



ZEBULON

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024



Prepared By: Town of Zebulon Finance Department



ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Introductory Section:	
	Letter of Transmittal	1-5
	Organizational Chart	6
	List of Principal Officials	7
	GFOA Certificate of Achievement	8
	Financial Section:	
	Independent Auditor's Report	9-11
	Management's Discussion and Analysis	12-19
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	20-21
B	Statement of Activities	22
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	23-24
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	26
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	27
	Notes to the Financial Statements	28-63

TOWN OF ZEBULON, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplemental Financial Data:	
A-1	Other Post-Employment Benefits - Required Supplementary Information - Schedule of Changes in the Total OPEB Liability and Related Ratios - Last Seven Fiscal Years	64-65
A-2	Local Governmental Employees' Retirement System - Required Supplementary Information - Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years	66-67
A-3	Local Governmental Employees' Retirement System - Required Supplementary Information - Contributions - Last Ten Fiscal Years	68-69
A-4	Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability - Last Eight Fiscal Years	70-71
A-5	Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll Last Eight Fiscal Years	72-73
	Supplementary Information:	
	Major Governmental Funds:	
	General Fund:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	74-78
	Major Capital Project Fund - ARPA:	
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	79
	Nonmajor Governmental Funds:	
3	Combining Balance Sheet	80

TOWN OF ZEBULON, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Governmental Funds (continued):	
4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	81
	N. Arendell Avenue Capital Project Fund:	
5	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	82
	Stormwater Capital Project Fund:	
6	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	83
	Fire Station Capital Project Fund:	
7	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	84
	Little River Park Capital Project Fund:	
8	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	85
	Other Supplemental Schedules:	
9	Schedule of Ad Valorem Taxes Receivable	86
10	Analysis of Current Tax Levy	87
<u>Table</u>		
	Statistical Section (Unaudited):	
1	Net Position by Component - Last Ten Fiscal Years	88-89
2	Change in Net Position - Last Ten Fiscal Years	90-91
3	Government-Wide Expenses by Function Last Ten Fiscal Years	92-93
4	Government-Wide Expenses by Function - Last Ten Fiscal Years	94-95

TOWN OF ZEBULON, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
	Statistical Section (Unaudited) (continued):	
5	Government-Wide Revenues by Source - Last Ten Fiscal Years	96-97
6	General Government Revenues by Source - Last Ten Fiscal Years	98-99
7	Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	100
8	Fund Balances of Governmental Funds - Last Ten Fiscal Years	101-102
9	Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	103-104
10	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	105
11	Direct and Overlapping Governments Property Tax Rates - Last Ten Calendar Years	106
12	Principal Property Taxpayers - Current and Ten Years Prior	107
13	Property Tax Levies and Collections - Last Ten Fiscal Years	108
14	Ratios of Outstanding Debt Type - Last Ten Fiscal Years	109
15	Direct and Overlapping Governmental Activities Debt	110
16	Legal Debt Margin Information - Last Ten Fiscal Years	111-112
17	Demographic and Economic Statistics - Last Ten Fiscal Years	113

TOWN OF ZEBULON, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
	Statistical Section (Unaudited) (continued):	
18	Principal Employers - Current Year and Nine Years Ago	114
19	Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	115-116
20	Operating Indicators By Function - Last Ten Fiscal Years	117-118
21	Capital Assets by Function - Last Ten Fiscal Years	119-120
	Compliance Section:	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	121-122
	Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act	123-125
	Schedule of Findings, Responses, and Questioned Costs	126-127
	Corrective Action Plan	128
	Schedule of Prior Year Audit Findings	129
	Schedule of Expenditures of Federal and State Awards	130

ZEBULON

NORTH CAROLINA

ZEBULON

NORTH CAROLINA

INTRODUCTORY SECTION

ZEBULON

NORTH CAROLINA



Town of Zebulon

The Town of Friendly People

October 8, 2024

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of Zebulon, North Carolina for fiscal year ended June 30, 2024. The report includes financial statements audited by an independent firm of certified public accountants, Martin Starnes and Associates, CPAs, P.A., 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, 2024, and results of operations for the fiscal year then ended. The organization, form, and contents of this report plus the accompanying financial statements are formulated in accordance with the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board. We believe the report, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial activity of the various funds; and all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

PROFILE OF THE GOVERNMENT

The Town of Zebulon, with a population of approximately 7,868 ⁽¹⁾, is the far-most eastern town in Wake County, North Carolina. The Town was chartered by the NC General Assembly in 1907 and developed by the Zebulon Company along the Raleigh and Pamlico Sound Railroad. The Town of Zebulon operates under the Council-Manager form of government. Under this system, the citizens elect a mayor and five at-large council members as the Town's governing body. The Council members are elected for staggered four-year terms. The Board is responsible for budget approval and appointing a Town Manager. The Town Manager is the head of the Administrative branch of the town government and exercises those duties set forth in NC General Statute 160A-148 (the annual submission of this report on the Town's financial and administrative activities being one of those statutory duties).

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

ECONOMIC CONDITIONS

Property and Building Value

Wake County continues to grow, and the Town is no exception. The Town issued 574 building permits with a total value of approximately \$96.6 million during fiscal year 2024. This is a 36% increase in building permits issued this year, up from 423 permits valued at \$71.1 million issued in fiscal year 2023.

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

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

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

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

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

This is the eleventh consecutive year with over 100 permits issued. These increased numbers are expected to continue to with new residential development planned and approved.

With the value of the growth, the Town of Zebulon tax base for the fiscal year ending totaled \$1,826,953,722, an increase of about 2% from the previous year. With the Town's tax base concentrated more in commercial and industrial properties, the depreciation on existing property, due to lack of reinvestment in equipment, has been a cause for decrease in business personal property in past years. That was an issue this year as there was a 13.5% decrease in business personal property valuation. With the residential building activity in recent years, real property valuation has seen consistent increases. For FY 2024, real property increased by 11.6%. This number should continue to increase steadily in the coming years with the residential growth that is ongoing. Development interest, particularly straddling the Beaverdam sewer outfall is still strong and growth continues to have momentum.

Business Activity

The Town has seen extraordinary growth in its sales tax revenue the last few years. FY 2024 saw a more modest increase of 7% over FY 2023. FY 2023 saw an increase of 16.0 % over FY 2022. Strong economic activity in area and the increased town population has resulted in a larger proportional cut. Wake County uses the population method of distribution so as our population continues to increase, relative to the rest of the county, our proportional share could continue to increase as well. Unemployment in Wake County remains fairly low. Sales and service revenues have increased over recent years as the new residents have moved into town. Fiscal Year 2024 saw a 15.6% increase in refuse collection fees and Parks & Recreation activity related activities such as athletics and rentals were up 11.1% over FY 2023.

MAJOR INITIATIVES

The Town adopted the Zebulon 2030 Strategic Plan in Fiscal Year 2018. Based upon a year-long effort of citizen surveys, focus groups, public comment and Council's work sessions and annual Retreat, the Plan identified Grow Smart, Vibrant Downtown and Small-Town Life as the focus areas to guide developing policies and budgeting programs and projects. While contraction in the property tax base reduced funding, and slowed progress on major initiatives associated with the focus areas, the Town of Zebulon Fiscal Year 2024 Budget included the following programs and projects:

Growing Smart

Unplanned growth is expensive and ultimately unsustainable for municipalities to serve (in other words, communities without a plan are planning to fail). Land Use planning is analogous to a farmer deciding what crops to plant, and where to plant them, to maintain a sustainable business year-round and long term. The *Future Land Use and Character* map within the *Grow Zebulon: Comprehensive Land Use Plan* projects how the Town should develop its land, and support its new inhabitants, to remain sustainable long-term.

The goals to *Growing Smart* focus on “plan[ing] for appropriate land use to meet transportation and housing needs” and “maintain[ing] appropriate staffing to support expected service levels of the growing community”. The FY '24 Budget funds personnel (Police officer and Special Operations Sergeant, Public Works Administrative Assistant, Crew Leader and Equipment Operator II, Three Firefighters, the Town's first IT Director, Town Clerk, a second Code Enforcement Officer, a Planner and an Assistant Town Manager) and projects to meet those goals (Old Bunn Rd @ Shepard School Rd signal).

Vibrant Downtown

Downtowns are historic commercial districts that provide their community with social gathering places and cultural identity.

The goals to create a *Vibrant Downtown* for Zebulon focus on revitalizing the downtown by creating a gathering place for the community and a destination for visitors. The FY '24 Budget funds the following programs and projects to create and sustain the events, entertainment, and cultural attractions to attract people to visit or live downtown – Alley Activation – Phase III which rolls over direct federal funding from the *Congressional Appropriations Omnibus Bill* for the *Downtown Revitalization and Alley Activation* project and places project oversight under the Community and Economic Development Division; the Town's transition to a Main Street Community by funding the required staffing (full-time Main Street Coordinator support Downtown Advisory Board); and Special Events such as the "Rock the Block" concert series, "Candy Cane Lane & Downtown Tree Lighting", "Spring Fest" and movie nights.

Small-Town Life

Wake County is growing by 62 people per day and 64% of this growth comes from those who relocate from outside the County¹. While Zebulon will only experience a proportional share of this population growth, it will experience an equal share of the population diversification. Zebulon's ability to preserve and share its unique small-town feel inclusively while mixing different perspectives and cultures, will rest largely on its ability to: connect citizens to each other, deliver helpful and meaningful services, and educate and engage citizens in civic responsibilities to collaborate on solving problems and addressing needs.

The goals of *Small-Town Life* influence, and are influenced by, the other Focus Areas of *Vibrant Downtown* and *Growing Smart*. As such, while the following projects and programs "...preserve and enhance our small-town feel by developing activities and locations to gather with family and neighbors, making Zebulon a safe, connected, family friendly and walkable town", they also support the accomplishment of other goals within the *Town of Zebulon Vision 2030 Strategic Plan*. Within Parks & Recreation, a Community Center Recreation Assistant was funded as well as the reinstatement of a full-time Athletics Coordinator due to the surge in youth sports participation. This budget also augments the existing Police Academy and Local Government 101 class with a more broadly focused Citizens Academy to engage citizens in a way that adds value to the government and community.

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.

¹ Desormeaux, Joe. "Effects of Growth on Site Selection & School Design." Zebulon Planning Retreat, Rose Hill Plantation, 23 Feb. 2018

The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

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

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

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

For more information about the finances of the Town, please refer to the Management Discussion and Analysis (MD&A) section, which immediately follows the auditor's report. The MD&A provides an overview of the financial statements that follow and an analysis of the significant transactions that occurred during fiscal year 2024.

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Zebulon for its Annual Comprehensive Financial Report for the fiscal years ending June 30, 1993 through 2023. 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 Martin Starnes and Associates, CPAs, P.A. during the audit and reporting process. We also thank the Mayor and Commissioners of the Town of Zebulon for their continued support.

