



# Town of Zebulon North Carolina



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023  
Prepared by: Town of Zebulon Finance Department



TOWN OF ZEBULON, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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# TOWN OF ZEBULON, NORTH CAROLINA

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**TOWN OF ZEBULON, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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## INTRODUCTORY SECTION

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# Town of Zebulon

## The Town of Friendly People

October 14, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of Zebulon, North Carolina for fiscal year ended June 30, 2023. The report includes financial statements audited by an independent firm of certified public accountants, Mauldin & Jenkins, CPAs, whose opinion is also 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, 2023, 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, 2023 of approximately 7,868<sup>(1)</sup>, 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 423 building permits with a total value of approximately \$71.1 million during fiscal year 2023. This is a 38.3% increase in building permits issued this year, up from 347 permits valued at \$50.0 million issued in fiscal year 2022.

1 - N.C. State Demographer Population Estimate, July 1, 2022

**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 tenth consecutive year with over 100 permits issued and the fourth 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, 2023 totaled \$1,797,822,945, an increase of about 17.5% 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 a decrease in business personal property in past years. This, however, was not the case this year as there was a 35.7% increase in business personal property. With the residential building activity in recent years, real property valuation has seen consistent increases. For FY 2023, there was a 6.4% increase in assessed value. This number should continue to increase steadily in the coming years with the residential growth that is ongoing. Development interest, particularly straddling the Beaverdam sewer outfall, is still strong and growth continues to have momentum.

### **Business Activity**

Steady growth in sales tax led to a 16% increase in sales tax revenue over FY 2022. The 1<sup>st</sup> quarter saw a 32% increase and while it slowed down slightly for the remainder of the year, revenues exceeded budgeted amounts by 19%. 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 2023 saw a 15.3% increase as refuse collection fees and Parks & Recreation activity related activities such as athletics and park and facility rentals picked up in FY 2023.

## **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. The Town of Zebulon Budget for Fiscal Year 2023 included the following programs and projects:

### **Grow Smart**

Unplanned growth is expensive and ultimately unsustainable for municipalities to serve (i.e., "deal-making towns" think short-term, while "plan-making towns" think long-term). Land Use planning is analogous to a farmer maintaining a productive business by widely deciding what crops to plant, and where. The *Future Land Use and Character* map within the *Grow Zebulon: Comprehensive Land Use Plan* projects how the Town should develop its land and support all its inhabitants (natives and newcomers), to remain sustainable long-term. The Town funded the addition of several personnel positions (two fire crews, Communications Manager, and Economic Development Specialist) and training (Police Career Ladder); and funded intersection (Green Pace Road @ N. Arendell Avenue) and stormwater (W. Horton Street) improvements.

### **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 included: full membership and designation as a NC Main Street



Community, receipt of 2022 Appropriations Omnibus Bill for the Downtown Revitalization and Alley Activation project, and expansion of downtown events (e.g., Rock the Block concert series).

### **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 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 included: constructing the W. Sycamore/Church St. sidewalk loop, expanding recreation programming, and initiation of a citizen academy (Police Academy).

## **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 2023.

## 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 Annual Comprehensive Financial Report for the fiscal years ending June 30, 1993 through 2022. 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, 2023

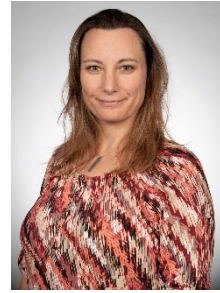
**Town of Zebulon Board of Commissioners**



Glenn York  
Mayor



Quentin Miles  
Mayor Pro Tem



Shannon Baxter  
Commissioner



Beverly Wall Clark  
Commissioner



Jessica Harrison  
Commissioner



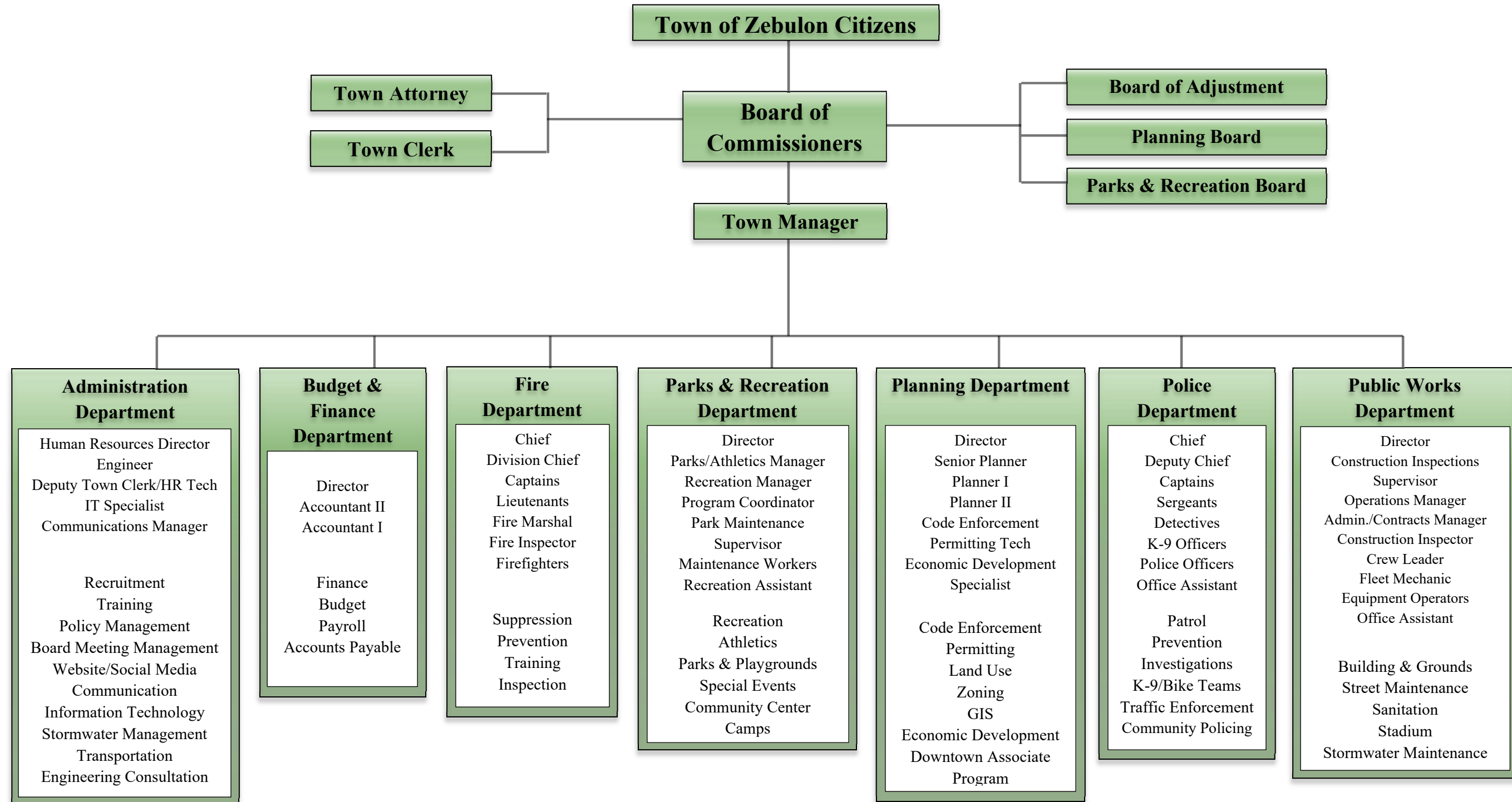
Larry Loucks  
Commissioner

**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



# TOWN OF ZEBULON ORGANIZATION CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Zebulon  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying 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 as of June 30, 2023, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on pages 5 - 11 and the pension and other postemployment benefits (OPEB) information on pages 54 - 63, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Raleigh, North Carolina  
October 14, 2023

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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As management of the Town of Zebulon, we offer readers of the Zebulon's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to 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 \$87,219,356.
- The government's total net position increased by \$24,931,219 overall due mainly to developer's contributed capital of \$19.1 million and an increase in property valuations by 18.7%.
- Zebulon's governmental funds reported ending fund balances of \$25,382,407, an increase of \$5,185,459 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 \$10,310,700, or 64.18% of total general fund expenditures for the fiscal year.
- The Town's total outstanding debt decreased by \$219,635.
- The Town's bond ratings of AA- by Standard and Poor's Corporation was upgraded to AA and Aa3 by Moody's Investor Service was upgraded to Aa2 during FY 2023.

**Overview of the Financial Statements**

This discussion and analysis are 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 can also be found in this part of the statements.



TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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**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 of Zebulon budget ordinance. All the funds of the Town of Zebulon 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 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 19 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 54 of this report.

**Government-wide Financial Analysis**

**Town of Zebulon Net Position  
Figure 1**

	Governmental Activities	
	2023	2022
<b>ASSETS</b>		
Current and other assets	\$ 28,438,701	\$ 22,037,713
Capital assets	73,094,128	53,014,345
Total assets	101,532,829	75,052,058
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3,827,949	3,144,340
<b>LIABILITIES</b>		
Long-term liabilities outstanding	12,516,153	11,407,393
Other liabilities	2,888,244	1,575,764
Total liabilities	15,404,397	12,983,157
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,737,025	2,925,104
<b>NET POSITION</b>		
Net Investment in capital assets	70,469,510	50,170,091
Restricted	7,711,569	4,886,278
Unrestricted	9,038,277	7,231,768
Total net position	\$ 87,219,356	\$ 62,288,137

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 of Zebulon exceeded liabilities and deferred inflows of resources by \$87,219,356 as of June 30, 2023. The Town’s net position increased by \$24,931,219 for the fiscal year ended June 30, 2023. Approximately 81% 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 \$7,711,569 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,038,277 is unrestricted.

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT 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	
	2023	2022
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 4,849,486	\$ 4,041,990
Operating grants & contributions	1,356,333	885,558
Capital grants & contributions	19,355,601	8,802,622
General revenues:		
Property taxes	10,203,050	8,297,440
Other taxes	287,388	261,796
Sales and franchise taxes	2,980,030	2,654,572
Other	1,148,870	339,771
Total revenues	40,180,758	25,283,749
<b>EXPENSES</b>		
General government	2,936,787	2,899,940
Public safety	5,746,682	4,256,483
Public Works	4,672,261	3,923,477
Economic Development	527,343	133,200
Culture and recreation	1,276,916	1,368,957
Interest on long-term debt	89,550	103,839
Total expenses	15,249,539	12,685,896
Change in net position	24,931,219	12,597,853
Net position July 1	47,978,138	35,380,285
Net position June 30	\$ 72,909,357	\$ 47,978,138

**Governmental Activities.** Governmental activities increased the Town’s net position by \$24,931,219. Key elements of this increase are as follows:

- The Town’s total tax base grew 18.7% this year.
- Capital grants and contributions increased 120% and property tax revenue increased 23%.
- Other general revenues increased 238% with the new Parks & Recreation Impact Fee.

**Financial Analysis of Town of Zebulon Funds**

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

**Governmental Funds.** The focus of the Town of Zebulon’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.

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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The General Fund is the chief operating fund of the Town of Zebulon. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,310,700, while total fund balance reached \$23,499,603. 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 64.18% of total General Fund expenditures, while total fund balance represents approximately 146% of that same amount.

At June 30, 2023, the governmental funds of the Town of Zebulon reported a fund balance of \$25,382,407, a 26% increase from last year. This increase is the result of some favorable variances in revenues such as sales tax 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 of Zebulon 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 a lesser growth of sales tax. Sales taxes ended up more than projected by approximately \$372,000 (19%). Permits and fees exceeded budgeted amounts by approximately \$2.6 million mainly due to the recently implemented recreation impact fee that was instituted in FY 2022. Sales and service revenues exceeded budgeted amounts by 23% with the increase in garbage revenues from growth. Investment earnings exceeded budgeted amounts by 312% mainly due to larger cash balances and the increase in interest rates.

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 various road improvement projects, some building and facility improvement projects and in progress community & economic development projects.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Zebulon's investment in capital assets for its governmental activities as of June 30, 2023, totals \$73,094,128 (net of accumulated depreciation). These assets include buildings, roads, land and easements, machinery and equipment, intangibles, park facilities, and vehicles.

