

# TOWN OF ZEBULON NORTH CAROLINA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

# TOWN OF ZEBULON, NORTH CAROLINA



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For the Fiscal Year Ended June 30, 2013

Prepared by the Town of Zebulon Finance Department

TOWN OF ZEBULON, NORTH CAROLINA

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## INTRODUCTORY SECTION



# *Town of Zebulon*

The Town of *Friendly*

People

October 16, 2013

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

The Town of Zebulon Finance Department and management of the Town are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Zebulon, North Carolina for fiscal year ended June 30, 2013. The report includes financial statements that have been audited by an independent firm of certified public accountants, Joyce and Company, CPAs, whose opinion also is a part of the report. However, responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Town.

This report is the official comprehensive publication of the Town's financial position at June 30, 2013, and results of operations for the fiscal year then ended of the Town. 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 that 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 that 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, 2013 of approximately 4,526, is located on the eastern edge of Wake County, North Carolina. The Town was established in 1907 with the construction of the Raleigh and Pamlico Sound Railroad and was named after Zebulon B. Vance, North Carolina's governor during the Civil War. The Council-Manager form of government established in 1907 still remains intact. 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 responsible for implementing Board policies and Town ordinances.

The Town provides its citizens with a wide range of services that include public safety, cultural, recreational and athletic activities, street construction and maintenance, solid waste disposal, development and planning activities, and general government management.

## **ECONOMIC CONDITIONS**

The nation is undergoing a period of recovery and transition, and the eastern region of Wake County is no exception to the slow pace that has been seen elsewhere and continues to face growth

challenges. The aftermath of the recession continues to affect spending by consumers, the construction market, and ability to provide services. The Town continues to add value through small commercial and residential developments. During fiscal year 2013, the Town issued 54 building permits with a total value of approximately \$16 million.

Despite the value of the growth, the Town of Zebulon tax base for the fiscal year ending June 30, 2013 totaled only \$773,704,008, a decrease of 1% from the previous year. With the Town's tax base heavily concentrated in commercial and industrial properties, the depreciation on existing property outpaced permit values. With the decrease in value, the Board of Commissioners approved a \$0.0125 increase in the property tax rate, to \$.5125 per \$100 of assessed value in order to attempt to offset the loss of property tax revenue.

One of the greater impacts on the Town was the results of the official 2010 population count conducted by the United State Census Bureau. The count revealed that the NC Office of the State Demographer had overestimated the Town's population growth by 20%. As a result of the new population number, many of the revenues the Town receives from other government agencies on a per capita basis decreased 10% to 15%. The Town also prepared for these losses of revenue by adjusting the budget or seeking other sources of revenue to continue programs and services.

The Town continues to use a six-year Capital Improvement Plan to prepare for needed improvements and investments in the Town. This plan is developed based on criteria such as federal or state mandates, improvements to public safety, guaranteed funding sources, and improvements or expansion of Town services. The main adjustments to the plan in the past year were related to expansion projects or projects that were dependent on residential growth to support the project's costs. These projects have been delayed to future years when strong residential growth is projected to return.

Zebulon, just like many other communities, continues to project modest growth. However, development interest is still strong in the area, and growth is beginning to regain momentum. The Town will maintain a cautious approach to budgeting over the next year.

## **MAJOR INITIATIVES**

The Town continues to take advantage of grant opportunities and the competitive construction market to complete facilities that will serve citizens for years to come. The Town partnered with the NC Department of Transportation to make roadway improvements near the Town's new Boys & Girls Club.

The Town also was the recipient of a three-year grant from the NC Department of Health & Human Services, Public Health Division. These grant funds are being used to expand walking trails at the Town's largest park and fund youth fitness programs. The Town also expanded its firefighting staff in fiscal year 2012 through a grant from the federal Staffing for Adequate Fire and Emergency Response Program. This grant, which will fund 100% of the personnel costs for two fiscal years (fiscal year 2013 was the 2<sup>nd</sup>) for three additional firefighters, will help ensure adequate fire protection and response for the district, which encompasses both the Town and a six-mile radius within Wake County.

With the pace of growth still not exceeding depreciation on large values of business personal property, the Town leaders made adjustments to the fiscal year 2014 budget. The budget included, for the second consecutive year, a 1.25¢ property tax rate increase to \$.525 per \$100 of assessed value, and limited merit pay available to employees.

The Town's budget for fiscal year 2014 includes several projects and objectives for the coming year. Among them are:

- Continued expansion of the stormwater management program as required by state and federal mandates, to be funded through a monthly fee to property owners;
- Completion of various facility improvements at the Zebulon Municipal Complex, Public Works facility, and Fire department to maintain or improve functionality;
- Creation of a Unified Development Ordinance;
- Via grant funding, complete sidewalk projects between the Town's middle school and the recently completed Boys & Girls Club; and
- Monitor expenditures and look for opportunities for efficiency in operations.

## **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 that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) 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 an integral long-term planning tool. 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 and Enterprise Funds are made at the department level. All other funds are budgeted at the functional or project 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 Town's Enterprise Fund is reported on the full accrual basis. Under full accrual accounting, revenues are recorded when earned and expenses are recorded when incurred.



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. The Town of Zebulon has one proprietary fund—the Water and Sewer 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 2013.

## **INDEPENDENT AUDIT**

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Zebulon for its Comprehensive Annual Financial Report for the fiscal years ending June 30, 1993 through 2012. 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 Joyce and Company, CPAs during the audit and reporting process. We also thank the mayor and members of the Town of Zebulon Board of Commissioners for their continued support.

Respectfully submitted,

Richard D. Hardin  
Town Manager

Robert Fitts  
Finance Director

TOWN OF ZEBULON, NORTH CAROLINA

BOARD OF COMMISSIONERS AND TOWN OFFICIALS

June 30, 2013

**Town of Zebulon Board of Commissioners**



Robert S. Matheny  
Mayor



Don Bumgarner  
Mayor Pro Tem



R. Dale Beck  
Commissioner



Beverly Wall Clark  
Commissioner



Roy Collins  
Commissioner



Curtis Strickland  
Commissioner

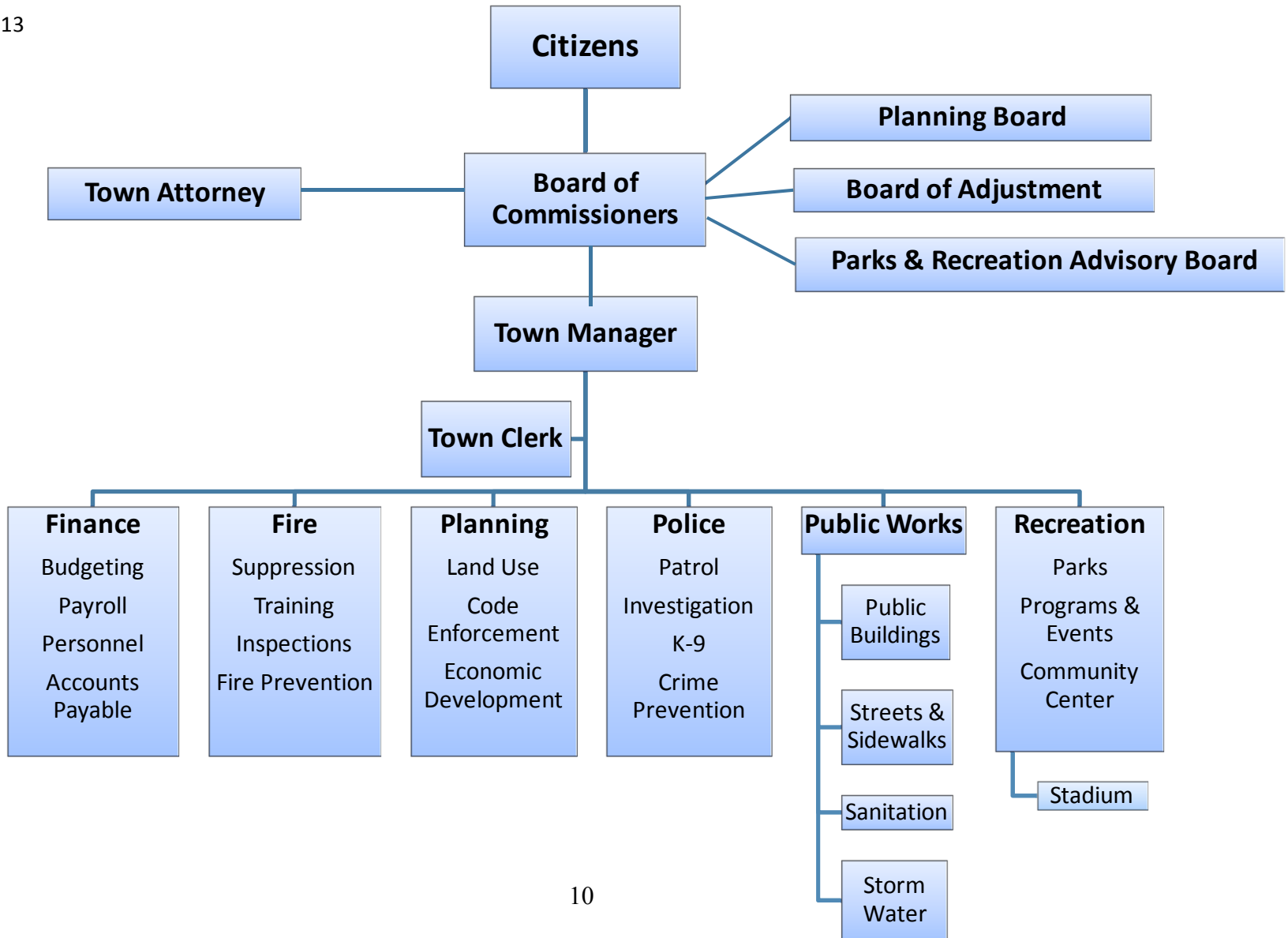
**Town of Zebulon Officials**

Richard Hardin – Town Manager  
Eric Vernon, Wyrick, Robbins, Yates & Ponton LLC – Town Attorney  
Timothy Hayworth – Police Chief  
Mark Hetrick – Planning Director  
Gregory Johnson – Parks and Recreation Director  
Robert Fitts – Finance Director  
Lisa Markland – Town Clerk  
Christopher Perry – Fire Chief  
Chris Ray – Public Works Director

TOWN OF ZEBULON, NORTH CAROLINA

ORGANIZATION CHART

June 30, 2013



Government Finance Officers Association



**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Zebulon  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Zeno', written in a cursive style.

Executive Director/CEO



## INTRODUCTORY SECTION

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, 2013. 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 of the Town exceeded its liabilities at the close of the fiscal year by \$18,954,499.
- The government's total net position decreased by \$407,600 due to decreases in general, unrestricted revenues distributed on a per capita basis.
- Zebulon's governmental funds reported ending fund balances of \$6,839,491, an increase of \$145,267 compared to the prior year. This increase is due a reduction in unrestricted intergovernmental revenues distributed on a per capita basis and an increase in capital expenditures.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$6,103,070, or 85% of total general fund expenditures for the fiscal year.
- The Town's total outstanding debt decreased by \$317,802.
- The Town maintained its bond ratings of AA- by Standard and Poor's Corporation and Aa3 by Moody's Investor Service.

**Overview of the Financial Statements**

This discussion and analysis 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 8) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

**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.

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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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 are divided into two categories, governmental activities and business-type 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 business-type activities are those that Zebulon charges customers to provide. Until October 1, 2006, the Town of Zebulon provided water, sewer, and reclaimed water services to its citizens. At that time, the Town merged these systems with the City of Raleigh; as a result, the only remaining water, sewer, and reclaimed water activities are capital projects that were uncompleted and debt service payments that existed at the time of merger.

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

### **Fund Financial Statements**

The fund financial statements (see Figure 2) 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 of the funds of the Town of Zebulon can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**—Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the basic services provided by the Town are accounted for in governmental funds. These funds focus on how assets can readily be converted to cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are 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. In Fiscal Year 2012, the Town adopted a capital project fund. Those projects were all completed during the fiscal year.

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

**Proprietary Funds**—Zebulon has one proprietary fund, an enterprise-type fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. As noted above, only minimal activity is recorded in this fund due to the merger of water, sewer, and reclaimed activities with the City of Raleigh. This fund is the same as what is shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 34 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 55 of this report.

**Government-Wide Financial Analysis**

**Town of Zebulon Net Position  
Figure 1**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current and other assets	\$ 7,241,210	\$ 7,194,419	\$ 1,049,357	\$ 1,508,769	\$ 8,290,567	\$ 8,703,188
Capital assets	18,164,956	18,387,624	-	-	18,164,956	18,387,624
Total assets	<u>25,406,166</u>	<u>25,582,043</u>	<u>1,049,357</u>	<u>1,508,769</u>	<u>26,455,523</u>	<u>27,090,812</u>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	5,472,941	5,076,692	547,000	1,000,424	6,019,941	6,077,116
Other liabilities	899,195	1,129,221	545,065	564,771	1,444,260	1,693,992
Total liabilities	<u>6,372,136</u>	<u>6,205,913</u>	<u>1,092,065</u>	<u>1,565,195</u>	<u>7,464,201</u>	<u>7,771,108</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	13,072,389	13,551,363	-	-	13,072,389	13,551,363
Restricted	705,512	867,586	-	-	705,512	867,586
Unrestricted	5,219,306	4,957,181	(42,708)	(56,426)	5,176,598	4,900,755
Total net position	<u>\$ 18,997,207</u>	<u>\$ 19,376,130</u>	<u>\$ (42,708)</u>	<u>\$ (56,426)</u>	<u>\$ 18,954,499</u>	<u>\$ 19,319,704</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Town of Zebulon exceeded liabilities by \$18,954,499 as of June 30, 2013. The Town’s net position decreased by \$365,205 for the fiscal year ended June 30, 2013. Approximately 69% of net position reflect the Town’s investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt outstanding that was issued to acquire those items. 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 \$705,512 (4%) represents



TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,176,598 is unrestricted.

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

- The Town saw a reduction in general unrestricted revenues distributed on a per capita basis due to an adjustment in the Town's estimated population numbers as a result of the 2010 United States Census count.
- Funds restricted by North Carolina State Statute increased to account for outstanding encumbrances on capital projects.

