

TOWN OF ZEBULON NORTH CAROLINA



ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2021

TOWN OF ZEBULON, NORTH CAROLINA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION



Town of Zebulon

The Town of Friendly People

March 1, 2022

Honorable Mayor and
Members of the Zebulon Board of Commissioners
Town of Zebulon, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Zebulon, North Carolina for fiscal year ended June 30, 2021. The report includes financial statements audited by an independent firm of certified public accountants, Mauldin & Jenkins, CPAs, whose opinion also is a part of the report. However, responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Town.

This report is the official comprehensive publication of the Town's financial position at June 30, 2021, and results of operations for the fiscal year then ended. The organization, form, and contents of this report plus the accompanying financial statements are formulated in accordance with the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board. We believe the report, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial activity of the various funds; and all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

PROFILE OF THE GOVERNMENT

The Town of Zebulon, with a population at June 30, 2021 of approximately 6,969⁽¹⁾, is the far-most eastern town in Wake County, North Carolina. The Town was chartered by the NC General Assembly in 1907 and developed by the Zebulon Company along the Raleigh and Pamlico Sound Railroad. The Town of Zebulon operates under the Council-Manager form of government. Under this system, the citizens elect a mayor and five at-large council members as the Town's governing body. The Council members are elected for staggered four-year terms. The Board is responsible for budget approval and appointing a Town Manager. The Town Manager is the head of the Administrative branch of the town government and exercises those duties set forth in NC General Statute 160A-148 (the annual submission of this report on the Town's financial and administrative activities being one of those statutory duties).

The Town provides its citizens with a wide range of services including public safety, recreation and athletics, street and storm drain maintenance, solid waste disposal, land development and planning, and general government management.

ECONOMIC CONDITIONS

Property and Building Value

Wake County continues to grow and the Town is no exception. The Town issued 495 building permits with a total value of approximately \$69.1 million during fiscal year 2021. This is an 38.3% increase in building permits issued this year, up from 347 permits valued at \$50.0 million issued in fiscal year 2020.

¹ - U.S. Census Bureau Population and Housing Estimates, July 1, 2021

FIRE DEPARTMENT
113 E. Vance Street
Zebulon, NC 27597
(919) 269-6487
Facsimile (919) 269-2618

POLICE DEPARTMENT
1001 N. Arendell Avenue
Zebulon, NC 27597
(919) 269-7455
Facsimile (919) 269-0312

TOWN HALL
1003 N. Arendell Avenue
Zebulon, NC 27597
(919) 269-7455
Facsimile (919) 269-6200

PUBLIC WORKS DEPARTMENT
450 E. Horton Street
Zebulon, NC 27597
(919) 269-5285
Facsimile (919) 269-2617

This is the eight consecutive year with over 100 permits issued and the second consecutive over 300. Those numbers are expected to keep increasing with new residential development planned and approved.

With the value of the growth, the Town of Zebulon tax base for the fiscal year ending June 30, 2021 totaled \$1,389,256,111, an increase of about 19.3% from the previous year. With the Town's tax base heavily concentrated in commercial and industrial properties, the depreciation on existing property, due to lack of reinvestment in equipment, has been a cause for decrease in business personal property in past years. This was the case this year as there was an 5.1% decrease in business personal property. This has happened in five of the last ten years in business personal property. This was a reappraisal year and real property saw a 42.5% increase in assessed value as new home construction has come online and the updating to market value of existing real property happened as it does every four years. This number should increase steadily in the coming years with the residential growth underway currently. Development interest, particularly straddling the Beaverdam sewer outfall, is still strong and growth continues to have momentum.

Business Activity

The COVID-19 pandemic caused a minor slowdown in business activity in the 4th quarter of FY 2020. FY 2021 saw a strong recovery though with a 22.8% increase in sales & use tax over FY 2020. Article 39 of the sales tax, the portion returned to the point of sale, has seen increases in each of the past 5 years. FY 2021 saw a 19% increase. This, along with our population growth from the residential development should improve other per capita intergovernmental revenues such as utilities sales tax. Unemployment in Wake County remains fairly low. Sales and service revenues have increased over recent years as the new residents have moved into town. Fiscal Year 2021 saw a 16.4% increase as refuse collection fees increased 20% while many Parks & Recreation activity related activities such as athletics and rentals were down causing a 41% decrease in FY 2021.

MAJOR INITIATIVES

The Town adopted the Zebulon 2030 Strategic Plan in Fiscal Year 2018. Based upon a year-long effort of citizen surveys, focus groups, public comment and Council's work sessions and annual Retreat, the Plan identified Grow Smart, Vibrant Downtown and Small-Town Life as the focus areas to guide developing policies and budgeting programs and projects. While contraction in the property tax base reduced funding, and slowed progress on major initiatives associated with the focus areas, the Town of Zebulon Fiscal Year 2020-2021 budget did include the following programs and projects:

Grow Smart

Traditionally, the overall health of cities is historically influenced by the broad criteria of place, commerce, and safety. Planning for the growth of a community influences these criteria in differing ways. Place, or commitment to place, is fueled by a feeling that citizens have a stake in meeting a community's needs. The completed and adopted Parks and Recreation Master Plan (*Play Zebulon*) is a means to understand and address Zebulon's recreation and cultural resource needs through transparency, outreach, and engagement of our citizens. The FY 2023 budget will prioritize the programs and projects identified within *Play Zebulon*.

An active commerce sector is maintained by engaging and nurturing the business community. The reduced revenue stream allowed an opportunity to revisit the Business Retention and Expansion program administered by the Zebulon Chamber of Commerce.

Transportation not only provides the backbone to a prosperous economy, but it also influences the safety and health of the community. Improving area intersections (N. Arendell @ Pearces, N. Arendell @ Green

Pace, Old Bunn @ Shepard School,) received funding and continued progress toward construction to address issues related to the commerce and safety of the community.

Vibrant Downtown

Downtowns benefit their community economically, socially, and culturally. Economically, downtowns combine multiple uses on smaller lots within existing municipal service areas, thereby generating more tax revenue per square foot without requiring the expansion of municipal services. Additionally, these lots include commercial uses which generate sales tax revenue. Socially, downtowns provide a variety of public spaces open to, and claimed by, the greater community. Culturally, downtowns reflect the community's unique history and identity through architecture and layout. Investment and care of a downtown communicates the larger community's commitment to vibrancy, growth, heritage, and small-town charm. Major accomplishments include: continued funding of the Town Commons Alley Activation projects and further matriculation into NC Main Street Program's Downtown Associate Program ahead of schedule.

Small-Town Life

Wake County is growing by 62-70 people per day and 64% of this growth comes from those who relocate from outside the County. While Zebulon will only experience a proportional share of this population growth, it will experience an equal share of the population diversification. Zebulon's ability to preserve and share its unique small-town feel as "The Town of Friendly People" while mixing different perspectives and cultures, will rest largely on its ability to: connect citizens to each other, deliver helpful and meaningful services, and educate and engage citizens in civic responsibilities and local governance. Major accomplishments include: the annual sidewalk program (e.g. W. Sycamore Ave. sidewalk) and community events (e.g., Tree Lighting Festival).

FINANCIAL INFORMATION

Internal and Budgetary Control. Responsibility for maintaining the accounting system of the Town rests with Town management. In developing and maintaining an accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding:

1. the safeguarding of assets against loss from unauthorized use or disposition,
2. the reliability of financial records for preparing financial statements and maintaining accountability for assets,
3. the effectiveness and efficiency of operations, and
4. compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

In the Town of Zebulon, the budget is prepared based on available revenues and the long-term goals and objectives of the various departments and the Town as a whole. Appropriations in the General Fund are made at the department level. However, for internal accounting purposes, budgetary control is maintained by line-item account.

In accordance with State law, the Town's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. Governmental fund types, such as the General Fund, are reported on the modified accrual basis.

The General Fund is the general operating fund of the Town of Zebulon. It is used to account for all financial resources except for those required to be accounted for in another fund.

For more information about the finances of the Town, please refer to the Management Discussion and Analysis (MD&A) section, which immediately follows the auditor's report. The MD&A provides an overview of the financial statements that follow and an analysis of the significant transactions that occurred during fiscal year 2021.

INDEPENDENT AUDIT

North Carolina General Statutes require an annual independent audit by a certified public accountant. The independent certified public accounting firm of Mauldin & Jenkins, CPAs was selected by the Town of Zebulon Board of Commissioners. This auditor's report on the basic financial statements and combining individual fund financial statements and schedules is included in the Financial Section of this report. The auditor's report specifically related to the single audit is included in the Compliance Section.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Zebulon for its Comprehensive Annual Financial Report for the fiscal years ending June 30, 1993 through 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. 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.

Preparation of this report would not have been possible without the teamwork and dedication of the entire Town of Zebulon staff, especially the efforts of the Finance Department staff. We greatly appreciate the assistance and cooperation of the staff at Mauldin & Jenkins, CPAs during the audit and reporting process. We also thank the Mayor and Commissioners of the Town of Zebulon for their continued support.

Respectfully submitted,



Joseph M. Moore II
Town Manager



Robert T. Fitts
Finance Director

TOWN OF ZEBULON, NORTH CAROLINA

BOARD OF COMMISSIONERS AND TOWN OFFICIALS

June 30, 2021

Town of Zebulon Board of Commissioners



Robert S. Matheny
Mayor



Glenn York
Mayor Pro Tem



Shannon Baxter
Commissioner



Beverly Wall Clark
Commissioner



Larry Loucks
Commissioner



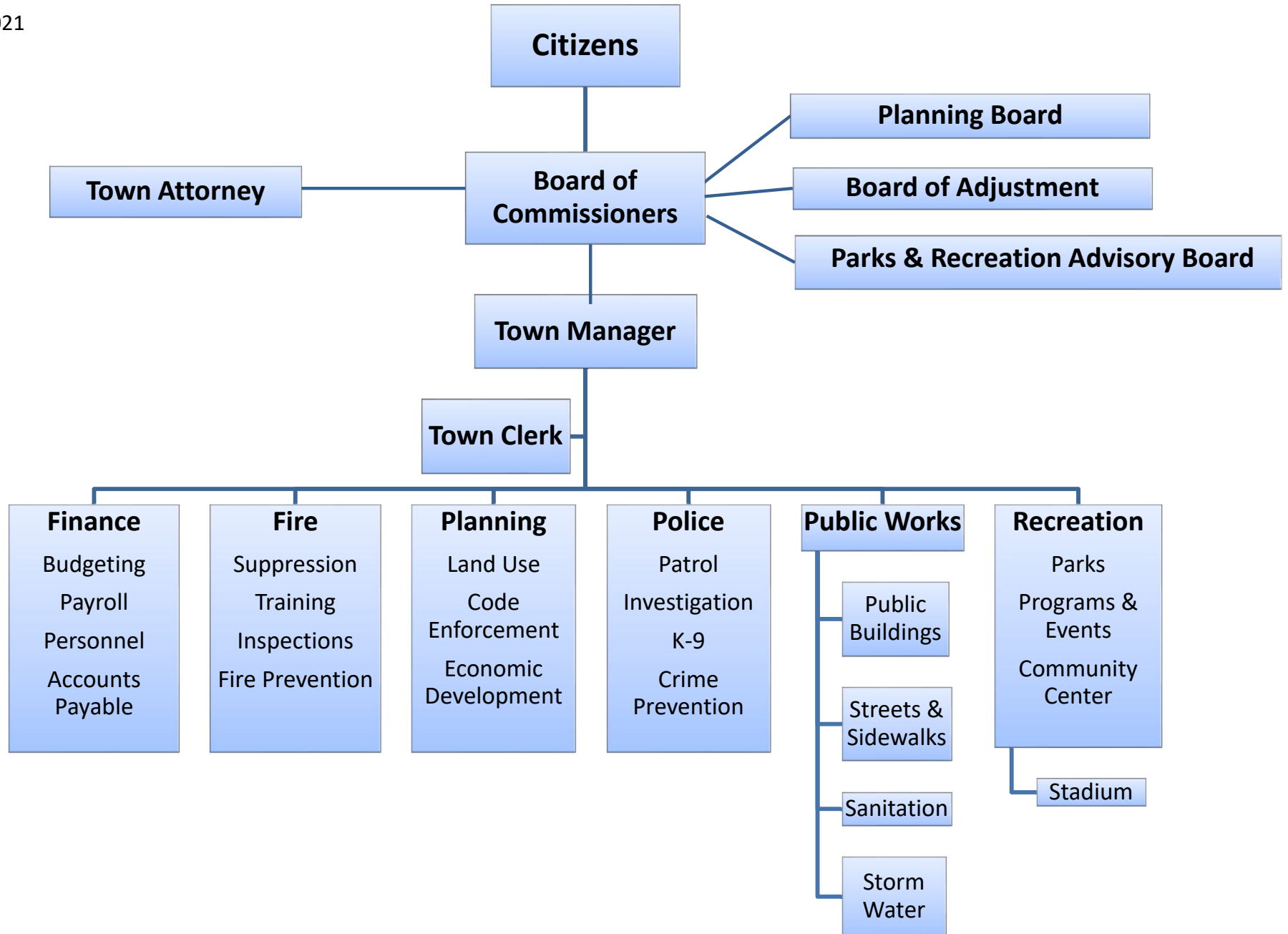
Annie Jean Moore
Commissioner

Town of Zebulon Officials

Joseph M. Moore, II, PE – Town Manager
Jacqui Boykin – Police Chief
Michael Clark – Planning Director
Robert Fitts – Finance Director
Sheila Long – Parks and Recreation Director
Lisa Markland – Human Resource Director/Town Clerk
Christopher Perry – Fire Chief
Chris Ray – Public Works Director
Eric Vernon (Wyrick, Robbins, Yates & Ponton LLC) – Town Attorney

ORGANIZATION CHART

June 30, 2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Zebulon
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and
Members of the Board of Commissioners
Town of Zebulon, North Carolina**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Town of Zebulon, North Carolina** (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Zebulon, North Carolina as of June 30, 2021, and the respective changes in financial position 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.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis, the Schedule of Changes in the Town's Total OPEB Liability, the Schedule of Town's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of Town Contributions – LGERS, the Schedule of Changes in Total Pension Liability – LEOSSA, and the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, on pages 4 - 10, 47, 48, 49, 50 and 51, respectively, be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund statements and schedules, the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, and the other information, such as the introductory and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, 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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 1, 2022

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Zebulon (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights for the Town of Zebulon, North Carolina

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,695,207.
- The government's total net position increased by \$14,314,922 overall due mainly to developer's contributed capital of \$11.5 million and an increase in property valuations by 15.6%.
- Zebulon's governmental funds reported ending fund balances of \$15,435,521, an increase of \$2,226,753 compared to the prior year. This increase is due to increased ad valorem tax revenue from growth, higher than budgeted sales tax and increased permit & fee revenues such as building permit fees.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,730,654, or 71% of total general fund expenditures for the fiscal year.
- The Town's total outstanding debt decreased by \$508,087.
- The Town maintained its bond ratings of AA- by Standard and Poor's Corporation and Aa3 by Moody's Investor Service.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements

The government-wide financial statements 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 they have changed. Net position is the difference between the total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide financial statements consist of one category, governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, streets, sanitation, and general administration. Property taxes and unrestricted state funds finance most of these activities.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Zebulon, like all other governmental entities in North Carolina, uses fund accounting to ensure compliance (on non-compliance) with finance-related legal requirements, such as the General Statutes or the Town budget ordinance. All the funds of the Town are governmental funds.