Respectfully submitted,

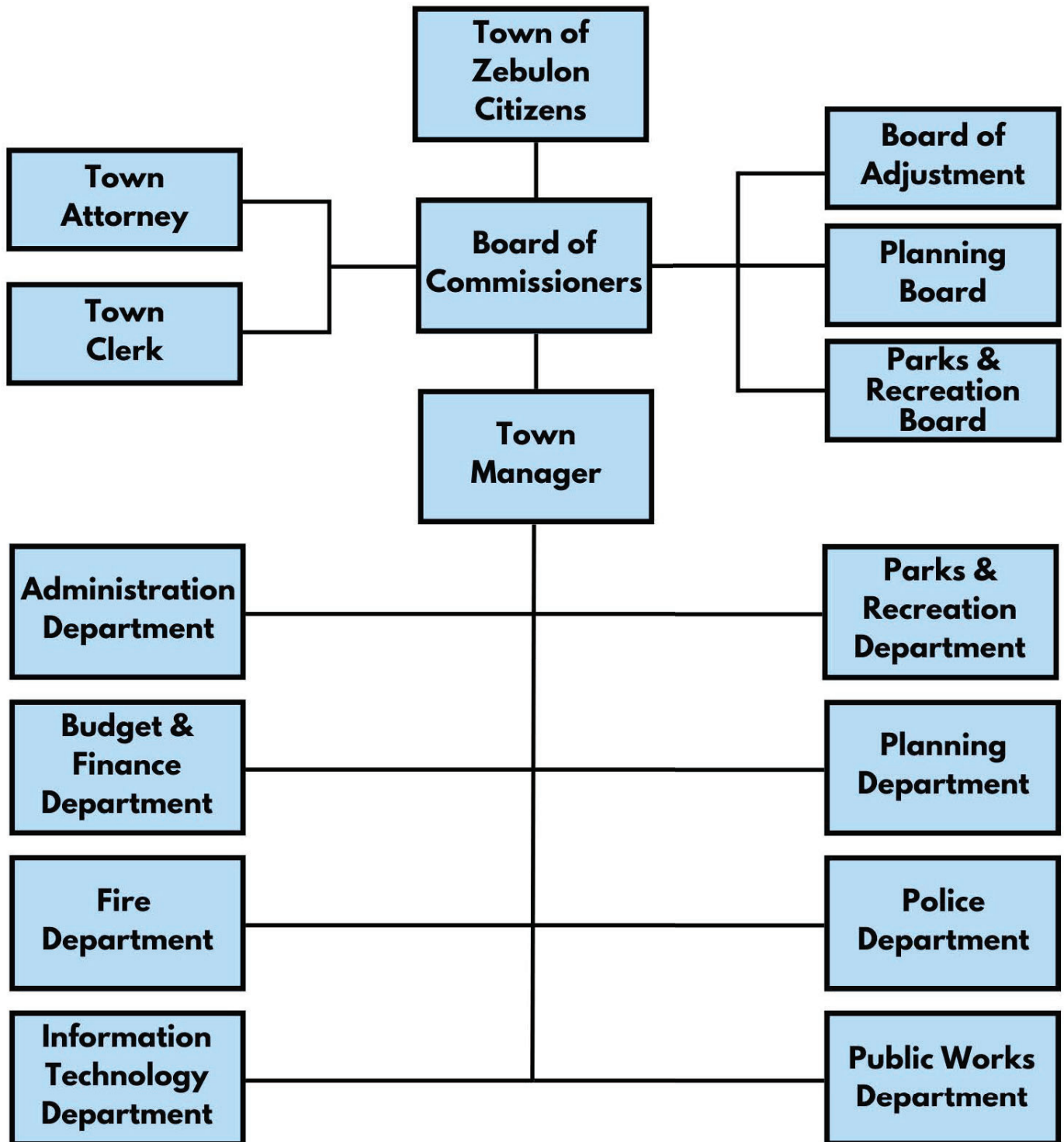
A handwritten signature in black ink, appearing to read "Taiwo Jaiyeoba".

Taiwo Jaiyeoba
Interim Town Manager

A handwritten signature in black ink, appearing to read "Robert T. Fitts".

Robert T. Fitts
Finance Director

TOWN OF ZEBULON ORGANIZATION CHART



TOWN OF ZEBULON, NORTH CAROLINA

BOARD OF COMMISSIONERS AND TOWN OFFICIALS

June 30, 2024

Town of Zebulon Board of Commissioners



Glenn York
Mayor



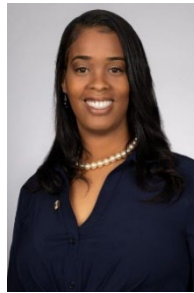
Jessica Harrison
Mayor Pro Tem



Shannon Baxter
Commissioner



Beverly Wall Clark
Commissioner



Amber Davis
Commissioner



Quentin Miles
Commissioner

Town of Zebulon Officials

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Zebulon
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO

ZEBULON

NORTH CAROLINA

FINANCIAL SECTION

ZEBULON

NORTH CAROLINA

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Zebulon, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Zebulon's basic financial statements as listed in the table of contents.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Zebulon, North Carolina, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024, on our consideration of the Town of Zebulon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Zebulon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Zebulon's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

ZEBULON

NORTH CAROLINA

Management's Discussion and Analysis

As management of the Town of Zebulon, we offer readers of the Town of Zebulon's financial statements this narrative overview and analysis of the financial activities of the Town of Zebulon for the fiscal year ended June 30, 2024. We encourage readers to read 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

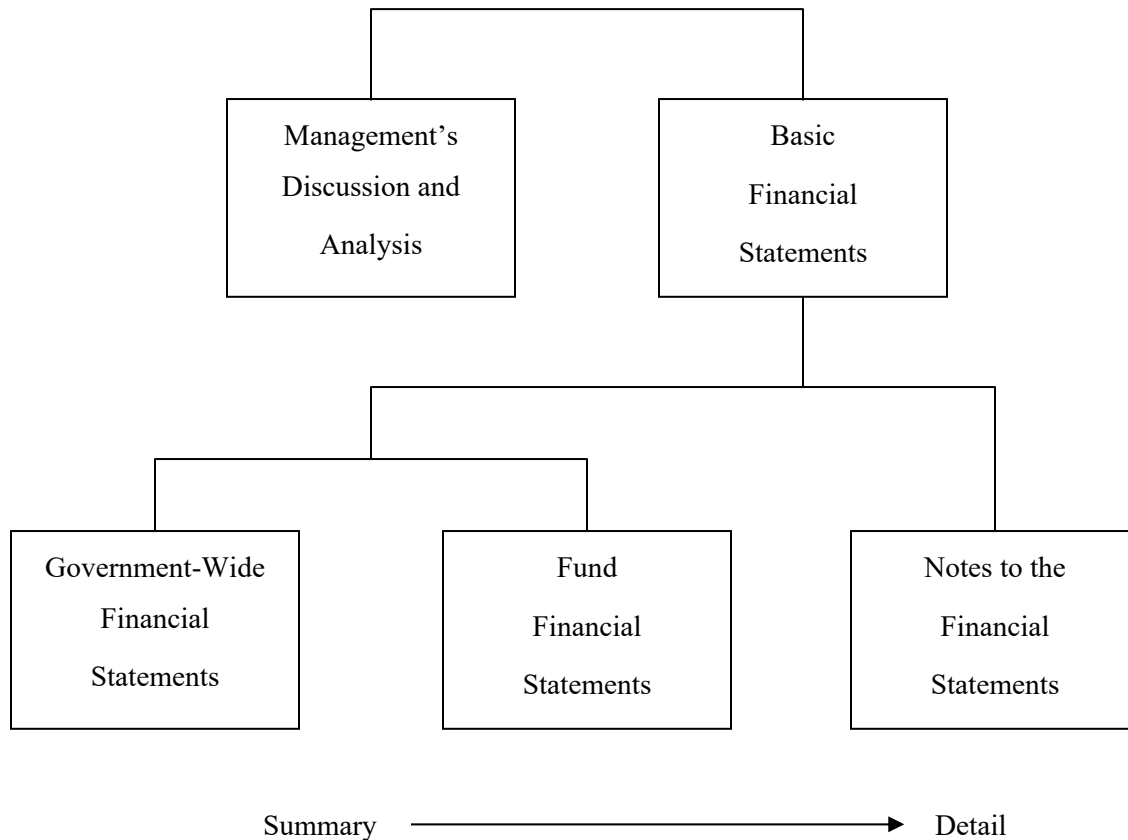
- The assets and deferred outflows of resources of the Town of Zebulon exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$104,607,883 (*net position*).
- The government's total net position increased by \$17,388,527 overall due mainly to developer's contributed capital of \$9.3 million and an increase in property valuations by 2.6%.
- As of the close of the current fiscal year, the Town of Zebulon's governmental funds reported ending fund balances of \$29,687,845, an increase of \$4,305,438 in comparison with the prior year. This increase is due to increased ad valorem tax revenue from growth, higher than budgeted sales tax and increased permit & fee revenues such as building permit fees.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,145,316, or 64.21%, of total General Fund expenditures for the fiscal year.
- The Town's total outstanding debt decreased by \$312,743.
- The Town's bond ratings of AA- by Standard and Poor's Corporation was upgraded to AA and Aa3 by Moody's Investor Service was upgraded to Aa2 during FY 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of 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 (see Figure 1). 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 of Zebulon.

Required Components of the Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through F) are **fund financial statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: (1) the governmental funds statements, (2) the budgetary comparison statements, (3) the proprietary fund statements and (4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes 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 North Carolina 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.

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

The government-wide statements are divided into two categories: governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, streets, sanitation, and general administration. Property taxes and unrestricted state funds finance most of these activities.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Zebulon, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Zebulon are governmental funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into 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* which 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 governmental 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.

The Town of 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, the management of the Town, 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 the Town 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.

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 follow Exhibit F 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 of Zebulon. Required supplementary information can be found following the notes to the financial statements in this report.

Government-Wide Financial Analysis

Town of Zebulon's Net Position

Figure 2

	Governmental Activities	
	2024	2023
Assets:		
Current and other assets	\$ 31,499,806	\$ 28,438,701
Capital assets	86,359,758	73,094,128
Total assets	<u>117,859,564</u>	<u>101,532,829</u>
Deferred Outflows of Resources	<u>4,610,348</u>	<u>3,827,949</u>
Liabilities:		
Long-term liabilities	13,062,827	12,516,153
Other liabilities	2,099,015	2,888,244
Total liabilities	<u>15,161,842</u>	<u>15,404,397</u>
Deferred Inflows of Resources	<u>2,700,187</u>	<u>3,827,949</u>
Net Position:		
Net investment in capital assets	84,047,883	70,469,510
Restricted	8,417,184	7,711,569
Unrestricted	12,142,816	9,038,277
Total net position	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Zebulon exceeded liabilities and deferred inflows by \$104,607,883 as of June 30, 2024. The Town's net position increased by \$17,388,527 for the fiscal year ended June 30, 2024. The largest portion of net position (80%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Zebulon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Zebulon's net 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 of Zebulon's net position, \$8,417,184 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,142,816 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total governmental net position:

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

Town of Zebulon's Changes in Net Position

Figure 3

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 4,765,649	\$ 4,849,486
Operating grants and contributions	2,496,573	1,356,333
Capital grants and contributions	12,089,453	19,355,601
General revenues:		
Property taxes	10,521,788	10,203,050
Other taxes	314,523	287,388
Sales and franchise taxes	3,337,275	2,980,030
Other	1,734,897	1,148,870
Total revenues	<u>35,260,158</u>	<u>40,180,758</u>
Expenses:		
General government	2,777,357	2,936,787
Public safety	6,571,690	5,746,682
Public works	6,231,224	4,672,261
Environmental protection	141,145	-
Economic development	254,708	527,343
Culture and recreation	1,836,000	1,276,916
Interest on long-term debt	59,507	89,550
Total expenses	<u>17,871,631</u>	<u>15,249,539</u>
Change in net position	17,388,527	24,931,219
Net Position:		
Beginning of year - July 1	<u>87,219,356</u>	<u>62,288,137</u>
End of year - June 30	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>

Governmental Activities. Governmental activities increased the Town of Zebulon's net position by \$17,388,527. Key elements of this increase are as follows:

- The Town's total tax base grew 2.6% this year.
- Operating grants and contributions increased 84%, and property tax revenue increased 3%.
- Other general revenues increased 51% with the recently implemented Parks & Recreation Impact Fee.
- Sales and franchise taxes increased 12% due to economic and population growth.

Financial Analysis of the Town's 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 the Town of 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 \$12,145,316, while total fund balance was \$27,671,580. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 64.21% of total General Fund expenditures, while total fund balance represents approximately 146% of that same amount.

At June 30, 2024, the governmental funds of the Town of Zebulon reported a fund balance of \$29,687,845, a 17% increase from last year. This increase is the result of some favorable variances in revenues such as sales tax and expenditures due to some capital projects not being completed and no use of appropriated fund balance.

General Fund Budgetary Highlights. During the fiscal year, the Town 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.

Utility sales tax was greater than budgeted because conservative figures were used in budgeting as well as climate conditions increasing electricity demand. Utility sales taxes ended up more than projected by approximately \$153,000 (23%). Permits and fees exceeded budgeted amounts by approximately \$1.4 million mainly due to the recently implemented recreation impact fee that was instituted in FY 2022. Sales and service revenues exceeded budgeted amounts by 51% with the increase in garbage revenues from growth as well as increased recreation revenues from increased youth sports participation and recreation facility rental revenues. Investment earnings exceeded budgeted amounts by 492% mainly due to larger cash balances and the increase in interest rates.

Expenditures were held below budgeted amounts by a number of factors, including lower than estimated maintenance and operational costs at several Town facilities, lapsed salaries and careful monitoring of the budget by each department. Some capital projects that were budgeted were not completed as of June 30. Some of these included various road improvement projects, some building and facility improvement projects.

Capital Assets and Debt Administration

Capital Assets. The Town of Zebulon's investment in capital assets for its governmental activities as of June 30, 2024 totals \$86,359,758 (net of accumulated depreciation and amortization). These assets include buildings, roads, land and easements, machinery and equipment, intangibles, park facilities, and vehicles.