**Town of Zebulon Changes in Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 558,776	\$ 547,807	\$ -	\$ -	\$ 558,776	\$ 547,807
Operating grants & contributions	793,825	793,192	-	-	793,825	793,192
Capital grants & contributions	36,503	914,062	-	-	36,503	914,062
General revenues:						
Property taxes	3,969,478	3,926,622	-	-	3,969,478	3,926,622
Other taxes	36,064	39,063	-	-	36,064	39,063
Unrestricted intergovernmental	1,645,507	1,665,768	-	-	1,645,507	1,665,768
Other	199,135	98,979	42,847	74,146	241,982	173,125
Total revenues	<u>7,239,288</u>	<u>7,985,493</u>	<u>42,847</u>	<u>74,146</u>	<u>7,282,135</u>	<u>8,059,639</u>
<b>EXPENSES</b>						
General government	1,632,520	1,910,778	-	-	1,632,520	1,910,778
Public safety	3,174,675	3,242,348	-	-	3,174,675	3,242,348
Streets	798,858	1,264,030	-	-	798,858	1,264,030
Sanitation	828,740	837,952	-	-	828,740	837,952
Storm water	207,596	191,214	-	-	207,596	191,214
Culture and recreation	880,850	913,921	-	-	880,850	913,921
Interest on long-term debt	170,577	185,118	29,129	70,646	199,706	255,764
Total expenses	<u>7,693,816</u>	<u>8,545,361</u>	<u>29,129</u>	<u>70,646</u>	<u>7,722,945</u>	<u>8,616,007</u>
Increase (decrease) in net position	(454,528)	(559,868)	13,718	3,500	(440,810)	(556,368)
Gain (Loss) on disposal of capital assets	33,210	25,044	-	-	33,210	25,044
Special item	-	-	-	-	-	-
Increase (decrease) in net position	(421,318)	(534,824)	13,718	3,500	(407,600)	(531,324)
Net position July 1	<u>19,418,525</u>	<u>19,910,954</u>	<u>(56,426)</u>	<u>(59,926)</u>	<u>19,362,099</u>	<u>19,851,028</u>
Net position June 30	<u>\$ 18,997,207</u>	<u>\$ 19,376,130</u>	<u>\$ (42,708)</u>	<u>\$ (56,426)</u>	<u>\$ 18,954,499</u>	<u>\$ 19,319,704</u>

**Governmental Activities.** Governmental activities decreased the Town's net position by \$378,923. Key elements of this decrease are as follows:

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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- The Town's large commercial and industrial tax base remains steady, but value on equipment at the large facilities continues to depreciate, the tax increase offset that resulting in a 1% increase in property tax revenues.
- The unrestricted general revenues distributed on a per capita basis due to an adjustment in the Town's estimated population as a result of the United States 2010 census count.
- The Town decreased spending in the areas of general government, transportation, and public safety.

**Business-type Activities.** Business-type activities increased the Town of Zebulon's net position by \$13,718. Although the Town merged its sole business activity, a water and sewer fund, with the City of Raleigh in 2006, the Town continues to complete capital projects started prior to the merger. The increase in business-type activities is mainly the result of adjustments to existing debt service.

### **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.

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 \$5,149,500, while total fund balance reached \$6,808,582. 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. Unreserved fund balance represents 71% of total General Fund expenditures, while total fund balance represents approximately 94% of that same amount.

During Fiscal Year 2012, the Town adopted a capital project fund for various facility improvements; those projects were completed during this fiscal year.

At June 30, 2013, the governmental funds of the Town of Zebulon reported a fund balance of \$6,839,491, a 4% increase from last year. This increase is the result of a significant favorable variance in expenditures 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.

Ad valorem tax revenues were greater than budgeted because a higher percentage of taxes were collected than anticipated by 4%. Restricted intergovernmental revenues were less than budgeted due to the fact that several reimbursement-based, grant-funded projects were incomplete at fiscal yearend. Unrestricted intergovernmental revenues were less than budgeted due to the fact that several revenues under this category are distributed on a per capita basis, and the Town's estimated population was adjusted downward as a result of the corrected United States census count. Sales and service revenues continue to increase with increased

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

participating in recreation and athletic programs and the implementation of a stormwater fee to offset the expenditures of this new program. Expenditures were held below budgeted amounts by a number of factors, including: lower than estimated maintenance and operational costs at several new Town facilities, a reduction in legal services used, a delay in the completion of certain capital projects, and careful monitoring of the budget by each department. As a result of the current economic conditions related to both the change in census and an adjustment of property tax values from the Town's largest property holder, Town leaders took a proactive approach and adjusted the budget to offset changes in revenue.

**Proprietary Funds.** The Town of Zebulon proprietary fund provides the same type of information found in the government-wide statements but in more detail. Total net position of the Water and Sewer Fund at the end of the fiscal year amounted to a negative \$42,708. The negative balance at fiscal year end is the result of a delay in a year-end reimbursement by the City of Raleigh for a pre-existing debt service payment. The finances of this fund already have been addressed in the discussion of the Town of Zebulon's business-type activities.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town of Zebulon's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$18,164,956 (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:

- The purchase of vehicles and large equipment for the functions of public safety, sanitation, transportation, and parks and recreation.
- Investments in parks & recreation facilities through Town-invested funds totaling \$666,023.

As previously mentioned, the Town had a major disposal of assets in its business-type activities in fiscal year 2007 as a result of the merger of water and sewer operations with the City of Raleigh.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,251,898	\$ 2,251,898	\$ -	\$ -	\$ 2,251,898	\$ 2,251,898
Construction in progress	49,133	29,893	-	-	49,133	29,893
Buildings	9,973,213	9,941,772	-	-	9,973,213	9,941,772
Other improvements	1,420,807	1,184,767	-	-	1,420,807	1,184,767
Roads and infrastructure	2,668,475	2,998,272	-	-	2,668,475	2,998,272
Intangibles	28,500	32,100	-	-	28,500	32,100
Equipment	706,458	676,455	-	-	706,458	676,455
Vehicles and motorized equipment	1,066,472	1,272,467	-	-	1,066,472	1,272,467
	<u>18,164,956</u>	<u>18,387,624</u>	<u>-</u>	<u>-</u>	<u>18,164,956</u>	<u>18,387,624</u>
Total capital assets	\$ 18,164,956	\$ 18,387,624	\$ -	\$ -	\$ 18,164,956	\$ 18,387,624

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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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, 2013, the Town of Zebulon had total bonded debt outstanding of \$3,475,000. This outstanding debt is backed by the full faith and credit of the Town. The Town also had outstanding debt in the amount of \$290,424, secured solely by specified water and sewer revenue sources. However, due to the merger of the Town’s Water and Sewer fund with the City of Raleigh, the Town no longer has specific revenues to cover this debt. This debt is now paid from transfers from the City of Raleigh as payments become due. The Town also has installment purchase notes outstanding of \$2,313,624.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 3,475,000	\$ 3,700,000	\$ -	\$ -	\$ 3,475,000	\$ 3,700,000
Revenue notes	-	-	290,424	580,852	290,424	580,852
Installment purchase notes	1,603,624	1,195,734	710,000	919,386	2,313,624	2,115,120
Premiums & issuance costs	13,942	14,820	-	-	13,942	14,820
<b>Total bonds and notes</b>	<b>\$ 5,092,566</b>	<b>\$ 4,910,554</b>	<b>\$ 1,000,424</b>	<b>\$ 1,500,238</b>	<b>\$ 6,092,990</b>	<b>\$ 6,410,792</b>

The Town of Zebulon’s total debt decreased by \$317,802 during the past fiscal year. The Town issued installment debt in the amount of \$690,000 for the improvement to town and parks and recreation facilities.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town is \$56,682,797. The Town had authorized but unissued bonds at June 30, 2013 totaling \$400,000.

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 Next Year’s Budgets and Rates**

The following key economic indicators were reflected in the Town of Zebulon fiscal year 2014 budget:

- A decrease in the property tax base due to declining values on industrial and commercial personal property located within the Town.

TOWN OF ZEBULON, NORTH CAROLINA  
MANAGEMENT DISCUSSION AND ANALYSIS

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- Continued adjustment of budgets to offset the permanent loss of per capita-based revenue resulting from the Town's adjusted population figures as a result of the United States census count.
  
- A projected increase in parks and recreation revenues based on increased participation in activities that are an alternative to non-public supported higher cost activities for citizens.

**Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities.** The total General Fund budget is projected to increase 10% for fiscal year 2014, as compared to the actual results of fiscal year 2013. The major components of this increase include a planned group of capital projects as well an increase in property tax revenues due to a change in vehicle property tax collection.

Because of the decrease in property tax values, the Town will increase its tax rate to \$.525 per \$100 of assessed value to ensure that incoming revenues for general services match projected expenditures. The storm water and garbage fees will remain the same while maintaining storm water management services mandated by the State. Various grant and Town funds also have been included in the budget for sidewalk improvements and equipment purchases.

**Business-type Activities.** Because of the merger of the Town's Water and Sewer Fund with the City of Raleigh in 2006, no major operational budget will be completed for business-type activities. The only items budgeted are scheduled debt-service payments for debt incurred prior to merger. These debt service payments will be covered by transfers of cash from the City of Raleigh.

**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.

# BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

## TOWN OF ZEBULON, NORTH CAROLINA

## STATEMENT OF NET POSITION

June 30, 2013

Exhibit 1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,361,999	\$ 77,553	\$ 6,439,552
Restricted cash	148,943	-	148,943
Taxes receivable (net)	164,173	-	164,173
Accounts receivable (net)	955	-	955
Internal balances	28,620	(28,620)	-
Note receivable - current portion	-	495,810	495,810
Due from other governments	536,520	-	536,520
Total current assets	<u>7,241,210</u>	<u>544,743</u>	<u>7,785,953</u>
Non-current assets:			
Note receivable - noncurrent portion	-	504,614	504,614
Capital assets:			
Land and other non-depreciable assets	2,301,031	-	2,301,031
Other capital assets, net of depreciation	15,863,925	-	15,863,925
Total capital assets	<u>18,164,956</u>	<u>-</u>	<u>18,164,956</u>
Total assets	<u>25,406,166</u>	<u>1,049,357</u>	<u>26,455,523</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	191,197	83,934	275,131
Accrued interest payable	60,511	7,707	68,218
Due within one year			
Compensated absences	105,485	-	105,485
Bonds and notes payable	542,002	453,424	995,426
Total current liabilities	<u>899,195</u>	<u>545,065</u>	<u>1,444,260</u>
Long-term liabilities:			
Due in more than one year			
Compensated absences	140,922	-	140,922
Net pension obligation	107,567	-	107,567
Other postemployment benefits	673,887	-	673,887
Bonds and notes payable	4,550,565	547,000	5,097,565
Total long-term liabilities	<u>5,472,941</u>	<u>547,000</u>	<u>6,019,941</u>
Total liabilities	<u>6,372,136</u>	<u>1,092,065</u>	<u>7,464,201</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	3,453	-	3,453
Grant proceeds	33,370	-	33,370
Total deferred inflows of resources	<u>36,823</u>	<u>-</u>	<u>36,823</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,072,389	-	13,072,389
Restricted for:			
Stabilization by State Statute	556,569	-	556,569
Streets	113,416	-	113,416
Law Enforcement	35,527	-	35,527
Unrestricted	5,219,306	(42,708)	5,176,598
Total net position	<u>\$ 18,997,207</u>	<u>\$ (42,708)</u>	<u>\$ 18,954,499</u>

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, 2013

Exhibit 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,632,520	\$ 114,469	\$ 63,046	\$ -	\$ (1,455,005)	\$ -	\$ (1,455,005)
Public safety	3,174,675	3,462	605,218	-	(2,565,995)	-	(2,565,995)
Streets	798,858	-	122,531	16,783	(659,544)	-	(659,544)
Sanitation	828,740	352,503	-	-	(476,237)	-	(476,237)
Storm water	207,596	-	-	-	(207,596)	-	(207,596)
Cultural and recreation	880,850	88,342	3,030	19,720	(769,758)	-	(769,758)
Interest on long-term debt	170,577	-	-	-	(170,577)	-	(170,577)
Total governmental activities	<u>7,693,816</u>	<u>558,776</u>	<u>793,825</u>	<u>36,503</u>	<u>(6,304,712)</u>	<u>-</u>	<u>(6,304,712)</u>
Business-type activities							
Water and sewer	29,129	-	-	-	-	(29,129)	(29,129)
Total	<u>\$ 7,722,945</u>	<u>\$ 558,776</u>	<u>\$ 793,825</u>	<u>\$ 36,503</u>	<u>(6,304,712)</u>	<u>(29,129)</u>	<u>(6,333,841)</u>
General revenues							
Taxes							
Property taxes, levied for general purpose					3,969,478	-	3,969,478
Other taxes and licenses					36,064	-	36,064
Unrestricted intergovernmental					1,645,507	-	1,645,507
Unrestricted investment earnings					7,224	42,446	49,670
Miscellaneous					191,911	401	192,312
Gain on disposal of capital assets					33,210	-	33,210
Total general revenues and special items					<u>5,883,394</u>	<u>42,847</u>	<u>5,926,241</u>
Change in net position					<u>(421,318)</u>	<u>13,718</u>	<u>(407,600)</u>
Net position - beginning of year (as previously stated)					19,376,130	(56,426)	19,319,704
Adjustment to beginning net position					42,395	-	42,395
Net position -beginning of year (as restated)					<u>19,418,525</u>	<u>(56,426)</u>	<u>19,362,099</u>
Net position - end of year					<u>\$ 18,997,207</u>	<u>\$ (42,708)</u>	<u>\$ 18,954,499</u>

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



TOWN OF ZEBULON, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

Exhibit 3  
Page 1 of 2

	<u>Major</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>2013 Capital Project</u>	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 6,331,090	\$ 30,909	\$ 6,361,999
Restricted cash	148,943	-	148,943
Receivables (net)			
Taxes	164,173	-	164,173
Accounts	955	-	955
Due from other funds	28,620	-	28,620
Due from other governments	536,520	-	536,520
	<u>\$ 7,210,301</u>	<u>\$ 30,909</u>	<u>\$ 7,241,210</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 191,197	\$ -	\$ 191,197
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	164,174	-	164,174
Sanitation receivables	9,525	-	9,525
Prepaid taxes	3,453	-	3,453
Grant Proceeds	33,370	-	33,370
	<u>210,522</u>	<u>-</u>	<u>210,522</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	556,569	-	556,569
Streets	113,416	-	113,416
Law Enforcement	35,527	-	35,527
Committed			
Capital improvements	210,000	-	210,000
Stadium improvements	153,500	-	153,500
Assigned			
Subsequent year's expenditures	590,070	30,909	620,979
Unassigned	5,149,500	-	5,149,500
	<u>6,808,582</u>	<u>30,909</u>	<u>6,839,491</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,210,301</u>	<u>\$ 30,909</u>	<u>\$ 7,241,210</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

Exhibit 3  
Page 2 of 2

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Fund balances - total governmental funds		\$ 6,839,491
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 28,512,305	
Less accumulated depreciation	<u>(10,347,349)</u>	18,164,956
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Government bonds and notes payable	(5,078,625)	
Compensated absences	(246,407)	
Other postemployment benefits	(673,887)	
Net pension obligation	<u>(107,567)</u>	(6,106,486)
Premiums on bond issuance		(13,942)
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable		(60,511)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		<u>173,699</u>
Net position of governmental activities		<u><u>\$ 18,997,207</u></u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

