangible right to use assets:				
Buildings	164,978	172,273	-	337,251
Computers and equipment	75,147	115,019	-	190,166
IT subscriptions	-	502,458	(454,604)	47,854
Total accumulated amortization	<u>240,125</u>	<u>789,750</u>	<u>(454,604)</u>	<u>575,271</u>
Total capital assets being depreciated and amortized, net	<u>113,849,622</u>			<u>117,987,334</u>
Governmental activities capital assets, net	<u>\$ 178,930,092</u>			<u>\$ 206,711,873</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 – Capital assets (continued)

B. Governmental capital assets (continued)

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

General Government	\$	564,301
Development Services		11,942
Public Safety		851,474
Public Works		56,976
Culture and Recreation		380,112
		<u>380,112</u>
	\$	<u>1,864,805</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 – Capital assets (continued)

C. Business-type capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Stormwater Fund				
Capital assets not being depreciated:				
Land	\$ 200,410	\$ -	\$ -	\$ 200,410
Construction in progress	644,099	59,046	(16,935)	686,210
Total capital assets not being depreciated	<u>844,509</u>	<u>59,046</u>	<u>(16,935)</u>	<u>886,620</u>
Capital assets being depreciated:				
Infrastructure	203,563	-	-	203,563
Other improvements	234,485	16,935	-	251,420
Equipment and furniture	37,254	-	-	37,254
Vehicles and motorized equipment	22,548	-	-	22,548
Total capital assets being depreciated	<u>497,850</u>	<u>16,935</u>	<u>-</u>	<u>514,785</u>
Less accumulated depreciation for:				
Infrastructure	60,106	565	-	60,671
Other improvements	104,481	-	-	104,481
Equipment and furniture	20,664	1,520	-	22,184
Vehicles and motorized equipment	21,585	-	-	21,585
Total accumulated depreciation	<u>206,836</u>	<u>2,085</u>	<u>-</u>	<u>208,921</u>
Total capital assets being depreciated, net	<u>291,014</u>			<u>305,864</u>
Business-type activities capital assets, net	<u>\$ 1,135,523</u>			<u>\$ 1,192,485</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 – Capital assets (continued)

D. Construction commitments

The government has active construction projects as of June 30, 2023. At year-end, the government’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Town Center	\$ 7,011,577	\$ 767,047
Public Safety Improvements	12,150,360	2,415,974
Public Works Renovation	142,867	183,826
Morrisville Carpenter Road Improvements	11,087,615	294,610
Sidewalk & Pedestrian Enhancements	1,599,956	361,850
Park & Greenway Improvements	3,026,884	359,313
Church Street Park Improvements	2,134,756	647,747
	<u>\$ 37,154,015</u>	<u>\$ 5,030,367</u>

Note 6 – Pension plan and postemployment obligations

A. Local Governmental Employees' Retirement System

Plan Description - The Town of Morrisville is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report ("ACFR") for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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, 2023, was 13.00% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan by the Town of Morrisville were \$2,037,870 for the year ended June 30, 2023.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

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

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

At June 30, 2023, the Town reported a liability of \$11,624,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town’s proportion was .20605%, which was an increase of 0.00635% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$3,581,421. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 500,875	\$ 49,108
Changes of assumptions	1,159,831	-
Net difference between projected and actual earnings on pension plan investments	3,841,907	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	316,610	25,229
Town contributions subsequent to the measurement date	<u>2,037,870</u>	<u>-</u>
Total	<u>\$ 7,857,093</u>	<u>\$ 74,337</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

\$2,037,870 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2024	\$ 1,868,017
2025	1,602,560
2026	443,952
2027	1,830,357
	<u>\$ 5,744,886</u>

Actuarial Assumptions - The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25%, including inflation and productivity factor
Investment rate of return	6.50%, 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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

Note 6 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies’ return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.1%
Global Equity	42%	6.5%
Real Estate	8%	5.9%
Alternatives	8%	7.5%
Opportunistic Fixed Income	7%	5.0%
Inflation Sensitive	6%	2.7%
	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 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 2.25%. All rates of return and inflation are annualized.

Note 6 – Pension plan and postemployment obligations (continued)

A. Local Governmental Employees’ Retirement System (continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 20,980,116</u>	<u>\$ 11,624,162</u>	<u>\$ 3,914,313</u>

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

Note 6 – Pension plan and postemployment obligations (continued)

B. Law enforcement officers’ special separation allowance

Plan Description - The Town of Morrisville administers a public employee retirement system (the “Separation Allowance”), a single employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At June 30, 2022, the valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>44</u>
Total	<u><u>49</u></u>

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

The Separation Allowance has no assets accumulated in a trust.

Note 6 – Pension plan and postemployment obligations (continued)

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

Actuarial Assumptions - The entry age normal actuarial cost method was used in the June 30, 2022, valuation. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Projected salary increases	3.25%
Discount rate	4.05%

The discount rate is based on the yield of The Fidelity GO AA Bond Index as of December 31, 2022.

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

Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$69,908 as benefits came due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$2,069,993. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$247,770.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions and other inputs	\$ 360,331	\$ 270,804
Differences between expected and actual experience	191,235	139,936
Benefit payments and administrative expenses subsequent to the measurement date	45,695	-
Total	<u>\$ 597,261</u>	<u>\$ 410,740</u>

\$45,695 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease to the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ 108,270
2025	87,342
2026	59,495
2027	(95,880)
Thereafter	(18,402)
Total	<u>\$ 140,826</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6– Pension plan and postemployment obligations (continued)

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

Sensitivity of the Town’s Total Pension Liability to Changes in the Discount Rate - The following presents the Town’s total pension liability calculated using the discount rate of 4.05%, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total pension liability	<u>\$ 2,220,492</u>	<u>\$ 2,069,993</u>	<u>\$ 1,931,159</u>

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

	<u>2023</u>
Beginning balance	\$ 2,495,620
Changes for the year:	
Service cost	72,054
Interest	50,709
Changes of assumptions and other inputs	(478,482)
Benefit payments	<u>(69,908)</u>
Ending balance	<u>\$ 2,069,993</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

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

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 3,581,421	\$ 247,770	\$ 3,829,191
Pension Liability	11,426,551	2,069,993	13,496,544
Proportionate share of the net pension liability	0.20605%		
Deferred Outflows of Resources			
Differences between expected and actual experience	500,875	191,235	692,110
Changes of assumptions	1,159,831	360,331	1,520,162
Net difference between projected and actual earnings on plan investments	3,841,907	-	3,841,907
Changes in proportion and differences between contributions and proportionate share of contributions	316,610	-	316,610
Benefit payments and administrative costs paid subsequent to the measurement date	2,037,870	45,695	2,083,565
			-
Deferred Inflows of Resources			
Differences between expected and actual experience	49,108	139,936	189,044
Changes of assumptions	-	270,804	270,804
Net difference between projected and actual earnings on plan investments	-	51,298	51,298
Change in proportion and differences between Town contributions and proportionate share of contribution	25,229	-	25,229

Note 6 – Pension plan and postemployment obligations (continued)

C. Supplemental retirement income plan for law enforcement officers

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. The Town made contributions of \$179,698 for the reporting year. No amounts were forfeited.

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

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

Funding Policy - The Town contributes each month an amount equal to five percent of each employee's (excluding law enforcement officers) salary, and all amounts contributed are vested immediately. These employees may also make voluntary contributions to the plan. The Town made contributions of \$646,076 for the reporting year.

E. Firefighters' and rescue squad workers' pension fund

Plan Description - The State of North Carolina contributes, on behalf of the Town of Morrisville, to the Firefighters' and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Note 6 – Pension plan and postemployment obligations (continued)

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

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

Contributions - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2023, the State contributed \$19,352,000 to the plan. The Town’s proportionate share of the State’s contribution is \$27,859.

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

Pension (Assets) Liabilities, Pension (Revenue) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the Fund. The total portion of the net pension asset that was associated with the Town and supported by the State was \$28,304. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension (asset) liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net asset 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, 2023 and at June 30, 2022 was 0%.

For the year ended June 30, 2023, the Town recognized pension expense of (\$7,306) and revenue of (\$7,306) for support provided by the State. At June 30, 2023, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Note 6 – Pension plan and postemployment obligations (continued)

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

Actuarial Assumptions - The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Not applicable
Investment rate of return	6.5%, 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (“ACFR”) for the State of North Carolina.

F. Other postemployment benefits – healthcare benefits

Plan Description - Under the terms of a Town resolution adopted July 24, 2006, the Town administers a single employer defined benefit Healthcare Benefits Plan (“HCB Plan”). The Town Council may amend the benefit provisions. No assets are accumulated in a trust. However, the Town sets aside cash resources, which are not considered contributions to an OPEB trust, to help pay the cost of providing these benefits. During the year ended June 30, 2023, the Town set aside \$486,595. The Town’s General Fund and Stormwater Fund have net position committed for retiree healthcare postemployment benefits at June 30, 2023 of \$4,686,953 and \$82,026 respectively.

Note 6 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

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

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

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

Membership of the HCB Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Employees
Retirees receiving benefits	6	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	185	45
Total	<u>191</u>	<u>49</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Total OPEB Liability

The Town’s total OPEB liability of \$5,408,573 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Salary increases, including inflation	General employees – 3.30% - 8.30%
	Firefighters – 3.30% – 8.00%
	Law enforcement officers – 3.30% - 7.80%
Discount rate	3.69%
Healthcare cost trend rates	7.50% for 2023 decreasing to an ultimate rate of 4.5% by 2030

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

Schedule of Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30,	\$ 6,252,466
Changes for the year	
Service cost	360,484
Interest	135,854
Changes of benefit terms	(490,221)
Differences between expected and actual experience	(88,341)
Changes in assumptions or other inputs	(713,791)
Benefit payments and implicit subsidy credit	(47,608)
Net changes	<u>(844,938)</u>
Balance at June 30, 2023	<u>\$ 5,408,573</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.69% resulting in an inflow.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 2011 through December 2015, adopted by the LGERS Board

The remaining actuarial assumptions used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	<u>1% Decrease</u> <u>(2.69%)</u>	<u>Discount Rate</u> <u>(3.69%)</u>	<u>1% Increase</u> <u>(4.69%)</u>
Total OPEB Liability	\$ 5,966,201	\$ 5,408,573	\$ 4,905,951

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,770,886	\$ 5,408,573	\$ 6,161,070

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 – Pension plan and postemployment obligations (continued)

F. Other postemployment benefits – healthcare benefits (continued)

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$(47,616). At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,077	\$ 754,312
Changes of assumptions or other inputs	686,021	731,412
Benefit payments and administrative costs made subsequent to the measurement date	69,032	-
Total	<u>\$ 1,016,130</u>	<u>\$ 1,485,724</u>

\$69,032 reported as deferred outflows of resources related to other postretirement benefits resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to other postretirement benefits will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ (52,418)
2025	(52,418)
2026	(52,418)
2027	(44,547)
2028	(52,870)
Thereafter	<u>(283,955)</u>
	<u>\$ (538,626)</u>

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 employee's annual salary, with a maximum of \$100,000.

Local Government Death Benefit – The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after termination of service or retirement and have at least one year of contributing membership service in the System at the time of death are eligible to receive death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death; however, the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, The Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8 – Deferred outflows and inflows of resources

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

	Governmental Activities	Business-type Activities
Pension deferrals - LGERS	\$ 7,721,951	\$ 135,142
Pension deferrals - Separation Allowance	597,261	-
OPEB deferrals	998,856	17,274
Deferred charge on refunding	54,178	
	<u>9,372,246</u>	<u>152,416</u>
Total	<u>\$ 9,372,246</u>	<u>\$ 152,416</u>

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

	Governmental Activities	Business-type Activities	Governmental Funds
Taxes receivable, net	\$ -	\$ -	\$ 26,423
Leases receivable	2,200,478	-	2,200,478
Prepaid taxes and fees	11,305	-	11,305
Pension deferrals - LGERS	73,058	1,279	-
Pension deferrals - Separation Allowance	410,740	-	-
OPEB deferrals	1,460,467	25,257	-
	<u>4,156,048</u>	<u>26,536</u>	<u>2,238,206</u>
Total	<u>\$ 4,156,048</u>	<u>\$ 26,536</u>	<u>\$ 2,238,206</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Risk management

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

Major policies and their limits of coverage include the following:

Building and personal property	\$25,444,368
Comprehensive general liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Business auto	1,000,000
Equipment	748,718
Comprehensive electronic data processing	1,055,000
Cyber Liability	1,000,000
Law enforcement liability	2,000,000
Public officials' liability	2,000,000
Public official bond:	
Finance Director	1,000,000
Wake County Tax Collector	100,000
Durham County Tax Collector	10,000
Umbrella	4,000,000
Public employees' crime/theft coverage	100,000
Earthquake	1,000,000
Flood	5,000,000
Workers compensation	1,000,000
Employment-Related Practices Liability	2,000,000

In accordance with G.S. 159-29, the Town's employees whose duties include the collection or processing of cash are performance bonded with a crime insurance policy with theft coverage of \$100,000. The Finance Director is individually bonded for \$1,000,000. The Wake County Tax Collector is individually bonded for \$100,000 and the Durham County Tax Collector is bonded for \$10,000.

Note 10 – Long-term obligations

A. Leases

The Town has entered into agreements to lease certain computer equipment, buildings, and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On September 1, 2018, the Town entered into a 36-month lease as lessee for the use of office space which was extended by 12 months. An initial lease liability was recorded in the amount of \$168,436. As of June 30, 2023, the value of the lease liability is \$69,471. The Town is required to make monthly fixed payments of \$3,648. The lease has an interest rate of 0.2370%.

On July 12, 2019, the Town entered into a 60-month lease as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$96,286. As of June 30, 2023, the value of the lease liability is \$32,293. The Town is required to make monthly fixed payments of \$2,701. The lease has an interest rate of 0.6480%.

On February 1, 2020, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$25,260. As of June 30, 2023, the value of the lease liability is \$8,460. The Town is required to make annual fixed payments of \$8,529. The lease has an interest rate of 0.8140%. The Town has the option to purchase the computer equipment for \$23,434.

On February 6, 2020, the Town entered into a 60-month lease as lessee for office space and community programming space. An initial lease liability was recorded in the amount of \$340,089. As of June 30, 2023, the value of the lease liability is \$160,931. The Town is required to make monthly fixed payments of \$7,112. The lease has an interest rate of 0.8140%.

On May 26, 2020, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$13,175. As of June 30, 2023, the value of the lease liability is \$4,425. The Town is required to make annual fixed payments of \$4,460. The lease has an interest rate of 0.8140%. The Town has the option to purchase the computer equipment for \$12,397.

On September 1, 2020, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$5,801. As of June 30, 2023, the value of the lease liability is \$2,904. The Town is required to make annual fixed payments of \$1,470. The lease has an interest rate of 0.8140%. The Town has the option to purchase the Computer Equipment for \$3,693.

On January 1, 2021, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$37,236. As of June 30, 2023, the value of the lease liability is \$22,965. The Town is required to make annual fixed payments of \$8,599. The lease has an interest rate of 6.0500%.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

A. Leases (continued)

On June 1, 2021, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$33,257. As of June 30, 2023, the value of the lease liability is \$17,302. The Town is required to make annual fixed payments of \$9,243. The lease has an interest rate of 4.5300%.

On October 18, 2021, the Town entered into a 12-month lease as lessee for the use of office space. An initial lease liability was recorded in the amount of \$49,080. As of June 30, 2023, the value of the lease liability is \$8,196. The Town is required to make monthly fixed payments of \$2,050. The lease has an interest rate of 0.2450%. The Town has two 12-month extension options which the Town expects to exercise.

On January 1, 2022, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$67,583. As of June 30, 2023, the value of the lease liability is \$40,505. The Town is required to make annual fixed payments of \$14,627. The lease has an interest rate of 4.1100%.

On February 16, 2022, the Town entered into a 63-month lease as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$222,612. As of June 30, 2022, the value of the lease liability is \$176,932. Town is required to make monthly fixed payments of \$3,809. The lease has an interest rate of 1.6200%.

On February 1, 2023, the Town entered into a 60-month lease as lessee for the use of computer equipment. An initial lease liability was recorded in the amount of \$12,603. As of June 30, 2023, the value of the lease liability is \$9,698. Town is required to make monthly fixed payments of \$2,905. The lease has an interest rate of 7.6395%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 284,569	\$ 8,423	\$ 292,992
2025	152,251	5,117	157,368
2026	69,250	2,592	71,842
2027	48,013	605	48,618
	\$ 554,082	\$ 16,737	\$ 570,820

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

B. Installment note indebtedness

The Town has one direct placement installment note for capital projects and equipment. Installment notes payable at June 30, 2023 are comprised of the following:

Serviced by the General Fund:

\$3,100,000 direct placement installment obligation for road improvements on Morrisville-Carpenter Road and for renovation of the Morrisville Aquatics & Fitness Center issued on October 18, 2018; annual payments of \$155,000 plus interest at 3.349%, secured by the Morrisville Aquatics & Fitness Center building.