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

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

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

Figure 4

	Governmental Activities	
	2024	2023
Land	\$ 44,255,076	\$ 36,747,006
Construction in progress	2,710,112	1,997,385
Buildings	6,491,327	6,890,962
Other improvements	15,024,002	12,609,869
Roads and infrastructure	13,214,328	10,453,273
Intangibles	748,006	735,729
Right-to-use subscription assets	79,011	105,348
Equipment	1,215,606	938,967
Vehicles and motorized equipment	2,622,290	2,615,589
Total	<u>\$ 86,359,758</u>	<u>\$ 73,094,128</u>

Additional information on the Town's capital assets can be found in the Note 2 of the financial statements.

Long-Term Debt. As of June 30, 2024, the Town of Zebulon had total bonded debt outstanding of \$1,004,282. This outstanding debt is backed by full faith and credit of the Town. The Town also has installment purchase notes outstanding of \$1,218,698 and subscriptions payable of \$88,895.

Town of Zebulon's Outstanding Debt

Figure 5

	Governmental Activities	
	2024	2023
General obligation bonds	\$ 1,000,000	\$ 1,225,000
Installment purchase notes	1,218,698	1,284,334
Premiums	4,282	5,160
Subscription payable	88,895	110,124
Total	<u>\$ 2,311,875</u>	<u>\$ 2,624,618</u>

The Town of Zebulon's total debt decreased by \$312,743 during the past fiscal year. The Town issued \$215,000 in new debt in FY 2024 for the purchase of equipment.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Zebulon is approximately \$143,933,318.

Additional information regarding the Town of Zebulon's long-term debt can be found in Note 2 of the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators were reflected in the Town of Zebulon's fiscal year 2025 budget:

- An increase in the property tax base due to increasing property values located within the Town. This year was a revaluation year. With this revaluation, property values in Zebulon saw an overall 49% increase in real property. Personal property is projected to decrease approximately 1%. The total assessed value increased approximately 39.7%.
- A slight projected increase in sales tax and moderate increase in utilities franchise taxes based on economic indicators pointing toward modest economic growth. Sales tax is budgeted for a 2% increase from last year's budgeted amounts while utilities franchise tax is projected to increase 10%.
- A projected increase in investment earnings based on larger cash balances invested as well as the higher interest rates.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The total General Fund budget is projected to increase 52% for fiscal year 2025, as compared to the actual results of fiscal year 2024. The major components of this increase include a planned group of capital projects including thoroughfare and transportation improvement projects, capital equipment purchases and continued work on downtown revitalization projects such as the alley activation project. There were also increases made to operating expenditures such as personnel adding positions in Police, Fire, and Public Works.

The Town set its tax rate at \$.577 per \$100 of assessed value. No major fee increases were adopted.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Bobby Fitts, Finance Director, Town of Zebulon, 1003 North Arendell Avenue, Zebulon, North Carolina 27597.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2024

	Primary Government Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 22,379,764
Accounts receivable, net	207,723
Taxes receivable, net	129,560
Due from other governments	1,101,795
Prepaid items	15,041
Leases receivable	13,956
Restricted cash	7,107,666
Total current assets	<u>30,955,505</u>
Non-current assets:	
Lease receivable, non-current	<u>544,301</u>
Capital assets:	
Subscription assets, net of amortization	79,011
Land, non-depreciable improvements and construction in progress	46,965,188
Other capital assets, net of depreciation	<u>39,315,559</u>
Total capital assets	<u>86,359,758</u>
Total non-current assets	<u>86,904,059</u>
Total assets	<u>117,859,564</u>
Deferred Outflows of Resources:	
Pension deferrals	3,043,785
OPEB deferrals	<u>1,566,563</u>
Total deferred outflows of resources	<u>4,610,348</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	1,166,485
Unearned revenue	9,613
Current portion of compensated absences	243,683
Current portion of notes payable	246,355
Current portion of subscription liabilities	25,301
Current portion of bonds payable	225,878
Current portion of total pension liability	66,700
Current portion of OPEB liability	<u>115,000</u>
Total current liabilities	<u>2,099,015</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2024

	<u>Primary Government Governmental Activities</u>
Long-term liabilities:	
Compensated absences	162,456
Notes payable	972,343
Subscription liabilities	63,594
Bonds payable	778,404
Net pension liability	4,182,612
Total pension liability	1,088,838
Total OPEB liability	5,814,580
Total long-term liabilities	<u>13,062,827</u>
 Total liabilities	 <u>15,161,842</u>
 Deferred Inflows of Resources:	
Prepaid taxes	5,405
OPEB related items	1,924,486
Leases	544,257
Pension deferrals	226,039
Total deferred inflows of resources	<u>2,700,187</u>
 Net Position:	
Net investment in capital assets	84,047,883
Restricted for:	
Stabilization by state statute	1,309,518
Streets (Powell Bill)	347,232
Transportation impact	1,341,299
Recreation impact	4,985,000
Developer reimbursements	414,901
Law enforcement	19,234
Unrestricted	12,142,816
Total net position	<u><u>\$ 104,607,883</u></u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

					Net (Expenses) Revenues and Changes in in Net Position
		Program Revenues			Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ 2,777,357	\$ 167,940	\$ 106,613	\$ -	\$ (2,502,804)
Public safety	6,571,690	1,103,859	2,068,383	-	(3,399,448)
Public works	6,231,224	2,046,391	299,323	12,089,453	8,203,943
Environmental protection	141,145	-	-	-	(141,145)
Culture and recreation	1,836,000	1,447,459	9,090	-	(379,451)
Economic development	254,708	-	13,164	-	(241,544)
Interest on long-term debt	59,507	-	-	-	(59,507)
Total governmental activities	<u>17,871,631</u>	<u>4,765,649</u>	<u>2,496,573</u>	<u>12,089,453</u>	<u>1,480,044</u>
Total primary government	<u>\$ 17,871,631</u>	<u>\$ 4,765,649</u>	<u>\$ 2,496,573</u>	<u>\$ 12,089,453</u>	<u>1,480,044</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					10,521,788
Sales and use tax					2,524,407
Franchise taxes					812,868
Other taxes and licenses					314,523
Unrestricted investment earnings					1,476,015
Miscellaneous					<u>258,882</u>
Total general revenues					<u>15,908,483</u>
Change in net position					17,388,527
Net Position:					
Beginning of year, July 1					<u>87,219,356</u>
End of year - June 30					<u>\$ 104,607,883</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds			
	General Fund	ARPA Grant Project Fund	Nonmajor Governmental Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 20,343,156	\$ -	\$ 2,036,608	\$ 22,379,764
Accounts receivable, net	207,723	-	-	207,723
Taxes receivable	129,560	-	-	129,560
Lease receivable	558,257	-	-	558,257
Due from other governments	1,101,795	-	-	1,101,795
Restricted cash and cash equivalents	7,107,666	-	-	7,107,666
Prepaid items	15,041	-	-	15,041
Total assets	<u>\$ 29,463,198</u>	<u>\$ -</u>	<u>\$ 2,036,608</u>	<u>\$ 31,499,806</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 632,295	\$ -	\$ 20,343	\$ 652,638
Accrued liabilities	470,488	-	-	470,488
Unearned revenue	9,613	-	-	9,613
Total liabilities	<u>1,112,396</u>	<u>-</u>	<u>20,343</u>	<u>1,132,739</u>
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	129,560	-	-	129,560
Deferred lease receipts	544,257	-	-	544,257
Deferred revenues - advance collection of property tax	5,405	-	-	5,405
Total deferred inflows of resources	<u>679,222</u>	<u>-</u>	<u>-</u>	<u>679,222</u>
Fund Balances:				
Nonspendable:				
Prepaid items	15,041	-	-	15,041
Leases	14,000	-	-	14,000
Restricted:				
Stabilization by state statute	1,309,518	-	-	1,309,518
Streets (Powell Bill)	347,232	-	-	347,232
Transportation impact	1,341,299	-	-	1,341,299
Recreation impact	4,985,000	-	-	4,985,000
Developer reimbursements	414,901	-	-	414,901
Law enforcement	19,234	-	-	19,234
Committed:				
Capital projects	5,370	-	2,016,265	2,021,635
Stadium improvements	79,092	-	-	79,092
Information technology improvements	107,086	-	-	107,086
Transportation improvements	271,151	-	-	271,151
Stormwater improvements	167,798	-	-	167,798
Fleet improvements - regular	128,180	-	-	128,180
Fleet improvements - fire	546,101	-	-	546,101
Greenway/bicycle/pedestrian improvements	452,761	-	-	452,761
Assigned:				
Subsequent year's expenditures	5,322,500	-	-	5,322,500
Unassigned	12,145,316	-	-	12,145,316
Total fund balances	<u>27,671,580</u>	<u>-</u>	<u>2,016,265</u>	<u>29,687,845</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,463,198</u>	<u>\$ -</u>	<u>\$ 2,036,608</u>	<u>\$ 31,499,806</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:		
Total fund balances, governmental funds		\$ 29,687,845
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$ 113,904,615	
Accumulated depreciation/amortization	<u>(27,544,857)</u>	86,359,758
Deferred outflows of resources related to pensions are not reported in the funds.		3,043,785
Deferred outflows of resources related to OPEB are not reported in the funds.		1,566,563
Earned revenues considered deferred inflows of resources in fund statements		129,560
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).	(2,222,980)	
Subscription liabilities	(88,895)	
Compensated absences	(406,139)	
Total OPEB liability	(5,929,580)	
Net pension liability	(4,182,612)	
Total pension liability	<u>(1,155,538)</u>	(13,985,744)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.		(43,359)
Deferred inflows of resources related to OPEB are not reported in the funds.		(1,924,486)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(226,039)</u>
Net position of governmental activities		<u>\$ 104,607,883</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds			
	General Fund	ARPA Grant Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 10,502,513	\$ -	\$ -	\$ 10,502,513
Other taxes and licenses	242,312	-	-	242,312
Unrestricted intergovernmental	3,409,486	-	-	3,409,486
Restricted intergovernmental	1,675,743	1,885,733	43,580	3,605,056
Permits and fees	2,113,047	-	-	2,113,047
Sales and service	1,557,283	-	-	1,557,283
Investment earnings	1,476,015	-	-	1,476,015
Miscellaneous	176,882	-	-	176,882
Total revenues	<u>21,153,281</u>	<u>1,885,733</u>	<u>43,580</u>	<u>23,082,594</u>
Expenditures:				
Current:				
General government	2,933,602	-	-	2,933,602
Public safety	6,432,904	-	-	6,432,904
Public works	6,608,503	-	-	6,608,503
Culture and recreation	1,652,783	-	-	1,652,783
Environmental protection	66,794	-	-	66,794
Economic development	633,521	-	-	633,521
Debt service:				
Principal	526,865	-	-	526,865
Interest	59,065	-	-	59,065
Capital outlay	-	-	160,119	160,119
Total expenditures	<u>18,914,037</u>	<u>-</u>	<u>160,119</u>	<u>19,074,156</u>
Revenues over (under) expenditures	<u>2,239,244</u>	<u>1,885,733</u>	<u>(116,539)</u>	<u>4,008,438</u>
Other Financing Sources (Uses):				
Sale of capital assets	82,000	-	-	82,000
Issuance of long-term debt	215,000	-	-	215,000
Transfers in	1,885,733	-	250,000	2,135,733
Transfers out	(250,000)	(1,885,733)	-	(2,135,733)
Total other financing sources (uses)	<u>1,932,733</u>	<u>(1,885,733)</u>	<u>250,000</u>	<u>297,000</u>
Net change in fund balances	4,171,977	-	133,461	4,305,438
Fund Balances:				
Beginning of year - July 1	<u>23,499,603</u>	<u>-</u>	<u>1,882,804</u>	<u>25,382,407</u>
End of year - June 30	<u>\$ 27,671,580</u>	<u>\$ -</u>	<u>\$ 2,016,265</u>	<u>\$ 29,687,845</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D) \$ 4,305,438

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 4,486,338	
Depreciation and amortization expense for governmental assets	<u>(3,310,161)</u>	1,176,177

Capital contributions are reported in Governmental Activities 12,089,453

Pension expense - LGERS (459,166)

Pension expense - LEOSSA (72,458)

Pension expense - OPEB (82,613)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction 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.