For the year ended June 30, 2013

Exhibit 4  
Page 1 of 2

	Major	Non-Major Fund	Total Governmental Funds
	General	2013 Capital Project	
<b>REVENUES</b>			
Ad valorem taxes	\$ 3,961,589	\$ -	\$ 3,961,589
Other taxes and licenses	36,516	-	36,516
Unrestricted intergovernmental	1,645,507	-	1,645,507
Restricted intergovernmental	833,149	-	833,149
Permits and fees	65,650	-	65,650
Investment earnings	7,075	149	7,224
Sales and services	499,695	-	499,695
Miscellaneous	238,324	-	238,324
Total revenues	<u>7,287,505</u>	<u>149</u>	<u>7,287,654</u>
<b>EXPENDITURES</b>			
Current			
General government	1,420,572	-	1,420,572
Public safety	2,844,487	-	2,844,487
Streets	409,308	-	409,308
Sanitation	754,167	-	754,167
Storm Water	139,118	-	139,118
Cultural and recreation	627,298	-	627,298
Capital outlay	298,123	659,240	957,363
Debt service			
Installment note principal	507,109	-	507,109
Installment note interest	172,965	-	172,965
Total expenditures	<u>7,173,147</u>	<u>659,240</u>	<u>7,832,387</u>
Excess of expenditures over revenues	114,358	(659,091)	(544,733)
<b>OTHER FINANCING SOURCES</b>			
Installment notes issued	-	690,000	690,000
Net change in fund balance	<u>114,358</u>	<u>30,909</u>	<u>145,267</u>
Fund balance - beginning of year (as previously stated)	6,577,536	-	6,577,536
Adjustment to beginning fund balance	116,688	-	116,688
Fund balance - beginning of year (as restated)	<u>6,694,224</u>	<u>-</u>	<u>6,694,224</u>
Fund balance - end of year	<u>\$ 6,808,582</u>	<u>\$ 30,909</u>	<u>\$ 6,839,491</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

For the year ended June 30, 2013

Exhibit 4  
Page 2 of 2

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

Net changes in fund balances - total governmental funds \$ 145,267

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 957,363	
Less current year depreciation	<u>(1,166,828)</u>	(209,465)

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

Contributed capital		
Change in unavailable revenue for tax and sanitation revenues	<u>(1,953)</u>	(1,953)

The issuance of 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 transactions has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	507,109	
Installment notes issued	<u>(690,000)</u>	(182,891)

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

Gain on sale of equipment	(13,203)	
Compensated absences	22,143	
Change in accrued interest payable	1,510	
Amortization of premiums on bond issuance	878	
Postemployment benefits	(172,822)	
Net pension obligation	<u>(10,782)</u>	<u>(172,276)</u>

Total changes in net position of governmental activities		<u><u>\$ (421,318)</u></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 BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2013

Exhibit 5

	Budget		Actual Amount (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,798,000	\$ 3,798,000	\$ 3,961,589	\$ 163,589
Other taxes and licenses	37,400	37,400	36,516	(884)
Unrestricted intergovernmental	1,686,000	1,686,000	1,645,507	(40,493)
Restricted intergovernmental	782,800	1,036,323	833,149	(203,174)
Permits and fees	39,600	40,360	65,650	25,290
Investment earnings	25,500	25,500	7,075	(18,425)
Sales and services	484,700	484,700	499,695	14,995
Miscellaneous	123,500	175,587	238,324	62,737
Total revenues	<u>6,977,500</u>	<u>7,283,870</u>	<u>7,287,505</u>	<u>3,635</u>
<b>EXPENDITURES</b>				
General government	1,684,350	1,729,265	1,426,078	303,187
Public safety	3,006,700	3,056,544	2,908,906	147,638
Streets	486,850	727,504	448,928	278,576
Sanitation	882,650	888,185	838,596	49,589
Stormwater	234,800	236,300	223,547	12,753
Cultural and recreation	669,850	692,567	647,018	45,549
Debt service				
Note principal	507,335	491,469	507,109	(15,640)
Note interest	172,965	167,631	172,965	(5,334)
Total expenditures	<u>7,645,500</u>	<u>7,989,465</u>	<u>7,173,147</u>	<u>816,318</u>
Revenues over (under) expenditures	<u>(668,000)</u>	<u>(705,595)</u>	<u>114,358</u>	<u>819,953</u>
<b>OTHER FINANCING SOURCES</b>				
Installment Loan Proceeds				-
Appropriated fund balance	<u>668,000</u>	<u>705,595</u>	<u>-</u>	<u>(705,595)</u>
Total other financing sources	<u>668,000</u>	<u>705,595</u>	<u>-</u>	<u>(705,595)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,358</u>	<u>\$ 114,358</u>
Fund balance - beginning of year (as previously stated)			6,577,536	
Adjustment to beginning fund balance			<u>116,688</u>	
Fund balance - beginning of year (as restated)			<u>6,694,224</u>	
Fund balance - end of year			<u>\$ 6,808,582</u>	

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

TOWN OF ZEBULON, NORTH CAROLINA  
STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2013

Exhibit 6

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<b>ASSETS</b>	
Current assets	
Cash	\$ 77,553
Note receivable - current portion	495,810
Total current assets	<u>573,363</u>
Non-current assets	
Note receivable - noncurrent portion	<u>504,614</u>
Total assets	<u>1,077,977</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	83,934
Due to other funds	28,620
Accrued interest	7,707
Bond payable-current	453,424
Total current liabilities	<u>573,685</u>
Noncurrent liabilities	
Bonds payable-noncurrent	<u>547,000</u>
Total liabilities	<u>1,120,685</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ (42,708)</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the year ended June 30, 2013

Exhibit 7

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<b>OPERATING REVENUES</b>	
Miscellaneous	\$ 401
<b>OPERATING EXPENSES</b>	<u>-</u>
Operating income	<u>401</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	42,446
Interest expense	<u>(29,129)</u>
Total nonoperating revenues (expenses)	<u>13,317</u>
Change in net position	13,718
Total net position - beginning	<u>(56,426)</u>
Total net position - ending	<u>\$ (42,708)</u>

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

TOWN OF ZEBULON, NORTH CAROLINA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the year ended June 30, 2013

Exhibit 8

	Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net cash provided by operating activities	\$ 40,282
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt service reimbursement from City of Raleigh, pursuant to merger agreement	499,814
Principal paid on debt	(499,814)
Interest paid on debt and equipment contracts	(42,326)
Net cash used by capital and related financing activities	(42,326)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	42,446
Net increase in cash and cash equivalents	40,402
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	37,151
End of year	\$ 77,553
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 401
Adjustments to reconcile operating inloss to net cash provided by operating activities	
Changes in assets and liabilities	
Increase in accounts payable	39,881
Net cash provided by operating activities	\$ 40,282

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



TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Town of Zebulon (the Town) is a municipal corporation governed by an elected mayor and a five member Board of Commissioners. The Town's financial statements include all funds, account groups, 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. BASIS OF PRESENTATION

*Government-wide Statements:* The statement of net position and the statement of activities report information on all of the activities of the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are supported by taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees and charges to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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

The government reports the following major governmental fund:

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, sanitation, parks and recreation, and general governmental services.

The government reports the following non-major government fund:

Fiscal Year 2013 Capital Project Fund – The Fiscal Year 2013 Capital Project Fund is being used to account for the completion of various facility capital projects during the year.

The government reports the following major proprietary fund:

Water and Sewer Fund – The water and sewer utility system of the Town was transferred to the City of Raleigh effective October 1, 2006; however the fund remains open to collect availability fees and other fees on behalf of the City of Raleigh and to pay long-term debt and interest on long-term debt as it becomes due.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town transferred operations of the existing water and sewer system to the City of Raleigh effective October 1, 2006. Therefore there are no operating revenues or expenses for the Town.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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*Governmental Fund Financial Statements.* Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers revenues to be available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Wake County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the county including the Town of Zebulon. For motor vehicles registered under the staggered system property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Wake County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. BUDGETARY DATA

The Town's budgets are adopted as required by North Carolina General Statutes. Annual budget ordinances are adopted for the general and proprietary funds. 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. 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 Town Board.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Supplemental appropriations that amend the total expenditures of any fund require a resolution of the Town 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.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY

1. DEPOSITS AND INVESTMENTS

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

North Carolina 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 valued at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. CASH AND CASH EQUIVALENTS

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

3. RESTRICTED ASSETS

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening the local streets per North Carolina 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.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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4. AD VALOREM TAXES RECEIVABLE

In accordance with North Carolina General Statutes 105-347 and 159-13(a), the Town levies ad valorem taxes on property other than motor vehicles, on July 1, the beginning of the fiscal year. These amounts are due September 1 (lien date); however, interest and penalties do not accrue until the following January 6. The taxes levied are based on the assessed values as of the previous January 1.

5. CAPITAL ASSETS

Capital assets are defined by the government as assets with an an estimated useful life in excess of one year and an individual cost of \$5,000 or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. As required for Phase 3 governments by GASB 34, only land has been retroactively reported as infrastructure in these statements in the governmental column of the government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Item</u>	<u>Life</u>
Infrastructure	14-30 years
Vehicles	7-10 years
Equipment	7-10 years
Buildings and Improvements	15-40 years
Intangibles	10 years

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criteria in the current year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial position element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category – prepaid taxes and grant proceeds.

7. LONG-TERM DEBT

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

8. 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 funds, 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 government-wide financial statements.

9. NET POSITION/FUND BALANCES

Net Position

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Fund Balances

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

The governmental fund types classify fund balances as follows:

Restricted Fund Balance

This classification includes amounts of fund balance restricted by or subject to externally enforceable legal restrictions, including, but not limited to creditors, grantors, contributors, or other governments through enabling legislation.

*Restricted for Stabilization by State statute* - portion of fund balance which is restricted by North Carolina G.S. 159-8(a).

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

*Restricted for law enforcement* - portion of fund balance restricted by revenue source for purchases related to public safety.

Committed Fund Balance

This classification includes amounts of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Zebulon's governing body (highest level of decision making authority). Any changes or removal of specific purpose requires majority action by the governing body.

*Committed for stadium improvements* – portion of fund balance restricted by the governing board for future improvements to baseball stadium.

*Committed for capital improvements*-portion of fund balance restricted by the governing board for future capital improvements in the Town.

Assigned Fund Balance

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. Amounts are available for appropriation by the governing board.

*Assigned for subsequent year's expenditures* – portion of total fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Unassigned Fund Balance

The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Zebulon has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance reclassification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Zebulon has a fund balance policy that is to maintain an unrestricted fund balance in the General Fund of no less than 50% of the total projected expenditures. Unrestricted fund balance is the total of all committed, assigned and unassigned fund balance. Unrestricted fund balance in excess of 50% is available for general appropriation during the budget year as approved by the Board. 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. This designation will be done by formal resolution of the Board. 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 fiscal year end.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2013 the Town's water and sewer fund had a deficit in net position totaling \$42,708. This is a result of current capital outlay combined with future amortization of bond premiums. As detailed in Note 8 this fund has only minimal activity other than the payment of remaining outstanding debt and the reimbursement of these payments from the City of Raleigh.

NOTE 3– DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. DEPOSITS

All the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent



TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

At June 30, 2013, the Town's deposits had a carrying value of \$1,574,878 and a bank balance of \$1,688,491. All Town deposits are maintained with financial institutions, which collateralize deposits in excess of amounts insured by the FDIC by the Pooling Method. At June 30, 2013, \$625,709 of the bank balance was covered by federal depository insurance and \$1,062,782 was covered by collateral held under the Pooling Method. At June 30, 2013 the Town's petty cash fund totaled \$500.

2. INVESTMENTS

At June 30, 2013, the Town's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust-Cash Portfolio	\$3,261,537	N/A	AAAm
NC Capital Management Trust-Term Portfolio	<u>1,751,580</u>		Unrated
Total	<u>\$5,013,117</u>		

*Interest Rate Risk:* The Town's investment policy limits maturities to a maximum period of three years, with a weighted average maturity of all investments not to exceed 12 months, as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* The Town has no formal policy regarding credit risk.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,251,898	\$ -	\$ -	\$ 2,251,898
Construction in progress	29,893	698,859	679,619	49,133
	<u>2,281,791</u>	<u>698,859</u>	<u>679,619</u>	<u>2,301,031</u>
Capital assets being depreciated:				
Building	12,737,106	355,726		13,092,832
Other improvements	2,890,762	349,119		3,239,881
Roads and infrastructure	4,617,160			4,617,160
Equipment	1,535,459	168,859	85,724	1,618,594
Intangibles	36,000			36,000
Vehicles and motorized equipment	3,617,272	64,418	74,882	3,606,808
	<u>25,433,759</u>	<u>938,122</u>	<u>160,606</u>	<u>26,211,275</u>
Less accumulated depreciation for:				
Buildings	2,795,334	324,285		3,119,619
Other Improvements	1,705,995	113,079		1,819,074
Roads and infrastructure	1,618,888	329,797		1,948,685
Equipment	859,004	138,856	85,724	912,136
Intangibles	3,900	3,600		7,500
Vehicles and motorized equipment	2,344,805	257,210	61,679	2,540,336
	<u>9,327,926</u>	<u>1,166,827</u>	<u>147,403</u>	<u>10,347,350</u>
Total capital assets being depreciated, net	<u>16,105,833</u>	<u>(228,705)</u>	<u>13,203</u>	<u>15,863,925</u>
Capital assets, net	<u>\$ 18,387,624</u>	<u>\$ 470,154</u>	<u>\$ 692,822</u>	<u>\$ 18,164,956</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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Depreciation expense was charged to functions/programs as follows:

General government	\$	184,102
Public safety		233,082
Transportation		383,011
Stormwater		64,801
Environmental protection		63,077
Cultural and recreational		238,755
Total		
	\$	<u>1,166,827</u>

B. LIABILITIES

1. PENSION PLAN OBLIGATIONS

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Zebulon contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of North Carolina G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.02 percent and 7.05 percent, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Zebulon are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$209,229, \$218,868, and \$184,666 respectively. The contributions made by the Town equaled the required contributions for each year.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

b. Law Enforcement Officers Special Separation Allowance

*Plan Description.* The Town of Zebulon 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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2012 the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>21</u>
Total	<u>23</u>

A separate report was not issued for the plan.

***Summary of Significant Accounting Policies.***

*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.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Amortization Method.* Amounts are being amortized using the level percent of pay closed method over a remaining period of 18 years.

***Contributions.***

The Town is required by Article 12D of North Carolina 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. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0 percent investment rate

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85 percent per year. Both (a) and (b) included an inflation component of 3.0 percent. The assumptions did not include postretirement benefit increases.