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

Zebulon adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, management, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not Zebulon 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 board; 2) the final budget as amended by the board; 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.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 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 obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

Government-wide Financial Analysis

Town of Zebulon Net Position
Figure 1

	Governmental Activities	
	2021	2020
ASSETS		
Current and other assets	\$ 16,078,322	\$ 14,404,236
Capital assets	45,093,275	32,795,199
Total assets	61,171,597	47,199,435
DEFERRED OUTFLOWS OF RESOURCES	2,791,709	1,045,828
LIABILITIES		
Long-term liabilities outstanding	13,021,634	10,297,876
Other liabilities	558,771	1,587,381
Total liabilities	13,580,405	11,885,257
DEFERRED INFLOWS OF RESOURCES	687,694	979,721
NET POSITION		
Net Investment in capital assets	42,102,628	29,296,465
Restricted	2,859,097	1,995,272
Unrestricted	4,733,482	4,088,548
Total net position	\$ 49,695,207	\$ 35,380,285

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$49,695,207 as of June 30, 2021. The Town's net position increased by \$14,314,922 for the fiscal year ended June 30, 2021. Approximately 85% of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Zebulon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its 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 in the amount of \$2,859,097 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,733,482 is unrestricted.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following are some of the items that influenced the change in total unrestricted governmental net position:

- The Town saw an increase in capital assets such as contributed land and other capital assets.
- An increase in unrestricted revenues such as property taxes.

Town of Zebulon Changes in Net Position
Figure 2

	Governmental Activities	
	2021	2020
REVENUES		
Program revenues:		
Charges for services	\$ 1,964,959	\$ 1,073,041
Operating grants & contributions	914,211	867,706
Capital grants & contributions	13,193,414	4,016,094
General revenues:		
Property taxes	7,593,462	7,091,423
Other taxes	228,414	83,284
Sales and franchise taxes	2,026,139	1,793,411
Other	179,284	452,935
Total revenues	26,099,883	15,377,894
EXPENSES		
General government	2,869,893	3,009,901
Public safety	3,985,262	4,121,086
Public works	3,602,987	2,834,668
Economic development	123,445	-
Culture and recreation	1,152,581	1,115,900
Interest on long-term debt	106,979	126,287
Total expenses	11,841,147	11,207,842
Transfers	-	-
Change in net position	14,258,736	4,170,052
Gain (loss) on disposal of capital assets	56,186	-
Change in net position	14,314,922	4,170,052
Net position July 1	35,380,285	31,210,233
Net position June 30	\$ 49,695,207	\$ 35,380,285

Governmental Activities. Governmental activities increased the Town's net position by \$14,314,922. Key elements of this increase are as follows:

- The Town's total tax base grew 15.6% this year.
- Charges for service increased 83% and property tax revenue increased 7.1%.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of Town of Zebulon Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,730,654, while total fund balance reached \$14,253,280. 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 71% of total General Fund expenditures, while total fund balance represents approximately 131% of that same amount.

At June 30, 2021, the governmental funds of the Town reported a fund balance of \$15,435,521, a 17% increase from last year. This increase is the result of some favorable variances in revenues and expenditures due to some capital projects not being completed and no use of appropriated fund balance.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Sales and use taxes were greater than budgeted because conservative figures were used in budgeting based on economists' projections of lower sales due to the ongoing COVID-19 pandemic. Sales taxes ended up more than projected by approximately \$320,000 (30%). Permits and fees exceeded budgeted amounts by approximately 212% mainly due to increased building permit activity and development fees such as transportation impact fees received. Sales and service revenues continue to increase with the increase in garbage revenues from growth. Miscellaneous Revenues exceeded budgeted amounts by 52% mainly due to the sale of surplus property, increased stormwater fee revenues and increased ABC revenues.

Expenditures were held below budgeted amounts by a number of factors, including lower than estimated maintenance and operational costs at several Town facilities, lapsed salaries and careful monitoring of the budget by each department. Some capital projects that were budgeted were not completed as of June 30. Some of these included the purchase of land for and design of a new fire station and the completion of the Comprehensive Plan and Parks & Recreation Master Plan.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2021, totals \$45,093,275 (net of accumulated depreciation). These assets include buildings, roads, land and easements, machinery and equipment, intangibles, park facilities, and vehicles.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include the following additions:

- Contributed capital by developers.
- Purchase of vehicles and equipment.

Town of Zebulon Capital Assets
Figure 3
(net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 18,969,086	\$ 12,191,289
Construction in progress	2,906,612	1,110,245
Buildings	7,599,718	7,942,201
Other improvements	4,683,555	2,642,420
Roads and infrastructure	7,721,332	5,556,616
Intangibles	226,021	207,236
Equipment	611,908	699,231
Vehicles and motorized equipment	2,370,044	2,445,961
Total capital assets	\$ 45,088,276	\$ 32,795,199

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

Long-term Debt. As of June 30, 2021, the Town had total bonded debt outstanding of \$1,681,916. This outstanding debt is backed by the full faith and credit of the Town. The Town also has installment purchase notes outstanding of \$1,308,654.

Town of Zebulon Outstanding Debt
General Obligation and Revenue Bonds
Figure 4

	Governmental Activities	
	2021	2020
General obligation bonds	\$ 1,675,000	\$ 1,900,000
Installment purchase notes	1,308,654	1,590,940
Premiums	6,916	7,794
Total bonds and notes	\$ 2,990,570	\$ 3,498,734

The Town's total debt decreased by \$508,286 during the past fiscal year. The Town did not issue any new debt in FY 2021.

TOWN OF ZEBULON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As mentioned in the financial highlights section of this document, the Town maintained its bond ratings by Standard and Poor's Corporation of AA- and Aa3 by Moody's Investor Service. These ratings are a clear indication of the sound financial condition of the Town.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$102,693,766.

Additional information regarding the Town's long-term debt can be found in Note 5 of the Basic Financial Statements.

Economic Factors and Budget Highlights for the Fiscal Year Ending June 30, 2022

The following key economic indicators were reflected in the Town's fiscal year 2022 budget:

- An increase in the property tax base due to increasing property values located within the Town. Real property had growth of approximately 10% while personal property is projected to increase 9%. The total assessed value increased approximately 8.6%.
- A projected rebound in sales tax and utilities franchise taxes based on economic indicators pointing toward economic recovery from the pandemic. Sales tax is budgeted for a 10% increase from last year while utilities franchise tax is projected to remain flat.
- A projected increase in zoning fees based on continuing increased building permit activity with several new subdivisions approved and building ongoing.

Governmental Activities. The total General Fund budget is projected to increase 38% for fiscal year 2022, as compared to the actual results of fiscal year 2021. The major components of this increase include a planned group of capital projects including thoroughfare and transportation improvement projects, capital equipment purchases and completion of the Town's Comprehensive Plan and Parks and Recreation Master Plan. Some vehicle purchases are planned after some were delayed in fiscal year 2021. There were also some minor increases made to operating expenditures.

The Town set its tax rate at \$.55 per \$100 of assessed value. Solid waste fees were increased 15.6% with a \$3.00 portion of that to cover the annual payments for the purchase of a new leaf truck.

Requests for Information

This report is designed to provide an overview of the Town of Zebulon'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 Bobby Fitts, Finance Director, Town of Zebulon, 1003 North Arendell Avenue, Zebulon NC, 27597.

TOWN OF ZEBULON, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,348,541
Accounts receivable, net of allowances	515,563
Taxes receivable, net of allowance	114,011
Due from other governments	1,369,206
Restricted cash and cash equivalents	1,730,470
Prepaid items	531
Capital assets:	
Nondepreciable	21,875,698
Depreciable, net of accumulated depreciation	23,212,577
Total assets	61,166,597
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,538,657
OPEB related items	1,253,052
Total deferred outflows of resources	2,791,709
LIABILITIES	
Accounts payable	308,019
Accrued liabilities	176,768
Unearned revenue	73,984
Compensated absences, due within one year	182,855
Compensated absences, due in more than one year	121,903
Notes payable, due within one year	172,859
Notes payable, due in more than one year	1,135,795
Bonds payable, due within one year	225,000
Bonds payable, due in more than one year	1,456,916
Net pension liability (LGERS), due in more than one year	2,092,598
Total pension liability (LEOSSA), due in more than one year	1,078,536
Total OPEB liability, due in more than one year	6,555,095
Total liabilities	13,580,328
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	6,050
Pension related items	100,391
OPEB related items	581,253
Total deferred inflows of resources	687,694
NET POSITION	
Net investment in capital assets	42,097,705
Restricted for:	
Stabilization by State Statute	1,128,627
Streets (Powell Bill)	260,518
Transportation impact	1,043,112
Developer reimbursements	414,901
Law enforcement	11,939
Unrestricted	4,733,482
Total net position	\$ 49,690,284

The accompanying notes are an integral part of these financial statements.

TOWN OF ZEBULON, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,668,227	\$ 334,262	\$ 58,056	\$ -	\$ (2,275,909)
Public safety	3,955,896	22,609	852,346	-	(3,080,941)
Public works	3,600,490	1,237,867	3,809	11,676,996	9,318,182
Culture and recreation	1,113,381	370,221	-	1,238,689	495,529
Economic development	123,445	-	-	-	(123,445)
Interest on long-term debt	106,902	-	-	-	(106,902)
Total governmental activities	<u>11,568,341</u>	<u>1,964,959</u>	<u>914,211</u>	<u>12,915,685</u>	<u>4,226,514</u>
Total primary government	<u>\$ 11,568,341</u>	<u>\$ 1,964,959</u>	<u>\$ 914,211</u>	<u>\$ 12,915,685</u>	<u>4,226,514</u>
General revenues:					
					7,593,462
					1,426,102
					600,037
					228,414
					2,972
					56,186
					176,312
					<u>10,083,485</u>
					14,309,999
					35,380,285
					<u>\$ 49,690,284</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ZEBULON, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS	General Fund	Greenways Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 11,962,535	\$ -	\$ 386,006	\$ 12,348,541
Accounts receivable, net of allowances	515,563	-	-	515,563
Taxes receivable	110,285	3,726	-	114,011
Due from other governments	478,590	890,616	-	1,369,206
Due from other funds	73,654	-	-	73,654
Restricted cash and cash equivalents	1,730,470	-	-	1,730,470
Prepaid items	531	-	-	531
Total assets	\$ 14,871,628	\$ 894,342	\$ 386,006	\$ 16,151,976
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 283,566	\$ 24,453	\$ -	\$ 308,019
Accrued liabilities	131,299	-	-	131,299
Unearned revenue	73,984	-	-	73,984
Due to other funds	-	73,654	-	73,654
Total liabilities	488,849	98,107	-	586,956
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	110,285	-	-	110,285
Unavailable revenues - intergovernmental	13,164	-	-	13,164
Deferred revenues - advance collection of property tax	6,050	-	-	6,050
Total deferred inflows of resources	129,499	-	-	129,499
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaid items	531	-	-	531
Restricted:				
Stabilization by State Statute	1,128,627	-	-	1,128,627
Streets (Powell Bill)	260,518	-	-	260,518
Transportation impact	1,043,112	-	-	1,043,112
Developer reimbursements	414,901	-	-	414,901
Law enforcement	11,939	-	-	11,939
Committed:				
Capital projects	70,020	796,235	386,006	1,252,261
Stadium improvements	115,347	-	-	115,347
Information technology improvements	64,143	-	-	64,143
Transportation improvements	126,151	-	-	126,151
Stormwater improvements	133,028	-	-	133,028
Fleet improvements - regular	111,647	-	-	111,647
Fleet improvements - fire	138,401	-	-	138,401
Greenway/bicycle/pedestrian improvements	394,261	-	-	394,261
Community and economic development	20,000	-	-	20,000
Assigned:				
Subsequent year's expenditures	2,490,000	-	-	2,490,000
Unassigned	7,730,654	-	-	7,730,654
Total fund balances	14,253,280	796,235	386,006	15,435,521
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,871,628	\$ 894,342	\$ 386,006	\$ 16,151,976

The accompanying notes are an integral part of these statements.

TOWN OF ZEBULON, NORTH CAROLINA

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF THE GOVERNMENTAL ACTIVITIES JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	15,435,521
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost	\$	64,365,735	
Less accumulated depreciation		(19,277,460)	45,088,275

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the governmental funds.

Unavailable revenue - property taxes	\$	110,285	
Unavailable revenue - intergovernmental		13,164	123,449

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	\$	(1,675,000)	
Unamortized bond premium		(6,916)	
Notes payable		(1,308,654)	
Accrued interest		(45,469)	
Compensated absences		(304,758)	(3,340,797)

The net pension liability (LGERS), total pension liability (LEOSSA), and the related deferred outflows of resources and deferred inflows of resources are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.