Proceeds on long-term debt		(215,000)
Principal payments on long-term debt		526,865

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

Compensated absences	114,162	
Amortization of premium	878	
Accrued interest	<u>(1,320)</u>	113,720

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		<u>6,111</u>
--	--	--------------

Change in net position in governmental activities per Exhibit B		<u><u>\$ 17,388,527</u></u>
---	--	-----------------------------

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

TOWN OF ZEBULON, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 10,721,500	\$ 10,721,500	\$ 10,502,513	\$ (218,987)
Other taxes and licenses	201,500	201,500	242,312	40,812
Unrestricted intergovernmental	3,233,000	3,233,000	3,409,486	176,486
Restricted intergovernmental	1,804,500	2,522,000	1,675,743	(846,257)
Permits and fees	752,750	752,750	2,113,047	1,360,297
Sales and services	987,000	1,032,000	1,557,283	525,283
Investment earnings	300,000	300,000	1,476,015	1,176,015
Miscellaneous	82,000	130,264	176,882	46,618
Total revenues	18,082,250	18,893,014	21,153,281	2,260,267
Expenditures:				
Current:				
General government	3,407,626	3,705,126	2,933,602	771,524
Public safety	7,399,424	7,526,444	6,432,904	1,093,540
Public works	8,600,150	13,938,526	6,608,503	7,330,023
Culture and recreation	1,951,100	2,064,097	1,652,783	411,314
Environmental protection	139,000	165,000	66,794	98,206
Economic development	249,200	1,617,600	633,521	984,079
Debt service:				
Principal	493,400	526,880	526,865	15
Interest	78,350	59,070	59,065	5
Total expenditures	22,318,250	29,602,743	18,914,037	10,688,706
Revenues over (under) expenditures	(4,236,000)	(10,709,729)	2,239,244	12,948,973
Other Financing Sources (Uses):				
Sale of capital assets	-	-	82,000	82,000
Issuance of long-term debt	232,000	232,000	215,000	(17,000)
Transfers in	-	1,885,733	1,885,733	-
Transfers out	-	(250,000)	(250,000)	-
Appropriated fund balance	4,004,000	8,841,996	-	(8,841,996)
Total other financing sources (uses)	4,236,000	10,709,729	1,932,733	(8,776,996)
Net change in fund balance	\$ -	\$ -	4,171,977	\$ 4,171,977
Fund Balance:				
Beginning of year - July 1			23,499,603	
End of year - June 30			\$ 27,671,580	

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Zebulon, North Carolina, (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the 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. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Town’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Additionally, the Town reports the following non-major fund type:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Governmental Fund Financial Statements. Governmental funds 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

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

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds. All budgets are prepared using the modified accrual basis of accounting.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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. Any revisions that alter the total expenditures of any fund must be approved by the governing board. Interfund transfer of monies may be made only with specific advanced approval of the Town Board (the "Board"). Interdepartmental transfers between noncapital line items may be made for amounts up to \$5,000 with Board notification at the next regularly scheduled meeting; all other interdepartmental transfers may be made only with specific advanced approval of the Board. Supplemental appropriations that amend the total expenditures of any fund require a resolution of the Board. The Budget Officer is authorized to reallocate any appropriations within departments. Budgets are reported as originally adopted or as amended by executive action or Board resolution. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT) which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). The Government Portfolio is a SEC registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. All cash is essentially demand deposits and is considered cash and cash equivalents.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Restricted Cash and Cash Equivalents

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

	<u>Amount</u>
General Fund:	
Transportation impact	\$ 1,341,299
Recreation impact	4,985,000
Developer reimbursements	414,901
Law enforcement	19,234
Streets (Powell Bill)	<u>347,232</u>
Total restricted cash	<u><u>\$ 7,107,666</u></u>

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes for the fiscal year ended June 30, 2024, are based on the assessed values as of January 1, 2023.

Allowance for Doubtful Accounts

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

Interfund Receivables and Payables

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

Leases Receivable

The Town’s leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Prepaid Items

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives, are not capitalized. The Town defines capital assets as assets with an individual cost of \$5,000 or more.

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Infrastructure	14 - 30 years
Vehicles	7 - 10 years
Equipment	7 - 10 years
Buildings and improvements	15 - 40 years
Intangibles	10 years
Subscription-based information technology arrangements	Contract term

Right to Use Assets

The City's capital assets also include certain right-to-use lease assets. The right-to-use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion – pension and OPEB related deferrals. The Town reports deferred outflows of resources related to its pension and other postemployment benefits (OPEB) plans in the Statement of Net Position.

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

The Town also reports a deferred inflow of resources for the advance collection of property taxes. This amount represents property tax revenues that have been collected by the Town before the start of the fiscal period the tax revenues are meant to fund.

The Town also reports a deferred inflow for lease receipts. This item will be amortized into lease revenues on the straight-line basis over the term of the applicable lease agreements. Accordingly, these amounts are shown as a deferred inflow of resources in both the governmental funds balance sheet and the government-wide Statement of Net Position.

Finally, the Town reports deferred inflows of resources related to its pension and other postemployment benefits (OPEB) plans in the Statement of Net Position.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities type Statement of Net Position. Bond premiums and discounts are accrued 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 premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

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

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. Nonexempt employees may accumulate this time and then use it at a later date in lieu of using vacation time or they will be paid for these hours when leaving the Town's employment. Employees not engaged in law enforcement may accumulate eighty (80) compensatory hours and law enforcement officers may accumulate one hundred (100) compensatory hours.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Net Position/Fund Balances

Net Position

Net position in government-wide 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, laws or regulations of other governments, or imposed by law through state statute.

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

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

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

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:

Non-Spendable Fund Balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Leases – Portion of fund balance that is not an available resource because it represents the excess of the lease receivable over the deferred inflows.

Purpose	General Fund
Prepaid items	\$ 15,041
Leases	14,000
Total non-spendable fund balance	<u>\$ 29,041</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

Restricted for Recreation Impact – Portion of fund balance that is restricted by the Town charter to be used on certain Parks and Recreation improvements within ten years or refunding to the developer.

Recreation for Developer Reimbursement – Portion of fund balance that is restricted by revenue source for specific developer reimbursed projects.

Restricted for Law Enforcement – Portion of fund balance restricted by revenue source for purchases related to public safety.

Purpose	General Fund
Stabilization by state statute	\$ 1,309,518
Streets (Powell Bill)	347,232
Transportation impact	1,341,299
Recreation impact	4,985,000
Developer reimbursements	414,901
Law enforcement	19,234
Total restricted fund balance	<u>\$ 8,417,184</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

Committed for Stadium Improvements – Portion of fund balance that has been committed by the governing board for future improvements to the baseball stadium.

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

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

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

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

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

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

Purpose	General Fund	Nonmajor Governmental Funds	Total
Capital projects	\$ 5,370	\$ 2,016,265	\$ 2,021,635
Stadium improvements	79,092	-	79,092
Information technology improvements	107,086	-	107,086
Transportation improvements	271,151	-	271,151
Stormwater improvements	167,798	-	167,798
Fleet improvements - regular	128,180	-	128,180
Fleet improvements - fire	546,101	-	546,101
Greenway/bicycle/pedestrian improvements	452,761	-	452,761
Total committed fund balance	<u>\$ 1,757,539</u>	<u>\$ 2,016,265</u>	<u>\$ 3,773,804</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the Town intends to use for specific purposes. Assignments may be created, amended or eliminated by management under policy adopted by the Board of Commissioners. Amounts are available for appropriation by the governing board.

Assigned for Subsequent Year's Expenditures – portion of fund balance that has been appropriated by the Board for subsequent year's expenditures.

<u>Purpose</u>	<u>Fund</u>
Subsequent year's expenditures	\$ <u>5,322,500</u>

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

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

F. Defined Benefit Cost Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS), and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they were reported by LGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

G. Revenues, Expenditures, and Expenses

Use of Estimates

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

2. Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2024, the Town's deposits had a carrying amount of \$384,036 and a bank balance of \$593,436. Of the bank balance, \$473,103 was covered by federal depository insurance and the remainder was covered by the collateral held under the Pooling Method. At June 30, 2024, the Town's petty cash totaled \$490.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Investments

As of June 30, 2024, the Town has the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/24</u>	<u>Less than 6 months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$ 29,102,904</u>	<u>\$ 29,102,904</u>	<u>\$ -</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Receivables

Receivables at the government-wide level at June 30, 2024 were as follows:

	<u>General</u>	<u>Total</u>
Governmental Activities:		
Accounts	\$ 224,366	\$ 224,366
Taxes	129,560	129,560
Due from other governments	1,101,795	1,101,795
Allowance for doubtful accounts	<u>(16,643)</u>	<u>(16,643)</u>
Net total receivables	<u>\$ 1,439,078</u>	<u>\$ 1,439,078</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Due from other governments that is owed to the Town consists of the following:

Local option sales tax	\$ 646,943
Sales tax	132,949
Franchise tax	170,000
Video programming	8,300
Other governments	<u>143,603</u>
Total	<u>\$ 1,101,795</u>

Leases Receivable

During the fiscal year, the Town had an active noncancelable lease agreement as lessor. A description of the agreement and the related balances reported as of June 30, 2024, are as follows:

Crown Castle: The Town has leased land to GTE Mobilnet. For the fiscal year ended June 30, 2023, the lease payment received was \$39,876 for the year which included the principal and interest components of the payment. As the lease does not contain a specific interest rate, the Town used a rate of 5.00% at the time of the measurement of the lease to estimate an incremental borrowing rate. For the current year, the Town recognized \$63,752 in lease revenue and \$6,653 in interest revenue related to the lease. The Town reports a lease receivable or balance of \$558,257 and deferred inflows of resources of \$544,257 as of June 30, 2024, related to this agreement.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 13,956	\$ 91	\$ 14,047
2026	16,748	202	16,950
2027	19,783	238	20,021
2028	23,080	345	23,425
2029	26,658	255	26,913
2030-2034	198,219	2,382	200,601
2035-2038	<u>259,813</u>	<u>3,140</u>	<u>262,953</u>
Total	<u>\$ 558,257</u>	<u>\$ 6,653</u>	<u>\$ 564,910</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Governmental Capital Assets

A summary of changes in the Town's governmental capital assets follows:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 36,747,006	\$ 7,499,570	\$ -	\$ 8,500	\$ 44,255,076
Construction in progress	<u>1,997,385</u>	<u>921,255</u>	<u>-</u>	<u>(208,528)</u>	<u>2,710,112</u>
Total non-depreciable capital assets	<u>38,744,391</u>	<u>8,420,825</u>	<u>-</u>	<u>(200,028)</u>	<u>46,965,188</u>
Depreciable Assets:					
Buildings	12,897,495	-	-	-	12,897,495
Other improvements	16,962,065	3,539,688	-	69,773	20,571,526
Roads and infrastructure	18,491,963	3,611,147	-	125,521	22,228,631
Equipment	3,106,815	471,080	(141,449)	-	3,719,344
Intangibles	1,036,358	92,934	-	4,734	1,134,026
Right-to-use subscription asset	131,685	-	-	-	131,685
Vehicles and motorized equipment	<u>5,595,209</u>	<u>440,117</u>	<u>(221,394)</u>	<u>-</u>	<u>6,256,720</u>
Total depreciable assets	<u>58,221,590</u>	<u>8,154,966</u>	<u>(362,843)</u>	<u>200,028</u>	<u>66,939,427</u>
Less Accumulated					
Depreciation/Amortization:					
Buildings	6,006,533	399,635	-	-	6,406,168
Other improvements	4,352,196	1,195,328	-	-	5,547,524
Roads and infrastructure	8,038,690	975,613	-	-	9,014,303
Equipment	2,167,848	194,441	(141,449)	-	2,503,738
Intangibles	300,629	85,391	-	-	386,020
Right-to-use subscription asset	26,337	26,337	-	-	52,674
Vehicles and motorized equipment	<u>2,979,620</u>	<u>433,416</u>	<u>(221,394)</u>	<u>-</u>	<u>3,634,430</u>
Total accumulated depreciation/amortization	<u>23,871,853</u>	<u>3,310,161</u>	<u>(362,843)</u>	<u>-</u>	<u>27,544,857</u>
Governmental activities capital assets, net	<u>\$ 73,094,128</u>				<u>\$ 86,359,758</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

General government	\$ 86,015
Public safety	395,760
Public works	2,372,203
Environmental protection	74,351
Culture and recreation	381,832
Total	<u>\$ 3,310,161</u>

Net Investment in Capital Assets

	Governmental Activities
Capital assets	<u>\$ 86,359,758</u>
Less: Long-term debt	<u>(2,311,875)</u>
Net investment in capital assets	<u>\$ 84,047,883</u>

B. Liabilities

Accounts payable and accrued liabilities at the government wide level are composed of the following amounts at June 30, 2024:

	Vendors	Interest	Salaries and Benefits	Total
Governmental activities	<u>\$ 1,055,456</u>	<u>\$ 43,359</u>	<u>\$ 67,670</u>	<u>\$ 1,166,485</u>

Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Zebulon employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Zebulon's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.88% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Zebulon were \$765,728 for the year ended June 30, 2024.

