

Morrisville

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FY2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT



Town of Morrisville, 100 Town Hall Drive, Morrisville, North Carolina 27560

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Town of Morrisville North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year
Ended June 30, 2025



Prepared by:
Town of Morrisville Financial Services Department

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Introductory Section

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



TOWN OF MORRISVILLE

100 Town Hall Drive
Morrisville, NC 27560

November 6, 2025

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

Dear Members of the Town Council, Community Stakeholders and Government Citizens:

The Annual Comprehensive Financial Report (ACFR) of the Town of Morrisville, North Carolina, for the fiscal year ended June 30, 2025, is submitted for your review and use. This report has been prepared by the Town's Financial Services 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, 2025, 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, 2025. The report of the independent auditor 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, Research Triangle Park (RTP). 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 to support small businesses and COVID recovery. 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 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. 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. In March 2024, the Town of Morrisville was named a recipient of the prestigious CIO 100 award recognizing organizations that use information technology in innovative ways to deliver business value. In July 2024 the Town launched its first Economic Development Department. The Town was also named a "Best Managed Town" in North Carolina for 2024 by Business View Magazine. The Town of Morrisville continues to be one of 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 Council 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 authorized 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 spent approximately \$1.9 million in ARPA funding in FY 2025, to complete key projects and initiatives prioritized by Town Council and aligned with community input. The majority of remaining grant funding has been expended, with plans for the closeout of the remaining ARPA initiatives to occur in FY 2026. Revenues continued to be projected conservatively for FY 2025, as plans for cost analysis within the Parks Department has resulted in new and expanding revenue opportunities. Sales tax revenues remain robust despite lingering 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 late 2025 and is expected to be completed by 2027. The Town is currently working with NCDOT to provide betterments to upcoming projects impacting Chapel Hill Road (NC54) and McCrimmon Parkway that are expected to start construction by 2025. There are several sidewalk projects currently underway, some where the Town is partnering with NCDOT and others where the Town is funding improvements and additional sidewalk segments. The Town's portion of the transportation projects are primarily funded with the 2022 GO bond issuance and other dedicated Town funds.
- 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. Hub RTP has started to open new amenities and will have more than 1 million square feet of office and lab space and 16 acres of parks and green space when fully built out.
- The number of total passengers at Raleigh Durham International Airport (RDU) has continued to increase and has now exceeded 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. In 2023, RDU saw a total of 14.5M passengers. The number of nonstop destinations out of RDU as of June 2024 is 69 which is above the 57 non-stop flights 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 groundbreaking 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. There is also the possibility of adding a middle school in Morrisville through this partnership. The new Morrisville High School is tentatively scheduled to open in fall 2026 with a determination on the middle school still to be finalized. The Town, WCPSS, and WTCC continue to collaborate on this work.
- The Morrisville Chamber of Commerce contracts with the Town to provide support to the Town's economic development program, particularly with small business 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 hired its first Economic Development Director in fall 2024 and a Small Business Specialist shortly thereafter, to work closely with Chamber staff in support of our "Morrisville Means Business" small business support program.
- The Town continues to work in partnership with American Cricket Enterprises (ACE) to bring Major and Minor League Cricket to Morrisville at our Church Street Park facility. As a part of that agreement, the Town and ACE recently concluded enhancements in Church Street Park, upgrading the facility to better align with international-quality cricket venue standards. Construction is currently concluding for the Southern Lot project. The Southern Lot project will have cricket practice wickets, a parking lot, shelter/restroom building, multi-sport courts, and infrastructure improvements.

FY 2025 was a continuation of advancing and completing major projects and laying groundwork for many others. The Harris Mill Fire Station construction project was funded in FY 2023 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 now enhances 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 Town's first Dog Park is nearing completion of construction and a ribbon cutting will occur in the summer. Once open, it will provide a one acre area of active space for dogs of any size to safely play. The Shiloh Park renovation project was completed in spring 2024 and included a new playground and a fully renovated basketball court. 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 in fall of 2025 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 has identified funding for the Phase 1 public investment; it will be a combination of General Obligation Bond proceeds (series 2024) and Town Pay-Go reserves.

Other notable capital projects for FY 2025 include a new Sponsorship & Naming Rights Policy, a Mural Pilot Program to celebrate cultural enrichment and inclusivity, and the adoption of a Language Access Program to enrich the Town's commitment to inclusivity, continuation of the Small Business program funded through a Federal earmark appropriation through support from the Office of U.S. Congresswoman Deborah Ross, smart shuttle enhancements, and additional solar and EV charging station installations. Additionally, the Town embarked on the acquisition of a new Public Works facility, with renovation scheduled to begin in the late winter/early spring 2026.

In FY 2025 the Town issued 33 new building permits totaling approximately \$79.5 million in additional tax valuation for Morrisville. Of the 33 permits, 18 were for residential development with a tax value of approximately \$5.9 million. The changes in commercial permits is due to the permitting of the Morrisville 2.0 Apartment Complex at McCrimmon Parkway.

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 completes 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; a two-year "refresh" was completed as a part of the FY 2026 budget adoption process. 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 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

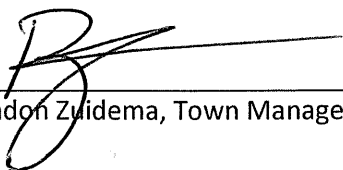
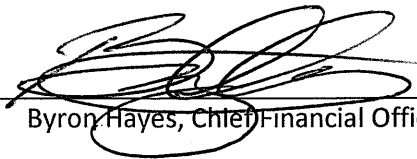
The Town is fully insured for property, general liability, and workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives, and reviews reports of independent 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. 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, 2024. 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 30 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 Financial Services Department staff throughout the year and for their preparation of this annual comprehensive 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
Byron Hayes, Chief Financial Officer



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, 2024

Christopher P. Morill

Executive Director/CEO

Town Council



TJ Cawley
Mayor



Satish Garimella
Mayor Pro Tem



Anne Robotti
Council Member (District 1)



Donna Fender
Council Member (District 2)



Liz Johnson
Council Member (District 3)



Vicki Scroggins-Johnson
Council Member (District 4)



Steve Rao
Council Member (At-Large)



Brandon Zuidema
Town Manager

- **Frank Gray, Town Attorney**
- **Giselle Rodriguez, Deputy Town Manager**
- **John Letteney, Assistant Town Manager**
- **Jeanne Hooks, Director of Management Services**
- **Kayla Bertling, Town Clerk**

Appointed and Administrative Positions

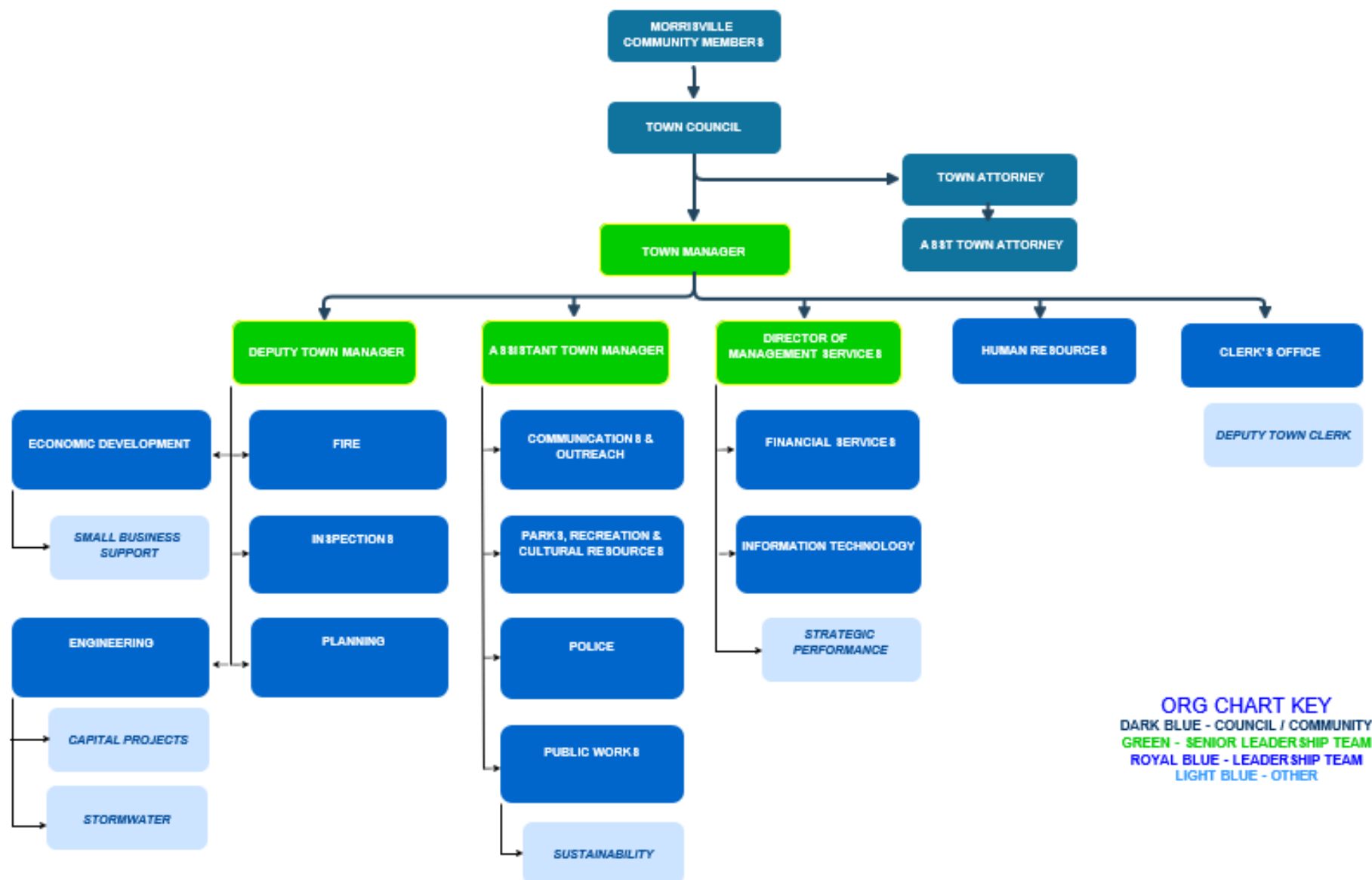
Brandon Zuidema.....	Town Manager*
Frank Gray.....	Town Attorney*
Giselle Rodriguez.....	Deputy Town Manager
John Letteney.....	Assistant Town Manager
Jeanne Hooks.....	Director of Management Services
Rick Ralph	Chief Information Officer
Erin Hudson	Communications & Outreach Director
Byron Hayes.....	Chief Financial Officer
Tom Dooley.....	Fire Chief
David Hacker.....	Human Resources Director
Shandy Padgett.....	Inspections Director
Jeffery Brown.....	Interim Parks, Recreation and Cultural Resources Director
Michele Stegall.....	Planning Director
Pete Acosta.....	Police Chief
Jeffery Brown	Public Works Director
Vacant	Strategic Performance Manager
Kayla Bertling	Town Clerk*
Mark Spanioli.....	Director of Engineering/Town Engineer

**Appointed by Town Council*

As of June 30, 2025

TOWN OF MORRISVILLE

ORGANIZATIONAL CHART
June 30, 2025



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).

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, 2025, 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, 2025, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Town adopted a new accounting standard GASB Statement No. 101, *Compensated Absences* and the July 1, 2024 beginning net position of governmental activities was restated by \$1,890,726, accordingly, our audit opinion is not modified with respect to this matter.

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, 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 and other schedules 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 6, 2025, 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 6, 2025

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, 2025. 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 \$236,604,604 (*net position*). Of this amount, \$37,152,239 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$9,551,790 in fiscal year 2025 which is primarily due to the continuation of work on several capital projects occurring in the town and the acquisition of a new fire apparatus.
- Increase in net position for Stormwater Business-type activities is \$289,795 in fiscal year 2025.
- As of the close of fiscal year 2025 the Town of Morrisville's governmental funds reported a combined ending fund balance of \$88,733,377, an increase of \$27,930,900 over the prior year. Approximately 18.62% of total governmental funds fund balance, or \$16,519,351 is available for spending at the Town's discretion (*Unassigned fund balance*).
- The total fund balance in the General Fund increased by \$3,780,130. At the end of fiscal year 2025, the unassigned fund balance for the General Fund was \$16,519,351 or 32.28% 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 increased by \$19,859,991 in fiscal year 2025 due to the issuance of the 2024 A&B General Obligation bonds in October 2024.
- As of the end of this fiscal year, the Town of Morrisville reaffirmed 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, 2025, the Town of Morrisville utilized 17 individual governmental funds: the General Fund [which includes the Fire Apparatus Capital Reserve Fund, Roadway and Transportation Capital Reserve Fund, Capital Investment Plan Capital Reserve Fund, 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 16 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, Public Safety Improvements Capital Project Fund, and Town Center 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.

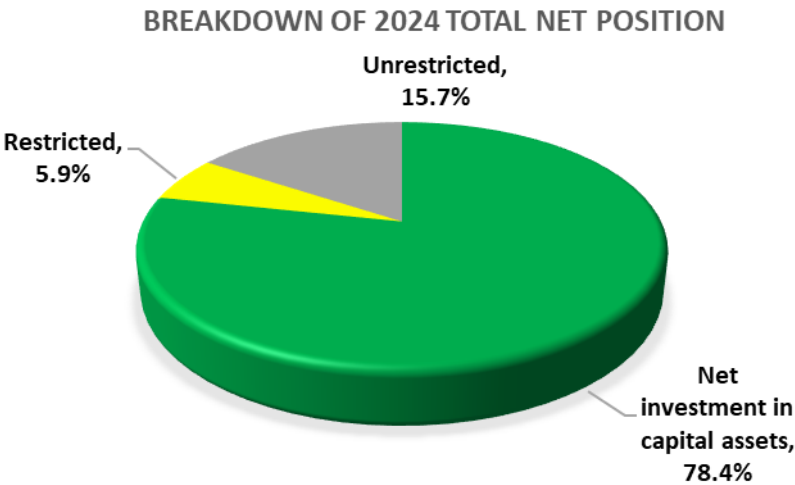
Notes to the Financial Statements

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 41-69 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 70 of this report.

	Town of Morrisville's Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 93,660,399	\$ 66,754,731	\$ 3,262,492	\$ 2,807,119	\$ 96,922,891	\$ 69,561,850
Capital assets	222,342,146	216,115,153	1,588,483	1,628,905	223,930,629	217,744,058
Other long-term assets	2,179,711	2,220,847	-	-	2,179,711	2,220,847
Total assets	318,182,256	285,090,731	4,850,975	4,436,024	323,033,231	289,526,755
Deferred outflows of resources	7,909,637	9,404,202	142,108	172,270	8,051,745	9,576,472
Long-term debt outstanding	75,855,117	55,995,186	327,847	355,069	76,182,964	56,350,255
Other liabilities	13,653,837	11,606,861	196,906	81,502	13,850,743	11,688,363
Total liabilities	89,508,954	67,602,047	524,753	436,571	90,033,707	68,038,618
Deferred inflows of resources	4,406,865	3,968,807	36,800	29,988	4,443,665	3,998,795
Net position:						
Net investment in capital assets	183,870,989	181,865,474	1,588,483	1,628,905	185,459,472	183,494,379
Restricted	13,995,893	16,485,691	-	-	13,995,893	16,485,691
Unrestricted	34,309,192	24,562,914	2,843,047	2,512,830	37,152,239	27,075,744
Total net position	\$ 232,176,074	\$ 222,914,079	\$ 4,431,530	\$ 4,141,735	\$ 236,607,604	\$ 227,055,814



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 \$236,607,604 as of June 30, 2025. The Town’s net position increased by \$9,551,790 for the fiscal year ended June 30, 2025. The

largest portion, \$185,459,472 (78.4%), 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, \$13,995,893 (5.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$37,152,239 (15.7%) of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Morrisville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 3,707,676	\$ 4,796,781	\$ 1,199,722	\$ 1,187,356	\$ 4,907,398	\$ 5,984,137
Operating grants and contributions	2,530,395	4,399,296	-	-	2,530,395	4,399,296
Capital grants and contributions	1,329,238	3,692,712	-	-	1,329,238	3,692,712
General revenues:						
Property taxes	34,047,079	27,621,186	-	-	34,047,079	27,621,186
Local option sales taxes	9,536,790	10,382,571	-	-	4,321,273	10,382,571
Other taxes and licenses	4,321,273	4,581,608	-	-	9,536,790	4,581,608
Unrestricted investment earnings	3,499,901	3,008,850	106,687	121,120	3,606,588	3,129,970
Miscellaneous	1,277,777	2,333,781	148	251,800	1,277,925	2,585,581
Parkland payment in lieu	945,745	-	-	-	945,745	-
Total revenues	<u>61,195,874</u>	<u>60,816,785</u>	<u>1,306,557</u>	<u>1,560,276</u>	<u>62,502,431</u>	<u>62,377,061</u>
Expenses:						
General government	10,770,126	9,316,736	-	-	10,770,126	9,316,736
Development services	5,424,197	5,115,212	-	-	5,424,197	5,115,212
Public safety	18,732,808	16,234,148	-	-	18,732,808	16,234,148
Public works - Streets and sanitation	9,452,133	8,351,275	-	-	9,452,133	8,351,275
Cultural and recreation	5,766,976	3,682,757	-	-	5,766,976	3,682,757
Interest on long-term debt	1,843,991	1,204,953	-	-	1,843,991	1,204,953
Stormwater	-	-	960,410	1,102,459	960,410	1,102,459
Total expenses	<u>51,990,231</u>	<u>43,905,081</u>	<u>960,410</u>	<u>1,102,459</u>	<u>52,950,641</u>	<u>45,007,540</u>
Changes in net position before transfers	<u>9,205,643</u>	<u>16,911,704</u>	<u>346,147</u>	<u>457,817</u>	<u>9,551,790</u>	<u>17,369,521</u>
Transfers	<u>56,352</u>	<u>45,600</u>	<u>(56,352)</u>	<u>(45,600)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>9,261,995</u>	<u>16,957,304</u>	<u>289,795</u>	<u>412,217</u>	<u>9,551,790</u>	<u>17,369,521</u>
Net position, July 1	222,914,079	205,956,775	4,141,735	3,729,518	227,055,814	209,686,323
Adjustmet to restate beginning net position	<u>(1,890,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,890,726)</u>	<u>-</u>
Net position- beginning as restated	<u>221,023,353</u>	<u>205,956,775</u>	<u>4,141,735</u>	<u>3,729,518</u>	<u>225,165,088</u>	<u>209,686,323</u>
Net position, June 30	<u>\$ 232,176,074</u>	<u>\$ 222,914,079</u>	<u>\$ 4,431,530</u>	<u>\$ 4,141,735</u>	<u>\$ 236,607,604</u>	<u>\$ 227,055,814</u>

GOVERNMENTAL ACTIVITIES: Governmental activities increased the Town's net position by \$9,261,995. Overall, revenues related to governmental activities increased this fiscal year compared to fiscal year 2024 by \$379,089 or (0.62%), along with an increase in expenses of \$8,085,150 or 18.42% more compared to fiscal year 2024. Key elements of this change in net position are as follows:

- Local option sales taxes decreased 8.14% in fiscal year 2025 or \$845,781 under fiscal year 2024, due to a change in the Town's period of availability decreasing from 90 to 60 days, resulting in only 11 months of sales tax recorded in the fiscal year and affecting only FY2025. Sales tax was also affected by volatility in the overall economy, causing some revenue stagnation, compared to the previous year.
- Ad valorem taxes increased 23.26% or \$6,425,893 over fiscal year 2024, primarily due to the increase in the tax base from the 2024 property revaluation. For fiscal year 2025 the tax rate was reduced to \$.35, 4 cents above the revenue neutral tax rate of \$0.30, with three-cents still dedicated to bond projects approved by voters in November 2021.
- Permits and fees decreased by \$1,623,709 from \$3,430,831 in fiscal year 2024 to \$1,807,122 in fiscal year 2025 due to an increased Streets-Payment-in-Lieu revenue in the previous fiscal year.
- In fiscal year 2025, the Town added eleven new full-time new staff positions – an Economic Development Director to establish a proactive economic development program, a ¾ time Small Business Specialist to focus on and expand small business efforts, a Management and Budget Analyst focusing on capital projects, a new Battalion Chief for Fire Department planning, three new Firefighters, two Grounds Maintenance Technicians, and a civilian Quartermaster and sworn Drug Detective in the Police Department.

BUSINESS-TYPE ACTIVITIES: Stormwater business-type activities increased the Town of Morrisville's net position by \$289,795. This increase is primarily due to the timing of expenditures in the current fiscal year.

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, 2025, the governmental funds of the Town of Morrisville reported a combined fund balance of \$88,733,377, an increase of \$27,930,900 compared to the prior year. This change in fund balance is primarily due to the issuance of general obligation bonds for parkland acquisition and infrastructure improvements.

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 \$16,519,351 while total fund balance for the General Fund was \$50,243,012. 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 32.28% of total General Fund expenditures, while total fund balance represents 98.18% of that same amount (compared to 106.35% in 2024).

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 2026, the Town originally appropriated \$1,393,200 of fund balance to balance the budget, which was not used at the end of the fiscal year.

The total fund balance of the Town's general fund increased by \$3,780,130 during fiscal year 2025. Key components of this change are as follows:

Ad valorem taxes received increased by \$6,425,893 which is primarily due to increase from the Wake County property revaluation that occurred in the prior year. Total assessed value in the town increased approximately 45%, while the tax rate decreased to 35 cents from 39 cents in FY2024.