Net pension liability (LGERS)	\$	(2,092,598)	
Total pension liability (LEOSSA)		(1,078,536)	
Deferred outflows of resources - pension items		1,538,657	
Deferred inflows of resources - pension items		(100,391)	(1,732,868)

The total OPEB liability and related deferred outflows of resources and deferred inflows of resources are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.

Total OPEB liability	\$	(6,555,095)	
Deferred outflows of resources - OPEB items		1,253,052	
Deferred inflows of resources - OPEB items		(581,253)	(5,883,296)

Net position - governmental activities	\$	49,690,284
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The accompanying notes are an integral part of these financial statements.

TOWN OF ZEBULON, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Greenways Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 7,570,200	\$ -	\$ -	\$ 7,570,200
Other taxes and licenses	179,984	-	-	179,984
Unrestricted intergovernmental	2,074,569	-	-	2,074,569
Restricted intergovernmental	1,084,087	1,238,689	-	2,322,776
Permits and fees	1,100,742	-	-	1,100,742
Investment earnings	2,972	-	-	2,972
Sales and services	864,217	-	-	864,217
Other revenues	176,312	-	-	176,312
Total revenues	13,053,083	1,238,689	-	14,291,772
Expenditures:				
Current:				
General government	2,265,007	-	-	2,265,007
Public safety	3,733,061	-	-	3,733,061
Public works	3,377,769	-	-	3,377,769
Culture and recreation	852,736	-	-	852,736
Economic development	35,126	-	-	35,126
Capital outlay	-	1,334,025	48,694	1,382,719
Debt service:				
Principal	507,286	-	-	507,286
Interest	119,907	-	-	119,907
Total expenditures	10,890,892	1,334,025	48,694	12,273,611
Excess (deficiency) of revenues over (under) expenditures	2,162,191	(95,336)	(48,694)	2,018,161
Other financing sources (uses):				
Proceeds from sale of capital assets	208,592	-	-	208,592
Transfers in	-	-	130,000	130,000
Transfers out	(130,000)	-	-	(130,000)
Total other financing sources (uses)	78,592	-	130,000	208,592
Net change in fund balances	2,240,783	(95,336)	81,306	2,226,753
Fund balances, beginning of year	12,012,497	891,571	304,700	13,208,768
Fund balances, end of year	\$ 14,253,280	\$ 796,235	\$ 386,006	\$ 15,435,521

The accompanying notes are an integral part of these financial statements.

TOWN OF ZEBULON, NORTH CAROLINA

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, 2021

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

Net change in fund balances - total governmental funds	\$	2,226,753
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 2,896,329	
Depreciation expense	<u>(1,994,803)</u>	901,526
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, and donations) is to increase net position.</p>		
Net book value of capital assets disposed	\$ (152,406)	
Donations of capital assets	<u>11,543,956</u>	11,391,550
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(13,574)
<p>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. This amount represents the net effect of these transactions during the current fiscal year.</p>		
Principal payments on outstanding general obligation bonds	\$ 225,000	
Principal payments on outstanding notes payable	<u>282,286</u>	507,286
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable	\$ 12,127	
Amortization of bond premium	878	
Change in compensated absences	(26,752)	
Pension expense (LGERS)	(304,571)	
Pension expense (LEOSSA)	(59,857)	
OPEB expense	<u>(325,367)</u>	<u>(703,542)</u>
Change in net position of governmental activities	\$	<u><u>14,309,999</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 7,619,800	\$ 7,619,800	\$ 7,570,200	\$ (49,600)
Other taxes and licenses	110,500	110,500	179,984	69,484
Unrestricted intergovernmental	1,742,600	1,742,600	2,074,569	331,969
Restricted intergovernmental	884,500	1,088,080	1,084,087	(3,993)
Permits and fees	312,500	517,500	1,100,742	583,242
Investment earnings	120,000	3,000	2,972	(28)
Sales and services	795,000	795,000	864,217	69,217
Other revenues	60,500	115,819	176,312	60,493
Total revenues	11,645,400	11,992,299	13,053,083	1,060,784
Expenditures:				
General government	2,627,281	2,780,366	2,265,007	515,359
Public safety	5,109,057	5,405,776	3,733,061	1,672,715
Public works	3,819,391	4,156,645	3,377,769	778,876
Culture and recreation	1,094,971	1,316,351	852,736	463,615
Economic development	200,000	229,687	35,126	194,561
Debt service				
Principal	454,793	507,883	507,286	597
Interest and fiscal charges	119,907	119,907	119,907	-
Total expenditures	13,425,400	14,516,615	10,890,892	3,625,723
Excess (deficiency) of revenues over (under) expenditures	(1,780,000)	(2,524,316)	2,162,191	4,686,507
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	174,975	208,592	33,617
Transfers out	(130,000)	(130,000)	(130,000)	-
Appropriation of fund balance	1,910,000	2,479,341	-	(2,479,341)
Total other financing sources (uses)	1,780,000	2,524,316	78,592	(2,445,724)
Net change in fund balance	-	-	2,240,783	2,240,783
Fund balance, beginning of the year	12,012,497	12,012,497	12,012,497	-
Fund balance, end of the year	\$ 12,012,497	\$ 12,012,497	\$ 14,253,280	\$ 2,240,783

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Zebulon, North Carolina (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. Reporting Entity

Incorporated in 1907, under the laws of the State of North Carolina, the Town of Zebulon, North Carolina is governed by an elected mayor and a five-member Board of Commissioners. The government provides such services as police protection, cultural and recreational activities, and public works services. The Town's financial statements include all funds, agencies, boards, commissions and authorities for which the Town is financially accountable. There are no component units that are required to be included in these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Greenways Capital Projects Fund** is used to account for financial resources to be used for the acquisition and construction of new greenways.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Additionally, the Town reports the following fund type:

The **capital projects funds** are used to account for specific activities established by the project authorizations. The Town's non-major capital projects funds include the North Arendell Avenue Capital Project Fund, which is used to account for roadway improvements on North Arendell Avenue, and the Stormwater Capital Projects fund, which is used to account for the acquisition of stormwater easements throughout the Town.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Budgets

The Town's budgets are adopted as required by North Carolina General Statutes. Annual budget ordinances are adopted for the general fund. All annual appropriations lapse at fiscal year-end. 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 object level for the multi-year funds. Interfund transfer of moneys may be made only with specific advanced approval of the Town Board (the "Board"). Interdepartmental transfers between non-capital line items may be made for amounts up to \$5,000 with Board notification at the next regularly scheduled meeting; all other interdepartmental transfers may be made only with specific advanced approval of the Board. Supplemental appropriations that amend the total expenditures of any fund require a resolution of the Board. The Budget Officer is authorized to reallocate any appropriations within departments. Budgets are reported as originally adopted or as amended by executive action or Board resolution. During the year several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town. The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations.

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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, as well as other investments held by the Town, are reported at fair value.

F. Restricted Cash and Cash Equivalents

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. In addition, unexpended proceeds from federal and state forfeitures are classified as restricted cash until they are used for future police purchases. Also, transportation fees and developer reimbursements collected are considered restricted as these must be spent on improvements within a period of ten (10) years per Town Charter or refunded to the developer.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes for the fiscal year ended June 30, 2021 are based on the assessed values as of January 1, 2020.

H. Allowances

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.”

J. Prepaid Items

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

K. Capital Assets

Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and an individual cost of \$5,000 or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed assets are reported at cost or estimated historical cost. As required for Phase 3 governments by GASB 34, only land has been retroactively reported as infrastructure in these statements in the governmental activities column of the government-wide financial statements. 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.

Infrastructure	14 - 30 years
Vehicles	7 - 10 years
Equipment	7 - 10 years
Buildings and Improvements	15 - 40 years
Intangibles	10 years

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town reports deferred outflows of resources related to its pension and other postemployment benefits (OPEB) plans in the statement of net position. The specific types of deferred outflows of resources related to the pension and OPEB plans are discussed further in Note 7 and Note 8.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several items that qualify for reporting in this category in both the governmental funds balance sheet and the statement of net position. The Town reports unavailable revenues in the governmental funds balance sheet for amounts that have not been collected within 60 days (for property taxes) or 90 days (all other revenues subject to accrual) and thus cannot be recognized as revenue under the modified accrual basis of accounting.

The Town also reports a deferred inflow of resources for the advance collection of property taxes. This amount represents property tax revenues that have been collected by the Town before the start of the fiscal period the tax revenues are meant to fund. Accordingly, these amounts are shown as a deferred inflow of resources in both the governmental funds balance sheet and the government-wide statement of net position.

Finally, the Town reports deferred inflows of resources related to its pension and other postemployment benefits (OPEB) plans in the statement of net position. The specific types of deferred inflows of resources related to the pension and OPEB plans are discussed further in Note 7 and Note 8.

M. 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. Accrued vacation at calendar year end in excess of 240 hours is transferred to sick leave. The Town also allows non-exempt employees to accrue compensatory time for hours worked in excess of a regular work period. 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. Employees not engaged in law enforcement may accumulate eighty (80) compensatory hours and law enforcement officers may accumulate one hundred (100) compensatory hours. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

For the Town's government-wide financial statements, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the statement of net position.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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 debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus and modified accrual basis of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government for budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930s that were designed to improve and maintain the fiscal health of local governmental units. Restricted for Stabilization 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 reported as RSS. 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. RSS is included as a component of restricted fund balance and restricted net position.

Restricted for streets-Powell Bill – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. The amount represents the balance of unexpended Powell Bill funds.

Restricted for transportation impact – Portion of fund balance that is restricted by Town charter to be used on certain improvements within ten years or refunded to the developer.

Restricted for developer reimbursements – Portion of fund balance that is restricted by revenue source for specific developer reimbursed projects.

Restricted for law enforcement – Portion of fund balance restricted by revenues source for purchases related to public safety.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Committed – Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (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 stadium improvements – Portion of fund balance that has been committed by the governing board for future improvements to the baseball stadium.

Committed for capital improvements – Portion of fund balance that has been committed by the governing board for future capital improvements in the Town.

Committed for information technology improvements – Portion of fund balance that has been committed by the governing board for future technology improvements in the Town.

Committed for transportation improvements – Portion of fund balance that has been committed by the governing board for future transportation improvements in the Town.

Committed for stormwater improvements – Portion of fund balance that has been committed by the governing board for future stormwater improvements in the Town.

Committed for fleet improvements (regular) – Portion of fund balance that has been committed by the governing board for future fleet improvements to the Town's regular vehicles.

Committed for fleet improvements (fire) – Portion of fund balance that has been committed by the governing board for future fleet improvements to the Town's fire department vehicles.

Committed for greenway/bicycle/pedestrian improvements – Portion of fund balance that has been committed by the governing board for future greenway, bicycle and pedestrian improvements in the Town.

Assigned – This classification includes amounts of fund balance that the Town intends to use for specific purposes. Assignments may be created, amended or eliminated by management under policy adopted by the Board of Commissioners. Amounts are available for appropriation by the governing board. The Town reports one (1) item in assigned fund balance and that is the amount assigned for subsequent year's expenditures. This is the portion of total fund balance that has been appropriated by the Town for use in the subsequent fiscal year's budget.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. The Town has a fund balance policy that is to maintain an unrestricted fund balance in the General Fund of no less than 50% of total projected expenditures. Unrestricted fund balance in excess of 50% is available for general appropriation during the budget year, as approved by the governing body. At the end of the year, after the annual audit is complete and financial statements have been reported, the Board may, at its discretion, credit any unrestricted fund balance in excess of 75% of the subsequent year's total expenditures, to a capital reserve fund. If a catastrophic economic or natural event occurs that requires a 25% or more deviation from the total budgeted revenues or expenditures, the unrestricted fund balance can be reduced by Board action. In such an event, the Board shall develop a recovery plan to rebuild the fund balance within 36 months of the current year.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Pensions

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, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2021, are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$	12,348,541
Restricted cash and cash equivalents		1,730,470
		\$ 14,079,011
Deposits with financial institutions		
	\$	191,447
Deposits in NCCMT Government Portfolio		13,887,564
		\$ 14,079,011

Credit risk. The Town does not have a credit rating policy which provides restrictions or limitations on credit ratings for the Town's investments. The Town's holdings in the NCCMT Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. The Town considers its holdings in the NCCMT Government Portfolio to be cash equivalents for financial reporting purposes.

NOTE 3. RECEIVABLES

Receivables at June 30, 2021, for the Town's individual major funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Greenways Project Fund
Receivables:		
Accounts	\$ 532,206	\$ -
Taxes	110,285	3,726
Intergovernmental	478,590	890,616
Less allowance		
for uncollectibles	16,643	-
Net total receivables	\$ 1,104,438	\$ 894,342

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 12,191,289	\$ 6,897,917	\$ (120,120)	\$ -	\$ 18,969,086
Construction in progress	1,110,245	1,824,767	-	(28,400)	2,906,612
Total	<u>13,301,534</u>	<u>8,722,684</u>	<u>(120,120)</u>	<u>(28,400)</u>	<u>21,875,698</u>
Capital assets, being depreciated:					
Buildings	12,897,495	-	-	-	12,897,495
Other improvements	5,734,231	3,196,662	-	-	8,930,893
Roads and infrastructure	10,567,397	2,164,716	-	-	12,732,113
Equipment	2,380,617	125,841	(24,280)	-	2,482,178
Intangibles	320,625	25,140	-	28,400	374,165
Vehicles and motorized equipment	5,039,725	205,242	(171,774)	-	5,073,193
Total being depreciated	<u>36,940,090</u>	<u>5,717,601</u>	<u>(196,054)</u>	<u>28,400</u>	<u>42,490,037</u>
Less accumulated depreciation for:					
Buildings	(4,955,294)	(342,483)	-	-	(5,297,777)
Other improvements	(3,091,811)	(98,355)	-	-	(3,190,166)
Roads and infrastructure	(5,010,781)	(1,057,173)	-	-	(6,067,954)
Equipment	(1,681,386)	(213,164)	24,280	-	(1,870,270)
Intangibles	(113,389)	(34,755)	-	-	(148,144)
Vehicles and motorized equipment	(2,593,764)	(248,873)	139,488	-	(2,703,149)
Total	<u>(17,446,425)</u>	<u>(1,994,803)</u>	<u>163,768</u>	<u>-</u>	<u>(19,277,460)</u>
Total capital assets, being depreciated, net	<u>19,493,665</u>	<u>3,722,798</u>	<u>(32,286)</u>	<u>28,400</u>	<u>23,212,577</u>
Governmental activities capital assets, net	<u>\$ 32,795,199</u>	<u>\$ 12,445,482</u>	<u>\$ (152,406)</u>	<u>\$ -</u>	<u>\$ 45,088,275</u>

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

Governmental activities:	
General government	\$ 266,220
Public safety	252,624
Public works	1,114,585
Economic development	88,319
Culture and recreation	273,055
Total depreciation expense - governmental activities	<u>\$ 1,994,803</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Direct placement - general obligation bonds	\$ 1,900,000	\$ -	\$ 225,000	\$ 1,675,000	\$ 225,000
Premium on bonds	7,794	-	878	6,916	-
Total bonds	<u>1,907,794</u>	<u>-</u>	<u>225,878</u>	<u>1,681,916</u>	<u>225,000</u>
Direct borrowing - promissory notes	1,590,940	-	282,286	1,308,654	172,859
Compensated absences	278,006	146,364	119,612	304,758	182,855
Net pension liability (LGERS)	1,531,228	994,583	433,213	2,092,598	-
Total pension liability (LEO)	674,335	430,475	26,274	1,078,536	-
Total OPEB liability	4,933,981	1,693,530	72,416	6,555,095	-
Total	<u>\$ 10,916,284</u>	<u>\$ 3,264,952</u>	<u>\$ 1,159,679</u>	<u>\$ 13,021,557</u>	<u>\$ 580,714</u>

Compensated absences, the total OPEB liability, total pension liability, and net pension liability for governmental activities have typically been liquidated in the General Fund.