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

At June 30, 2024, the Town reported a liability of \$4,182,612 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Town's proportion was 0.06315%, which was an increase of 0.00617% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$1,224,894. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 466,067	\$ 10,034
Changes of assumptions	177,737	-
Net difference between projected and actual earnings on pension plan investments	1,119,450	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	135,590	35,594
Contributions subsequent to the measurement date	<u>765,728</u>	<u>-</u>
Total	<u><u>\$ 2,664,572</u></u>	<u><u>\$ 45,628</u></u>

\$765,728 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	\$ 657,275
2026	363,571
2027	785,034
2028	47,336
2029	-
Thereafter	-
Total	<u><u>\$ 1,853,216</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2022 actuarial valuation were based on the results of an actuarial experience study, prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100.0%</u>	

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 7,246,211</u>	<u>\$ 4,182,612</u>	<u>\$ 1,660,370</u>

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

Law Enforcement Officers' Special Separation Allowance

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>22</u>
Total	<u>25</u>

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate used to measure TPL is the S&P Municipal Bond 20-Year High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 4.31% to 4.00% due to a change in the Municipal Bond Rate.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employee's Retirement System for the five-year period ending December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-Median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$62,003 as benefits came due for the reporting period.

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

At June 30, 2024, the Town reported a total pension liability of \$1,155,538. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$135,973.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,478	\$ -
Changes of assumptions and other inputs	152,978	180,411
Town benefit payments and plan administrative expense made subsequent to the measurement date	31,757	-
Total	<u>\$ 379,213</u>	<u>\$ 180,411</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$31,757 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 59,411
2026	60,056
2027	44,596
2028	(6,903)
2029	5,706
Thereafter	4,179
Total	<u>\$ 167,045</u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 4.00 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00 percent) or 1-percentage point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	<u>\$ 1,272,127</u>	<u>\$ 1,155,538</u>	<u>\$ 1,051,237</u>

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

	2024
Beginning balance	\$ 1,041,454
Service cost	47,459
Interest on the total pension liability	43,551
Differences between expected and actual experience in the measurement of the total pension liability	53,767
Changes of assumptions or other inputs	31,310
Benefit payments	<u>(62,003)</u>
Ending balance of the total pension liability	<u>\$ 1,155,538</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,224,894	\$ 135,973	\$ 1,360,867
Pension liability	4,182,612	1,155,538	5,338,150
Proportionate share of the net pension liability	0.06315%	n/a	-

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 466,067	\$ 194,478	\$ 660,545
Changes of assumptions	177,737	152,978	330,715
Net difference between projected and actual earnings on plan investments	1,119,450	-	1,119,450
Changes in proportion and differences between Town contributions and proportionate share of contributions	135,590	-	135,590
Benefit payments and administrative costs paid subsequent to the measurement date	<u>765,728</u>	<u>31,757</u>	<u>797,485</u>
Total deferred outflows of resources	<u>\$ 2,664,572</u>	<u>\$ 379,213</u>	<u>\$ 3,043,785</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 10,034	\$ -	\$ 10,034
Changes of assumptions	-	180,411	180,411
proportionate share of contributions	<u>35,594</u>	<u>-</u>	<u>35,594</u>
Total deferred inflows of resources	<u>\$ 45,628</u>	<u>\$ 180,411</u>	<u>\$ 226,039</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts are vested immediately. Law enforcement officers may also make voluntary contributions to the Plan. Contributions for the year ended June 30, 2024 were \$127,159, which consisted of \$88,449 from the Town and \$38,710 from the law enforcement officers. No amounts were forfeited.

Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

All other permanent full-time employees of the Town (excluding law enforcement officers) also participate in the Supplemental Retirement income Plan, a defined contribution pension plan as described previously. The Plan is a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes each month an amount equal to 5% of each employee's salary, and all amounts contributed are vested immediately. Also, these employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were \$323,364, which consisted of \$215,355 from the Town and \$108,009 from the employees.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution on July 1, 2009, the Town administered a post-employment Healthcare Benefits Plan (HCB Plan), a single-employer, defined benefit plan, to employees who have 20 or more years of continuous creditable service under the LGERS and their last 5 years of service with the Town (last 10 years with the Town for employees hired July 1, 2005, or after) at the time of their retirement will receive full benefits. The Town Board has the authority to establish and amend the benefit terms and financing requirements. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The benefits provided depend on the retired employee's creditable service:

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Retirees receiving benefits:	17
Active plan members	77
Total	<u>94</u>

Funding Policy. The Town has elected to fund the HCB Plan on a “pay-as-you-go” basis. For the fiscal year ended June 30, 2024, the Town contributed \$104,106 for the pay-as-you-go benefits for the HCB Plan.

Total OPEB Liability

The Town’s total OPEB liability of \$5,929,580 was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees & firefighters	3.25 percent - 8.41 percent
Firefighters	3.25 percent - 8.15 percent
Law Enforcement Officers	3.25 percent - 7.90 percent
Municipal bond index rate	
Prior measurement date	3.54 percent
Measurement date	3.65 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare Medical and Prescription Drug	5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026
Dental	3.5%
Vision	2.00%

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town of the fiscal year ended June 30, 2024 were as follows:

	Total OPEB Liability
Balance at July 1, 2023	\$ 5,115,294
Changes for the year	
Service cost	149,753
Interest	184,556
Differences between expected and actual experience	543,077
Changes in assumptions or other inputs	41,006
Benefit payments	<u>(104,106)</u>
Net changes	<u>814,286</u>
Balance at June 30, 2024	<u>\$ 5,929,580</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023, valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 6,965,547</u>	<u>\$ 5,929,580</u>	<u>\$ 5,097,659</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 5,029,141	\$ 5,929,580	\$ 7,062,964

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2023, and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$198,353. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 475,370	\$ 696,491
Changes of assumptions and other inputs	990,053	1,227,995
Town benefit payments and plan administrative costs paid subsequent to the measurement date	101,140	-
Total	<u>\$ 1,566,563</u>	<u>\$ 1,924,486</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Town benefit payments made subsequent to the measurement date of \$101,140 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2025	\$ (135,956)
2026	(135,381)
2027	(77,729)
2028	(41,865)
2029	(53,960)
Thereafter	(14,172)
Total	<u>\$ (459,063)</u>

Other Employment Benefits

Death Benefit Plan

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources reported on the Statement of Net Position are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals - LGERS	\$ 2,664,572
Pension deferrals - LEOSSA	379,213
OPEB deferrals	1,566,563
Total	<u>\$ 4,610,348</u>

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

<u>Source</u>	<u>General Fund Balance Sheet</u>	<u>Statement of Net Position</u>
Pension deferrals - LGERS	\$ -	\$ 45,628
Pension deferrals - LEOSSA	-	180,411
OPEB deferrals	-	1,924,486
Leases	-	544,257
Assessments receivable	544,257	-
Prepaid taxes	5,405	5,405
Property taxes receivable	129,560	-
Total	<u>\$ 679,222</u>	<u>\$ 2,700,187</u>

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.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is bonded for \$1,000,000. The Town Manager and Tax Collector are bonded for \$100,000 each.

The Town purchases insurance to provide the following types of major coverage: general liability (\$5,000,000), property (\$15,651,302), inland marine (\$493,500) auto liability (\$5,000,000), public officials liability (\$5,000,000), law enforcement liability (\$5,000,000), employee benefits liability (\$5,000,000) and employment practices liability (\$5,000,000). The coverage has deductibles up to \$10,000. There have been no significant reductions in insurance coverage from coverage in the prior year by major categories of risk, with the exception of property insurance coverage.

The Town does not carry flood insurance because flood plain maps show insignificant property values within flood plains.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Long-Term Obligations

Direct Placement – General Obligation Bonds Payable

In April 2008, the Town issued \$4,600,000 general obligation bonds to finance the construction of a new town government campus. The bonds are due in annual installments of \$225,000 plus interest at rates ranging from 3.5% to 4.0% until maturity in 2030.

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

Year Ending				
June 30	Principal	Interest	Total	
2025	\$ 225,000	\$ 38,425	\$ 263,425	
2026	225,000	29,988	254,988	
2027	225,000	21,438	246,438	
2028	225,000	12,775	237,775	
2029	100,000	4,000	104,000	
Total	<u>\$ 1,000,000</u>	<u>\$ 106,626</u>	<u>\$ 1,106,626</u>	

Direct Borrowing – Promissory Notes

Governmental Activities

\$600,000 installment obligation to SunTrust Finance & Leasing Corporation issued August 19, 2018, secured by a fire truck, payable in annual installments of \$83,456 with an interest rate of 3.17% through 2026 \$ 159,379

\$600,000 installment obligation to SunTrust Equipment Finance & Leasing Corporation issued August 29, 2018, secured by a ladder truck, payable in annual installments of \$82,200 with a interest rate of 3.2% though 2032 634,089

\$460,635 installment obligation to Truist Bank issued December 12, 2013, secured by real estate, payable in annual principal installments of \$46,064 plus interest at 2.52%, through 2023. 153,551

\$155,000 installment obligation to Truist Bank issued September 7, 2022, secured by vehicles and equipment, with payments of \$32,983 due annually of principal and interest at 3.20% through 2027. 92,939

\$215,000 installment obligation to US Bank issued September 1, 2023 secured by equipment with payments of \$36,260 due annually of principal and interest at 5.92% through 2030. 178,740

Total direct borrowing - promissory notes: \$ 1,218,698

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 246,355	\$ 41,097	\$ 287,452
2026	254,025	33,427	287,452
2027	178,613	25,484	204,097
2028	98,556	19,903	118,459
2029	102,541	15,919	118,460
2030-2033	338,608	26,737	365,345
Total	<u>\$ 1,218,698</u>	<u>\$ 162,567</u>	<u>\$ 1,381,265</u>

Subscription-Based Information Technology Arrangements

The Town has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

In August 2022, the Town executed a contract for IDT Bluebeam, a development plan review software used by the Planning and Public Works Department. An initial subscription liability was recorded in the amount of \$131,685. As of June 30, 2024, the value of the subscription liability is \$88,895. The contract calls for the Town to make annual payments that increase from \$21,561 in year 1 to \$35,691 in year 5. As the contract with the vendor did not include a stated interest rate, the Town estimated its incremental borrowing rate related to this arrangement to be 5.00% at the time of the execution of the contract. The value of the right-to-use asset as of June 30, 2024, is \$131,685 with accumulated amortization of \$52,674.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024 were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 25,301	\$ 4,441	\$ 29,742
2026	29,525	3,176	32,701
2027	34,069	1,700	35,769
Total	<u>\$ 88,895</u>	<u>\$ 9,317</u>	<u>\$ 98,212</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the Town had a legal debt margin of approximately \$143,933,318. There were no authorized bonds that had not been issued as of June 30, 2024.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Direct placement - general					
obligation bonds	\$ 1,225,000	\$ -	\$ 225,000	\$ 1,000,000	\$ 225,000
Premium on bonds	5,160	-	878	4,282	878
Direct borrowing - promissory					
notes	1,284,334	215,000	280,636	1,218,698	246,355
Subscription liabilities	110,124	-	21,229	88,895	25,301
Compensated absences	520,301	166,378	280,540	406,139	243,683
Total OPEB liability	5,115,294	918,392	104,106	5,929,580	115,000
Net pension liability (LGERS)	3,214,486	968,126	-	4,182,612	-
Total pension liability (LEOSSA)	<u>1,041,454</u>	<u>176,087</u>	<u>62,003</u>	<u>1,155,538</u>	<u>66,700</u>
Governmental activities					
long-term liabilities	<u>\$ 12,516,153</u>	<u>\$ 2,443,983</u>	<u>\$ 974,392</u>	<u>\$ 13,985,744</u>	<u>\$ 922,917</u>

Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds for the year ended June 30, 2024 consist of the following:

Transfer to GF from ARP Fund for revenue replacement	\$ 1,885,733
Transfer from the GF to Fire Station Capital Project Fund for the Town's share of the design portion of the Fire/EMS station	250,000