***Annual Pension Cost and Net Pension Obligation.***

The Town’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$34,259
Interest on net pension obligation	4,839
Adjustment to annual required contribution	(6,023)
Annual pension cost	<u>33,075</u>
Contributions made	<u>22,293</u>
Increase in net pension obligation	10,782
Net pension obligation beginning of year	<u>96,785</u>
Net pension obligation end of year	<u>\$107,567</u>

***Three Year Trend Information.***

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 34,073	64.72%	\$ 87,711
June 30, 2012	31,367	71.07	96,785
June 30, 2013	33,075	67.40	107,567

***Funded Status and Funding Progress.***

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$260,964. The covered payroll (annual payroll of active employees covered by the plan) was \$1,050,801, and the ratio of the UAAL to the covered payroll was 24.83 percent.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of North Carolina G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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financial statements for the Internal Revenue Code 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$63,019, which consisted of \$51,372 from the Town and \$11,647 from law enforcement officers.

d. Supplemental Retirement Income Plan For Employees Other Than Law Enforcement Officers

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

*Funding Policy.* The Town contributes each month an amount equal to five percent of each employee's (excluding law enforcement officers) salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Total contributions for the year ended June 30, 2013 were \$159,757, which consisted of \$96,929 from the Town and \$62,828 from employees.

e. Firemen's and Rescue Squad Worker's Pension Fund

*Plan Description.* The State of North Carolina contributes, on behalf of the Town, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund.

Article 86 of North Carolina G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Worker's Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town contributes the monthly amount of \$10 on behalf of the employees. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

f. Other Postemployment Benefit (OPEB) – Healthcare Benefits

*Plan Description.* Under a Town resolution July 1, 2009, the Town provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to cover retirees of the Town who participate in the North Carolina Local Government Employees’ Retirement System (System) and have met certain service requirements with the Town. Employees who have 20 or more years of continuous creditable service under the Local Government Retirement System 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 plan.

Membership of the HCB Plan consisted of the following at December 31, 2012:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	5	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	38	21
Total	<u>43</u>	<u>23</u>

*Funding Policy.* The Board of Commissioners established the contribution requirements of plan members and this may be amended by the Board. The Town’s members pay the following rates for medical coverage for dependents: \$321.41 for child(ren) coverage, \$428.56 for spouse coverage, and \$750.00 for family coverage. The Town’s members pay the following rates for

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

dental coverage for dependents: \$35.30 for child(ren) coverage, \$23.29 for spouse coverage, and \$66.52 for family coverage. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.71% of annual covered payroll. For the current year, the Town contributed \$32,257 or 1.07% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .70% and .37% of covered payroll, respectively. There were no contributions made by retirees. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 202,328
Interest on OPEB obligation	20,043
Adjustment to annual required contribution	(17,292)
Annual OPEB cost	<u>205,079</u>
Contributions made	<u>(32,257)</u>
Increase in net OPEB obligation	172,822
Net OPEB obligation beginning of year	501,065
Net OPEB obligation end of year	<u><u>\$ 673,887</u></u>



TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation as of June 30, 2013 were as follows:

For Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$187,966	16.6%	\$329,927
June 30, 2012	187,966	15.6	501,065
June 30, 2013	205,079	15.7	673,887

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$2,540,394. The covered payroll (annual payroll of active employees covered by the plan) was \$3,015,782 and the ratio of the UAAL to the covered payroll was 84.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.5 to 5.0 percent annually. The investment rate included a 3.00% inflation assumption. The actuarial value, if any, was determined using techniques that spread the

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period of December 31, 2012 was 30 years.

f. Other Employment Benefits

The Town also has elected to provide death benefits to employees through the Death Trust Plan for members of the Local Governmental Employees' Retirement System (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.

2. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows of resources at June 30, 2013 are comprised of the following:

General Fund:	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned	\$ -	\$ 3,453
Other unearned revenue	-	33,370
Taxes receivable	145,475	-
Decal receivable	18,699	-
Sanitation receivables	9,525	-
Total deferred revenues	<u>\$ 173,699</u>	<u>\$ 36,823</u>

3. 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 on the town manager, finance director and tax collector.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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The Town purchases insurance to provide the following types of major coverage: general liability (\$3,000,000), property (\$12,581,738), inland marine (\$480,482) auto liability (\$1,000,000), public officials liability (\$3,000,000), law enforcement liability (\$3,000,000) and an umbrella policy (\$3,000,000). The coverage has deductibles up to \$5,000. 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.

4. CLAIMS, JUDGEMENTS AND CONTINGENT LIABILITIES

At June 30, 2013, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the legal counsel, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

5. LONG-TERM OBLIGATIONS

a. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the construction of a new town government campus. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Utility Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2013 are composed of the following individual issues:

Serviced by the General Fund:

\$4,600,000 public improvement bonds issued April 15, 2008; due in annual installments of \$225,000 plus interest at 3.5% to 4.0% through 2029.	\$3,475,000
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At June 30, 2013, The Town had a legal debt margin of \$56,682,797.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Year ending June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2014	225,000	126,175	-	-
2015	225,000	118,300	-	-
2016	225,000	110,425	-	-
2017	225,000	102,550	-	-
2018	225,000	94,675	-	-
2019-2023	1,125,000	354,800	-	-
2024-2028	1,125,000	149,375	-	-
2029-2033	100,000	4,000	-	-
Total	\$ 3,475,000	\$ 1,060,300	\$ -	\$ -

b. Installment Note Indebtedness

The Town also has installment notes for capital projects, equipment and vehicles. The installment notes payable at June 30, 2013 are composed of the following:

Serviced by the General Fund	Serviced by the Water and Sewer Fund
_____	_____
_____	_____

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

	\$ -
\$1,275,000 installment obligation to BB&T issued October 16, 2008, secured by recreational facilities, payable in annual principal installments of \$127,500, plus interest at 3.64%, through 2018.	\$765,000
\$297,300 installment obligation to BB&T issued July 19, 2011, secured by vehicles and equipment, payable in annual installments of \$76,403, which includes interest at 1.87%, through 2014.	148,624
\$690,000 installment obligation to BB&T issued November 21, 2012; secured by real estate, payable in annual principal installments of \$115,000, plus interest at 1.61%, through 2019.	690,000
Serviced by the Water and Sewer Fund:	
\$1,040,000 installment note to Carter Bank and Trust to refund existing water and sewer bonds, issued September 1, 2011; due in annual installments of \$150,000 to \$167,000 plus interest at 2.00% through 2018.	710,000
<b>Total</b>	<b><u>\$1,603,624</u></b>

The future minimum payments of the installment notes as of June 30, 2013 including interest, are as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 316,124	\$ 41,734	\$ 163,000	\$ 14,200
2015	317,500	33,865	158,000	10,940
2016	242,500	25,970	154,000	7,780
2017	242,500	19,478	150,000	4,700
2018	242,500	12,985	85,000	1,700
2019-2021	242,500	6,492	-	-
<b>Total</b>	<b>\$ 1,603,624</b>	<b>\$ 140,524</b>	<b>\$ 710,000</b>	<b>\$ 39,320</b>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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c. Revenue Note

The Town's revenue note was issued in 1981 to finance the construction of a wastewater treatment facility and is collateralized by future revenues of the water and sewer fund. This debt is recorded as long-term debt in the Proprietary Fund with principal and interest requirements appropriated when due. The revenue note outstanding at June 30, 2013 totals \$290,424 with interest at 3.7% through May 1, 2014.

The future payments of the revenue note for the years ending June 30, 2013 are as follows:

Year Ending June 30:	Business-Type Activities	
	Principal	Interest
2014	\$ 290,424	\$ 10,746

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

d. Changes in Long-Term Debt

	Balance July 1, 2012	Increases	Decreases	Balance July 1, 2013	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,700,000	\$ -	\$ 225,000	\$ 3,475,000	\$ 225,000
Premiums on bond issuance	14,820	-	878	13,942	878
Total bonds payable	3,714,820	-	225,878	3,488,942	225,878
Installment notes	1,195,734	690,000	282,109	1,603,625	316,124
Compensated absences	268,550	141,267	163,410	246,407	105,485
Other post employment benefits	501,065	205,079	32,257	673,887	-
Net pension obligation	96,785	33,075	22,293	107,567	-
Governmental activity long- term liabilities	<u>\$ 5,776,954</u>	<u>\$ 1,069,421</u>	<u>\$ 725,947</u>	<u>\$ 6,120,428</u>	<u>\$ 647,487</u>
Business-type activities:					
Installment and revenue notes	<u>\$ 1,500,238</u>	<u>\$ -</u>	<u>\$ 499,814</u>	<u>\$ 1,000,424</u>	<u>\$ 453,424</u>

Compensated absences, net pension obligations and net other postemployment benefits for governmental activities typically have been liquidated in the General Fund.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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NOTE 4 – FUND BALANCE

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

Total fund balance-General Fund	\$	6,808,582
Less:		
Stabilization by State Statute		(556,569)
Restricted for streets		(113,416)
Restricted for law enforcement		(35,527)
Committed for stadium improvements		(153,500)
Committed for capital improvements		(210,000)
Appropriated fund balance in 2013 budget		(590,070)
Remaining fund balance	\$	<u>5,149,500</u>

The Town has adopted a policy whereby unrestricted fund balance shall be no lower than 50 percent of the total expected expenditures. Unrestricted fund balance greater than 50 percent is available for appropriation during the year as approved by the Governing Board. After completion of the annual audit, the governing Board may, at its discretion commit any fund balance greater than 75 percent of the subsequent year's budgeted expenditures toward future capital improvements. Fund balance as a percentage of expenditures can only drop below 50 percent in the event that total budgeted expenditures or revenues deviate by 25 percent or greater; in such an event, the governing board must adopt a plan to restore fund balance to the minimum percentage within 36 months following the fiscal year end.

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

At June 30, 2013 the Town's General Fund has a balance of \$28,620 due from the Water and Sewer Fund to cover outstanding receivables. This amount will be transferred or repaid in future years.

NOTE 7 – ECONOMIC DEPENDENCY

The Town is economically dependent upon one taxpaying entity, which provides 29% 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, 2013 of \$242,736,180, and property taxes assessed totaling \$1,243,874.



TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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NOTE 8 – MERGER OF WATER AND SEWER UTILITY SYSTEM WITH THE CITY OF RALEIGH

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

The accompanying statement of net position also shows total notes receivable of \$1,000,424 in the business type activity which is due from the City of Raleigh related to this merger. The amount due from the City of Raleigh is shown as \$495,810 due within one year and \$504,614 due in more than one year. The City of Raleigh will also pay interest on this balance based on the Town of Zebulon’s interest rates on the associated long term debt.

NOTE 9-CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and State 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. This restatement loan costs outstanding resulted in a decrease beginning net position of \$74,293.

In addition, during the year ended June 30, 2013 the Town received \$116,688 of federal forfeiture funds to reimburse for salaries and benefits expended in prior years. This resulted in an increase to beginning fund balance by this amount.

The result of these items on these accompanying financial statements is as follows:

Adjustment to beginning fund balance		
-Salary reimbursements received	\$116,688	Exhibit 4
Adjustment to beginning net position		
-Write off of previously deferred loan costs	<u>(74,293)</u>	
Total net position adjustment	<u>\$ 42,395</u>	Exhibit 2

TOWN OF ZEBULON, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Ten years ended December 31, 2012

Exhibit A-1

Actuarial Valuation Date	Net Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2003	-	236,839	236,839	0%	745,691	31.76%
12/31/2004	-	212,180	212,180	0%	749,185	28.32%
12/31/2005	-	175,901	175,901	0%	750,540	23.44%
12/31/2006	-	168,993	168,993	0%	778,730	21.70%
12/31/2007	-	175,019	175,019	0%	816,007	21.45%
12/31/2008	-	174,427	174,427	0%	803,922	21.70%
12/31/2009	-	243,773	243,773	0%	986,654	24.71%
12/31/2010	-	233,793	233,793	0%	1,013,325	23.07%
12/31/2011	-	241,290	241,290	0%	1,028,881	23.45%

TOWN OF ZEBULON, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

Ten years ended June 30, 2013

Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	22,281	46.12%
2005	27,500	38.98%
2006	25,492	42.05%
2007	20,678	97.10%
2008	19,503	106.05%
2009	20,864	105.16%
2010	21,381	103.13%
2011	34,341	64.21%
2012	32,213	69.20%
2013	34,259	65.07%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

TOWN OF ZEBULON, NORTH CAROLINA

RETIREMENT HEALTH CARE PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Three years ending December 31, 2012

Exhibit A-3

Actuarial Valuation Date	Net Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 1,814,992	\$ 1,814,992	0%	\$ 2,638,538	68.8%
12/31/2012	\$ -	\$ 2,540,394	\$ 2,540,394	0%	\$ 3,015,782	84.2%

Note that fiscal year ending June 30, 2010 was the first year that the Town recognized this liability under GASB 45. Also note that actuarial valuation are being performed every three years with the last actuarial valuation performed for the year ended June 30, 2013.