- Sales tax revenues decreased by \$845,781 due to a change in the Town's period of availability from 90 days to 60 days, resulting in only 11 months of sales tax recorded, based on the timing of receipts. After this change, receipts will continue in FY 2026 and beyond as they have been traditionally recorded.
- General fund expenditures were 88.9% of budgeted amounts representing a variance of \$5,398,121. 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 \$1,930,630 were rolled over to fiscal year 2026.
 - 2) Personnel cost savings of \$862,194 (as compared to budget) is mainly due to the OPEB transfer for future health insurance benefits for future town retirees, lapse salaries and turnover during the fiscal year.
 - 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 \$1,224,450.

General Fund Budgetary Highlights - Fiscal Year 2025: 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 fiscal year 2025, there was a total increase in the original budget of \$5,443,503 (\$767,562 from recognized revenues and \$4,675,941 from appropriation of fund balance) to the final amended budget at year-end. The additional appropriations from budget amendments during the year included additional grant revenue recognized for solar projects, Police Department accreditation, and arts programming, as well as revenue received for various insurance claims related to town vehicles. The fund balance appropriations included: 1) \$1,075,000 for RMS system replacements 2) \$743,800 for additional town center design and development 3) \$500,000 for Public Works building acquisition due diligence 4) \$350,461 for re-appropriation of Powell Bill funds 5) \$250,000 for re-appropriation of the OSMB grant for the construction of a dog park, and 6) \$494,064 for the rollover of open purchase orders. 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, 2025, the Town's unassigned fund balance was 32.28% of total general fund expenditures or \$16,519,351 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 \$4,431,530. The change in net position for the enterprise funds was an increase of \$289,795. 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, 2025, totaled \$222,342,146 (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 Subscription-Based IT Arrangements (SBITAs).

Major capital asset transactions during the year included the following:

- Building assets used in governmental activities increased by \$9,738,821 primarily due to the completion of Fire Station 3 located on Harris Mill Road, which also caused a reduction to construction in progress.
- Land assets used in governmental activities increased by \$894,991 due to land purchases for future parks and the Town Center project.

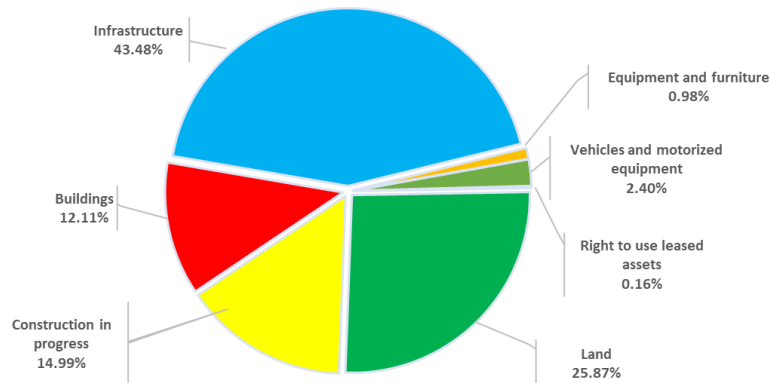
- The Town placed 22 new vehicles into service, showing recovery from the supply chain issues occurring in the prior fiscal year.
- Equipment assets increased \$1,562,167 due to the completion of the Public Safety Radio project.
- Construction in progress had an overall decrease in the governmental activities by \$6,453,842. This is primarily due to completion of Fire Station 3 and Public Safety Radio project. There continue to be ongoing projects for street improvements, sidewalks, parks and greenways, building improvements, and equipment.

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

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

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 57,755,263	\$ 56,860,272	\$ 200,410	\$ 200,410	\$ 57,955,673	\$ 57,060,682
Construction in progress	33,495,353	39,949,195	68,053	68,053	33,563,406	40,017,248
Buildings	27,124,766	17,385,945	-	-	27,124,766	17,385,945
Infrastructure	96,086,511	96,591,362	1,281,398	1,317,194	97,367,909	97,908,556
Equipment and furniture	2,178,970	616,803	12,030	13,550	2,191,000	630,353
Vehicles and motorized equipment	5,373,614	4,358,273	26,592	29,698	5,400,206	4,387,971
Right to use assets	327,669	353,303	-	-	327,669	353,303
Total assets	<u>\$222,342,146</u>	<u>\$216,115,153</u>	<u>\$ 1,588,483</u>	<u>\$ 1,628,905</u>	<u>\$223,930,629</u>	<u>\$217,744,058</u>

Government-Wide Capital Assets



Long-term Debt: As of June 30, 2025, the Town of Morrisville had total general obligation bonded debt (including premiums) outstanding of \$53,345,000, installment purchase related debt of \$2,170,000, lease liabilities of 17,379, and subscription liability of \$31,297. The Town's total outstanding debt increased by \$20,450,411 in the current fiscal year due to the issuance of the 2024 A&B GO Bonds.

As mentioned in the financial highlights sections of this document, as of the end of this fiscal year, the Town of Morrisville maintained its AAA bond rating with Standards and Poor's and Fitch and Aaa by Moody's. In September 2024, the Town's AAA ratings were reaffirmed by all three major bond rating agencies following meetings with *Standards and Poor's*, *Moody's* and *Fitch*. The ratings will be associated with the issuance of \$20,500,000 in general obligation bonds that were sold in FY 2025. For more detailed information on long-term debt activity please refer to the notes disclosures starting on page 40.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
General Obligation Bonds	\$ 53,345,000	\$ 33,690,000	\$ -	\$ -	\$ 53,345,000	\$ 33,690,000
Installment Purchases	2,170,000	2,325,000	-	-	2,170,000	2,325,000
Premiums	3,493,274	2,509,049	-	-	3,493,274	2,509,049
Lease liabilities	17,379	307,394	-	-	17,379	307,394
Subscription liability	301,297	45,096	-	-	301,297	45,096
Total	<u>\$ 59,326,950</u>	<u>\$ 38,876,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,326,950</u>	<u>\$ 38,876,539</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 \$747,370,088 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 2026:

- Fiscal Year 2025 property tax decreased to \$0.35 per \$100 of property valuation and is estimated at \$34,157,012.
- The revaluation process saw each cent of the tax rate is projected to generate approximately \$950,000 of revenue for the Town in FY 2025 (as compared to \$685,000 in FY 2024).
- The property tax collection rate is trending at over 99% and overall revenues are approximately 0.71% over fiscal year 2024 actuals.
- The unemployment rate for the Raleigh-Cary Metropolitan area as of June 2025 was 3.2% which is 0.1% less than a year ago at 3.3%. The unemployment rate compares favorably to the state's average unemployment rate in June 2025 of 3.7%.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2026

- 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.
- Implement a new cost analysis strategy when developing a long-term strategy for recreation fees
- Maintain the stability of existing core programs and services, including operational cost increases.
- Based on an approximately 40% increase in assessed property values after revaluation, a new property tax rate of \$0.35 per \$100 of property valuation will generate approximately \$35,737,370 in ad-valorem tax revenue in FY 2026.
- The fiscal year 2025 General Fund budget reflects a fund balance appropriation of \$1,393,200 (approximately 2.2% of expenditures) to support operational non-recurring or one-time expenses.
- Approved appropriation to the Roadway & Transportation Reserve Fund (\$970,000), approved appropriation to the Fire Apparatus Reserve Fund (\$850,000), approved appropriation for Parks and Recreation Reserve Fund (\$970,000), and approved appropriation for Land Acquisition Reserve Fund (\$970,000).
- Addition of 4 new full-time new staff positions (a Communications Specialist to primarily focus on continuous implementation of language access initiatives, an Accounting Generalist to provide additional support for the Financial

Services Department, an Assistant Fire Marshall, converted from 2 part-time positions for additional efficiency in the fire inspections process, and a Human Resources Analyst for additional recruitment and retention support), converts one ¼ time to full-time (an IT Support Technician to support the Town's expanding workforce), and adds 2 part-time positions(2 part-time civilian community police officers to serve in the Traffic Safety Unit)

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 Byron Hayes, Chief Financial Officer, Town of Morrisville, 100 Town Hall Drive, Morrisville, NC, 27560, (919) 463-1604 or bhayes@morrisvillenc.gov.

Basic Financial Statements

TOWN OF MORRISVILLE, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION

AS OF JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 55,558,720	\$ 3,252,202	\$ 58,810,922
Receivables:			
Taxes	248,903	-	248,903
Accounts	414,568	10,290	424,858
Lease - current portion	34,092	-	34,092
Interest	5,734	-	5,734
Due from other governments	2,567,534	-	2,567,534
Prepaid expenses	-	-	-
Restricted cash and cash equivalents	34,830,848	-	34,830,848
Total current assets	93,660,399	3,262,492	96,922,891
Non-current assets:			
Lease receivable	2,179,711	-	2,179,711
Capital assets:			
Land, improvements and construction in progress	91,250,616	268,463	91,519,079
Other capital assets, net of depreciation	130,763,861	1,320,020	132,083,881
Intangible right to use assets, net of amortization	327,669	-	327,669
Total non-current assets	224,521,857	1,588,483	226,110,340
Total assets	318,182,256	4,850,975	323,033,231
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	6,848,518	123,403	6,971,921
OPEB deferrals	1,040,281	18,705	1,058,986
Deferred charge on refunding	20,838	-	20,838
Total deferred outflows of resources	7,909,637	142,108	8,051,745
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	4,769,221	154,785	4,924,006
Accrued interest	946,805	-	946,805
Unearned revenue	2,365	-	2,365
Due within one year:			
OPEB liability	556,112	9,999	566,111
LEOSSA liability	259,147	-	259,147
Compensated absences	3,136,108	32,122	3,168,230
Bonds and notes payable	3,804,327	-	3,804,327
Leases and IT subscriptions	179,752	-	179,752
Total current liabilities	13,653,837	196,906	13,850,743
Non-current liabilities:			
Due in more than one year:			
OPEB liability	5,004,998	89,994	5,094,992
LEOSSA pension liability	2,332,327	-	2,332,327
Compensated absences	166,575	3,456	170,031
Net LGERS pension liability	13,008,346	234,397	13,242,743
Bonds and notes payable	55,203,947	-	55,203,947
Leases and IT subscriptions	138,924	-	138,924
Total non-current liabilities	75,855,117	327,847	76,182,964
Total liabilities	89,508,954	524,753	90,033,707
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes and fees	60,432	-	60,432
Leases	2,020,078	-	2,020,078
OPEB deferrals	1,755,399	31,563	1,786,962
Pension deferrals	570,956	5,237	576,193
Total deferred inflows of resources	4,406,865	36,800	4,443,665
NET POSITION			
Net investment in capital assets	183,870,989	1,588,483	185,459,472
Restricted for:			
Stabilization by State statute	4,825,449	-	4,825,449
Recreation improvements	4,496,934	-	4,496,934
Street improvements	3,893,488	-	3,893,488
Public safety operations and activities	780,022	-	780,022
Unrestricted	34,309,192	2,843,047	37,152,239
Total net position	\$ 232,176,074	\$ 4,431,530	\$ 236,607,604

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 10,770,126	\$ 526,932	\$ 941,542	\$ 751,915	\$ (8,549,737)	\$ -	\$ (8,549,737)
Development services	5,424,197	1,764,049	431,574	327,323	(2,901,251)	-	(2,901,251)
Public safety	18,732,808	161,717	163,691	-	(18,407,400)	-	(18,407,400)
Public works	9,452,133	-	987,588	-	(8,464,545)	-	(8,464,545)
Culture and recreation	5,766,976	1,254,978	6,000	250,000	(4,255,998)	-	(4,255,998)
Interest on long-term debt	1,843,991	-	-	-	-	-	(1,843,991)
Total governmental activities	51,990,231	3,707,676	2,530,395	1,329,238	(44,422,922)	-	(44,422,922)
Business-type activity:							
Stormwater	960,410	1,199,722	-	-	-	239,312	239,312
Total government	<u>\$ 52,950,641</u>	<u>\$ 4,907,398</u>	<u>\$ 2,530,395</u>	<u>\$ 1,329,238</u>	<u>(44,422,922)</u>	<u>239,312</u>	<u>(44,183,610)</u>
General revenues:							
Property taxes levied for general purposes					34,047,079	-	34,047,079
Local option sales taxes					9,536,790	-	9,536,790
Other taxes and licenses					4,321,273	-	4,321,273
Investment earnings					3,499,901	106,687	3,606,588
Miscellaneous					1,277,777	148	1,277,925
Transfers					56,352	(56,352)	-
Parkland payments in lieu					945,745	-	945,745
Total general revenues					<u>53,684,917</u>	<u>50,483</u>	<u>53,735,400</u>
Change in net position					9,261,995	289,795	9,551,790
Net position - beginning					<u>222,914,079</u>	<u>4,141,735</u>	<u>227,055,814</u>
Adjustment to restate beginning net position					<u>(1,890,726)</u>	<u>-</u>	<u>(1,890,726)</u>
Net position - beginning as restated					<u>221,023,353</u>	<u>4,141,735</u>	<u>228,946,540</u>
Net position - ending					<u>\$ 232,176,074</u>	<u>\$ 4,431,530</u>	<u>\$ 236,607,604</u>

	Major Funds						Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund	Public Safety Improvements Capital Project Fund	Town Center Capital Project Fund	Nonmajor Funds		
Assets							
Cash and cash equivalents	\$ 46,232,757	\$ -	\$ -	\$ 2,938,856	\$ 6,387,107	\$	55,558,720
Receivables							
Taxes	248,903	-	-	-	-		248,903
Accounts receivable	387,717	-	-	-	26,851		414,568
Lease receivable	2,213,803	-	-	-	-		2,213,803
Due from other governments	2,567,534	-	-	-	-		2,567,534
Restricted cash and cash equivalents	4,998,609	291,639	770,622	15,967,000	12,802,978		34,830,848
Total assets	<u>\$ 56,649,323</u>	<u>\$ 291,639</u>	<u>\$ 770,622</u>	<u>\$ 18,905,856</u>	<u>\$ 19,216,936</u>	<u>\$</u>	<u>95,834,376</u>
Liabilities							
Accounts payable and accrued liabilities	4,076,860	103,679	12,589	2,000	574,093		4,769,221
Unearned revenue	38	2,327	-	-	-		2,365
Total liabilities	<u>4,076,898</u>	<u>106,006</u>	<u>12,589</u>	<u>2,000</u>	<u>574,093</u>		<u>4,771,586</u>
Deferred inflows of resources							
Taxes receivable	248,903	-	-	-	-		248,903
Prepaid taxes and fees	60,432	-	-	-	-		60,432
Lease receivable	2,020,078	-	-	-	-		2,020,078
Total deferred inflows of resources	<u>2,329,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>2,329,413</u>
Fund balances							
Nonspendable:							
Leases	193,725	-	-	-	-		193,725
Restricted:							
Stabilization by State statute	4,825,449	-	-	-	-		4,825,449
Street improvements	1,837,508	-	-	-	3,143,641		4,981,149
Recreation improvements	-	-	-	15,967,000	7,809,069		23,776,069
Public safety operations and activities	21,989	-	758,033	-	-		780,022
Committed:							
General governmental capital	10,108,456	-	-	-	-		10,108,456
Debt service	8,169,896	-	-	-	-		8,169,896
LEOSSA pension liability	239,233	-	-	-	-		239,233
OPEB liability	6,099,275	-	-	-	-		6,099,275
Healthcare premium	832,443	-	-	-	-		832,443
American Rescue Plan Act projects	-	185,633	-	-	-		185,633
Capital projects	-	-	-	2,936,856	7,690,133		10,626,989
Assigned:							
Fire operations and activities	2,487	-	-	-	-		2,487
Subsequent year's expenditures	1,393,200	-	-	-	-		1,393,200
Unassigned	16,519,351	-	-	-	-		16,519,351
Total fund balances	<u>50,243,012</u>	<u>185,633</u>	<u>758,033</u>	<u>18,903,856</u>	<u>18,642,843</u>		<u>88,733,377</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,649,323</u>	<u>\$ 291,639</u>	<u>\$ 770,622</u>	<u>\$ 18,905,856</u>	<u>\$ 19,216,936</u>	<u>\$</u>	<u>95,834,376</u>

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

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

AS OF JUNE 30, 2025

Total fund balances - governmental funds		\$ 88,733,377
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	279,080,971	
Less accumulated depreciation	<u>(57,066,494)</u>	222,014,477
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	945,398	
Less accumulated amortization	<u>(617,729)</u>	327,669
Deferred outflows of resources related to pensions are not reported in the funds		
		6,848,518
Deferred outflows of resources related to OPEB are not reported in the funds		
		1,040,281
Deferred charge on refunding is not available or due in current period, and, therefore, is not reported in the fund		
		20,838
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	(5,561,110)	
Total LEOSSA pension liability	(2,591,474)	
Government bonds and notes payable	(55,515,000)	
Deferred bond premium	(3,493,274)	
Compensated absences	(3,302,683)	
Net LGERS pension liability	(13,008,346)	
Lease and IT subscriptions	<u>(318,676)</u>	(83,790,563)
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		248,903
Pension related deferrals		(570,956)
OPEB related deferrals		(1,755,399)
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		5,734
Accrued interest payable		<u>(946,805)</u>
Net position of governmental activities		<u>\$ 232,176,074</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund	Public Safety Improvements Capital Project Fund	Town Center Capital Project Fund		
Revenues						
Ad valorem taxes	\$ 33,977,594	\$ -	\$ -	\$ -	\$ -	\$ 33,977,594
Other taxes and licenses	648,842	-	-	-	-	648,842
Unrestricted intergovernmental	13,209,221	-	-	-	-	13,209,221
Restricted intergovernmental	2,260,097	1,647,422	-	-	924,109	4,831,628
Permits and fees	1,925,766	-	-	-	-	1,925,766
Sales and services	1,781,910	-	-	-	-	1,781,910
Investment earnings	1,688,662	83,851	9,249	996,302	721,837	3,499,901
Miscellaneous	681,527	-	596,250	-	-	1,277,777
Total revenues	56,173,619	1,731,273	605,499	996,302	1,645,946	61,152,639
Expenditures						
Current						
General government	8,980,312	138,257	-	-	-	9,118,569
Development services	4,930,867	254,571	-	-	-	5,185,438
Public safety	16,235,982	22,059	139,523	-	-	16,397,564
Public works	9,001,158	83,543	-	-	-	9,084,701
Culture and recreation	4,438,593	685,571	-	-	-	5,124,164
Capital outlay	2,761,090	-	-	1,089,714	4,199,114	8,049,918
Debt service						
Bond Issuance Costs	279,576	-	-	-	-	279,576
Principal	2,881,623	-	-	-	-	2,881,623
Interest	1,665,385	-	-	-	-	1,665,385
Total expenditures	51,174,586	1,184,001	139,523	1,089,714	4,199,114	57,786,938
Excess (deficiency) of revenues over (under) expenditures	4,999,033	547,272	465,976	(93,412)	(2,553,167)	3,365,701
Other Financing sources (uses)						
Premiums on general obligation bonds issued	2,264,755	-	-	-	-	2,264,755
Transfers in	16,039,246	-	743,800	3,543,467	3,429,760	23,756,273
Transfers out	(19,556,996)	(843,791)	-	-	(3,299,134)	(23,699,921)
Issuance of debt/leases	34,092	-	-	13,910,000	8,300,000	22,244,092
Total other financing sources (uses)	(1,218,903)	(843,791)	743,800	17,453,467	8,430,626	24,565,199
Net change in fund balance	3,780,130	(296,519)	1,209,776	17,360,055	5,877,458	27,930,900
Fund balance, 6/30/2024 as previously presented	46,462,882	482,152	(451,743)	-	14,309,186	60,802,477
Change withn financial reporting entity (nonmajor to major fund)	-	-	-	1,543,801	(1,543,801)	-
Fund balance as adjusted or restated	46,462,882	482,152	(451,743)	1,543,801	12,765,385	60,802,477
Fund balance, ending	\$ 50,243,012	\$ 185,633	\$ 758,033	\$ 18,903,856	\$ 18,642,843	\$ 88,733,377