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 27,671,580
Less:	
Prepays	15,041
Leases	14,000
Stabilization by state statute	1,309,518
Streets (Powell Bill)	347,232
Transportation impact	1,341,299
Recreation impact	4,985,000
Developer reimbursements	414,901
Law enforcement	19,234
Capital projects	5,370
Stadium improvements	79,092
Information technology improvements	107,086
Transportation improvements	271,151
Stormwater improvements	167,798
Fleet improvements - regular	128,180
Fleet improvements - fire	546,101
Greenway/bicycle/pedestrian improvements	452,761
Subsequent year's expenditures	<u>5,322,500</u>
Remaining fund balance	<u>\$ 12,145,316</u>

3. Summary Disclosure of Significant Contingencies

Grant Contingencies

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

Contractual Commitments

The Town has active construction projects as of June 30, 2024. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Police Station HVAC Replacement	<u>\$ 67,462</u>	<u>\$ 47,938</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Economic Dependency

The Town is economically dependent upon one taxpaying entity, which provides 20% 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, 2024, of \$365,837,530, and property taxes assessed totaling \$2,103,566.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ZEBULON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS LAST SEVEN FISCAL YEARS

	Other Post-Employment Benefits			
	2024	2023	2022	2021
Service cost	\$ 149,753	\$ 212,723	\$ 256,084	\$ 172,789
Interest	184,556	137,819	149,719	177,515
Differences between expected and actual experience	543,077	3,715	(1,047,600)	(1,985)
Changes of assumptions or other inputs	41,006	(1,365,457)	368,939	1,343,226
Benefit payments	(104,106)	(82,189)	(73,554)	(70,431)
Net change in total OPEB liability	814,286	(1,093,389)	(346,412)	1,621,114
Total OPEB liability - beginning	5,115,294	6,208,683	6,555,095	4,933,981
Total OPEB liability - ending	<u>\$ 5,929,580</u>	<u>\$ 5,115,294</u>	<u>\$ 6,208,683</u>	<u>\$ 6,555,095</u>
Covered- employee payroll	\$ 4,762,100	\$ 3,617,709	\$ 3,617,709	\$ 3,184,430
Total OPEB liability as a percentage of covered- employee payroll	124.52%	141.40%	171.62%	205.85%

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

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

TOWN OF ZEBULON, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS****LAST SEVEN FISCAL YEARS**

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

TOWN OF ZEBULON, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2024	2023	2022	2021	2020
Town's proportion of the net pension liability (asset) (%)	0.06315%	0.05698%	0.05480%	0.05856%	0.05670%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,182,612	\$ 3,214,486	\$ 840,411	\$ 2,092,598	\$ 1,531,228
Town's covered payroll*	\$ 5,060,225	\$ 4,148,583	\$ 3,851,575	\$ 3,696,442	\$ 3,488,101
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	82.66%	77.48%	21.82%	56.61%	43.90%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	94.18%

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

** This will be the same percentage for all participant employers in the LGERS plan.

TOWN OF ZEBULON, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset) (%)	0.05488%	0.55330%	0.05604%	0.59260%	0.61920%
Town's proportion of the net pension liability (asset) (\$)	\$ 1,301,941	\$ 845,289	\$ 1,189,357	\$ 265,955	\$ (365,172)
Town's covered payroll*	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740	\$ 2,868,217
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.98%	27.65%	40.86%	9.29%	(12.73%)
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	99.07%	102.64%

TOWN OF ZEBULON, NORTH CAROLINA

**TOWN OF ZEBULON'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 765,728	\$ 627,860	\$ 480,480	\$ 399,391	\$ 340,802
Contributions in relation to the contractually required contribution	<u>765,728</u>	<u>627,860</u>	<u>480,480</u>	<u>399,391</u>	<u>340,802</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,793,087	\$ 5,060,225	\$ 4,148,583	\$ 3,851,575	\$ 3,696,442
Contributions as a percentage of covered payroll	13.22%	12.41%	11.58%	10.37%	9.22%

TOWN OF ZEBULON, NORTH CAROLINA

**TOWN OF ZEBULON'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 279,894	\$ 259,342	\$ 230,022	\$ 199,764	\$ 205,656
Contributions in relation to the contractually required contribution	<u>279,894</u>	<u>259,342</u>	<u>230,022</u>	<u>199,764</u>	<u>205,656</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,488,101	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740
Contributions as a percentage of covered payroll	8.02%	7.77%	7.52%	6.86%	7.19%

TOWN OF ZEBULON, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2024	2023	2022	2021
Beginning balance	\$ 1,041,454	\$ 1,169,257	\$ 1,078,536	\$ 674,335
Service cost	47,459	63,837	62,594	45,024
Interest on the total pension liability	43,551	25,644	20,268	21,555
Differences between expected and actual experience in the measurement of the total pension liability	53,767	69,023	101,881	78,711
Changes of assumptions or other inputs	31,310	(227,256)	(37,251)	285,185
Benefit payments	(62,003)	(59,051)	(56,771)	(26,274)
Ending balance of the total pension liability	<u>\$ 1,155,538</u>	<u>\$ 1,041,454</u>	<u>\$ 1,169,257</u>	<u>\$ 1,078,536</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF ZEBULON, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Beginning balance	\$ 554,170	\$ 507,354	\$ 563,707	\$ 539,222
Service cost	37,668	37,051	29,695	34,167
Interest on the total pension liability	20,172	16,032	21,618	19,079
Differences between expected and actual experience in the measurement of the total pension liability	35,528	23,916	(140,650)	-
Changes of assumptions or other inputs	26,797	(30,183)	40,292	(19,196)
Benefit payments	-	-	(7,308)	(9,565)
Ending balance of the total pension liability	<u>\$ 674,335</u>	<u>\$ 554,170</u>	<u>\$ 507,354</u>	<u>\$ 563,707</u>

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
 PERCENTAGE OF COVERED EMPLOYEE PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2024	2023	2022	2021
Total pension liability	\$ 1,155,538	\$ 1,041,454	\$ 1,169,257	\$ 1,078,536
Covered employee payroll	1,454,359	1,255,097	1,184,842	1,284,137
Total pension liability as a percentage of covered employee payroll	79.45%	82.98%	98.68%	83.99%

Notes to the Schedules:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
 PERCENTAGE OF COVERED EMPLOYEE PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 674,335	\$ 554,170	\$ 507,354	\$ 563,707
Covered employee payroll	1,186,739	1,089,316	996,834	1,046,278
Total pension liability as a percentage of covered employee payroll	56.82%	50.87%	50.90%	53.88%

ZEBULON

NORTH CAROLINA

INDIVIDUAL FUND STATEMENTS & SCHEDULES

ZEBULON

NORTH CAROLINA

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.

ZEBULON

NORTH CAROLINA

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 10,678,500	\$ 10,314,023	\$ (364,477)	\$ 10,106,589
Prior year	28,000	157,875	129,875	87,744
Interest and penalties	15,000	30,615	15,615	29,006
Total	10,721,500	10,502,513	(218,987)	10,223,339
Other Taxes and Licenses:				
Motor vehicle decals	185,000	219,319	34,319	195,819
Rental motor vehicle taxes	16,000	22,493	6,493	22,306
Other	500	500	-	619
Total	201,500	242,312	40,812	218,744
Unrestricted Intergovernmental:				
Local option sales tax	2,515,000	2,524,407	9,407	2,299,749
Video program tax	33,000	33,951	951	680,281
Franchise tax	660,000	812,868	152,868	34,942
Beer and wine	25,000	38,260	13,260	33,702
Total	3,233,000	3,409,486	176,486	3,048,674
Restricted Intergovernmental:				
Powell Bill	199,500	255,567	56,067	212,820
FEMA grant	332,000	-	(332,000)	-
Other grants	824,500	255,831	(568,669)	106,071
PEG supplement	54,000	51,613	(2,387)	51,282
Solid waste disposal tax	5,000	6,145	1,145	5,719
Fines and forfeitures	-	18,279	18,279	810
Wake County Fire District	1,107,000	1,088,308	(18,692)	1,193,261
Total	2,522,000	1,675,743	(846,257)	1,569,963
Permits and Fees:				
Zoning permits and fees	250,000	304,293	54,293	265,048
Transportation impact fees	500,000	499,981	(19)	823,269
Inspection fees	1,500	1,302,416	1,300,916	2,454,719
Officer fees	1,250	6,357	5,107	5,419
Total	752,750	2,113,047	1,360,297	3,548,455

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Charges for services	825,000	1,203,346	378,346	1,042,089
Cemetery	-	-	-	850
Rent	85,000	156,388	71,388	81,733
Recreation	122,000	197,549	75,549	176,359
Total	1,032,000	1,557,283	525,283	1,301,031
Investment Earnings	300,000	1,476,015	1,176,015	939,459
Other Revenues:				
Stormwater fees	-	20	20	69
ABC revenue	55,000	60,226	5,226	62,801
Miscellaneous	75,264	116,636	41,372	142,614
Total	130,264	176,882	46,618	205,484
Total revenues	18,893,014	21,153,281	2,260,267	21,055,149
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	148,800	96,731	52,069	78,315
Operating expenses	108,316	87,598	20,718	52,016
Contracted services	519,000	411,010	107,990	355,606
Total	776,116	595,339	180,777	485,937
Administration:				
Salaries and employee benefits	826,600	534,378	292,222	494,679
Operating expenses	452,525	358,452	94,073	280,891
Contracted services	293,500	247,279	46,221	251,383
Capital outlay	28,100	13,012	15,088	64,650
Total	1,600,725	1,153,121	447,604	1,091,603
Finance:				
Salaries and employee benefits	314,900	315,883	(983)	275,131
Retiree insurance	100,000	100,730	(730)	89,506
Operating expenses	23,655	20,204	3,451	72,035
Contracted services	78,600	80,263	(1,663)	12,401
Total	517,155	517,080	75	449,073

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Planning:				
Salaries and employee benefits	674,900	586,299	88,601	467,029
Operating expenses	103,780	48,681	55,099	59,951
Capital outlay	32,450	33,082	(632)	137,914
Total	811,130	668,062	143,068	664,894
Total general government	3,705,126	2,933,602	771,524	2,691,507
Public Safety:				
Police:				
Salaries and employee benefits	2,881,195	2,654,993	226,202	2,308,726
Operating expenses	416,300	371,243	45,057	586,785
Contracted services	249,445	249,574	(129)	-
Capital outlay	443,000	416,558	26,442	499,500
Total	3,989,940	3,692,368	297,572	3,395,011
Fire:				
Salaries and employee benefits	2,238,754	2,248,179	(9,425)	1,912,759
Operating expenses	446,800	437,491	9,309	399,684
Contracted services	15,000	17,167	(2,167)	11,210
Capital outlay	835,950	37,699	798,251	471,229
Total	3,536,504	2,740,536	795,968	2,794,882
Total public safety	7,526,444	6,432,904	1,093,540	6,189,893
Public Works:				
Operations:				
Salaries and employee benefits	955,900	839,058	116,842	570,722
Operating expenses	666,506	614,794	51,712	538,970
Contracted services	954,757	934,386	20,371	834,349
Capital outlay	8,518,497	2,377,485	6,141,012	1,225,077
Total operations	11,095,660	4,765,723	6,329,937	3,169,118

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Property and Project Management:				
Salaries and employee benefits	537,718	480,245	57,473	450,488
Operating expenses	496,892	452,432	44,460	357,629
Contracted services	124,000	91,830	32,170	79,783
Capital outlay	1,451,570	610,650	840,920	457,377
Total property and project management	2,610,180	1,635,157	975,023	1,345,277
 Powell Bill	 232,686	 207,623	 25,063	 478,951
 Total public works	 13,938,526	 6,608,503	 7,330,023	 4,993,346
 Culture and Recreation:				
Recreation:				
Salaries and employee benefits	898,420	862,615	35,805	670,890
Operating expenses	567,264	535,094	32,170	466,593
Contracted services	15,000	14,331	669	17,922
Capital outlay	583,413	240,743	342,670	299,432
Total culture and recreation	2,064,097	1,652,783	411,314	1,454,837
 Environmental Protection:				
Sanitation:				
Salaries and employee benefits	25,300	-	25,300	-
Operating expenses	124,645	61,893	62,752	-
Contracted services	5,055	4,901	154	-
Capital outlay	10,000	-	10,000	-
Total environmental protection	165,000	66,794	98,206	-
 Economic Development:				
Other operating	1,617,600	633,521	984,079	134,738
Total economic development	1,617,600	633,521	984,079	134,738
 Debt Service:				
Principal	526,880	526,865	15	505,443
Interest	59,070	59,065	5	94,357
Total	585,950	585,930	20	599,800
 Total expenditures	 29,602,743	 18,914,037	 10,688,706	 16,064,121

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	<u>(10,709,729)</u>	<u>2,239,244</u>	<u>12,948,973</u>	<u>4,991,028</u>
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	-	82,000	82,000	16,054
Issuance of long-term debt	232,000	215,000	(17,000)	286,685
Transfer in	1,885,733	1,885,733	-	806,850
Transfer out	(250,000)	(250,000)	-	(785,000)
Appropriated fund balance	<u>8,841,996</u>	<u>-</u>	<u>(8,841,996)</u>	<u>-</u>
Total other financing sources (uses)	<u>10,709,729</u>	<u>1,932,733</u>	<u>(8,776,996)</u>	<u>324,589</u>
Net change in fund balance	<u>\$ -</u>	<u>4,171,977</u>	<u>\$ 4,171,977</u>	<u>5,315,617</u>
Fund Balance:				
Beginning of year - July 1		<u>23,499,603</u>		<u>18,183,986</u>
End of year - June 30		<u>\$ 27,671,580</u>		<u>\$ 23,499,603</u>

TOWN OF ZEBULON, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - ARPA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 1,885,733	\$ -	\$ 1,885,733	\$ 1,885,733	\$ -
Revenues over (under) expenditures	1,885,733	-	1,885,733	1,885,733	-
Other Financing Sources (Uses):					
Transfers out	(1,885,733)	-	(1,885,733)	(1,885,733)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

GENERAL CAPITAL PROJECT FUNDS

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

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

The Fire Station Capital Project Fund is used to account for financial resources to be used for the construction of new public safety facilities.