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

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

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2023	2022
Land	\$ 36,747,006	\$ 25,090,332
Construction in progress	1,997,385	1,034,472
Buildings	6,890,962	7,247,446
Other improvements	12,609,869	9,043,744
Roads and infrastructure	10,453,273	6,839,895
Intangibles	735,729	593,318
Right-to-use subscription asset	105,348	-
Equipment	938,967	595,308
Vehicles and motorized equipment	2,615,589	2,569,830
Total capital assets	\$ 73,094,128	\$ 53,014,345

Additional information on the Town of Zebulon’s capital assets can be found in Note 3.A.3 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2023, the Town of Zebulon had total bonded debt outstanding of \$1,230,160. This outstanding debt is backed by the full faith and credit of the Town. The Town also has installment purchase notes outstanding of \$1,284,334.

**Town of Zebulon Outstanding Debt**  
**Figure 4**

	Governmental Activities	
	2023	2022
General obligation bonds	\$ 1,225,000	\$ 1,450,000
Installment purchase notes	1,284,334	1,388,215
Premiums	5,160	6,038
Subscription payable	110,124	-
Total	\$ 2,624,618	\$ 2,844,253

The Town of Zebulon’s total debt decreased by \$219,635 during the past fiscal year. The Town issued \$155,000 in new debt in FY 2023 for the purchase of equipment and implemented GASB 96, *Subscription-Based Information Technology Arrangements*, which increased debt by \$110,124.

As mentioned in the financial highlights section of this document, the Town of Zebulon’s bond ratings were upgraded during FY 2023. Standard and Poor’s Corporation upgraded the Town from AA- to AA and Moody’s Investor Service upgraded the Town from Aa3 to Aa2. These ratings are a clear indication of the sound financial condition of the Town.



TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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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 \$141,201,218.

Additional information regarding the Town of Zebulon's long-term debt can be found in Note 3.B.5 of the Basic Financial Statements.

**Economic Factors and Budget Highlights for the Fiscal Year Ending June 30, 2024**

The following key economic indicators were reflected in the Town of Zebulon fiscal year 2024 budget:

- An increase in the property tax base due to increasing property values located within the Town. Real property had growth of approximately 9.6% while personal property is projected to decrease approximately 3%. The total assessed value increased approximately 5.3%.
- A projected increase in sales tax and utilities franchise taxes based on economic indicators pointing toward continued economic growth. Sales tax is budgeted for a 30% increase from last year's budgeted amounts while utilities franchise tax is projected to increase 10%.
- A projected increase in investment earnings based on larger cash balances invested as well as the higher interest rates.

**Governmental Activities.** The total General Fund budget is projected to increase 39% for fiscal year 2024, as compared to the actual results of fiscal year 2023. The major components of this increase include a planned group of capital projects including thoroughfare and transportation improvement projects, capital equipment purchases and continued work on downtown revitalization projects such as the alley activation project. There were also increases made to operating expenditures such as personnel adding positions in Police, Planning, Parks & Recreation, Administration and Public Works.

The Town set its tax rate at \$.575 per \$100 of assessed value, the same as in FY 2023. No major fee increases were adopted.

**Requests for Information**

This report is designed to provide an overview of the Town of Zebulon 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, 2023**

	<b>Primary Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,503,283
Accounts receivable, net of allowances	498,894
Taxes receivable, net of allowance	91,262
Lease receivable	41,653
Due from other governments	742,896
Restricted cash and cash equivalents	6,540,903
Prepaid items	19,810
Capital assets:	
Nondepreciable	38,744,391
Depreciable, net of accumulated depreciation/amortization	34,349,737
Total assets	101,532,829
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	2,577,948
OPEB related items	1,250,001
Total deferred outflows of resources	3,827,949
Accounts payable	645,548
Accrued liabilities	347,084
Unearned revenue	1,895,612
Compensated absences, due within one year	312,181
Compensated absences, due in more than one year	208,120
Notes payable, due within one year	217,025
Notes payable, due in more than one year	1,067,309
Subscription payable, due within one year	21,306
Subscription payable, due in more than one year	88,818
Bonds payable, due within one year	225,000
Bonds payable, due in more than one year	1,005,160
Net pension liability (LGRS), due in more than one year	3,214,486
Total pension liability (LEOSSA), due in more than one year	1,041,454
Total OPEB liability, due in more than one year	5,115,294
Total liabilities	15,404,397
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	6,050
Pension related items	310,788
OPEB related items	2,339,597
Deferred lease receipts	80,590
Total deferred inflows of resources	2,737,025
<b>NET POSITION</b>	
Net investment in capital assets	70,469,510
Restricted for:	
Stabilization by State Statute	1,170,666
Streets (Powell Bill)	226,372
Transportation impact	2,155,846
Recreation impact	3,731,000
Developer reimbursements	414,901
Law enforcement	12,784
Unrestricted	9,038,277
Total net position	\$ 87,219,356

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, 2023**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses)</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenues and Changes in Net Position</b>
					<b>Primary Government</b>
<b>Primary government:</b>					<b>Governmental Activities</b>
Governmental activities:					
General government	\$ 2,936,787	\$ 411,442	\$ 57,282	\$ -	\$ (2,468,063)
Public safety	5,746,682	11,893	1,293,332	-	(4,441,457)
Public works	4,672,261	1,852,342	5,719	19,313,203	16,499,003
Culture and recreation	1,276,916	2,573,809	-	42,398	1,339,291
Economic development	527,343	-	-	-	(527,343)
Interest on long-term debt	89,550	-	-	-	(89,550)
Total governmental activities	<u>15,249,539</u>	<u>4,849,486</u>	<u>1,356,333</u>	<u>19,355,601</u>	<u>10,311,881</u>
Total primary government	<u>\$ 15,249,539</u>	<u>\$ 4,849,486</u>	<u>\$ 1,356,333</u>	<u>\$ 19,355,601</u>	<u>10,311,881</u>
General revenues:					
					10,203,050
					2,299,749
					680,281
					287,388
					939,459
					3,117
					206,294
					<u>14,619,338</u>
					24,931,219
					62,288,137
					<u>\$ 87,219,356</u>

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

**TOWN OF ZEBULON, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General Fund</u>	<u>ARPA Grant Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,688,681	\$ 1,885,733	\$ 1,928,869	\$ 20,503,283
Accounts receivable, net of allowances	498,894	-	-	498,894
Taxes receivable	91,262	-	-	91,262
Lease receivable	41,653	-	-	41,653
Due from other governments	742,896	-	-	742,896
Restricted cash and cash equivalents	6,540,903	-	-	6,540,903
Prepaid items	19,810	-	-	19,810
<b>Total assets</b>	<u>24,624,099</u>	<u>1,885,733</u>	<u>1,928,869</u>	<u>28,438,701</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	599,483	-	46,065	645,548
Accrued liabilities	305,045	-	-	305,045
Unearned revenue	9,879	1,885,733	-	1,895,612
<b>Total liabilities</b>	<u>914,407</u>	<u>1,885,733</u>	<u>46,065</u>	<u>2,846,205</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	110,285	-	-	110,285
Unavailable revenues - intergovernmental	13,164	-	-	13,164
Deferred lease receipts	80,590	-	-	80,590
Deferred revenues - advance collection of property tax	6,050	-	-	6,050
<b>Total deferred inflows of resources</b>	<u>210,089</u>	<u>-</u>	<u>-</u>	<u>210,089</u>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable:				
Prepaid items	19,810	-	-	19,810
Restricted:				
Stabilization by State Statute	1,170,666	-	-	1,170,666
Streets (Powell Bill)	226,372	-	-	226,372
Transportation impact	2,155,846	-	-	2,155,846
Recreation impact	3,731,000	-	-	3,731,000
Developer reimbursements	414,901	-	-	414,901
Law enforcement	12,784	-	-	12,784
Committed:				
Capital projects	5,370	-	1,882,804	1,888,174
Stadium improvements	79,092	-	-	79,092
Information technology improvements	107,086	-	-	107,086
Transportation improvements	271,151	-	-	271,151
Stormwater improvements	53,283	-	-	53,283
Fleet improvements - regular	128,180	-	-	128,180
Fleet improvements - fire	356,601	-	-	356,601
Greenway/bicycle/pedestrian improvements	452,761	-	-	452,761
Assigned:				
Subsequent year's expenditures	4,004,000	-	-	4,004,000
Unassigned	10,310,700	-	-	10,310,700
<b>Total fund balances</b>	<u>23,499,603</u>	<u>-</u>	<u>1,882,804</u>	<u>25,382,407</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 24,624,099</u>	<u>\$ 1,885,733</u>	<u>\$ 1,928,869</u>	<u>\$ 28,438,701</u>

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, 2023

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

Fund balances - total governmental funds		\$ 25,382,407
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Capital and right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost	\$ 96,965,981	
Less accumulated depreciation and amortization	(23,871,853)	73,094,128

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	\$ (1,225,000)	
Unamortized bond premium	(5,160)	
Notes payable	(1,284,334)	
Subscription payable	(110,124)	
Accrued interest	(42,039)	
Compensated absences	(520,301)	(3,186,958)

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)	\$ (3,214,486)	
Total pension liability (LEOSSA)	(1,041,454)	
Deferred outflows of resources - pension items	2,577,948	
Deferred inflows of resources - pension items	(310,788)	(1,988,780)

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	\$ (5,115,294)	
Deferred outflows of resources - OPEB items	1,250,001	
Deferred inflows of resources - OPEB items	(2,339,597)	(6,204,890)

Net position - governmental activities		\$ <u>87,219,356</u>
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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, 2023**

	General Fund	ARPA Grant Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 10,223,339	\$ -	\$ -	\$ 10,223,339
Other taxes and licenses	218,744	-	-	218,744
Unrestricted intergovernmental	3,048,674	-	-	3,048,674
Restricted intergovernmental	1,569,153	-	42,398	1,611,551
Permits and fees	3,548,455	-	-	3,548,455
Investment earnings	939,459	-	-	939,459
Sales and services	1,301,031	-	-	1,301,031
Other revenues	206,294	-	-	206,294
Total revenues	<u>21,055,149</u>	<u>-</u>	<u>42,398</u>	<u>21,097,547</u>
<b>Expenditures:</b>				
Current:				
General government	2,691,507	-	-	2,691,507
Public safety	6,189,893	-	-	6,189,893
Public works	4,993,346	-	-	4,993,346
Culture and recreation	1,454,837	-	-	1,454,837
Economic development	134,738	-	-	134,738
Capital outlay	-	-	150,706	150,706
Debt service:				
Principal	505,443	-	-	505,443
Interest	94,357	-	-	94,357
Total expenditures	<u>16,064,121</u>	<u>-</u>	<u>150,706</u>	<u>16,214,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,991,028</u>	<u>-</u>	<u>(108,308)</u>	<u>4,882,720</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	16,054	-	-	16,054
Issuance of long-term debt	286,685	-	-	286,685
Transfers in	806,850	-	785,000	1,591,850
Transfers out	(785,000)	-	(806,850)	(1,591,850)
Total other financing sources (uses)	<u>324,589</u>	<u>-</u>	<u>(21,850)</u>	<u>302,739</u>
Net change in fund balances	5,315,617	-	(130,158)	5,185,459
<b>Fund balances, beginning of year</b>	<u>18,183,986</u>	<u>-</u>	<u>2,012,962</u>	<u>20,196,948</u>
<b>Fund balances, end of year</b>	<u>\$ 23,499,603</u>	<u>\$ -</u>	<u>\$ 1,882,804</u>	<u>\$ 25,382,407</u>

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, 2023

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

Net change in fund balances - total governmental funds \$ 5,185,459

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 and amortization expense.

Capital outlay	\$ 3,703,857	
Depreciation expense	<u>(2,711,520)</u>	992,337

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to increase net position.

Net book value of capital assets disposed	\$ (12,937)	
Donations of capital assets	<u>19,100,383</u>	19,087,446

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (20,289)

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.