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

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds		\$ 27,930,900
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	8,049,918	
Less current year depreciation and amortization expense	<u>(2,111,407)</u>	5,938,511
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		(26,437)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		2,812,860
Benefit payments made for LEOSSA in the current fiscal year are not included on the Statement of Activities		120,273
OPEB benefit payments made in the current fiscal year are not included in the Statement of Activities		284,623
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.		
		(22,210,000)
Principal repayments:		
General obligation debt, installment notes and right to use		2,743,814
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	300	
Change in reserve for taxes receivable	<u>69,485</u>	69,785
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	263,792	
Amortization of deferred charge on refunding	(16,670)	
Change in accrued interest payable	(475,175)	
Change in compensated absences	(1,858,858)	
OPEB plan expense	(277,650)	
Pension expense	<u>(6,037,773)</u>	(8,402,334)
Change in net position of governmental activities		<u>\$ 9,261,995</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes	\$ 33,156,337	\$ 33,156,337	\$ 33,977,594	\$ 821,257
Other taxes and licenses	645,000	645,000	648,842	3,842
Unrestricted intergovernmental	14,645,490	14,645,490	13,209,221	(1,436,269)
Restricted intergovernmental	1,494,400	2,048,891	2,260,097	211,206
Permits and fees	1,611,000	1,611,000	1,925,766	314,766
Sales and services	1,595,000	1,595,000	1,781,910	186,910
Investment earnings	943,123	943,123	1,688,662	745,539
Miscellaneous	578,473	791,543	681,527	(110,016)
Total revenues	<u>54,668,823</u>	<u>55,436,384</u>	<u>56,173,619</u>	<u>737,235</u>
Expenditures				
Current				
General government	9,923,255	9,687,806	8,980,312	707,494
Development services	6,091,813	6,235,774	4,930,867	1,304,907
Public safety	16,312,445	17,020,785	16,235,982	784,803
Public works	9,391,555	10,268,174	9,001,158	1,267,016
Culture and recreation	4,096,634	4,547,275	4,438,593	108,682
Capital Outlay	3,238,750	4,510,065	2,761,090	1,748,975
Debt Service				
Bond Issuance Costs	2,422,300	2,422,300	279,576	2,142,724
Principal	2,710,000	2,710,000	2,881,623	(171,623)
Interest	1,372,700	1,372,700	1,665,385	(292,685)
Total expenditures	<u>55,559,452</u>	<u>56,352,579</u>	<u>51,174,586</u>	<u>7,600,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(890,629)</u>	<u>(916,195)</u>	<u>4,999,033</u>	<u>8,337,528</u>
Other financing sources (uses)				
Premiums on general obligation bonds issued	-	-	2,264,755	2,264,755
Transfers in	12,231,613	15,931,613	16,039,246	107,633
Transfers out	(12,969,550)	(24,614,316)	(19,556,996)	5,057,320
Issuance of debt/leases	-	45,754	34,092	(11,662)
Fund balance appropriated	1,628,566	9,553,144	-	(9,553,144)
Total other financing sources (uses)	<u>890,629</u>	<u>916,195</u>	<u>(1,218,903)</u>	<u>(2,135,098)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,780,130</u>	<u>\$ 6,202,430</u>
Fund balance, beginning			<u>46,462,882</u>	
Fund balance, ending			<u>\$ 50,243,012</u>	

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

TOWN OF MORRISVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2025

Exhibit 6

	Stormwater Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 3,252,202
Receivables- accounts	10,290
Due from other governments	-
Total current assets	<u>3,262,492</u>
Noncurrent assets	
Capital assets	
Land, improvements and construction in progress	268,463
Other capital assets, net of depreciation	<u>1,320,020</u>
Total non-current assets	<u>1,588,483</u>
Total assets	<u>4,850,975</u>
Deferred outflows of resources	
Pension deferrals	123,403
OPEB deferrals	<u>18,705</u>
Total deferred outflows of resources	<u>142,108</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	154,785
OPEB liability	9,999
Compensated absences	<u>32,122</u>
Total current liabilities	<u>196,906</u>
Non-current liabilities	
OPEB liability	89,994
Compensated absences	3,456
Net LGERS pension liability	<u>234,397</u>
Total non-current liabilities	<u>327,847</u>
Total liabilities	<u>524,753</u>
Deferred inflows of resources	
Pension deferrals	5,237
OPEB deferrals	<u>31,563</u>
Total deferred inflows of resources	<u>36,800</u>
Net position	
Net investment in capital assets	1,588,483
Unrestricted	<u>2,843,047</u>
Total net position - business-type activities	<u>\$ 4,431,530</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Stormwater Fund
Operating revenues	
Permits and fees	\$ 23,692
Stormwater ERU charges	1,176,030
Total operating revenues	1,199,722
Operating expenses	
Stormwater operations	919,988
Depreciation	40,422
Total operating expenses	960,410
Operating income	239,312
Nonoperating revenues	
Investment earnings	106,687
Miscellaneous Revenue	148
Total non-operating revenues	106,835
Income before contributions and transfers	346,147
Transfers (out) to Governmental Activities	(56,352)
Change in net position	289,795
Net position, beginning of year	4,141,735
Net position, end of year	\$ 4,431,530

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

	Stormwater Fund
Cash flows from operating activities	
Cash received from Stormwater charges	\$ 1,199,722
Cash paid to or on behalf of employees for services	(880,326)
Cash paid for good and services	(127,124)
Net cash from operating activities	192,272
Cash flows from non capital financing activities	
Transfers (out) to Governmental activities	(56,352)
Net cash from used by noncapital financing activities	(56,352)
Cash flows from capital and related financing activities	
Cash received from interlocal agreements	148
Acquisition and construction of capital assets	214,241
Net cash from investing activities	214,389
Cash flows from investing activities	
Investment earnings	106,687
Net cash from investing activities	106,687
Net increase in cash and cash equivalents	456,996
Cash and cash equivalents, beginning of year	2,795,206
Cash and cash equivalents, end of year	\$ 3,252,202
Reconciliation of operating income to net cash from operating activities:	
Operating income	239,312
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	40,422
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Decrease in accounts receivable	4,559
Increase in due from other governments	6,182
Increase (Decrease) in deferred outflows of resources - pensions	30,994
Increase (Decrease) in deferred outflows of resources - OPEB	(832)
Decrease in accounts payable and accrued expenses	(110,506)
Decrease (Increase) in OPEB Liability	(10,579)
Decrease (Increase) in compensated absences liability	6,505
Decrease (Increase) in net pension liability	(18,250)
Decrease (Increase) in deferred inflows of resources - pensions	(1,174)
Decrease (Increase) in deferred inflows of resources - OPEB	5,639
Net cash provided by operating activities	\$ 192,272

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

Note 1 – Summary of significant accounting policies

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

A. Reporting entity

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

B. Basis of presentation

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

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

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

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

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

The Town reports the following major governmental funds:

The *General Fund* is the primary operating fund of the Town. It 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.

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.

The *Public Safety Improvements Capital Project Fund* is used to account for financial resources to be used for construction of a fire station and installation of new radio system.

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.

The Town reports the following nonmajor governmental funds:

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.

The *Franklin Upchurch Senior Street Dog Park Capital Project Fund* is used to account for financial resources to be used for the design and construction of a dog park.

The *Records Management System Implementation (RMS) Capital Project Fund* is used to account for financial resources to be used for the configuration and implementation of a comprehensive Standalone Records Management software system replacing the current Joint Use agreement through the Town of Cary.

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

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

The *Sidewalk and 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.

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.

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

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

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

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.

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

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:

The *Stormwater Fund* is used to account for the activities related to the Town's Stormwater Management System. The Stormwater Fund is comprised of 2 sub funds: Stormwater Operations and the Stormwater Capital Project Fund.

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 60 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. Prior to fiscal year 2025 the Town considered revenues to be available if they were collected within 90 days after year-end. 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. 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, 2024, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Morrisville because the tax is levied by Wake County and then remitted to and distributed by the State. Certain intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated

for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, 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.

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 streets/sidewalks and connectivity 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.

Governmental activities:

General Fund - Street improvements	\$ 4,420,531
General Fund - Office of State Budget & Management Grant	250,000
General Fund - Public safety operations and activities	21,990
General Fund - Roadway & Transportation Capital Reserve	118,644
General Fund - Municipal Service District	187,444
Major fund – American Rescue Plan Act Special Revenue Fund	291,639
Major fund – Public Safety Improvements Capital Project Fund	770,622
Nonmajor funds - Recreation Improvements	4,222,573
Nonmajor funds - Recreation Improvements-unspent bond proceeds	19,678,135
Nonmajor funds – Street Improvements	3,712,450
Nonmajor funds – Street Improvements-unspent bond proceeds	1,156,820
Total governmental activities	<u>34,830,848</u>
Total restricted cash and cash equivalents	<u>\$ 34,830,848</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, 2024.

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 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, certain other intangible assets (including software) with a cost/value greater than \$25,000, or more, and a useful life in excess of one year. Donated capital assets are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30-50 years
Buildings and improvements	20-50 years
Equipment and furniture	3-10 years
Vehicles and motorized equipment	3-10 years
Other improvements	10-30 years
Software and other intangible assets	based on the individual useful life of the asset

The Town has recorded right to use lease and IT subscriptions assets. These right to use 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 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.

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 work week. 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. The Town has assumed a last-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 is recorded for leave that has been earned and is considered more likely than not to be used for time off or otherwise paid in cash upon termination. 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.

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 \$1,647,422 of the ARPA funds during the fiscal year ended June 30, 2025, 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 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, are 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 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.

Leases are a 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.

Restricted Fund Balance 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 statement of net position and the balance sheet.

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

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

Restricted for Public Safety Operations and Activities is a portion of fund balance that represents unspent drug forfeiture funds and unspent unauthorized substance tax receipts.

Committed Fund Balance includes amounts 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 is a portion of fund balance in the General Fund committed by Town Council for large capital expenditures.

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

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

Committed for OPEB Liability is a portion of fund balance that will be used for the other postemployment benefit obligations. *Committed for Healthcare Premium* is a portion of fund balance that will be used for future healthcare premium obligations. *Committed for American Rescue Plan projects* is a 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 Capital Projects is a portion of fund balance committed by Town Council for each capital project fund.

Assigned Fund Balance includes amounts that the Town intends to use for specific purposes.

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

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

Unassigned Fund Balance includes amounts that have 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.

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 Chief Financial Officer 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.

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	\$ 50,243,012
Less:	
Nonspendable	193,725
Stabilization	4,825,449
Street improvements	1,837,508
Public safety operations and activities	21,989
General government capital	10,108,456
Debt service	8,169,896
LEOSSA pension liability	239,233
OPEB liability	6,099,275
Healthcare premium	832,443
Fire operations and activities	2,487
Subsequent year's expenditures	1,393,200
Remaining fund balance-General Fund	<u>\$ 16,519,351</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following represents encumbrances outstanding as of June 30, 2025:

Encumbrances:	
General Fund	\$ 1,930,630
American Rescue Plan Act Special Revenue Fund	134,832
Town Center Capital Project Fund	20,330,375
Non-Major Funds	2,161,781
Stormwater Funds	204,933

F. 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, 2025, the Town’s deposits had a carrying amount of \$25,870,883 and a bank balance of \$26,493,130. 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, 2025, the Town’s petty cash fund totaled \$2,150.

B. Investments

At June 30, 2025, the Town had \$67,768,737 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, 2025. These investments are considered cash equivalents.

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.

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 \$213,316 for ad valorem and motor vehicle decal taxes receivable.

Note 4 – Lease receivable

As of June 30, 2025, the Town of Morrisville, NC had 3 active leases. The leases have receipts that range from \$27,414 to \$40,470 and interest rates that range from 3.0620% to 3.0990%. As of June 30, 2025, the total combined value of the lease receivable is \$2,213,803, the total combined value of the short-term lease receivable is \$34,092, and the combined value of the deferred inflow of resources is \$2,020,078.

Note 5 – Capital assets

A. Governmental capital assets

	Beginning Balance	Increases & Transfers	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated and amortized:				
Land	\$ 56,860,272	\$ 894,991	\$ -	\$ 57,755,263
Construction in progress	39,949,195	9,054,323	(15,508,165)	33,495,353
Total capital assets not being depreciated and amortized	96,809,467	9,949,314	(15,508,165)	91,250,616
Capital assets being depreciated and amortized:				
Buildings	25,110,737	10,269,453	-	35,380,190
Infrastructure	115,461,646	-	-	115,461,646
Other improvements	18,540,860	-	-	18,540,860
Equipment and furniture	3,966,517	2,572,282	(670,939)	5,867,860
Vehicles and motorized equipment	11,097,887	1,504,511	(22,599)	12,579,799
Right-to-use- buildings	606,446	148,167	(340,089)	414,524
Right-to-use- computers and equipment	520,605	96,376	(134,721)	482,260
Right-to-use- IT subscriptions	81,815	-	(33,201)	48,614
Total intangible right to use assets being amortized	175,386,513	14,590,789	(1,201,549)	188,775,753
Less accumulated depreciation and amortization for:				
Buildings	7,724,792	530,632	-	8,255,424
Infrastructure	32,445,723	437,989	-	32,883,712
Other improvements	4,965,421	66,862	-	5,032,283
Equipment and furniture	3,349,714	339,176	-	3,688,890
Vehicles and motorized equipment	6,739,614	466,571	-	7,206,185
Right-to-use- buildings	509,362	144,856	(340,089)	314,129
Right-to-use- computers and equipment	307,701	97,247	(134,721)	270,227
Right-to-use- IT subscriptions	38,500	28,074	(33,201)	33,373
Total accumulated depreciation and amortization	56,080,827	2,111,407	(508,011)	57,684,223
Total capital assets being depreciated and amortized, net	119,305,686			131,091,530
Governmental activities capital assets, net	\$ 216,115,153			\$ 222,342,146

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

General Government	\$ 717,781
Development Services	11,941
Public Safety	971,660
Public Works	78,011
Culture and Recreation	332,014
	<u>\$ 2,111,407</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Stormwater Fund				
Capital assets not being depreciated:				
Land	\$ 200,410	\$ -	\$ -	\$ 200,410
Construction in progress	68,053	-	-	68,053
Total capital assets not being depreciated	268,463	-	-	268,463
Capital assets being depreciated:				
Infrastructure & Other Improvements	1,511,909	-	-	1,511,909
Equipment and furniture	37,254	-	-	37,254
Vehicles and motorized equipment	53,613	-	-	53,613
Total capital assets being depreciated	1,602,776	-	-	1,602,776
Less accumulated depreciation for:				
Infrastructure & Other Improvements	194,715	35,796	-	230,511
Equipment and furniture	23,704	1,520	-	25,224
Vehicles and motorized equipment	23,915	3,106	-	27,021
Total accumulated depreciation	242,334	40,422	-	282,756
Total capital assets being depreciated, net	1,360,442			1,320,020
Business-type activities capital assets, net	\$ 1,628,905			\$ 1,588,483

B. Construction commitments

The government has active construction projects as of June 30, 2025. At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Town Center	\$ 8,252,125	\$ 20,330,375
Franklin Upchurch Sr St Dog Park	1,140,348	119,390
Public Works Renovation	1,399,421	565,183
Morrisville Carpenter Road Improvements	11,695,580	462,586
Sidewalk & Pedestrian Enhancements	2,399,138	317,182
Intersection Improvements	340,863	411,558
Park & Greenway Improvements	3,282,556	80,466
Church Street Park Improvements	6,303,364	205,417
	<u>\$ 34,813,395</u>	<u>\$ 22,492,157</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, 2025, was 15.10% of compensation for law enforcement officers and 13.60% 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 \$2,814,860 for the year ended June 30, 2025.

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, 2025, the Town reported a liability of \$13,242,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024 (measurement date), the Town's proportion was .19644%, which was a decrease of 0.00433% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Town recognized pension expense of \$3,992,718. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,320,630	\$ 15,603
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,800,343	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	36,088	280,254
Town contributions subsequent to the measurement date	2,814,860	-
Total	<u>\$ 6,971,921</u>	<u>\$ 295,857</u>

\$2,814,860 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, 2026. 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	
2026	\$ 1,185,969
2027	2,507,157
2028	371,645
2029	(203,567)
	<u>\$ 3,861,204</u>

Actuarial Assumptions - The total pension liability in the December 31, 2023, 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, 2023 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.

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 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, 2024 are summarized in the following table: 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

Asset Class	Target Allocation	Long -Term Expected Real Rate of Return
Fixed Income	33%	2.4%
Global Equity	38%	6.9%
Real Estate	8%	6.0%
Alternatives	8%	8.6%
Opportunistic Fixed Income	7%	5.3%
Inflation Sensitive	6%	4.3%
	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 2.5%. All rates of return and inflation are annualized.

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)	\$ 23,466,528	\$ 13,242,743	\$ 4,832,273

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.

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, 2024, the valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	39
Total	48

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.

Actuarial Assumptions - The entry age normal actuarial cost method was used in the June 30, 2024, valuation. The total pension liability in the June 30, 2024, 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	4.28%

The discount rate is based on the yield of The S&P Municipal Bond 20-Year High Grade Index as of December 31, 2024. A discount rate of 3.77% was used at the prior measurement date.

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 \$197,426 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, 2025, the Town reported a total pension liability of \$2,591,474. The total pension liability was measured as of December 31, 2024 based on a June 30, 2024 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$354,587.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$ 139,606	\$ 207,043
Differences between expected and actual experience	428,264	73,300
Benefit payment and administrative expenses subsequent to the measurement date	120,273	-
Total	<u>\$ 688,143</u>	<u>\$ 280,343</u>

\$120,273 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	\$ 155,827
2027	452
2028	77,930
2029	53,318
Total	<u>\$ 287,527</u>

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 4.28%, 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 (3.28%) or one percentage point higher (5.28%) than the current rate:

	1% Decrease 3.28%	Discount Rate 4.28%	1% Increase 5.28%
Total pension liability	\$ 2,774,401	\$ 2,591,474	\$ 2,424,231

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

Beginning balance	\$ 2,192,148
Changes for the year:	
Service costs	90,618
Interest	80,295
Changes of assumptions and other inputs	391,584
Benefit payments	(163,171)
Ending Balance	<u>\$ 2,591,474</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.

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	\$ 3,992,718	\$ 354,587	\$ 4,347,305
Pension Liability	13,242,743	2,591,474	15,834,217
Proportionate share of the net pension liability	0.19644%		
Deferred Outflows of Resources			
Differences between expected and actual experience	2,320,630	428,264	2,748,894
Changes of assumptions	-	139,606	139,606
Net difference between projected and actual earnings on plan investments	1,800,343	-	1,800,343
Changes in proportion and differences between contributions and proportionate share of contributions	36,088	-	36,088
Benefit payments and administrative costs paid subsequent to the measurement date	2,814,860	120,273	2,935,133
Deferred Inflows of Resources			
Differences between expected and actual experience	15,603	73,300	88,903
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	207,043	207,043
Change in proportion and differences between Town contributions and proportionate share of contribution	280,254	-	280,254

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 \$207,418 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 \$804,281 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.

Benefits Provided - The Fund provides retirement and survivor benefits. The present retirement benefit is \$175 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 \$15 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, 2025, the State contributed \$19,789,708 to the plan. The Town’s proportionate share of the State’s contribution is \$31,650.

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, 2025, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the Fund. The total portion of the net pension liability that was associated with the Town and supported by the State was (\$22,614). The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension (asset) liability was then rolled forward to the measurement date of June 30, 2024, 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, 2025 and at June 30, 2024 was 0%.

For the year ended June 30, 2025, the Town recognized pension expense of \$12,425 and revenue of \$12,425 for support provided by the State. At June 30, 2025, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions - The total pension liability in the December 31, 2023 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, 2025, the Town set aside \$610,695. The Town’s General Fund has net position committed for retiree healthcare postemployment benefits at June 30, 2025 of \$6,099,275.

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, 2024, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Employees
Retirees receiving benefits	12	7
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	194	47
Total	206	54

Total OPEB Liability

The Town's total OPEB liability of \$5,661,103 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 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	3.25%	
Salary increases, including inflation	General employees –	3.30% - 8.30%
	Firefighters –	3.30% - 8.00%
	Law enforcement officers –	3.30% - 7.80%
Discount rate	3.97%	
Healthcare cost trend rates	5.00% for 2024 decreasing to an ultimate rate of 4.5% by 2033	

The discount rate as of the measurement date is based on the June average of The Fidelity GO AA Bond Index.

Schedule of Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 5,819,562
Changes for the year	
Service cost	434,210
Interest	221,925
Changes of benefit terms	
Differences between expected and actual experience	(735,406)
Changes in assumptions of other inputs	177,215
Benefits payments and implicit subsidy credit	(256,403)
Net Changes	<u>(158,459)</u>
Balance at June 30, 2025	<u>\$ 5,661,103</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 3.97% resulting in an inflow.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019, adopted by the LGERS Board.

The remaining actuarial assumptions used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 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 or one percentage point higher than the current discount rate:

1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
\$ 6,237,317	\$ 5,661,103	\$ 5,148,150

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB

liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

1% Decrease	Current Rate	1% Increase
\$ 5,035,629	\$ 5,661,103	\$ 6,402,769

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$528,279. At June 30, 2025, 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
Difference between expected and actual	\$ 146,321	\$ 1,191,300
Changes of assumptions or other inputs	628,042	595,662
Benefit payments and administrative costs made subsequent to the measurement date	- 284,623	-
Total	<u>\$ 1,058,986</u>	<u>\$ 1,786,962</u>

\$284,623 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, 2026. 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,	
2026	(127,856)
2027	(119,985)
2028	(128,308)
2029	(171,720)
2030	(176,204)
Thereafter	(288,526)
	<u>\$ (1,012,599)</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.

Note 8 – Risk management

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

Major policies and their limits of coverage include the following:

Building and personal property	\$ 29,693,728
Comprehensive general liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Business auto	1,000,000
Equipment	926,232
Comprehensive electronic data processing	1,055,000
Cyber Liability	2,000,000
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 9 – Long-term obligations

A. Leases

As of June 30,2025, Town of Morrisville, NC had 14 active leases. The leases have payments that range from \$1,470 to \$64,832 and interest rates that range from 0.2370% to 10.9520%. As of June 30, 2025, the total combined value of the lease liability is \$301,296, the total combined value of the short-term lease liability is \$167,373. The combined value of the right to use asset, as of June 30, 2025, of \$896,784 with accumulated amortization of \$584,356 is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the

Fiscal Year.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2026	\$ 162,373	\$ 3,394	\$ 165,767
2027	113,308	1,073	114,381
2028	25,615	225	25,840
	<u>\$ 301,296</u>	<u>\$ 4,692</u>	<u>\$ 305,988</u>

B. Installment note indebtedness

The Town has one direct placement installment note for capital projects and equipment. Installment notes payable at June 30, 2025 are comprised of the following:

Serviced by the General Fund:

\$2,170,000 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.