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

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2024

	Capital Project Funds				Total Nonmajor Governmental Funds
	N. Arendell Avenue Project Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	
Assets:					
Cash and cash equivalents	\$ 657,602	\$ 85,750	\$ 508,256	\$ 785,000	\$ 2,036,608
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 7,343	\$ -	\$ 13,000	\$ -	\$ 20,343
Fund Balances:					
Committed:					
Capital projects	650,259	85,750	495,256	785,000	2,016,265
Total liabilities and fund balances	\$ 657,602	\$ 85,750	\$ 508,256	\$ 785,000	\$ 2,036,608

TOWN OF ZEBULON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Projects Funds				Total Nonmajor Governmental Funds
	N. Arendell Avenue Project Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	
Revenues:					
Restricted intergovernmental	\$ 43,580	\$ -	\$ -	\$ -	\$ 43,580
Expenditures:					
Capital outlay	49,282	-	110,837	-	160,119
Revenues over (under) expenditures	(5,702)	-	(110,837)	-	(116,539)
Other Financing Sources (Uses):					
Transfers in	-	-	250,000	-	250,000
Net change in fund balances	(5,702)	-	139,163	-	133,461
Fund Balances:					
Beginning of year - July 1	655,961	85,750	356,093	785,000	1,882,804
End of year - June 30	\$ 650,259	\$ 85,750	\$ 495,256	\$ 785,000	\$ 2,016,265

TOWN OF ZEBULON, NORTH CAROLINA

N. ARENDELL AVENUE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total To</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 956,000	\$ -	\$ 43,580	\$ 43,580	\$ (912,420)
Expenditures:					
Capital outlays	1,947,595	335,634	49,282	384,916	(1,562,679)
Revenues over (under) expenditures	(991,595)	(335,634)	(5,702)	(341,336)	650,259
Other Financing Sources (Uses):					
Transfers in	991,595	991,595	-	991,595	-
Net change in fund balance	\$ -	\$ 655,961	(5,702)	\$ 650,259	\$ 650,259
Fund Balance:					
Beginning of year - July 1			655,961		
End of year - June 30			\$ 650,259		

TOWN OF ZEBULON, NORTH CAROLINA
STORMWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Capital outlays	\$ 85,750	\$ -	\$ -	\$ -	\$ 85,750
Revenues over (under) expenditures	(85,750)	-	-	-	85,750
Other Financing Sources (Uses):					
Transfers in	85,750	85,750	-	85,750	-
Total	85,750	85,750	-	85,750	-
Net change in fund balance	\$ -	\$ 85,750	-	\$ 85,750	\$ 85,750
Fund Balance:					
Beginning of year - July 1			85,750		
End of year - June 30			\$ 85,750		

TOWN OF ZEBULON, NORTH CAROLINA

FIRE STATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 477,750	\$ -	\$ -	\$ -	\$ (477,750)
Total revenues	<u>477,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,750)</u>
Expenditures:					
Capital outlay	\$ 1,714,650	\$ 630,807	\$ 110,837	\$ 741,644	\$ 973,006
Revenues over (under) expenditures	(1,236,900)	(630,807)	(110,837)	(741,644)	495,256
Other Financing Sources (Uses):					
Transfers in	<u>1,236,900</u>	<u>986,900</u>	<u>250,000</u>	<u>1,236,900</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 356,093</u>	139,163	<u>\$ 495,256</u>	<u>\$ 495,256</u>
Fund Balance:					
Beginning of year - July 1			<u>356,093</u>		
End of year - June 30			<u>\$ 495,256</u>		

TOWN OF ZEBULON, NORTH CAROLINA

**LITTLE RIVER PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Capital outlay	\$ 785,000	\$ -	\$ -	\$ -	\$ 785,000
Revenues over (under) expenditures	(785,000)	-	-	-	785,000
Other Financing Sources:					
Transfers in	785,000	785,000	-	785,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 785,000</u>	-	<u>\$ 785,000</u>	<u>\$ 785,000</u>
Fund Balance:					
Beginning of year - July 1			<u>785,000</u>		
End of year - June 30			<u>\$ 785,000</u>		

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

Year Ended June 30	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 10,597,915	\$ 10,544,867	\$ 53,048
2022-2023	32,089	3,725	21,014	14,800
2021-2022	13,473	2,798	6,626	9,645
2020-2021	8,909	3,491	2,292	10,108
2019-2020	7,564	3,707	454	10,817
2018-2019	5,155	3,210	68	8,297
2017-2018	10,715	2,546	150	13,111
2016-2017	4,029	2,184	-	6,213
2015-2016	1,356	2,165	-	3,521
2014-2015	994	-	994	-
2013-2014	6,978	-	6,978	-
Total	<u>\$ 91,262</u>	<u>\$ 10,621,741</u>	<u>\$ 10,583,443</u>	<u>129,560</u>
Less: Allowance for uncollectible ad valorem taxes receivable				<u>-</u>
Ad valorem taxes receivable, net				<u>\$ 129,560</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 10,502,513</u>
Reconciling items:				
Motor vehicle taxes- General Fund				219,319
Penalties and interest collected				(30,615)
Releases and other adjustments				103,573
Write-offs				<u>7,972</u>
Total reconciling items				<u>80,930</u>
Total collections and credit				<u>\$ 10,583,443</u>

TOWN OF ZEBULON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND (TOWN-WIDE)
FOR THE YEAR ENDED JUNE 30, 2024

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,832,096,000	\$ 0.5750	\$ 10,534,552	\$ 9,946,536	\$ 588,016
Discoveries					
Penalties	-	-	30,615	30,615	-
Prior year taxes	-	-	62,316	62,316	-
Abatements	<u>(5,142,278)</u>	0.5750	<u>(29,568)</u>	<u>(29,568)</u>	<u>-</u>
Total property valuation	<u>\$ 1,826,953,722</u>				
Net Levy			10,597,915	10,009,899	588,016
Uncollected taxes at June 30, 2024			<u>53,048</u>	<u>49,771</u>	<u>3,277</u>
Current Year's Taxes Collected			<u>\$ 10,544,867</u>	<u>\$ 9,960,128</u>	<u>\$ 584,739</u>
Current Levy Collection Percentage			<u>99.50%</u>	<u>99.50%</u>	<u>99.44%</u>

ZEBULON

NORTH CAROLINA

STATISTICAL SECTION

ZEBULON

NORTH CAROLINA

Statistical Section

This part of the Town of Zebulon’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

	<u>Page</u>
Financial Trends – These tables contain trend information to help the reader understand how the Town’s financial performance and well being have been changed over time.....	88
Revenue Capacity – These tables contain information to help the reader assess the Town’s most significant local revenue source, the property tax.....	96
Debt Capacity – These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.....	109
Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.....	113
Operation Information – These tables contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities.....	117
.	

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports to the relevant year.

TOWN OF ZEBULON, NORTH CAROLINA

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

	2024	2023	2022	2021	2020
Governmental activities					
Net investment in capital assets	\$ 84,047,883	\$ 70,469,510	\$ 50,170,091	\$ 42,097,705	\$ 29,296,465
Restricted	8,417,184	7,711,569	4,886,278	2,859,097	1,995,272
Unrestricted	12,142,816	9,038,277	7,231,768	4,733,482	4,088,548
Total governmental activities net position	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>	<u>\$ 62,288,137</u>	<u>\$ 49,690,284</u>	<u>\$ 35,380,285</u>
Business-type activities					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government					
Net investment in capital assets	\$ 84,047,883	\$ 70,469,510	\$ 50,170,091	\$ 42,097,705	\$ 29,296,465
Restricted	8,417,184	7,711,569	4,886,278	2,859,097	1,995,272
Unrestricted	12,142,816	9,038,277	7,231,768	4,733,482	4,088,548
Total primary government net position	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>	<u>\$ 62,288,137</u>	<u>\$ 49,690,284</u>	<u>\$ 35,380,285</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ 26,460,741	\$ 16,793,339	\$ 14,955,686	\$ 13,392,436	\$ 12,944,657
Restricted	1,512,756	1,390,444	1,282,832	1,077,310	1,019,076
Unrestricted	3,236,736	2,222,411	5,057,994	4,878,773	4,806,151
Total governmental activities net position	<u>\$ 31,210,233</u>	<u>\$ 20,406,194</u>	<u>\$ 21,296,512</u>	<u>\$ 19,348,519</u>	<u>\$ 18,769,884</u>
Business-type activities					
Unrestricted	\$ -	\$ (26,167)	\$ (30,056)	\$ (34,061)	(36,884)
Total business-type activities net position	<u>\$ -</u>	<u>\$ (26,167)</u>	<u>\$ (30,056)</u>	<u>\$ (34,061)</u>	<u>\$ (36,884)</u>
Primary government					
Net investment in capital assets	\$ 26,460,741	\$ 16,793,339	\$ 14,955,686	\$ 13,392,436	\$ 12,944,657
Restricted	1,512,756	1,390,444	1,282,832	1,077,310	1,019,076
Unrestricted	3,236,736	2,196,244	5,027,938	4,844,712	4,769,267
Total primary government net position	<u>\$ 31,210,233</u>	<u>\$ 20,380,027</u>	<u>\$ 21,266,456</u>	<u>\$ 19,314,458</u>	<u>\$ 18,733,000</u>