Issuance of long-term debt	\$ (155,000)	
Inception of subscription-based information technology arrangement	(131,685)	
Principal payments on outstanding general obligation bonds	225,000	
Principal payments on subscription payable	21,561	
Principal payments on outstanding notes payable	<u>258,882</u>	218,758

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

Change in accrued interest payable	\$ 3,929	
Amortization of bond premium	878	
Change in compensated absences	(175,513)	
Pension expense (LGERS)	(267,115)	
Pension expense (LEOSSA)	(57,846)	
OPEB expense	<u>(36,825)</u>	<u>(532,492)</u>

Change in net position of governmental activities \$ 24,931,219

# 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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 9,152,000	\$ 9,152,000	\$ 10,223,339	\$ 1,071,339
Other taxes and licenses	190,500	190,500	218,744	28,244
Unrestricted intergovernmental	2,576,800	2,576,800	3,048,674	471,874
Restricted intergovernmental	2,104,900	2,260,837	1,569,153	(691,684)
Permits and fees	651,750	901,750	3,548,455	2,646,705
Investment earnings	3,000	3,000	939,459	936,459
Sales and services	1,044,000	1,055,000	1,301,031	246,031
Other revenues	71,400	193,803	206,294	12,491
	<u>15,794,350</u>	<u>16,333,690</u>	<u>21,055,149</u>	<u>4,721,459</u>
<b>Expenditures:</b>				
General government	2,960,537	3,164,523	2,691,507	473,016
Public safety	6,273,476	7,000,496	6,189,893	810,603
Public works	6,221,850	8,730,006	4,993,346	3,736,660
Culture and recreation	1,647,802	1,850,115	1,454,837	395,278
Economic development	1,116,300	1,562,900	134,738	1,428,162
Debt service				
Principal	487,575	487,575	505,443	(17,868)
Interest and fiscal charges	95,310	95,310	94,357	953
	<u>18,802,850</u>	<u>22,890,925</u>	<u>16,064,121</u>	<u>6,826,804</u>
Excess (deficiency) of revenues over (under) expenditures	(3,008,500)	(6,557,235)	4,991,028	11,548,263
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	16,054	16,054
Issuance of long-term debt	155,000	155,000	286,685	131,685
Transfers in	-	806,851	806,850	(1)
Transfers out	-	(785,000)	(785,000)	-
Appropriation of fund balance	2,853,500	6,380,384	-	(6,380,384)
Total other financing sources	<u>3,008,500</u>	<u>6,557,235</u>	<u>324,589</u>	<u>(6,232,646)</u>
Net change in fund balance	-	-	5,315,617	5,315,617
<b>Fund balance, beginning of the year</b>	<u>18,183,986</u>	<u>18,183,986</u>	<u>18,183,986</u>	<u>-</u>
<b>Fund balance, end of the year</b>	<u>\$ 18,183,986</u>	<u>\$ 18,183,986</u>	<u>\$ 23,499,603</u>	<u>\$ 5,315,617</u>

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

# TOWN OF ZEBULON, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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### 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 and amortization expense on the Town's capital assets and right-to-use 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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

## NOTES TO FINANCIAL STATEMENTS

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### 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. 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 subscription-based information technology arrangements, 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 **ARPA Grant Capital Projects Fund** is used to account for Coronavirus State and Local Fiscal Recovery Funds that were received by the Town pursuant to the passage of the American Rescue Plan Act.

## NOTES TO FINANCIAL STATEMENTS

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### 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 nonmajor capital projects funds include the North Arendell Avenue Capital Project Fund, which is used to account for roadway improvements on North Arendell Avenue; the Greenway Capital Project fund, which is used to account for the acquisition and construction of new greenways; the Stormwater Projects fund, which is used to account for the acquisition of stormwater easements throughout the Town; the Fire Station Projects Fund, which is used to account for the acquisition, engineering/design, and construction of the new fire station; and the Little River Park Projects Fund, which is used to account for the activities related to the new park project being undertaken by 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

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### 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. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value, while non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as a cash equivalent.

#### 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, 2023, are based on the assessed values as of January 1, 2022.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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. Leases

##### *Lessor*

The Town is the lessor for certain noncancellable leases of real property and land. The Town recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the Town (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

The lease agreements entered into by the Town as lessor do not include stated interest rates. Therefore, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the Town will receive over the term of the lease agreement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Leases (Continued)

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

#### K. Subscription-Based Information Technology Arrangements

The Town has executed contracts that qualify as noncancellable subscription-based information technology arrangements (SBITAs). The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The Town recognizes subscription assets resulting from SBITAs with an initial, individual value of \$25,000 or more. At the commencement of a SBITA, the Town initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain implementation and other costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life – which is the shorter of the SBITA term or the useful life of the underlying asset.

Key estimates and judgments related to SBITA include how the Town determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with depreciable capital assets and SBITA liabilities are reported with subscription payable on the Statement of Net Position.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. 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.

#### M. Capital Assets and Right-to-Use 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. Right-to-use assets are defined by the Town as assets resulting from lease or subscription-based information technology arrangements with an estimated useful life in excess of one year and an individual cost of \$25,000 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 and right-to-use assets are depreciated or amortized 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
Subscription-based information technology arrangements	Contract term

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. 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 assets 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.

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 assets 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.

The Town also reports a deferred inflow for lease receipts. This item will be amortized into lease revenues on the straight-line basis over the term of the applicable lease agreements. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. 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.

#### P. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. 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.

***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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity (Continued)

*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 recreation impact* – Portion of fund balance that is restricted by Town charter to be used on certain Parks and Recreation 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.

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

*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 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.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity (Continued)

*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.

*Committed for community and economic improvements* – Portion of fund balance that has been committed by the governing board for community and economic 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.

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity (Continued)

**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.

#### R. 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.

#### S. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2023, are summarized as follows:

Cash and cash equivalents	\$ 20,503,283
Restricted cash and cash equivalents	<u>6,540,903</u>
	<u>\$ 27,044,186</u>
Deposits with financial institutions	\$ 287,167
Deposits in NCCMT Government Portfolio	<u>26,757,019</u>
	<u>\$ 27,044,186</u>

**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.

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. RECEIVABLES

Receivables at June 30, 2023, for the Town's individual major funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Nonmajor Funds
Receivables:		
Accounts	\$ 515,537	\$ -
Taxes	91,262	-
Leases	41,653	-
Intergovernmental	742,896	-
Less allowance for uncollectibles	16,643	-
Net total receivables	\$ 1,374,705	\$ -

#### ***Lease receivables***

During the fiscal year, the Town had active noncancelable lease agreements as lessor. A description of those agreements and the related balances reported as of June 30, 2023, are as follows:

**American Towers:** The Town has leased certain space to a telecommunications company for the installation of equipment. For the fiscal year ended June 30, 2023, the lease payment received was \$41,734 for the year which included the principal and interest components of the payment. As the lease does not contain a specific interest rate, the Town used a rate of 3.20% at the time of the measurement of the lease to estimate an incremental borrowing rate. For the current year, the Town recognized \$60,461 in lease revenue and \$2,585 in interest revenue related to the lease. As of June 30, 2023, the Town's receivable for lease payments was \$41,653 and the related balance of the deferred inflow of resources was \$60,461.

**Crown Castle:** The Town has leased land to GTE Mobilnet. For the fiscal year ended June 30, 2023, the lease payment received was \$32,089 for the year which included the principal and interest components of the payment. As the lease does not contain a specific interest rate, the Town used a rate of 3.20% at the time of the measurement of the lease to estimate an incremental borrowing rate. For the current year, the Town recognized \$20,129 in lease revenue and \$995 in interest revenue related to the lease. As the lease concluded during the year, the Town does not report a lease receivable or balance of deferred inflows of resources as of June 30, 2023, related to this agreement.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Nondepreciable capital assets:					
Land	\$ 25,090,332	\$ 11,656,674	\$ -	\$ -	\$ 36,747,006
Construction in progress	1,034,472	1,064,124	-	(101,211)	1,997,385
Total	<u>26,124,804</u>	<u>12,720,798</u>	<u>-</u>	<u>(101,211)</u>	<u>38,744,391</u>
Capital assets, being depreciated:					
Buildings	12,897,495	-	-	-	12,897,495
Other improvements	12,408,238	4,515,712	-	38,115	16,962,065
Roads and infrastructure	14,130,688	4,346,548	-	14,727	18,491,963
Equipment	2,612,860	493,955	-	-	3,106,815
Intangibles	840,691	147,298	-	48,369	1,036,358
Right-to-use subscription asset	-	131,685	-	-	131,685
Vehicles and motorized equipment	5,266,494	448,244	(119,529)	-	5,595,209
Total being depreciated	<u>48,156,466</u>	<u>10,083,442</u>	<u>(119,529)</u>	<u>101,211</u>	<u>58,221,590</u>
Less accumulated depreciation for:					
Buildings	(5,650,049)	(356,484)	-	-	(6,006,533)
Other improvements	(3,395,936)	(956,260)	-	-	(4,352,196)
Roads and infrastructure	(7,290,793)	(747,897)	-	-	(8,038,690)
Equipment	(2,017,552)	(150,296)	-	-	(2,167,848)
Intangibles	(215,931)	(84,698)	-	-	(300,629)
Right-to-use subscription asset	-	(26,337)	-	-	(26,337)
Vehicles and motorized equipment	(2,696,664)	(389,548)	106,592	-	(2,979,620)
Total	<u>(21,266,925)</u>	<u>(2,711,520)</u>	<u>106,592</u>	<u>-</u>	<u>(23,871,853)</u>
Total capital assets, being depreciated, net	<u>26,889,541</u>	<u>7,371,922</u>	<u>(12,937)</u>	<u>101,211</u>	<u>34,349,737</u>
Governmental activities capital assets, net	<u>\$ 53,014,345</u>	<u>\$ 20,092,720</u>	<u>\$ (12,937)</u>	<u>\$ -</u>	<u>\$ 73,094,128</u>

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

Governmental activities:	
General government	\$ 247,270
Public safety	341,631
Public works	1,673,918
Economic development	56,096
Culture and recreation	392,605
Total depreciation expense - governmental activities	<u>\$ 2,711,520</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
Direct placement - general obligation bonds	\$ 1,450,000	\$ -	\$ 225,000	\$ 1,225,000	\$ 225,000
Premium on bonds	6,038	-	878	5,160	-
Total bonds	<u>1,456,038</u>	<u>-</u>	<u>225,878</u>	<u>1,230,160</u>	<u>225,000</u>
Direct borrowing - promissory notes	1,388,216	155,000	258,882	1,284,334	217,025
Subscription payable	-	131,685	21,561	110,124	21,306
Compensated absences	344,788	309,297	133,784	520,301	312,181
Total OPEB liability	6,208,683	354,257	1,447,646	5,115,294	-
Net pension liability (LGERS)	840,411	3,204,007	829,932	3,214,486	-
Total pension liability (LEOSSA)	1,169,257	158,504	286,307	1,041,454	-
Total	<u>\$ 11,407,393</u>	<u>\$ 4,312,750</u>	<u>\$ 3,203,990</u>	<u>\$ 12,516,153</u>	<u>\$ 775,512</u>

Compensated absences, the total OPEB liability, net pension liability, and total 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 2030.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 225,000	\$ 46,750	\$ 271,750
2025	225,000	38,425	263,425
2026	225,000	29,988	254,988
2027	225,000	21,438	246,438
2028	225,000	12,775	237,775
2029-2030	100,000	4,000	104,000
Total	<u>\$ 1,225,000</u>	<u>\$ 153,376</u>	<u>\$ 1,378,376</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Direct Borrowing – Promissory Notes:

	<u>Balance as of June 30, 2023</u>
<b><i>Governmental activities</i></b>	
\$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.	\$ 234,987
\$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.	724,031
\$460,635 installment obligation to Truist Bank issued December 12, 2013, secured by real estate, payable in annual principal installments of \$46,064 plus interest at 2.52% through 2023.	203,299
\$155,000 installment obligation to Truist Bank issued September 7, 2022, secured by vehicles and equipment, with payments of \$32,983 due annually of principal and interest at 3.20% through 2027.	122,017
Total direct borrowing - promissory notes:	<u><u>\$ 1,284,334</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,			
2024	\$ 217,025	\$ 37,341	\$ 254,366
2025	223,071	31,295	254,366
2026	229,297	25,069	254,366
2027	152,354	18,659	171,013
2028	70,673	14,702	85,375
2029-2033	391,914	38,105	430,019
Total	<u>\$ 1,284,334</u>	<u>\$ 165,171</u>	<u>\$ 1,449,505</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. LONG-TERM DEBT (CONTINUED)

#### Subscription-based Information Technology Arrangements

In August 2022, the Town executed a contract for IDT Bluebeam, a development plan review software used by the Planning and Public Works Department. The contract qualifies for reporting under the provisions of GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

The contract calls for the Town to make annual payments that increase from \$21,561 in year 1 to \$35,691 in year 5. As the contract with the vendor did not include a stated interest rate, the Town estimated its incremental borrowing rate related to this arrangement to be 5.00% at the time of the execution of the contract.