\$ 2,480,000

Annual debt service payments of the direct placement installment notes as of June 30, 2023, including \$705,968 of interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 155,000	\$ 83,055
2025	155,000	77,864
2026	155,000	72,673
2027	155,000	67,482
2028	155,000	62,291
2029-2033	775,000	233,593
2034-2038	775,000	103,819
2039-2042	155,000	5,191
Total	<u>\$ 2,480,000</u>	<u>\$ 705,968</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

C. General obligation bond indebtedness

The Town’s general obligation bonds serviced by the governmental funds were issued for the construction of public safety facilities and improvements, street improvements, and for parks and recreation improvement and expansion projects. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. In the event of a default, the Town agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the Town under the related agreements. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2023 are comprised of the following individual issues:

Serviced by the General Fund:

\$4,000,000 July 3, 2013 parks and recreation bonds due in annual installments of \$200,000 plus interest through August 2033; interest at varying rates from 2.0% to 3.0%	\$ 2,200,000
\$10,000,000 October 4, 2016 street improvement bonds due in annual installments of \$500,000 plus interest through October 2036; interest at varying rates from 2.0% to 5.0%	7,000,000
\$4,320,000 October 4, 2016 public improvement (refunding) bonds due in annual installments ranging from \$430,000 to \$440,000 plus interest through June 2027; interest at varying rates from 4.0% to 5.0%	1,745,000
\$10,000,000 October 25, 2018 public improvement bonds due in annual installments ranging from \$290,000 to \$540,000 plus interest through August 2038; interest at varying rates from 4.0% to 5.0%	8,585,000
\$1,110,000 May 17, 2022 public safety Improvements bonds due in annual installments of \$370,000 plus interest through February 2025; interest rate 5.0%	740,000
\$16,500,000 May 18, 2022 public improvement bonds due in annual installments ranging from \$510,000 to \$880,000 plus interest through February 2042; interest at varying rates from 3.2% to 5.0%	<u>15,985,000</u>
Total	<u><u>\$ 36,255,000</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

C. General obligation bond indebtedness (continued)

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

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 2,565,000	\$1,410,625
2025	2,555,000	1,594,775
2026	2,555,000	1,181,375
2027	2,555,000	1,1067,875
2028	2,120,000	954,275
2029-2033	10,575,000	3,451,525
2034-2038	9,275,000	1,528,418
2039-2042	4,055,000	317,600
Total	<u>\$ 36,255,000</u>	<u>\$11,206,468</u>

At June 30, 2023, the Town had a legal debt margin of \$498,363,856.

Note 10 – Long-term obligations (continued)

D. Subscriptions

For the year ending June 30, 2023, the Town implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. Under this Statement, the Town is required to recognize a subscription liability and an intangible right-to-use subscription asset.

On November 29, 2017, the Town entered into a 5-year subscription for the use of its ERP system. An initial subscription liability was recorded in the amount of \$48,234. The Town was required to make annual fixed payments of \$48,362. The subscription had an interest rate of 1.5800%. As of June 30, 2023, the subscription had concluded.

On July 7, 2020, Town of Morrisville, NC entered into a 3-year subscription for the use of GIS Software. An initial subscription liability was recorded in the amount of \$24,977. The Town was required to make annual fixed payments of \$25,000. The subscription had an interest rate of 1.5800%. As of June 30, 2023, the subscription had concluded.

On July 28, 2020, the Town entered into a 3-year subscription for the use of email software. An initial subscription liability was recorded in the amount of \$14,980. The Town was required to make annual fixed payments of \$15,000. The subscription had an interest rate of 1.5800%. As of June 30, 2023, the subscription had concluded.

On September 14, 2022, the Town entered into a 3-year subscription for the use of utility tracking software. An initial subscription liability was recorded in the amount of \$29,201. The Town is required to make annual fixed payments of \$10,000. The subscription has an interest rate of 2.0380%. As of June 30, 2023, the value of the subscription liability is \$19,405.

On December 1, 2022, the Town entered into a 3-year subscription for the use of performance evaluation software. An initial subscription liability was recorded in the amount of \$3,949. The Town is required to make annual fixed payments of \$1,357. The subscription has an interest rate of 3.1210%. As of 06/30/2023, the value of the subscription liability is \$2,592.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

D. Subscriptions (continued)

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, are as follows:

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 10,881	\$ 476	\$ 11,657
2025	11,116	241	11,357
	<u>\$ 21,997</u>	<u>\$ 717</u>	<u>\$ 23,014</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – Long-term obligations (continued)

E. Changes in long-term liabilities

	<u>Balances at July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at June 30, 2023</u>	<u>Current Portion</u>
<u>Governmental activities</u>					
Bonds payable					
General obligation bonds	\$ 38,815,000	\$ -	\$ 2,560,000	\$ 36,255,000	\$ 2,565,000
Premiums on issuance	3,020,407	-	255,679	2,764,728	255,679
Total bonds payable	<u>41,835,407</u>	<u>-</u>	<u>2,815,679</u>	<u>39,019,728</u>	<u>2,820,679</u>
Subscription based IT	88,192	33,150	99,345	21,997	10,881
Leases	833,595	12,603	292,118	554,080	284,569
Direct placement installment notes	2,635,000	-	155,000	2,480,000	155,000
Compensated absences	1,421,221	2,136,626	1,945,242	1,612,605	1,451,345
Total OPEB liability	6,158,679	-	843,079	5,315,600	-
Net pension liability (LGRS)	3,016,652	8,409,899	-	11,426,551	-
Total pension liability (LEO)	<u>2,495,620</u>	<u>-</u>	<u>425,627</u>	<u>2,069,993</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 58,484,366</u>	<u>\$ 10,592,278</u>	<u>\$ 6,576,090</u>	<u>\$ 62,500,554</u>	<u>\$ 4,722,474</u>
<u>Business-type activities</u>					
Compensated Absences	\$ 23,286	\$ 50,268	\$ 39,587	33,967	\$ 30,570
Total OPEB liability	93,787	-	1,859	91,928	-
Net pension liability (LGRS)	<u>45,939</u>	<u>151,672</u>	<u>-</u>	<u>197,611</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 163,012</u>	<u>\$ 201,940</u>	<u>\$ 41,446</u>	<u>\$ 323,506</u>	<u>\$ 30,570</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 – Net investment in capital assets

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

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation and amortization	\$ 206,733,869	\$ 1,192,484
Less: Long-term debt and intangible right to use liabilities	39,311,077	-
Unamortized Liabilities related to Capital	2,764,727	-
Add: Unspent debt proceeds	4,865,032	-
Deferred charging on refunding	54,178	-
	<u>\$ 169,577,275</u>	<u>\$ 1,192,484</u>

Note 12 – Summary disclosure of significant contingencies

Federal and State-Assisted Programs - The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Claims, Judgments and Contingent Liabilities - From time to time, the Town is a defendant in assorted lawsuits. At June 30, 2023, in the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 13 – Interfund transfer activity

Transfers to and from other funds for the fiscal year ended June 30, 2023, consists of the following:

From the Parkland Payment-in-Lieu Capital Project Fund to the Church Street Park Expansion Capital Project Fund to accumulate resources for the design and construction of amenity expansions and upgrades to the Church Street Park facility.	\$ 2,306,600
From the American Rescue Plan Act Special Revenue Fund to the General Fund as reimbursement for general government expenditures permitted as lost revenue under the provisions of the Act.	580,300
From the American Rescue Plan Act Special Revenue Fund to the Town Center Capital Project Fund to supplement other funding sources for financing the project.	900,000
From Road/Transportation Capital Reserve sub-fund to the NC54 Congestion Mitigation Capital Project Fund to supplement other funding sources for financing the project.	767,200
From Road/Transportation Capital Reserve sub-fund to the International Drive Capital Project Fund to supplement other funding sources for financing the project.	500,000
From the Streets Payment-in-lieu Capital Project Fund to Intersection Improvements Capital Project Fund to supplement other funding sources for financing the project.	158,700
From the Church Street Park Capital Project Fund to the General Fund - CIP Capital Reserve sub-fund for residual project funds at project close out.	188,924
From the Church Street Park Capital Project to the Church Street Park Expansion Capital Project Fund to supplement other funding sources for financing the project.	35,000
From the Church Street Park Capital Project Fund to the General fund for residual project funds at project close out.	108,512
From the General Fund to Public Safety Improvements Capital Project Fund to supplement other funding sources for financing the project.	35,300
From the Sidewalk and Pedestrian Enhancements Capital Project Fund to the Intersection Improvements Capital Project Fund to supplement other funding sources for financing the project.	41,300
From the General Fund to the General Fund Sub-Funds to supplement other funding sources and increase reserve balances.	<u>7,625,000</u>
Total	<u>\$ 13,246,836</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14 – Subsequent events

The Town has evaluated subsequent events through November 9, 2023, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

Required Supplementary Information

TOWN OF MORRISVILLE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAST SEVEN FISCAL YEARS*

Exhibit A-1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability, beginning balance	\$ 2,495,620	\$ 2,468,521	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588	\$ 1,011,856
Changes for the year:							
Service cost	72,054	68,679	66,517	56,285	64,043	51,158	45,324
Interest	50,709	47,256	48,221	44,593	36,107	38,474	35,158
Difference between expected and actual experience	(173,254)	-	243,617	186,034	90,216	24,497	-
Changes of assumptions and other inputs	(305,228)	2,017	696,748	43,120	(50,528)	71,425	(23,656)
Benefit payments	(69,908)	(90,853)	(95,191)	(82,093)	(43,582)	(35,728)	(54,094)
Total pension liability, ending balance	<u>\$ 2,069,993</u>	<u>\$ 2,495,620</u>	<u>\$ 2,468,521</u>	<u>\$ 1,508,609</u>	<u>\$ 1,260,670</u>	<u>\$ 1,164,414</u>	<u>\$ 1,014,588</u>

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit A-2

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

JUNE 30, 2023

LAST SEVEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,069,993	\$ 2,495,620	\$ 2,468,521	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588
Covered-employee payroll	2,998,966	2,526,515	2,526,615	2,208,445	2,246,153	2,128,913	1,905,496
Total pension liability as a percentage of covered-employee payroll	69.02%	98.78%	97.70%	68.31%	56.13%	54.70%	53.25%

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit A-3

OTHER POSTEMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2023

LAST SIX FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 360,484	\$ 340,930	\$ 333,558	\$ 308,721	\$ 259,192	\$ 278,691
Interest	135,584	127,808	205,469	189,499	141,652	117,208
Differences between expected and actual experience	(88,341)	-	(981,574)	1,978	538,082	8,586
Changes in assumptions or other inputs	(713,791)	33,906	749,738	226,799	23,223	(254,545)
Plan amendment	(490,221)	-	-	-	-	-
Benefit payments	<u>(47,608)</u>	<u>(66,652)</u>	<u>(54,881)</u>	<u>(67,918)</u>	<u>(71,491)</u>	<u>(58,472)</u>
Net change in total OPEB liability	(843,893)	435,992	252,310	659,079	890,658	91,468
Total OPEB liability - beginning	<u>6,252,466</u>	<u>5,816,474</u>	<u>5,564,164</u>	<u>4,905,085</u>	<u>4,014,427</u>	<u>3,922,959</u>
Total OPEB liability - ending	<u>\$ 5,408,573</u>	<u>\$ 6,252,466</u>	<u>\$ 5,816,474</u>	<u>\$ 5,564,164</u>	<u>\$ 4,905,085</u>	<u>\$ 4,014,427</u>
Covered-employee payroll	\$ 14,853,923	\$ 11,909,267	\$ 11,909,267	\$ 9,526,195	\$ 9,526,195	\$ 8,241,429
Total OPEB liability as a percentage of covered-employee payroll	36.41%	52.50%	48.84%	58.41%	51.49%	48.71%

Notes to the required schedule:

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

The Town of Morrisville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

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

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

<u>Fiscal year</u>	<u>Rate</u>
2023	3.69%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.2061%	0.1997%	0.1749%	0.1638%	0.1738%	0.1696%	0.1667%	0.1937%	(0.1924%)	(0.0018%)
Town's proportion of the net pension liability (asset) (\$)	\$ 11,624,162	\$ 3,062,591	\$ 6,248,493	\$ 4,472,158	\$ 4,122,419	\$ 2,590,713	\$ 3,536,870	\$ 869,493	\$ (1,134,613)	\$ 2,221,523
Town's covered payroll	14,855,235	13,222,889	11,780,772	10,745,653	10,266,112	9,514,872	9,692,159	9,218,986	8,826,890	8,448,530
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.25%	23.16%	53.04%	41.62%	40.16%	27.23%	36.49%	9.43%	(12.31)%	25.20%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	106.41%	88.61%	90.68%	91.63%	94.18%	99.07%	98.09%	102.64%	94.35%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,037,870	\$ 1,743,725	\$ 1,408,352	\$ 1,141,887	\$ 852,915	\$ 789,462	\$ 708,703	\$ 614,882	\$ 664,606	\$ 627,967
Contributions in relation to the contractually required contribution	2,037,870	1,743,725	1,408,352	1,141,887	852,915	789,462	708,703	614,882	664,606	627,967
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 15,439,867	\$ 14,855,235	\$ 13,222,889	\$ 11,780,772	\$ 10,745,653	\$ 10,266,112	\$ 9,514,872	\$ 9,692,159	\$ 9,218,986	8,826,890
Contributions as a percentage of covered payroll	13.2%	11.7%	10.7%	9.7%	7.9%	7.7%	7.4%	6.3%	7.2%	7.1%

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

Schedule of Proportionate Share of Net Pension (Asset) Liability

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportionate share of the net pension (asset) liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension (asset) liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension (asset) liability associated with the Town	27,859	(29,208)	50,383	44,377	62,645	50,289	34,813	48,890	40,887
Total	<u>\$ 27,859</u>	<u>\$ (29,208)</u>	<u>\$ 50,383</u>	<u>\$ 44,377</u>	<u>\$ 62,645</u>	<u>\$ 50,289</u>	<u>\$ 34,813</u>	<u>\$ 48,890</u>	<u>\$ 40,887</u>
Town's covered payroll	\$ 4,719,801	\$ 4,505,184	\$ 4,109,164	\$ 3,822,741	\$ 3,373,603	\$ 3,025,462	\$ 2,757,188	\$ 2,939,216	\$ 2,729,868
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	0.59%	-0.65%	1.23%	1.16%	1.86%	1.66%	1.26%	1.66%	1.50%
Plan fiduciary net position as a percentage of the total pension (asset) liability	96.07%	105.58%	92.58%	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%

Combining and Individual Fund Statements and Schedules

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

	Subfunds							Total General Fund
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Parks and Recreation Capital Reserve Fund	Municipal Service District Fund	Debt Service Fund	
Assets								
Cash and cash equivalents	\$ 25,753,554	\$ 1,544,670	\$ 2,467,250	\$ 279,738	\$ 661,960	\$ 902,628	\$ 2,255,143	\$ 33,864,943
Receivables								
Taxes	26,423	-	-	-	-	-	-	26,423
Accounts	79,722	-	-	-	-	-	-	79,722
Lease	2,270,344	-	-	-	-	-	-	2,270,344
Due from other governments	3,689,945	-	-	22	-	743	29	3,690,739
Prepaid expenses	22,607	-	-	-	-	-	-	22,607
Restricted cash	3,113,673	-	-	-	-	-	-	3,113,673
Total assets	\$ 34,956,267	\$ 1,544,670	\$ 2,467,250	\$ 279,760	\$ 661,960	\$ 903,371	\$ 2,255,172	\$ 43,068,450
Liabilities								
Accounts payable and accrued liabilities	\$ 2,213,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,213,088
Unearned revenue	226,186	-	-	-	-	-	-	226,186
Total liabilities	2,439,274	-	-	-	-	-	-	2,439,274
Deferred inflows of resources								
Taxes receivable	26,423	-	-	-	-	-	-	26,423
Prepaid taxes and fees	11,305	-	-	-	-	-	-	11,305
Leases	2,200,478	-	-	-	-	-	-	2,200,478
Total deferred inflows of resources	2,238,206	-	-	-	-	-	-	2,238,206
Fund balances								
Nonspendable:								
Prepaid expenses	22,607	-	-	-	-	-	-	22,607
Leases	69,866	-	-	-	-	-	-	69,866
Restricted:								
Stabilization by State statute	4,650,726	-	-	22	-	743	29	4,651,520
Street improvements	3,072,537	-	-	-	-	-	-	3,072,537
Public safety operations and activities	41,136	-	-	-	-	-	-	41,136
Committed:								
General governmental capital	-	1,544,670	2,467,250	279,738	661,960	-	-	4,953,618
Debt service	-	-	-	-	-	-	2,255,143	2,255,143
LEOSSA pension liability	376,655	-	-	-	-	-	-	376,655
OPEB liability	4,686,953	-	-	-	-	-	-	4,686,953
Healthcare premium	453,578	-	-	-	-	-	-	453,578
Assigned:								
Fire operations and activities	2,487	-	-	-	-	-	-	2,487
Subsequent year's expenditures	1,238,800	-	-	-	-	-	-	1,238,800
Unassigned	15,663,442	-	-	-	-	902,628	-	16,566,070
Total fund balances	30,278,787	1,544,670	2,467,250	279,760	661,960	903,371	2,255,172	38,390,970
Total liabilities, deferred inflows of resources and fund balances	\$ 34,956,267	\$ 1,544,670	\$ 2,467,250	\$ 279,760	\$ 661,960	\$ 903,371	\$ 2,255,172	\$ 43,068,450