Annual debt service payments of the direct placement installment notes as of June 30, 2025, including \$545,050 of interest, are as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 155,000	\$ 72,673
2027	155,000	67,482
2028	155,000	62,291
2029	155,000	57,100
2030	155,000	51,910
2031-2035	775,000	181,683
2036-2040	620,000	51,910
Total	<u>\$ 2,170,000</u>	<u>\$ 545,049</u>

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, 2025 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%	\$ 1,800,000
\$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%	6,000,000
\$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%	870,000
\$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%	7,505,000
\$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%	14,960,000
\$1,710,000 October 16, 2024 public improvement bonds due in annual installments ranging from \$260,000 to \$1,110,000 plus interest through August 2044; interest rate 5.0%	1,710,000
\$20,500,000 September 24, 2024 public improvement bonds (two-thirds) due in annual installments of \$855,000 plus interest through August 2044; interest rate 5.0%	<u>20,500,000</u>
Total	<u><u>\$53,345,000</u></u>

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

Year Ending		
June 30,	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,300,000	\$ 2,186,300
2027	3,670,000	2,017,050
2028	3,230,000	1,847,825
2029	3,225,000	1,701,250
2030	3,225,000	1,559,400
2031-2035	15,925,000	5,692,563
2036-2040	13,090,000	2,651,080
2041-2045	7,680,000	614,100
Total	<u>\$53,345,000</u>	<u>\$ 18,269,568</u>

At June 30, 2025, the Town had a legal debt margin of \$747,370,088.

D. Subscriptions

As of June 30, 2024, Town of Morrisville, NC had 3 active subscriptions. The subscriptions have payments that range from \$1,357 to \$17,139 and interest rates that range from 1.5800% to 3.1210%. As of June 30, 2025, the total combined value of the subscription liability is \$17,379, and the total combined value of the short-term subscription liability is \$17,379. The combined value of the right to use asset, as of June 30, 2025 of \$48,614 with accumulated amortization of \$33,373 is included within the Subscription Class activities table found below.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, are as follows:

Year Ending		
June 30,	<u>Principal</u>	<u>Interest</u>
2026	<u>\$ 17,379</u>	<u>\$ 275</u>

E. Changes in long-term liabilities

	Balances at July 1, 2024	Restatement Adjustment	Balance Restated at July 1, 2024	Increases	Decreases	Balances at June 30, 2025	Current Portion
<u>Governmental activities</u>							
Bonds payable							
General obligation bonds	\$ 33,690,000	\$ -	\$ 33,690,000	\$ 22,210,000	\$ 2,555,000	\$ 53,345,000	\$ 3,300,000
Premiums on issuance	2,509,049	-	2,509,049	1,248,017	263,792	3,493,274	349,327
Total bonds payable	36,199,049	-	36,199,049	23,458,017	2,818,792	56,838,274	3,649,327
Subscriptions based IT	45,096	-	45,096	-	27,717	17,379	17,379
Leases	307,394	-	307,394	-	6,097	301,297	162,373
Direct placement installment notes	2,325,000	-	2,325,000	-	155,000	2,170,000	155,000
Compensated absences	1,443,825	1,890,726	3,334,551	-	31,868	3,302,683	3,136,108
Total OPEB liability	5,708,990	-	5,708,990	-	147,881	5,561,109	556,112
Net Pension Liability (LGERs)	13,044,525	-	13,044,525	-	36,179	13,008,346	-
Total pension liability (LEOSSA)	2,192,149	-	2,192,149	399,325	-	2,591,474	259,147
Governmental activities long-term liabilities	<u>\$ 61,266,028</u>	<u>\$ 1,890,726</u>	<u>\$ 63,156,754</u>	<u>\$ 23,857,342</u>	<u>\$ 3,223,534</u>	<u>\$ 83,790,562</u>	<u>\$ 7,935,446</u>
<u>Business-type activities</u>							
Compensated absences	29,073	-	29,073	6,505	-	35,578	32,122
Total OPEB liability	110,572	-	110,572	-	10,579	99,993	9,999
Net pension liability (LGERs)	252,647	-	252,647	-	18,250	234,397	-
Business-type activities long-term liabilities	<u>\$ 392,292</u>	<u>\$ -</u>	<u>\$ 392,292</u>	<u>\$ 6,505</u>	<u>\$ 28,829</u>	<u>\$ 369,968</u>	<u>\$ 42,121</u>

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

Note 10– Net investment in capital assets

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

	Governmental	Business-Type
Capital assets, net of depreciation and amortization	\$ 222,342,146	\$ 1,588,483
Less: Long-term debt and intangible right to use liabilities	55,833,676	-
Unamortized Liabilities related to Capital	3,493,274	-
Add: Unspent debt proceeds	20,834,955	-
Deferred charging on refunding	20,838	-
	<u>\$ 183,870,989</u>	<u>\$ 1,588,483</u>

Note 11 – Summary disclosure of significant contingencies

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

Claims, Judgments and Contingent Liabilities - From time to time, the Town is a defendant in assorted lawsuits. At June 30, 2025, in the opinion of the Town's management and the Town’s attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Note 12 – Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations for the fiscal year ended June 30, 2025, in the Parkland Payment-in-Lieu Capital Project Fund exceeded the authorized appropriations made by the governing board for transfer activities by \$2,632,884. This occurred because the fund is operating as a reserve fund and not a capital project fund and needs to be set up accordingly. Management and the Board have taken steps in fiscal year 2026 to properly set up this fund and closely review the budget reports to ensure compliance in future years.

Note 13 – Accounting Changes

For the fiscal year ended June 30, 2025, the Town’s Town Center Capital Project Fund has been reclassified from a nonmajor fund to a major fund based on the reporting criteria in GASB Statement No. 34. The fund's financial activity for the prior period (2024) is included in the Nonmajor Governmental Funds column. The following table provides a reconciliation of the beginning fund balance for the nonmajor governmental funds column as previously presented to the restated presentation:

	Nonmajor Governmental Funds	Town Center Capital Project Fund
Beginning Fund Balance Previously Reported (June 30, 2024)	\$14,309,186	N/A
Reclassification of Town Center Capital Project Fund	(\$1,543,801)	\$1,543,801
Beginning Fund Balance Restated (July 1, 2024)	\$12,765,385	\$1,543,801

Note 14- Restatement

The provisions of GASB Statement No. 101 were applied retroactively, in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. This required restating the beginning balance of the compensated absences liability as of July 1, 2024, to reflect the expanded recognition criteria. The effect of this change on the compensated absences liability is an increase of \$1,890,726.

This adjustment is reflected in the government-wide Statement of Net Position as a corresponding decrease in the beginning net position for both governmental and business-type activities.

The previously reported and restated beginning balances are summarized below:

	Balance as of July 1, 2024 (Previously Reported)	Restatement Adjustment	Balance as of July 1, 2024 (Restated)
Governmental activities Compensated absences liability	\$1,443,825	\$1,890,726	\$3,334,551
Governmental activities Net Position	\$222,914,079	(\$1,890,726)	\$21,023,353

Note 15 – Interfund transfer activity

Transfers to and from other funds for the fiscal year ended June 30, 2025, consists of the following:

Governmental Activities:

From the General Fund to the Public Safety Improvement Capital Project Fund to supplement other funding sources for financing the project	\$ 743,800
From the Roadway and Transportation Capital Reserve Fund to the Town Center Capital Project Fund to supplement other funding sources for financing the project.	327,880
From the Parks and Recreation Capital Reserve Fund to the Town Center Capital Project Fund to supplement other funding sources for financing the project.	492,337
From the Land and Parkland Acquisition Capital Project Fund to Town Center Capital Project Fund to supplement other funding sources for financing the project.	666,250
From the Parkland Payment-in-Lieu Capital Project Fund to the Town Center Capital Project Fund to supplement other funding sources for financing the project.	2,057,000
From the General Fund to the Franklin Upchurch Sr St Dog Park Capital Project Fund to supplement other funding sources for financing the project.	250,000
From the American Rescue Plan Act Special Revenue Fund to the Franklin Upchurch Sr St Dog Park Capital Project Fund to supplement other funding sources for financing the project.	749,116
From the Parkland Payment-in-Lieu Capital Project fund to the Franklin Upchurch Sr St Dog Park Capital Project fund to supplement other funding sources for financing the project.	575,884
From the General Fund to the Records Management System Configuration Capital Project to supplement other funding sources for financing the project.	1,075,000
From the General Fund to the Public Works Renovation Capital Project Fund to supplement other funding sources for financing the project	500,000
From Capital Investment Plan Capital Reserve sub-fund to the Public Works Renovation Capital Project Fund to supplement other funding sources for financing the project.	279,760
From the American Rescue Plan Act Special Revenue Fund to the General Fund to supplement other funding sources for financing projects.	94,675
From the General Fund to the General Fund Sub-Funds to supplement other funding sources and increase reserve balances	<u>15,888,219</u>
Subtotal Transfers within Governmental Activities	<u>23,699,921</u>

Business-Type Activities:

From the Stormwater Fund to the General Fund Sub-Funds to supplement other funding sources.	<u>56,352</u>
Subtotal Transfers to Governmental Activities	<u>56,352</u>
Total Transfers	<u><u>\$ 23,756,273</u></u>

Note 16 – Subsequent events

The Town has evaluated subsequent events through November 6, 2025, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued. On August 14, 2025, the Town issued \$10,200,000 in Limited Obligation Bonds for the purchase and acquisition of a commercial building to serve as a new Public Works facility.

Required Supplementary Information

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

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability, beginning balance	\$ 2,192,148	\$ 2,069,993	\$ 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	90,618	83,457	72,054	68,679	66,517	56,285	64,043	51,158	45,324
Interest	80,295	82,150	50,709	47,256	48,221	44,593	36,107	38,474	35,158
Difference between expected and actual experience	481,208	18,532	(173,254)	-	243,617	186,034	90,216	24,497	-
Changes of assumptions and other inputs	(89,624)	39,735	(305,228)	2,017	696,748	43,120	(50,528)	71,425	(23,656)
Benefit payments	(163,171)	(101,719)	(69,908)	(90,853)	(95,191)	(82,093)	(43,582)	(35,728)	(54,094)
Total pension liability, ending balance	<u>\$ 2,591,474</u>	<u>\$ 2,192,148</u>	<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.

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 2,591,474	\$ 2,192,148	\$ 2,069,993	\$ 2,495,620	\$ 2,468,521	\$ 1,508,609	\$ 1,260,670	\$ 1,164,414	\$ 1,014,588
Covered-employee payroll	3,251,772	2,998,966	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	79.69%	73.10%	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
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 434,210	\$ 433,940	\$ 360,484	\$ 340,930	\$ 333,558	\$ 308,721	\$ 259,192	\$ 278,691
Interest	221,925	197,283	134,539	127,808	205,469	189,499	141,652	117,208
Differences between expected and actual experience	(735,406)	(11,109)	(88,341)	-	(981,574)	1,978	538,082	8,586
Changes in assumptions or other inputs	177,215	(96,954)	(713,791)	33,906	749,738	226,799	23,223	(254,545)
Plan amendment	-	-	(490,221)	-	-	-	-	-
Benefit payments	(256,404)	(111,126)	(47,608)	(66,652)	(54,881)	(67,918)	(71,491)	(58,472)
Net change in total OPEB liability	(158,460)	412,034	(844,938)	435,992	252,310	659,079	890,658	91,468
Total OPEB liability - beginning	5,819,562	5,407,528	6,252,466	5,816,474	5,564,164	4,905,085	4,014,427	3,922,959
Total OPEB liability - ending	\$ 5,661,102	\$ 5,819,562	\$ 5,407,528	\$ 6,252,466	\$ 5,816,474	\$ 5,564,164	\$ 4,905,085	\$ 4,014,427
Covered-employee payroll	\$ 19,868,149	\$ 14,853,923	\$ 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	28.49%	39.18%	36.40%	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:

Fiscal year	Rate
2025	3.97%
2024	3.86%
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										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability (asset) (%)	0.1964%	0.2008%	0.2061%	0.1997%	0.1749%	0.1638%	0.1738%	0.1696%	0.1667%	0.1937%
Town's proportion of the net pension liability (asset) (\$)	\$ 13,242,743	\$ 13,297,172	\$ 11,624,162	\$ 3,062,591	\$ 6,248,493	\$ 4,472,158	\$ 4,122,419	\$ 2,590,713	\$ 3,536,870	\$ 869,493
Town's covered payroll	18,491,732	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
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.61%	86.12%	78.25%	23.16%	53.04%	41.62%	40.16%	27.23%	36.49%	9.43%
Plan fiduciary net position as a percentage of the total pension liability	83.30%	82.49%	84.14%	106.41%	88.61%	90.68%	91.63%	94.18%	99.07%	98.09%
Schedule of Contributions										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,814,860	\$ 2,328,802	\$ 2,037,870	\$ 1,743,725	\$ 1,408,352	\$ 1,141,887	\$ 852,915	\$ 789,462	\$ 708,703	\$ 614,882
Contributions in relation to the contractually required contribution	2,814,860	2,328,802	2,037,870	1,743,725	1,408,352	1,141,887	852,915	789,462	708,703	614,882
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 21,099,582	\$ 18,491,732	\$ 15,439,867	\$ 14,855,235	\$ 13,222,889	\$ 11,780,772	\$ 10,745,653	\$ 10,266,112	\$ 9,514,872	\$ 9,692,159
Contributions as a percentage of covered payroll	13.3%	15.1%	13.2%	11.7%	10.7%	9.7%	7.9%	7.7%	7.4%	6.3%

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

Schedule of Proportionate Share of Net Pension (Asset) Liability										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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%	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	(22,614)	12,694	27,859	(29,208)	50,383	44,377	62,645	50,289	34,813	48,890
Total	<u>\$ (22,614)</u>	<u>\$ 12,694</u>	<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>
Town's covered payroll	\$ 5,731,202	\$ 5,120,337	\$ 4,719,801	\$ 4,505,184	\$ 4,109,164	\$ 3,822,741	\$ 3,373,603	\$ 3,025,462	\$ 2,757,188	\$ 2,939,216
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-0.39%	0.25%	0.59%	-0.65%	1.23%	1.16%	1.86%	1.66%	1.26%	1.66%
Plan fiduciary net position as a percentage of the total pension (asset) liability	102.76%	98.16%	96.07%	105.58%	92.58%	89.69%	89.35%	84.94%	91.40%	93.42%

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								
	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	Health Fund	Debt Service Fund	Total General Fund
Assets									
Cash and cash equivalents	\$ 27,317,563	\$ 1,233,721	\$ 4,961,637	\$ 878,051	\$ 1,430,094	\$ 1,298,902	\$ 942,893	\$ 8,169,896	\$ 46,232,757
Receivables									
Taxes	248,903	-	-	-	-	-	-	-	248,903
Accounts	387,717	-	-	-	-	-	-	-	387,717
Lease	2,213,803	-	-	-	-	-	-	-	2,213,803
Due from other governments	2,566,653	-	-	-	-	881	-	-	2,567,534
Restricted cash	4,692,521	-	118,644	-	-	187,444	-	-	4,998,609
Total assets	<u>\$ 37,427,160</u>	<u>\$ 1,233,721</u>	<u>\$ 5,080,281</u>	<u>\$ 878,051</u>	<u>\$ 1,430,094</u>	<u>\$ 1,487,227</u>	<u>\$ 942,893</u>	<u>\$ 8,169,896</u>	<u>\$ 56,649,323</u>
Liabilities									
Accounts payable and accrued liabilities	\$ 3,966,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,449	\$ -	\$ 4,076,860
Unearned revenue	-	-	-	-	-	38	-	-	38
Total liabilities	<u>3,966,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>110,449</u>	<u>-</u>	<u>4,076,898</u>
Deferred inflows of resources									
Taxes receivable	248,903	-	-	-	-	-	-	-	248,903
Prepaid taxes and fees	60,432	-	-	-	-	-	-	-	60,432
Leases	2,020,078	-	-	-	-	-	-	-	2,020,078
Total deferred inflows of resources	<u>2,329,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,329,413</u>
Fund balances									
Nonspendable:									
Prepaid expenses	-	-	-	-	-	-	-	-	-
Leases	193,725	-	-	-	-	-	-	-	193,725
Restricted:									
Stabilization by State statute	4,824,568	-	-	-	-	881	-	-	4,825,449
Street improvements	1,837,508	-	-	-	-	-	-	-	1,837,508
Public safety operations and activities	21,989	-	-	-	-	-	-	-	21,989
Committed:									
General governmental capital	-	1,233,721	5,080,281	878,051	1,430,094	1,486,309	-	-	10,108,456
Debt service	-	-	-	-	-	-	-	8,169,896	8,169,896
LEOSA pension liability	239,233	-	-	-	-	-	-	-	239,233
OPEB liability	6,099,275	-	-	-	-	-	-	-	6,099,275
Healthcare premium	-	-	-	-	-	-	832,443	-	832,443
Assigned:									
Fire operations and activities	2,487	-	-	-	-	-	-	-	2,487
Subsequent year's expenditures	1,393,200	-	-	-	-	-	-	-	1,393,200
Unassigned	16,519,351	-	-	-	-	-	-	-	16,519,351
Total fund balances	<u>31,131,336</u>	<u>1,233,721</u>	<u>5,080,281</u>	<u>878,051</u>	<u>1,430,094</u>	<u>1,487,190</u>	<u>832,443</u>	<u>8,169,896</u>	<u>50,243,012</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,427,160</u>	<u>\$ 1,233,721</u>	<u>\$ 5,080,281</u>	<u>\$ 878,051</u>	<u>\$ 1,430,094</u>	<u>\$ 1,487,228</u>	<u>\$ 942,892</u>	<u>\$ 8,169,896</u>	<u>\$ 56,649,323</u>

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 2

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

GENERAL FUND

AS OF JUNE 30, 2025

	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	Healthcare Premium Fund	Debt Service Fund	
Revenues									
Ad valorem taxes	\$ 33,790,150	\$ -	\$ -	\$ -	\$ -	\$ 187,444	\$ -	\$ -	\$ 33,977,594
Other taxes and licenses	648,842	-	-	-	-	-	-	-	648,842
Unrestricted intergovernmental	13,209,221	-	-	-	-	-	-	-	13,209,221
Restricted intergovernmental	2,260,097	-	-	-	-	-	-	-	2,260,097
Permits and fees	1,807,122	-	118,644	-	-	-	-	-	1,925,766
Sales and services	1,781,910	-	-	-	-	-	-	-	1,781,910
Investment earnings	986,791	110,036	172,786	31,575	52,227	46,447	40,464	248,336	1,688,662
Miscellaneous	681,527	-	-	-	-	-	-	-	681,527
Total revenues	55,165,660	110,036	291,430	31,575	52,227	233,891	40,464	248,336	56,173,619
Expenditures									
Current									
General government	8,508,922	-	-	-	-	-	471,390	-	8,980,312
Development services	4,566,659	-	-	-	-	-	364,208	-	4,930,867
Public safety	15,001,678	-	-	-	-	-	1,234,304	-	16,235,982
Public works	8,748,486	-	-	-	-	6,970	245,702	-	9,001,158
Culture and recreation	4,120,734	-	-	-	-	-	317,859	-	4,438,593
Capital Outlay	2,761,090	-	-	-	-	-	-	-	2,761,090
Debt service									
Bond Issuance Costs	-	-	-	-	-	-	-	279,576	279,576
Principal	162,373	-	-	-	-	-	-	2,719,250	2,881,623
Interest	3,394	-	-	-	-	-	-	1,661,991	1,665,385
Total expenditures	43,873,336	-	-	-	-	6,970	2,633,463	4,660,817	51,174,586
Excess (deficiency) of revenues over expenditures	11,292,324	110,036	291,430	31,575	52,227	226,921	(2,592,999)	(4,412,481)	4,999,033
Other financing sources (uses)									
Premiums on general obligation bonds issued	-	-	-	-	-	-	-	2,264,755	2,264,755
Transfers in	3,024,096	850,000	950,000	950,000	950,000	110,000	2,700,150	6,505,000	16,039,246
Transfers out	(16,234,019)	(2,223,000)	(327,880)	(279,760)	(492,337)	-	-	-	(19,556,996)
Issuance of debt/leases	34,092	-	-	-	-	-	-	-	34,092
Total other financing sources (uses)	(13,175,831)	(1,373,000)	622,120	670,240	457,663	110,000	2,700,150	8,769,755	(1,218,903)
Net change in fund balances	(1,883,507)	(1,262,964)	913,550	701,815	509,890	336,921	107,151	4,357,274	3,780,130
Fund balances, beginning	33,014,843	2,496,685	4,166,731	176,236	920,204	1,150,269	725,292	3,812,622	46,462,882
Fund balances, ending	\$ 31,131,336	\$ 1,233,721	\$ 5,080,281	\$ 878,051	\$ 1,430,094	\$ 1,487,190	\$ 832,443	\$ 8,169,896	\$ 50,243,012

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 3**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

Page 1 of 4

BUDGET AND ACTUAL - GENERAL FUND (SUB-FUND)

FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ 32,913,937	\$ 33,689,182	\$ 775,245
Prior years	27,000	36,177	9,177
Penalties and interest	35,000	64,791	29,791
Total ad valorem taxes	<u>32,975,937</u>	<u>33,790,150</u>	<u>814,213</u>
Other taxes and licenses			
Motor vehicle decal tax	<u>645,000</u>	<u>648,842</u>	<u>3,842</u>
Investment earnings	<u>850,000</u>	<u>986,791</u>	<u>136,791</u>
Unrestricted intergovernmental			
Local option sales taxes	10,816,000	9,536,790	(1,279,210)
Rental vehicle tax	32,000	15,205	(16,795)
Utilities and telecommunication sales tax	2,587,500	2,319,712	(267,788)
Telecommunication and video programming sales tax	-	-	-
Beer and wine tax	144,190	129,346	(14,844)
Wake County fire tax	1,000,000	1,175,642	175,642
Fire reimbursements	40,000	-	(40,000)
Solid waste disposal tax	25,800	32,526	6,726
Total unrestricted intergovernmental	<u>14,645,490</u>	<u>13,209,221</u>	<u>(1,436,269)</u>
Restricted intergovernmental			
Powell Bill allocation	900,000	955,062	55,062
Grants	<u>1,148,892</u>	<u>1,305,035</u>	<u>156,143</u>
Total restricted intergovernmental	<u>2,048,892</u>	<u>2,260,097</u>	<u>211,205</u>
Permits and fees			
Building permits	1,246,000	1,214,205	(31,795)
Planning fees	85,000	320,833	235,833
Engineering fees	100,000	110,367	10,367
Officer fees and civil police	55,000	24,697	(30,303)
Fire permits	125,000	137,020	12,020
Total permits and fees	<u>1,611,000</u>	<u>1,807,122</u>	<u>196,122</u>
Sales and services			
Recreation	1,194,000	1,254,978	60,978
Rents	<u>401,000</u>	<u>526,932</u>	<u>125,932</u>
Total sales and services	<u>1,595,000</u>	<u>1,781,910</u>	<u>186,910</u>

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous			
ABC revenue	260,000	134,382	(125,618)
Surplus property	77,570	53,409	(24,161)
Wake County Landfill	50,000	34,144	(15,856)
Miscellaneous	112,347	294,673	182,326
Contributions and donations- private sources	54,900	645	(54,255)
Rents, Eng fees, NSF fees	236,726	164,274	(72,452)
Total miscellaneous	791,543	681,527	(110,016)
Total revenues	55,162,862	55,165,660	2,798
Expenditures			
General government			
Governing body			
Personnel costs	102,609	102,462	147
Contract and professional services	300,104	192,510	107,594
Other operating	166,829	149,109	17,720
Subtotal	569,542	444,081	125,461
Administration			
Personnel costs	1,541,692	1,541,693	(1)
Contract and professional services	25,000	25,400	(400)
Other operating	1,077,940	908,250	169,690
Debt service - principal retirement	-	162,373	(162,373)
Debt service - interest	-	3,394	(3,394)
Subtotal	2,644,632	2,641,110	3,522
Communications & Outreach			
Personnel costs	469,735	456,103	13,632
Contract and professional services	82,500	60,797	21,703
Other operating	215,501	138,992	76,509
Subtotal	767,736	655,892	111,844
Information technology			
Personnel costs	1,230,900	1,230,899	1
Contract and professional services	86,000	91,798	(5,798)
Other operating	1,578,973	1,452,958	126,015
Capital outlay	128,850	84,965	43,885
Debt service-principal retirement	-	17,379	(17,379)
Debt service-Interest	-	275	(275)
Subtotal	3,024,723	2,878,274	146,449
Financial Services			
Personnel costs	954,414	919,200	35,214
Contract and professional services	427,569	422,044	5,525
Other operating	90,298	87,643	2,655
Subtotal	1,472,281	1,428,887	43,394

	Final Budget	Actual	Variance Positive (Negative)
Human resources			
Personnel costs	1,147,362	660,587	486,775
Contract and professional services	46,790	89,343	(42,553)
Other operating	118,227	66,923	51,304
Subtotal	1,312,379	816,853	495,526
Total general government	9,791,293	8,865,097	926,196
Development services			
Engineering			
Personnel costs	1,222,609	1,217,274	5,335
Contract and professional services	83,812	47,346	36,466
Other operating	51,100	54,450	(3,350)
Capital outlay	-	-	-
Subtotal	1,357,521	1,319,070	38,451
Inspections			
Personnel costs	1,266,000	953,240	312,760
Other operating	73,943	65,591	8,352
Subtotal	1,339,943	1,018,831	321,112
Planning			
Personnel costs	1,118,015	1,076,931	41,084
Contract and professional services	1,763,814	1,170,211	593,603
Other operating	68,000	52,157	15,843
Capital	15,000	-	15,000
Subtotal	2,964,829	2,299,299	665,530
Total development services	5,662,293	4,637,200	1,025,093
Public safety			
Police			
Personnel costs	5,861,915	5,894,669	(32,754)
Contract and professional services	260,868	270,438	(9,570)
Other operating	835,923	762,735	73,188
Capital	15,494	-	15,494
Subtotal	6,974,200	6,927,842	46,358
Fire and rescue			
Personnel costs	7,448,079	7,448,078	1
Contract and professional services	167,582	162,809	4,773
Other operating	856,893	856,574	319
Capital outlay	2,223,000	1,459,466	763,534
Subtotal	10,695,554	9,926,927	768,627
Total public safety	17,669,754	16,854,769	814,985

	Final Budget	Actual	Variance Positive (Negative)
Public works			
Personnel costs	2,508,772	2,508,774	(2)
Contract and professional services	2,370,894	2,226,139	144,755
Other operating	3,149,646	2,723,446	426,200
Capital outlay	555,544	129,702	425,842
Subtotal	8,584,856	7,588,061	996,795
Powell Bill			
Other operating	1,262,407	1,112,606	149,801
Fleet			
Contract and professional services	288,000	232,304	55,696
Capital outlay	1,251,777	1,074,557	177,220
	1,539,777	1,306,861	232,916
Total public works	11,387,040	10,007,528	1,379,512
Culture and recreation			
Personnel costs	3,202,754	3,202,752	2
Contract and professional services	119,900	155,011	(35,111)
Other operating	944,452	834,248	110,204
Capital outlay	30,000	12,400	17,600
Total culture and recreation	4,297,106	4,204,411	92,695
Total expenditures	48,807,486	44,569,005	4,238,481
Revenue over (under) expenditures	6,355,376	10,596,655	4,241,279
Other financing sources (uses)			
Issuance of debt/leases	-	34,092	(34,092)
Transfers in (out)			
American Rescue Plan Special Revenue Fund	-	94,675	(94,675)
Stormwater Fund	11,299	10,752	547
Municipal Service District Fund	(110,000)	(110,000)	-
Healthcare Premium Fund	(2,654,550)	(2,654,550)	-
Capital Reserve Funds	(3,700,000)	(3,700,000)	-
Capital Reserve Funds	2,223,000	2,223,000	-
OPEB & LEOSSA Funds	701,034	695,669	-
Capital Project Funds	(2,568,800)	(2,568,800)	-
Debt Service Fund	(6,505,000)	(6,505,000)	-
Fund balance appropriated	6,247,641	-	(6,247,641)
Total other financing sources (uses)	(6,355,376)	(12,480,162)	(6,124,786)
Net change in fund balance	\$ -	(1,883,507)	\$ (1,883,507)
Fund balance, beginning		33,014,843	
Fund balance, ending		\$ 31,131,336	

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)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 110,036	\$ 110,036
Expenditures			
Capital outlay	850,000	-	850,000
Revenues over (under) expenditures	(850,000)	110,036	960,036
Other financing sources			
Transfers in - General Fund	850,000	850,000	-
Transfers Out-General Fund	(2,223,000)	(2,223,000)	-
Fund balance appropriated	2,223,000	-	2,223,000
Total other financing sources (uses)	850,000	(1,373,000)	2,223,000
Net change in fund balance	\$ -	(1,262,964)	(1,262,964)
Fund balance, beginning		2,496,685	
Fund balance, ending		\$ 1,233,721	

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)

FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental	\$ -	\$ -	\$ -
Investment earnings	-	172,786	172,786
Permits and fees	-	118,644	118,644
Total revenue	-	291,430	291,430
Expenditures			
Roadway and transportation capital reserve	950,000	-	950,000
Revenues over (under) expenditures	950,000	291,430	1,241,430
Other financing sources			
Transfers in (out)			
General Fund	950,000	950,000	-
Capital Projects	(327,800)	(327,880)	-
Fund balance appropriated	327,800	-	(327,800)
Total other financing sources (uses)	950,000	622,120	(327,880)
Net change in fund balance	\$ -	913,550	\$ 913,550
Fund balance, beginning		4,166,731	
Fund balance, ending		\$ 5,080,281	

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)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 31,575	\$ 31,575
Expenditures			
Capital improvement project reserve	950,000	-	950,000
Revenues over (under) expenditures	(950,000)	31,575	981,575
Other financing sources (uses)			
Transfers in (out)			
General Fund	950,000	950,000	-
Capital project funds	-	(279,760)	(279,760)
Total other financing sources (uses)	950,000	670,240	(279,760)
Net change in fund balance	<u>\$ -</u>	<u>701,815</u>	<u>\$ 701,815</u>
Fund balance, beginning		<u>176,236</u>	
Fund balance, ending		<u>\$ 878,051</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)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 52,227	\$ 52,227
Expenditures			
Parks and recreation reserve	723,072	-	723,072
Revenue over (under) expenditures	(723,072)	52,227	775,299
Other financing sources (uses)			
Transfers in (out)			
General Fund	950,000	950,000	-
Capital projects	(719,265)	(492,337)	226,928
Fund balance appropriated	492,337	-	(492,337)
Total other financing sources (uses)	723,072	457,663	(265,409)
Net change in fund balance	\$ -	509,890	\$ 509,890
Fund balance, beginning		920,204	
Fund balance, ending		\$ 1,430,094	

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)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 180,400	\$ 187,444	\$ 7,044
Investment earnings	-	46,447	46,447
Total revenues	180,400	233,891	53,491
Expenditures			
Contract and professional services	205,500	6,970	198,530
Capital outlay	290,400	-	290,400
Total expenditures	495,900	6,970	488,930
Revenue over (under) expenditures	(315,500)	226,921	(88,579)
Other financing sources (uses)			
Transfers in-General Fund	110,000	110,000	-
Fund balance appropriated	205,500	-	205,500
Total other financing sources (uses)	315,500	110,000	425,500
Net change in fund balance	<u>\$ -</u>	336,921	<u>\$ 336,921</u>
Fund balance, beginning		<u>1,150,269</u>	
Fund balance, ending		<u>\$ 1,487,190</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 9****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - HEALTHCARE PREMIUM (SUB-FUND)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 40,464	\$ 40,464
Expenditures			
General government	479,949	471,390	8,559
Development services	370,821	364,208	6,613
Public safety	1,256,717	1,234,304	22,413
Public works	250,163	245,702	4,461
Culture and recreation	323,630	317,859	5,771
Total expenditures	2,681,280	2,633,463	47,817
Revenue over (under) expenditures	(2,681,280)	(2,592,999)	88,281
Other financing sources			
Transfers in			
General Fund	2,634,358	2,654,550	20,192
Stormwater Fund	46,922	45,600	(1,322)
Total Other financing sources (uses)	2,681,280	2,700,150	18,870
Net change in fund balance	\$ -	107,151	\$ 107,151
Fund balance, beginning		725,292	
Fund balance, ending		\$ 832,443	

TOWN OF MORRISVILLE, NORTH CAROLINA**Schedule 10****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - DEBT SERVICE FUND (SUB-FUND)***FOR THE YEAR ENDED JUNE 30, 2025*

	Final Budget	Actual	Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 248,336	\$ 248,336
Expenditures			
Bond issuance costs	2,264,755	279,576	1,985,179
Debt reserve	2,422,300	-	2,422,300
Debt service			
Principal	2,710,000	2,719,250	(9,250)
Interest	1,372,700	1,661,991	(289,291)
Total expenditures	8,769,755	4,660,817	4,108,938
Revenue over (under) expenditures	(8,769,755)	(4,412,481)	4,357,274
Other financing sources			
Transfers in			
General Fund	6,505,000	6,505,000	-
Bond premium	2,264,755	2,264,755	-
Total other financing sources (uses)	8,769,755	8,769,755	-
Net change in fund balance	<u>\$ -</u>	4,357,274	<u>\$ 4,357,274</u>
Fund balance, beginning		<u>3,812,622</u>	
Fund balance, ending		<u>\$ 8,169,896</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
FROM INCEPTION TO JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
American Rescue Plan relief funds	\$ 9,190,819	\$ 7,543,397	\$ 1,647,422	\$ 9,190,819
Investment earnings	515,204	482,153	83,851	566,004
Total revenues	9,706,023	8,025,550	1,731,273	9,756,823
Expenditures				
Maintenance, contractual services and other	1,742,641	1,450,107	160,214	1,610,321
Professional services	720,249	423,887	271,872	695,759
Capital outlay	2,091,317	1,266,704	751,915	2,018,619
Total expenditures	4,554,207	3,140,698	1,184,001	4,324,699
Revenues over (under) expenditures	5,151,816	4,884,852	547,272	5,432,124
Other financing sources (uses)				
Transfers out				
General Fund	(2,462,700)	(2,462,700)	(94,675)	(2,557,375)
Capital Project Funds	(2,689,116)	(1,940,000)	(749,116)	(2,689,116)
Total other financing sources (uses)	(5,151,816)	(4,402,700)	(843,791)	(5,246,491)
Net change in fund balance	\$ -	\$ 482,152	(296,519)	\$ 185,633
Fund balance - beginning			482,152	
Fund balance - ending			\$ 185,633	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
PUBLIC SAFETY IMPROVEMENTS CAPITAL PROJECT FUND
FROM INCEPTION TO JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 368,077	\$ 540,009	\$ 9,249	\$ 549,258
Charges for services	1,411,244	347,439	-	347,439
Miscellaneous Revenue	596,250	123,171	596,250	719,421
Total revenues	2,375,571	1,010,619	605,499	1,616,118
Expenditures				
Professional services	719,009	703,561	14,600	718,161
Capital outlay	12,990,786	11,349,226	124,923	11,474,149
Land acquisition	2,329,426	2,329,426	-	2,329,426
Total expenditures	16,039,221	14,382,213	139,523	14,521,736
Revenues over (under) expenditures	(13,663,650)	(13,371,594)	465,976	(12,905,618)
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	779,100	35,300	743,800	779,100
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	13,663,650	12,919,851	743,800	13,663,651
Net change in fund balance	\$ -	\$ (451,743)	1,209,776	\$ 758,033
Fund balance - beginning			(451,743)	
Fund balance - ending			\$ 758,033	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
TOWN CENTER CAPITAL PROJECT FUND
FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 635,969	\$ 158,449	\$ 996,302	\$ 1,154,751
Miscellaneous	1,070,000	-	-	-
Total revenues	1,705,969	158,449	996,302	1,154,751
Expenditures				
Professional services	3,540,514	1,240,642	179,723	1,420,365
Capital outlay	25,206,684	5,921,768	909,991	6,831,759
Total expenditures	28,747,198	7,162,410	1,089,714	8,252,124
Revenues over (under) expenditures	(27,041,229)	(7,003,961)	(93,412)	(7,097,373)
Other Financing Sources				
Transfers in				
General Fund	4,300,000	4,300,000	-	4,300,000
Roadway and Transportation Capital Reserve Fund	327,880	-	327,880	327,880
CIP Capital Reserve Fund	1,060,000	1,490,000	-	1,490,000
Parks and Recreation Capital Reserve Fund	1,574,199	651,862	492,337	1,144,199
Stormwater Fund	755,900	755,900	-	755,900
American Rescue Act Plan Special Revenue Fund	1,940,000	900,000	-	900,000
Land and Parkland Acquisition Fund	1,116,250	450,000	666,250	1,116,250
Payment-in-Lieu	2,057,000	-	2,057,000	2,057,000
GO Bonds Issued	13,910,000	-	13,910,000	13,910,000
Total other financing sources	27,041,229	8,547,762	17,453,467	26,001,229
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,543,801</u>	17,360,055	<u>\$ 18,903,856</u>
Fund balance - beginning			<u>1,543,801</u>	
Fund balance - ending			<u>\$ 18,903,856</u>	

Capital Projects														
	Sewer Capital Project Fund	Franklin Upchurch Senior Street Dog Park Capital Project Fund	RMS 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 Fund	Intersection Improvements Capital Project Fund	Parkland Payment-in-Lieu Capital Project Fund	Parks and Greenways Improvements Capital Project Fund	Land and Parkland Acquisition Capital Project Fund	Church Street Park Expansion Capital Project Fund	Total Nonmajor Capital Project Funds
Assets														
Cash and cash equivalents	\$ 1,604,186	\$ 607,592	\$ 1,075,000	\$ 810,464	\$ 442,072	\$ -	\$ -	\$ 458,736	\$ 1,121,083	\$ -	\$ -	\$ -	\$ 267,974	\$ 6,387,107
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	2,825,514	2,043,756	-	-	689,102	7,116,154	128,452	-	12,802,978
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	26,851	26,851
Total assets	<u>\$ 1,604,186</u>	<u>\$ 607,592</u>	<u>\$ 1,075,000</u>	<u>\$ 810,464</u>	<u>\$ 442,072</u>	<u>\$ 2,825,514</u>	<u>\$ 2,043,756</u>	<u>\$ 458,736</u>	<u>\$ 1,121,083</u>	<u>\$ 689,102</u>	<u>\$ 7,116,154</u>	<u>\$ 128,452</u>	<u>\$ 294,825</u>	<u>\$ 19,216,936</u>
Liabilities														
Accounts payable and accrued liabilities	\$ 144,248	\$ 172,940	\$ -	\$ 7,400	\$ 86,143	\$ 37,802	\$ -	\$ -	\$ 921	\$ -	\$ 62,320	\$ 62,319	\$ -	\$ 574,093
Total liabilities	<u>144,248</u>	<u>172,940</u>	<u>-</u>	<u>7,400</u>	<u>86,143</u>	<u>37,802</u>	<u>-</u>	<u>-</u>	<u>921</u>	<u>-</u>	<u>62,320</u>	<u>62,319</u>	<u>-</u>	<u>574,093</u>
Fund Balances (deficits)														
Restricted														
American Rescue Plan Act	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation improvements	-	-	-	-	-	-	-	-	-	689,102	7,053,834	66,133	-	7,809,069
Street improvements	-	-	-	-	355,929	2,787,712	-	-	-	-	-	-	-	3,143,641
Committed														
Capital Projects	1,459,938	434,652	1,075,000	803,064	-	-	2,043,756	458,736	1,120,162	-	-	-	294,825	7,690,133
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,459,938</u>	<u>434,652</u>	<u>1,075,000</u>	<u>803,064</u>	<u>355,929</u>	<u>2,787,712</u>	<u>2,043,756</u>	<u>458,736</u>	<u>1,120,162</u>	<u>689,102</u>	<u>7,053,834</u>	<u>66,133</u>	<u>294,825</u>	<u>18,642,843</u>
Total liabilities and fund balances	<u>\$ 1,604,186</u>	<u>\$ 607,592</u>	<u>\$ 1,075,000</u>	<u>\$ 810,464</u>	<u>\$ 442,072</u>	<u>\$ 2,825,514</u>	<u>\$ 2,043,756</u>	<u>\$ 458,736</u>	<u>\$ 1,121,083</u>	<u>\$ 689,102</u>	<u>\$ 7,116,154</u>	<u>\$ 128,452</u>	<u>\$ 294,825</u>	<u>\$ 19,216,936</u>

	Capital Projects														
	Town Center Capital Project Fund	Sewer Capital Project Fund	Franklin Upchurch Senior Street Dog Park Capital Project Fund	RMS 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 Fund	Intersection Improvements Capital Project Fund	Parkland Payment-in-Lieu Capital Project Fund	Parks and Greenways Improvements Capital Project Fund	Land and Parkland Acquisition Capital Project Fund	Church Street Park Expansion Capital Project Fund	Total Nonmajor Capital Project Funds
Revenues															
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (28,579)	\$ 6,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,636)
Investment earnings	-	54,117	-	-	20,584	27,056	109,822	22,905	15,475	43,004	73,480	303,775	26,865	24,754	721,837
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parkland payments in lieu	-	-	-	-	-	-	-	-	-	-	945,745	-	-	-	945,745
Total revenues	-	54,117	-	-	20,584	(1,523)	116,765	22,905	15,475	43,004	1,019,225	303,775	26,865	24,754	1,645,946
Expenditures															
Capital projects	-	-	1,140,348	-	756,223	398,901	492,921	-	-	324,833	-	85,637	67,319	932,932	4,199,114
Total expenditures	-	-	1,140,348	-	756,223	398,901	492,921	-	-	324,833	-	85,637	67,319	932,932	4,199,114
Revenues over (under) expenditures	-	54,117	(1,140,348)	-	(735,639)	(400,424)	(376,156)	22,905	15,475	(281,829)	1,019,225	218,138	(40,454)	(908,178)	(2,553,168)
Other Financing Sources (Uses)															
Premiums on general obligation bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GO Bonds Issued	-	-	-	-	-	-	2,000,000	2,000,000	-	-	-	4,300,000	-	-	8,300,000
Transfers in	-	-	1,575,000	1,075,000	779,760	-	-	-	-	-	-	-	-	-	3,429,760
Transfers out	-	-	-	-	-	-	-	-	-	-	(2,632,884)	-	(666,250)	-	(3,299,134)
Total other financing sources (uses)	-	-	1,575,000	1,075,000	779,760	-	2,000,000	2,000,000	-	-	(2,632,884)	4,300,000	(666,250)	-	8,430,626
Net change in fund balance	-	54,117	434,652	1,075,000	44,121	(400,424)	1,623,844	2,022,905	15,475	(281,829)	(1,613,659)	4,518,138	(706,704)	(908,178)	5,877,458
Fund balance, 6/30/2024 as previously presented	1,543,801	1,405,821	-	-	758,943	756,353	1,163,868	20,851	443,261	1,401,991	2,302,761	2,535,696	772,837	1,203,003	14,309,186
Change withn financial reporting entity (nonmajor to major fund)	(1,543,801)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,543,801)
Fund balance as adjusted or restated	-	1,405,821	-	-	758,943	756,353	1,163,868	20,851	443,261	1,401,991	2,302,761	2,535,696	772,837	1,203,003	12,765,385
Fund balance - ending	\$ -	\$ 1,459,938	\$ 434,652	\$ 1,075,000	\$ 803,064	\$ 355,929	\$ 2,787,712	\$ 2,043,756	\$ 458,736	\$ 1,120,162	\$ 689,102	\$ 7,053,834	\$ 66,133	\$ 294,825	\$ 18,642,843