In accordance with GASB Statement No. 96, the Town measured its subscription payable under this contract as the present value of the fixed payments required. The contract with the vendor did not include any other items that would factor into the measurement of the liability, such as contract incentives, variable payments fixed in substance, or other payments that are reasonably certain of being required.

The Town's subscription asset under this arrangement was equal to the subscription liability as no payments were made to the vendor at the commencement of the term and there were no capitalizable implementation costs.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2024	\$ 21,306	\$ 5,506	\$ 26,812
2025	25,301	4,441	29,742
2026	29,525	3,176	32,701
2027	33,992	1,700	35,692
Total	<u>\$ 110,124</u>	<u>\$ 14,823</u>	<u>\$ 124,947</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2023, were as follows:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	\$ 785,000
General Fund	Nonmajor governmental funds	806,850

Transfers are used to move revenues from the General Fund to the various capital project funds for 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:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense	Total Pension Liability	Net Pension Liability
Local Governmental Employees' Retirement System	\$ 2,174,372	\$ 64,388	\$ 894,975	n/a	\$ 3,214,486
Law Enforcement Officers' Special Separation Allowance	403,576	246,400	116,897	\$ 1,041,454	n/a
Total for All Pension Plans	\$ 2,577,948	\$ 310,788	\$ 1,011,872	\$ 1,041,454	\$ 3,214,486

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## NOTES TO FINANCIAL STATEMENTS

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### 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](http://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

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### 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, 2023, was 13.04% of compensation for law enforcement officers and 12.13% 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 \$627,860 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Town reported a liability of \$3,214,486 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (the measurement date), the Town's proportion was 0.05698%, which was an increase of 0.00218% from its proportion measured as of June 30, 2021.

## 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, 2023, the Town recognized pension expense of \$894,975. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 138,509	\$ 13,580
Changes in plan assumptions	320,734	-
Net difference between projected and actual earnings on pension plan investments	1,062,421	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,848	50,808
Town contributions subsequent to the measurement date	627,860	-
Total	\$ 2,174,372	\$ 64,388

Town contributions made subsequent to the measurement date of \$627,860 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30,</b>	
2024	\$ 460,255
2025	389,146
2026	126,566
2027	506,157
	\$ 1,482,124

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

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

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, 2023, 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 2016 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability	\$ 5,801,733	\$ 3,214,486	\$ 1,082,444

**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 Town'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

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### 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, 2021, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	21
Total	<u>24</u>

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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, 2021, valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 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 2.25% to 4.31% 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, 2021, 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 Town 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 Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$59,051 as benefits came due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$1,041,454. The total pension liability was measured as of December 31, 2022, based on a December 1, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$116,897.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Experience differences	\$ 195,698	\$ 19,576
Change in assumptions	177,633	226,824
Town benefit payments made subsequent to the measurement date.	30,245	-
Total	\$ 403,576	\$ 246,400

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:

<b>Year ending June 30,</b>		
2024	\$	31,480
2025		45,928
2026		46,573
2027		31,113
2028		(20,386)
Thereafter		(7,777)
	\$	126,931



## 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 Town for the fiscal year ended June 30, 2023, were as follows:

	<b>Total Pension Liability</b>
Balance at June 30, 2022	\$ 1,169,257
Service cost	63,837
Interest	25,644
Experience differences	69,023
Assumption changes	(227,256)
Benefit payments	(59,051)
Balance at June 30, 2023	\$ 1,041,454

The required schedule of changes in the Town'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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<b>1% Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1% Increase (5.31%)</b>
Total pension liability	\$ 1,145,480	\$ 1,041,454	\$ 948,340

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. PENSION PLANS (CONTINUED)

**Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions.** The following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 894,975	\$ 116,897	\$ 1,011,872
Pension Liability	3,214,486	1,041,454	4,255,940
Proportionate share of the net pension liability	0.05698%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	138,509	195,698	334,207
Changes in plan assumptions	320,734	177,633	498,367
Net difference between projected and actual earnings on pension plan investments	1,062,421	-	1,062,421
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,848	-	24,848
 Town benefits paid subsequent to the measurement date	 627,860	 30,245	 658,105
 Deferred Inflows of Resources			
Differences between expected and actual experience	13,580	19,576	33,156
Changes of assumptions	-	226,824	226,824
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	50,808	-	50,808

### 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

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### 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, 2023, were \$114,083 which consisted of \$77,220 from the Town and \$36,863 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, 2023, were \$258,300, which consisted of \$175,792 from the Town and \$82,508 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 (CONTINUED)

**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, 2021, the date of the latest actuarial valuation:

Active participants	69
Retirees and beneficiaries currently receiving benefits	14
Total	83

**Contributions.** The Town has elected to fund the HCB Plan on a "pay as you go" basis. For the fiscal year ended June 30, 2023, the Town contributed \$70,889 for the pay as you go benefits for the HCB Plan.

#### ***Total OPEB Liability***

The Town's total OPEB liability of \$5,115,294 was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, and was then rolled-forward to the measurement date of June 30, 2022, using standard actuarial roll-forward procedures.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Actuarial Assumptions and Other Inputs (Continued).

Inflation rate	2.50%
Real wage growth	0.75%
Wage inflation 3.25%	3.25%
Salary increase, including wage inflation	
General employees	3.25% - 8.41%
Fire fighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Municipal bond index rate	
Prior measurement date	2.16%
Measurement date	3.54%
Health care cost trends	
Pre-medicare medical and prescription drug	7.00% for 2021, decreasing to an ultimate rate of 4.50% by 2031
Medicare medical and prescription drug	5.125% for 2021, decreasing to an ultimate rate of 4.50% by 2024
Dental	3.50%
Vision	2.00%

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, 2023, were as follows:

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	\$ 6,208,683
Service cost	212,723
Interest	137,819
Experience differences	3,715
Assumption changes	(1,365,457)
Benefit payments	(82,189)
Balance at June 30, 2023	<u>\$ 5,115,294</u>

Assumption changes noted above reflect a change in the discount rate from 2.16% to 3.54%. The current mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	\$ 6,058,928	\$ 5,115,294	\$ 4,364,680

**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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 4,262,210	\$ 5,115,294	\$ 6,205,014

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, 2021 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, 2023, the Town recognized OPEB expense of \$126,331. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,761	\$ 845,251
Changes in plan assumptions	1,155,734	1,494,346
Town benefits paid subsequent to the measurement date	89,506	-
Total	\$ 1,250,001	\$ 2,339,597

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### *OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)*

Town benefits made subsequent to the measurement date of \$89,506 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year ending June 30,	
2024	\$ (212,911)
2025	(212,911)
2026	(212,336)
2027	(154,684)
2028	(118,820)
Thereafter	(267,440)
	<u>\$ (1,179,102)</u>

### 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. RISK MANAGEMENT (CONTINUED)

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.

### 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, 2023. At year-end, the Town's commitments with contractors are as follows:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Public Works Equipment Shed	\$ 261,839	\$ 47,661
N. Arendell at Green Pace Signal	62,266	1,069,045
Total	<u>\$ 324,105</u>	<u>\$ 1,116,706</u>

#### Economic Dependency:

The Town is economically dependent upon one taxpaying entity, which provides 24% 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, 2023, of \$433,516,097, and property taxes assessed totaling \$2,437,310.



## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF ZEBULON, NORTH CAROLINA**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability			
Service cost	\$ 212,723	\$ 256,084	\$ 172,789
Interest on total OPEB liability	137,819	149,719	177,515
Difference between expected and actual experience	3,715	(1,047,600)	(1,985)
Changes of assumptions and other inputs	(1,365,457)	368,939	1,343,226
Benefit payments	(82,189)	(73,554)	(70,431)
<b>Net change in total OPEB liability</b>	<u>(1,093,389)</u>	<u>(346,412)</u>	<u>1,621,114</u>
<b>Total OPEB liability - beginning</b>	6,208,683	6,555,095	4,933,981
<b>Total OPEB liability - ending</b>	<u>\$ 5,115,294</u>	<u>\$ 6,208,683</u>	<u>\$ 6,555,095</u>
<b>Covered-employee payroll</b>	\$ 3,617,709	\$ 3,617,709	\$ 3,184,430
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	141.40%	171.62%	205.85%

**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.

<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 186,050	\$ 196,696	\$ 221,200
183,439	167,261	147,526
(121,173)	1,975	1,957
(716)	(293,374)	(522,563)
(58,002)	(52,552)	(49,541)
<u>189,598</u>	<u>20,006</u>	<u>(201,421)</u>
4,744,383	4,724,377	4,925,798
<u>\$ 4,933,981</u>	<u>\$ 4,744,383</u>	<u>\$ 4,724,377</u>
\$ 3,184,430	\$ 3,031,373	\$ 3,031,373
154.94%	156.51%	155.85%

**TOWN OF ZEBULON, NORTH CAROLINA**

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

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Town's proportion of the net pension liability (asset) (%)	0.05698%	0.05480%	0.05856%
Town's proportion of the net pension liability (asset) (\$)	\$ 3,214,486	\$ 840,411	\$ 2,092,598
Town's covered payroll	\$ 4,148,583	\$ 3,851,575	\$ 3,696,442
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.48%	21.82%	56.61%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%	88.61%

\* 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.

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<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.05670%	0.05488%	0.55330%	0.05604%	0.59260%	0.61920%
\$ 1,531,228	\$ 1,301,941	\$ 845,289	\$ 1,189,357	\$ 265,955	\$ (365,172)
\$ 3,488,101	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740	\$ 2,868,217
43.90%	38.98%	27.65%	40.86%	9.29%	( 12.73%)
94.18%	94.18%	91.47%	98.09%	99.07%	102.64%

**TOWN OF ZEBULON, NORTH CAROLINA**

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

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 627,860	\$ 480,480	\$ 399,391	\$ 340,802
Contributions in relation to the actuarially determined contribution	<u>627,860</u>	<u>480,480</u>	<u>399,391</u>	<u>340,802</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,060,225	\$ 4,148,583	\$ 3,851,575	\$ 3,696,442
Contributions as a percentage of covered payroll	12.41%	11.58%	10.37%	9.22%

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 279,894	\$ 259,342	\$ 230,022	\$ 199,764	\$ 205,656	\$ 203,827
279,894	259,342	230,022	199,764	205,656	203,827
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,488,101	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740	\$ 2,868,217
8.02%	7.77%	7.52%	6.86%	7.19%	7.11%

# TOWN OF ZEBULON, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY LAST SEVEN FISCAL YEARS

### LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability, beginning balance	\$ 1,169,257	\$ 1,078,536	\$ 674,335
Service cost	63,837	62,594	45,024
Interest on the total pension liability	25,644	20,268	21,555
Difference between expected and actual experience	69,023	101,881	78,711
Changes of assumptions or other inputs	(227,256)	(37,251)	285,185
Benefit payments	(59,051)	(56,771)	(26,274)
Total pension liability, ending balance	<u>\$ 1,041,454</u>	<u>\$ 1,169,257</u>	<u>\$ 1,078,536</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.



<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
\$ 554,170	\$ 507,354	\$ 563,707	\$ 539,222
37,668	37,051	29,695	34,167
20,172	16,032	21,618	19,079
35,528	23,916	(140,650)	-
26,797	(30,183)	40,292	(19,196)
-	-	(7,308)	(9,565)
<u>\$ 674,335</u>	<u>\$ 554,170</u>	<u>\$ 507,354</u>	<u>\$ 563,707</u>

**TOWN OF ZEBULON, NORTH CAROLINA**

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

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 1,041,454	\$ 1,169,257	\$ 1,078,536
Town's covered-employee payroll	\$ 1,255,097	\$ 1,184,842	\$ 1,284,137
Total pension liability as a percentage of covered-employee payroll	82.98%	98.68%	83.99%

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.