TOWN OF MORRISVILLE, NORTH CAROLINA
SUB-FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2023

Schedule 2

	Sub-Funds							Total General Fund
	General Fund	Fire Apparatus Capital Reserve Fund	Roadway and Transportation Capital Reserve Fund	Capital Investment Plan Capital Reserve Fund	Parks and Recreation Capital Reserve Fund	Municipal Service District Fund	Debt Service Fund	
Revenues								
Ad valorem taxes	\$ 25,964,071	\$ -	\$ -	\$ -	\$ -	\$ 118,955	\$ -	\$ 26,083,026
Other taxes and licenses	631,815	-	-	-	-	-	-	631,815
Unrestricted intergovernmental	13,581,133	-	-	-	-	-	-	13,581,133
Restricted intergovernmental	1,301,756	-	45,725	-	-	-	-	1,347,481
Permits and fees	2,323,094	-	1,344,378	-	-	-	-	3,667,472
Sales and services	1,292,185	-	-	-	-	-	-	1,292,185
Investment earnings	648,102	29,151	65,539	1,779	11,948	17,079	61,128	834,726
Miscellaneous	470,483	-	-	-	-	-	-	470,483
Total revenues	46,212,639	29,151	1,455,642	1,779	11,948	136,034	61,128	47,908,321
Expenditures								
Current								
General government	7,783,362	-	-	-	-	-	153,538	7,936,900
Development services	4,241,293	-	-	-	-	-	-	4,241,293
Public safety	13,341,722	-	-	-	-	-	-	13,341,722
Public works	6,837,744	-	-	-	-	388	-	6,838,132
Culture and recreation	2,616,879	-	-	-	-	-	-	2,616,879
Capital Outlay	621,340	-	-	-	-	-	-	621,340
Debt service								
Principal	380,724	-	-	-	-	-	2,715,000	3,095,724
Interest	11,322	-	-	-	-	-	1,395,938	1,407,260
Total expenditures	35,834,386	-	-	-	-	388	4,264,476	40,099,250
Excess (deficiency) of revenues over expenditures	10,378,253	29,151	1,455,642	1,779	11,948	135,646	(4,203,348)	7,809,071
Other financing sources (uses)								
Transfers in	688,812	750,000	650,000	188,924	650,000	110,000	5,465,000	8,502,736
Transfers out	(7,819,000)	-	(1,267,200)	-	-	-	-	(9,086,200)
Lease Receivable	45,770	-	-	-	-	-	-	45,770
Total other financing sources (uses)	(7,084,418)	750,000	(617,200)	188,924	650,000	110,000	5,465,000	(537,694)
Net change in fund balances	3,293,835	779,151	838,442	190,703	661,948	245,646	1,261,652	7,271,377
Fund balances, beginning	26,984,952	765,519	1,628,808	89,057	12	657,725	993,520	31,119,593
Fund balances, ending	\$ 30,278,787	\$ 1,544,670	\$ 2,467,250	\$ 279,760	\$ 661,960	\$ 903,371	\$ 2,255,172	\$ 38,390,970

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2023

Schedule 3
Page 1 of 6

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	25,360,000	25,961,476	601,476
Prior years	25,000	(32,357)	(57,357)
Penalties and interest	50,000	34,952	(15,048)
Total ad valorem taxes	<u>25,435,000</u>	<u>25,964,071</u>	<u>529,071</u>
Other taxes and licenses			
Motor vehicle decal tax	<u>631,000</u>	<u>631,815</u>	<u>815</u>
Investment earnings	<u>29,600</u>	<u>648,097</u>	<u>618,497</u>
Unrestricted intergovernmental			
Local option sales taxes	8,700,000	9,967,798	1,267,798
Rental vehicle tax	73,800	20,105	(53,695)
Utilities sales tax	1,740,200	1,912,560	172,360
Telecommunication and video programming sales tax	625,200	644,832	19,632
Beer and wine tax	120,000	142,633	22,633
Wake County fire tax	800,000	868,925	68,925
Fire reimbursements	15,000	-	(15,000)
Solid waste disposal tax	21,100	24,280	3,180
Total unrestricted intergovernmental	<u>12,095,300</u>	<u>13,581,133</u>	<u>1,485,833</u>
Restricted intergovernmental			
Powell Bill allocation	776,046	776,046	-
Grants	738,700	525,710	(212,990)
Total restricted intergovernmental	<u>1,514,746</u>	<u>1,301,756</u>	<u>(212,990)</u>
Permits and fees			
Building permits	1,022,000	1,856,778	834,778
Planning fees	120,000	131,005	11,005
Engineering fees	100,000	228,453	128,453
Officer fees and civil police	15,000	45,787	30,787
Fire permits	63,750	61,071	(2,679)
Total permits and fees	<u>1,320,750</u>	<u>2,323,094</u>	<u>1,002,344</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2023

Schedule 3
Page 2 of 6

	Final Budget	Actual	Variance Positive (Negative)
Revenues (continued)			
Sales and services			
Recreation	\$ 1,061,150	\$ 862,762	\$ (198,388)
Rents	284,100	429,423	145,323
Total sales and services	<u>1,345,250</u>	<u>1,292,185</u>	<u>(53,065)</u>
Miscellaneous			
ABC revenue	255,300	253,348	(1,952)
Surplus property	90,000	44,904	(45,096)
Wake County Landfill	60,000	49,589	(10,411)
Miscellaneous	146,754	99,926	(46,828)
Fines and forfeitures	24,622	24,622	-
Total miscellaneous	<u>576,676</u>	<u>472,389</u>	<u>(104,287)</u>
Total revenues	<u>42,948,322</u>	<u>46,214,540</u>	<u>3,266,218</u>
Expenditures			
General government			
Governing body			
Personnel costs	101,839	100,532	1,307
Contract and professional services	358,580	219,933	138,647
Other operating	116,500	110,589	5,911
Subtotal	<u>576,919</u>	<u>431,054</u>	<u>145,865</u>
Administration			
Personnel costs	948,234	922,538	25,696
Contract and professional services	25,000	15,967	9,033
Other operating	799,325	808,365	(9,040)
Debt service - principal retirement	40,884	24,547	16,337
Debt service - interest	63	-	63
Subtotal	<u>1,813,506</u>	<u>1,771,417</u>	<u>42,089</u>
Communications & Outreach			
Personnel costs	548,312	517,112	31,200
Contract and professional services	57,500	56,446	1,054
Other operating	230,908	208,439	22,469
Subtotal	<u>836,720</u>	<u>781,997</u>	<u>54,723</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2023

Schedule 3
Page 3 of 6

	Final Budget	Actual	Variance Positive (Negative)
General government (continued)			
Information technology			
Personnel costs	\$ 1,070,642	\$ 1,039,108	\$ 31,534
Contract and professional services	81,203	74,270	6,933
Other operating	1,495,827	1,334,808	161,019
Capital outlay	12,603	12,603	-
Debt service-principal retirement	207,623	207,623	-
Debt service-Interest	9,356	9,356	-
Subtotal	<u>2,877,254</u>	<u>2,677,768</u>	<u>199,486</u>
Finance			
Personnel costs	689,917	644,870	45,047
Contract and professional services	284,307	300,017	(15,710)
Other operating	36,868	29,148	7,720
Subtotal	<u>1,011,092</u>	<u>974,035</u>	<u>37,057</u>
Human resources			
Personnel costs	554,597	540,101	14,496
Contract and professional services	184,270	154,953	29,317
Other operating	45,600	58,936	(13,336)
Subtotal	<u>784,467</u>	<u>753,990</u>	<u>30,477</u>
Budget & Strategic Management			
Personnel costs	632,798	596,412	36,386
Contract and professional services	195,000	31,117	163,883
Other operating	86,600	19,696	66,904
Subtotal	<u>914,398</u>	<u>647,225</u>	<u>267,173</u>
Total general government	<u>8,814,356</u>	<u>8,037,486</u>	<u>776,870</u>
Development services			
Engineering			
Personnel costs	998,990	967,416	31,574
Contract and professional services	73,397	49,622	23,775
Other operating	26,400	27,777	(1,377)
Capital outlay	5,396	5,396	-
Subtotal	<u>1,104,183</u>	<u>1,050,211</u>	<u>53,972</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2023

Schedule 3
Page 4 of 6

	Final Budget	Actual	Variance Positive (Negative)
Development services (continued)			
Inspections			
Personnel costs	\$ 1,021,423	\$ 983,291	\$ 38,132
Other operating	69,200	57,540	11,660
Subtotal	<u>1,090,623</u>	<u>1,040,831</u>	<u>49,792</u>
Planning			
Personnel costs	1,307,665	1,268,079	39,586
Contract and professional services	1,093,625	819,991	273,634
Other operating	72,400	67,577	4,823
Subtotal	<u>2,473,690</u>	<u>2,155,647</u>	<u>318,043</u>
Total development services	<u>4,668,496</u>	<u>4,246,689</u>	<u>421,807</u>
Public safety			
Police			
Personnel costs	5,332,946	5,179,941	153,005
Contract and professional services	222,108	196,849	25,259
Other operating	464,794	450,813	13,981
Subtotal	<u>6,019,848</u>	<u>5,827,603</u>	<u>192,245</u>
Fire and rescue			
Personnel costs	6,759,534	6,551,053	208,481
Contract and professional services	128,861	85,717	43,144
Other operating	831,859	877,349	(45,490)
Capital outlay	10,181	10,181	-
Subtotal	<u>7,730,435</u>	<u>7,524,300</u>	<u>206,135</u>
Total public safety	<u>13,750,283</u>	<u>13,351,903</u>	<u>398,380</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

Schedule 3
 Page 5 of 6

	Final Budget	Actual	Variance Positive (Negative)
Public works			
Personnel costs	\$ 2,025,963	\$ 1,903,153	\$ 122,810
Contract and professional services	2,109,592	1,968,954	140,638
Other operating	2,355,759	2,182,619	173,140
Capital outlay	1,380,792	578,994	801,798
Subtotal	<u>7,872,106</u>	<u>6,633,720</u>	<u>1,238,386</u>
Powell Bill			
Other operating	<u>794,064</u>	<u>783,018</u>	<u>11,046</u>
Total public works	<u>8,666,170</u>	<u>7,416,738</u>	<u>1,249,432</u>
Culture and recreation			
Personnel costs	2,275,973	2,129,734	146,239
Contract and professional services	125,458	144,376	(18,918)
Other operating	471,434	342,769	128,665
Capital outlay	15,270	14,166	1,104
Debt service-principal retirement	148,554	148,554	-
Debt service-Interest	<u>1,966</u>	<u>1,966</u>	<u>-</u>
Total culture and recreation	<u>3,038,655</u>	<u>2,781,565</u>	<u>257,090</u>
Total expenditures	<u>38,937,960</u>	<u>35,834,381</u>	<u>3,103,579</u>
Revenue over (under) expenditures	<u>4,010,362</u>	<u>10,380,159</u>	<u>6,369,797</u>

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)
YEAR ENDED JUNE 30, 2023

Schedule 3
Page 6 of 6

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Right to use proceeds	45,770	45,770	-
Transfers in (out)			
American Rescue Plan Special Revenue Fund	580,300	580,300	-
Closed capital projects	108,512	108,512	-
Municipal Service District Fund	(110,000)	(110,000)	-
Capital Reserve Funds	(2,050,000)	(2,050,000)	-
Capital Project Funds	(194,000)	(194,000)	-
Debt Service Fund	(5,465,000)	(5,465,000)	-
Fund balance appropriated	<u>3,074,056</u>	<u>-</u>	<u>(3,074,056)</u>
Total other financing sources (uses)	<u>(4,010,362)</u>	<u>(7,084,418)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>3,295,741</u>	<u>\$ 3,295,741</u>
Fund balance, beginning		<u>26,984,952</u>	
Fund balance, ending		<u>\$ 30,280,693</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - FIRE APPARATUS CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 29,151	\$ 29,151
Expenditures			
Capital outlay	750,000	-	750,000
Revenues over (under) expenditures	(750,000)	29,151	779,151
Other financing sources			
Transfers in - General Fund	750,000	750,000	-
Net change in fund balance	<u>\$ -</u>	<u>779,151</u>	<u>\$ 779,151</u>
Fund balance, beginning		<u>765,519</u>	
Fund balance, ending		<u>\$ 1,544,670</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - ROADWAY AND TRANSPORTATION CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental	\$ 55,725	\$ 45,725	\$ (10,000)
Investment earnings	-	65,539	65,539
Permits and fees	-	1,344,378	1,344,378
Total revenue	55,725	1,455,642	1,399,917
Expenditures			
Roadway and transportation capital reserve	705,725	-	705,725
Revenues over (under) expenditures	(705,713)	1,455,642	2,105,642
Other financing sources			
Transfers in (out)			
General Fund	650,000	650,000	-
Capital Projects	(1,267,200)	(1,267,200)	-
Fund balance appropriated	1,267,200	-	(1,267,200)
Total other financing sources (uses)	650,000	(617,200)	(1,267,200)
Net change in fund balance	<u>\$ -</u>	<u>838,442</u>	<u>\$ 838,442</u>
Fund balance, beginning		<u>1,628,808</u>	
Fund balance, ending		<u>\$ 2,467,250</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 6

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - CAPITAL INVESTMENT PLAN CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 1,779	\$ 1,779
Expenditures			
Capital improvement project reserve	188,924	-	188,924
Revenues over (under) expenditures	(188,924)	1,779	190,703
Other financing sources (uses)			
Transfers in (out)			
Closed capital project funds	188,924	188,924	-
Total other financing sources (uses)	188,924	188,924	-
Net change in fund balance	<u>\$ -</u>	<u>190,703</u>	<u>\$ 190,703</u>
Fund balance, beginning		<u>89,057</u>	
Fund balance, ending		<u>\$ 279,760</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 7

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - PARKS AND RECREATION CAPITAL RESERVE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 11,948	\$ 11,948
Expenditures			
Parks and recreation reserve	650,000	-	650,000
Revenue over (under) expenditures	<u>(650,000)</u>	<u>11,948</u>	<u>661,948</u>
Other financing sources (uses)			
Transfers in (out)			
General Fund	650,000	650,000	-
Total other financing sources (uses)	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>661,948</u>	<u>\$ 661,948</u>
Fund balance, beginning		<u>12</u>	
Fund balance, ending		<u>\$ 661,960</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 8

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - MUNICIPAL SERVICE DISTRICT FUND (SUB- FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes	\$ 120,000	\$ 118,955	\$ (1,045)
Investment earnings	-	17,079	17,079
Total revenues	<u>120,000</u>	<u>136,034</u>	<u>16,034</u>
Expenditures			
Contract and professional services	-	388	(388)
Capital outlay	230,000	-	230,000
Total expenditures	<u>230,000</u>	<u>388</u>	<u>229,612</u>
Revenue over (under) expenditures	(110,000)	135,646	245,646
Other financing sources (uses)			
Transfers in-General Fund	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>245,646</u>	<u>\$ 245,646</u>
Fund balance, beginning		<u>657,725</u>	
Fund balance, ending		<u>\$ 903,371</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 9