TOWN OF ZEBULON, NORTH CAROLINA  
 RETIREMENT HEALTH CARE PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

Three years ending June 30, 2013

Exhibit A-4

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 187,966	16.59%
2012	187,966	15.53%
2013	202,328	15.94%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	8.5 - 5.0%
Post-Medicare trend rate	6.25 - 5.0%
Year of Ultimate trend rate	2018
Includes inflation at	3.00%

**INDIVIDUAL FUND STATEMENTS & SCHEDULES**

## GENERAL FUND

The General Fund is the Town's main operating account. 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 BALANCE  
BUDGET AND ACTUAL

For the year ended June 30, 2013  
With comparative actual amounts for year ended June 30, 2012

Schedule 1  
Page 1 of 5

	Budget	Actual	Variance Positive (Negative)	Prior Year
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,778,000	\$ 3,948,694	\$ 170,694	\$ 3,925,333
Penalties and interest	20,000	12,895	(7,105)	14,189
Total	<u>3,798,000</u>	<u>3,961,589</u>	<u>163,589</u>	<u>3,939,522</u>
Other taxes and licenses				
Motor vehicle decals	15,400	15,623	223	16,469
Privilege licenses	17,000	20,893	3,893	20,285
Local housing in lieu of tax	5,000	-	(5,000)	3,286
Total	<u>37,400</u>	<u>36,516</u>	<u>(884)</u>	<u>40,040</u>
Unrestricted intergovernmental				
Local option sales tax	780,000	766,630	(13,370)	780,129
Franchise tax	428,000	416,250	(11,750)	407,405
Hold harmless funds	425,000	413,957	(11,043)	428,481
Video programming	32,000	30,530	(1,470)	30,412
Beer and wine	21,000	18,140	(2,860)	19,341
Total	<u>1,686,000</u>	<u>1,645,507</u>	<u>(40,493)</u>	<u>1,665,768</u>
Restricted intergovernmental				
Powell Bill	120,000	122,531	2,531	119,332
Federal grants	249,400	157,591	(91,809)	331,472
State grants	-	-	-	150,000
PEG Supplement	63,200	63,046	(154)	69,524
Solid waste disposal tax	3,300	2,821	(479)	3,227
Wake County Fire District	471,805	464,410	(7,395)	446,687
Other grants	128,618	22,750	(105,868)	215,096
Total	<u>1,036,323</u>	<u>833,149</u>	<u>(203,174)</u>	<u>1,335,338</u>
Permits and fees				
Zoning permits and fees	29,500	56,378	26,878	16,258
Inspection fees	4,760	5,810	1,050	6,175
Officer fees	6,100	3,462	(2,638)	4,194
Total	<u>40,360</u>	<u>65,650</u>	<u>25,290</u>	<u>26,627</u>
Investment earnings	<u>25,500</u>	<u>7,075</u>	<u>(18,425)</u>	<u>7,087</u>

(continued)



TOWN OF ZEBULON, NORTH CAROLINA

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

For the year ended June 30, 2013  
 With comparative actual amounts for year ended June 30, 2012

Schedule 1  
 Page 2 of 5

	Budget	Actual	Variance Positive Negative	Prior Year
<b>REVENUES (continued)</b>				
Sales and services				
Charges for services	\$ 353,700	\$ 359,072	\$ 5,372	\$ 327,422
Rent	51,500	52,281	781	51,880
Recreation	79,500	88,342	8,842	102,045
Total	<u>484,700</u>	<u>499,695</u>	<u>14,995</u>	<u>481,347</u>
Miscellaneous				
ABC revenue	20,000	25,386	5,386	21,561
Stormwater fees	82,700	97,489	14,789	38,616
Surplus property	-	30,409	30,409	59,716
Fines and forfeitures	-	12,524	12,524	17,202
Miscellaneous	72,887	72,516	(371)	48,433
Total	<u>175,587</u>	<u>238,324</u>	<u>62,737</u>	<u>185,528</u>
Total revenues	<u>7,283,870</u>	<u>7,287,505</u>	<u>3,635</u>	<u>7,681,257</u>
<b>EXPENDITURES</b>				
General government				
Governing body				
Personnel costs	63,500	58,809	4,691	59,572
Contract services	126,300	100,954	25,346	113,548
Other operating	210,355	136,590	73,765	162,200
Subtotal	<u>400,155</u>	<u>296,353</u>	<u>103,802</u>	<u>335,320</u>
Administration				
Personnel costs	464,800	411,252	53,548	461,932
Contract services	33,600	28,325	5,275	28,896
Other operating	29,675	23,903	5,772	29,554
Capital outlay	-	-	-	11,179
Subtotal	<u>528,075</u>	<u>463,480</u>	<u>64,595</u>	<u>531,561</u>
Public buildings				
Personnel costs	91,400	64,860	26,540	95,595
Contract services	51,800	42,807	8,993	64,507
Utilities	163,250	138,193	25,057	130,688
Other operating	212,010	183,979	28,031	196,299
Capital outlay	5,925	5,506	419	94,824
Subtotal	<u>524,385</u>	<u>435,345</u>	<u>89,040</u>	<u>581,913</u>

TOWN OF ZEBULON, NORTH CAROLINA

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

For the year ended June 30, 2013  
 With comparative actual amounts for year ended June 30, 2012

Schedule 1  
 Page 3 of 5

	Budget	Actual	Variance Positive (Negative)	Prior Year
<b>EXPENDITURES (continued)</b>				
Planning				
Personnel costs	\$ 217,550	\$ 209,551	\$ 7,999	\$ 218,723
Contract services	37,300	5,377	31,923	107,498
Other operating	21,800	15,972	5,828	20,789
Capital outlay	-	-	-	8,000
Subtotal	<u>276,650</u>	<u>230,900</u>	<u>45,750</u>	<u>355,010</u>
Total general government	<u>1,729,265</u>	<u>1,426,078</u>	<u>303,187</u>	<u>1,803,804</u>
Public safety				
Police				
Personnel costs	1,503,750	1,423,731	80,019	1,499,642
Contract services	149,450	148,372	1,078	146,093
Other operating	247,892	214,015	33,877	202,953
Capital outlay	22,811	32,336	(9,525)	160,862
Subtotal	<u>1,923,903</u>	<u>1,818,454</u>	<u>105,449</u>	<u>2,009,550</u>
Fire				
Personnel costs	909,250	883,811	25,439	907,108
Contract services	5,700	5,654	46	4,962
Other operating	184,091	168,904	15,187	146,037
Capital outlay	33,600	32,083	1,517	17,751
Subtotal	<u>1,132,641</u>	<u>1,090,452</u>	<u>42,189</u>	<u>1,075,858</u>
Total public safety	<u>3,056,544</u>	<u>2,908,906</u>	<u>147,638</u>	<u>3,085,408</u>
Streets				
Non-Powell Bill				
Personnel costs	117,150	109,033	8,117	115,407
Contract services	12,000	7,467	4,533	8,378
Utilities	156,200	140,111	16,089	138,639
Other operating	61,673	57,994	3,679	531,359
Capital outlay	226,781	-	226,781	227,268
Subtotal	<u>573,804</u>	<u>314,605</u>	<u>259,199</u>	<u>1,021,051</u>

(continued)

TOWN OF ZEBULON, NORTH CAROLINA

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

For the year ended June 30, 2013  
 With comparative actual amounts for year ended June 30, 2012

Schedule 1  
 Page 4 of 5

	Budget	Actual	Variance Positive (Negative)	Prior Year
<b>EXPENDITURES (continued)</b>				
Powell Bill				
Personnel costs	\$ 71,400	\$ 65,758	\$ 5,642	\$ 69,836
Contract services	7,000	1,648	5,352	4,446
Other operating	33,300	27,297	6,003	19,908
Capital outlay	42,000	39,620	2,380	46,170
Subtotal	<u>153,700</u>	<u>134,323</u>	<u>19,377</u>	<u>140,360</u>
Total streets	<u>727,504</u>	<u>448,928</u>	<u>278,576</u>	<u>1,161,411</u>
Sanitation				
Personnel costs	324,500	307,385	17,115	311,104
Contract services	364,000	338,003	25,997	349,698
Other operating	114,685	108,779	5,906	111,851
Capital outlay	85,000	84,429	571	75,798
Total sanitation	<u>888,185</u>	<u>838,596</u>	<u>49,589</u>	<u>848,451</u>
Storm Water				
Personnel costs	103,600	98,525	5,075	90,243
Contract services	9,300	8,510	790	4,612
Other operating	38,400	32,083	6,317	33,333
Capital outlay	85,000	84,429	571	-
Total Storm Water	<u>236,300</u>	<u>223,547</u>	<u>12,753</u>	<u>128,188</u>
Cultural and recreation				
Recreation				
Personnel costs	409,500	395,420	14,080	414,955
Contract services	49,060	45,808	3,252	42,360
Other operating	156,587	138,859	17,728	149,783
Capital outlay	19,720	19,720	-	49,251
Subtotal	<u>634,867</u>	<u>599,807</u>	<u>35,060</u>	<u>656,349</u>
Stadium				
Utilities	45,700	38,068	7,632	41,177
Other operating	12,000	9,143	2,857	7,082
Subtotal	<u>57,700</u>	<u>47,211</u>	<u>10,489</u>	<u>48,259</u>
Total cultural and recreation	<u>692,567</u>	<u>647,018</u>	<u>45,549</u>	<u>704,608</u>

(continued)

TOWN OF ZEBULON, NORTH CAROLINA

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

For the year ended June 30, 2013  
 With comparative actual amounts for year ended June 30, 2012

Schedule 1  
 Page 5 of 5

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Prior Year</u>
<b>EXPENDITURES (continued)</b>				
Debt service				
Principal	\$ 491,469	\$ 507,109	\$ (15,640)	\$ 509,005
Interest	<u>167,631</u>	<u>172,965</u>	<u>(5,334)</u>	<u>183,585</u>
Total debt service	<u>659,100</u>	<u>680,074</u>	<u>(20,974)</u>	<u>692,590</u>
Total expenditures	<u>7,989,465</u>	<u>7,173,147</u>	<u>816,318</u>	<u>8,424,460</u>
Revenues over (under) expenditures	<u>(705,595)</u>	<u>114,358</u>	<u>819,953</u>	<u>(743,203)</u>
<b>OTHER FINANCING SOURCES</b>				
Lease Purchase Proceeds	-	-	-	297,300
Appropriated fund balance	<u>705,595</u>	<u>-</u>	<u>(705,595)</u>	<u>-</u>
Total other financing sources	<u>705,595</u>	<u>-</u>	<u>(705,595)</u>	<u>297,300</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>114,358</u>	<u>\$ 114,358</u>	<u>(445,903)</u>
Fund balance - beginning of year (as previously stated)		6,577,536		7,023,439
Adjustment to beginning fund balance		<u>116,688</u>		<u>-</u>
Fund balance - beginning of year (as restated)		<u>6,694,224</u>		<u>7,023,439</u>
Fund balance- end of year		<u>\$ 6,808,582</u>		<u>\$ 6,577,536</u>

## FISCAL YEAR 2013 CAPITAL PROJECT FUND

The Fiscal Year 2013 Capital Project Fund is used to account for financial resources to be used for renovations to existing public works and parks and recreation facilities.

TOWN OF ZEBULON, NORTH CAROLINA  
 FISCAL YEAR 2013 CAPITAL PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

From inception to June 30, 2013

Schedule 2

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 149	\$ 149
<b>EXPENDITURES</b>				
Community Center roof and wall	318,600	-	289,030	289,030
Public Works Fuel System	33,200	-	32,484	
Community Center ballfield lighting	308,600	-	321,073	321,073
Legal Services	12,600	-	16,653	16,653
Contingency	77,000	-	-	-
Sub-total expenditures	750,000	-	659,240	659,240
Less closed projects	673,000	-	659,240	659,240
Total Expenditures	77,000	-	-	-
Revenues under expenditures	(77,000)	-	149	149
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
General Fund	60,000	-	-	-
Issuance of debt	690,000	-	690,000	690,000
Sub-total other financing sources	750,000	-	690,000	690,000
Less closed projects	673,000	-	659,240	659,240
Total other financing sources	77,000	-	30,760	30,760
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ 30,909	\$ 30,909

## PROPRIETARY FUNDS

Proprietary funds are financed and operated in a manner similar to private business enterprises. The Water and Sewer Fund is the Town's only proprietary fund.

TOWN OF ZEBULON, NORTH CAROLINA

WATER AND SEWER FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2013  
 With comparative actual amounts for year ended June 30, 2012

Schedule 3

	Budget	Actual	Variance Positive (Negative)	Prior Year
<b>OPERATING REVENUES</b>				
Miscellaneous revenues	\$ -	\$ 401	\$ 401	\$ 408
<b>NON-OPERATING REVENUES</b>				
Debt reimbursements from Raleigh	540,504	542,140	1,636	562,750
Investment earnings	-	120	120	154
Total non-operating revenues	540,504	542,260	1,756	562,904
Total revenues	540,504	542,661	2,157	563,312
<b>OPERATING EXPENDITURES</b>				
Debt service				
Principal	498,306	499,814	(1,508)	1,484,219
Interest	42,198	42,326	(128)	72,729
Total debt service	540,504	542,140	(1,636)	1,556,948
Total operating expenditures	540,504	542,140	(1,636)	1,556,948
Revenues over (under) expenditures	-	521	521	(993,636)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	-	1,040,000
Bond issuance costs	-	-	-	(44,947)
Other financing sources (uses)	-	-	-	995,053
Revenues and other financing sources over expenditures	\$ -	521	\$ 521	1,417
<b>ADJUSTMENTS TO ACCRUAL</b>				
Add (deduct)				
Debt principal		499,814		1,484,219
Bonds issued		-		(1,040,000)
Bond issuance costs reimbursed by City of Raleigh		-		44,947
Decrease in accrued interest payable		13,197		4,923
Capital outlay		-		-
Amortization		-		(2,840)
Loss on transfer of capital assets to Raleigh		-		-
Reimbursement for debt payments from City of Raleigh		(499,814)		(489,166)
Change in net position		\$ 13,718		\$ 3,500



# OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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

June 30, 2013

Schedule 4

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 3,962,815	\$ 3,910,527	\$ 52,288
2011-2012	43,941	-	31,225	12,716
2010-2011	14,526	-	4,439	10,087
2009-2010	27,520	-	1,341	26,179
2008-2009	11,530	-	1,088	10,442
2007-2008	10,366	-	856	9,510
2006-2007	6,979	-	598	6,381
2005-2006	8,203	-	255	7,948
2004-2005	5,377	-	201	5,176
2003-2004	4,689	-	(59)	4,748
2002-2003	4,456	-	4,456	-
	<u>\$ 137,587</u>	<u>\$ 3,962,815</u>	<u>\$ 3,954,927</u>	<u>\$ 145,475</u>

Revenue Reconciliation:

Ad valorem taxes - General Fund	\$ 3,961,589
Add (deduct):	
Releases allowed	1,777
Taxes written off	4,456
Penalties and interest	<u>(12,895)</u>
Total collections and credits	<u>\$ 3,954,927</u>

TOWN OF ZEBULON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

June 30, 2013

Schedule 5

	Town-Wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rates	\$ 760,474,146	0.5125	\$ 3,897,430	\$ 3,805,314	\$ 92,116
Penalties	-		6,268	6,268	-
Total	760,474,146		3,903,698	3,811,582	92,116
Discoveries:					
Prior year taxes	-		67,011	16,284	50,727
Abatements	<u>(1,540,293)</u>	0.5125	<u>(7,894)</u>	<u>(5,280)</u>	<u>(2,614)</u>
Total property valuation	<u>\$ 758,933,854</u>				
Net levy			3,962,815	3,822,586	140,229
Uncollected taxes at June 30, 2013			<u>52,288</u>	<u>20,371</u>	<u>31,917</u>
Current year's taxes collected			<u>\$ 3,910,527</u>	<u>\$ 3,802,215</u>	<u>\$ 108,312</u>
Current levy collection percentage			<u>98.7%</u>	<u>99.5%</u>	<u>77.2%</u>



## STATISTICAL SECTION

# STATISTICAL TABLES

This section of the report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial position.

Financial trends tables contain information to help readers understand how financial performance has changed over time.

Revenue capacity tables contain information to help readers assess the most significant local revenue source, the property tax.

Debt capacity tables contain information to help readers assess the affordability of the current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and economic information tables contain information to help readers understand the environment within which the financial activities take place.

Operating information tables contain data to help the readers understand how the information in the financial report relates to the services and activities of the government.