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<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
\$ 674,335	\$ 554,170	\$ 507,354	\$ 563,707
\$ 1,186,739	\$ 1,089,316	\$ 996,834	\$ 1,046,278
56.82%	50.87%	50.90%	53.88%

## **SUPPLEMENTARY INFORMATION**

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## **GENERAL FUND**

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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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes				
Current year	\$ 9,109,000	\$ 9,109,000	\$ 10,106,589	\$ 997,589
Prior years	28,000	28,000	87,744	59,744
Penalties and interest	15,000	15,000	29,006	14,006
Total ad valorem taxes	<u>9,152,000</u>	<u>9,152,000</u>	<u>10,223,339</u>	<u>1,071,339</u>
Other taxes and licenses				
Motor vehicle decals	175,000	175,000	195,819	20,819
Rental motor vehicle taxes	15,000	15,000	22,306	7,306
Other	500	500	619	119
Total other taxes and licenses	<u>190,500</u>	<u>190,500</u>	<u>218,744</u>	<u>28,244</u>
Unrestricted intergovernmental				
Local option sales tax	1,928,300	1,928,300	2,299,749	371,449
Franchise tax	600,000	600,000	680,281	80,281
Video programming	27,000	27,000	34,942	7,942
Beer and wine	21,500	21,500	33,702	12,202
Total unrestricted intergovernmental	<u>2,576,800</u>	<u>2,576,800</u>	<u>3,048,674</u>	<u>471,874</u>
Restricted intergovernmental				
Powell bill	199,500	199,500	212,820	13,320
Other grants	738,000	791,937	106,071	(685,866)
PEG Supplement	54,000	54,000	51,282	(2,718)
Solid waste disposal tax	3,600	3,600	5,719	2,119
Wake County Fire District	1,109,800	1,211,800	1,193,261	(18,539)
Total restricted intergovernmental	<u>2,104,900</u>	<u>2,260,837</u>	<u>1,569,153</u>	<u>(691,684)</u>
Permits and fees				
Zoning permits and fees	250,000	250,000	265,048	15,048
Transportation impact fees	-	-	823,269	823,269
Inspection fees	400,500	650,500	2,454,719	1,804,219
Officer fees	1,250	1,250	5,419	4,169
Total permits and fees	<u>651,750</u>	<u>901,750</u>	<u>3,548,455</u>	<u>2,646,705</u>
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>939,459</u>	<u>936,459</u>
Sales and services				
Charges for services	885,000	885,000	1,042,089	157,089
Cemetery	-	-	850	850
Rent	85,000	85,000	81,733	(3,267)
Recreation	74,000	85,000	176,359	91,359
Total sales and services	<u>1,044,000</u>	<u>1,055,000</u>	<u>1,301,031</u>	<u>246,031</u>
Other revenues				
Stormwater fees	-	-	69	69
ABC revenue	45,000	45,000	62,801	17,801
Fines and forfeitures	-	-	810	810
Miscellaneous	26,400	148,803	142,614	(6,189)
Total other revenues	<u>71,400</u>	<u>193,803</u>	<u>206,294</u>	<u>12,491</u>
Total revenues	<u>15,794,350</u>	<u>16,333,690</u>	<u>21,055,149</u>	<u>4,721,459</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, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
General government				
Governing body				
Personnel costs	\$ 84,700	\$ 79,750	\$ 78,315	\$ 1,435
Contract services	325,000	325,000	355,606	(30,606)
Other operating	59,015	263,965	52,016	211,949
Total governing body	<u>468,715</u>	<u>668,715</u>	<u>485,937</u>	<u>182,778</u>
Administration				
Personnel costs	618,255	604,395	494,679	109,716
Contract services	221,400	255,153	251,383	3,770
Other operating	476,187	384,187	280,891	103,296
Capital outlays	65,000	121,043	64,650	56,393
Total administration	<u>1,380,842</u>	<u>1,364,778</u>	<u>1,091,603</u>	<u>273,175</u>
Finance				
Personnel costs	289,900	284,950	275,131	9,819
Retiree insurance	85,000	91,000	89,506	1,494
Contract services	12,000	12,000	12,401	(401)
Other operating	73,300	77,200	72,035	5,165
Total finance	<u>460,200</u>	<u>465,150</u>	<u>449,073</u>	<u>16,077</u>
Planning				
Personnel costs	537,150	543,250	467,029	76,221
Other operating	107,180	116,180	59,951	56,229
Capital outlays	6,450	6,450	137,914	(131,464)
Total planning	<u>650,780</u>	<u>665,880</u>	<u>664,894</u>	<u>986</u>
Total general government	<u>2,960,537</u>	<u>3,164,523</u>	<u>2,691,507</u>	<u>473,016</u>
Public safety				
Police				
Personnel costs	2,465,600	2,591,155	2,308,726	282,429
Other operating	566,442	601,279	586,785	14,494
Capital outlays	406,400	524,752	499,500	25,252
Total police	<u>3,438,442</u>	<u>3,717,186</u>	<u>3,395,011</u>	<u>322,175</u>
Fire				
Personnel costs	2,070,724	2,180,274	1,912,759	267,515
Contract services	15,000	15,000	11,210	3,790
Other operating	330,520	440,029	399,684	40,345
Capital outlays	418,790	648,007	471,229	176,778
Total fire	<u>2,835,034</u>	<u>3,283,310</u>	<u>2,794,882</u>	<u>488,428</u>
Total public safety	<u>6,273,476</u>	<u>7,000,496</u>	<u>6,189,893</u>	<u>810,603</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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued)</b>				
Public works				
Operations				
Personnel costs	\$ 772,700	\$ 767,300	\$ 570,722	\$ 196,578
Contract services	870,000	907,640	834,349	73,291
Other operating	553,850	612,331	538,970	73,361
Capital outlays	2,168,000	4,100,012	1,225,077	2,874,935
Total operations	<u>4,364,550</u>	<u>6,387,283</u>	<u>3,169,118</u>	<u>3,218,165</u>
Property and project management				
Personnel costs	536,100	540,000	450,488	89,512
Contract services	86,000	84,500	79,783	4,717
Other operating	365,700	433,013	357,629	75,384
Capital outlays	670,000	771,438	457,377	314,061
Total operations	<u>1,657,800</u>	<u>1,828,951</u>	<u>1,345,277</u>	<u>483,674</u>
Powell Bill	199,500	513,772	478,951	34,821
Total public works	<u>6,221,850</u>	<u>8,730,006</u>	<u>4,993,346</u>	<u>3,736,660</u>
Culture and recreation				
Recreation				
Personnel costs	699,200	723,630	670,890	52,740
Contract services	20,000	20,000	17,922	2,078
Other operating	454,002	485,895	466,593	19,302
Capital outlays	474,600	620,590	299,432	321,158
Total culture and recreation	<u>1,647,802</u>	<u>1,850,115</u>	<u>1,454,837</u>	<u>395,278</u>
Economic development				
Other operating	1,116,300	1,562,900	134,738	1,428,162
Total economic development	<u>1,116,300</u>	<u>1,562,900</u>	<u>134,738</u>	<u>1,428,162</u>
Debt service				
Principal	487,575	487,575	505,443	(17,868)
Interest and fiscal charges	95,310	95,310	94,357	953
Total debt service	<u>582,885</u>	<u>582,885</u>	<u>599,800</u>	<u>(16,915)</u>
Total expenditures	<u>18,802,850</u>	<u>22,890,925</u>	<u>16,064,121</u>	<u>6,826,804</u>
Excess (deficiency) of revenues over (under) expenditures	(3,008,500)	(6,557,235)	4,991,028	11,548,263
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	-	-	16,054	16,054
Issuance of long-term debt	155,000	155,000	286,685	131,685
Transfers in	-	806,851	806,850	(1)
Transfers out	-	(785,000)	(785,000)	-
Appropriation of fund balance	2,853,500	6,380,384	-	(6,380,384)
Total other financing sources	<u>3,008,500</u>	<u>6,557,235</u>	<u>324,589</u>	<u>(6,232,646)</u>
Net change in fund balance	-	-	5,315,617	5,315,617
<b>Fund balance, beginning of the year</b>	<u>18,183,986</u>	<u>18,183,986</u>	<u>18,183,986</u>	<u>-</u>
<b>Fund balance, end of the year</b>	<u>\$ 18,183,986</u>	<u>\$ 18,183,986</u>	<u>\$ 23,499,603</u>	<u>\$ 5,315,617</u>



## **ARPA GRANT CAPITAL PROJECT FUND**

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The ARPA Grant Capital Projects Fund is used to account for Coronavirus State and Local Fiscal Recovery Funds that were received by the Town pursuant to the passage of the American Rescue Plan Act.

**TOWN OF ZEBULON, NORTH CAROLINA**

**ARPA GRANT CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION TO JUNE 30, 2023**

	<u>Project Authorizations</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,885,733	\$ -	\$ -	\$ -
Total revenues	<u>1,885,733</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlays	1,885,733	-	-	-
Total expenditures	<u>1,885,733</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Other financing sources:</b>				
Transfers in	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balances, beginning of year</b>			-	
<b>Fund balances, end of year</b>			<u>\$ -</u>	

**TOWN OF ZEBULON, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Capital Projects Fund					Total Nonmajor Governmental Funds
	N. Arendell Avenue Project Fund	Greenway Projects Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	
<b>ASSETS</b>						
Cash	\$ 702,026	\$ -	\$ 85,750	\$ 356,093	\$ 785,000	\$ 1,928,869
Total assets	702,026	-	85,750	356,093	785,000	1,928,869
<b>LIABILITIES</b>						
Accounts Payable	46,065	-	-	-	-	46,065
Total liabilities	46,065	-	-	-	-	46,065
<b>FUND BALANCES</b>						
Committed:						
Capital projects	655,961	-	85,750	356,093	785,000	1,882,804
Total fund balances	655,961	-	85,750	356,093	785,000	1,882,804
Total liabilities and fund balances	<u>\$ 702,026</u>	<u>\$ -</u>	<u>\$ 85,750</u>	<u>\$ 356,093</u>	<u>\$ 785,000</u>	<u>\$ 1,928,869</u>

**TOWN OF ZEBULON, NORTH CAROLINA**

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	N. Arendell Avenue Project Fund	Greenway Projects Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	
<b>REVENUES</b>						
Restricted intergovernmental	\$ -	\$ 42,398	\$ -	\$ -	\$ -	\$ 42,398
Total revenues	-	42,398	-	-	-	42,398
<b>EXPENDITURES</b>						
Capital outlays	140,456	10,250	-	-	-	150,706
Total expenditures	140,456	10,250	-	-	-	150,706
Excess (deficiency) of revenues over expenditures	(140,456)	32,148	-	-	-	(108,308)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	(806,850)	-	-	-	(806,850)
Transfers in	-	-	-	-	785,000	785,000
Total other financing sources (uses)	-	(806,850)	-	-	785,000	(21,850)
Net change in fund balances	(140,456)	(774,702)	-	-	785,000	(130,158)
<b>FUND BALANCES, beginning of year</b>	796,417	774,702	85,750	356,093	-	2,012,962
<b>FUND BALANCES, end of year</b>	<u>\$ 655,961</u>	<u>\$ -</u>	<u>\$ 85,750</u>	<u>\$ 356,093</u>	<u>\$ 785,000</u>	<u>\$ 1,882,804</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

**The Fire Station Capital Project Fund** is used to account for financial resources to be used for acquisition, engineering/design and construction of new fire station.

**The Little River Park Capital Project Fund** is used to account for financial resources to be used for improvements of Little River Park.