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DEBT SERVICE FUND (SUB-FUND)
 YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 61,128	\$ 61,128
Expenditures			
Bond issuance costs	150,000	153,538	(3,538)
Debt reserve	1,076,000	-	1,076,000
Debt service			
Principal	2,715,000	2,715,000	-
Interest	1,374,000	1,395,938	(21,938)
Total expenditures	<u>5,315,000</u>	<u>4,264,476</u>	<u>1,050,524</u>
Revenue over (under) expenditures	(5,315,000)	(4,203,348)	1,111,652
Other financing sources			
Transfers in			
General Fund	<u>5,315,000</u>	<u>5,465,000</u>	<u>150,000</u>
Net change in fund balance	<u>\$ -</u>	<u>1,261,652</u>	<u>\$ 1,261,652</u>
Fund balance, beginning		<u>993,520</u>	
Fund balance, ending		<u>\$ 2,255,172</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 10

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
American Rescue Plan relief funds	\$ 5,604,800	\$ 1,475,703	\$ 2,127,202	\$ 3,602,905
Investment earnings	-	5,581	297,153	302,734
Total revenues	5,604,800	1,481,284	2,424,355	3,905,639
Expenditures				
Maintenance, contractual services and other	748,000	145,431	323,145	468,576
Professional services	369,500	135,363	221,896	357,259
Capital outlay	1,887,700	75,609	101,862	177,471
Total expenditures	3,005,200	356,403	646,903	1,003,306
Revenues over (under) expenditures	2,599,600	1,124,881	1,777,452	2,902,333
Other financing sources (uses)				
Transfers out				
General Fund	(1,699,600)	(1,119,300)	(580,300)	(1,699,600)
Town Center Capital Project Fund	(900,000)	-	(900,000)	(900,000)
Total other financing sources (uses)	(2,599,600)	(1,119,300)	(1,480,300)	(2,599,600)
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,581</u>	<u>297,152</u>	<u>\$ 302,733</u>
Fund balance - beginning			<u>5,581</u>	
Fund balance - ending			<u>\$ 302,733</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 11

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 PUBLIC SAFETY IMPROVEMENTS CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 368,077	\$ 17,334	\$ 465,412	\$ 482,746
Charges for services	1,411,244	-	47,439	47,439
Total revenues	1,779,321	17,334	512,851	530,185
Expenditures				
Professional services	719,009	547,044	137,326	684,370
Capital outlay	11,650,736	330,186	8,806,378	9,136,564
Land acquisition	2,329,426	2,329,426	-	2,329,426
Total expenditures	14,699,171	3,206,656	8,943,704	12,150,360
Revenues over (under) expenditures	(12,919,850)	(3,189,322)	(8,430,853)	(11,620,175)
Other financing sources				
General obligation bonds issued	9,110,000	9,110,000	-	9,110,000
Premiums on general obligation bonds issued	624,550	624,551	-	624,551
Transfers in				
General Fund	35,300	-	35,300	35,300
Roadway and Transportation Capital Reserve Fund	350,000	350,000	-	350,000
CIP Capital Reserve Fund	2,800,000	2,800,000	-	2,800,000
Total other financing sources	12,919,850	12,884,551	35,300	12,919,851
Net change in fund balance	\$ -	\$ 9,695,229	(8,395,553)	\$ 1,299,676
Fund balance - beginning			9,695,229	
Fund balance - ending			\$ 1,299,676	

	Capital Projects													Total Nonmajor Capital Project Funds	
	Town Center Capital Project Fund	Sewer Capital Project Fund	Public Works Renovation Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Sidewalk and Pedestrian Enhancements Capital Project Fund	NC54 Congestion Mitigation Capital Project Fund	International Drive Capital Project Drive	Intersection Improvements Capital Project Fund	Parkland Payment-in- Lieu Capital Project Fund	Crabtree Hatcher Creek Greenway Capital Project Fund	Church Street Park Capital Project Fund	Parks and Greenways Improvements Capital Project Fund	Land and Parkland Acquisition Capital Project Fund		Church Street Park Expansion Capital Project Fund
Assets															
Cash and cash equivalents	\$ 1,200,540	\$ 1,484,760	\$ 1,212,130	\$ -	\$ 1,149,021	\$ 15,920	\$ 430,231	\$ 183,970	\$ -	\$ 93,885	\$ -	\$ -	\$ -	\$ 5,392,617	\$ 11,163,075
Due from other governments	1	-	-	33,474	48,329	-	-	-	-	-	-	12,877	-	8,673	103,354
Restricted cash and cash equivalents	-	-	-	125,077	-	-	-	-	2,976,663	-	-	1,132,051	799,475	-	5,033,266
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	26,851	26,851
Total assets	\$ 1,200,541	\$ 1,484,760	\$ 1,212,130	\$ 158,551	\$ 1,197,350	\$ 15,920	\$ 430,231	\$ 183,970	\$ 2,976,663	\$ 93,885	\$ -	\$ 1,144,928	\$ 799,475	\$ 5,428,141	\$ 16,326,546
Liabilities															
Accounts payable and accrued liabilities	\$ 1,463	\$ 144,247	\$ -	\$ 41,664	\$ 47,818	\$ -	\$ -	\$ -	\$ -	\$ 89,059	\$ -	\$ -	\$ -	\$ 1,098,279	\$ 1,422,530
Total liabilities	1,463	144,247	-	41,664	47,818	-	-	-	-	89,059	-	-	-	1,098,279	1,422,530
Fund Balances (deficits)															
Restricted															
American Rescue Plan Act	900,000	-	-	-	-	-	-	-	-	-	-	-	-	-	900,000
Recreation improvements	-	-	-	-	-	-	-	-	2,976,663	-	-	1,144,928	799,475	-	4,921,066
Street improvements	-	-	-	116,887	1,149,021	-	-	-	-	-	-	-	-	-	1,265,908
Committed															
Capital Projects	299,078	1,340,513	1,212,130	-	-	15,920	430,231	183,970	-	4,826	-	-	-	4,329,862	7,816,530
Unassigned	-	-	-	-	512	-	-	-	-	-	-	-	-	-	512
Total fund balances	1,199,078	1,340,513	1,212,130	116,887	1,149,532	15,920	430,231	183,970	2,976,663	4,826	-	1,144,928	799,475	4,329,862	14,904,016
Total liabilities and fund balances	\$ 1,200,541	\$ 1,484,760	\$ 1,212,130	\$ 158,551	\$ 1,197,350	\$ 15,920	\$ 430,231	\$ 183,970	\$ 2,976,663	\$ 93,885	\$ -	\$ 1,144,928	\$ 799,475	\$ 5,428,141	\$ 16,326,546

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Capital Projects														Total Nonmajor Capital Project Funds
	Town Center Capital Project Fund	Sewer Capital Project Fund	Public Works Renovation Capital Project Fund	Morrisville Carpenter Road Capital Project Fund	Sidewalk and Pedestrian Enhancements Capital Project Fund	NCS4 Congestion Mitigation Capital Project Fund	International Drive Capital Project Drive	Intersection Improvements Capital Project Fund	Parkland Payment-in-Lieu Capital Project Fund	Crabtree Greenway Capital Project Fund	Church Street Park Capital Project Fund	Parks and Greenways Improvements Capital Project Fund	Land and Parkland Acquisition Capital Project Fund	Church Street Park Expansion Capital Project Fund	
Revenues															
Grants	\$ -	\$ -	\$ -	\$ 1,322,470	\$ 365,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,687,879
Investment earnings	11,420	29,216	23,851	41,627	229,492	21,221	-	-	101,721	2,555	(174)	195,647	19,633	61,933	738,142
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	1,387,054	1,387,054
Parkland payments in lieu	-	-	-	-	-	-	-	-	1,262,033	-	-	-	-	-	1,262,033
Total revenues	11,420	29,216	23,851	1,364,097	594,901	21,221	-	-	1,363,754	2,555	(174)	195,647	19,633	1,448,987	5,075,108
Expenditures															
Capital projects	193,138	-	-	2,477,652	717,733	3,974,035	69,769	16,030	-	77,546	-	1,457,931	1,308,512	2,107,737	12,400,083
Total expenditures	193,138	-	-	2,477,652	717,733	3,974,035	69,769	16,030	-	77,546	-	1,457,931	1,308,512	2,107,737	12,400,083
Revenues over (under) expenditures	(181,718)	-	23,851	(1,113,555)	(122,832)	(3,952,814)	(69,769)	(16,030)	-	(74,991)	(174)	(1,262,284)	(1,288,879)	(658,750)	(7,324,976)
Other Financing Sources (Uses)															
Premiums on general obligation bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in															
American Rescue Plan Act Special Revenue Fund	900,000	-	-	-	-	-	-	-	-	-	-	-	-	-	900,000
Roadway and Transportation Capital Reserve Fund	-	-	-	-	-	767,200	500,000	-	-	-	-	-	-	-	1,267,200
Streets PIL	-	-	-	-	-	-	-	158,700	-	-	-	-	-	2,306,600	2,465,300
Capital Project Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000
Sidewalk and Pedestrian Enhancement Capital Project Fund	-	-	-	-	-	-	-	41,300	-	-	-	-	-	-	41,300
Transfers out															
Capital Reserve Funds	-	-	-	-	-	-	-	-	-	-	(188,924)	-	-	-	(188,924)
Capital Project Funds	-	-	-	-	-	-	-	-	(2,306,600)	-	-	-	-	-	(2,306,600)
Parks and Greenways Capital Project Fund	-	-	-	-	-	-	-	-	-	-	(143,400)	-	-	143,400	-
Intersection Improvements Capital Project Fund	-	-	-	-	(41,300)	-	-	-	-	-	-	-	-	-	(41,300)
Church Street Park Expansion Capital Project Fund	-	-	-	-	-	-	-	-	-	-	(35,000)	-	-	-	(35,000)
General Fund	-	-	-	-	-	-	-	-	-	-	(108,512)	-	-	-	(108,512)
Total other financing sources (uses)	900,000	-	-	-	(41,300)	767,200	500,000	200,000	(2,306,600)	-	(332,436)	(143,400)	-	2,485,000	2,028,464
Net change in fund balance	718,282	29,216	23,851	(1,113,555)	(164,132)	(3,185,614)	430,231	183,970	(942,846)	(74,991)	(332,610)	(1,405,684)	(1,288,879)	1,826,250	(5,296,511)
Fund balance - beginning	480,796	1,311,297	1,188,279	1,230,442	1,313,664	3,201,534	-	-	3,919,509	79,817	332,610	2,550,612	2,088,354	2,503,612	20,200,527
Fund balance - ending	\$ 1,199,078	\$ 1,340,513	\$ 1,212,130	\$ 116,887	\$ 1,149,532	\$ 15,920	\$ 430,231	\$ 183,970	\$ 2,976,663	\$ 4,826	\$ -	\$ 1,144,928	\$ 799,475	\$ 4,329,862	\$ 14,904,016

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 14

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 TOWN CENTER CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 81,455	\$ 81,473	\$ 11,420	\$ 92,893
Expenditures				
Professional services	1,640,275	902,053	187,753	1,089,806
Capital outlay	6,558,942	5,916,386	5,385	5,921,771
Total expenditures	8,199,217	6,818,439	193,138	7,011,577
Revenues over (under) expenditures	(8,117,762)	(6,736,966)	(181,718)	(6,918,684)
Other Financing Sources				
Transfers in				
American Rescue Act Plan Special Revenue Fund	900,000	-	900,000	900,000
General Fund	4,300,000	4,300,000	-	4,300,000
CIP Capital Reserve Fund	1,711,862	1,711,862	-	1,711,862
Land and Parkland Acquisition Fund	450,000	450,000	-	450,000
Stormwater Fund	755,900	755,900	-	755,900
Total other financing sources	8,117,762	7,217,762	900,000	8,117,762
Net change in fund balance	\$ -	\$ 480,796	718,282	\$ 1,199,078
Fund balance - beginning			480,796	
Fund balance - ending			\$ 1,199,078	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 15

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 SEWER CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 265,530	\$ 29,216	\$ 294,746
Miscellaneous	273,323	273,323	-	273,323
Total revenues	470,489	538,853	29,216	568,069
Expenditures				
Settlements	466,188	291,680	-	291,680
Professional services	138,847	49,203	-	49,203
Capital Outlay	1,876,219	16,470	-	16,470
Land acquisition	17,398	900,283	-	900,283
Total expenditures	2,498,652	1,257,636	-	1,257,636
Revenues over (under) expenditures	(2,028,163)	(718,783)	29,216	(689,567)
Other Financing Sources (Uses)				
Transfers in				
General Fund	200,000	200,000	-	200,000
Water/Sewer Capital Reserve	1,562,500	1,562,500	-	1,562,500
Cape Fear Capital Project Fund	265,663	265,663	-	265,663
Water and Sewer Fund	-	1,917	-	1,917
Total other financing sources (uses)	2,028,163	2,030,080	-	2,030,080
Net change in fund balance	\$ -	\$ 1,311,297	29,216	\$ 1,340,513
Fund balance - beginning			1,311,297	
Fund balance - ending			\$ 1,340,513	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 16

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 PUBLIC WORKS RENOVATION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 31,146	\$ 23,851	\$ 54,997
Expenditures				
Professional services	1,300,000	142,867	-	142,867
Revenues over (under) expenditures	(1,300,000)	(111,721)	23,851	(87,870)
Other Financing Sources (Uses)				
Transfers in				
General Fund	1,300,000	1,300,000	-	1,300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,188,279</u>	23,851	<u>\$ 1,212,130</u>
Fund balance - beginning			<u>1,188,279</u>	
Fund balance - ending			<u>\$ 1,212,130</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 17

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 MORRISVILLE CARPENTER ROAD CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 6,300,000	\$ 4,420,284	\$ 1,322,470	\$ 5,742,754
Investment earnings	-	167,095	41,627	208,722
Total revenues	6,300,000	4,587,379	1,364,097	5,951,476
Expenditures				
Bond issuance costs	-	990		990
Professional services	1,157,327	1,168,936	9,703	1,178,639
Land acquisition	1,248,173	1,203,952	-	1,203,952
Capital outlay	9,147,500	6,236,085	2,467,949	8,704,034
Total expenditures	11,553,000	8,609,963	2,477,652	11,087,615
Revenues over (under) expenditures	(5,253,000)	(4,022,584)	(1,113,555)	(5,136,139)
Other Financing Sources				
Bonds issued	745,000	745,000	-	745,000
Premium on bonds issued	37,300	37,359	-	37,359
Installment debt issued	2,066,700	2,066,667	-	2,066,667
Transfers in General Fund	2,404,000	2,404,000	-	2,404,000
Total other financing sources	5,253,000	5,253,026	-	5,253,026
Net change in fund balance	\$ -	\$ 1,230,442	(1,113,555)	\$ 116,887
Fund balance - beginning			1,230,442	
Fund balance - ending			\$ 116,887	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 18

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 SIDEWALK AND PEDESTRIAN ENHANCEMENT CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 41,300	\$ 23,291	\$ 229,492	\$ 252,783
Contributions	-	153,103	-	153,103
Grants	1,049,000	175,218	365,409	540,627
Total revenues	1,090,300	351,612	594,901	946,513
Expenditures				
Professional services	801,750	137,630	145,225	282,855
Capital outlay	2,329,150	744,593	572,508	1,317,101
Total expenditures	3,130,900	882,223	717,733	1,599,956
Revenues over (under) expenditures	(2,040,600)	(530,611)	(122,832)	(653,443)
Other Financing Sources (Uses)				
General obligation bonds issued	1,071,700	1,000,000	-	1,000,000
Premiums on general obligation bonds issued	260,000	301,275	-	301,275
Transfers in				
General Fund	750,200	543,000	-	543,000
Transfers out				
Intersection Improvements	(41,300)	-	(41,300)	(41,300)
Total other financing sources (uses)	2,040,600	1,844,275	(41,300)	1,802,975
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,313,664</u>	<u>(164,132)</u>	<u>\$ 1,149,532</u>
Fund balance - beginning			<u>1,313,664</u>	
Fund balance - ending			<u>\$ 1,149,532</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 19

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 NC 54 CONGESTION MITIGATION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 6,835	\$ 1,534	\$ 21,221	\$ 22,755
Expenditures				
Land acquisition	240,000	240,000	-	240,000
Professional services	1,000,000	1,000,000	-	1,000,000
Capital outlay	3,974,035	-	3,974,035	-
Total expenditures	5,214,035	1,240,000	3,974,035	5,214,035
Revenues over (under) expenditures	(5,207,200)	(1,238,466)	(3,952,814)	(5,191,280)
Other Financing Sources				
General obligation bonds issued	3,200,000	3,200,000	-	3,200,000
Transfers in				
Roadway and Transportation Capital Reserve Fund	2,007,200	1,240,000	767,200	2,007,200
Total other financing sources (uses)	5,207,200	4,440,000	767,200	5,207,200
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,201,534</u>	(3,185,614)	<u>\$ 15,920</u>
Fund balance - beginning			3,201,534	
Fund balance - ending			<u>\$ 15,920</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 20