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEWER CAPITAL PROJECT FUND
FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,166	\$ 360,054	\$ 54,117	\$ 414,171
Miscellaneous	273,323	273,323	-	273,323
Total revenues	470,489	633,377	54,117	687,494
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)	(624,259)	54,117	(570,142)
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	<u>\$ -</u>	<u>\$ 1,405,821</u>	54,117	<u>\$ 1,459,938</u>
Fund balance - beginning			<u>1,405,821</u>	
Fund balance - ending			<u>\$ 1,459,938</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 FRANKLIN UPCHURCH SENIOR STREET DOG PARK CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Professional services	54,000	-	26,033	26,033
Capital Outlay	1,521,000	-	1,114,315	1,114,315
Total expenditures	1,575,000	-	1,140,348	1,140,348
Revenues over (under) expenditures	(1,575,000)	-	(1,140,348)	(1,140,348)
Other Financing Sources (Uses)				
Transfers in				
General Fund	250,000	-	250,000	250,000
ARPA Fund	749,116	-	749,116	749,116
CIP Capital Reserve Fund	-	-	-	-
Parkland Payment-In-Lieu Capital Reserve Fund	575,884	-	575,884	575,884
Total other financing sources (uses)	1,575,000	-	1,575,000	1,575,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	434,652	<u>\$ 434,652</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ 434,652</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 RMS CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Professional services	1,075,000	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	1,075,000	-	-	-
Revenues over (under) expenditures	(1,075,000)	-	-	-
Other Financing Sources (Uses)				
Transfers in				
General Fund	1,075,000	-	1,075,000	1,075,000
CIP Capital Reserve Fund	-	-	-	-
Total other financing sources (uses)	1,075,000	-	1,075,000	1,075,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,075,000</u>	<u>\$ 1,075,000</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ 1,075,000</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 PUBLIC WORKS RENOVATON CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 106,977	\$ 102,141	\$ 20,584	\$ 122,725
Total revenues	106,977	102,141	20,584	122,725
Expenditures				
Professional services	2,252,324	643,198	606,223	1,249,421
Capital Outlay	10,000,000	-	150,000	150,000
Total expenditures	12,252,324	643,198	756,223	1,399,421
Revenues over (under) expenditures	(12,145,347)	(541,057)	(735,639)	(1,276,696)
Other Financing Sources (Uses)				
Transfers in				
General Fund	1,365,587	1,300,000	500,000	1,800,000
CIP Capital Reserve Fund	279,760	-	279,760	279,760
Installment Debt Issued	10,000,000	-	-	-
Fund Balance Appropriated	500,000	-	-	-
Total other financing sources (uses)	12,145,347	1,300,000	779,760	2,079,760
Net change in fund balance	<u>\$ -</u>	<u>\$ 758,943</u>	44,121	<u>\$ 803,064</u>
Fund balance - beginning			<u>758,943</u>	
Fund balance - ending			<u>\$ 803,064</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 MORRISVILLE CAPRENTER ROAD CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Grants	\$ 6,815,735	\$ 6,555,471	\$ (28,579)	\$ 6,526,892
Investment earnings	225,895	229,085	27,056	256,141
Total revenues	7,041,630	6,784,556	(1,523)	6,783,033
Expenditures				
Bond issuance costs	-	990	-	990
Professional services	1,157,327	1,181,159	5,000	1,186,159
Land acquisition	1,248,173	1,216,146	-	1,216,146
Capital outlay	9,889,130	8,898,384	307,757	9,206,141
Arbitrage	-	-	86,144	86,144
Total expenditures	12,294,630	11,296,679	398,901	11,695,580
Revenues over (under) expenditures	(5,253,000)	(4,512,123)	(400,424)	(4,912,547)
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	2,419,450	-	2,419,450
Total other financing sources	5,253,000	5,268,476	-	5,268,476
Net change in fund balance	<u>\$ -</u>	<u>\$ 756,353</u>	(400,424)	<u>\$ 355,929</u>
Fund balance - beginning			756,353	
Fund balance - ending			<u>\$ 355,929</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 SIDEWALK AND PEDESTRIAN ENHANCEMENT CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 329,140	\$ 438,371	\$ 109,822	\$ 548,193
Contributions	153,103	153,103	-	153,103
Grants	1,049,000	634,335	6,943	641,278
Total revenues	1,531,243	1,225,809	116,765	1,342,574
Expenditures				
Professional services	1,050,050	415,534	425,756	841,290
Capital outlay	4,591,368	1,449,382	67,165	1,516,547
Total expenditures	5,641,418	1,864,916	492,921	2,357,837
Revenues over (under) expenditures	(4,110,175)	(639,107)	(376,156)	(1,015,263)
Other Financing Sources (Uses)				
General obligation bonds issued	1,071,700	1,000,000	2,000,000	3,000,000
Premiums on general obligation bonds issued	229,575	301,275	-	301,275
Transfers in				
General Fund	750,200	543,000	-	543,000
Roadway and Transportation Reserve Fund	2,100,000	-	-	-
Transfers out				
Intersection Improvements	(41,300)	(41,300)	-	(41,300)
Total other financing sources (uses)	4,110,175	1,802,975	2,000,000	3,802,975
Net change in fund balance	\$ -	\$ 1,163,868	1,623,844	\$ 2,787,712
Fund balance - beginning			1,163,868	
Fund balance - ending			\$ 2,787,712	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 22

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET AND ACTUAL

NC 54 CONGESTION MITIGATION CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 6,835	\$ 27,686	\$ 22,905	\$ 50,591
Total revenues	6,835	27,686	22,905	50,591
Expenditures				
Land acquisition	240,000	240,000	-	240,000
Professional services	1,000,000	1,000,000	-	1,000,000
Capital outlay	5,974,035	3,974,035	-	-
Total expenditures	7,214,035	5,214,035	-	5,214,035
Revenues over (under) expenditures	(7,207,200)	(5,186,349)	22,905	(5,163,444)
Other Financing Sources				
General obligation bonds issued	3,200,000	3,200,000	2,000,000	5,200,000
Premiums on general obligation bonds issued	2,000,000	-	-	-
Transfers in		-	-	-
Roadway and Transportation Capital Reserve Fund	2,007,200	2,007,200	-	2,007,200
Total other financing sources (uses)	7,207,200	5,207,200	2,000,000	7,207,200
Net change in fund balance	-	20,851	2,022,905	2,043,756
Fund balance - beginning			20,851	
Fund balance - ending			\$ 2,043,756	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 INTERNATIONAL DRIVE CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 13,030.00	\$ 15,475	\$ 28,505
Total revenues	-	13,030	15,475	28,505
Expenditures				
Capital outlay	500,000	69,769	-	69,769
Total expenditures	500,000	69,769	-	69,769
Revenues over (under) expenditures	(500,000)	(56,739)	15,475	(41,264)
Other Financing Sources (Uses)				
Roadway and Transportation Capital Reserve Fund	500,000	500,000	-	500,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 443,261</u>	15,475	<u>\$ 458,736</u>
Fund balance - beginning			<u>443,261</u>	
Fund balance - ending			<u>\$ 458,736</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 24

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET AND ACTUAL

INTERSECTION IMPROVEMENTS CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 4,321	\$ 43,004	\$ 47,325
Total revenues	-	4,321	43,004	47,325
Expenditures				
Professional services	696,391	-	324,833	\$ 324,833
Capital outlay	2,758,609	16,030	-	16,030
Total expenditures	3,455,000	16,030	324,833	340,863
Other Financing Sources (Uses)				
Premiums on general obligation bonds issued	2,000,000	(41,300)	-	(41,300)
Transfers in				-
Roadway and Transportation Capital Project Fund	1,255,000	1,255,000	-	1,255,000
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)	3,455,000	1,413,700	-	1,413,700
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,401,991</u>	(281,829)	<u>\$ 1,120,162</u>
Fund balance - beginning			1,401,991	
Fund balance - ending			<u>\$ 1,120,162</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET AND ACTUAL

PARKLAND PAYMENTS IN LIEU

FROM INCEPTION TO JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 487,558	\$ 73,480	\$ 561,038
Parkland payments in lieu	-	9,890,805	945,745	10,836,550
Total revenues	-	10,378,363	1,019,225	11,397,588
Other Financing Sources				
Transfers in (out)				
Church Street Park Expansion Capital Project Fund	-	-	-	-
General Fund	-	(570,000)	-	(570,000)
Capital Reserve Fund	-	1,684,257	-	1,684,257
Parkland Payment-in-Lieu	-	1,871,447	-	1,871,447
Northwest Park Capital Project Fund	-	4,026	-	4,026
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	-	(799,200)	-	(799,200)
Capital Projects	-	(5,879,403)	(2,632,884)	(8,512,287)
Total other financing sources (uses)	-	(8,075,602)	(2,632,884)	(10,708,486)
Net change in fund balance	\$ -	\$ 2,302,761	(1,613,659)	\$ 689,102
Fund balance - beginning			2,302,761	
Fund balance - ending			\$ 689,102	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
PARKS AND GREENWAYS CAPITAL PROJECT FUND
FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 489,252	\$ 303,775	\$ 793,027
Grants	545,000	-	-	-
Total revenues	545,000	489,252	303,775	793,027
Expenditures				
Professional services	1,037,330	734,688	16,549	751,237
Capital outlay	3,567,570	2,318,832	6,769	2,325,601
Debt - Arbitrage	-	-	62,319	62,319
Total expenditures	4,604,900	3,053,520	85,637	3,139,157
Revenues over (under) expenditures	(4,059,900)	(2,564,268)	218,138	(2,346,130)
Other Financing Sources				
General obligation bonds issued	2,000,000	2,000,000	4,300,000	6,300,000
Premiums on general obligation bonds issued	143,400	143,464	-	143,464
Transfers in (out)				
Parkland Payment-in-Lieu Capital Project Fund	1,824,900	1,824,900	-	1,824,900
Parks and Recreation Capital Project Fund	35,000	1,075,000	-	1,075,000
CIP Capital Reserve Fund	200,000	200,000	-	200,000
Parks and Greenway Capital Project Fund	(143,400)	(143,400)	-	(143,400)
Total other financing sources (uses)	4,059,900	5,099,964	4,300,000	9,399,964
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,535,696</u>	4,518,138	<u>\$ 7,053,834</u>
Fund balance - beginning			2,535,696	
Fund balance - ending			<u>\$ 7,053,834</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 LAND AND PARKLAND ACQUISITION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 26,445	\$ 58,076	\$ 26,865	\$ 84,941
Total revenues	26,445	58,076	26,865	84,941
Expenditures				
Professional services	267,460	118,202	-	118,202
Land acquisition	8,166,050	3,578,871	5,000	3,583,871
Debt - Arbitrage	-	-	62,319	62,319
Total expenditures	8,433,510	3,697,073	67,319	3,764,392
Revenues over (under) expenditures	(8,407,065)	(3,638,997)	(40,454)	(3,679,451)
Other Financing Sources (Uses)				
General obligation bonds issued	2,323,515	2,300,000	-	2,300,000
Premiums on general obligation bonds issued	4,300,000	164,984	-	164,984
FB Appropriations	666,250	-	-	-
Transfers in				
General Fund	814,350	977,650	-	977,650
Parkland Payment-in-lieu Capital Reserve Fund	799,200	799,200	-	799,200
Parks and Recreation Capital Reserve Fund	620,000	620,000	-	620,000
Transfers out				
Town Center Capital Project Fund	(1,116,250)	(450,000)	(666,250)	(1,116,250)
Total other financing sources (uses)	8,407,065	4,411,834	(666,250)	3,745,584
Net change in fund balance	\$ -	\$ 772,837	(706,704)	\$ 66,133
Fund balance - beginning			772,837	
Fund balance - ending			\$ 66,133	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 CHURCH STREET PARK EXPANSION CAPITAL PROJECT FUND
 FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 197,531	\$ 174,362	\$ 24,754	\$ 199,116
Contributions	1,414,072	1,414,073	-	1,414,073
Total revenues	1,611,603	1,588,435	24,754	1,613,189
Expenditures				
Professional services	423,534	399,082	21,138	420,220
Construction	-	-	-	-
Capital outlay	6,439,997	4,971,350	911,794	5,883,144
Total expenditures	6,863,531	5,370,432	932,932	6,303,364
Revenues over (under) expenditures	(5,251,928)	(3,781,997)	(908,178)	(4,690,175)
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
Capital Project Funds	2,608,528	2,485,000	-	2,485,000
Total other financing sources (uses)	5,251,928	4,985,000	-	4,985,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,203,003</u>	(908,178)	<u>\$ 294,825</u>
Fund balance - beginning			1,203,003	
Fund balance - ending			<u>\$ 294,825</u>	

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 29

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION-
 BUDGET AND ACTUAL (NON-GAAP)
 STORMWATER FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Permits and fees	\$ 35,000	\$ 23,692	\$ (11,308)
Stormwater ERU Charges	1,215,000	1,176,030	(38,970)
Investment earnings	90,000	85,337	(4,663)
Miscellaneous	4,850	148	(4,702)
Total revenues	1,344,850	1,285,207	(59,643)
Expenditures			
Stormwater Operations			
Personnel costs	579,375	471,286	108,089
Professional services	55,000	39,436	15,564
Other operating	269,344	280,570	(11,226)
Capital outlay	15,000	-	15,000
Total expenditures	918,719	791,292	127,427
Revenues over (under) expenditures	426,131	493,915	67,784
Other Financing Sources (uses)			
Transfers in (out)			
Capital Project Funds	(500,000)	-	500,000
General Fund	89,469	-	(89,469)
Healthcare Premium Fund	(45,600)	(56,352)	(10,752)
Fund balance appropriated	30,000	-	(30,000)
Total other financing sources (uses)	(426,131)	(56,352)	369,779
Revenues and other sources (uses) over expenditures	\$ -	437,563	\$ 437,563
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Add (deduct):			
Decrease (Increase) in compensated absences liability		6,505	
Increase (Decrease) in deferred outflows of resources - pensions		(30,994)	
Increase (Decrease) in deferred outflows of resources - OPEB		832	
Decrease (Increase) in net pension liability		18,250	
Decrease (Increase) in OPEB Liability		10,579	
Decrease (Increase) in deferred inflows of resources - pensions		1,174	
Decrease (Increase) in deferred inflows of resources - OPEB		(5,639)	
Capital outlay		-	
Depreciation expense		(40,422)	
Change in net position		397,848	
Net position, beginning of year		2,655,600	
Net position, end of year		\$ 3,053,448	

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

BUDGET AND ACTUAL (NON-GAAP)

STORMWATER CAPITAL PROJECT FUND

FROM INCEPTION TO JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 10,250	\$ 25,088	\$ 21,350	\$ 46,438
Miscellaneous	774,130	274,130	-	274,130
Total revenues	784,380	299,218	21,350	320,568
Expenditures				
Professional services	612,281	244,344	129,403	373,747
Land acquisition	6,250	6,230	-	6,230
Construction	1,741,450	979,346	-	979,346
Total expenditures	2,359,981	1,229,920	129,403	1,359,323
Revenues over (under) expenditures	(1,575,601)	(930,702)	(108,053)	(1,038,755)
Other Financing Sources (Uses)				
Transfer in				
Closed capital project funds	12,901	12,901	-	12,901
Stormwater Fund	1,562,700	1,562,700	-	1,562,700
Total other financing sources (uses)	1,575,601	1,575,601	-	1,575,601
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 644,899</u>	(108,053)	<u>\$ 536,846</u>
Reconciliation from budgerary basis (modified accrual) to full accrual:				
Add: Capital outlay			-	
Change in net position			(108,053)	
Net position, beginning of year			1,486,135	
Net position, end of year			<u>\$ 1,378,082</u>	

Other Schedules

TOWN OF MORRISVILLE, NORTH CAROLINA
Schedule 31
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2025

Fiscal Year	Balance June 30, 2024	Current Levy	Collection Adjustments and Releases	Balance June 30, 2025
2024 - 2025	\$ -	\$ 32,933,296 (1)	\$ 32,882,958 (2)	\$ 50,338
2023 - 2024	36,667	-	15,591	21,076
2022 - 2023	14,722	-	2,156	12,566
2021 - 2022	32,635	-	20,893	11,742
2020 - 2021	19,195	-	1,674	17,521
2019 - 2020	18,721	-	345	18,376
2018 - 2019	6,278	-	37	6,241
2017 - 2018	2,767	-	78	2,689
2016 - 2017	2,595	-	3	2,592
2015 - 2016	157,531	-	-	157,531
	<u>\$ 291,111</u>	<u>\$ 32,933,296</u>	<u>\$ 32,923,735</u>	<u>300,672</u>
Less allowance for uncollectible taxes				<u>(87,169)</u>
Ad valorem taxes receivable, net				<u>\$ 213,503 (3)</u>
Reconciliation to revenues:				
Ad valorem taxes, General Fund			33,689,181	
Reconciling items;				
Penalties			(21,119)	
Releases, rebates and adjustments			(4,574)	
Discoveries			(739,753)	
Total collections, adjustments and releases			<u>\$ 32,923,735</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 \$49,855 net of an allowance of \$14,461

Note (4) - Does not include Municipal Service District taxes of \$187,444

TOWN OF MORRISVILLE, NORTH CAROLINA

Schedule 32

ANALYSIS OF CURRENT TAX LEVY

June 30, 2025

	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	\$ 10,028,058,614	\$ 0.35	\$ 35,098,205	\$ 32,915,035	\$ 2,183,170
Penalties	-		21,477	21,477	-
Total	10,028,058,614		35,119,682	32,936,512	2,183,170
Discoveries					
Prior year's Value	8,004,983		31,104	31,103	0
Less - Abatements	-		(735,179)	(735,179)	-
Total property valuation	<u>\$ 10,036,063,597</u>				
Net levy			34,415,607	32,232,437	2,183,170
Uncollected taxes at June 30, 2025			50,337	50,337	-
Current year's taxes collected			<u>\$ 34,365,270</u>	<u>\$ 32,182,100</u>	<u>\$ 2,183,170</u>
Current levy collection percentage			<u>99.85%</u>	<u>99.84%</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.