**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, 2023**

	<u>Project Authorizations</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 956,000	\$ -	\$ -	\$ -
Total revenues	<u>956,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlays	1,947,595	195,178	140,456	335,634
Total expenditures	<u>1,947,595</u>	<u>195,178</u>	<u>140,456</u>	<u>335,634</u>
Deficiency of revenues under expenditures	(991,595)	(195,178)	(140,456)	(335,634)
<b>Other financing sources:</b>				
Transfers in	<u>991,595</u>	<u>991,595</u>	<u>-</u>	<u>991,595</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 796,417</u>	<u>(140,456)</u>	<u>\$ 655,961</u>
<b>Fund balances, beginning of year</b>			<u>796,417</u>	
<b>Fund balances, end of year</b>			<u>\$ 655,961</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, 2023**

	<u>Project Authorizations</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,924,051	\$ 1,490,655	\$ 42,398	\$ 1,533,053
Total revenues	<u>1,924,051</u>	<u>1,490,655</u>	<u>42,398</u>	<u>1,533,053</u>
<b>Expenditures:</b>				
Capital outlays	1,800,288	1,790,038	10,250	1,800,288
Total expenditures	<u>1,800,288</u>	<u>1,790,038</u>	<u>10,250</u>	<u>1,800,288</u>
Excess (deficiency) of revenues over (under) expenditures	123,763	(299,383)	32,148	(267,235)
<b>Other financing sources (uses):</b>				
Transfers out	(806,851)	-	(806,850)	(806,850)
Transfers in	683,088	1,074,085	-	1,074,085
Total other financing sources (uses)	<u>(123,763)</u>	<u>1,074,085</u>	<u>(806,850)</u>	<u>267,235</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 774,702</u>	<u>(774,702)</u>	<u>\$ -</u>
<b>Fund balances, beginning of year</b>			<u>774,702</u>	
<b>Fund balances, end of year</b>			<u>\$ -</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, 2023**

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



**TOWN OF ZEBULON, NORTH CAROLINA**

**FIRE STATION CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION TO JUNE 30, 2023**

	<u>Project Authorizations</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlays	986,900	630,807	-	630,807
Total expenditures	<u>986,900</u>	<u>630,807</u>	<u>-</u>	<u>630,807</u>
Deficiency of revenues under expenditures	(986,900)	(630,807)	-	(630,807)
<b>Other financing sources:</b>				
Transfers in	<u>986,900</u>	<u>986,900</u>	<u>-</u>	<u>986,900</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 356,093</u>	<u>-</u>	<u>\$ 356,093</u>
<b>Fund balances, beginning of year</b>			<u>356,093</u>	
<b>Fund balances, end of year</b>			<u>\$ 356,093</u>	

**TOWN OF ZEBULON, NORTH CAROLINA**

**LITTLE RIVER PARK CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION TO JUNE 30, 2023**

	<u>Project Authorizations</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlays	785,000	-	-	-
Total expenditures	<u>785,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(785,000)	-	-	-
<b>Other financing sources:</b>				
Transfers in	<u>785,000</u>	<u>-</u>	<u>785,000</u>	<u>785,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>785,000</u>	<u>\$ 785,000</u>
<b>Fund balances, beginning of year</b>			<u>-</u>	
<b>Fund balances, end of year</b>			<u>\$ 785,000</u>	

**TOWN OF ZEBULON, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
GENERAL FUND  
AS OF JUNE 30, 2023**

<u>Fiscal year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 10,359,597	\$ 10,327,508	\$ 32,089
2021-2022	57,268	-	43,795	13,473
2020-2021	17,365	-	8,456	8,909
2019-2020	11,648	-	4,084	7,564
2018-2019	6,595	-	1,440	5,155
2017-2018	10,941	-	226	10,715
2016-2017	4,157	-	128	4,029
2015-2016	1,362	-	6	1,356
2014-2015	1,001	-	7	994
2013-2014	6,978	-	-	6,978
2012-2013	13,258	-	13,258	-
	<u>\$ 130,573</u>	<u>\$ 10,359,597</u>	<u>\$ 10,398,908</u>	91,262
				-
				<u>\$ 91,262</u>
				-
				10,223,339
				195,819
				(29,006)
				13,258
				(4,502)
				<u>\$ 10,398,908</u>

Less allowance for uncollectible ad valorem taxes receivable

Ad valorem taxes receivable, net

Reconciliation with revenues:

Ad valorem taxes - General Fund  
 Motor vehicle taxes - General Fund  
 Penalties and interest  
 Taxes written off  
 Releases and other adjustments

Total collections and credits

**TOWN OF ZEBULON, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
GENERAL FUND (TOWN-WIDE)  
FOR THE YEAR ENDED JUNE 30, 2023**

<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	\$ 1,797,822,945	0.575	\$ 10,337,482	\$ 9,829,505	\$ 507,977
Penalties	-		29,006	29,006	-
Total	<u>1,797,822,945</u>		<u>10,366,488</u>	<u>9,858,511</u>	<u>507,977</u>
Discoveries:					
Prior year taxes	-		19,683	19,683	-
Abatements	<u>(4,621,532)</u>	0.575	<u>(26,574)</u>	<u>(26,574)</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,793,201,413</u></u>				
Net levy			10,359,597	9,851,620	507,977
Uncollected taxes at June 30, 2023			<u>32,089</u>	<u>23,698</u>	<u>8,391</u>
Current year's taxes collected			<u><u>\$ 10,327,508</u></u>	<u><u>\$ 9,827,922</u></u>	<u><u>\$ 499,586</u></u>
Current levy collection percentage			<u><u>99.69%</u></u>	<u><u>99.76%</u></u>	<u><u>98.35%</u></u>

## STATISTICAL SECTION

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# TOWN OF ZEBULON, NORTH CAROLINA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental activities				
Net investment in capital assets	\$ 70,469,510	\$ 50,170,091	\$ 42,097,705	\$ 29,296,465
Restricted	7,711,569	4,886,278	2,859,097	1,995,272
Unrestricted	9,038,277	7,231,768	4,733,482	4,088,548
Total governmental activities net position	<u>87,219,356</u>	<u>62,288,137</u>	<u>49,690,284</u>	<u>35,380,285</u>
Business-type activities				
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	70,469,510	50,170,091	42,097,705	29,296,465
Restricted	7,711,569	4,886,278	2,859,097	1,995,272
Unrestricted	9,038,277	7,231,768	4,733,482	4,088,548
Total primary government net position	<u>\$ 87,219,356</u>	<u>\$ 62,288,137</u>	<u>\$ 49,690,284</u>	<u>\$ 35,380,285</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

**Table 1**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 26,460,741	\$ 16,793,339	\$ 14,955,686	\$ 13,392,436	\$ 12,944,657	\$ 12,831,363
1,512,756	1,390,444	1,282,832	1,077,310	1,019,076	667,364
3,236,736	2,222,411	5,057,994	4,878,773	4,806,151	5,401,122
<u>31,210,233</u>	<u>20,406,194</u>	<u>21,296,512</u>	<u>19,348,519</u>	<u>18,769,884</u>	<u>18,899,849</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(26,167)	(30,056)	(34,061)	(36,884)	(39,449)
<u>-</u>	<u>(26,167)</u>	<u>(30,056)</u>	<u>(34,061)</u>	<u>(36,884)</u>	<u>(39,449)</u>
26,460,741	16,793,339	14,955,686	13,392,436	12,944,657	12,831,363
1,512,756	1,390,444	1,282,832	1,077,310	1,019,076	667,364
3,236,736	2,196,244	5,027,938	4,844,712	4,769,267	5,361,673
<u>\$ 31,210,233</u>	<u>\$ 20,380,027</u>	<u>\$ 21,266,456</u>	<u>\$ 19,314,458</u>	<u>\$ 18,733,000</u>	<u>\$ 18,860,400</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

# TOWN OF ZEBULON, NORTH CAROLINA

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

	2023	2022	2021	2020
<b>Expenses</b>				
General government	\$ 2,936,787	\$ 2,899,940	\$ 2,668,227	\$ 3,009,901
Public safety	5,746,682	4,256,483	3,955,896	4,121,086
Public works	4,672,261	3,923,477	3,600,490	-
Streets	-	-	-	1,234,157
Sanitation	-	-	-	1,157,409
Stormwater	-	-	-	443,102
Cultural and recreation	1,276,916	1,368,957	1,113,381	1,115,900
Economic development	527,343	133,200	123,445	-
Interest on long-term debt	89,550	103,839	106,902	126,287
Total governmental expenses	15,249,539	12,685,896	11,568,341	11,207,842
<b>Business-type Activities</b>				
Interest on long-term debt	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government expenses	15,249,539	12,685,896	11,568,341	11,207,842
<b>Program revenues</b>				
Charges for services:				
General government	411,442	2,169,979	334,262	420,769
Public safety	11,893	19,466	22,609	1,346
Public works	1,852,342	1,586,540	1,237,867	-
Streets	-	-	-	-
Sanitation	-	-	-	545,248
Cultural and recreation	2,573,809	266,005	370,221	105,678
Operating grants and contributions	1,356,333	885,558	914,211	867,706
Capital grants and contributions	19,355,601	8,802,622	12,915,685	4,016,094
Total program revenues	25,561,420	13,730,170	15,794,855	5,956,841
Net (expense) revenue	10,311,881	1,044,274	4,226,514	(5,251,001)
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities</b>				
Property taxes	10,203,050	8,297,440	7,593,462	7,091,423
Other taxes and licenses	287,388	261,796	228,414	83,284
Unrestricted intergovernmental revenue	2,980,030	2,654,572	2,026,139	1,793,411
Investment earnings	939,459	37,777	2,972	160,642
Miscellaneous	206,294	207,270	176,312	292,293
Unrestricted intergovernmental revenue				
Transfers	-	-	-	-
Gain (loss) on disposal of capital assets	3,117	3,117	56,186	-
Total	14,619,338	11,461,972	10,083,485	9,421,053
<b>Business-type Activities</b>				
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total Business-type Activities	-	-	-	-
<b>Change in Net Position</b>	\$ 24,931,219	\$ 12,506,246	\$ 14,309,999	\$ 4,170,052

Source: Town of Zebulon Annual Comprehensive Financial Reports



Table 2

	2019	2018	2017	2016	2015	2014
\$	2,468,204	\$ 2,320,449	\$ 2,182,513	\$ 1,767,907	\$ 1,711,158	\$ 1,746,647
	3,879,905	3,731,751	3,339,341	3,208,337	3,115,698	3,177,517
	-	-	-	-	-	-
	664,098	941,827	863,966	816,957	782,121	815,731
	1,455,403	1,332,511	925,776	859,777	826,740	836,113
	278,182	264,964	286,500	224,279	224,215	210,764
	1,146,509	1,078,303	1,046,872	1,036,994	983,783	970,340
	-	-	-	-	-	-
	134,184	110,389	127,256	140,481	153,411	166,392
	<u>10,026,485</u>	<u>9,780,194</u>	<u>8,772,224</u>	<u>8,054,732</u>	<u>7,797,126</u>	<u>7,923,504</u>
	-	991	3,450	6,497	9,623	21,797
	-	991	3,450	6,497	9,623	21,797
	<u>10,026,485</u>	<u>9,781,185</u>	<u>8,775,674</u>	<u>8,061,229</u>	<u>7,806,749</u>	<u>7,945,301</u>
	329,780	268,436	157,473	189,760	182,735	166,699
	1,838	1,719	1,708	2,048	2,418	2,508
	-	-	-	-	-	-
	-	-	-	-	62,346	78,420
	470,546	444,605	430,027	408,743	394,117	373,855
	186,592	158,104	141,895	133,956	128,618	110,794
	879,578	920,532	1,054,039	888,155	831,799	782,618
	9,994,933	2,044,350	1,908,788	648,574	773,591	260,172
	<u>11,863,267</u>	<u>3,837,746</u>	<u>3,693,930</u>	<u>2,271,236</u>	<u>2,375,624</u>	<u>1,775,066</u>
	<u>1,836,782</u>	<u>(5,942,448)</u>	<u>(5,078,294)</u>	<u>(5,783,496)</u>	<u>(5,421,502)</u>	<u>(6,148,438)</u>
	6,559,888	6,301,569	5,479,104	4,529,782	4,119,373	4,099,089
	42,813	39,453	39,899	37,671	47,983	43,164
	1,803,030	1,647,639	1,594,566	1,567,546	1,477,071	1,458,220
	219,633	108,715	41,388	19,832	6,117	5,809
	253,752	192,323	195,565	199,700	167,632	160,374
	(21,462)	-	-	-	-	-
	109,603	(17,212)	24,174	7,600	83,168	284,424
	<u>8,967,257</u>	<u>8,272,487</u>	<u>7,374,696</u>	<u>6,362,131</u>	<u>5,901,344</u>	<u>6,051,080</u>
	150	1,907	4,804	7,887	11,047	25,056
	4,555	2,974	2,651	1,433	1,141	-
	21,462	-	-	-	-	-
	<u>26,167</u>	<u>4,881</u>	<u>7,455</u>	<u>9,320</u>	<u>12,188</u>	<u>25,056</u>
\$	<u>10,830,206</u>	<u>2,333,929</u>	<u>2,300,407</u>	<u>581,458</u>	<u>482,407</u>	<u>(94,099)</u>

**TOWN OF ZEBULON, NORTH CAROLINA**

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

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Public Works</b>
2014	\$ 1,746,647	\$ 3,177,517	\$ 815,731	\$ 836,113	\$ 210,764	\$ -
2015	1,711,158	3,115,968	782,121	826,740	224,215	-
2016	1,767,907	3,208,337	816,957	859,777	224,279	-
2017	2,182,513	3,339,341	863,966	925,776	286,500	-
2018	2,320,449	3,731,751	941,827	1,332,511	264,964	-
2019	2,468,204	3,879,905	664,098	1,455,403	278,182	-
2020	3,009,901	4,121,086	1,234,157	1,157,409	443,102	-
2021	2,668,227	3,955,896	-	-	-	3,600,490
2022	2,899,940	4,256,483	-	-	-	3,923,477
2023	2,936,787	5,746,682	-	-	-	4,672,261