Direct Placement – General Obligation Bonds Payable

In April 2008, the Town issued \$4,600,000 general obligation bonds to finance the construction of a new town government campus. The bonds are due in annual installments of \$225,000 plus interest at rates ranging from 3.5% to 4.0% until maturity in 2029.

The debt service to maturity on the Town's outstanding bonds payable is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 225,000	\$ 63,062	\$ 288,062
2023	225,000	54,963	279,963
2024	225,000	46,750	271,750
2025	225,000	38,425	263,425
2026	225,000	29,988	254,988
2027-2030	550,000	38,213	588,213
Total	<u>\$ 1,675,000</u>	<u>\$ 271,401</u>	<u>\$ 1,946,401</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Direct Borrowing – Promissory Notes:

	<u>Balance as of June 30, 2021</u>
Governmental activities	
\$600,000 installment obligation to Suntrust Equipment Finance & Leasing Corporation issued August 19, 2018, secured by a fire truck, payable in annual installments of \$83,456 with an interest rate of 3.17%, through 2026.	\$ 379,839
\$1,100,000 installment obligation to Regions Equipment Finance Corporation issued August 29, 2018, secured by a ladder truck, payable in annual installments of \$82,200 with an interest rate of 3.2%, through 2032.	836,687
\$460,635 installment obligation to BB&T issued December 12, 2013, secured by real estate, payable in annual principal installments of \$46,064 plus interest at 2.52% through 2023.	92,128
Total direct borrowing - promissory notes:	<u><u>\$ 1,308,654</u></u>

The notes above are secured by the underlying assets being financed. If the Town fails to make the required debt service payments, the creditors have the authority to seize the financed assets and hold a sale of the asset to generate the necessary repayment.

The debt service to maturity on the direct borrowing – promissory notes is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2022	\$ 172,859	\$ 41,156	\$ 214,015
2023	179,996	35,957	215,953
2024	138,200	30,529	168,729
2025	142,603	26,125	168,728
2026	147,148	21,582	168,730
2027-2031	365,033	61,842	426,875
2032-2033	162,815	7,859	170,674
Total	<u><u>\$ 1,308,654</u></u>	<u><u>\$ 225,050</u></u>	<u><u>\$ 1,533,704</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Greenways Project Fund	\$ 73,654

The Greenways Project Fund owes the General Fund for a temporary cash shortage in the pooled cash account that is being covered by the General Fund. Repayment of this interfund balance will occur upon collection of grant revenues accrued as receivable by the Greenways Project Fund as of June 30, 2021.

Interfund transfers for the fiscal year ended June 30, 2021, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	\$ 130,000

Transfers are used to move revenues from the General Fund to the Capital Projects Fund for capital project matching purposes.

NOTE 7. PENSION PLANS

The Town's employees participate in two (2) separate defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS) and the Law Enforcement Officers' Special Separation Allowance (LEOSSA). The table below summarizes the deferred outflows of resources, deferred inflows of resources, and pension expense for each plan:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Pension Expense</u>
Local Governmental Employees' Retirement System	\$ 1,125,671	\$ 16,937	\$ 703,962
Law Enforcement Officers' Special Separation Allowance	412,986	83,454	86,131
Total for All Pension Plans	\$ 1,538,657	\$ 100,391	\$ 790,093

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the statewide 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 LGERS 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 postretirement 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town's 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's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.20% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$399,391 for the year ended June 30, 2021.

Refunds of Contributions. City 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, 2021, the Town reported a liability of \$2,092,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (the measurement date), the Town's proportion was 0.05856%, which was an increase of 0.05607% from its proportion measured as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$703,962. At June 30, 2021, 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	\$ 264,258	\$ -
Changes in plan assumptions	155,730	-
Net difference between projected and actual earnings on pension plan investments	294,478	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,814	16,937
Town contributions subsequent to the measurement date	399,391	-
Total	\$ 1,125,671	\$ 16,937

Town contributions made subsequent to the measurement date of \$399,391 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,		
2022	\$	194,291
2023		267,745
2024		160,156
2025		87,151
	\$	709,343

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	\$ 4,245,654	\$ 2,092,598	\$ 303,258

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least thirty 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 0.85 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	<u>22</u>
Total	<u><u>22</u></u>

Basis of Accounting. The City 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 and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2019, valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.26% to 1.93% due to a change in the Municipal Bond Rate.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study completed by the actuary for the LGERS for the five-year period ending December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City'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 \$26,274 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$1,078,536. The total pension liability was measured as of December 31, 2020, based on a December 31, 2019, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$86,131.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	\$ 106,787	\$ 59,934
Change in assumptions	279,989	23,520
Town benefit payments made subsequent to the measurement date.	26,210	-
Total	\$ 412,986	\$ 83,454

Benefit payments made subsequent to the measurement date will reduce the total pension liability in the next measurement period. Other amounts reported as deferred inflows of resources related to pensions will be recognized into pension expense as follows:

Year ending June 30,			
2022	\$	80,528	
2023		82,516	
2024		79,680	
2025		73,216	
2026		65,098	
Thereafter		6,287	
Total	\$	387,325	

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

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

Changes in the Total Pension Liability. The changes in the total pension liability of the City for the fiscal year ended June 30, 2021, were as follows:

	Total Pension Liability
Balance at June 30, 2020	\$ 674,335
Service cost	45,024
Interest	21,555
Experience differences	78,711
Assumption changes	285,185
Benefit payments	(26,274)
Balance at June 30, 2021	\$ 1,078,536

The required schedule of changes in the City's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 1,196,556	\$ 1,078,536	\$ 972,553

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (the "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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLANS (CONTINUED)

C. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021, were \$84,729 which consisted of \$56,374 from the Town and \$28,355 from the law enforcement officers.

D. Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

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 previously. The Plan is a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes each month an amount equal to 3% of each employee's salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$200,705, which consisted of \$136,205 from the Town and \$64,500 from the employees.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided. Under the terms of a Town resolution on July 1, 2009, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. **Benefits Provided.** Employees who have 20 or more years of continuous creditable service under the LGERS and their last 5 years of service with the Town (last 10 years with the Town for employees hired July 1, 2005 or after) at the time of their retirement will receive full benefits. In addition, the Town will provide to employees hired prior to July 1, 2005, at age 65, a Medicare supplemental insurance policy payment not to exceed the cost of providing health coverage to full-time personnel. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates under the limits prescribed by the Consolidated Omnibus Budget Reconciliation Act. The Town Board may amend the benefit provisions. A separate report was not issued for the HCB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided (Continued). The benefits provided depend on the retired employee's creditable service:

Retired Employee's Years of Creditable Service	Date Hired	
	Pre July 1, 2005	On or after July 1, 2005
Less than 5 years	Not eligible for coverage	Not eligible for coverage
5 - 10 years	Full coverage paid by the Town	Not eligible for coverage
10+ years	Full coverage paid by the Town	Full coverage paid by the Town

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active participants	64
Retirees and beneficiaries currently receiving benefits	13
Total	77

Contributions. The Town has elected to fund the HCB Plan on a "pay as you go" basis. For the fiscal year ended June 30, 2021, the Town contributed \$61,289 for the pay as you go benefits for the HCB Plan.

Total OPEB Liability

The Town's total OPEB liability of \$6,555,095 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation rate	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increase, including wage inflation	
General employees and fire fighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Municipal bond index rate	
Prior measurement date	3.50%
Measurement date	2.21%
Health care cost trends	
Pre-medicare medical and prescription drug	7.00% for 2019, decreasing to an ultimate rate of 4.50% by 2026
Medicare medical and prescription drug	5.00% for 2019, decreasing to an ultimate rate of 4.50% by 2021
Dental	4.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Actuarial Assumptions and Other Inputs (Continued). The discount rate is defined by GASB 75 to be a 20-year tax exempt municipal bond (rating AA/Aa or higher). The rate selected by the Town for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index, published on the last Thursday of June by The Bond Buyer.

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2021, were as follows:

	Total OPEB Liability
Balance at June 30, 2020	\$ 4,933,981
Service Cost	172,789
Interest	177,515
Experience differences	(1,985)
Assumption changes	1,343,226
Benefit payments	(70,431)
Balance at June 30, 2021	\$ 6,555,095

Assumption changes noted above reflect a change in the discount rate from 3.50% to 2.21%. The current mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 7,936,648	\$ 6,555,095	\$ 5,478,713

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 5,306,514	\$ 6,555,095	\$ 8,197,876

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$386,656. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,400	\$ 95,171
Changes in plan assumptions	1,189,363	486,082
Town contributions subsequent to the measurement date	61,289	-
Total	\$ 1,253,052	\$ 581,253

Town contributions made subsequent to the measurement date of \$61,289 are reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 49,352
2023	49,352
2024	49,352
2025	49,352
2026	49,927
Thereafter	363,175
	\$ 610,510

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER EMPLOYMENT BENEFITS

The Town has elected to provide death benefits to employees through the Death Trust Plan for members of the LGERS (Death Trust Plan), a multiple-employer, State-administered, cost sharing plan funded on a one year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have a least one year of contributing membership service in the System at the time of death are eligible for 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 their death, not less than \$25,000 and not more than \$50,000. All death benefit payments are made from the Death Trust Plan. The Town has no liability beyond the payment of the monthly contributions.

NOTE 10. 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 provides workers' compensation insurance with coverage up to statutory limits through a mutual insurance company. In accordance with North Carolina G.S. 159-29, the Town carries bonds in the amount of \$50,000 each on the town manager, finance director and tax collector.

The Town purchases insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$15,651,302), inland marine (\$493,500) auto liability (\$5,000,000), public officials liability (\$5,000,000), law enforcement liability (\$5,000,000), employee benefits liability (\$5,000,000) and employment practices liability (\$5,000,000). The coverage has deductibles up to \$10,000. There have been no significant reductions in insurance coverage from coverage in the prior year by major categories of risk, with the exception of property insurance coverage. The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Grant Contingencies:

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

Contractual Commitments:

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

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Little River Dam Archaeological Study	\$ 25,900	\$ 2,500
N. Arendell Avenue Sidewalks	20,050	11,300
Parks and Recreation Master Plan	41,171	48,006
N. Arendell Avenue Capital Project	96,953	11,250
Greenway Capital Project	239,670	352,238
Total	<u>\$ 423,744</u>	<u>\$ 425,294</u>

Economic Dependency:

The Town is economically dependent upon one taxpaying entity, which provides 28% of the Town's property tax revenues. This taxpayer, Glaxo Smith Kline, a pharmaceutical manufacturer, had a total assessed property tax value for the year ended June 30, 2021, of \$330,607,865, and property taxes assessed totaling \$1,937,652.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ZEBULON, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 172,789	\$ 186,050	\$ 196,696	\$ 221,200
Interest on total OPEB liability	177,515	183,439	167,261	147,526
Difference between expected and actual experience	(1,985)	(121,173)	1,975	1,957
Changes of assumptions and other inputs	1,343,226	(716)	(293,374)	(522,563)
Benefit payments	<u>(70,431)</u>	<u>(58,002)</u>	<u>(52,552)</u>	<u>(49,541)</u>
Net change in total OPEB liability	1,621,114	189,598	20,006	(201,421)
Total OPEB liability - beginning	4,933,981	4,744,383	4,724,377	4,925,798
Total OPEB liability - ending	<u>\$ 6,555,095</u>	<u>\$ 4,933,981</u>	<u>\$ 4,744,383</u>	<u>\$ 4,724,377</u>
Covered-employee payroll	\$ 3,184,430	\$ 3,184,430	\$ 3,031,373	\$ 3,031,373
Total OPEB liability as a percentage of covered-employee payroll	205.85%	154.94%	156.51%	155.85%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The Town is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

TOWN OF ZEBULON, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST SEVEN FISCAL YEARS

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net pension liability (asset) (%)	0.58560%	0.05670%	0.05488%	0.55330%
Town's proportion of the net pension liability (asset) (\$)	\$ 2,092,598	\$ 1,531,228	\$ 1,301,941	\$ 845,289
Town's covered payroll	\$ 3,696,442	\$ 3,488,101	\$ 3,339,652	\$ 3,057,621
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.61%	43.90%	38.98%	27.65%
Plan fiduciary net position as a percentage of the total pe liability	88.61%	94.18%	94.18%	91.47%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's proportion of the net pension liability (asset) (%)	0.05604%	0.59260%	0.61920%	
Town's proportion of the net pension liability (asset) (\$)	\$ 1,189,357	\$ 265,955	\$ (365,172)	
Town's covered payroll	\$ 2,911,008	\$ 2,861,740	\$ 2,868,217	
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.86%	9.29%	(12.73%)	
Plan fiduciary net position as a percentage of the total pe liability	98.09%	99.07%	102.64%	

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF ZEBULON, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS**

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 399,391	\$ 340,802	\$ 279,894	\$ 259,342
Contributions in relation to the actuarially determined con	<u>399,391</u>	<u>340,802</u>	<u>279,894</u>	<u>259,342</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,851,575	\$ 3,696,442	\$ 3,488,101	\$ 3,339,652
Contributions as a percentage of covered payroll	10.37%	9.22%	8.02%	7.77%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 230,022	\$ 199,764	\$ 205,656	\$ 203,827
Contributions in relation to the actuarially determined con	<u>230,022</u>	<u>199,764</u>	<u>205,656</u>	<u>203,827</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740	\$ 2,868,217
Contributions as a percentage of covered payroll	7.52%	6.86%	7.19%	7.11%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF ZEBULON, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST FIVE FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability, beginning balance	\$ 674,335	\$ 554,170	\$ 507,354	\$ 563,707
Service cost	45,024	37,668	37,051	29,695
Interest on the total pension liability	21,555	20,172	16,032	21,618
Difference between expected and actual experience	78,711	35,528	23,916	(140,650)
Changes of assumptions or other inputs	285,185	26,797	(30,183)	40,292
Benefit payments	(26,274)	-	-	(7,308)
	-	-	-	-
Total pension liability, ending balance	<u>\$ 1,078,536</u>	<u>\$ 674,335</u>	<u>\$ 554,170</u>	<u>\$ 507,354</u>
	<u>2017</u>			
Total pension liability, beginning balance	\$ 539,222			
Service cost	34,167			
Interest on the total pension liability	19,079			
Difference between expected and actual experience	-			
Changes of assumptions or other inputs	(19,196)			
Benefit payments	(9,565)			
Total pension liability, ending balance	<u>\$ 563,707</u>			

Note 1: The amounts presented for each fiscal year were determined as of the prior year ending December 31.