Town of Zebulon, North Carolina

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 1

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,348,775	\$ 5,714,868	\$ 7,335,961	\$ 9,498,806	\$ 8,371,669	\$ 12,446,754	\$ 13,606,167	\$ 13,449,478	\$ 13,551,363	\$ 13,072,389
Restricted	-	241,582	-	-	185,640	247,739	159,123	635,366	867,586	705,512
Unrestricted	3,682,304	4,116,868	4,097,336	4,694,031	7,192,556	6,259,317	6,055,670	5,823,110	4,957,181	5,219,306
Total governmental activities net position	<u>\$ 9,031,079</u>	<u>\$ 10,073,318</u>	<u>\$ 11,433,297</u>	<u>\$ 14,192,837</u>	<u>\$ 15,749,865</u>	<u>\$ 18,953,810</u>	<u>\$ 19,820,960</u>	<u>\$ 19,907,954</u>	<u>\$ 19,376,130</u>	<u>\$ 18,997,207</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 11,811,236	12,305,275	\$ 12,578,683	\$ -	\$ 156,494	\$ 1,495,579	\$ -	\$ -	\$ -	\$ -
Unrestricted	254,653	407,016	1,019,658	331,251	(45,352)	(45,404)	(37,427)	(59,926)	(56,426)	(42,708)
Total business-type activities net position	<u>\$ 12,065,889</u>	<u>\$ 12,712,291</u>	<u>\$ 13,598,341</u>	<u>\$ 331,251</u>	<u>\$ 111,142</u>	<u>\$ 1,450,175</u>	<u>\$ (37,427)</u>	<u>\$ (59,926)</u>	<u>\$ (56,426)</u>	<u>\$ (42,708)</u>
Primary government										
Invested in capital assets, net of related debt	\$ 17,160,011	\$ 18,020,143	\$ 19,914,644	\$ 9,498,806	\$ 8,528,163	\$ 13,942,333	\$ 13,606,167	\$ 13,449,478	\$ 13,551,363	\$ 13,072,389
Restricted	-	241,582	-	-	185,640	247,739	159,123	635,366	867,586	705,512
Unrestricted	3,936,957	4,523,884	5,116,994	5,025,282	7,147,204	6,213,913	6,018,243	5,763,184	4,900,755	5,176,598
Total primary government net position	<u>\$ 21,096,968</u>	<u>\$ 22,785,609</u>	<u>\$ 25,031,638</u>	<u>\$ 14,524,088</u>	<u>\$ 15,861,007</u>	<u>\$ 20,403,985</u>	<u>\$ 19,783,533</u>	<u>\$ 19,848,028</u>	<u>\$ 19,319,704</u>	<u>\$ 18,954,499</u>

Town of Zebulon, North Carolina

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2  
Page 1 of 2

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 776,091	\$ 841,561	\$ 1,057,300	\$ 1,066,702	\$ 1,189,509	\$ 1,335,282	\$ 1,630,391	\$ 1,695,678	\$ 1,910,778	\$ 1,632,520
Public safety	2,258,828	2,076,999	2,201,314	2,295,867	2,466,260	2,583,566	2,787,740	2,928,037	3,242,348	3,174,675
Streets	369,450	420,061	553,831	571,469	704,267	759,235	804,201	766,885	1,264,030	798,858
Sanitation	489,937	524,590	515,589	558,012	661,410	717,081	748,643	797,076	837,952	828,740
Storm water	-	-	-	-	-	-	-	101,888	191,214	207,596
Cultural and recreational	959,149	543,220	568,273	694,708	662,694	654,523	843,239	885,495	913,921	880,850
Interest on long-term debt	313,734	333	3,074	6,493	77,303	211,803	211,298	194,085	185,118	170,577
Total governmental activities expenses	<u>5,167,189</u>	<u>4,406,764</u>	<u>4,899,381</u>	<u>5,193,251</u>	<u>5,761,443</u>	<u>6,261,490</u>	<u>7,025,512</u>	<u>7,369,144</u>	<u>8,545,361</u>	<u>7,693,816</u>
Business-type activities:										
Water and sewer	2,252,701	2,285,658	2,190,264	842,548	-	-	-	-	-	-
Interest on long-term debt	226,633	203,260	185,632	180,974	162,030	143,740	124,220	104,644	70,646	29,129
Total business-type activities	<u>2,479,334</u>	<u>2,488,918</u>	<u>2,375,896</u>	<u>1,023,522</u>	<u>162,030</u>	<u>143,740</u>	<u>124,220</u>	<u>104,644</u>	<u>70,646</u>	<u>29,129</u>
Total primary government expenses	<u>\$ 7,646,523</u>	<u>\$ 6,895,682</u>	<u>\$ 7,275,277</u>	<u>\$ 6,216,773</u>	<u>\$ 5,923,473</u>	<u>\$ 6,405,230</u>	<u>\$ 7,149,732</u>	<u>\$ 7,473,788</u>	<u>\$ 8,616,007</u>	<u>\$ 7,722,945</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 69,953	\$ 71,899	\$ 79,513	\$ 124,391	\$ 121,381	\$ 92,517	\$ 87,522	\$ 83,574	\$ 74,313	\$ 114,469
Public safety	2,430	2,680	2,246	3,258	7,455	7,151	7,306	6,244	4,194	3,462
Sanitation	133,009	231,309	232,931	278,981	297,061	301,157	323,524	341,160	367,255	352,503
Cultural and recreational	42,428	48,996	47,950	47,058	53,905	48,211	76,148	85,970	102,045	88,342
Operating grants and contributions	644,152	521,722	557,412	558,410	584,145	698,721	629,278	629,693	793,192	793,825
Capital grants and contributions	1,019,197	588,267	1,031,415	1,858,246	641,043	1,563,108	504,339	10,825	914,062	36,503
Total governmental activities program revenues	<u>1,911,169</u>	<u>1,464,873</u>	<u>1,951,467</u>	<u>2,870,344</u>	<u>1,704,990</u>	<u>2,710,865</u>	<u>1,628,117</u>	<u>1,157,466</u>	<u>2,255,061</u>	<u>1,389,104</u>
Business-type activities:										
Charges for services:										
Water and sewer	2,076,448	2,429,450	2,479,762	728,865	-	-	-	-	-	-
Operating grants and contributions	1,673	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,355,730	563,033	754,401	-	43,200	1,009,000	-	-	-	-
Total business-type activities program revenues	<u>3,433,851</u>	<u>2,992,483</u>	<u>3,234,163</u>	<u>728,865</u>	<u>43,200</u>	<u>1,009,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 5,345,020</u>	<u>\$ 4,457,356</u>	<u>\$ 5,185,630</u>	<u>\$ 3,599,209</u>	<u>\$ 1,748,190</u>	<u>\$ 3,719,865</u>	<u>\$ 1,628,117</u>	<u>\$ 1,157,466</u>	<u>\$ 2,255,061</u>	<u>\$ 1,389,104</u>

Town of Zebulon, North Carolina

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2  
Page 2 of 2

Net Revenue (expense)										
Governmental activities	\$ (3,256,020)	\$ (2,941,891)	\$ (2,947,914)	\$ (2,322,907)	\$ (4,056,453)	\$ (3,550,625)	\$ (5,397,395)	\$ (6,211,678)	\$ (6,290,300)	\$ (6,304,712)
Business-type activities	954,517	503,565	858,267	(294,657)	(118,830)	865,260	(124,220)	(104,644)	(70,646)	(29,129)
Total primary government net revenue (expense)	<u>\$ (2,301,503)</u>	<u>\$ (2,438,326)</u>	<u>\$ (2,089,647)</u>	<u>\$ (2,617,564)</u>	<u>\$ (4,175,283)</u>	<u>\$ (2,685,365)</u>	<u>\$ (5,521,615)</u>	<u>\$ (6,316,322)</u>	<u>\$ (6,360,946)</u>	<u>\$ (6,333,841)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	1,994,285	2,285,910	2,404,198	2,730,404	3,497,033	4,643,724	4,254,209	4,173,228	3,926,622	3,969,478
Other taxes and licenses	40,601	45,492	47,094	51,317	35,345	43,648	45,709	44,111	39,063	36,064
Unrestricted intergovernmental revenues	1,502,243	1,535,747	1,657,754	1,713,013	1,763,225	1,909,107	1,778,698	1,822,245	1,665,768	1,645,507
Investment earnings	28,328	78,355	144,590	203,013	168,594	111,988	42,856	12,114	7,087	7,224
Miscellaneous	61,864	149,841	51,943	92,508	136,555	69,887	97,304	126,917	91,892	191,911
Transfers	-	(130,000)	-	15,338	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	(5,497)	2,315	(29,172)	12,729	30,889	45,769	123,057	25,044	33,210
Special item: gain (loss) on transfer of assets to Wake County	(4,483,927)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>(856,606)</u>	<u>3,959,848</u>	<u>4,307,894</u>	<u>4,776,421</u>	<u>5,613,481</u>	<u>6,809,243</u>	<u>6,264,545</u>	<u>6,301,672</u>	<u>5,755,476</u>	<u>5,883,394</u>
Business-type activities:										
Investment earnings	\$ 8,238	\$ 12,837	\$ 27,783	\$ 185,579	\$ 67,979	\$ 143,688	\$ 123,926	\$ 104,219	\$ 73,738	\$ 42,446
Miscellaneous	-	-	-	-	-	-	8,271	6,546	408	401
Transfers	-	130,000	-	(15,338)	-	-	-	-	-	-
Special Item: gain (loss) on transfer of assets to City of Raleigh	-	-	-	(13,142,674)	(169,258)	330,085	(1,495,579)	(28,620)	-	-
Total business-type activities	<u>8,238</u>	<u>142,837</u>	<u>27,783</u>	<u>(12,972,433)</u>	<u>(101,279)</u>	<u>473,773</u>	<u>(1,363,382)</u>	<u>82,145</u>	<u>74,146</u>	<u>42,847</u>
Total primary government general revenues and other changes in net position	<u>(848,368)</u>	<u>4,102,685</u>	<u>4,335,677</u>	<u>(8,196,012)</u>	<u>5,512,202</u>	<u>7,283,016</u>	<u>4,901,163</u>	<u>6,383,817</u>	<u>5,829,622</u>	<u>5,926,241</u>
<b>Change in net position</b>										
Governmental activities	\$ (4,112,626)	\$ 1,017,957	\$ 1,359,980	\$ 2,453,514	\$ 1,557,028	\$ 3,258,618	\$ 867,150	\$ 89,994	\$ (534,824)	\$ (421,318)
Business-type activities	962,755	646,402	886,050	(13,267,090)	(220,109)	1,339,033	(1,487,602)	(22,499)	3,500	13,718
Total primary government change in net position	<u>\$ (3,149,871)</u>	<u>\$ 1,664,359</u>	<u>\$ 2,246,030</u>	<u>\$ (10,813,576)</u>	<u>\$ 1,336,919</u>	<u>\$ 4,597,651</u>	<u>\$ (620,452)</u>	<u>\$ 67,495</u>	<u>\$ (531,324)</u>	<u>\$ (407,600)</u>



Town of Zebulon, North Carolina  
 Government-Wide Expenses by Function  
 Last Ten Fiscal Years

Table 3

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Sanitation</b>	<b>Storm Water</b>	<b>Cultural &amp; Recreational</b>	<b>Interest on Long-Term Debt</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
2004	\$ 776,091	\$ 2,258,828	\$ 369,450	\$ 489,937	\$ -	\$ 959,149	\$ 313,734	\$ 2,479,334	\$ 7,646,523
2005	841,564	2,076,999	420,061	524,590	-	543,220	333	2,488,918	6,895,685
2006	1,057,300	2,201,314	553,831	515,589	-	568,273	3,074	2,375,896	7,275,277
2007	1,066,702	2,295,867	571,469	558,012	-	694,708	6,493	842,548	6,035,799
2008	1,189,509	2,466,230	704,267	661,410	-	662,694	77,303	162,030	5,923,443
2009	1,335,282	2,583,566	759,235	717,081	-	654,523	211,803	143,740	6,405,230
2010	1,630,391	2,787,740	804,201	748,643	-	843,239	211,298	124,220	7,149,732
2011	1,695,678	2,928,037	766,885	797,076	101,888	885,495	194,085	104,644	7,473,788
2012	1,910,778	3,242,348	1,264,030	837,952	191,214	913,921	185,118	70,646	8,616,007
2013	1,632,520	3,174,675	798,858	828,740	207,596	880,850	170,577	29,129	7,722,945

Town of Zebulon, North Carolina  
 General Government Expenditures by Function  
 Last Ten Fiscal Years

Table 4

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Streets</b>	<b>Sanitation</b>	<b>Storm Water</b>	<b>Cultural &amp; Recreation</b>	<b>Debt Service</b>	<b>Total</b>	<b>Per Capita Expenditures</b>
2003	\$ 839,823	\$ 1,757,043	\$ 313,766	\$ 606,760	\$ -	\$ 1,253,264	\$ 1,123,801	\$ 5,894,457	\$ 1,444
2004	774,695	2,226,478	417,450	455,574	-	429,949	1,077,643	5,381,789	1,272
2005	952,458	1,913,600	347,033	435,834	-	564,176	47,885	4,260,986	999
2006	1,128,319	2,242,226	1,079,177	484,563	-	654,210	116,187	5,704,682	1,316
2007	1,200,102	2,547,880	598,859	548,703	-	553,407	235,428	5,684,379	1,234
2008	1,195,810	2,502,873	784,937	745,801	-	606,136	255,289	6,090,846	1,274
2009	1,368,877	2,651,532	394,838	665,235	-	680,424	639,401	6,400,307	1,292
2010	1,409,921	2,941,062	626,290	808,676	-	734,768	909,642	7,430,359	1,365
2011	1,514,737	2,692,046	661,779	737,070	82,015	710,839	659,786	7,058,272	1,297
2012	1,803,804	3,085,408	1,161,411	848,451	128,188	704,608	692,590	8,424,460	1,887
2013	1,426,078	2,908,906	448,928	838,596	223,547	647,018	680,074	7,173,147	1,585

Note: This table was prepared using the modified accrual basis of accounting. Capital outlay is budgeted within departments. This includes the General Fund only.