Fiscal Year Ending June 30,	Principal	Principal and Interest
2026	3,300,000	5,856,300
2027	3,670,000	5,687,050
2028	3,230,000	5,077,825
2029	3,225,000	4,926,250
2030	3,225,000	4,784,400
2031-2035	15,925,000	21,617,563
2036-2040	13,090,000	15,741,080
2041-2045	7,680,000	7,924,100
Total	\$ 53,345,000	\$ 71,614,568

Statistical Section

This part of the Town of Morrisville's annual comprehensive 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 103,511,580	\$ 114,455,319	\$ 128,402,016	\$ 139,308,614	\$ 144,793,657	\$ 141,253,092	\$ 152,861,140	\$ 169,577,275	\$ 181,865,474	\$ 183,870,989
Restricted	13,141,913	19,999,993	21,205,023	24,173,484	26,339,022	20,773,823	11,866,466	15,251,843	16,485,691	13,995,893
Unrestricted	14,329,050	12,290,712	13,689,017	11,644,171	9,417,099	9,508,947	17,811,514	21,127,657	24,562,914	34,309,192
Total governmental activities net position	<u>130,982,543</u>	<u>146,746,024</u>	<u>163,296,056</u>	<u>175,126,269</u>	<u>180,549,778</u>	<u>171,535,862</u>	<u>182,539,120</u>	<u>205,956,775</u>	<u>222,914,079</u>	<u>232,176,074</u>
Business-type activities										
Net investment in capital assets	1,468,020	650,915	643,220	668,769	648,338	634,555	1,135,523	1,192,485	1,628,905	1,588,483
Unrestricted	2,141,019	1,259,908	1,815,987	2,061,346	1,402,075	1,662,933	1,870,717	2,537,033	2,512,830	2,843,047
Total business-type activities net position	<u>3,609,039</u>	<u>1,910,823</u>	<u>2,459,207</u>	<u>2,730,115</u>	<u>2,050,413</u>	<u>2,297,488</u>	<u>3,006,240</u>	<u>3,729,518</u>	<u>4,141,735</u>	<u>4,431,530</u>
Primary government										
Net investment in capital assets	104,979,600	115,106,234	129,045,236	139,977,383	145,441,995	141,887,647	153,996,663	170,769,760	183,494,379	185,459,472
Restricted	13,141,913	19,999,993	21,205,023	24,173,484	26,339,022	20,773,823	11,866,466	15,251,843	16,485,691	13,995,893
Unrestricted	16,470,069	13,550,620	15,505,004	13,705,517	10,819,174	11,171,881	19,682,231	23,664,690	27,075,744	37,152,239
Total primary government net position	<u>\$ 134,591,582</u>	<u>\$ 148,656,847</u>	<u>\$ 165,755,263</u>	<u>\$ 177,856,384</u>	<u>\$ 182,600,191</u>	<u>\$ 173,833,351</u>	<u>\$ 185,545,360</u>	<u>\$ 209,686,293</u>	<u>\$ 227,055,814</u>	<u>\$ 236,607,604</u>

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

Table 2
Page 1 of 3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 5,012,357	\$ 6,203,972	\$ 6,417,384	\$ 6,912,016	\$ 7,974,256	\$ 9,010,060	\$ 9,792,132	\$ 8,796,877	\$ 9,316,736	\$ 10,770,126
Development services	1,874,840	2,259,598	2,380,560	3,011,772	3,021,941	3,252,330	3,641,353	4,494,764	5,115,212	5,424,197
Public safety	8,510,593	9,189,668	9,583,725	10,567,399	11,803,079	12,760,247	13,662,345	15,289,590	16,234,148	18,732,808
Public works	5,186,053	6,133,623	5,469,939	5,100,632	5,389,681	24,748,340	8,929,163	7,471,162	8,351,275	9,452,133
Culture and recreation	1,797,070	2,002,012	2,156,751	2,018,990	2,120,532	2,789,059	3,130,020	3,173,918	3,682,757	5,766,976
Interest on long-term debt	367,433	433,651	534,806	765,140	1,006,023	833,379	988,971	1,377,992	1,204,953	1,843,991
Total governmental activities expenses	22,748,346	26,222,524	26,543,165	28,375,949	31,315,512	53,393,415	40,143,984	40,604,303	43,905,081	51,990,231
Business-type activities:										
Stormwater	475,490	488,053	382,035	526,434	494,551	702,507	488,990	556,694	1,102,459	960,410
Total business-type activities expenses	475,490	488,053	382,035	526,434	494,551	702,507	488,990	556,694	1,102,459	960,410
Total primary government expenses	\$ 23,223,836	\$ 26,710,577	\$ 26,925,200	\$ 28,902,383	\$ 31,810,063	\$ 54,095,922	\$ 40,632,974	\$ 41,160,997	\$ 45,007,540	\$ 52,950,641
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 253,233	\$ 242,190	\$ 247,394	\$ 291,552	\$ 199,120	\$ 245,333	\$ 282,831	\$ 429,423	\$ 18,234	\$ 526,932
Development services	1,677,208	1,757,021	1,751,994	1,791,348	2,321,098	2,204,662	1,379,860	3,560,614	3,228,899	1,764,049
Public works	-	-	-	-	-	-	-	-	482,425	161,717
Public safety	91,033	83,602	105,182	134,371	93,470	45,055	64,425	178,919	-	-
Culture and recreation	855,610	901,261	831,737	547,450	225,601	225,624	614,315	862,762	1,067,223	1,254,978
Operating grants and contributions										
General government	105,804	-	-	-	-	-	-	654,614	2,856,259	941,542
Development services	-	4,000	125,530	-	-	45,193	758,286	375,813	566,058	431,574
Public safety	5,092	29,688	-	500	39,887	546,645	1,119,300	15,583	42,012	163,691
Public works	546,237	659,753	809,664	605,779	589,678	582,737	2,000	836,046	934,968	987,588
Culture and recreation	-	-	-	8,250	2,000	-	262,023	-	-	6,000
Capital grants and contributions										
General government	-	-	-	-	-	-	-	900,000	1,089,233	751,915
Development services	-	-	-	-	-	-	-	-	906,425	327,323
Public safety	24,427	9,905	2,956	33,488	20,226	-	356,403	64,225	300,000	-
Public works	3,189,718	10,008,117	8,436,652	3,883,672	386,646	6,697,188	8,807,688	10,421,600	10,000	-
Culture and recreation	22,342	731,526	3,020,197	714,779	328,075	73,688	71,228	1,387,054	1,387,054	250,000
Total governmental activities program revenues	6,770,704	14,427,063	15,331,306	8,011,189	4,205,801	10,666,125	13,718,359	19,686,653	12,888,789	7,567,309

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

Table 2
Page 2 of 3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Stormwater										
Charges for services	\$ 834,314	\$ 718,165	\$ 794,371	\$ 694,201	\$ 772,877	\$ 948,467	\$ 1,171,039	\$ 1,226,749	\$ 1,187,356	\$ 1,199,722
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	1,187,356	1,199,722
Total primary government program revenues	<u>\$ 7,660,003</u>	<u>\$ 15,155,677</u>	<u>\$ 16,139,985</u>	<u>\$ 8,715,734</u>	<u>\$ 4,978,678</u>	<u>\$ 11,614,592</u>	<u>\$ 14,889,398</u>	<u>\$ 20,913,402</u>	<u>\$ 14,076,145</u>	<u>\$ 8,767,031</u>
Net (Expense) Revenue										
Governmental activities	\$ (15,977,642)	\$ (11,795,461)	\$ (11,211,859)	\$ (20,364,760)	\$ (27,098,266)	\$ (42,727,290)	\$ (26,425,625)	\$ (20,917,650)	\$ (31,016,293)	\$ (44,422,922)
Business-type activities	413,809	240,561	426,644	178,111	278,326	245,960	682,049	670,055	84,897	239,312
Total primary government net expense	<u>\$ (15,563,833)</u>	<u>\$ (11,554,900)</u>	<u>\$ (10,785,215)</u>	<u>\$ (20,186,649)</u>	<u>\$ (26,819,940)</u>	<u>\$ (42,481,330)</u>	<u>\$ (25,743,576)</u>	<u>\$ (20,247,595)</u>	<u>\$ (30,931,396)</u>	<u>\$ (44,183,610)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 16,380,456	\$ 17,600,497	\$ 17,973,513	\$ 18,937,524	\$ 19,702,688	\$ 22,327,775	\$ 23,118,819	\$ 26,079,036	\$ 27,621,186	\$ 34,047,079
Other taxes and licenses	273,725	285,897	289,261	527,459	569,225	612,630	8,824,518	9,967,798	4,581,608	9,536,790
Unrestricted intergovernmental revenues	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761	4,121,466	4,245,150	10,382,571	4,321,273
Unrestricted investment earnings	81,621	232,552	503,909	1,150,628	679,457	31,820	99,877	2,335,432	3,008,851	3,499,901
Miscellaneous	411,923	342,517	325,730	351,008	482,295	408,778	755,999	445,856	2,333,781	1,277,777
Gain (Loss) on disposition of capital assets	-	-	(137,467)	-	-	-	-	-	-	-
Parkland payment in lieu	640,609	412,778	1,051,737	2,058,619	701,903	34,610	508,204	1,262,033	-	945,745
Transfers	(126,200)	(112,983)	(126,000)	(57,800)	984,250	-	-	-	45,600	56,352
Total governmental activities	<u>25,626,954</u>	<u>27,058,110</u>	<u>28,541,609</u>	<u>32,194,973</u>	<u>32,521,775</u>	<u>33,713,374</u>	<u>37,428,883</u>	<u>44,335,305</u>	<u>47,973,597</u>	<u>53,684,917</u>
Business-type activities:										
Unrestricted investment earnings	4,275	4,917	15,831	34,997	26,222	1,115	2,573	53,223	121,120	106,687
Miscellaneous	-	-	-	-	-	-	24,130	-	251,800	148
Transfers	126,200	112,983	126,000	57,800	(984,250)	-	-	-	(45,600)	(56,352)
Total business-type activities	<u>130,475</u>	<u>117,900</u>	<u>141,831</u>	<u>92,797</u>	<u>(958,028)</u>	<u>1,115</u>	<u>26,703</u>	<u>53,223</u>	<u>327,320</u>	<u>50,483</u>

Table 2
Page 3 of 3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total primary government	\$ 25,757,429	\$ 27,176,010	\$ 28,683,440	\$ 32,287,770	\$ 31,563,747	\$ 33,714,489	\$ 37,455,586	\$ 44,388,528	\$ 48,300,917	\$ 53,735,400
Change in net position										
Governmental activities	9,649,312	15,262,649	17,329,750	11,830,213	5,423,509	(9,013,916)	11,003,258	23,417,655	16,957,304	9,261,995
Business-type activites	544,284	358,461	568,475	270,908	(679,702)	247,075	708,752	723,278	412,217	289,795
Total primary government	\$ 10,193,596	\$ 15,621,110	\$ 17,898,225	\$ 12,101,121	\$ 4,743,807	\$ (8,766,841)	\$ 11,712,010	\$ 24,140,933	\$ 17,369,521	\$ 9,551,790

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable:										
Prepays	\$ 40,263	\$ 8,886	\$ 13,990	\$ 9,742	\$ 19,216	\$ -	\$ 20,485	\$ 22,607	\$ -	\$ -
Leases	-	-	-	-	-	-	8,403	69,866	133,669	193,725
Total Nonspendable	40,263	8,886	13,990	9,742	19,216	-	28,888	92,473	133,669	193,725
Restricted:										
Stabilization by State statute	5,544,570	5,763,023	7,250,961	9,297,398	7,593,866	5,498,323	4,442,732	4,651,520	5,478,316	4,825,449
Street improvements	1,563,938	1,599,108	2,191,782	2,796,975	4,199,303	4,529,378	3,069,699	3,072,537	3,425,709	1,837,508
Public safety operations and activities	24,918	22,678	5,335	28,401	12,719	17,693	21,299	41,136	50,151	21,989
Total Restricted	7,133,426	7,384,809	9,448,078	12,122,774	11,805,888	10,045,394	7,533,730	7,765,193	8,954,176	6,684,946
Committed:										
General governmental capital	602,704	1,902,254	1,807,952	6,639,957	1,595,166	1,629,315	2,482,960	4,953,618	8,909,388	10,108,456
Debt service	-	-	-	-	-	353,621	992,760	2,255,143	3,812,622	8,169,896
LEOSSA pension liability	328,296	344,103	373,598	383,218	364,354	344,924	345,150	376,655	347,213	239,233
OPEB pension liability	-	-	2,804,999	3,128,971	3,476,841	3,819,953	4,180,217	4,686,953	5,429,211	6,099,275
Healthcare premium	-	-	-	-	-	-	-	453,578	725,292	832,443
Capital projects	-	-	-	-	-	-	12	-	-	-
Total Committed	931,000	2,246,357	4,986,549	10,152,146	5,436,361	6,147,813	8,001,099	12,725,947	19,223,726	25,449,303
Assigned:										
Fire operations and activities	-	-	2,487	2,487	2,487	2,487	2,487	2,487	2,487	2,487
Subsequent year's expenditures	2,305,000	2,823,000	5,395,000	945,000	1,367,200	2,574,550	1,841,400	1,238,800	1,571,700	1,393,200
Total Assigned	2,305,000	2,823,000	5,397,487	947,487	1,369,687	2,577,037	1,843,887	1,241,287	1,574,187	1,395,687
Unassigned	15,257,586	15,254,649	10,233,745	11,388,203	12,176,024	13,784,522	13,711,989	16,566,070	16,577,124	16,519,351
Total General Fund	25,667,275	27,717,701	30,079,849	34,620,352	30,807,176	32,554,766	31,119,593	38,390,970	46,462,882	50,243,012
All Other Governmental Funds										
Restricted:										
Stabilization by State statute	3,135,257	10,195,584	8,501,860	8,124,543	3,616,204	7,318,625	-	-	-	-
Street improvements	-	-	4,933,104	8,875,328	6,898,902	-	5,737,796	1,265,908	1,920,221	3,143,641
Recreation improvements	2,873,230	2,419,600	3,255,085	4,817,105	4,018,028	3,409,804	8,558,475	4,921,066	5,611,294	23,776,069
Public safety operations and activities	-	-	-	-	-	-	9,695,229	1,299,676	-	758,033
Total Restricted	6,008,487	12,615,184	16,690,049	21,816,976	14,533,134	10,728,429	23,991,500	7,486,650	7,531,515	27,677,743
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	6,777,671	10,626,989
American Rescue Plan projects	-	-	-	-	-	-	5,581	1,202,733	482,152	185,633
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	7,259,823	10,812,622
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Unassigned	(3,073,459)	(2,278,917)	(5,173,492)	(2,694,802)	3,589,762	(1,957,511)	-	512	(451,743)	-
Total All Other Governmental Funds	3,100,101	13,565,173	15,415,964	23,821,596	22,373,382	11,399,458	29,901,336	16,506,425	14,339,595	38,490,365
Total Governmental Fund Balances	\$ 28,767,376	\$ 41,282,874	\$ 45,495,813	\$ 58,441,948	\$ 53,180,558	\$ 43,954,224	\$ 61,020,929	\$ 54,897,395	\$ 60,802,477	\$ 88,733,377

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

Table 4

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Ad valorem taxes	\$ 16,397,410	\$ 17,620,181	\$ 17,951,167	\$ 18,937,833	\$ 19,680,070	\$ 22,372,592	\$ 23,094,896	\$ 26,083,026	\$ 27,468,191	\$ 33,977,594
Other taxes and licenses	277,630	288,953	292,135	528,334	569,225	612,630	613,440	631,815	639,570	648,842
Unrestricted intergovernmental	7,964,820	8,296,852	8,660,926	9,227,535	9,401,957	10,297,761	12,332,544	13,628,572	14,624,609	13,209,221
Restricted intergovernmental	573,671	1,420,967	3,829,861	1,598,686	1,357,731	3,043,657	4,969,652	5,162,562	6,386,328	4,831,628
Permits and fees	2,408,850	2,253,401	2,908,913	3,984,338	3,116,471	2,284,327	1,948,883	4,929,505	3,430,831	1,925,766
Sales and services	1,108,843	1,143,451	1,079,131	839,002	424,721	470,957	897,146	1,292,185	1,435,457	1,781,910
Investment earnings	81,621	232,462	503,909	1,150,628	679,457	31,820	99,877	2,335,432	3,008,851	3,499,901
Miscellaneous	542,152	346,207	487,099	455,032	538,490	437,130	839,578	1,857,537	2,333,781	1,277,777
TOTAL REVENUES	29,354,997	31,602,474	35,713,141	36,721,388	35,768,122	39,550,874	44,796,016	55,920,634	59,327,618	61,152,639
EXPENDITURES										
Current:										
General government	3,541,976	4,302,843	4,524,451	4,984,628	5,744,971	6,683,639	7,598,738	7,936,900	8,430,556	9,118,569
Development services	1,989,194	2,230,718	2,329,719	2,815,781	2,779,276	2,997,823	3,573,342	4,241,293	4,685,090	5,185,438
Public safety	8,159,452	8,166,536	8,633,485	9,161,197	10,043,861	10,657,922	12,212,734	13,341,722	14,662,753	16,397,564
Public works	5,206,847	5,925,474	5,381,532	4,961,776	5,158,313	5,754,330	8,824,268	7,272,501	8,094,843	9,084,701
Culture and recreation	1,618,153	1,728,506	1,889,507	1,609,312	1,600,483	2,097,864	2,401,529	2,617,704	3,269,818	5,124,164
Capital outlay	3,590,493	7,194,189	8,942,317	12,916,507	13,194,792	17,441,801	8,883,335	22,176,836	9,761,107	8,049,918
Debt service										
Bond issuance costs	-	-	-	-	-	-	-	-	-	279,576
Principal	1,091,035	1,108,682	1,531,382	1,534,134	2,236,939	2,109,798	2,126,241	3,095,724	3,043,079	2,881,623
Interest and other charges	367,040	555,859	655,997	637,235	1,255,127	1,034,031	953,398	1,407,260	1,502,688	1,665,385
TOTAL EXPENDITURES	25,564,190	31,212,807	33,888,390	38,620,570	42,013,762	48,777,208	46,573,585	62,089,940	53,449,934	57,786,938
REVENUES OVER (UNDER) EXPENDITURES	3,790,807	389,667	1,824,751	(1,899,182)	(6,245,640)	(9,226,334)	(1,777,569)	(6,169,306)	5,877,684	3,365,701
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	3,100,000	-	-	-	-	-	-
Issuance of bonds	-	10,998,487	-	10,745,000	-	-	17,610,000	-	-	-
Installment debt issuance proceeds	-	-	-	1,058,117	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	1,234,274	-	(41,300)	2,264,755
Transfers in	804,000	2,855,113	5,035,617	7,125,000	10,133,750	8,048,009	5,997,146	13,246,836	15,070,235	23,756,273
Transfers out	(930,200)	(2,968,096)	(5,161,617)	(7,182,800)	(9,149,500)	(8,048,009)	(5,997,146)	(13,246,836)	(15,024,634)	(23,699,921)
Right to use proceeds	-	-	-	-	-	-	-	45,770	23,099	22,244,092
TOTAL OTHER FINANCING SOURCES (USES)	(126,200)	10,885,504	(126,000)	14,845,317	984,250	-	18,844,274	45,770	27,400	24,565,199
NET CHANGE IN FUND BALANCES	\$ 3,664,607	\$ 11,275,171	\$ 1,698,751	\$ 12,946,135	\$ (5,261,390)	\$ (9,226,334)	\$ 17,066,705	\$ (6,123,536)	\$ 5,905,084	\$ 27,930,900
Debt Service as a percentage of non-capital expenditures	6.6%	6.9%	8.8%	8.4%	12.1%	10.0%	8.2%	11.3%	10.4%	9.1%

Note:

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

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

Table 5

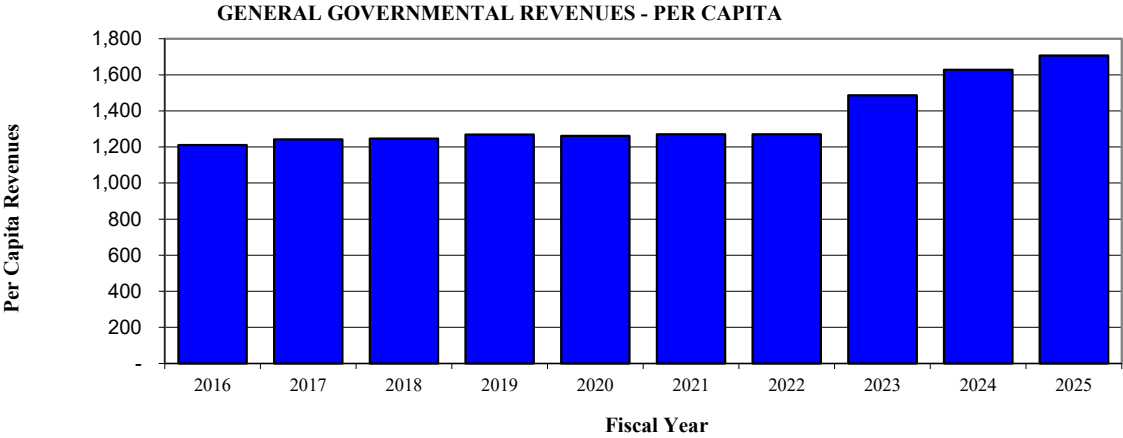
Fiscal Year	GENERAL REVENUES							PROGRAM REVENUES				Fiscal Year Total
	Property Taxes	Other Taxes and Licenses	Unrestricted Intergovernmental	Miscellaneous	Parkland Payment in Lieu	Unrestricted Investment Earnings	Gain (Loss) on Disposal of Capital Assets	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Special Items	
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
2024	27,621,186	4,581,608	10,382,571	2,333,781	-	3,008,851	-	4,796,781	4,399,296	3,692,712	-	60,816,786
2025	34,047,079	9,536,790	4,321,273	1,277,777	945,745	3,499,901	-	3,707,676	2,530,396	1,329,237	-	61,195,874

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	Sales and Services	Investment Earnings	Miscellaneous	Fiscal Year Total	Per Capita Revenues (2)	Population
2016	16,675,040	8,516,149	1,768,241	1,108,843	72,091	542,152	28,682,516	1,211	23,682
2017	17,909,134	8,986,293	1,840,623	1,143,451	144,604	346,207	30,370,312	1,242	24,456
2018	18,243,302	9,470,590	1,857,176	1,079,131	341,622	487,099	31,478,920	1,247	25,242
2019	19,466,167	9,794,759	1,925,719	839,002	553,709	455,032	33,034,388	1,269	26,041
2020	20,249,295	10,044,967	2,414,568	424,721	354,302	538,490	34,026,343	1,261	26,973
2021	22,985,622	11,472,336	2,249,717	470,957	19,900	437,130	37,635,662	1,270	29,630
2022	23,708,336	13,354,853	1,440,679	897,146	45,696	546,371	39,993,081	1,271	31,470
2023	26,714,841	14,928,614	3,667,472	1,292,185	834,726	470,483	47,908,321	1,486	32,248
2024	28,107,761	15,864,020	3,430,831	1,435,457	1,811,681	2,121,552	52,771,302	1,627	32,431
2025	34,626,436	15,469,318	1,925,766	1,781,910	1,688,662	681,527	56,173,619	1,707	32,910

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

		Assessed Value (1)			Property Tax Rate (Per \$100 Assessed Value)
Fiscal Year		Real Property	Personal Property (3)	Total	
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
2024		6,320,009,488	682,381,677	7,002,391,165	.39
2025		9,331,886,995	704,176,602	10,036,063,597	0.35

- 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 2024.
 - (3) Personal property includes Public Service values and vehicle values.