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 INTERNATIONAL DRIVE CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay	500,000	-	69,769	69,769
Total expenditures	500,000	-	69,769	69,769
Revenues over (under) expenditures	(500,000)	-	(69,769)	(69,769)
Other Financing Sources (Uses)				
Roadway and Transportation Capital Reserve Fund	500,000	-	500,000	500,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	430,231	<u>\$ 430,231</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ 430,231</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 21

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 INTERSECTION IMPROVEMENTS CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Professional services	200,000	-	-	-
Capital outlay	-	-	16,030	16,030
Total expenditures	200,000	-	16,030	16,030
Other Financing Sources (Uses)				
Transfers in				
Streets Payment-in-Lieu Capital Project Fund	158,700		158,700	158,700
Sidewalk and Pedestrian Enhancement Capital Project Fund	41,300		41,300	41,300
Total other financing sources (uses)	200,000	-	200,000	200,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	183,970	<u>\$ 183,970</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ 183,970</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 22

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 PARKLAND PAYMENT-IN-LIEU CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	-	260,539	101,721	362,260
Parkland payments in lieu	-	8,628,772	1,262,033	9,890,805
Total revenues	-	8,889,311	1,363,754	10,253,065
Other Financing Sources				
Transfers in (out)				
Church Street Park Expansion Capital Project Fund	-	-	(2,306,600)	(2,306,600)
General Fund	-	1,272,517	-	1,272,517
Capital Reserve Fund	-	1,684,257	-	1,684,257
Northwest Park Capital Project Fund	-	(1,747,903)	-	(1,747,903)
Northwest Park Capital Project Fund	-	32,956	-	32,956
Shiloh Greenway Capital Project Fund	-	(1,110,712)	-	(1,110,712)
NC 54 Multi-Use Path Capital Project Fund	-	(249,040)	-	(249,040)
Church Street Park Project Fund	-	(1,083,047)	-	(1,083,047)
Indian Creek Greenway Capital Project Fund	-	(1,041,860)	-	(1,041,860)
Morrisville Aquatics and Fitness Center Renovations	-	(363,874)	-	(363,874)
Hatcher Creek Greenway Capital Project Fund	-	(538,196)	-	(538,196)
Parks and Greenways Capital Project Fund	-	(1,824,900)	-	(1,824,900)
Total other financing sources (uses)	-	(4,969,802)	(2,306,600)	(7,276,402)
Net change in fund balance	\$ -	\$ 3,919,509	(942,846)	\$ 2,976,663
Fund balance - beginning			3,919,509	
Fund balance - ending			\$ 2,976,663	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 23

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 CRABTREE HATCHER CREEK GREENWAY CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 4,903,602	\$ 4,832,656	\$ -	\$ 4,832,656
Investment earnings	-	28,540	2,555	31,095
Total revenues	4,903,602	4,861,196	2,555	4,863,751
Expenditures				
Professional services	933,243	855,903	77,340	933,243
Capital outlay	5,588,131	5,243,248	206	5,243,454
Land acquisition	69,802	69,802	-	69,802
Total expenditures	6,591,176	6,168,953	77,546	6,246,499
Revenues over (under) expenditures	(1,687,574)	(1,307,757)	(74,991)	(1,382,748)
Other Financing Sources				
Transfers in Parkland Payment-in-Lieu Capital Project Fund	1,687,574	1,387,574	-	1,387,574
Net change in fund balance	<u>\$ -</u>	<u>\$ 79,817</u>	<u>(74,991)</u>	<u>\$ 4,826</u>
Fund balance - beginning			<u>79,817</u>	
Fund balance - ending			<u>\$ 4,826</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 24

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

CHURCH STREET PARK CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 1,796,703	\$ 1,796,703	\$ -	\$ 1,796,703
Investment earnings	37,638	32,812	(174)	32,638
Parkland payments in lieu	-	92,491	-	92,491
Total revenues	1,834,354	1,922,006	(174)	1,921,832
Expenditures				
Professional services	420,844	420,843	-	420,843
Capital outlay	4,119,717	4,119,718	-	4,119,718
Land acquisition	1,781,022	1,781,022	-	1,781,022
Total expenditures	6,321,583	6,321,583	-	6,321,583
Revenues over (under) expenditures	(4,487,229)	(4,399,577)	(174)	(4,399,751)
Other Financing Sources (Uses)				
Bonds issued	4,000,000	4,000,000	-	4,000,000
Premiums on general obligation bonds issued	29,022	29,022	-	29,022
Transfers in (out)				-
General Fund	1,067,416	1,067,429		1,067,429
Parkland Payment-in-Lieu Capital Project Fund	315,655	223,165	-	223,165
General Fund	(700,940)	(587,429)	(108,512)	(695,941)
Capital Reserve Funds	(188,924)	-	(188,924)	(188,924)
Church Street Park Expansion Project Fund	(35,000)	-	(35,000)	(35,000)
Total other financing sources (uses)	4,487,229	4,732,187	(332,436)	4,399,751
Net change in fund balance	\$ -	\$ 332,610	(332,610)	\$ -
Fund balance - beginning			332,610	
Fund balance - ending			\$ -	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 25

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 PARKS AND GREENWAYS CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 7,801	\$ 195,647	\$ 203,448
Grants	45,000	-	-	-
Total revenues	45,000	7,801	195,647	203,448
Expenditures				
Professional services	1,037,330	573,537	110,947	684,484
Capital outlay	2,832,570	852,016	1,346,984	2,199,000
Total expenditures	3,869,900	1,425,553	1,457,931	2,883,484
Revenues over (under) expenditures	(3,824,900)	(1,417,752)	(1,262,284)	(2,680,036)
Other Financing Sources				
General obligation bonds issued	2,000,000	2,000,000	-	2,000,000
Premiums on general obligation bonds issued	143,400	143,464	-	143,464
Transfers in				
Parkland Payment-in-Lieu Capital Project Fund	1,824,900	1,824,900	-	1,824,900
Transfers out				
Parks and Greenway Capital Project Fund	(143,400)	-	(143,400)	(143,400)
Total other financing sources (uses)	3,824,900	3,968,364	(143,400)	3,824,964
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,550,612</u>	<u>(1,405,684)</u>	<u>\$ 1,144,928</u>
Fund balance - beginning			<u>2,550,612</u>	
Fund balance - ending			<u>\$ 1,144,928</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 26

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 LAND AND PARKLAND ACQUISITION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 4,115	\$ 19,633	\$ 23,748
Expenditures				
Professional services	217,500	79,508	22,694	102,202
Land acquisition	3,066,850	1,448,887	1,285,818	2,734,705
Total expenditures	3,284,350	1,528,395	1,308,512	2,836,907
Revenues over (under) expenditures	(3,284,350)	(1,524,280)	(1,288,879)	(2,813,159)
Other Financing Sources (Uses)				
General obligation bonds issued	2,300,000	2,300,000	-	2,300,000
Premiums on general obligation bonds issued	-	164,984	-	164,984
Transfers in				
General Fund	814,350	977,650	-	977,650
Parks and Recreation Capital Reserve Fund	620,000	620,000	-	620,000
Transfers out				
Town Center Capital Project Fund	(450,000)	(450,000)	-	(450,000)
Total other financing sources (uses)	3,284,350	3,612,634	-	3,612,634
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,088,354</u>	(1,288,879)	<u>\$ 799,475</u>
Fund balance - beginning			2,088,354	
Fund balance - ending			<u>\$ 799,475</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 27

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 CHURCH STREET PARK EXPANSION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 3,612	\$ 61,933	\$ 65,545
Contributions	1,250,000	27,019	1,387,054	1,414,073
Total revenues	1,250,000	30,631	1,448,987	1,479,618
Expenditures				
Professional services	500,000	27,019	1,008,802	1,035,821
Construction	-	-	825	825
Capital outlay	5,735,000	-	1,098,110	1,098,110
Total expenditures	6,235,000	27,019	2,107,737	2,134,756
Revenues over (under) expenditures	(4,985,000)	3,612	(658,750)	(655,138)
Other Financing Sources (Uses)				
Premiums on general obligation bonds issued	143,400	-	-	-
Transfers in				
General Fund	2,500,000	2,500,000	-	2,500,000
Streets Payment-in-Lieu Capital Project Fund	2,306,600	-	2,306,600	2,306,600
Church Street Park Capital Project Fund	35,000	-	35,000	35,000
Parks and Greenways Capital Project Fund	-	-	143,400	143,400
Total other financing sources (uses)	4,985,000	2,500,000	2,485,000	4,985,000
Net change in fund balance	\$ -	\$ 2,503,612	1,826,250	\$ 4,329,862
Fund balance - beginning			2,503,612	
Fund balance - ending			\$ 4,329,862	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 28

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION-
BUDGET AND ACTUAL (NON-GAAP)

Page 1 of 2

STORMWATER FUND

YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Permits and fees	\$ 45,000	\$ 290,468	\$ 245,468
Stormwater ERU Charges	920,000	936,281	16,281
Investment earnings	3,000	52,126	49,126
Total revenues	968,000	1,278,875	310,875
Expenditures			
Stormwater Operations			
Personnel costs	467,850	407,298	60,552
Professional services	65,250	27,967	37,283
Other operating	166,800	69,198	97,602
Capital outlay	50,000	-	50,000
Total expenditures	749,900	504,463	245,437
Revenues over (under) expenditures	218,100	774,412	556,312
Other Financing Sources (uses)			
Transfers out-Capital Project Funds	(458,100)	-	458,100
Fund balance appropriated	240,000	-	(240,000)
Total other financing sources (uses)	(218,100)	-	218,100
Revenues and other sources (uses) over expenditures	\$ 218,100	774,412	\$ 774,412

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION-
BUDGET AND ACTUAL (NON-GAAP)
STORMWATER FUND
YEAR ENDED JUNE 30, 2023

Schedule 28
Page 2 of 2

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

Add (deduct):	
Increase in compensated absences liability	(10,681)
Increase in deferred outflows of resources - pensions	57,281
Decrease in deferred outflows of resources - OPEB	(301)
Increase in net pension liability	(151,672)
Decrease in OPEB liability	1,859
Decrease in deferred inflows of resources - pensions	65,111
Increase in deferred inflows of resources - OPEB	(11,743)
Capital outlay	-
Depreciation expense	(2,085)
	<hr/>
Change in net position	722,181
	<hr/>
Net position, beginning of year	2,381,098
	<hr/>
Net position, end of year	\$ 3,103,279
	<hr/> <hr/>

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 29

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION-
 BUDGET AND ACTUAL (NON-GAAP)
 GREEN DRIVE AND FAIRVIEW AVENUE STORMWATER CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 10,250	\$ 10,611	\$ 1,097	\$ 11,708
Miscellaneous	24,130	24,130	-	24,130
Total revenues	34,380	34,741	1,097	35,838
Expenditures				
Professional services	112,281	38,131	59,044	97,175
Land acquisition	6,250	6,230	-	-
Construction	964,350	488,716	-	488,716
Total expenditures	1,082,881	533,077	59,044	592,121
Revenues over (under) expenditures	(1,048,501)	(498,336)	(57,947)	(556,283)
Other Financing Sources (Uses)				
Transfer in				
Closed capital project funds	12,901	12,901	-	12,901
Stormwater Fund	1,035,600	577,500	-	-
Total other financing sources (uses)	1,048,501	590,401	-	590,401
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 92,065</u>	(57,947)	<u>\$ 34,118</u>
Reconciliation from budgerary basis (modified accrual) to full accrual:				
Add: Capital outlay			59,044	
Change in net position			1,097	
Net position, beginning of year			625,142	
Net position, end of year			<u>\$ 626,239</u>	

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2023

Schedule 30

<u>Fiscal Year</u>	<u>Balance June 30, 2022</u>	<u>Current Levy</u>	<u>Collection Adjustments and Releases</u>	<u>Balance June 30, 2023</u>
2022 - 2023	\$ -	\$ 25,989,240 (1)	\$ 25,972,521 (2)	\$ 16,719
2021 - 2022	57,741	-	19,043	38,698
2020 - 2021	18,545	-	4,964	13,581
2019 - 2020	16,484	-	837	15,647
2018 - 2019	4,593	-	148	4,445
2017 - 2018	3,186	-	521	2,665
2016 - 2017	2,484	-	8	2,476
2015 - 2016	2,217	-	-	2,217
2014 - 2015	504	-	4	500
2013 - 2014	4,753	-	70	4,683
2012 - 2013	7,673	-	7,674	-
	<u>\$ 118,180</u>	<u>\$ 25,989,240</u>	<u>\$ 26,005,789</u>	101,632
Less allowance for uncollectible taxes				<u>(83,216)</u>
Ad valorem taxes receivable, net				<u>\$ 18,416 (3)</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes, General Fund			\$ 25,964,070 (4)	
Reconciling items;				
Penalties and interest received			32,358	
Releases, rebates and adjustments			1,687	
Taxes written off			7,674	
Total collections, adjustments and releases			<u>\$ 26,005,789</u>	

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

Note (3) - Ad valorem taxes receivable only; does not include decal tax receivable of \$44,191 net of an allowance of \$36,184.

Note (4) - Does not include Municipal Service District taxes of \$118,956.

TOWN OF MORRISVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
June 30, 2023

Schedule 31

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	\$ 6,678,416,669	\$ 0.39	\$ 26,045,825	\$ 24,631,062	\$ 1,414,763
Penalties	-		56,485	56,485	-
Total	6,678,416,669		26,102,310	24,687,546	1,414,763
Discoveries					
Prior year's Value	35,319,033		66,206	66,206	-
Less - Abatements	-		(179,276)	(179,276)	-
Total property valuation	<u>\$ 6,713,735,702</u>				
Net levy			25,989,240	24,574,477	1,414,763
Uncollected taxes at June 30, 2023			16,719	16,719	-
Current year's taxes collected			<u>\$ 25,972,521</u>	<u>\$ 24,557,758</u>	<u>\$ 1,414,763</u>
Current levy collection percentage			<u>99.94%</u>	<u>99.93%</u>	<u>100.00%</u>

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

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 32

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

JUNE 30, 2023

<u>Fiscal Year</u>	<u>Principal</u>	<u>Principal and Interest</u>
2023 - 2024	\$ 2,565,000	\$ 3,975,625
2024 - 2025	2,555,000	3,849,775
2025 - 2026	2,555,000	3,736,375
2026 - 2027	2,555,000	3,622,875
2027 - 2028	2,120,000	3,074,275
2028 - 2029	2,115,000	2,978,200
2029 - 2030	2,115,000	2,891,850
2030 - 2031	2,115,000	2,805,100
2031 - 2032	2,115,000	2,718,038
2032 - 2033	2,115,000	2,633,338
2033 - 2034	2,115,000	2,551,000
2034 - 2035	1,915,000	2,279,838
2035 - 2036	1,915,000	2,218,090
2036 - 2037	1,915,000	2,155,590
2037 - 2038	1,415,000	1,598,900
2038 - 2039	1,415,000	1,547,800
2039 - 2040	880,000	972,400
2040 - 2041	880,000	941,600
2041 - 2042	880,000	910,800
Total	<u>\$ 36,255,000</u>	<u>\$ 47,461,468</u>

Statistical Section

This part of the Town of Morrisville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. This section is the chief source of information regarding a government's economic condition and is organized around the following five specific objectives:

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

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

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

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

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

TOWN OF MORRISVILLE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

Table 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 93,088,451	\$ 99,549,312	\$ 103,511,580	\$ 114,455,319	\$ 128,402,016	\$ 139,308,614	\$ 144,793,657	\$ 141,253,092	152,861,140	169,577,275
Restricted	5,701,761	5,131,025	\$ 13,141,913	\$ 19,999,993	\$ 21,205,023	\$ 24,173,484	\$ 26,339,022	\$ 20,773,823	11,866,466	15,251,843
Unrestricted	14,499,006	17,799,963	\$ 14,329,050	\$ 12,290,712	\$ 13,689,017	\$ 11,644,171	\$ 9,417,099	\$ 9,508,947	17,811,514	21,127,657
Total governmental activities net position	113,289,218	122,480,300	\$ 130,982,543	\$ 146,746,024	\$ 163,296,056	\$ 175,126,269	\$ 180,549,778	\$ 171,535,862	\$ 182,539,120	\$ 205,956,775
Business-type activities										
Net investment in capital assets	650,551	805,551	\$ 1,468,020	\$ 650,915	\$ 643,220	\$ 668,769	\$ 648,338	\$ 634,555	1,135,523	1,192,485
Unrestricted	1,375,949	1,239,024	\$ 2,141,019	\$ 1,259,908	\$ 1,815,987	\$ 2,061,346	\$ 1,402,075	\$ 1,662,933	1,870,717	2,537,033
Total business-type activities net position	2,026,500	2,044,575	\$ 3,609,039	\$ 1,910,823	\$ 2,459,207	\$ 2,730,115	\$ 2,050,413	\$ 2,297,488	\$ 3,006,240	\$ 3,729,518
Primary government										
Net investment in capital assets	93,739,002	100,354,863	\$ 104,979,600	\$ 115,106,234	\$ 129,045,236	\$ 139,977,383	\$ 145,441,995	\$ 141,887,647	153,996,663	170,769,760
Restricted	5,701,761	5,131,025	\$ 13,141,913	\$ 19,999,993	\$ 21,205,023	\$ 24,173,484	\$ 26,339,022	\$ 20,773,823	11,866,466	15,251,843
Unrestricted	15,874,955	19,038,987	\$ 16,470,069	\$ 13,550,620	\$ 15,505,004	\$ 13,705,517	\$ 10,819,174	\$ 11,171,880	19,682,231	23,664,690
Total primary government net position	\$ 115,315,718	\$ 124,524,875	\$ 134,591,582	\$ 148,656,847	\$ 165,755,263	\$ 177,856,384	\$ 182,600,191	\$ 173,833,350	\$ 185,545,360	\$ 209,686,293

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

Table 2
Page 1 of 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 6,105,290	\$ 5,724,056	\$ 5,012,357	\$ 6,203,972	\$ 6,417,384	\$ 6,912,016	\$ 7,974,256	\$ 9,010,060	\$ 9,792,132	\$ 8,796,877
Public safety	8,324,497	9,274,703	8,510,593	9,189,668	9,583,725	10,567,399	11,803,079	12,760,247	13,662,345	15,289,590
Public works	3,768,812	4,805,597	5,186,053	6,133,623	5,469,939	5,100,632	5,389,681	24,748,340	8,929,163	7,471,162
Development services	2,552,421	2,900,259	1,874,840	2,259,598	2,380,560	3,011,772	3,021,941	3,252,330	3,641,353	4,494,764
Culture and recreation	2,086,939	2,315,218	1,797,070	2,002,012	2,156,751	2,018,990	2,120,532	2,789,059	3,130,020	3,173,918
Interest on long-term debt	419,214	379,060	367,433	433,651	534,806	765,140	1,006,023	833,379	988,971	1,377,992
Total governmental activities expenses	23,257,173	25,398,893	22,748,346	26,222,524	26,543,165	28,375,949	31,315,512	53,393,415	40,143,984	40,604,303
Business-type activities:										
Stormwater	-	-	475,490	488,053	382,035	526,434	494,551	702,507	488,990	556,694
Water and sewer	13,606	5,425	-	-	-	-	-	-	-	-
Total business-type activities expenses	13,606	5,425	475,490	488,053	382,035	526,434	494,551	702,507	488,990	556,694
Total primary government expenses	\$ 23,270,779	\$ 25,404,318	\$ 23,223,836	\$ 26,710,577	\$ 26,925,200	\$ 28,902,383	\$ 31,810,063	\$ 54,095,922	\$ 40,632,974	\$ 41,160,997
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 275,713	\$ 254,375	\$ 253,233	\$ 242,190	\$ 247,394	\$ 291,552	\$ 199,120	\$ 245,333	\$ 282,831	\$ 429,423
Public safety	64,120	71,221	91,033	83,602	105,182	134,371	93,470	45,055	64,425	178,919
Development services	1,813,936	2,028,806	1,677,208	1,757,021	1,751,994	1,791,348	2,321,098	2,204,662	1,379,860	3,560,614
Culture and recreation	835,626	912,401	855,610	901,261	831,737	547,450	225,601	225,624	614,315	862,762
Operating grants and contributions										
General government	-	-	105,804	-	-	-	-	-	-	654,614
Public safety	8,394	5,946	5,092	29,688	-	500	39,887	546,645	1,119,300	15,583
Public works	489,215	502,929	546,237	659,753	809,664	605,779	589,678	582,737	2,000	836,046
Development services	-	-	-	4,000	125,530	-	-	45,193	758,286	375,813
Culture and recreation	-	-	-	-	-	8,250	2,000	-	262,023	-
Capital grants and contributions										
General government	-	-	-	-	-	-	-	-	-	900,000
Public safety	-	6,309	24,427	9,905	2,956	33,488	20,226	-	356,403	64,225
Public works	3,904,328	7,597,616	3,189,718	10,008,117	8,436,652	3,883,672	386,646	6,697,188	8,807,688	10,421,600
Culture and recreation	1,401,342	23,407	22,342	731,526	3,020,197	714,779	328,075	73,688	71,228	1,387,054
Total governmental activities program revenues	8,792,674	11,403,010	6,770,704	14,427,063	15,331,306	8,011,189	4,205,801	10,666,125	13,718,359	19,686,653

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

Table 2
Page 2 of 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Stormwater										
Charges for services	\$ -	\$ -	\$ 834,314	\$ 718,165	\$ 794,371	\$ 694,201	\$ 772,877	\$ 948,467	\$ 1,171,039	\$ 1,226,749
Operating grants and contributions	-	-	54,985	10,449	14,308	10,344	-	-	-	-
Total business-type activities program revenues	-	-	889,299	728,614	808,679	704,545	772,877	948,467	1,171,039	1,226,749
Total primary government program revenues	\$ 8,792,674	\$ 11,403,010	\$ 7,660,003	\$ 15,155,677	\$ 16,139,985	\$ 8,715,734	\$ 4,978,678	\$ 11,614,592	\$ 14,889,398	\$ 20,913,402
Net (Expense) Revenue										
Governmental activities	\$ (14,464,499)	\$ (13,995,883)	\$ (15,977,642)	\$ (11,795,461)	\$ (11,211,859)	\$ (20,364,760)	\$ (27,098,266)	\$ (42,727,290)	(26,425,625)	(20,974,714)
Business-type activities	(13,606)	(5,425)	413,809	240,561	426,644	178,111	278,326	245,960	682,049	670,055
Total primary government net expense	\$ (14,478,105)	\$ (14,001,308)	\$ (15,563,833)	\$ (11,554,900)	\$ (10,785,215)	\$ (20,186,649)	\$ (26,819,940)	\$ (42,481,330)	\$ (25,743,576)	\$ (20,304,659)
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 14,577,176	\$ 14,745,618	\$ 16,380,456	\$ 17,600,497	\$ 17,973,513	\$ 18,937,524	\$ 19,702,688	\$ 22,327,775	\$ 23,118,819	\$ 26,079,036
Other taxes and licenses	1,753,968	1,724,212	273,725	285,897	289,261	527,459	569,225	612,630	8,824,518	9,967,798
Unrestricted intergovernmental revenues	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761	4,121,466	4,245,150
Unrestricted investment earnings	27,487	22,745	81,621	232,552	503,909	1,150,628	679,457	31,820	99,877	2,335,432
Miscellaneous	224,459	296,522	411,923	342,517	325,730	351,008	482,295	408,778	755,999	445,856
Gain (Loss) on disposition of capital assets	127,227	(41,118)	-	-	(137,467)	-	-	-	-	-
Parkland payment in lieu	-	551,487	640,609	412,778	1,051,737	2,058,619	701,903	34,610	508,204	1,262,033
Transfers	-	-	(126,200)	(112,983)	(126,000)	(57,800)	984,250	-	-	-
Special item: settlement	-	-	-	-	-	-	-	-	-	-
Total governmental activities	22,285,075	23,862,466	25,626,954	27,058,110	28,541,609	32,194,973	32,521,775	33,713,374	37,428,883	44,335,305
Business-type activities:										
Unrestricted investment earnings	15,482	21,615	4,275	4,917	15,831	34,997	26,222	1,115	2,573	53,223
Miscellaneous	-	1,885	-	-	-	-	-	-	24,130	-
Special item: loss on transfer of assets to the Town of Cary	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	126,200	112,983	126,000	57,800	(984,250)	-	-	-
Total business-type activities	15,482	23,500	130,475	117,900	141,831	92,797	(958,028)	1,115	26,703	53,223

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

Table 2
Page 3 of 3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total primary government	<u>\$ 22,300,557</u>	<u>\$ 23,885,966</u>	<u>\$ 25,757,429</u>	<u>\$ 27,176,010</u>	<u>\$ 28,683,440</u>	<u>\$ 32,287,770</u>	<u>\$ 31,563,747</u>	<u>\$ 33,714,489</u>	<u>\$ 37,455,586</u>	<u>\$ 44,388,528</u>
Change in net position										
Governmental activities	7,820,576	9,866,583	9,649,312	15,262,649	17,329,750	11,830,213	5,423,509	(9,013,916)	11,003,258	23,361,544
Business-type activities	<u>1,876</u>	<u>18,075</u>	<u>544,284</u>	<u>358,461</u>	<u>568,475</u>	<u>270,908</u>	<u>(679,702)</u>	<u>247,075</u>	<u>708,752</u>	<u>723,278</u>
Total primary government	<u>\$ 7,822,452</u>	<u>\$ 9,884,658</u>	<u>\$ 10,193,596</u>	<u>\$ 15,621,110</u>	<u>\$ 17,898,225</u>	<u>\$ 12,101,121</u>	<u>\$ 4,743,807</u>	<u>\$ (8,766,841)</u>	<u>\$ 11,712,010</u>	<u>\$ 24,084,822</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable:										
Prepays	\$ 1,383	\$ 13,326	\$ 40,263	\$ 8,886	\$ 13,990	\$ 9,742	\$ 19,216	\$ -	\$ 20,485	\$ 22,607
Leases	-	-	-	-	-	-	-	-	8,403	69,866
Total Nonspendable	1,383	13,326	40,263	8,886	13,990	9,742	19,216	-	28,888	92,473
Restricted:										
Stabilization by State statute	3,820,617	3,690,527	5,544,570	5,763,023	7,250,961	9,297,398	7,593,866	5,498,323	4,442,732	4,651,520
Stormwater	127,750	542,679	-	-	-	-	-	-	-	-
Street improvements	-	978,545	1,563,938	1,599,108	2,191,782	2,796,975	4,199,303	4,529,378	3,069,699	3,072,537
Public safety operations and activities	-	-	24,918	22,678	5,335	28,401	12,719	17,693	21,299	41,136
Total Restricted	3,948,367	5,211,751	7,133,426	7,384,809	9,448,078	12,122,774	11,805,888	10,045,394	7,533,730	7,765,193
Committed:										
General governmental capital	496,830	747,441	602,704	1,902,254	1,807,952	6,639,957	1,595,166	1,629,315	2,482,960	4,953,618
Debt service	-	-	-	-	-	-	-	353,621	992,760	2,255,143
LEOSSA pension liability	-	-	328,296	344,103	373,598	383,218	364,354	344,924	345,150	376,655
OPEB pension liability	-	-	-	-	2,804,999	3,128,971	3,476,841	3,819,953	4,180,217	4,686,953
Capital projects	-	-	-	-	-	-	-	-	12	-
Healthcare premium	-	-	-	-	-	-	-	-	-	453,578
Total Committed	496,830	747,441	931,000	2,246,357	4,986,549	10,152,146	5,436,361	6,147,813	8,001,099	12,725,947
Assigned:										
Fire operations and activities	-	-	-	-	2,487	2,487	2,487	2,487	2,487	2,487
Subsequent year's expenditures	1,155,254	1,106,219	2,305,000	2,823,000	5,395,000	945,000	1,367,200	2,574,550	1,841,400	1,238,800
Total Assigned	1,155,254	1,106,219	2,305,000	2,823,000	5,397,487	947,487	1,369,687	2,577,037	1,843,887	1,241,287
Unassigned	11,680,455	14,173,439	15,257,586	15,254,649	10,233,745	11,388,203	12,176,024	13,784,522	13,711,989	16,566,070
Total General Fund	17,282,289	21,252,176	25,667,275	27,717,701	30,079,849	34,620,352	30,807,176	32,554,766	31,119,593	38,390,970
All Other Governmental Funds										
Restricted:										
Stabilization by State statute	-	757,506	3,135,257	10,195,584	8,501,860	8,124,543	3,616,204	7,318,625	-	-
Recreation improvements	1,753,394	2,017,903	2,873,230	2,419,600	3,255,085	4,817,105	4,018,028	3,409,804	8,558,475	4,921,066
Public safety operations and activities	-	-	-	-	-	-	-	-	9,695,229	1,299,676
Street improvements	-	-	-	-	4,933,104	8,875,328	6,898,902	-	5,737,796	1,265,908
Total Restricted	1,753,394	2,775,409	6,008,487	12,615,184	16,690,049	21,816,976	14,533,134	10,728,429	23,991,500	7,486,650
Committed:										
Capital projects	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486	2,628,540	5,904,255	7,816,530
American Rescue Plan projects	-	-	-	-	-	-	-	-	5,581	1,202,733
Total Committed	-	-	165,073	3,228,906	3,899,407	4,699,422	4,250,486	2,628,540	5,909,836	9,019,263
Assigned:										
Subsequent year's expenditures	3,380,941	2,430,001	-	-	-	-	-	-	-	-
Unassigned	-	(1,138,919)	(3,073,459)	(2,278,917)	(5,173,492)	(2,694,802)	3,589,762	(1,957,511)	-	512
Total All Other Governmental Funds	5,134,335	4,066,491	3,100,101	13,565,173	15,415,964	23,821,596	22,373,382	11,399,458	29,901,336	16,506,425
Total Governmental Fund Balances	\$ 22,416,624	\$ 25,318,667	\$ 28,767,376	\$ 41,282,874	\$ 45,495,813	\$ 58,441,948	\$ 53,180,558	\$ 43,954,224	\$ 61,020,929	\$ 54,897,394

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

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad valorem taxes	\$ 14,603,628	\$ 14,784,833	\$ 16,397,410	\$ 17,620,181	\$ 17,951,167	\$ 18,937,833	\$ 19,680,070	\$ 22,372,592	\$ 23,094,896	\$ 26,083,026
Other taxes and licenses	1,761,048	1,731,430	277,630	288,953	292,135	528,334	569,225	612,630	613,440	631,815
Unrestricted intergovernmental	5,574,758	6,563,000	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761	12,332,544	13,628,572
Restricted intergovernmental	1,710,823	823,293	573,671	1,420,967	3,829,861	1,598,686	1,357,731	3,043,657	4,969,652	5,162,562
Permits and fees	2,717,451	2,651,514	2,408,850	2,253,401	2,908,913	3,984,338	3,116,471	2,284,327	1,948,883	4,929,505
Sales and services	1,111,339	1,166,776	1,108,843	1,143,451	1,079,131	839,002	424,721	470,957	897,146	1,292,185
Investment earnings	24,133	22,745	81,621	232,462	503,909	1,150,628	679,457	31,820	99,877	2,335,432
Miscellaneous	351,686	302,603	542,152	346,207	487,099	455,032	538,490	437,130	839,578	1,857,537
TOTAL REVENUES	27,854,866	28,046,194	29,354,997	31,602,474	35,713,141	36,721,388	35,768,122	39,550,874	44,796,016	55,920,634
EXPENDITURES										
Current:										
General government	3,153,654	3,115,978	3,541,976	4,302,843	4,524,451	4,984,628	5,744,971	6,683,639	7,598,738	7,936,900
Public safety	7,582,421	8,484,213	8,159,452	8,166,536	8,633,485	9,161,197	10,043,861	10,657,922	12,212,734	13,341,722
Public works	3,614,871	4,869,772	5,206,847	5,925,474	5,381,532	4,961,776	5,158,313	5,754,330	8,824,268	7,272,501
Development services	2,534,564	2,978,817	1,989,194	2,230,718	2,329,719	2,815,781	2,779,276	2,997,823	3,573,342	4,241,293
Culture and recreation	1,771,664	1,889,020	1,618,153	1,728,506	1,889,507	1,609,312	1,600,483	2,097,864	2,401,529	2,617,704
Capital outlay	6,333,562	4,000,792	3,590,493	7,194,189	8,942,317	12,916,507	13,194,792	17,441,801	8,883,335	22,176,836
Debt service										
Principal	1,130,803	1,319,864	1,091,035	1,108,682	1,531,382	1,534,134	2,236,939	2,109,798	2,126,241	3,095,724
Interest and other charges	385,898	396,742	367,040	555,859	655,997	637,235	1,255,127	1,034,031	953,398	1,407,260
TOTAL EXPENDITURES	26,507,437	27,055,198	25,564,190	31,212,807	33,888,390	38,620,570	42,013,762	48,777,208	46,573,585	62,089,940
REVENUES OVER (UNDER) EXPENDITURES	1,347,429	990,996	3,790,807	389,667	1,824,751	(1,899,182)	(6,245,640)	(9,226,334)	(1,777,569)	(6,169,306)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	3,100,000	-	-	-	-
Issuance of bonds	4,029,022	-	-	10,998,487	-	10,745,000	-	-	17,610,000	-
Installment debt issuance proceeds	-	1,000,000	-	-	-	1,058,117	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	1,234,274	-
Transfers in	1,651,084	(587,429)	804,000	2,855,113	5,035,617	7,125,000	10,133,750	8,048,009	5,997,146	13,246,836
Transfers out	(1,651,084)	587,429	(930,200)	(2,968,096)	(5,161,617)	(7,182,800)	(9,149,500)	(8,048,009)	(5,997,146)	(13,246,836)
Claims/settlements	(225,000)	(7,008)	-	-	-	-	-	-	-	-
Right to use proceeds	-	-	-	-	-	-	-	-	-	45,770
TOTAL OTHER FINANCING SOURCES (USES)	3,804,022	992,992	(126,200)	10,885,504	(126,000)	14,845,317	984,250	-	18,844,274	45,770
NET CHANGE IN FUND BALANCES	\$ 5,151,451	\$ 1,983,988	\$ 3,664,607	\$ 11,275,171	\$ 1,698,751	\$ 12,946,135	\$ (5,261,390)	\$ (9,226,334)	\$ 17,066,705	\$ (6,123,536)
Debt Service as a percentage of non-capital expenditures	7.5%	7.4%	6.6%	6.5%	8.8%	8.4%	12.1%	10.0%	8.2%	11.3%