Town of Zebulon, North Carolina

Government-Wide Revenues by Source  
Last Ten Fiscal Years

Table 5

Fiscal Year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes	Unrestricted Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	
2004	\$ 2,324,268	\$ 645,825	\$ 2,374,927	\$ 2,034,886	\$ 1,502,243	\$ 36,566	\$ 61,864	\$ 8,980,579
2005	2,784,334	521,722	1,151,300	2,331,402	1,535,747	91,192	149,841	8,565,538
2006	2,842,402	557,412	1,785,816	2,451,292	1,657,754	172,373	54,258	9,521,307
2007	1,182,553	558,410	1,858,246	2,781,721	1,713,013	388,592	92,508	8,575,043
2008	479,802	584,145	684,243	3,532,378	1,763,225	236,573	149,284	7,429,650
2009	449,036	698,721	2,572,108	4,687,372	1,909,107	255,676	430,861	11,002,881
2010	494,500	629,278	504,339	4,299,918	1,778,698	166,782	151,344	8,024,859
2011	516,948	629,693	10,825	4,217,339	1,822,245	116,333	256,520	7,569,903
2012	547,807	793,192	914,062	3,965,685	1,665,768	80,825	117,344	8,084,683
2013	558,776	793,825	36,503	4,005,542	1,645,507	49,670	225,522	7,315,345

Town of Zebulon, North Carolina

General Government Revenues by Source  
Last Ten Fiscal Years

Table 6

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Intergovernmental Revenues</b>	<b>Licenses, Permits &amp; Fees</b>	<b>Investment Earnings</b>	<b>Sales &amp; Services</b>	<b>Miscellaneous</b>	<b>Total</b>	<b>Per Capita Revenues</b>
2003	\$ 1,958,879	\$ 2,617,181	\$ 56,590	\$ 39,961	\$ 419,509	\$ 41,009	\$ 5,133,129	\$ 1,258
2004	2,007,393	3,153,312	76,414	28,328	208,952	59,909	5,534,308	1,308
2005	2,284,512	2,057,469	78,749	78,355	304,247	148,101	4,951,433	1,160
2006	2,392,713	2,405,074	88,968	144,590	330,021	56,660	5,418,026	1,250
2007	2,731,035	2,431,033	139,273	203,013	358,081	137,508	5,999,943	1,303
2008	3,495,858	2,425,392	125,815	149,559	378,147	146,684	6,721,455	1,406
2009	4,680,899	2,758,378	48,719	94,558	425,135	110,781	8,118,470	1,638
2010	4,277,338	2,524,963	47,055	42,456	448,373	162,483	7,502,668	1,378
2011	4,223,024	2,455,645	38,654	12,114	465,286	275,239	7,469,962	1,372
2012	3,979,562	3,001,106	26,627	7,087	519,963	146,912	7,681,257	1,721
2013	3,998,105	2,478,656	65,650	7,075	499,695	238,324	7,287,505	1,610

Town of Zebulon, North Carolina  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Table 7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Rate</u>
2004	\$ 1,994,285	\$ 0.48
2005	2,285,910	0.48
2006	2,392,713	0.49
2007	2,731,035	0.50
2008	3,495,858	0.55
2009	4,638,563	0.51
2010	4,232,404	0.50
2011	4,179,121	0.50
2012	3,939,522	0.50
2013	3,961,589	0.5125

Town of Zebulon, North Carolina  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 8

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 817,470	\$ 965,461	\$ 861,586	\$ 751,946	\$ 743,252	\$ 1,198,197	\$ 786,871	\$ -	\$ -	\$ -
Unreserved	2,691,909	3,128,950	3,140,169	3,977,473	4,669,365	5,281,374	5,824,878	-	-	-
Restricted	-	-	-	-	-	-	-	635,361	867,586	705,512
Committed	-	-	-	-	-	-	-	150,000	361,800	363,500
Assigned	-	-	-	-	-	-	-	514,200	668,000	590,070
Unassigned	-	-	-	-	-	-	-	5,723,873	4,680,150	5,149,500
<b>Total General Fund</b>	<b><u>3,509,379</u></b>	<b><u>4,094,411</u></b>	<b><u>4,001,755</u></b>	<b><u>4,729,419</u></b>	<b><u>5,412,617</u></b>	<b><u>6,479,571</u></b>	<b><u>6,611,749</u></b>	<b><u>7,023,434</u></b>	<b><u>6,577,536</u></b>	<b><u>6,808,582</u></b>
All other governmental funds										
Unreserved, reported in:										
Capital projects funds	217,347	328,703	172,386	50,429	2,109,565	630,023	-	-	-	30,909
<b>Total all other governmental funds</b>	<b><u>\$ 217,347</u></b>	<b><u>\$ 328,703</u></b>	<b><u>\$ 172,386</u></b>	<b><u>\$ 50,429</u></b>	<b><u>\$ 2,109,565</u></b>	<b><u>\$ 630,023</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,909</u></b>

Note: Due to GASB 54 guidelines, reclassification of fund balance is in effect beginning with Fiscal Year 2011.

Town of Zebulon, North Carolina

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 9  
Page 1 of 2

	Fiscal Years				
	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Ad valorem taxes	\$ 2,007,393	\$ 2,284,512	\$ 2,392,713	\$ 2,731,035	\$ 3,495,858
Other taxes and licenses	40,601	44,472	46,129	47,545	32,900
Unrestricted intergovernmental	1,502,243	1,535,747	1,657,823	1,714,457	1,763,225
Restricted intergovernmental	1,651,069	695,769	1,067,267	718,020	709,938
Permits and fees	35,813	34,277	42,839	91,728	92,915
Sales and services	208,952	304,247	330,021	358,081	378,147
Investment earnings	28,328	78,355	144,590	203,013	186,926
Miscellaneous	63,112	148,101	56,660	137,508	149,284
<b>Total revenues</b>	<b>5,537,511</b>	<b>5,125,480</b>	<b>5,738,042</b>	<b>6,001,387</b>	<b>6,809,193</b>
<b>Expenditures:</b>					
General government	774,695	810,224	890,169	1,026,700	1,159,519
Public safety	2,226,478	1,913,600	2,031,176	2,148,573	2,296,946
Streets	417,450	326,231	261,237	351,108	373,323
Sanitation	455,574	435,834	476,063	512,103	620,648
Storm water	-	-	-	-	-
Cultural and recreational	429,949	426,575	282,210	487,433	502,384
Capital outlay	29,749	363,328	2,123,973	1,046,435	3,718,508
Debt service:					
Principal retirement	542,150	47,552	113,113	228,935	619,199
Interest and fees	535,493	333	3,074	6,493	23,877
<b>Total expenditures</b>	<b>5,411,538</b>	<b>4,323,677</b>	<b>6,181,015</b>	<b>5,807,780</b>	<b>9,314,404</b>
Excess of revenues over (under) expenditures	125,973	801,803	(442,973)	193,607	(2,505,211)
<b>Other financing sources (uses):</b>					
Installment note proceeds	254,603	-	194,000	412,100	740,000
Bond Proceeds	-	-	-	-	4,600,000
Bond Issuance Costs	-	-	-	-	(92,455)
Transfers in	78,965	-	-	-	701,782
Transfers (out)	(78,965)	(130,000)	-	-	(701,782)
<b>Total other financing sources (uses)</b>	<b>254,603</b>	<b>(130,000)</b>	<b>194,000</b>	<b>412,100</b>	<b>5,247,545</b>
<b>Net change in fund balances</b>	<b>\$ 380,576</b>	<b>\$ 671,803</b>	<b>\$ (248,973)</b>	<b>\$ 605,707</b>	<b>\$ 2,742,334</b>
Debt service as a percentage of noncapital expenditures	20.0%	1.2%	2.9%	4.9%	11.5%

Town of Zebulon, North Carolina

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 9  
Page 2 of 2

	Fiscal Years				
	2009	2010	2011	2012	2013
<b>Revenues:</b>					
Ad valorem taxes	\$ 4,638,563	\$ 4,232,404	\$ 4,179,121	\$ 3,939,522	\$ 3,961,589
Other taxes and licenses	42,336	44,934	43,903	40,040	36,516
Unrestricted intergovernmental	1,909,107	1,778,698	1,822,245	1,665,768	1,645,507
Restricted intergovernmental	1,826,500	746,265	633,400	1,335,338	833,149
Permits and fees	48,719	47,055	38,654	26,627	65,650
Sales and services	425,135	448,373	465,286	519,963	499,695
Investment earnings	111,988	42,856	12,114	7,087	7,224
Miscellaneous	126,517	162,483	275,239	146,912	238,324
<b>Total revenues</b>	<b>9,128,865</b>	<b>7,503,068</b>	<b>7,469,962</b>	<b>7,681,257</b>	<b>7,287,654</b>
<b>Expenditures:</b>					
General government	1,280,987	1,404,090	1,476,530	1,689,801	1,420,572
Public safety	2,383,688	2,485,817	2,604,805	2,906,795	2,844,487
Streets	399,985	404,808	421,031	887,973	409,308
Sanitation	665,235	677,837	728,086	772,653	754,167
Storm water	-	-	46,015	128,188	139,118
Cultural and recreational	508,143	652,222	642,403	655,357	627,298
Capital outlay	5,326,963	1,403,548	479,616	691,103	957,363
Debt service:					-
Principal retirement	460,487	694,708	458,160	509,005	507,109
Interest and fees	178,914	214,934	201,626	183,585	172,965
<b>Total expenditures</b>	<b>11,204,402</b>	<b>7,937,964</b>	<b>7,058,272</b>	<b>8,424,460</b>	<b>7,832,387</b>
Excess of revenues over (under) expenditures	<u>(2,075,537)</u>	<u>(434,896)</u>	<u>411,690</u>	<u>(743,203)</u>	<u>(544,733)</u>
<b>Other financing sources (uses):</b>					
Installment note proceeds	1,275,000	325,000	-	297,300	690,000
Bond Proceeds	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Transfers in	1,054,371	122,818	-	-	-
Transfers (out)	<u>(1,054,371)</u>	<u>(122,818)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<b>1,275,000</b>	<b>325,000</b>	<b>-</b>	<b>297,300</b>	<b>690,000</b>
<b>Net change in fund balances</b>	<b>\$ (800,537)</b>	<b>\$ (109,896)</b>	<b>\$ 411,690</b>	<b>\$ (445,903)</b>	<b>\$ 145,267</b>
 Debt service as a percentage of noncapital expenditures	 10.9%	 13.9%	 10.0%	 9.0%	 9.9%



Town of Zebulon, North Carolina

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 10

<b>Fiscal 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 Assesed Value to Estimated Actual Value</b>
2004	247,137,621	151,905,970	11,475,512	410,519,103	0.480	100%
2005	254,176,538	208,787,947	11,466,973	474,431,458	0.480	100%
2006	284,446,059	193,087,096	9,556,382	487,089,537	0.490	100%
2007	284,982,380	239,005,605	11,752,439	535,740,424	0.500	100%
2008	290,689,845	330,931,911	10,133,283	631,755,039	0.550	100%
2009	394,971,100	404,266,433	12,088,762	811,326,295	0.510	100%
2010	460,070,686	366,731,519	11,824,638	838,626,843	0.500	100%
2011	459,011,789	341,237,427	10,868,984	811,118,200	0.500	100%
2012	451,273,104	319,781,997	10,234,899	781,290,000	0.500	100%
2013	477,639,114	285,242,307	10,822,587	773,704,008	0.5125	100%

Source: Wake County Revenue Department

Notes: Assessed value is established by the Wake County Tax Department at 100% estimated market value. A revaluation of all property is required every eight years by North Carolina General Statute. The last revaluation occurred as of January 1, 2008. Tax rates are per \$100 of assessed value.

Town of Zebulon, North Carolina

Direct and Overlapping Government Property Tax Rates  
Last Ten Fiscal Years

Table 11

<b>Fiscal Year</b>	<b>Town of Zebulon</b>	<b>Wake County</b>	<b>Total Direct Rate</b>
2004	0.480	0.604	1.084
2005	0.480	0.604	1.084
2006	0.490	0.604	1.094
2007	0.500	0.634	1.134
2008	0.550	0.678	1.228
2009	0.510	0.534	1.044
2010	0.500	0.534	1.034
2011	0.500	0.534	1.034
2012	0.500	0.534	1.034
2013	0.5125	0.534	1.047

Notes: Overlapping rates are those of local and county governments that apply to property owners within the Town of Zebulon. A revaluation of all property is required every eight years by North Carolina General Statute. The last revaluation occurred as of January 1, 2008. Tax rates are per \$100 of assessed value.

Town of Zebulon, North Carolina

Principal Property Tax Payers  
Current and Ten Years Ago

Table 12

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GlaxoSmithKline <sup>(1)</sup>	\$ 188,325,482	1	24.34	\$ 86,581,027	1	21.09
Glaxo Inc <sup>(1)</sup>	54,410,698	2	7.03	38,224,460	2	9.31
Nomacor LLC <sup>(2)</sup>	19,628,429	3	2.54	6,554,589	6	1.60
USF Propco LLC <sup>(3)</sup>	18,705,870	4	2.42	9,043,253	3	2.20
Wal-Mart	13,303,291	5	1.72	-	-	-
Zeb Land LLC <sup>(4)</sup>	10,662,144	6	1.38	-	-	-
Corc LLC <sup>(2)</sup>	8,081,650	7	1.04	-	-	-
Triangle East Shopping Centre	7,531,219	8	0.97	4,456,244	9	0.00
Illinois Tool Works Inc	7,212,609	9	0.93	4,778,177	8	1.16
Progress Energy Carolinas <sup>(5)</sup>	6,484,767	10	0.84	6,462,917	7	-
Atlas NC 1 SPE LLC	6,243,508	11	0.81	-	-	0.00
Nomaco Zebulon <sup>(4)</sup>	5,682,218	12	0.73	6,653,938	5	-
LNP Inc	5,282,826	13	0.68	-	-	-
US Foodservice Inc <sup>(3)</sup>	5,127,342	14	0.66	-	-	-
NMC of North America Inc <sup>(4)</sup>	-	-	-	7,554,077	4	1.84
Omark Properties Inc.	-	-	-	4,273,124	10	1.04
Flextronics Enclosures Inc	-	-	-	3,795,594	11	0.92
<b>Total</b>	<b>\$ 356,682,053</b>		<b>46.10 %</b>	<b>\$ 178,377,400</b>		<b>39.17 %</b>

Source: Wake County Revenue Department

Note:

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

(2) Nomacor LLC and Corc LLC comprise a single business entity in Zebulon.

(3) USF Propco LLC formerly Zebulon LKE LLC. USF Propco LLC and US Foodservice Inc 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) Progress Energy Carolinas formerly Carolina Power & Light Company.

Town of Zebulon, North Carolina  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Table 13

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Current Levy
2004	1,989,063	1,946,098	97.84	38,217	1,984,315	99.76 %
2005	2,278,441	2,231,834	97.95	41,434	2,273,268	99.77
2006	2,398,434	2,339,957	97.56	50,529	2,390,486	99.67
2007	2,727,709	2,670,120	97.89	51,388	2,721,508	99.77
2008	3,500,815	3,436,107	98.15	55,198	3,491,305	99.73
2009	4,792,459	4,727,252	98.64	54,765	4,782,017	99.78
2010	4,249,259	4,169,855	98.13	53,225	4,223,080	99.38
2011	4,166,859	4,111,810	98.68	44,962	4,156,772	99.76
2012	3,918,084	3,874,143	98.88	31,225	3,905,368	99.68
2013	3,962,815	3,910,527	98.68	-	3,910,527	98.68

Source: Wake County Revenue Department

Note: A revaluation of all property is required every eight years by North Carolina General Statute. The last revaluation occurred as of January 1, 2008.