Note 2: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF ZEBULON, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FIVE FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2021	2020	2019	2018
Total pension liability	\$ 1,078,536	\$ 674,335	\$ 554,170	\$ 507,354
Town's covered-employee payroll	\$ 1,284,137	\$ 1,186,739	\$ 1,089,316	\$ 996,834
Total pension liability as a percentage of covered-employee payroll	83.99%	56.82%	50.87%	50.90%
	2017			
Total pension liability	\$ 563,707			
Town's covered-employee payroll	\$ 1,046,278			
Total pension liability as a percentage of covered-employee payroll	53.88%			

Note 1: The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note 2: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is the Town's main operating fund. The General Fund accounts for revenues and expenditures traditionally associated with operating governmental service functions.

TOWN OF ZEBULON, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes				
Current year	\$ 7,579,300	\$ 7,579,300	\$ 7,481,124	\$ (98,176)
Prior years	29,500	29,500	69,309	39,809
Penalties and interest	11,000	11,000	19,767	8,767
Total ad valorem taxes	<u>7,619,800</u>	<u>7,619,800</u>	<u>7,570,200</u>	<u>(49,600)</u>
Other taxes and licenses				
Motor vehicle decals	95,000	95,000	153,760	58,760
Rental motor vehicle taxes	15,000	15,000	25,307	10,307
Other	500	500	917	417
Total other taxes and licenses	<u>110,500</u>	<u>110,500</u>	<u>179,984</u>	<u>69,484</u>
Unrestricted intergovernmental				
Local option sales tax	1,054,500	1,054,500	1,426,102	371,602
Franchise tax	640,000	640,000	600,037	(39,963)
Video programming	26,900	26,900	26,858	(42)
Beer and wine	21,200	21,200	21,572	372
Total unrestricted intergovernmental	<u>1,742,600</u>	<u>1,742,600</u>	<u>2,074,569</u>	<u>331,969</u>
Restricted intergovernmental				
Powell Bill	129,500	129,500	133,040	3,540
Federal grants	-	198,580	198,583	3
State grants	50,000	50,000	36,836	(13,164)
Other grants	7,500	12,500	16,448	3,948
PEG Supplement	54,000	54,000	52,901	(1,099)
Solid waste disposal tax	3,300	3,300	3,809	509
Wake County Fire District	640,200	640,200	642,470	2,270
Total restricted intergovernmental	<u>884,500</u>	<u>1,088,080</u>	<u>1,084,087</u>	<u>(3,993)</u>
Permits and fees				
Zoning permits and fees	150,000	150,000	312,151	162,151
Transportation impact fees	140,000	345,000	765,978	420,978
Inspection fees	20,000	20,000	19,825	(175)
Officer fees	2,500	2,500	2,788	288
Total permits and fees	<u>312,500</u>	<u>517,500</u>	<u>1,100,742</u>	<u>583,242</u>
Investment earnings	<u>120,000</u>	<u>3,000</u>	<u>2,972</u>	<u>(28)</u>
Sales and services				
Charges for services	655,000	655,000	704,842	49,842
Cemetery	-	-	7,624	7,624
Rent	55,000	55,000	85,226	30,226
Recreation	85,000	85,000	66,525	(18,475)
Total sales and services	<u>795,000</u>	<u>795,000</u>	<u>864,217</u>	<u>69,217</u>
Other revenues				
Stormwater fees	-	-	40,563	40,563
ABC revenue	34,000	34,000	53,652	19,652
Fines and forfeitures	-	-	362	362
Miscellaneous	26,500	81,819	81,735	(84)
Total other revenues	<u>60,500</u>	<u>115,819</u>	<u>176,312</u>	<u>60,493</u>
Total revenues	<u>11,645,400</u>	<u>11,992,299</u>	<u>13,053,083</u>	<u>1,060,784</u>

Continued

TOWN OF ZEBULON, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
General government				
Governing body				
Personnel costs	\$ 78,600	\$ 78,600	\$ 69,796	\$ 8,804
Contract services	315,250	318,750	270,603	48,147
Other operating	37,244	40,244	24,947	15,297
Total governing body	<u>431,094</u>	<u>437,594</u>	<u>365,346</u>	<u>72,248</u>
Administration				
Personnel costs	466,810	466,810	438,522	28,288
Contract services	169,426	187,326	177,154	10,172
Other operating	237,294	297,229	177,270	119,959
Capital outlays	30,500	67,900	36,571	31,329
Total administration	<u>904,030</u>	<u>1,019,265</u>	<u>829,517</u>	<u>189,748</u>
Finance				
Personnel costs	268,450	263,450	216,394	47,056
Retiree insurance	60,000	62,000	61,289	711
Contract services	16,500	16,500	15,563	937
Other operating	58,300	61,300	50,387	10,913
Capital outlays	9,000	9,000	8,800	200
Total finance	<u>412,250</u>	<u>412,250</u>	<u>352,433</u>	<u>59,817</u>
Planning				
Personnel costs	487,100	464,600	416,826	47,774
Other operating	376,307	417,157	276,127	141,030
Capital outlays	16,500	29,500	24,758	4,742
Total planning	<u>879,907</u>	<u>911,257</u>	<u>717,711</u>	<u>193,546</u>
Total general government	<u>2,627,281</u>	<u>2,780,366</u>	<u>2,265,007</u>	<u>515,359</u>
Public safety				
Police				
Personnel costs	1,979,600	2,043,250	1,662,646	380,604
Contract services	5,732	5,732	5,265	467
Other operating	462,576	471,975	419,166	52,809
Capital outlays	189,685	224,100	162,929	61,171
Total police	<u>2,637,593</u>	<u>2,745,057</u>	<u>2,250,006</u>	<u>495,051</u>
Fire				
Personnel costs	1,219,734	1,234,114	1,173,947	60,167
Contract services	13,000	15,000	13,830	1,170
Other operating	284,730	280,720	230,453	50,267
Capital outlays	954,000	1,130,885	64,825	1,066,060
Total fire	<u>2,471,464</u>	<u>2,660,719</u>	<u>1,483,055</u>	<u>1,177,664</u>
Total public safety	<u>5,109,057</u>	<u>5,405,776</u>	<u>3,733,061</u>	<u>1,672,715</u>

Continued

TOWN OF ZEBULON, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Public works				
Operations				
Personnel costs	\$ 641,700	\$ 631,700	\$ 613,634	\$ 18,066
Contract services	593,800	615,120	578,177	36,943
Other operating	487,251	503,623	447,951	55,672
Capital outlays	325,000	478,415	362,917	115,498
Total operations	<u>2,047,751</u>	<u>2,228,858</u>	<u>2,002,679</u>	<u>226,179</u>
Property and project management				
Personnel costs	353,950	353,950	340,471	13,479
Contract services	85,000	83,000	75,470	7,530
Other operating	398,190	522,251	379,068	143,183
Capital outlays	805,000	839,086	476,083	363,003
Total operations	<u>1,642,140</u>	<u>1,798,287</u>	<u>1,271,092</u>	<u>527,195</u>
Powell Bill	<u>129,500</u>	<u>129,500</u>	<u>103,998</u>	<u>25,502</u>
Total public works	<u>3,819,391</u>	<u>4,156,645</u>	<u>3,377,769</u>	<u>778,876</u>
Culture and recreation				
Recreation				
Personnel costs	543,900	539,785	486,110	53,675
Contract services	14,700	19,200	15,131	4,069
Other operating	496,371	520,366	351,495	168,871
Capital outlays	40,000	237,000	-	237,000
Total culture and recreation	<u>1,094,971</u>	<u>1,316,351</u>	<u>852,736</u>	<u>463,615</u>
Economic development				
Other operating	<u>200,000</u>	<u>229,687</u>	<u>35,126</u>	<u>194,561</u>
Total economic development	<u>200,000</u>	<u>229,687</u>	<u>35,126</u>	<u>194,561</u>
Debt service				
Principal	454,793	507,883	507,286	597
Interest and fiscal charges	<u>119,907</u>	<u>119,907</u>	<u>119,907</u>	<u>-</u>
Total debt service	<u>574,700</u>	<u>627,790</u>	<u>627,193</u>	<u>597</u>
Total expenditures	<u>13,425,400</u>	<u>14,516,615</u>	<u>10,890,892</u>	<u>3,625,723</u>
Excess (deficiency) of revenues over (under) expenditures	(1,780,000)	(2,524,316)	2,162,191	4,686,507
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	174,975	208,592	33,617
Transfers out	(130,000)	(130,000)	(130,000)	-
Appropriation of fund balance	<u>1,910,000</u>	<u>2,479,341</u>	<u>-</u>	<u>(2,479,341)</u>
Total other financing sources	<u>1,780,000</u>	<u>2,524,316</u>	<u>78,592</u>	<u>(2,445,724)</u>
Net change in fund balance	-	-	2,240,783	2,240,783
Fund balance, beginning of the year	<u>12,012,497</u>	<u>12,012,497</u>	<u>12,012,497</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 12,012,497</u>	<u>\$ 12,012,497</u>	<u>\$ 14,253,280</u>	<u>\$ 2,240,783</u>

NON-MAJOR CAPITAL PROJECTS FUNDS

The North Arendell Avenue Capital Project Fund is used to account for financial resources to be used for roadway improvements on North Arendell Avenue.

The Stormwater Capital Project Fund is used to account for financial resources to be used for the construction of stormwater improvements.

TOWN OF ZEBULON, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Capital Projects Funds		Total
ASSETS	N. Arendell Avenue Project Fund	Stormwater Projects Fund	Nonmajor Governmental Funds
Cash	\$ 300,256	\$ 85,750	\$ 386,006
Total assets	\$ 300,256	\$ 85,750	\$ 386,006
FUND BALANCES			
Committed:			
Capital projects	\$ 300,256	\$ 85,750	\$ 386,006
Total liabilities and fund balances	\$ 300,256	\$ 85,750	\$ 386,006

TOWN OF ZEBULON, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>N. Arendell Avenue Project Fund</u>	<u>Stormwater Projects Fund</u>	
EXPENDITURES			
Capital outlays	\$ 48,694	\$ -	\$ 48,694
Total expenditures	<u>48,694</u>	<u>-</u>	<u>48,694</u>
Deficiency of revenues (under) expenditures	(48,694)	-	(48,694)
OTHER FINANCING SOURCES			
Transfers in	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Net change in fund balances	81,306	-	81,306
FUND BALANCES, beginning of year	<u>218,950</u>	<u>85,750</u>	<u>304,700</u>
FUND BALANCES, end of year	<u><u>\$ 300,256</u></u>	<u><u>\$ 85,750</u></u>	<u><u>\$ 386,006</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

**GREENWAYS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION TO JUNE 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 1,924,051	\$ 57,156	\$ 1,238,689	\$ 1,295,845
Total revenues	<u>1,924,051</u>	<u>57,156</u>	<u>1,238,689</u>	<u>1,295,845</u>
Expenditures:				
Capital outlays	2,998,136	239,670	1,334,025	1,573,695
Total expenditures	<u>2,998,136</u>	<u>239,670</u>	<u>1,334,025</u>	<u>1,573,695</u>
Deficiency of revenues under expenditures	(1,074,085)	(182,514)	(95,336)	(277,850)
Other financing sources:				
Transfers in	1,074,085	1,074,085	-	1,074,085
Net change in fund balance	<u>\$ -</u>	<u>\$ 891,571</u>	(95,336)	<u>\$ 796,235</u>
Fund balances, beginning of year			<u>891,571</u>	
Fund balances, end of year			<u>\$ 796,235</u>	

TOWN OF ZEBULON, NORTH CAROLINA

**N. ARENDELL AVENUE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION TO JUNE 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 956,000	\$ -	\$ -	\$ -
Total revenues	<u>956,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlays	1,442,595	137,645	48,694	186,339
Total expenditures	<u>1,442,595</u>	<u>137,645</u>	<u>48,694</u>	<u>186,339</u>
Deficiency of revenues under expenditures	(486,595)	(137,645)	(48,694)	(186,339)
Other financing sources:				
Transfers in	486,595	356,595	130,000	486,595
Net change in fund balance	<u>\$ -</u>	<u>\$ 218,950</u>	81,306	<u>\$ 300,256</u>
Fund balances, beginning of year			<u>218,950</u>	
Fund balances, end of year			<u>\$ 300,256</u>	