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

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

Table 5

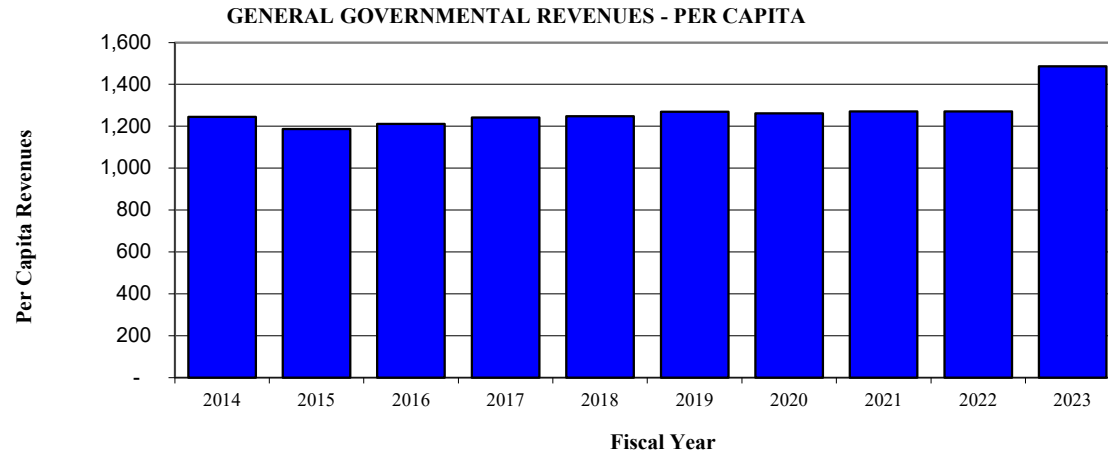
Fiscal Year	GENERAL REVENUES							PROGRAM REVENUES				Fiscal Year Total
	Property Taxes	Other Taxes and Licenses	Unrestricted Intergovernmental	Miscellaneous	Parkland Payment in Lieu	Unrestricted Investment Earnings	Gain (Loss) on Disposal of Capital Assets	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Special Items	
2014	14,577,176	1,753,968	5,574,758	351,686	-	42,969	-	2,989,395	497,609	5,305,670	-	31,093,231
2015	14,745,618	1,724,212	6,563,000	257,289	551,487	44,360	-	3,266,803	508,875	7,627,332	-	35,288,976
2016	16,380,456	273,725	7,964,820	411,923	640,609	85,896	-	3,711,398	712,118	3,236,487	-	33,417,432
2017	17,600,497	285,897	8,296,852	342,517	412,778	237,469	-	3,702,239	703,890	10,749,548	-	42,331,687
2018	17,973,513	289,261	8,660,926	325,730	1,051,737	519,740	(137,467)	3,730,678	949,502	11,459,805	-	44,823,425
2019	18,937,524	527,459	9,227,535	351,008	2,058,619	1,185,625	-	3,458,922	624,873	4,631,939	-	41,003,504
2020	19,702,688	569,225	9,401,957	482,295	701,903	679,457	-	2,839,289	643,010	734,947	-	35,754,771
2021	22,328,175	612,630	10,297,761	408,778	34,610	31,420	-	2,720,674	1,174,575	6,770,876	-	44,379,499
2022	23,118,819	8,824,518	4,121,466	755,999	508,204	99,877	-	2,341,431	2,141,609	9,235,319	-	51,147,242
2023	26,079,036	4,245,150	9,967,798	445,856	1,262,033	2,335,432	-	5,031,718	1,882,056	12,772,879	-	64,021,958

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

Table 6

Fiscal Year	Taxes	Intergovernmental	Licenses, Permits and Fees	Investment Earnings	Sales and Services	Miscellaneous	Fiscal Year Total	Per Capita Revenues (2)	Population
2014	16,364,676	6,097,255	1,878,056	17,069	1,111,339	351,686	25,820,081	1,244	20,753
2015	16,516,263	7,101,077	2,100,027	17,869	1,166,776	302,603	27,204,615	1,187	22,914
2016	16,675,040	8,516,149	1,768,241	72,091	1,108,843	542,152	28,682,516	1,211	23,682
2017	17,909,134	8,986,293	1,840,623	144,604	1,143,451	346,207	30,370,312	1,242	24,456
2018	18,243,302	9,470,590	1,857,176	341,622	1,079,131	487,099	31,478,920	1,247	25,242
2019	19,466,167	9,794,759	1,925,719	553,709	839,002	455,032	33,034,388	1,269	26,041
2020	20,249,295	10,044,967	2,414,568	354,302	424,721	538,490	34,026,343	1,261	26,973
2021	22,985,622	11,472,336	2,249,717	19,900	470,957	437,130	37,635,662	1,270	29,630
2022	23,708,336	13,354,853	1,440,679	45,696	897,146	546,371	39,993,081	1,271	31,470
2023	26,714,841	14,928,614	3,667,472	834,726	1,292,185	470,483	47,908,321	1,486	32,248

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



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

Table 7

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>			<u>Property Tax Rate (Per \$100 Assessed Value)</u>
	<u>Real Property</u>	<u>Personal Property (3)</u>	<u>Total</u>	
2014	3,162,756,944	497,841,371	3,660,598,315	.39
2015	3,406,956,056	352,773,964	3,759,730,020	.39
2016 (2)	3,715,276,039	265,544,793	3,980,820,832	.41
2017	4,249,456,268	283,261,101	4,532,717,369	.39
2018	4,308,504,486	279,156,312	4,587,660,798	.39
2019	4,554,674,390	290,006,438	4,844,680,828	.39
2020 (2)	4,703,676,411	330,932,265	5,034,608,676	.39
2021	5,872,245,609	358,075,423	6,230,321,032	.36
2022	6,014,261,369	376,881,458	6,391,142,827	.36
2023	6,302,384,428	411,351,274	6,713,735,702	.39

Notes:

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

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

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

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

Table 8

<u>Fiscal Year</u>	<u>Town of Morrisville</u>	<u>Wake County</u>	<u>Combined Tax Rate per \$100 of Assessed Value</u>
2014	.39	0.534	0.924
2015	.39	0.578	0.968
2016	.41	0.6145	1.0245
2017	.39	0.6005	0.9905
2018	.39	0.615	1.005
2019	.39	0.6544	1.0444
2020	.39	0.7207	1.1107
2021	.36	0.60	0.96
2022	.36	0.6195	0.9795
2023	.39	0.657	1.047

TOWN OF MORRISVILLE, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

Table 9

Taxpayer	2023			2014		
	2022 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2013 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Raleigh 1 LP	\$ 268,294,537	1	4.0%			
WMCi Raleigh LLC	143,736,470	2	2.1%	49,033,140	4	1.3%
Park West Village Phase LLC	124,034,480	3	1.8%	64,424,967	3	1.8%
Perimeter Park Offices LP	117,180,588	4	1.7%			
SBP Officer Owner LP	96,346,631	5	1.4%	90,252,035	2	2.5%
Paramount Office LP	74,854,833	6	1.1%			
Syneous Health NC LLC	73,743,114	7	1.1%			
CEGM Morrisville LLC	70,776,272	8	1.1%			
CPUS Shiloh LP	68,492,394	9	1.0%			
Align Technology Inc	65,454,235	10	1.0%			
Duke Realty LP				244,867,346	1	6.7%
Duke Construction LP				45,950,893	5	1.3%
LSREF2 Oreo (East Ridge) LLC				43,968,480	6	1.2%
G&I VI Oaks at Weston LP				42,082,481	7	1.1%
Timw Warner Cable				34,851,108	8	1.0%
RT Research Triangle LLC				34,631,113	9	0.9%
Tekelec Inc.				33,611,777	10	0.9%
	<u>\$ 1,102,913,554</u>		<u>16.4%</u>	<u>\$ 683,673,340</u>		<u>18.6%</u>

Source: Wake County Revenue Department and 2014 ACFR.

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

Table 10

Fiscal Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2014	14,424,648	-	14,424,648	14,385,604	99.7%	34,232	14,419,836	100.0%
2015	14,672,918	-	14,672,918	14,657,124	99.9%	15,290	14,672,414	100.0%
2016	16,269,228	-	16,269,228	16,258,202	99.9%	8,809	16,267,011	100.0%
2017	17,500,964	-	17,500,964	17,487,652	99.9%	10,763	17,498,415	100.0%
2018	17,851,012	-	17,851,012	17,840,350	99.9%	7,341	17,847,691	100.0%
2019	18,817,208	-	18,817,208	18,803,670	99.9%	8,190	18,811,860	100.0%
2020	19,620,857	-	19,620,857	19,552,108	99.6%	48,642	19,600,750	99.9%
2021	22,216,477	-	22,216,477	22,170,536	99.8%	27,396	22,197,932	99.9%
2022	22,950,673		22,950,673	22,892,932	99.7%	19,043	22,911,975	99.8%
2023	25,989,240		25,989,240	25,972,521	99.9%	-	25,972,521	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	Installment Notes	Leases	SBITA	General Obligation Bonds	Installment Notes			
2014	10,423,832	1,987,856	-	-	155,000	-	12,566,688	1.6	606
2015	9,670,357	2,417,992	-	-	-	-	12,088,349	1.3	528
2016	8,981,882	2,011,957	-	-	-	-	10,993,839	1.2	464
2017	19,330,301	1,603,275	-	-	-	-	20,933,576	2.1	856
2018	18,084,669	1,191,893	-	-	-	-	19,276,562	1.8	764
2019	28,598,640	3,877,759	-	-	-	-	32,476,399	2.9	1,247
2020	26,742,739	3,305,820	-	-	-	-	30,048,559	2.6	1,114
2021	24,881,837	2,866,021	-	-	-	-	27,747,858	2.1	936
2022	41,835,407	2,635,000	833,595	-	-	-	45,304,002	3.0	1,440
2023	39,019,728	2,480,000	554,080	21,997	-	-	42,075,805	2.6	1,305

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

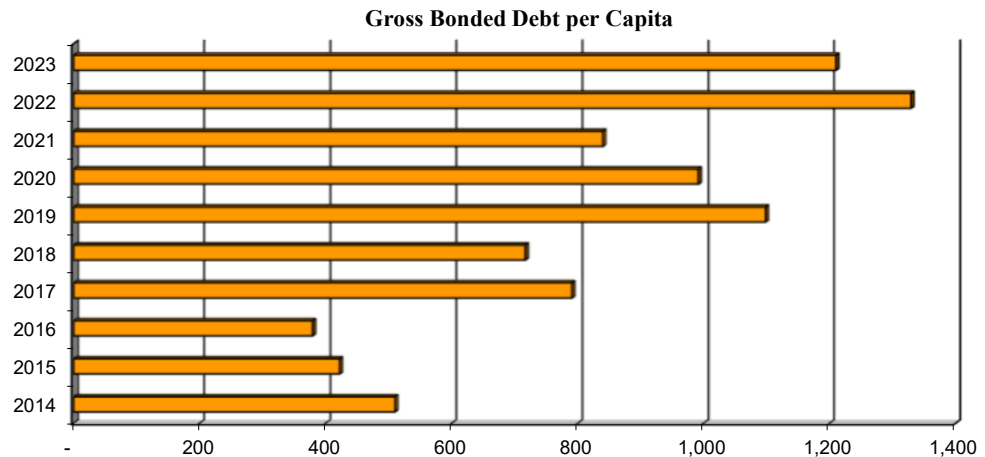
Table 12

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
2014	20,753	3,660,598,315	10,578,832	155,000	10,423,832	0.29	502	510
2015	22,914	3,759,730,020	9,670,357	-	9,670,357	0.26	422	422
2016	23,682	3,980,820,832	8,981,882	-	8,981,882	0.23	379	379
2017	24,456	4,532,717,369	19,330,301	-	19,330,301	0.43	790	790
2018	25,242	4,587,660,798	18,084,669	-	18,084,669	0.39	716	716
2019	26,041	4,844,680,828	28,598,640	-	28,598,640	0.59	1,098	1,098
2020	26,973	5,034,608,676	26,742,739	-	26,742,739	0.53	991	991
2021	29,630 (2)	6,230,321,032	24,881,837	-	24,881,837	0.40	840	840
2022	31,470	6,391,142,827	41,835,407	-	41,835,407	0.65	1,329	1,329
2023	32,248	6,713,735,702	39,019,728	-	39,019,728	0.58	1,210	1,210

Notes:

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

(2) US Census Bureau - as of April 1, 2020.



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

Table 13

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	(1) Less: Amount of Debt Applicable to Debt Limit - Net Bonded Debt	Legal Debt Limit
2014	3,660,598,315	292,847,865	(12,512,856)	280,335,009
2015	3,759,730,020	300,778,402	(12,037,992)	288,740,410
2016	3,980,820,832	318,465,667	(10,946,957)	307,518,710
2017	4,532,717,369	362,617,390	(19,308,275)	343,309,115
2018	4,587,660,798	367,012,864	(17,776,893)	349,235,971
2019	4,844,680,828	387,574,466	(30,087,759)	357,486,707
2020	5,034,608,676	402,768,694	(27,850,820)	374,917,874
2021	6,230,321,032	498,425,683	(25,741,821)	472,683,862
2022	6,391,142,827	511,291,426	(41,450,800)	469,840,626
2023	6,713,735,702	537,098,856	(38,735,000)	498,363,856

Notes:

(1) Net Bonded Debt Calculation for FY 2023

Total debt applicable to limitation:	
Bonded debt:	
Outstanding:	
Public improvement bonds	\$ 36,255,000
Installment obligations	2,480,000
	<hr/>
Total amount of debt applicable to debt limit	<u>\$ 38,735,000</u>

TOWN OF MORRISVILLE, NORTH CAROLINA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -

GENERAL OBLIGATION BONDS

JUNE 30, 2023

Table 14

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Net Installment Note Debt Outstanding</u>	<u>Leases Outstanding</u>	<u>SBITA Outstanding</u>	<u>Percentage Applicable to Town (1)</u>	<u>Amount Applicable to Town</u>
Direct:						
Town of Morrisville (1)	\$ 39,019,728	\$ 2,480,000	\$ 554,080	\$ 21,997	100%	\$ 42,075,805
Overlapping: (2)						
Wake County	1,704,400,000 (3)	-	43,651,397	-	3.36%	<u>58,671,235</u>
Total direct and overlapping debt						<u><u>\$ 100,747,040</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 Finance Department.