Source: Town of Zebulon Annual Comprehensive Financial Reports

**Table 3**

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<b>Economic Development</b>	<b>Cultural &amp; Recreation</b>	<b>Interest on Long-term Debt</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
\$ -	\$ 970,340	\$ 166,392	\$ 21,797	\$ 7,945,301
-	983,783	153,411	9,623	7,807,019
-	1,036,994	140,481	6,497	8,061,229
-	1,046,872	127,256	3,450	8,775,674
-	1,078,303	110,389	992	9,781,186
-	1,146,509	134,184	-	10,026,485
-	1,115,900	126,287	-	11,207,842
123,445	1,113,381	106,902	-	11,568,341
133,200	1,368,957	103,839	-	12,685,896
527,343	1,276,916	89,550	-	15,249,539

**TOWN OF ZEBULON, NORTH CAROLINA**

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Sanitation</b>	<b>Stormwater</b>	<b>Public Works</b>
2014	\$ 1,920,300	\$ 2,926,604	\$ 441,277	\$ 756,567	\$ 148,899	\$ -
2015	1,650,350	2,828,974	777,901	775,532	177,397	-
2016	1,574,366	3,041,769	597,047	916,164	407,221	-
2017	2,019,968	3,038,542	811,859	1,133,870	210,825	-
2018	2,280,357	3,655,371	869,186	859,104	236,359	-
2019	2,335,416	5,218,293	859,426	1,009,380	207,729	-
2020	2,988,305	3,697,262	695,082	1,025,538	223,666	-
2021	2,265,007	3,733,061	-	-	-	3,377,769
2022	2,386,648	4,281,892	-	-	-	3,119,504
2023	2,691,507	6,189,893	-	-	-	4,993,346

Source: Town of Zebulon Annual Comprehensive Financial Reports

**Table 4**

<b>Economic Development</b>	<b>Cultural &amp; Recreation</b>	<b>Long-term Debt</b>	<b>Total</b>	<b>Per Capita Expenditures</b>
\$ -	\$ 816,248	\$ 756,397	\$ 7,766,292	\$ 1,709
-	757,213	751,176	7,718,543	1,674
-	777,917	723,873	8,038,357	1,619
-	797,168	761,730	8,773,962	1,701
-	786,621	746,176	9,433,174	1,791
-	844,557	905,186	11,379,987	2,016
-	894,284	582,745	10,106,882	1,708
35,126	852,736	627,193	10,890,892	1,563
79,626	1,128,163	554,656	11,550,489	1,449
134,738	1,454,837	599,800	16,064,121	1,618

Source: Town of Zebulon Annual Comprehensive Financial Reports

**TOWN OF ZEBULON, NORTH CAROLINA**

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

Fiscal Year	Program Revenues			General Revenues	
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes	Unrestricted Intergovernmental
2014	\$ 732,276	\$ 782,618	\$ 260,172	\$ 4,142,253	\$ 1,458,220
2015	770,234	831,799	773,591	4,167,356	1,477,071
2016	734,507	888,155	648,574	4,567,453	1,567,546
2017	731,103	1,054,039	1,908,788	5,519,003	1,594,566
2018	872,864	920,532	2,044,350	6,341,022	1,647,639
2019	988,756	879,578	9,994,933	6,602,701	1,803,030
2020	1,073,041	867,706	4,016,094	7,174,707	1,793,411
2021	1,964,959	914,211	12,915,685	9,848,015	-
2022	4,041,990	885,558	8,802,622	11,213,808	-
2023	4,849,486	1,356,333	19,355,601	13,470,468	-

Source: Town of Zebulon Annual Comprehensive Financial Reports

<b>General Revenues</b>		
<b>Unrestricted Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>
\$ 30,865	\$ 444,798	\$ 7,851,202
17,164	251,941	8,289,156
27,719	208,733	8,642,687
46,192	222,390	11,076,081
110,622	178,085	12,115,114
219,783	367,910	20,856,691
160,642	292,293	15,377,894
2,972	232,498	25,878,340
37,777	301,994	25,283,749
939,459	209,411	40,180,758

# TOWN OF ZEBULON, NORTH CAROLINA

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses, Permits & Fees	Investment Earnings	Sales & Services
2014	\$ 4,160,667	\$ 2,376,239	\$ 184,692	\$ 5,809	\$ 545,043
2015	4,186,313	2,654,241	466,550	6,117	582,560
2016	4,577,412	2,455,701	195,259	19,832	623,262
2017	5,516,367	2,648,605	579,767	41,388	638,614
2018	6,331,820	2,568,171	506,342	108,715	670,007
2019	6,606,569	2,682,608	507,191	219,633	738,716
2020	7,179,141	2,718,273	988,478	160,642	742,452
2021	7,750,184	4,397,345	1,100,742	2,972	864,217
2022	8,475,532	3,999,862	2,913,403	37,777	1,128,587
2023	10,442,083	4,660,225	3,548,455	939,459	1,301,031

Source: Town of Zebulon Annual Comprehensive Financial Reports



**Table 6**

<b>Miscellaneous</b>	<b>Total</b>	<b>Per Capita Revenues</b>
\$ 453,429	\$ 7,725,879	\$ 1,700
273,324	8,169,105	1,772
207,300	8,078,766	1,627
249,195	9,673,936	1,875
246,444	10,431,499	1,980
397,935	11,152,652	1,975
292,293	12,081,279	2,042
176,312	14,291,772	2,051
207,270	16,762,431	2,102
206,294	21,097,547	2,125

**TOWN OF ZEBULON, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Taxes (1)</u>	<u>Tax Rate</u>
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
2022	8,277,151	0.5750
2023	10,223,339	0.5750

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

Sources: Town of Zebulon Annual Comprehensive Financial Reports and Wake County Revenue Department

# TOWN OF ZEBULON, NORTH CAROLINA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Reserved	\$ 19,810	\$ 6,491	\$ 531	\$ -
Unreserved	-	-	-	-
Restricted	7,711,569	4,886,278	2,859,097	1,995,272
Committed	1,453,524	1,557,628	1,172,998	828,672
Assigned	4,004,000	2,853,500	2,490,000	1,910,000
Unassigned	10,310,700	8,880,089	7,730,654	7,278,553
Total general fund	<u>23,499,603</u>	<u>18,183,986</u>	<u>14,253,280</u>	<u>12,012,497</u>
All Other Governmental Funds				
Unreserved, reported in:				
Capital projects fund	1,882,804	2,012,962	1,128,627	1,196,271
Total all other governmental funds	<u>\$ 1,882,804</u>	<u>\$ 2,012,962</u>	<u>\$ 1,128,627</u>	<u>\$ 1,196,271</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

**Table 8**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,512,756	1,390,444	1,282,832	1,077,310	1,019,076	667,364
536,120	485,979	232,350	193,400	193,400	265,400
1,336,331	1,568,182	549,675	916,050	339,780	870,403
6,790,049	5,933,550	7,097,301	5,815,924	6,158,019	5,456,546
<u>10,175,256</u>	<u>9,378,155</u>	<u>9,162,158</u>	<u>8,002,684</u>	<u>7,710,275</u>	<u>7,259,713</u>
1,136,905	532,984	-	-	-	-
<u>\$ 1,136,905</u>	<u>\$ 532,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# TOWN OF ZEBULON, NORTH CAROLINA

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

	2023	2022	2021	2020
<b>Revenues</b>				
Ad valorem	\$ 10,223,339	\$ 8,277,151	\$ 7,570,200	\$ 7,095,333
Other taxes and licenses	218,744	198,381	179,984	83,808
Unrestricted intergovernmental	3,048,674	2,717,987	2,074,569	1,793,411
Restricted intergovernmental	1,611,551	1,281,875	2,322,776	867,706
Permits and fees	3,548,455	2,913,403	1,100,742	988,478
Sales and services	939,459	37,777	2,972	742,452
Investment earnings	1,301,031	1,128,587	864,217	160,642
Miscellaneous	206,294	207,270	176,312	292,293
Total revenues	21,097,547	16,762,431	14,291,772	12,024,123
<b>Expenditures</b>				
Current:				
General government	2,691,507	2,386,648	2,265,007	2,679,980
Public safety	6,189,893	4,281,892	3,733,061	3,506,042
Streets	-	-	-	517,964
Sanitation	-	-	-	1,025,538
Storm water	-	-	-	210,166
Public Works	4,993,346	3,119,504	3,377,769	-
Economic Development	134,738	79,626	35,126	-
Cultural and recreational	1,454,837	1,128,163	852,736	791,056
Capital outlay	150,706	855,989	1,382,719	793,391
Debt service				
Principal	505,443	450,438	507,286	448,854
Interest	94,357	104,218	119,907	133,891
Total expenditures	16,214,827	12,406,478	12,273,611	10,106,882
Excess (deficiency) of revenues over (under) expenditures	4,882,720	4,355,953	2,018,161	1,917,241
<b>Other Financing Sources (Uses)</b>				
Installment note proceeds	-	305,000	-	-
Bond Proceeds	286,685	-	-	-
Bond Issuance Costs	-	-	-	-
Proceeds from sale of capital asset	16,054	100,474	208,592	-
Transfers In	1,591,850	1,491,900	130,000	-
Transfers (out)	(1,591,850)	(1,491,900)	(130,000)	(80,000)
Total other financing sources (uses)	302,739	405,474	208,592	(80,000)
Net change in fund balances	\$ 5,185,459	\$ 4,761,427	\$ 2,226,753	\$ 1,837,241
Debt service as a percentage of noncapital expenditures	4.8%	5.3%	6.7%	6.3%

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

Source: Town of Zebulon Annual Comprehensive Financial Reports

**Table 9**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$	6,562,236	\$ 6,290,576	\$ 5,475,283	\$ 4,538,730	\$ 4,136,640	\$ 4,114,916
	44,333	41,244	41,084	38,682	49,673	45,751
	1,803,030	1,647,639	1,594,566	1,567,546	1,477,071	1,458,220
	879,578	920,532	1,054,039	888,155	1,177,170	918,019
	507,191	506,342	579,767	195,259	466,550	184,692
	738,716	670,007	638,614	623,262	582,560	545,043
	219,633	108,715	41,388	19,832	6,117	5,809
	397,935	246,444	249,195	207,300	273,324	453,429
	<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>
	2,237,588	2,084,313	1,886,827	1,533,719	1,497,599	1,522,715
	3,446,275	3,301,586	2,830,972	2,859,970	2,820,289	2,790,544
	481,133	810,456	447,960	419,280	414,949	440,077
	869,524	859,104	845,297	809,120	775,532	756,567
	175,444	171,965	178,778	150,539	154,487	136,939
	-	-	-	-	-	-
	-	-	-	-	-	-
	844,557	770,220	734,025	748,959	699,274	688,389
	2,420,280	689,354	1,088,373	792,897	605,237	674,664
	802,181	626,382	628,609	578,042	588,564	587,188
	103,005	119,794	133,121	145,831	162,612	169,209
	<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>(227,335)</u>	<u>998,325</u>	<u>899,974</u>	<u>40,409</u>	<u>450,562</u>	<u>(40,413)</u>
	1,700,000	-	259,500	252,000	-	460,635
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	30,921
	<u>(675,564)</u>	<u>(782,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,921)</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>797,101</u>	<u>215,997</u>	<u>1,159,474</u>	<u>292,409</u>	<u>450,562</u>	<u>420,222</u>
	10.1%	8.5%	9.9%	10.0%	10.6%	10.7%

## TOWN OF ZEBULON, NORTH CAROLINA

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

<b>Calendar Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Property</b>	<b>Total Assessed Value</b>	<b>Property Tax Rate</b>	<b>Taxable Assessed Ratio of Assessed Value to Estimated Actual Value</b>
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%
2022	931,444,694	581,468,280	16,773,745	1,529,686,719	0.5500	100%
2023	991,261,997	789,061,624	17,499,324	1,797,822,945	0.5750	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
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
2022	0.5500	0.6000	1.150
2023	0.5750	0.6195	1.195