TOWN OF ZEBULON, NORTH CAROLINA

**STORMWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION TO JUNE 30, 2021**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlays	85,750	-	-	-
Total expenditures	<u>85,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues under expenditures	(85,750)	-	-	-
Other financing sources:				
Transfers in	85,750	85,750	-	85,750
Net change in fund balance	<u>\$ -</u>	<u>\$ 85,750</u>	<u>-</u>	<u>\$ 85,750</u>
Fund balances, beginning of year			<u>85,750</u>	
Fund balances, end of year			<u>\$ 85,750</u>	

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
AS OF JUNE 30, 2021**

Fiscal year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 7,668,587	\$ 7,634,085	\$ 34,502
2019-2020	32,297	-	16,622	15,675
2018-2019	15,876	-	5,916	9,960
2017-2018	17,758	-	4,263	13,495
2016-2017	7,372	-	1,902	5,470
2015-2016	4,409	-	1,989	2,420
2014-2015	2,682	-	1,313	1,369
2013-2014	7,027	541	188	7,380
2012-2013	12,148	1,210	100	13,258
2011-2012	6,756	-	-	6,756
2010-2011	5,664	-	5,664	-
	<u>\$ 111,989</u>	<u>\$ 7,670,338</u>	<u>\$ 7,672,042</u>	110,285
				Less allowance for uncollectible ad valorem taxes receivable
				Ad valorem taxes receivable, net
				<u>\$ 110,285</u>
				Reconciliation with revenues:
				Ad valorem taxes - General Fund
				\$ 7,570,200
				Penalties and interest
				19,767
				Taxes written off
				5,664
				Releases and other adjustments
				76,411
				Total collections and credits
				<u>\$ 7,672,042</u>

TOWN OF ZEBULON, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND (TOWN-WIDE)
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Original Levy:</u>	<u>Town-wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Property at current year's rate	\$ 1,389,255,111	0.55	\$ 7,640,903	\$ 7,265,798	\$ 375,105
Penalties	-		19,767	19,767	-
Total	<u>1,389,255,111</u>		<u>7,660,670</u>	<u>7,285,565</u>	<u>375,105</u>
Discoveries:					
Prior year taxes	-		29,177	29,177	-
Abatements	<u>(3,865,403)</u>	0.55	<u>(21,260)</u>	<u>(21,260)</u>	-
Total property valuation	<u><u>\$ 1,385,389,708</u></u>				
Net levy			7,668,587	7,293,482	375,105
Uncollected taxes at June 30, 2021			<u>34,502</u>	<u>26,111</u>	<u>8,391</u>
Current year's taxes collected			<u><u>\$ 7,634,085</u></u>	<u><u>\$ 7,267,371</u></u>	<u><u>\$ 366,714</u></u>
Current levy collection percentage			<u><u>99.55%</u></u>	<u><u>99.64%</u></u>	<u><u>97.76%</u></u>

STATISTICAL SECTION

TOWN OF ZEBULON, NORTH CAROLINA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities				
Net investment in capital assets	\$ 42,097,705	\$ 29,296,465	\$ 26,460,741	\$ 16,793,339
Restricted	2,859,097	1,995,272	1,512,756	1,390,444
Unrestricted	4,733,482	4,088,548	3,236,736	2,222,411
Total governmental activities net position	<u>\$ 49,690,284</u>	<u>\$ 35,380,285</u>	<u>\$ 31,210,233</u>	<u>\$ 20,406,194</u>
Business-type activities				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	-	-	(26,167)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,167)</u>
Primary government				
Net investment in capital assets	\$ 42,097,705	\$ 29,296,465	\$ 26,460,741	\$ 16,793,339
Restricted	2,859,097	1,995,272	1,512,756	1,390,444
Unrestricted	4,733,482	4,088,548	3,236,736	2,196,244
Total primary government net position	<u>\$ 49,690,284</u>	<u>\$ 35,380,285</u>	<u>\$ 31,210,233</u>	<u>\$ 20,380,027</u>

2017	2016	2015	2014	2013	2012
\$ 14,955,686	\$ 13,392,436	\$ 12,944,657	\$ 12,831,363	\$ 13,072,389	\$ 13,551,363
1,282,832	1,077,310	1,019,076	667,364	705,512	867,586
5,057,994	4,878,773	4,806,151	5,401,122	5,219,306	4,957,181
<u>\$ 21,296,512</u>	<u>\$ 19,348,519</u>	<u>\$ 18,769,884</u>	<u>\$ 18,899,849</u>	<u>\$ 18,997,207</u>	<u>\$ 19,376,130</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(30,056)	(34,061)	(36,884)	(39,449)	(42,708)	(56,426)
<u>\$ (30,056)</u>	<u>\$ (34,061)</u>	<u>\$ (36,884)</u>	<u>\$ (39,449)</u>	<u>\$ (42,708)</u>	<u>\$ (56,426)</u>
\$ 14,955,686	\$ 13,392,436	\$ 12,944,657	\$ 12,831,363	\$ 13,072,389	\$ 13,551,363
1,282,832	1,077,310	1,019,076	667,364	705,512	867,586
5,027,938	4,844,712	4,769,267	5,361,673	5,176,598	4,900,755
<u>\$ 21,266,456</u>	<u>\$ 19,314,458</u>	<u>\$ 18,733,000</u>	<u>\$ 18,860,400</u>	<u>\$ 18,954,499</u>	<u>\$ 19,319,704</u>

TOWN OF ZEBULON, NORTH CAROLINA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses					
General government	\$ 2,668,227	\$ 3,009,901	\$ 2,468,204	\$ 2,320,449	\$ 2,182,513
Public safety	3,955,896	4,121,086	3,879,905	3,731,751	3,339,341
Public works	3,600,490	-	-	-	-
Streets	-	1,234,157	664,098	941,827	863,966
Sanitation	-	1,157,409	1,455,403	1,332,511	925,776
Stormwater	-	443,102	278,182	264,964	286,500
Cultural and recreation	1,113,381	1,115,900	1,146,509	1,078,303	1,046,872
Economic development	123,445	-	-	-	-
Interest on long-term debt	106,902	126,287	134,184	110,389	127,256
Total governmental expenses	<u>11,568,341</u>	<u>11,207,842</u>	<u>10,026,485</u>	<u>9,780,194</u>	<u>8,772,224</u>
Business Type Activities					
Water and sewer	-	-	-	-	-
Interest on long-term debt	-	-	-	991	3,450
Total Business type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>991</u>	<u>3,450</u>
Total primary government expenses	<u>\$ 11,568,341</u>	<u>11,207,842</u>	<u>10,026,485</u>	<u>0 9,781,185</u>	<u>8,775,674</u>
Program revenues					
Charges for services:					
General government	\$ 334,262	\$ 420,769	\$ 329,780	\$ 268,436	\$ 157,473
Public safety	22,609	1,346	1,838	1,719	1,708
Public works	1,237,867	-	-	-	-
Streets	-	-	-	-	-
Sanitation	-	545,248	470,546	444,605	430,027
Cultural and recreation	370,221	105,678	186,592	158,104	141,895
Economic development	-	-	-	-	-
Operating grants and contributions	914,211	867,706	879,578	920,532	1,054,039
Capital grants and contributions	12,915,685	4,016,094	9,994,933	2,044,350	1,908,788
Total program revenues	<u>\$ 15,794,855</u>	<u>\$ 5,956,841</u>	<u>\$ 11,863,267</u>	<u>\$ 3,837,746</u>	<u>\$ 3,693,930</u>
Net (expense) revenue	<u>\$ 4,226,514</u>	<u>\$ (5,251,001)</u>	<u>\$ 1,836,782</u>	<u>\$ (5,942,448)</u>	<u>\$ (5,078,294)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property taxes	\$ 7,593,462	\$ 7,091,423	\$ 6,559,888	\$ 6,301,569	\$ 5,479,104
Other taxes and licenses	228,414	83,284	42,813	39,453	39,899
Unrestricted intergovernmental revenue	2,026,139	1,793,411	1,803,030	1,647,639	1,594,566
Investment earnings	2,972	160,642	219,633	108,715	41,388
Miscellaneous	176,312	292,293	253,752	192,323	195,565
Transfers	-	-	(21,462)	-	-
Gain (loss) on disposal of capital assets	56,186	-	109,603	(17,212)	24,174
Total	<u>\$ 10,083,485</u>	<u>\$ 9,421,053</u>	<u>\$ 8,967,257</u>	<u>\$ 8,272,487</u>	<u>\$ 7,374,696</u>
Business Type Activities					
Investment earnings	-	-	150	1,907	4,804
Miscellaneous	-	-	4,555	2,974	2,651
Transfers	-	-	21,462	-	-
Total Business Type Activities	<u>-</u>	<u>-</u>	<u>26,167</u>	<u>4,881</u>	<u>7,455</u>
Change in Net Position	<u>\$ 14,309,999</u>	<u>\$ 4,170,052</u>	<u>\$ 10,830,206</u>	<u>\$ 2,333,929</u>	<u>\$ 2,300,407</u>

(1) In FY2021, the Town re-organized several departments in the General Fund and moved the Streets, Sanitation, and Stormwater functions underneath a new Public Works function.

	2016	2015	2014	2013	2012
\$	1,767,907	\$ 1,711,158	\$ 1,746,647	\$ 1,632,520	\$ 1,910,778
	3,208,337	3,115,698	3,177,517	3,174,675	3,242,348
	-	-	-	-	-
	816,957	782,121	815,731	798,858	1,264,030
	859,777	826,740	836,113	828,740	837,952
	224,279	224,215	210,764	207,596	191,214
	1,036,994	983,783	970,340	880,850	913,921
	-	-	-	-	-
	140,481	153,411	166,392	170,577	185,118
	<u>8,054,732</u>	<u>7,797,126</u>	<u>7,923,504</u>	<u>7,693,816</u>	<u>8,545,361</u>
	-	-	-	-	-
	6,497	9,623	21,797	29,129	70,646
	<u>6,497</u>	<u>9,623</u>	<u>21,797</u>	<u>29,129</u>	<u>70,646</u>
	<u>8,061,229</u>	<u>7,806,749</u>	<u>7,945,301</u>	<u>7,722,945</u>	<u>8,616,007</u>
\$	189,760	\$ 182,735	\$ 166,699	\$ 114,469	\$ 74,313
	2,048	2,418	2,508	3,462	4,194
	-	-	-	-	-
	-	62,346	78,420	-	-
	408,743	394,117	373,855	352,503	367,255
	133,956	128,618	110,794	88,342	102,045
	-	-	-	-	-
	888,155	831,799	782,618	793,825	793,192
	648,574	773,591	260,172 (1)	36,503	914,062
\$	<u>2,271,236</u>	<u>2,375,624</u>	<u>1,775,066</u>	<u>1,389,104</u>	<u>2,255,061</u>
\$	<u>(5,783,496)</u>	<u>(5,421,502)</u>	<u>(6,148,438)</u>	<u>(6,304,712)</u>	<u>(6,290,300)</u>
\$	4,529,782	\$ 4,119,373	\$ 4,099,089	\$ 3,969,478	\$ 3,926,622
	37,671	47,983	43,164	36,064	39,063
	1,567,546	1,477,071	1,458,220	1,645,507	1,665,768
	19,832	6,117	5,809	7,224	7,087
	199,700	167,632	160,374	191,911	91,892
	-	-	-	-	-
	7,600	83,168	284,424	33,210	25,044
\$	<u>6,362,131</u>	<u>5,901,344</u>	<u>6,051,080</u>	<u>5,883,394</u>	<u>5,755,476</u>
	7,887	11,047	25,056	42,446	73,738
	1,433	1,141	-	401	408
	-	-	-	-	-
	<u>9,320</u>	<u>12,188</u>	<u>25,056</u>	<u>42,847</u>	<u>74,146</u>
\$	<u>581,458</u>	<u>482,407</u>	<u>(94,099)</u>	<u>(407,600)</u>	<u>(531,324)</u>

TOWN OF ZEBULON, NORTH CAROLINA

GOVERNMENT-WIDE EXPENSES BY FUNCTION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

Fiscal Year	General Government	Public Safety	Streets	Sanitation	Storm Water	Public Works	Economic Development	Cultural & Recreation	Interest on Long-term Debt	Water & Sewer	Total
2012	\$ 1,910,778	\$ 3,242,348	\$ 1,264,030	\$ 837,952	\$ 191,214	\$ -	\$ -	\$ 913,921	\$ 185,118	\$ 70,646	\$ 8,616,007
2013	1,632,520	3,174,675	798,858	828,740	207,596	-	-	880,850	170,577	29,129	7,722,945
2014	1,746,647	3,177,517	815,731	836,113	210,764	-	-	970,340	166,392	21,797	7,945,301
2015	1,711,158	3,115,968	782,121	826,740	224,215	-	-	983,783	153,411	9,623	7,807,019
2016	1,767,907	3,208,337	816,957	859,777	224,279	-	-	1,036,994	140,481	6,497	8,061,229
2017	2,182,513	3,339,341	863,966	925,776	286,500	-	-	1,046,872	127,256	3,450	8,775,674
2018	2,320,449	3,731,751	941,827	1,332,511	264,964	-	-	1,078,303	110,389	992	9,781,186
2019	2,468,204	3,879,905	664,098	1,455,403	278,182	-	-	1,146,509	134,184	-	10,026,485
2020	3,009,901	4,121,086	1,234,157	1,157,409	443,102	-	-	1,115,900	126,287	-	11,207,842
2021	2,265,007	3,733,061	-	-	-	3,377,769	35,126	852,736	119,907	-	10,383,606

(1) In FY2021, the Town re-organized several departments in the General Fund and moved the Streets, Sanitation, and Stormwater functions underneath a new Public Works function.