TOWN OF MORRISVILLE, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Table 15

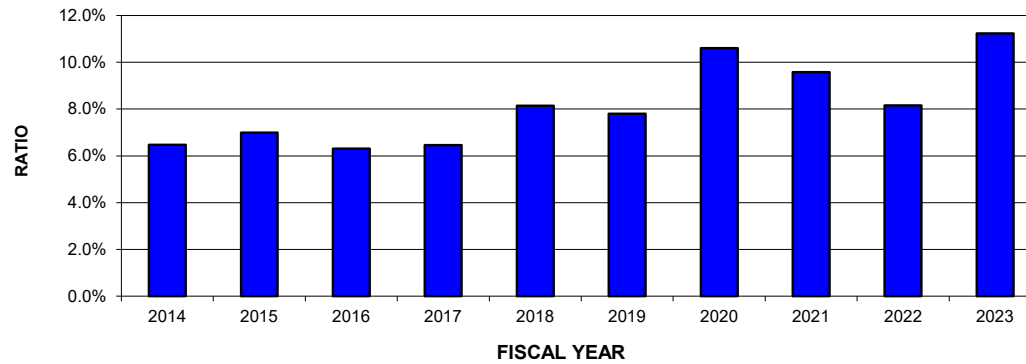
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2014	1,130,803	385,898	1,516,701	23,417,539	6.5%
2015	1,319,864	396,742	1,716,606	24,564,304	7.0%
2016	1,091,035	367,040	1,458,075	23,121,319	6.3%
2017	1,108,682	555,859	1,664,541	25,741,841	6.5%
2018	1,531,382	655,997	2,187,379	26,854,577	8.1%
2019	1,534,134	596,280	2,130,414	27,306,085	7.8%
2020	2,236,939	1,255,127	3,492,066	32,928,919	10.6%
2021	2,109,798	1,034,031	3,143,829	32,833,788	9.6%
2022	2,126,241	953,398	3,079,639	37,730,100	8.2%
2023	3,095,724	1,407,260	4,502,984	40,099,245	11.2%

Note:

(1) Includes General Long Term debt and right to use assets.

(2) Includes only the General Fund.

RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES



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

Table 16

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Per Capita Personal Income</u>	<u>(5) Median Age</u>	<u>(4) Wake County School Enrollment</u>	<u>(2) Unemployment Rate Percentage</u>
2013	20,164	38,504	(6) 33.5	(6) 149,508	7.5
2014	20,753	38,856	(6) 33.4	(6) 153,300	6.4
2015	22,914	39,734	(7) 33.3	(6) 155,184	5.8
2016	23,682	39,229	(7) 32.9	(6) 157,180	4.3
2017	24,456	40,693	(7) 33.1	(6) 159,549	3.7
2018	25,242	41,523	(7) 33.5	(6) 160,429	3.7
2019	26,041	43,054	(7) 33.5	(6) 160,471	3.6
2020	26,973	43,058	(7) 33.4	(6) 161,907	7.0
2021	29,630 (8)	45,453	(8) 33.8	(8) 157,673	4.2
2022	31,470	47,565	(7) 34.0	(6) 159,802	3.4
2023	32,248	49,318	(7) 34.0	(6) 158,412	3.2

Notes and Data Sources:

- (1) North Carolina Office of State Budget and Management - Certified Population Estimate. 2021 information is not available. Reported US Census Bureau as of April 1, 2020.
- (2) North Carolina State Employment Security Commission for the Raleigh-Cary, NC Metropolitan Statistical area.
Separate figures for the Town are not available.
- (3) Information is unavailable.
- (4) Wake County Public School System Demographics Resource Center. Reporting may not be accurate due to issues related to the pandemic.
- (5) American FactFinder, U.S. Census Bureau estimates for the Raleigh-Cary, NC Metropolitan Statistical area.
Separate figures for the Town were not available.
- (6) American FactFinder, U.S. Census Bureau estimates, 2012-2020 American Community Survey for Morrisville, NC.
- (7) US Census QuickFacts (2016-2020).
- (8) US Census Bureau.

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

Table 17

Company/Institution	2023			2013		
	Approximate Number of Employees (1)	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area (2)	Approximate Number of Employees (3)	Rank	Percentage of Total Employment in the Raleigh-Cary Metropolitan Statistical Area (3)
Lenovo	5,100	1	0.64%	2,061	1	0.35%
Conduent Business Services	3,691	2	0.47%			
Credit Suisse	2,373	3	0.30%			
Syneous Health Inc.	2,100	4	0.30%			
Pharmaceutical Product Development, Inc. (PPD)	2,000	5	0.27%	1,100	2	0.19%
Trialcard	1,650	6	0.21%			
Luihn Food Systems	1,290	7	0.16%			
Fujifilm Diosynth Biotechnologies US	1,250	8	0.25%			
Easton	1,088	9	0.14%			
Spectrum (Channel Advisors)	925	10	0.12%			
Time Warner				900	3	0.15%
Catalent Pharma Solutions				381	4	0.06%
Burt's Bees				331	5	0.06%
ATP LLC				324	6	0.05%
Walmart Supercenter				289	7	0.05%
SciQuest Inc				287	8	0.05%
Novella Clinical Inc				279	9	0.05%
Oracle America				259	10	0.04%
Totals	<u>21,467</u>		<u>2.71%</u>	<u>6,211</u>		<u>1.06%</u>

Notes and Data Sources:

- (1) Town of Morrisville Chamber of Commerce.
- (2) U.S. Bureau of Labor Statistics, Raleigh-Cary, NC.
- (3) Town of Morrisville FY2014 ACFR.

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
2014	8	18,286,282 (1)	263	40,857,029	271	59,143,311
2015	26	34,550,075 (1)	327	43,134,691	353	77,684,766
2016	11	29,267,441 (1)	236	27,998,196	247	57,265,637
2017	31	125,935,241 (1)	171	27,006,285	202	152,941,526
2018	17	63,009,729 (1)	113	14,694,519	130	77,704,248
2019	21	57,285,552 (1)	161	21,546,813	182	78,832,365
2020	37	125,974,413 (1)	59	8,951,175	96	134,925,588
2021	10	30,997,561 (1)	169	29,784,554	179	60,782,115
2022	13	21,336,197 (1)	92	18,734,890	105	40,071,087
2023	36	327,754,802 (1)	13	7,706,667	49	335,461,469

Notes:

(1) Includes multi-family.

Compiled by the Town of Morrisville Inspections Department.

TOWN OF MORRISVILLE, NORTH CAROLINA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

Table 19

Fiscal Year	General Government	Public Safety	Public Works	Development Services	Culture and Recreation	(2) Capital Outlay	Debt Service	Fiscal Year Total	Per Capita Expenditures
2014	3,153,654	7,582,421	3,614,871	2,534,564	1,771,664	3,243,664	1,516,701	23,417,539	1,161
2015	3,115,978	8,484,213	4,869,772	2,978,817	1,889,020	1,509,898	1,716,606	24,564,304	1,072
2016	3,541,976	8,159,452	5,206,847	1,989,194	1,618,153	1,147,622	1,458,075	23,121,319	976
2017	4,302,843	8,166,536	5,925,474	2,230,718	1,728,506	1,723,223	1,664,541	25,741,841	1,053
2018	4,524,451	8,633,485	5,381,532	2,329,719	1,889,507	1,908,504	2,187,379	26,854,577	1,064
2019	4,984,628	9,161,197	4,961,776	2,815,781	1,609,312	1,642,977	2,130,414	27,306,085	1,049
2020	5,744,971	10,043,861	5,158,313	2,779,276	1,600,483	4,109,949	3,492,066	32,928,919	1,221
2021	6,658,639	10,657,922	5,754,330	2,997,823	2,097,864	1,523,381	3,143,829	32,833,788	1,108
2022	7,307,058	12,212,734	8,629,721	3,573,342	2,401,529	526,077	3,079,639	37,730,100	1,199
2023	7,936,900	13,341,722	6,838,132	4,241,293	2,616,879	621,340	4,502,984	40,099,250	1,243

Notes:

Includes only the General Fund.

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

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

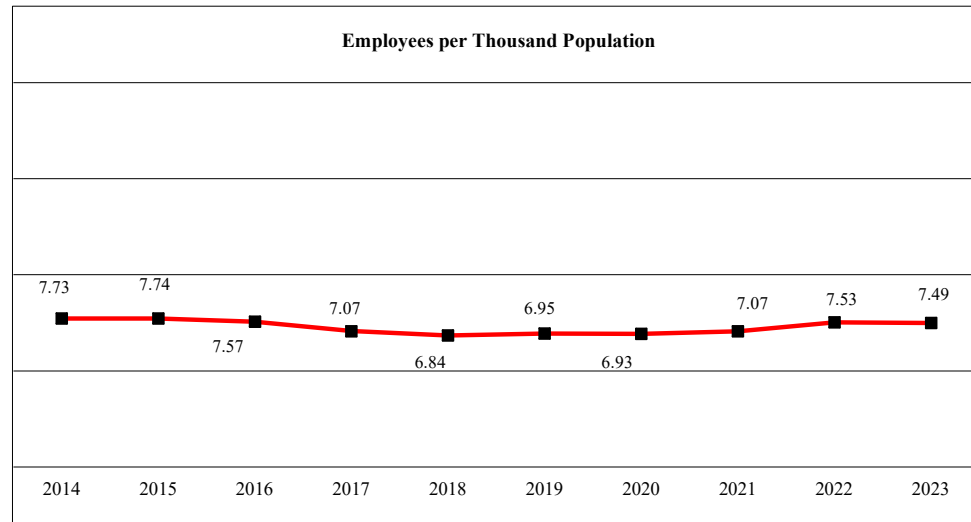
TOWN OF MORRISVILLE, NORTH CAROLINA
EMPLOYEE POSITION AUTHORIZATION BY DEPARTMENT (1)
LAST TEN FISCAL YEARS (2)

Table 20

Fiscal Year	(3) Administration	Planning, Engineering and Stormwater	Police	Inspections	Public Works	Parks and Recreation	Fire	Finance	Fiscal Year Total
2014	15	15	36	6	20	13	46	6	157
2015	15	16	36	6	21	13	49	6	162
2016	16	17	36	5	21	13	49	5	162
2017	15	20	41	6	21	13	49	5	170
2018	15	19	42	8	21	13	52	5	175
2019	17	21	45	8	21	13	54	5	184
2020	18	23	45	10	22	15	58	5	196
2021	21	23	46	10	23	16	58	5	202
2022	24	23	49	10	25	17	61	6	215
2023	25	24	49	10	25	17	61	6	217

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 July 1 of the fiscal year.
- (3) Includes Administration, Communications, Human Resources, and IT.



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

Table 21

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Privilege licenses issued	794	950	-	-	-	-	-	-	-	-
New building permits issued	271	354	247	202	130	182	96	179	105	40,071,087
Police										
Police calls for service	9,949	9,905	11,611	18,198	11,970	27,453	33,725	41,578	52,383	58,992
Physical arrests	212	262	308	247	148	322	236	133	136	235
Traffic accidents reported	432	500	745	708	446	823	940	514	860	1,060
Traffic violations	2,089	2,629	2,334	1,963	852	1,193	1,253	1,257	1,590	1,861
Warrants served	72	87	61	184	133	27	29	47	21	89
Fire										
Child safety seat inspections	672	662	611	577	575	661	518	170	367	221
Emergency responses	1,944	2,020	2,316	2,225	2,377	2,432	3,026	2,545	3,258	3,491
Fires extinguished	40	57	43	46	37	52	59	67	121	49
Property losses due to fire (dollars)	\$301,996	\$290,400	\$212,126	\$403,226	\$67,525	\$149,655	\$86,550	\$502,039	\$682,443	\$157,900
Fire code violations corrected	1,412	1,344	1,716	2,049	1,249	1,277	704	478	2,742	747
Streets										
Miles of road maintained	46	48	49	52	52	54	54	54	55	55
Environmental Protection										
Number of households served	5,170	5,440	5,856	6,011	6,150	6,263	6,325	6,400	6,550	6,629
Municipal solid waste collected (tons)	2,902	3,110	4,330	3,735	3,716	3,731	4,080	4,361	4,318	4,304
Recycling collected (tons)	1,050	998	1,249	1,276	1,273	1,347	1,432	1,543	1,372	1,325
Yard waste collected (tons)	202	240	222	231	181	264	302	309	274	275
Parks, Recreation and Cultural Resources										
Youth program participants	1,841	1,595	1,957	1,886	1,739	1,419	1,314	1,088	727	542
Athletic program participants (youth and adult)	2,363	2,446	2,139	2,228	2,242	1,996	818	251	917	1,268
Recreation program participants (youth and adult)	1,270	975	983	1,876	1,731	2,725	1,247	1,299	1,000	2,062
Senior program participants	414	405	435	570	295	467	291	287	353	443
Park and community center facility reservations	3,004	5,411	6,272	6,598	7,028	4,085	2,816	291	3,931	6,221

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

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

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

Table 22

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	31	24	24	31	20	28	27	26	24	30
Detective units	9	4	4	4	4	4	4	4	4	4
K-9 units	1	1	1	1	2	2	2	2	2	2
Traffic units									4	4
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks/command vehicles	8 / 5	8 / 5	8 / 5	8 / 3	8 / 4	8 / 4	9 / 4	9 / 3	8 / 3	9 / 3
Streets										
Streets (miles)	46.47	48.28	49.17	51.98	51.98	54.00	54.00	54.00	55.00	55.00
Parks, Recreation and Cultural Resources										
Number of developed parks	5	6	6	7	10	7	7	7	7	7
Developed Park Acreage	96	108	108	113	113	113	113	113	113	113
Baseball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	3	6	6	6	6	3	3	5	5	8
Racquetball courts	2	2	2	2	2	0	0	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	0	1	1	1
Greenway miles	11.08	11.98	11.98	12.14	14.40	16.35	16.90	17.15	17.76	17.76

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

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

Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statement, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 9, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
November 9, 2023

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

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

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Morrisville, North Carolina's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the *summary of auditor's results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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; the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cherry Bekaert LLP

Raleigh, North Carolina
November 9, 2023

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Morrisville, North Carolina's (the "Town"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town's major state program for the year ended June 30, 2023. 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.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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; applicable sections of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cherry Bekaert LLP

Raleigh, North Carolina
November 9, 2023

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Expenditures			
	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	(Direct and Pass-Through)	State Expenditures
Federal Grants				
<u>U.S. Department of Transportation</u>				
Passed Through North Carolina Department of Transportation				
Highway Planning and Constructor	20.205	WBS 47167.2.1	\$ 12,907	\$ -
Highway Planning and Constructor	20.205	WBS 47167.3.1	2,097,688	-
Highway Planning and Constructor	20.205	WBS 44666.1.1	641	-
Highway Planning and Constructor	20.205	WBS 44666.3.1	364,768	-
Highway Planning and Constructor	20.205	WBS 44400.3.1	4,800	-
Total Highway Planning and Constructor			<u>2,480,804</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,480,804</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		1,227,202	-
Total U.S. Department of Treasury			<u>1,227,202</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Equitable Sharing Program	16.922	n/a	4,802	-
CALEA Accreditation Grant	16.738	PROJ015562		8,994
Total U.S. Department of Justice			<u>4,802</u>	<u>8,994</u>
<u>U.S. Department of Commerce</u>				
Small Business Administration Grant	SBAHQ221006		25,238	-
Total U.S. Department of Commerce			<u>25,238</u>	<u>-</u>
State Grants				
<u>North Carolina Department of Transportation</u>				
Powell Bill	n/a	100006748	-	783,018
Total North Carolina Department of Transportation			<u>-</u>	<u>783,018</u>
<u>North Carolina Department of Environmental Quality</u>				
Volkswagen Settlement Level 2 ZEV Infrastructure Rebate Program		061322-9900		25,000
Total North Carolina Department of Environmental Quality			<u>-</u>	<u>-</u>
Total Financial Assistance			<u>\$ 3,738,046</u>	<u>\$ 792,012</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the Town of Morrisville, North Carolina under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act*. Because the Schedule presents only a selected portion of the operations of the Town of Morrisville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Morrisville.

Note 2 - Summary of Significant Accounting Policies

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

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

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

YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over Financial Reporting:

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

_____ yes X no
_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal program:

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

_____ yes X no
_____ yes X none reported

Noncompliance material to federal awards?

_____ yes X no

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

Unmodified

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

_____ yes X no

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2023

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

Identification of major federal program:

ALN Number

21.027

Names of Federal Program or Cluster

Coronavirus State and Local Fiscal
Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

State Awards

Internal control over major federal programs:

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

_____ yes X no

_____ yes X none reported

Noncompliance material to federal awards?

_____ yes X no

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

Unmodified

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

_____ yes X no

Identification of major state program:

Powell Bill

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2023

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

None.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

None.

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2023

None.