Town of Zebulon, North Carolina

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 14

Fiscal Year	Governmental Activities		Business-type Activities			Revenue Notes	Total Primary Government	Debt as a Percentage of Assessed Valuation	Per Capita
	Installment Purchases	GO Bonds	GO Bonds	Installment Purchases					
2004	173,551	(1) -	2,040,000	27,063	(1)	2,904,276	5,144,890	1.25%	1,216
2005	125,999	-	1,890,000	19,648		2,613,848	4,649,495	0.98%	1,090
2006	206,886	(2) -	1,740,000	384,542	(3)	2,323,420	4,654,848	0.96%	1,074
2007	399,993	(4) -	1,590,000	327,042		2,032,992	4,350,027	0.81%	944
2008	520,794	(5) 4,600,000	(6) 1,440,000	196,571		1,742,564	8,499,929	1.35%	1,778
2009	1,560,307	(7) 4,375,000	1,290,000	160,213		1,452,136	8,837,656	1.09%	1,784
2010	1,543,871	(8) 4,150,000	1,140,000	122,434		1,161,708	8,118,013	0.97%	1,491
2011	1,182,439	3,925,000	990,000	83,177		871,280	7,051,896	0.87%	1,295
2012	1,195,734	(9) 3,700,000	-	(10) 919,386	(10)	580,852	6,395,972	0.82%	1,433
2013	1,603,624	(11) 3,475,000	-	710,000		290,424	6,079,048	0.79%	1,343

Notes:

- (1) During fiscal year 2004, an installment note for \$291,378 was issued for the purchase of vehicles and equipment.
- (2) During fiscal year 2006, an installment note for \$194,000 was issued for the purchase of vehicles and equipment.
- (3) During fiscal year 2006, an installment note for \$374,600 was issued for the construction of sewer lines.
- (4) During fiscal year 2007, an installment note for \$412,100 was issued for the purchase of vehicles and equipment.
- (5) During fiscal year 2008, an installment note for \$361,000 was issued for the purchase of vehicles and equipment.
- (6) During fiscal year 2008, a general obligation bond in the amount of \$4,600,000 was issued for the construction of a new municipal building complex.
- (7) During fiscal year 2009, an installment note for \$1,275,000 was issued for the construction and renovation of park facilities.
- (8) During fiscal year 2010, an installment note for \$325,000 was issued for the purchase of vehicles and equipment.
- (9) During fiscal year 2012, an installment note for \$297,300 was issued for the purchase of vehicles and equipment.
- (10) During fiscal year 2012, the GO Bonds for business-type activities were refunded with an installment note in the amount of \$1,040,000.
- (11) During fiscal year 2013, an installment note for \$690,000 was issued for construction, maintenance and repair of buildings and parks.

Town of Zebulon, North Carolina

Direct and Overlapping Governmental Activities Debt  
June 30, 2013

Table 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> <sup>(2)</sup>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes-Wake County	\$ 1,810,325,000 <sup>(1)</sup>	0.63%	\$ 11,405,048
Town of Zebulon direct debt			<u>5,078,624</u> <sup>(3)</sup>
Total direct and other overlapping debt			<u>\$ 16,483,672</u>

Notes:

(1) Information provided by Wake County Finance Department. Of the total general obligation debt outstanding, \$1,482,086,981, or 82%, is for the Wake County Public School System.

(2) The percentage of overlapping debt applicable to the Town is estimated using assessed property values. The applicable percentage represents the Town's total assessed value divided by Wake County's total assessed value.

(3) Includes all governmental activities debt.

Town of Zebulon, North Carolina

Legal Debt Margin Information  
Last Ten Fiscal Years

Table 16

	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 32,841,528	\$ 37,954,517	\$ 38,967,163	\$ 42,859,234	\$ 50,540,403	\$ 64,906,104	\$ 67,090,147	\$ 64,889,456	\$ 62,503,200	\$ 61,896,321
Total net debt applicable to limit	580,214	504,747	922,028	1,029,135	5,590,965	6,340,620	5,904,633	5,651,133	5,104,750	5,213,524
Legal debt margin	<u>\$ 32,261,314</u>	<u>\$ 37,449,770</u>	<u>\$ 38,045,135</u>	<u>\$ 41,830,099</u>	<u>\$ 44,949,438</u>	<u>\$ 58,565,484</u>	<u>\$ 61,185,514</u>	<u>\$ 59,238,323</u>	<u>\$ 57,398,450</u>	<u>\$ 56,682,797</u>
Total net debt applicable to the limit as a percentage of debt limit	1.77%	1.33%	2.37%	2.40%	11.06%	9.77%	8.80%	8.71%	8.17%	8.42%

Legal Debt Margin for Fiscal Year 2013

Assessed value	\$ 773,704,008
Debt limit (8% of assessed value)	<u>61,896,321</u>
Debt applicable to limit:	
General obligation bonds	3,475,000
Non-bonded debt	2,313,624
Less: State exclusion for general obligation water bonds	<u>(575,100)</u>
Total net debt applicable to limit	<u>5,213,524</u>
Legal debt margin	<u>\$ 56,682,797</u>

Note: Under North Carolina General Statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems, provided the criteria for excluding the debt has been satisfied by the unit of government.

Town of Zebulon, North Carolina

Pledge-Revenue Coverage  
Last Ten Fiscal Years

Table 17

Fiscal Year	Water and Sewer Charges	Other Operating Revenues	Total Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2004	1,948,567	127,881	2,076,448	2,257,554	(181,106)	150,000	107,550	(0.70)
2005	2,237,731	191,719	2,429,450	2,285,658	143,792	150,000	100,200	0.57
2006	2,227,676	252,086	2,479,762	2,190,264	289,498	150,000	92,850	1.19
2007	638,218	90,647	728,865	842,548	(113,683)	150,000	85,500	(0.48)
2008	-	-	-	-	-	150,000	78,150	-
2009	-	-	-	-	-	150,000	70,800	-
2010	-	-	-	-	-	150,000	63,450	-
2011	-	-	-	-	-	150,000	56,100	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-

Note: Effective October 1, 2006, the Town of Zebulon merged its water and sewer operations with the City of Raleigh. As a result, the Town no longer collects water- and sewer-related revenues and has no operating expenses. In Fiscal Year 2012, the Town refunded the bonds to installment notes. The City of Raleigh provides funds to cover debt service payments as they come due.



Town of Zebulon, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table 18

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>Per Capita Income <sup>(3)</sup></b>	<b>School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
2004	4,232	33.7	39,572	1,716	4.0%
2005	4,267	34.2	40,560	1,710	4.0%
2006	4,336	33.0	43,160	1,865	3.5%
2007	4,606	34.1	41,975	1,879	3.9%
2008	4,781	34.1	43,628	2,072	4.8%
2009	4,955	34.1	43,371	2,044	8.8%
2010	5,444	34.6	46,696	1,561	8.2%
2011	5,545	34.4	46,228	1,589	8.3%
2012	4,464	Not Available	Not Available	1,647	7.8%
2013	4,526	Not Available	Not Available	1,684	7.4%

Notes:

(1) Population projections provided by NC Office of State Planning - State Demographer  
The 2013 number represents the State-adjusted population as a result of the 2010 United States Census.

(2) Median age for Wake County according to Community Sourcebook of County Demographics for Wake County.

(3) Per capita income for Wake County according to the North Carolina Employment Security Commission.

(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 North Carolina Employment Security Commission.

Town of Zebulon, North Carolina

Principal Employers  
June 30, 2013

Table 19

<b>Employer</b>	<b>2013</b>	
	<b>Employees</b>	<b>Rank</b>
GlaxoSmithKline	650	1
US Foodservice	620	2
Wal-Mart	256	3
Wake County Public School System	231	4
Nomacor	167	5
East Wake Academy	120	6
Advanced Plastiform	90	7
Nomaco	78	8
Devil Dog Manufacturing	65	9
Town of Zebulon	62	10
<b>Total</b>	<b>2,339</b>	

Note: Information for nine years ago was not readily available. Information on total employment for the Town not available.

Town of Zebulon, North Carolina

Full-time-Equivalent Town Government Employees by Function  
Last Ten Fiscal Years

Table 20

Function	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Administration/Finance	5	5	5	5	5	5	5	5	5	5
Planning	2	2	3	3	3	3	3	3	3	3
Buildings & Grounds	1	1	1	1	2	2	2	2	2	2
Public Safety										
Police	21	21	21	22	22	23	23	23	23	23
Fire	8	8	11	11	11	11	11	11	11	14
Streets	3.5	3.5	2.5	3	3	3	3	3	3	3
Environmental Protection	4	4	3	5	5	5	5	5	5	5
Stormwater	0	0	0	0	0	0	0	0	2	2
Cultural and Recreation	4	4	4	4	4	4	5	5	5	5
Water/Sewer Maintenance	6	6	6	0	0	0	0	0	0	0
Water Plant	1.5	1.5	0.5	0	0	0	0	0	0	0
Sewer Plant	4	4	4	0	0	0	0	0	0	0
Total	60	60	61	54	55	56	57	57	59	62

Note: Effective October 1, 2006, the Town of Zebulon merged its water and wastewater operations with the City of Raleigh. All employees associate with these functions were transferred to Raleigh. In FY 2011, the Town added the function of Stormwater operations, and included the addition of two positions for this function in FY 2012.

Town of Zebulon, North Carolina

Operating Indicators by Function  
Last Ten Fiscal Years

Table 21  
Page 1 of 2

Function/Program	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Building permits issued	123	183	135	151	76	47	47	44	31	54
Privilege licenses issued	257	290	469	390	287	274	288	302	325	337
Code violations corrected	220	260	346	401	192	183	105	124	149	133
Public Safety										
Police calls for service	N/A	N/A	N/A	N/A	9,994	11,581	11,906	12,310	13,707	10,925
Physical arrests	617	652	691	747	594	953	736	465	313	403
Traffic violations	271	268	203	196	318	268	261	326	347	310
Warrants served	N/A	N/A	N/A	N/A	244	236	435	179	154	229
Civil citations	N/A	N/A	N/A	N/A	N/A	N/A	480	133	18	20
Child safety seat inspections	N/A	N/A	N/A	54	39	35	30	19	55	47
Emergency responses	929	1,352	1,216	1,442	1,598	1,484	1,490	1,530	1,501	1,471
Fires extinguished	63	72	66	37	67	45	47	43	50	43
Property losses due to fire (dollars)	\$281,900	\$ 543,860	\$ 354,562	\$ 44,785	\$ 153,205	\$300,984	\$457,055	\$277,900	\$305,480	\$352,098
Fire code violations corrected	N/A	N/A	N/A	N/A	N/A	N/A	1,196	644	915	1,268
Streets										
Miles of road maintained	15.53	16.02	16.81	18.74	19.19	19.30	19.30	19.30	19.30	19.30
Feet of sidewalk maintained	N/A	N/A	N/A	36,213	37,289	40,707	41,175	42,278	44,132	45,812
Storm Water										
Miles of storm drainage pipe maintained	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9.26	9.60	9.63
Miles of ditches maintained	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.06	4.12	4.12
Environmental Protection										
Yard waste collected (tons)	N/A	N/A	N/A	1,200	1,200	1,200	1,200	1,807	1,672	1,080
White goods collected (pounds)	N/A	N/A	N/A	5,100	6,000	800	800	500	200	300
Number of sanitation customers	1,541	1,556	1,560	1,584	1,653	1,711	1,721	1,735	1,749	1,777
Number of recycling customers	1,447	1,454	1,454	1,471	1,568	1,613	1,642	1,661	1,675	1,698
Garbage collection fee	\$ 6.00	\$ 12.00	\$ 12.00	\$15.50	\$15.50	\$17.00	\$17.00	\$17.00	\$17.76	\$18.75

Town of Zebulon, North Carolina

Operating Indicators by Function  
Last Ten Fiscal Years

Table 21  
Page 2 of 2

Function/Program	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Recreation and Parks										
Summer camp participants	315	287	260	256	234	197	255	229	189	250
Athletic program participants (youth and adult)	950	947	940	864	726	676	591	579	669	577
Recreation program participants (youth and adult)	N/A	N/A	N/A	N/A	71	85	458	1,425	1,111	1074
Senior program participants	N/A	N/A	N/A	N/A	N/A	N/A	233	433	229	273
Park and community center facility rentals	N/A	N/A	N/A	42	30	46	50	112	146	296
Special events attendance	N/A	N/A	N/A	3,500	2,375	2,415	3,266	3,573	2,400	2,700
Water										
Utility customers	1,844	1,849	1,920	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Avg daily consumption (thousands of gallons)	543	605	604	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average utility bill	\$ 28.25	\$ 35.75	\$ 35.75	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Avg daily sewer treatment (thousands of gallons)	730	711	558	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average utility bill	\$ 29.42	\$ 34.00	\$ 34.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes: Effective October 1, 2006, the Town of Zebulon merged its water and wastewater operations with the City of Raleigh. All maintenance and operations of the systems are under the control of Raleigh. The Town opened its first community center on October 1, 2009, increasing the number of recreation and senior programs available to the public. The Town began operation of stormwater maintenance in FY 2011.

N/A=Data Not Available or Applicable

Town of Zebulon, North Carolina

Capital Assets by Function  
Last Ten Fiscal Years

Table 22

Function/Program	Fiscal Years									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Patrol and detective units	20	20	21	22	22	23	23	23	23	23
K-9 Units	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	7	7	7	7	7	7	7	8	7	7
Streets										
Streets (miles)	15.53	16.02	16.81	18.74	19.19	19.30	19.30	19.30	19.30	19.30
Sidewalk (feet)	N/A	N/A	N/A	36,213	37,289	40,707	41,175	42,278	44,132	45,812
Recreation and Parks										
Parks	4	6	6	6	6	6	6	6	6	6
Acreage	54.79	64.04	64.04	64.04	64.04	64.04	64.04	75.21	75.21	75.21
Baseball fields	2	4	4	4	4	4	4	4	4	4
Tennis courts	2	2	2	2	2	2	2	2	2	2
Basketball courts	3	4	4	4	4	4	4	4	4	4
Community centers	0	0	0	0	0	0	1	1	1	1
Water										
Water mains (miles)	34.0	34.1	35.0	0	0	0	0	0	0	0
Fire hydrants	325	339	359	0	0	0	0	0	0	0
Storage capacity (million gallons)	2.075	2.000	2.000	0	0	0	0	0	0	0
Wastewater										
Sanitary sewers (miles)	34.3	34.8	36.2	0	0	0	0	0	0	0
Lift stations	9	10	9	0	0	0	0	0	0	0
Treatment capacity (million gallons)	1.85	1.85	1.85	0	0	0	0	0	0	0
Reclaimed Water										
Water mains (miles)	0.5	0.5	0.5	0	0	0	0	0	0	0
Storage capacity (million gallons)	0.25	0.25	0.25	0	0	0	0	0	0	0

Note: Effective October 1, 2006, the Town of Zebulon merged its water and wastewater operations with the City of Raleigh. All assets of the system were transferred to Raleigh.



## COMPLIANCE SECTION