TOWN OF ZEBULON, NORTH CAROLINA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	General Government	Public Safety	Streets	Sanitation	Storm Water	Public Works	Economic Development	Cultural & Recreation	Debt Service	Total	Per Capita Expenditures
2012	\$ 1,803,804	\$ 3,085,408	\$ 1,161,411	\$ 848,451	\$ 128,188	\$ -	\$ -	\$ 704,608	\$ 692,590	\$ 8,424,460	\$ 1,887
2013	1,426,078	2,908,906	448,928	838,596	223,547	-	-	647,018	680,074	7,173,147	1,585
2014	1,920,300	2,926,604	441,277	756,567	148,899	-	-	816,248	756,397	7,766,292	1,709
2015	1,650,350	2,828,974	777,901	775,532	177,397	-	-	757,213	751,176	7,718,543	1,674
2016	1,574,366	3,041,769	597,047	916,164	407,221	-	-	777,917	723,873	8,038,357	1,619
2017	2,019,968	3,038,542	811,859	1,133,870	210,825	-	-	797,168	761,730	8,773,962	1,701
2018	2,280,357	3,655,371	869,186	859,104	236,359	-	-	786,621	746,176	9,433,174	1,791
2019	2,335,416	5,218,293	859,426	1,009,380	207,729	-	-	844,557	905,186	11,379,987	2,016
2020	2,988,305	3,697,262	695,082	1,025,538	223,666	-	-	894,284	582,745	10,106,882	1,708
2021	2,265,007	3,733,061	-	-	-	3,377,769	35,126	852,736	627,193	10,890,892	1,563

TOWN OF ZEBULON, NORTH CAROLINA

**GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes	Unrestricted Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	
2012	\$ 547,807	\$ 793,192	\$ 914,062	\$ 3,965,685	\$ 1,665,768	\$ 80,825	\$ 117,344	\$ 8,084,683
2013	558,776	793,825	36,503	4,005,542	1,645,507	49,670	225,522	7,315,345
2014	732,276	782,618	260,172	4,142,253	1,458,220	30,865	444,798	7,851,202
2015	770,234	831,799	773,591	4,167,356	1,477,071	17,164	251,941	8,289,156
2016	734,507	888,155	648,574	4,567,453	1,567,546	27,719	208,733	8,642,687
2017	731,103	1,054,039	1,908,788	5,519,003	1,594,566	46,192	222,390	11,076,081
2018	872,864	920,532	2,044,350	6,341,022	1,647,639	110,622	178,085	12,115,114
2019	988,756	879,578	9,994,933	6,602,701	1,803,030	219,783	367,910	20,856,691
2020	1,073,041	867,706	4,016,094	7,174,707	1,793,411	160,642	292,293	15,377,894
2021	1,964,959	914,211	13,193,414	7,750,184	2,074,569	2,972	176,312	26,076,621

TOWN OF ZEBULON, NORTH CAROLINA

**GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Taxes	Intergovernmental Revenues	Liscenses, Permits & Fees	Investment Earnings	Sales & Services	Miscellaneous	Total	Per Capita Revenues
2012	\$ 3,979,562	\$ 3,001,106	\$ 26,627	\$ 7,087	\$ 519,963	\$ 146,912	\$ 7,681,257	\$ 1,721
2013	3,998,105	2,478,656	65,650	7,075	499,695	238,324	7,287,505	1,610
2014	4,160,667	2,376,239	184,692	5,809	545,043	453,429	7,725,879	1,700
2015	4,186,313	2,654,241	466,550	6,117	582,560	273,324	8,169,105	1,772
2016	4,577,412	2,455,701	195,259	19,832	623,262	207,300	8,078,766	1,627
2017	5,516,367	2,648,605	579,767	41,388	638,614	249,195	9,673,936	1,875
2018	6,331,820	2,568,171	506,342	108,715	670,007	246,444	10,431,499	1,980
2019	6,606,569	2,682,608	507,191	219,633	738,716	397,935	11,152,652	1,975
2020	7,179,141	2,718,273	988,478	160,642	742,452	292,293	12,081,279	2,042
2021	7,750,184	3,158,656	1,100,742	2,972	864,217	176,312	13,053,083	1,873

TOWN OF ZEBULON, NORTH CAROLINA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (modified accrual basis of accounting)

Fiscal Year		Property Taxes (1)	Tax Rate
2012	\$	3,939,522	0.5000
2013		3,961,589	0.5000
2014		4,114,916	0.5125
2015		4,136,640	0.5250
2016		4,538,730	0.5250
2017		5,475,283	0.5250
2018		6,290,576	0.5750
2019		6,562,236	0.5750
2020		7,095,333	0.5920
2021		7,570,200	0.5500

(1) Property tax revenues can fluctuate from year to year due to the timing of the billings and subsequently the availability of the funds.

TOWN OF ZEBULON, NORTH CAROLINA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund					
Reserved	\$ 531	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	2,859,097	1,995,272	1,512,756	1,390,444	1,282,832
Committed	1,172,998	828,672	536,120	485,979	232,350
Assigned	2,490,000	1,910,000	1,336,331	1,568,182	549,675
Unassigned	7,730,654	7,278,553	6,790,049	5,933,550	7,097,301
Total general fund	<u>\$ 14,253,280</u>	<u>\$ 12,012,497</u>	<u>\$ 10,175,256</u>	<u>\$ 9,378,155</u>	<u>\$ 9,162,158</u>
All Other Governmental Funds					
Unreserved, reported in:					
Capital projects fund	\$ 1,128,627	\$ 1,196,271	\$ 1,136,905	\$ 532,984	\$ -
Total all other governmental funds	<u>\$ 1,128,627</u>	<u>\$ 1,196,271</u>	<u>\$ 1,136,905</u>	<u>\$ 532,984</u>	<u>\$ -</u>

2016	2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,077,310	1,019,076	667,364	705,512	867,586
193,400	193,400	265,400	363,500	361,800
916,050	339,780	870,403	590,070	668,000
<u>5,815,924</u>	<u>6,158,019</u>	<u>5,456,546</u>	<u>5,149,500</u>	<u>4,680,150</u>
<u>\$ 8,002,684</u>	<u>\$ 7,710,275</u>	<u>\$ 7,259,713</u>	<u>\$ 6,808,582</u>	<u>\$ 6,577,536</u>

\$ -	\$ -	\$ -	\$ 30,909	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,909</u>	<u>\$ -</u>

TOWN OF ZEBULON, NORTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Ad valorem	\$ 7,570,200	\$ 7,095,333	\$ 6,562,236	\$ 6,290,576	\$ 5,475,283	\$ 4,538,730	\$ 4,136,640	\$ 4,114,916	\$ 3,961,589	\$ 3,939,522
Other taxes and licenses	179,984	83,808	44,333	41,244	41,084	38,682	49,673	45,751	36,516	40,040
Unrestricted intergovernmental	2,074,569	1,793,411	1,803,030	1,647,639	1,594,566	1,567,546	1,477,071	1,458,220	1,645,507	1,665,768
Restricted intergovernmental	2,322,776	867,706	879,578	920,532	1,054,039	888,155	1,177,170	918,019	833,149	1,335,388
Permits and fees	1,100,742	988,478	507,191	506,342	579,767	195,259	466,550	184,692	65,650	26,627
Sales and services	2,972	742,452	738,716	670,007	638,614	623,262	582,560	545,043	499,695	519,963
Investment earnings	864,217	160,642	219,633	108,715	41,388	19,832	6,117	5,809	7,224	7,087
Miscellaneous	176,312	292,293	397,935	246,444	249,195	207,300	273,324	453,429	238,324	146,912
Total revenues	<u>14,291,772</u>	<u>12,024,123</u>	<u>11,152,652</u>	<u>10,431,499</u>	<u>9,673,936</u>	<u>8,078,766</u>	<u>8,169,105</u>	<u>7,725,879</u>	<u>7,287,654</u>	<u>7,681,307</u>
Expenditures										
Current:										
General government	2,265,007	2,679,980	2,237,588	2,084,313	1,886,827	1,533,719	1,497,599	1,522,715	1,420,572	1,689,801
Public safety	3,733,061	3,506,042	3,446,275	3,301,586	2,830,972	2,859,970	2,820,289	2,790,544	2,844,487	2,906,795
Streets	-	517,964	481,133	810,456	447,960	419,280	414,949	440,077	409,308	887,973
Sanitation	-	1,025,538	869,524	859,104	845,297	809,120	775,532	756,567	754,167	772,653
Storm water	-	210,166	175,444	171,965	178,778	150,539	154,487	136,939	139,118	128,188
Public Works	3,377,769	-	-	-	-	-	-	-	-	-
Economic Development	35,126	-	-	-	-	-	-	-	-	-
Cultural and recreational	852,736	791,056	844,557	770,220	734,025	748,959	699,274	688,389	627,298	655,357
Capital outlay	1,382,719	793,391	2,420,280	689,354	1,088,373	792,897	605,237	674,664	957,363	691,103
Debt service										
Principal	507,286	448,854	802,181	626,382	628,609	578,042	588,564	587,188	507,109	509,005
Interest	119,907	133,891	103,005	119,794	133,121	145,831	162,612	169,209	172,965	183,585
Total expenditures	<u>12,273,611</u>	<u>10,106,882</u>	<u>11,379,987</u>	<u>9,433,174</u>	<u>8,773,962</u>	<u>8,038,357</u>	<u>7,718,543</u>	<u>7,766,292</u>	<u>7,832,387</u>	<u>8,424,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,018,161</u>	<u>1,917,241</u>	<u>(227,335)</u>	<u>998,325</u>	<u>899,974</u>	<u>40,409</u>	<u>450,562</u>	<u>(40,413)</u>	<u>(544,733)</u>	<u>(743,153)</u>
Other Financing Sources (Uses)										
Installment note proceeds	-	-	1,700,000	-	259,500	252,000	-	460,635	690,000	297,300
Bond Proceeds	208,592	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Transfers In	130,000	-	-	-	-	-	-	30,921	-	-
Transfers (out)	(130,000)	(80,000)	(675,564)	(782,328)	-	-	-	(30,921)	-	-
Total other financing sources (uses)	<u>208,592</u>	<u>(80,000)</u>	<u>1,024,436</u>	<u>(782,328)</u>	<u>259,500</u>	<u>252,000</u>	<u>-</u>	<u>460,635</u>	<u>690,000</u>	<u>297,300</u>
Net change in fund balances	<u>\$ 2,226,753</u>	<u>\$ 1,837,241</u>	<u>\$ 797,101</u>	<u>\$ 215,997</u>	<u>\$ 1,159,474</u>	<u>\$ 292,409</u>	<u>\$ 450,562</u>	<u>\$ 420,222</u>	<u>\$ 145,267</u>	<u>\$ (445,853)</u>
Debt service as a percentage of noncapital expenditures	-28.9%	6.3%	10.1%	8.5%	9.9%	10.0%	10.6%	10.7%	9.9%	9.0%

(1) Property tax revenues can fluctuate from year to year due to the timing of the billings and subsequently the availability of the funds.

TOWN OF ZEBULON, NORTH CAROLINA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Calendar Year	Real Property	Personal Property	Public Service Property	Total Assesed Value	Property Tax Rate	Taxable Assesed Ratio of Assesed Value to Estimated Actual Value
2012	\$ 451,273,104	\$ 319,781,997	\$ 10,234,889	\$ 781,289,990	0.5000	100%
2013	468,489,868	279,818,912	10,625,073	758,933,853	0.5125	100%
2014	476,674,862	288,222,009	10,310,255	775,207,126	0.5250	100%
2015	488,209,958	283,314,324	9,882,575	781,406,857	0.5250	100%
2016	531,315,033	317,347,252	11,177,906	859,840,191	0.5250	100%
2017	532,715,303	388,154,518	11,809,309	932,679,130	0.5750	100%
2018	538,742,081	511,561,940	13,222,414	1,063,526,435	0.5750	100%
2019	592,484,309	500,416,676	13,187,191	1,106,088,176	0.5750	100%
2020	593,190,630	557,023,161	14,320,162	1,164,533,953	0.5920	100%
2021	845,229,539	528,539,464	15,487,108	1,389,256,111	0.5500	100%

Source: Wake County Revenue Department

Notes: The last revaluation occurred as of January 1, 2016.

TOWN OF ZEBULON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES

LAST TEN CALENDAR YEARS

(rate per \$100 of assessed value)

Fiscal Year	Town of Zebulon	Wake County	Total Direct Rate
2012	0.5000	0.5340	1.034
2013	0.5125	0.5340	1.047
2014	0.5250	0.5340	1.059
2015	0.5250	0.5780	1.103
2016	0.5250	0.6145	1.140
2017	0.5750	0.6005	1.176
2018	0.5750	0.6150	1.190
2019	0.5920	0.6544	1.246
2020	0.5920	0.7207	1.313
2021	0.5500	0.6000	1.150

TOWN OF ZEBULON, NORTH CAROLINA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS PRIOR**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GlaxoSmithKline ⁽¹⁾	\$ 275,728,601	1	20.87	\$ 199,966,903	1	25.59 %
Truist Bank	112,797,120	2	8.54	-		0.00
Glaxo Inc ⁽¹⁾	72,981,692	3	5.52	54,411,489	2	6.96
BB&T of North Carolina	60,270,099	4	4.56	4,156,517	18	0.53
USF Propco LLC ⁽²⁾	23,515,733	5	1.78	18,705,870	4	2.39
Walmart	17,765,014	6	1.34	16,286,047	5	2.08
Vinventions LLC ⁽³⁾	15,929,822	7	1.21	-		0.00
Nomaco Zebulon ⁽⁴⁾	11,562,587	8	0.88	6,690,739	10	0.86
Zeb Land LLC ⁽⁴⁾	10,978,695	9	0.83	10,662,144	6	1.36
Progress Residential Borrower	10,121,384	10	0.77	-		0.00
Duke Energy Progress, Inc. ⁽⁵⁾	9,456,406	11	0.72	6,513,109	11	0.83
Triangle East Shopping Centre	9,332,098	12	0.71	7,531,219	8	0.96
Tidewater Investors LLC	8,692,789	13	0.66	-		0.00
Corc LLC ⁽³⁾	8,658,387	14	0.66	8,081,650	7	1.03
US Foods Inc ⁽²⁾	7,832,913	15	0.59	5,272,381	14	0.67
Totals	\$ 655,623,340		49.63 %	\$ 338,278,068		43.30 %

Source: Wake County Revenue Department

(1) GlaxoSmithKline formerly Glaxo Wellcome Inc. GlaxoSmithKline and Glaxo Inc. comprise a single business entity in Zebulon.