Source: Wake County Revenue Department



## TOWN OF ZEBULON, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS PRIOR

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GlaxoSmithKline <sup>(1)</sup>	\$ 368,362,710	1	20.49	\$ 188,186,704	1	24.28 %
Truist Bank	313,229,500	2	17.42	3,712,517	21	0.48
Glaxo Inc <sup>(1)</sup>	65,153,387	3	3.62	54,410,698	2	7.02
USF Propco LLC <sup>(2)</sup>	23,515,733	4	1.31	18,705,870	3	2.41
Progress Residential Borrower	19,144,951	5	1.06	-		0.00
Walmart	15,041,820	6	0.84	15,031,867	5	1.94
Zeb Land LLC <sup>(4)</sup>	13,968,239	7	0.78	10,662,144	6	1.38
Nomaco Zebulon <sup>(4)</sup>	13,499,186	8	0.75	5,985,826	11	0.77
Duke Energy Progress, Inc. <sup>(5)</sup>	12,285,435	9	0.68	6,293,851	10	0.81
Vinventions LLC <sup>(3)</sup>	11,529,758	10	0.64	8,081,650	7	1.04
ANML Asset Company	10,860,649	11	0.60	-		0.00
Triangle East Shopping Centre	9,332,098	12	0.52	7,531,219	8	0.97
Tidewater Investors LLC	8,692,789	13	0.48	5,702,134	12	0.74
Corc LLC <sup>(3)</sup>	8,658,387	14	0.48	8,081,650	7	1.04
US Foods Inc <sup>(2)</sup>	8,124,714	15	0.45	5,460,196	13	0.70
Totals	<u>901,399,356</u>		<u>50.14 %</u>	<u>337,846,326</u>		<u>43.58 %</u>

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 June 30,	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	7,634,085	99.55%	-	7,634,085	99.55%
2022	8,446,029	8,388,761	99.32%	-	8,388,761	99.32%
2023	10,359,597	10,327,508	99.69%	-	10,327,508	99.69%

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	(1) Percentage of Personal Income	(1) Per Capita
	Installment Purchases	GO Bonds	Subscription Payable	Installment Purchases				
2014	\$ 1,702,072	\$ 3,263,063	\$ -	\$ 547,000	\$ 5,512,135	2.43%	\$ 1,213	
2015	1,338,508	3,037,185	-	389,000	4,764,693	2.00%	1,034	
2016	1,237,466	2,811,307	-	235,000	4,283,773	1.63%	863	
2017	1,093,357	2,585,429	-	85,000	3,763,786	1.35%	730	
2018	691,975	2,359,550	-	-	3,051,525	1.14%	579	
2019	1,814,794	2,133,672	-	-	3,948,466	1.39%	699	
2020	1,590,940	1,907,794	-	-	3,498,734	1.10%	591	
2021	1,308,654	1,681,916	-	-	2,990,570	0.92%	429	
2022	1,388,216	1,456,038	-	-	2,844,254	0.80%	357	
2023	1,284,334	1,230,160	110,124	-	2,624,618	0.60%	264	

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

Source: Town of Zebulon Annual Comprehensive Financial Reports

(1) See table 17 for personal income and population data. These ratios are calculated using personal income and population.

TOWN OF ZEBULON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes - Wake County	\$ 1,595,065,000	0.79%	\$ 12,563,464
Town of Zebulon direct debt			2,484,541
Total Direct and Overlapping Debt			\$ 15,048,005

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.

# TOWN OF ZEBULON, NORTH CAROLINA

## LEGAL DEBT MARGIN INFORMATION

JUNE 30, 2023

	2023	2022	2021	2020
Debt limit	\$ 143,825,836	\$ 122,374,938	\$ 105,684,336	\$ 93,162,716
Total net debt applicable to limit	(2,624,618)	(2,844,254)	(2,990,570)	(3,498,734)
Legal debt margin	\$ 141,201,218	\$ 119,530,684	\$ 102,693,766	\$ 89,663,982
Total net debt applicable to the limit as a percentage of debt limit	1.82%	2.32%	2.83%	3.76%

**Legal Debt Margin Calculation:**

Assessed value	\$ 1,797,822,945
Debt limit (8% of assessed value)	143,825,836
Debt applicable to limit:	
General obligation bonds	1,230,160
Non-bonded debt	1,394,458
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	2,624,618
Legal debt margin	\$ 141,201,218

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 repaying the general obligation bonds.

Sources: Town of Zebulon Annual Comprehensive Financial Reports and Wake County Revenue Department

**Table 16**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 88,487,054	\$ 85,082,115	\$ 74,614,330	\$ 68,787,215	\$ 62,512,549	\$ 62,016,570
<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>\$ 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>
4.46%	3.59%	4.95%	5.95%	7.12%	8.17%

## 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>
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%
2022	7,974	36.1	44,389	1,754	3.4%
2023	9,927	37.3	44,389	1,811	3.1%

## Notes:

- (1) Population projections provided by US Census Bureau. The 2023 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	2023			2014		
	Employees (1)	Rank	Percentage of Total Town Employment (1)	Employees (1)	Rank	Percentage of Total Town Employment (1)
GlaxoSmithKline	681	1	9.17%	690	1	N/A
US Foodservice	553	2	7.44%	590	2	N/A
Wake County Public School System (All Zebulon locations)	237	3	3.19%	209	4	N/A
Nomaco	188	4	2.53%	78	8	N/A
Wal-Mart	168	5	2.26%	275	3	N/A
Advanced Plastiform	155	6	2.09%	96	7	N/A
East Wake Academy	127	7	1.71%	120	6	N/A
Town of Zebulon	73	8	0.98%	58	10	N/A
Vinventions	43	9	0.58%	168	5	N/A
Devil Dog Manufacturing	27	10	0.36%	52	9	N/A
<b>Totals</b>	<b>2,252</b>		<b>30.32%</b>	<b>2,336</b>		<b>- %</b>
<b>Total Estimated Employed in Town <sup>(2)</sup></b>	<b>7,428</b>			<b>N/A</b>		
Estimated Percentage of Total Employment represented by Top Employers	30.32%			<b>N/A</b>		

(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 TOWN GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

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Function	2023	2022	2021	2020
General Government				
Administration/Finance	8	7	7	7
Planning	6	6	5	5
Buildings & Grounds	4	3	3	3
Public Safety				
Police	26	23	22	22
Fire	21	16	15	15
Streets	4	4	4	4
Environmental Protection	5	5	5	5
Stormwater	2	2	2	2
Cultural and Recreation	8	7	6	5
Water/Sewer Maintenance	0	0	0	0
Water Plant	0	0	0	0
Sewer Plant	0	0	0	0
Total	84	73	69	68

Source: Town of Zebulon Human Resources Department

**Table 19**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
6	6	5	5	5	5
5	5	4	3	3	3
3	3	3	1	1	0
22	22	21	21	21	21
15	15	14	14	14	14
4	3	3	3	3	3
5	5	5	5	5	5
2	2	2	2	2	2
5	5	5	5	5	5
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
67	66	62	59	59	58

# TOWN OF ZEBULON

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2023	2022	2021	2020
<b>General government</b>				
Building permits issued	423	601	495	347
Privilege licenses issued	32	31	29	24
code violations corrected	176	165	73	89
<b>Public safety</b>				
Police calls for service	24,337	20,787	12,163	10,091
Physical arrests	361	259	165	207
Traffic violations	744	718	661	790
Warrants served	138	103	83	116
Civil citations	-	2	13	7
Child safety seat inspections	79	77	80	61
Emergency responses	2,171	2,117	1,708	1,670
Fires extinguished	44	43	45	45
Property loss due to fire (dollars)	\$317,050	\$244,150	\$415,053	\$178,665
Fire code violations corrected	985	1,090	1,083	1,041
<b>Streets</b>				
Miles of road maintained	37.02	30.77	28.70	25.44
Feet of sidewalk maintained	92,240	84,312	78,252	68,275
<b>Storm water</b>				
Miles of storm drainage pipe maintained	28.31	22.88	21.70	17.39
Miles of ditches maintained	4.12	4.12	4.12	4.12
<b>Environmental Protection</b>				
Yard waste collected (tons)	1,630	2,080	2,862	2,024
White goods collected (pounds)	8,100	6,200	5,300	8,200
Number of sanitation customers	3,558	3,201	2,867	2,402
Number of recycling customers	3,509	3,165	2,845	2,384
Garbage collection fee	\$ 24.75	\$ 24.00	\$ 20.75	\$ 20.50
<b>Recreation and Parks</b>				
Summer camp participants	337	270	297	215
Athletic program participants (youth and adult)	1,183	505	331	417
Recreation program participants (youth and adult)	13,280	9,948	7,358	11,546
Senior program participants	-	-	-	481
Park and community center facility rentals	215	209	283	238
Special events attendance	15,483	8,815	13,033	13,426

Sources: Various Town departments.

**Table 20**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
196	136	104	111	128	107
34	32	30	51	261	471
117	41	54	2	50	75
8,639	9,579	8,216	8,879	8,684	8,226
161	192	213	260	336	330
465	500	416	365	369	312
103	87	59	107	206	96
13	31	8	19	21	23
54	60	74	70	57	32
1,652	1,547	1,680	1,588	1,480	1,433
32	36	38	34	67	41
\$74,445	\$322,174	\$388,190	\$199,050	\$332,968	\$465,850
1,093	816	1,126	1,274	985	1,739
24.85	21.14	20.29	19.41	19.14	19.07
60,515	55,318	52,763	49,905	49,378	47,962
16.77	12.80	10.70	9.91	9.65	9.63
4.12	4.12	4.12	4.12	4.12	4.12
2,862	1,650	2,140	1,441	1,662	1,720
2,400	1,900	1,500	400	400	400
2,215	2,127	2,033	1,969	1,874	1,822
2,165	2,086	2,033	1,969	1,874	1,805
\$ 19.25	\$ 19.25	\$ 19.25	\$ 18.75	\$ 18.75	\$ 18.75
325	225	245	234	204	346
860	744	727	646	509	517
1,882	1,776	1,676	1,597	1,550	1,366
289	283	291	283	250	363
986	795	764	727	684	414
13,977	13,975	10,051	13,364	3,185	3,625

# TOWN OF ZEBULON

## CAPITAL ASSETS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2023	2022	2021	2020
<b>Public Safety</b>				
Police Stations	2	2	2	2
Patrol and detective units	26	23	22	22
K-9 Units	2	2	2	2
Fire Stations	1	1	1	1
Fire Trucks	6	6	6	6
<b>Streets</b>				
Streets (miles)	37.02	30.77	28.70	25.44
Sidewalks (feet)	92,240	84,312	78,252	68,275
<b>Recreation and Parks</b>				
Parks	6	6	6	6
Acreage	75.21	75.21	75.21	75.21
Baseball fields	4	4	4	4
Tennis courts	2	2	2	2
Basketball courts	4	4	4	4
Community centers	1	1	1	1
<b>Water</b>				
Water mains (miles)	0	0	0	0
Fire hydrants	0	0	0	0
Storage capacity (million gallons)	0	0	0	0
<b>Wastewater</b>				
Sanitary sewers (miles)	0	0	0	0
Life stations	0	0	0	0
Treatment capacity (million gallons)	0	0	0	0
<b>Reclaimed Water</b>				
Water mains (miles)	0	0	0	0
Storage capacity (million gallons)	0	0	0	0

Source: Various Town departments.

**Table 21**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
2	2	2	2	2	2
22	22	21	21	21	21
2	1	1	1	1	1
1	1	1	1	1	1
7	7	7	7	7	7
24.85	21.14	20.29	19.41	19.07	19.07
60,515	55,318	52,763	49,905	47,962	47,962
6	6	6	6	6	6
75.21	75.21	75.21	75.21	75.21	75.21
4	4	4	4	4	4
2	2	2	2	2	2
4	4	4	4	4	4
1	1	1	1	1	1
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

## COMPLIANCE SECTION

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## 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

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**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 aggregate remaining fund information of the **Town of Zebulon, North Carolina** (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 14, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

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



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

*Mauldin & Jenkins, LLC*

Raleigh, North Carolina  
October 14, 2023

# TOWN OF ZEBULON, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### 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**

There was not an audit of major federal award programs for the year ended June 30, 2023, due to the total amount expended being less than \$750,000.

#### **State Awards**

There was not an audit of major state award programs for the year ended June 30, 2023, due to the total amount expended being less than \$500,000.

**TOWN OF ZEBULON, NORTH CAROLINA**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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None reported.