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

Table 8

Fiscal Year	Town of Morrisville	Wake County	Combined Tax Rate per \$100 of Assessed Value
2016	0.41	0.6145	1.025
2017	0.39	0.6005	0.991
2018	0.39	0.615	1.005
2019	0.39	0.6544	1.044
2020	0.39	0.7207	1.111
2021	0.36	0.60	0.960
2022	0.36	0.6195	0.980
2023	0.39	0.657	1.047
2024	0.39	0.657	0.904
2025	0.35	0.5135	0.864

TOWN OF MORRISVILLE, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

Table 9

Taxpayer	2025			2016		
	2024 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2015 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Raleigh 1 LP	\$ 225,575,224	1	2.2%			
WMCi Raleigh LLC	200,832,275	2	2.0%	77,270,503	4	2.1%
SBP Office Owner LP	182,754,061	3	1.8%			
Perimeter Park Office	153,173,888	4	1.5%			
Park West Village Phase LLC	145,019,670	5	1.4%			
Stitch Owner LLC	136,788,698	6	1.4%			
Spark Phase 1 Owner LP	102,093,095	7	1.0%			
TGA King Estridge Owner LLC	96,682,364	8	1.0%			
Cary SPE LLC	94,843,111	9	0.9%			
Magnolia Presont View LP	92,616,513	10	0.9%			
Duke Realty LP				191,365,948	1	5.1%
Southport Business Park LP				90,386,388	2	2.4%
Park West Village LLC				77,994,761	3	2.1%
LSREF2 Oreo (East Ridge) LLC				43,986,485	5	1.2%
SVT 5200 Paramount LP				42,122,768	6	1.1%
LSREF3 Bravo (Raleigh) LLC				41,966,421	7	1.1%
RT Research Triangle LLC				34,631,113	8	0.9%
Lenova (United States) Inc				33,500,067	9	0.9%
Bell Fund IV Morrisville Apartments				33,119,650	10	0.9%
	<u>\$ 1,430,378,899</u>		<u>14.3%</u>	<u>\$ 666,344,104</u>		<u>17.8%</u>

Source: Wake County Revenue Department and 2016 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
2016	16,269,228	1,780,603	18,049,831	18,029,216	99.89%	10,896	18,040,112	99.95%
2017	17,500,964	759,700	18,260,664	18,243,662	99.91%	8,093	18,251,755	99.95%
2018	17,851,012	1,691,233	19,542,245	19,520,657	99.89%	9,262	19,529,919	99.94%
2019	18,817,208	1,405,432	20,222,640	20,139,855	99.59%	54,418	20,194,273	99.86%
2020	19,620,857	3,521,883	23,142,740	23,079,500	99.73%	34,713	23,114,213	99.87%
2021	22,216,477	1,478,898	23,695,375	23,621,950	99.69%	56,708	23,678,658	99.84%
2022	22,950,673	3,883,212	26,833,885	26,792,920	99.85%	22,362	26,815,282	99.92%
2023	25,989,240	1,667,325	27,656,565	27,467,849	99.32%	158,843	27,626,693	99.84%
2024	27,289,733	-	27,289,733	27,258,316	99.88%	7,797,222	35,055,538	99.88%
2025	32,933,296	-	32,933,296	32,923,736	99.97%	-	32,923,736	99.97%

TOWN OF MORRISVILLE, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Table 11

Fiscal Year	General Obligation Bonds	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	(1) Debt per Capita
		Installment Notes	Leases	SBITA	General Obligation Bonds	Installment Notes			
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
2024	36,199,049	2,325,000	307,394	45,096	-	-	36,367,490	2.2	1,121
2025	56,838,274	2,170,000	301,296	17,379	-	-	59,326,949	2.2	1,803

Note:

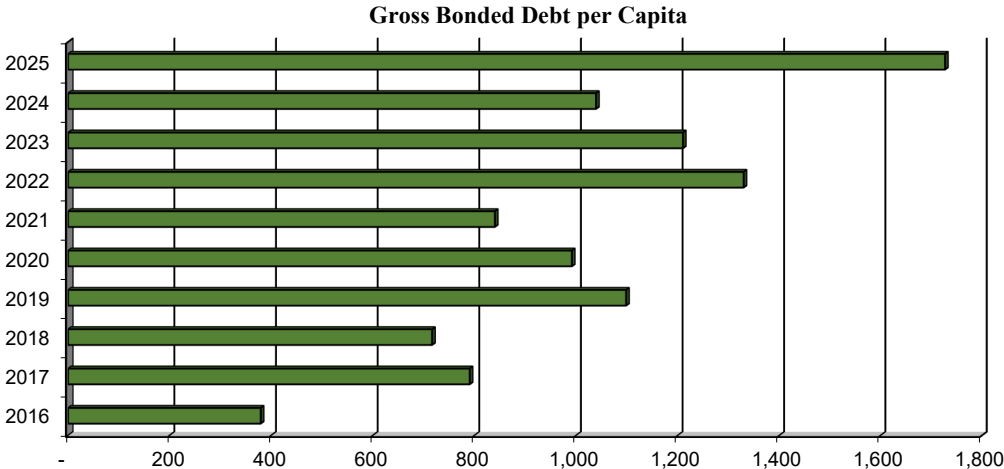
(1) See Table 16 for population and personal income data.

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
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
2024	32,248	7,002,391,165	33,690,000	-	33,690,000	0.48	1,039	1,039
2025	32,910	10,036,063,597	56,838,274	-	56,838,274	0.57	1,727	1,727

- Notes:
- (1) North Carolina Office of State Budget and Management - 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
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
2024	7,002,391,165	560,191,293	(36,015,000)	524,176,293
2025	10,036,063,597	802,885,088	(55,515,000)	747,370,088

Notes:
 (1) Net Bonded Debt Calculation for FY 2025

Total debt applicable to limitation:	
Bonded debt:	
Outstanding:	
Public improvement bonds	\$ 53,345,000
Installment obligations	2,170,000
Total amount of debt applicable to debt limit	<u><u>\$ 55,515,000</u></u>

TOWN OF MORRISVILLE, NORTH CAROLINA
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -
 GENERAL OBLIGATION BONDS
JUNE 30, 2025

Table 14

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Net Installment Note Debt Outstanding	Leases Outstanding	SBITA Outstanding	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:						
Town of Morrisville (1)	\$ 56,838,274	\$ 2,170,000	\$ 301,296	\$ 17,379	100%	\$ 59,326,949
Overlapping: (2)						
Wake County	1,671,460,000	-	46,138,069	-	3.26%	56,023,162
Total direct and overlapping debt						\$ 115,350,111

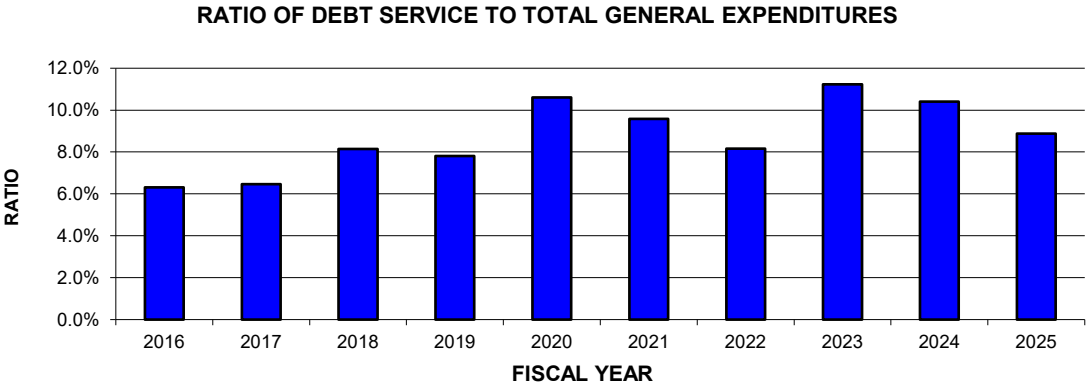
Notes:
 (1) Based on total assessed values.
 (2) Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of Airport revenue.
 (3) Wake County Finance Department.

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

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to Total General Expenditures
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%
2024	3,043,079	1,502,688	4,545,767	43,689,626	10.4%
2025	2,881,623	1,665,385	4,547,008	51,174,586	8.9%

Note:
(1) Includes General Long Term debt and right to use assets.
(2) Includes only the General Fund.



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

Table 16

Fiscal Year	(1)	Per Capita		(2) Median Age		(3) Wake County	(4)
	Population	Personal Income				School Enrollment	Unemployment Rate Percentage
2016	23,682	39,229	(5)	32.9	(6)	157,180	4.3
2017	24,456	40,693	(5)	33.1	(6)	159,549	3.7
2018	25,242	41,523	(5)	33.5	(6)	160,429	3.7
2019	26,041	43,054	(5)	33.5	(6)	160,471	3.6
2020	29,888	43,058	(5)	33.4	(6)	161,907	7.0
2021	31,779	45,453	(7)	33.8	(7)	157,673	4.2
2022	32,487	47,565	(5)	34.0	(6)	159,802	3.4
2023	33,028	49,318	(5)	34.0	(6)	158,412	3.2
2024	33,784	51,699	(5)	34.3	(6)	160,809	3.3
2025	32,910	56,378	(5)	34.5	(6)	161,115	3.2

Notes and Data Sources:

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

TOWN OF MORRISVILLE, NORTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Table 17

Company/Institution	2025			2016		
	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	0.62%	2,100	1	0.32%
UBS	2,373	2	0.29%			
Syneos Health Inc.	2,080	3	0.25%			
Pharmaceutical Product Development, Inc. (PPD)	2,000	4	0.24%			
Mercalis	1,600	5	0.19%			
Fujifilm Diosynth Biotechnologies	1,250	6	0.15%			
Luihn Food Systems	1,250	7	0.15%			
Easton	1,080	8	0.13%			
Spectrum (Channel Advisors)	925	9	0.11%			
Channel Advisor Corporation	737	10	0.09%	450	6	0.07%
Time Warner				1,800	2	0.28%
NetApp				1,600	3	0.25%
PPD Development				1,400	4	0.22%
Credit Suisse				1,400	5	0.22%
Catalent Pharma Solutions				400	7	0.06%
Walmart Supercenter				335	8	0.05%
SciQuest Inc				295	9	0.05%
Novella Clinical Inc				291	10	0.04%
Totals	18,395		2.32%	10,071		1.56%

Notes and Data Sources:

(1) Town of Morrisville Economic Development Department.

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

(3) Town of Morrisville FY2016 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
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
2024	5	24,916,413 (1)	37	12,085,008	42	37,001,421
2025	18	73,671,660 (1)	15	5,866,741	33	79,538,401

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	Development Services	Public Safety	Public Works	Culture and Recreation	(2) Capital Outlay	Debt Service	Fiscal Year Total	Per Capita Expenditures
2016	3,541,976	1,989,194	8,159,452	5,206,847	1,618,153	1,147,622	1,458,075	23,121,319	976
2017	4,302,843	2,230,718	8,166,536	5,925,474	1,728,506	1,723,223	1,664,541	25,741,841	1,053
2018	4,524,451	2,329,719	8,633,485	5,381,532	1,889,507	1,908,504	2,187,379	26,854,577	1,064
2019	4,984,628	2,815,781	9,161,197	4,961,776	1,609,312	1,642,977	2,130,414	27,306,085	1,049
2020	5,744,971	2,779,276	10,043,861	5,158,313	1,600,483	4,109,949	3,492,066	32,928,919	1,221
2021	6,658,639	2,997,823	10,657,922	5,754,330	2,097,864	1,523,381	3,143,829	32,833,788	1,108
2022	7,307,058	3,573,342	12,212,734	8,629,721	2,401,529	526,077	3,079,639	37,730,100	1,199
2023	7,936,900	4,241,293	13,341,722	6,838,132	2,616,879	621,340	4,502,984	40,099,250	1,243
2024	8,430,556	4,685,090	14,662,753	7,113,313	3,203,190	1,048,955	4,545,767	43,689,624	1,347
2025	8,980,312	4,930,867	16,235,982	9,001,158	4,438,593	2,761,090	4,826,584	51,174,586	1,555

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Administration	7	8	9	9	5	6	3	4	4	7
Budget and Strategic Management	-	-	-	-	-	-	4	4	4	-
Economic Development	-	-	-	-	-	-	-	-	-	2
Communications and Outreach	-	-	-	-	4	4	5	5	5	4
Information Technology	4	4	4	6	6	7	8	8	8	8
Financial Services	5	5	5	5	5	5	6	6	6	9
Human resource	3	3	3	3	3	4	4	4	4	4
Development Services										
Engineering	5	6	5	7	8	8	8	9	10	10
Stormwater	3	3	3	3	3	3	3	4	4	4
Inspections	5	6	6	8	10	10	10	10	10	10
Planning	11	11	12	12	12	12	12	12	12	12
Public Safety										
Police	36	41	42	45	45	46	49	49	49	52
Fire	49	49	52	54	58	58	61	61	61	65
Public Works	21	21	21	20	22	23	25	25	26	28
Culture and Recreation	13	13	13	12	15	16	17	16	18	24
Total	162	170	175	184	196	202	215	217	221	239
Employees Per Thousand Population	6.84	6.95	6.93	7.07	7.27	6.82	6.83	6.76	6.81	6.81

Notes:

(1) Regular full-time employees only per the annual operating budget, does not include part-time, temporary or seasonal employees.

(2) As of June 30 of the fiscal year.

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

Table 21

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
New building permits issued	247	202	130	182	96	179	105	49	42	33
Police										
Police calls for service	11,611	18,198	11,970	27,453	33,725	41,578	52,383	58,992	55,797	45,813
Physical arrests	308	247	148	322	236	133	136	235	352	328
Traffic accidents reported	745	708	446	823	940	514	860	1,060	881	749
Traffic violations	2,334	1,963	852	1,193	1,253	1,257	1,590	1,861	3,773	4,271
Warrants served	61	184	133	27	29	47	21	89	56	129
Fire										
Child safety seat inspections	611	577	575	661	518	170	367	221	255	250
Emergency responses	2,316	2,225	2,377	2,432	3,026	2,545	3,258	3,491	3,603	3,496
Fires extinguished	43	46	37	52	59	67	121	49	90	84
Property losses due to fire (dollars)	\$212,126	\$403,226	\$67,525	\$149,655	\$86,550	\$502,039	\$682,443	\$157,900	\$898,834	\$641,147
Fire code violations corrected	1,716	2,049	1,249	1,277	704	478	2,742	747	4,917	6,709
Streets										
Miles of road maintained	49	52	52	54	54	54	55	55	57	57
Environmental Protection										
Number of households served	5,856	6,011	6,150	6,263	6,325	6,400	6,550	6,629	6,642	6,675
Municipal solid waste collected (tons)	4,330	3,735	3,716	3,731	4,080	4,361	4,318	4,304	4,195	4,240
Recycling collected (tons)	1,249	1,276	1,273	1,347	1,432	1,543	1,372	1,325	1,312	1,167
Yard waste collected (tons)	222	231	181	264	302	309	274	275	257	270
Parks, Recreation and Cultural Resources										
Morrville Aquatics and Fitness Center										36,622
Athletic programs										2,244
Morrsville Community Center										6,126
Cedar Fork Community Center										15,489
Administration										211
Youth program participants	1,957	1,886	1,739	1,419	1,314	1,088	727	542	930	-
Athletic program participants (youth and adult)	2,139	2,228	2,242	1,996	818	251	917	1,268	1,509	-
Recreation program participants (youth and adult)	983	1,876	1,731	2,725	1,247	1,299	1,000	2,062	2,410	-
Senior program participants	435	570	295	467	291	287	353	443	565	-
Park and community center facility reservations	6,272	6,598	7,028	4,085	2,816	291	3,931	6,221	5,722	-

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 and have reached a state of recovery. They are now tracking patron interactions by cost center.

TOWN OF MORRISVILLE, NORTH CAROLINA

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

Table 22

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	31	20	28	27	26	24	30	30	30
Detective units/admin units	4	4	4	4	4	4	4	4	4	11
K-9 units	1	1	2	2	2	2	2	2	3	4
Traffic units							4	4	4	4
Fire										
Fire stations	3	3	3	3	3	3	3	3	4	4
Fire trucks/command vehicles	8 / 5	8 / 3	8 / 4	8 / 4	9 / 4	9 / 3	8 / 3	9 / 3	9 / 3	9 / 3
Streets										
Streets (miles)	49.17	51.98	51.98	54.00	54.00	54.00	55.00	55.00	55.00	57.00
Parks, Recreation and Cultural Resources										
Number of developed parks	6	7	10	7	7	7	7	7	7	8
Developed Park Acreage	108	113	113	113	113	113	113	113	113	114
Baseball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	6	6	6	3	3	5	5	8	8	8
Racquetball courts	2	2	2	0	0	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	2
Aquatic centers	1	1	1	1	0	1	1	1	1	1
Greenway miles	11.98	12.14	14.40	16.35	16.90	17.15	17.76	17.76	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.

**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, 2025, 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 6, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a significant deficiency.

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 Standard*.

Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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 6, 2025

**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 the Major Federal Program

We have audited the Town of Morrisville, North Carolina's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2025. The Town's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

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, 2025.

Basis for Opinion on the 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.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 6, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is 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 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 schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Raleigh, North Carolina
February 6, 2026

**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, 2025. 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, 2025.

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
February 6, 2026

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Fed. (Direct and Pass-Through)	State Expenditures	Local/Town Match	Total
Federal Grants						
<u>U.S. Department of Transportation</u>						
Passed Through North Carolina Department of Transportation						
Highway Planning and Construction	20.205-1CL	WBS 47167.2.1	\$ -	\$ -	\$ -	\$ -
Highway Planning and Construction	20.205-1CL	WBS 47167.3.1	215,430	-	97,327	312,757
Highway Planning and Construction	20.205-1CL	WBS 44666.3.0	128,716	-	55,164	183,880
Highway Planning and Construction	20.205-1CL	WBS 44666.3.1	37,033	-	15,871	52,904
Highway Planning and Construction	20.205-1CL	WBS 44666.3.1	17,442	-	7,475	24,917
Safe Streets for All	20.939					-
Total Highway Planning and Construction			398,621	-	175,837	574,458
Total U.S. Department of Transportation			398,621	-	175,837	574,458
<u>U.S. Department of Treasury</u>						
Coronavirus State and Local Fiscal Recovery Funds	21.027		1,647,422	-	380,371	2,027,793
Total U.S. Department of Treasury			1,647,422	-	380,371	2,027,793
<u>U.S. Department of Justice</u>						
CALEA Accreditation Grant (Governor's Crime Commission)	16.738	PROJ015562	-	18,797	18,797	37,594
COPS Hiring Program	16.710		-	55,478	55,478	110,956
Total U.S. Department of Justice			-	74,275	74,275	148,550
<u>U.S. Department of Commerce</u>						
Small Business Administration Grant	59.086		19,556	-	-	19,556
Total U.S. Department of Commerce			19,556	-	-	19,556
State Grants						
<u>North Carolina Department of Transportation</u>						
Powell Bill	n/a	1000006748	-	1,112,606	-	1,112,606
Total North Carolina Department of Transportation			-	1,112,606	-	1,112,606
			-	-	-	-
<u>North Carolina Governor's Highway Safety Program</u>						
			-	23,984	23,984	47,968
						-
<u>North Carolina Department of Environmental Quality</u>						
DEQ Division of Air Quality VW Settlement Phase 1 Level 2 Charge						-
Rebate Program Volkswagen Settlement Level 2 ZEV Infrastructure						
Rebate Program		061322-9900	-	25,000	25,000	50,000
Total North Carolina Department of Environmental Quality			-	25,000	25,000	50,000
Total Financial Assistance			\$ 2,065,599	\$ 1,235,865	\$ 679,467	\$ 3,980,931

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, 2025. 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.

Note 3 - Subrecipients

During the year ended June 30, 2025, the Town did not provide any federal awards to subrecipients.

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, 2025

Section I – Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over Financial Reporting:

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

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major federal program:

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

Noncompliance material to federal awards?

☐ yes ☒ no

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

Unmodified

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

☐ yes ☒ no

Identification of major federal program:

ALN Number
21.027

Names of Federal Program or Cluster
COVID-19: 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 ☐ no

State Awards

Internal control over major state program:

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

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

YEAR ENDED JUNE 30, 2025

Noncompliance material to state awards? _____ yes X no

Type of auditor's report issued on compliance for major state 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, 2025

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

2025-001: Significant Deficiency – Internal Control in Financial Reporting

Criteria: Entities are responsible for designing and implementing internal controls over the financial reporting and close process that are adequate to prevent and/or detect errors in financial reporting in a timely manner.

Condition: Audit procedures identified a payment in the amount of \$1,101,589 made after year-end that had not been appropriately included in accounts payable as of June 30, 2025.

Cause: The Town does not have a formal year-end process to identify accruals for accounts payable related to the reporting period.

Effect: Liabilities and expenses as of June 30, 2025 were understated and net position was overstated in the General Fund by approximately \$1,100,000.

Recommendation: We recommend management develop and implement procedures to enhance its financial close process to include some level of review of subsequent payments through issuance of the financial statements to ensure that all expenses incurred for the reporting period are properly accrued for.

Views of Responsible Officials and Planned Corrective Actions:

Contact Person: Byron Hayes, Chief Financial Officer

Corrective Action: Effective July 1, 2025, the Finance team has implemented a current year-end process to identify accruals related to the reporting period for all payments made subsequent to year-end through the audit report issuance date.

Section III – Federal Award Findings and Questioned Costs

None.

TOWN OF MORRISVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2025

None.