(2) USF Propco LLC formerly Zebulon LKE, LLC. USF Propco LLC and US Foodservice Inc comprise a single business entity in Zebulon.

(3) Vinventions LLC and Corc LLC comprise a single business entity in Zebulon.

(4) Zeb Land LLC formerly Nomaco Inc. Zeb Land LLC and Nomaco Zebulon comprise a single business entity in Zebulon.

(5) Duke Energy Progress, Inc. formerly Carolina Power & Light Company.

TOWN OF ZEBULON, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 3,918,084	\$ 3,874,143	98.88%	\$ 37,026	\$ 3,911,169	99.82%
2013	3,962,815	3,910,527	98.68%	42,082	3,952,609	99.74%
2014	4,085,330	4,053,950	99.23%	23,966	4,077,916	99.82%
2015	4,117,537	4,102,612	99.64%	12,243	4,114,855	99.93%
2016	4,527,755	4,512,507	99.66%	10,839	4,523,346	99.90%
2017	5,471,997	5,450,738	99.61%	13,887	5,464,625	99.87%
2018	6,308,023	6,276,143	99.49%	14,122	6,290,265	99.72%
2019	6,559,773	6,533,590	99.60%	10,307	6,543,897	99.76%
2020	7,101,157	7,068,860	99.55%	16,622	7,085,482	99.78%
2021	7,668,587	7,627,329	99.46%	-	7,627,329	99.46%

Source: Wake County Revenue Department

TOWN OF ZEBULON, NORTH CAROLINA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Per Capita
	Installment Purchases	GO Bonds	Installment Purchases	Revenue Notes		
2012	\$ 1,195,734	\$ 3,700,000	\$ 919,386	\$ 580,852	\$ 6,395,972	\$ 1,433
2013	1,603,625	3,475,000	710,000	290,424	6,079,049	1,343
2014	1,702,072	3,263,063	547,000	-	5,512,135	1,213
2015	1,338,508	3,037,185	389,000	-	4,764,693	1,034
2016	1,237,466	2,811,307	235,000	-	4,283,773	863
2017	1,093,357	2,585,429	85,000	-	3,763,786	730
2018	691,975	2,359,550	-	-	3,051,525	579
2019	1,814,794	2,133,672	-	-	3,948,466	699
2020	1,590,940	1,907,794	-	-	3,498,734	591
2021	1,308,654	1,681,916	-	-	2,990,570	429

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

TOWN OF ZEBULON, NORTH CAROLINA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes- Wake County	\$ 1,525,740,000	0.69%	\$ 10,474,284
Town of Zebulon direct debt			<u>2,990,570</u>
Total Direct and Overlapping Debt			<u>\$ 13,464,854</u>

Source: Information provided by Wake County Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total taxable assessed value.

TOWN OF ZEBULON, NORTH CAROLINA

**LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 105,684,336	\$ 93,162,716	\$ 88,487,054	\$ 85,082,115	\$ 74,614,330	\$ 68,787,215	\$ 62,512,549	\$ 62,016,570	\$ 60,714,708	\$ 62,503,200
Total net debt applicable to limit	<u>(2,990,570)</u>	<u>(3,498,734)</u>	<u>(3,948,466)</u>	<u>(3,051,525)</u>	<u>(3,694,936)</u>	<u>(4,093,423)</u>	<u>(4,449,603)</u>	<u>(5,069,065)</u>	<u>(5,213,524)</u>	<u>(5,104,750)</u>
Legal debt margin	<u>\$ 102,693,766</u>	<u>\$ 89,663,982</u>	<u>\$ 84,538,588</u>	<u>\$ 82,030,590</u>	<u>\$ 70,919,394</u>	<u>\$ 64,693,792</u>	<u>\$ 58,062,946</u>	<u>\$ 56,947,505</u>	<u>\$ 55,501,184</u>	<u>\$ 57,398,450</u>
Total net debt applicable to the limit as a percentage of debt limit	2.83%	3.76%	4.46%	3.59%	4.95%	5.95%	7.12%	8.17%	8.59%	8.17%

Legal Debt Margin Calculation:

Assessed value	\$ 1,389,256,111
Debt limit (8% of assessed value)	111,140,489
Debt applicable to limit:	
General obligation bonds	1,681,916
Non-bonded debt	1,308,731
Less: Amount set aside for repayment of General obligation debt	<u>-</u>
Total net debt applicable to limit	<u>2,990,647</u>
Legal debt margin	<u>\$ 108,149,842</u>

NOTE 1: Under state finance law, the Town's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for

TOWN OF ZEBULON, NORTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Period</u>	<u>Population</u>	<u>Median Age</u>	<u>Median Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2012	4,464	43.3	\$ 50,786	1,647	7.6%
2013	4,526	37.0	52,599	1,684	6.4%
2014	4,544	34.6	50,000	1,642	5.5%
2015	4,610	34.0	51,717	1,562	5.2%
2016	4,964	34.0	52,947	1,590	4.4%
2017	5,159	32.3	54,194	1,642	3.8%
2018	5,268	35.6	50,791	1,698	3.6%
2019	5,646	35.8	50,267	1,678	3.8%
2020	5,917	36.0	53,676	1,789	7.1%
2021	6,969	36.1	46,849	1,707	4.1%

Notes:

(1) Population projections provided by US Census Bureau. The 2021 number represents the State-adjusted population as a result of the 2020 United States Census.

(2) Median age for Wake County according to American Community Survey - Census.gov.

(3) Median household income for Town of Zebulon according to the American Community Survey - Census.gov.

(4) School enrollment data provided by Wake County Public School System. Data is based on enrollment at public schools within the Town of Zebulon.

(5) Unemployment rate for Wake County as reported by the Economic Research Division of the Federal Reserve Bank of St. Louis.

TOWN OF ZEBULON, NORTH CAROLINA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2021			2012		
	Employees (1)	Rank	Percentage of Total City Employment (1)	Employees (1)	Rank	Percentage of Total City Employment (1)
GlaxoSmithKline	700	1	9.51%	661	1	%
US Foodservice	550	2	7.47%	650	2	
Wake County Public School System (All Zebulon locations)	247	3	3.36%	225	5	
Wal-Mart	179	4	2.43%	250	3	
Nomaco	156	5	2.12%	130	6	
Advanced Plastiform	165	6	2.24%	100	8	
East Wake Academy	118	7	1.60%	120	7	
Vinventions	81	8	1.10%	240	4	
Town of Zebulon	69	9	0.94%	57	N/A	
Devil Dog Manufacturing	35	10	0.48%	100	8	
Totals	<u>2,300</u>		<u>31.26%</u>	<u>2,533</u>		<u>- %</u>

(1) Source: Town of Zebulon Finance and Planning Departments

(2) Estimated employment based on Capital Area Workforce Development projections.

TOWN OF ZEBULON, NORTH CAROLINA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Administration/Finance	7	7	6	6	5	5	5	5	5	5
Planning	5	5	5	5	4	3	3	3	3	3
Buildings & Grounds	3	3	3	3	3	1	1	0	2	2
Public Safety										
Police	22	22	22	22	21	21	21	21	23	23
Fire	15	15	15	15	14	14	14	14	14	11
Streets	4	4	4	3	3	3	3	3	3	3
Environmental Protection	5	5	5	5	5	5	5	5	5	5
Stormwater	2	2	2	2	2	2	2	2	2	2
Cultural and Recreation	6	5	5	5	5	5	5	5	5	5
Water/Sewer Maintenance	0	0	0	0	0	0	0	0	0	0
Water Plant	0	0	0	0	0	0	0	0	0	0
Sewer Plant	0	0	0	0	0	0	0	0	0	0
Total	69	68	67	66	62	59	59	58	62	59

Source: Town of Zebulon Human Resources Department

TOWN OF ZEBULON

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Building permits issued	495	347	196	136	104	111	128	107	54	31
Privilege licenses issued	29	24	34	32	30	51	261	471	337	325
code violations corrected	73	89	117	41	54	2	50	75	133	149
Public safety										
Police calls for service	12,163	10,091	8,639	9,579	8,216	8,879	8,684	8,226	10,925	13,707
Physical arrests	165	207	161	192	213	260	336	330	403	313
Traffic violations	661	790	465	500	416	365	369	312	310	347
Warrants served	83	116	103	87	59	107	206	96	229	154
Civil citations	13	7	13	31	8	19	21	23	20	18
Child safety seat inspections	80	61	54	60	74	70	57	32	47	55
Emergency responses	1,708	1,670	1,652	1,547	1,680	1,588	1,480	1,433	1,471	1,501
Fires extinguished	45	45	32	36	38	34	67	41	43	50
Property loss due to fire (dollars)	\$415,053	\$178,665	\$74,445	\$322,174	\$388,190	\$199,050	\$332,968	\$465,850	\$352,098	\$305,480
Fire code violations corrected	1,083	1,041	1,093	816	1,126	1,274	985	1,739	1,268	915
Streets										
Miles of road maintained	28.70	25.44	24.85	21.14	20.29	19.41	19.14	19.07	19.07	19.07
Feet of sidewalk maintained	78,252	68,275	60,515	55,318	52,763	49,905	49,378	47,962	45,812	44,132
Storm water										
Miles of storm drainage pipe maintained	21.70	17.39	16.77	12.80	10.70	9.91	9.65	9.63	9.63	9.60
Miles of ditches maintained	4.12	4.12	4.12	4.12	4.12	4.12	4.12	4.12	4.12	4.12
Environmental Protection										
Yard waste collected (tons)	2,862	2,024	2,862	1,650	2,140	1,441	1,662	1,720	1,080	1,672
White goods collected (pounds)	5,300	8,200	2,400	1,900	1,500	400	400	400	300	200
Number of sanitation customers	2,867	2,402	2,215	2,127	2,033	1,969	1,874	1,822	1,777	1,749
Number of recycling customers	2,845	2,384	2,165	2,086	2,033	1,969	1,874	1,805	1,698	1,675
Garbage collection fee	\$ 20.75	\$ 20.50	\$ 19.25	\$ 19.25	\$ 19.25	\$ 18.75	\$ 18.75	\$ 18.75	\$ 18.75	\$ 17.76
Recreation and Parks										
Summer camp participants	297	215	325	225	245	234	204	346	250	189
Athletic program participants (youth and adult)	331	417	860	744	727	646	509	517	577	669
Recreation program participants (youth and adult)	7,358	11,546	1,882	1,776	1,676	1,597	1,550	1,366	1,074	1,111
Senior program participants	-	481	289	283	291	283	250	363	273	229
Park and community center facility rentals	283	238	986	795	764	727	684	414	296	146
Special events attendance	13,033	13,426	13,977	13,975	10,051	13,364	3,185	3,625	2,700	2,400

Sources: Various Town departments.

TOWN OF ZEBULON
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Patrol and detective units	22	22	22	22	21	21	21	21	23	23
K-9 Units	2	2	2	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	6	6	7	7	7	7	7	7	7	7
Streets										
Streets (miles)	28.70	25.44	24.85	21.14	20.29	19.41	19.07	19.07	19.07	19.07
Sidewalks (feet)	78,252	68,275	60,515	55,318	52,763	49,905	47,962	47,962	45,812	44,132
Recreation and Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	75.21	75.21	75.21	75.21	75.21	75.21	75.21	75.21	75.21	75.21
Baseball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	2	2	2	2	2	2	2	2	2	2
Basketball courts	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	0	0	0	0	0	0	0	0	0	0
Fire hydrants	0	0	0	0	0	0	0	0	0	0
Storage capacity (million gallons)	0	0	0	0	0	0	0	0	0	0
Wastewater										
Sanitary sewers (miles)	0	0	0	0	0	0	0	0	0	0
Life stations	0	0	0	0	0	0	0	0	0	0
Treatment capacity (million gallons)	0	0	0	0	0	0	0	0	0	0
Reclaimed Water										
Water mains (miles)	0	0	0	0	0	0	0	0	0	0
Storage capacity (million gallons)	0	0	0	0	0	0	0	0	0	0

Source: Various Town departments.

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT 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 Members
of the Board of Commissioners
Town of Zebulon, 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, each major fund, and the remaining fund information of the **Town of Zebulon, North Carolina** (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 1, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Columbia, South Carolina
March 1, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

**To the Honorable Mayor and Members
of the Board of Commissioners
Town of Zebulon, North Carolina**

Report on Compliance for Each Major Federal Program

We have audited the **Town of Zebulon, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 1, 2022

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Agency or Pass-through Grantor Number	Expenditures	
			Federal	State
<u>Federal Awards:</u>				
U.S. Department of the Treasury				
Passed through Wake County, North Carolina				
COVID-19 Coronavirus Relief Funds	21.019	n/a	\$ 187,532	\$ -
Total U.S. Department of Treasury			<u>187,532</u>	<u>-</u>
U.S. Department of Transportation				
Passed through N.C. Department of Transportation				
Highway Planning and Construction Cluster	20.205	TIP #C-5604 FA	1,067,220	-
Total U.S. Department of Transportation			<u>1,067,220</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>1,254,752</u>	<u>-</u>
<u>State Awards:</u>				
N.C. Department of Transportation:				
Powell Bill Program		DOT-4	-	103,998
Total N.C. Department of Transportation			<u>-</u>	<u>103,998</u>
TOTAL STATE AWARDS			<u>-</u>	<u>103,998</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,254,752</u>	<u>\$ 103,998</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "SEFSA") includes the federal and state award activity of the Town of Zebulon, North Carolina (the "Town") under programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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: INDIRECT COST RATE

The Town did not utilize the 10% de Minimis indirect cost rate permitted by the Uniform Guidance.

TOWN OF ZEBULON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:
Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

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

Unmodified

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

_____ yes X no

Identification of major federal program:

Assistance Listing Number
20.205

Name of Federal Program or Cluster
U.S. Department of Transportation – Highway Planning and Construction Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

State Awards

There was not an audit of major State of North Carolina award programs due to the total amount expended being less than the \$500,000 threshold.

TOWN OF ZEBULON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

None reported