TOWN OF ZEBULON, NORTH CAROLINA

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

	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 1,711,158	\$ 1,767,907	\$ 2,182,513	\$ 2,320,449	\$ 2,468,204
Public safety	3,115,698	3,208,337	3,339,341	3,731,751	3,879,905
Public Works	-	-	-	-	-
Environmental Protection	-	-	-	-	-
Streets	782,121	816,957	863,966	941,827	664,098
Sanitation	826,740	859,777	925,776	1,332,511	1,455,403
Storm water	224,215	224,279	286,500	264,964	278,182
Cultural and recreational	983,783	1,036,994	1,046,872	1,078,303	1,146,509
Economic Development	-	-	-	-	-
Interest on long-term debt	153,411	140,481	127,256	110,389	134,184
Total governmental activities expenses	7,797,126	8,054,732	8,772,224	9,780,194	10,026,485
Business-type activities:					
Interest on long-term debt	9,623	6,497	3,450	992	-
Total primary government expenses	\$ 7,806,749	\$ 8,061,229	\$ 8,775,674	\$ 9,781,186	\$ 10,026,485
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 182,735	\$ 189,760	\$ 157,473	\$ 268,436	\$ 329,780
Public safety	2,418	2,048	1,708	1,719	1,838
Public Works	-	-	-	-	-
Streets	62,346	-	-	-	-
Sanitation	394,117	408,743	430,027	444,605	470,546
Cultural and recreational	128,618	133,956	141,895	158,104	186,592
Operating grants and contributions	831,799	888,155	1,054,039	920,532	879,578
Capital grants and contributions	773,591	648,574	1,908,788	2,044,350	9,994,933
Total governmental activities program revenues	2,375,624	2,271,236	3,693,930	3,837,746	11,863,267
Total primary government program revenues	\$ 2,375,624	\$ 2,271,236	\$ 3,693,930	\$ 3,837,746	\$ 11,863,267
Net Revenue (expense)					
Governmental activities	\$ (5,421,502)	\$ (5,783,496)	\$ (5,078,294)	\$ (5,942,448)	\$ 1,836,782
Business-type activities	(9,623)	(6,497)	(3,450)	(992)	-
Total primary government net revenue (expense)	\$ (5,431,125)	\$ (5,789,993)	\$ (5,081,744)	\$ (5,943,440)	\$ 1,836,782
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	4,119,373	4,529,782	5,479,104	6,301,569	6,559,888
Other taxes and licenses	47,983	37,671	39,899	39,453	42,813
Unrestricted intergovernmental revenues	1,477,071	1,567,546	1,594,566	1,647,639	1,803,030
Investment earnings	6,117	19,832	41,388	108,715	219,633
Miscellaneous	167,632	199,700	195,565	192,323	253,752
Transfers	-	-	-	-	(21,462)
Gain (loss) on disposal of capital assets	83,168	7,600	24,174	(17,212)	109,603
Total governmental activities	5,901,344	6,362,131	7,374,696	8,272,487	8,967,257
Business-type activities:					
Investment earnings	\$ 11,047	\$ 7,887	\$ 4,804	\$ 1,907	\$ 150
Miscellaneous	1,141	1,433	2,651	2,974	4,555
Transfers	-	-	-	-	21,462
Total business-type activities	12,188	9,320	7,455	4,881	26,167
Total primary government general revenues and other changes in net position	5,913,532	6,371,451	7,382,151	8,277,368	8,993,424
Change in net position					
Governmental activities	\$ 479,842	\$ 578,635	\$ 2,296,402	\$ 2,330,039	\$ 10,804,039
Business-type activities	2,565	2,823	4,005	3,889	26,167
Total primary government change in net position	\$ 482,407	\$ 581,458	\$ 2,300,407	\$ 2,333,928	\$ 10,830,206

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

	2020	2021	2022	2023	2024
Expenses					
Governmental activities:					
General government	\$ 3,009,901	\$ 2,668,227	\$ 2,899,940	\$ 2,936,787	\$ 2,777,357
Public safety	4,121,086	3,955,896	4,256,483	5,746,682	6,571,690
Public Works	-	3,600,490	3,923,477	4,672,261	6,231,224
Environmental Protection	-	-	-	-	141,145
Streets	1,234,157	-	-	-	-
Sanitation	1,157,409	-	-	-	-
Storm water	443,102	-	-	-	-
Cultural and recreational	1,115,900	1,113,381	1,368,957	1,276,916	1,836,000
Economic Development	-	123,445	133,200	527,343	254,708
Interest on long-term debt	126,287	106,902	103,839	89,550	59,507
Total governmental activities expenses	11,207,842	11,568,341	12,685,896	15,249,539	17,871,631
Business-type activities:					
Interest on long-term debt	-	-	-	-	-
Total primary government expenses	\$ 11,207,842	\$ 11,568,341	\$ 12,685,896	\$ 15,249,539	\$ 17,871,631
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 420,769	\$ 334,262	\$ 2,169,979	\$ 411,442	\$ 167,940
Public safety	1,346	22,609	19,466	11,893	1,103,859
Public Works	-	1,237,867	1,586,540	1,852,342	2,046,391
Streets	-	-	-	-	-
Sanitation	545,248	-	-	-	-
Cultural and recreational	105,678	370,221	266,005	2,573,809	1,447,459
Operating grants and contributions	867,706	914,211	885,558	1,356,333	2,496,573
Capital grants and contributions	4,016,094	12,915,685	8,802,622	19,355,601	12,089,453
Total governmental activities program revenues	5,956,841	15,794,855	13,730,170	25,561,420	19,351,675
Total primary government program revenues	\$ 5,956,841	\$ 15,794,855	\$ 13,730,170	\$ 25,561,420	\$ 19,351,675
Net Revenue (expense)					
Governmental activities	\$ (5,251,001)	\$ 4,226,514	\$ 1,044,274	\$ 10,311,881	\$ 1,480,044
Business-type activities	-	-	-	-	-
Total primary government net revenue (expense)	\$ (5,251,001)	\$ 4,226,514	\$ 1,044,274	\$ 10,311,881	\$ 1,480,044
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	7,091,423	7,593,462	8,297,440	10,203,050	10,521,788
Other taxes and licenses	83,284	228,414	261,796	287,388	314,523
Unrestricted intergovernmental revenues	1,793,411	2,026,139	2,654,572	2,980,030	3,337,275
Investment earnings	160,642	2,972	37,777	939,459	1,476,015
Miscellaneous	292,293	176,312	207,270	206,294	258,882
Transfers	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	56,186	3,117	3,117	-
Total governmental activities	9,421,053	10,083,485	11,461,972	14,619,338	15,908,483
Business-type activities:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	-	-	-	-	-
Total primary government general revenues and other changes in net position	9,421,053	10,083,485	11,461,972	14,619,338	15,908,483
Change in net position					
Governmental activities	\$ 4,170,052	\$ 14,309,999	\$ 12,506,246	\$ 24,931,219	\$ 17,388,527
Business-type activities	-	-	-	-	-
Total primary government change in net position	\$ 4,170,052	\$ 14,309,999	\$ 12,506,246	\$ 24,931,219	\$ 17,388,527

TOWN OF ZEBULON, NORTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	General Government	Public Safety	Streets	Sanitation	Storm Water	Public Works
2015	\$ 1,711,158	\$ 3,115,698	\$ 782,121	\$ 826,740	\$ 224,215	\$ -
2016	1,767,907	3,208,337	816,957	859,777	224,279	-
2017	2,182,513	3,339,341	863,966	925,776	286,500	-
2018	2,320,449	3,731,751	941,827	1,332,511	264,964	-
2019	2,468,204	3,879,905	664,098	1,455,403	278,182	-
2020	3,009,901	4,121,086	1,234,157	1,157,409	443,102	-
2021	2,668,227	3,955,896	-	-	-	3,600,490
2022	2,899,940	4,256,483	-	-	-	3,923,477
2023	2,936,787	5,746,682	-	-	-	4,672,261
2024	2,777,357	6,571,690	-	-	-	6,231,224

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Environmental Protection	Economic Development	Cultural & Recreational	Interest on Long- Term Debt	Water & Sewer	Total
2015	\$ -	\$ -	\$ 983,783	\$ 153,411	\$ 9,623	\$ 7,808,764
2016	-	-	1,036,994	140,481	6,497	8,063,245
2017	-	-	1,046,872	127,256	3,450	8,777,691
2018	-	-	1,078,303	110,389	992	9,783,204
2019	-	-	1,146,509	134,184	-	10,028,504
2020	-	-	1,115,900	126,287	-	11,209,862
2021	-	123,445	1,113,381	106,902	-	11,570,362
2022	-	133,200	1,368,957	103,839	-	12,687,918
2023	-	527,343	1,276,916	89,550	-	15,251,562
2024	141,145	254,708	1,836,000	59,507	-	17,873,655

TOWN OF ZEBULON, NORTH CAROLINA

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Sanitation</u>	<u>Storm Water</u>	<u>Public Works</u>
2015	\$1,650,350	\$2,828,974	\$ 777,901	\$ 775,532	\$ 177,397	\$ -
2016	1,574,366	3,041,769	597,047	916,164	407,221	-
2017	2,019,968	3,038,542	811,859	1,133,870	210,825	-
2018	2,280,357	3,655,371	869,186	859,104	236,359	-
2019	2,335,416	5,218,293	859,426	1,009,380	207,729	-
2020	2,988,305	3,697,262	695,082	1,025,538	223,666	-
2021	2,265,007	3,733,061	-	-	-	3,377,769
2022	2,386,648	4,281,892	-	-	-	3,119,504
2023	2,691,507	6,189,893	-	-	-	4,993,346
2024	2,933,602	6,432,904	-	-	-	6,608,503

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

<u>Fiscal Year</u>	<u>Economic Development</u>	<u>Environmental Protection</u>	<u>Cultural & Recreation</u>	<u>Debt Service</u>	<u>Total</u>	<u>Per Capita Expenditures</u>
2015	\$ -	\$ -	\$ 757,213	\$ 751,176	\$7,720,558	\$ 1,675
2016	-	-	777,917	723,873	8,040,373	1,620
2017	-	-	797,168	761,730	8,775,979	1,701
2018	-	-	786,621	746,176	9,435,192	1,791
2019	-	-	844,557	905,186	11,382,006	2,016
2020	-	-	894,284	582,745	10,108,902	1,708
2021	35,126	-	852,736	627,193	10,892,913	1,563
2022	79,626	-	1,128,163	554,656	11,552,511	1,449
2023	134,738	-	1,454,837	599,800	16,066,144	1,618
2024	633,521	66,794	1,652,783	585,930	18,916,061	1,636

TOWN OF ZEBULON, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Program Revenues			General Revenues
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes
2015	\$ 770,234	\$ 831,799	\$ 773,591	\$ 4,167,356
2016	734,507	888,155	648,574	4,567,453
2017	731,103	1,054,039	1,908,788	5,519,003
2018	872,864	920,532	2,044,350	6,341,022
2019	988,756	879,578	9,994,933	6,602,701
2020	1,073,041	867,706	4,016,094	7,174,707
2021	1,964,959	914,211	12,915,685	9,848,015
2022	4,041,990	885,558	8,802,622	11,213,808
2023	4,849,486	1,356,333	19,355,601	13,470,468
2024	4,765,649	2,496,573	12,089,453	14,173,586

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	General Revenues			Total
	Unrestricted Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	
2015	\$ 1,477,071	\$ 17,164	\$ 251,941	\$ 12,458,527
2016	1,567,546	27,719	208,733	13,212,156
2017	1,594,566	46,192	222,390	16,597,101
2018	1,647,639	110,622	178,085	18,458,154
2019	1,803,030	219,783	367,910	27,461,411
2020	1,793,411	160,642	292,293	22,554,621
2021	-	2,972	232,498	35,728,376
2022	-	37,777	301,994	36,499,579
2023	-	939,459	209,411	53,653,249
2024	-	1,476,015	258,882	49,435,768

TOWN OF ZEBULON, NORTH CAROLINA

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergovernment al Revenues</u>	<u>Licenses, Permits & Fees</u>	<u>Investment Earnings</u>
2015	\$ 4,186,313	\$ 2,654,241	\$ 466,550	\$ 6,117
2016	4,577,412	2,455,701	195,259	19,832
2017	5,516,367	2,648,605	579,767	41,388
2018	6,331,820	2,568,171	506,342	108,715
2019	6,606,569	2,682,608	507,191	219,633
2020	7,179,141	2,718,273	988,478	160,642
2021	7,750,184	4,397,345	1,100,742	2,972
2022	8,475,532	3,999,862	2,913,403	37,777
2023	10,442,083	4,660,225	3,548,455	939,459
2024	10,744,825	5,085,229	2,113,047	1,476,015

Source: Town of Zebulon Annual Comprehensive Financial Reports

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

<u>Fiscal Year</u>	<u>Sales & Services</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Per Capita Revenues</u>
2015	\$ 582,560	\$ 273,324	\$ 8,171,120	\$ 1,772
2016	623,262	207,300	8,080,782	1,628
2017	638,614	249,195	9,675,953	1,876
2018	670,007	246,444	10,433,517	1,981
2019	738,716	397,935	11,154,671	1,976
2020	742,452	292,293	12,083,299	2,042
2021	864,217	176,312	14,293,793	2,051
2022	1,128,587	207,270	16,764,453	2,102
2023	1,301,031	206,294	21,099,570	2,125
2024	1,557,283	176,882	21,155,305	1,829

TOWN OF ZEBULON, NORTH CAROLINA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

Fiscal Year	Property Tax ⁽¹⁾	Tax Rate
2015	\$ 4,136,640	0.5250
2016	4,538,730	0.5250
2017	5,475,283	0.5750
2018	6,290,576	0.5750
2019	6,562,236	0.5920
2020	7,095,333	0.5920
2021	7,570,200	0.5500
2022	8,277,151	0.5500
2023	10,223,339	0.5750
2024	10,502,513	0.5750

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

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

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund					
Nonspendable	\$ 29,041	\$ 19,810	\$ 6,491	\$ 531	\$ -
Restricted	8,417,184	7,711,569	4,886,278	2,859,097	1,995,272
Committed	1,757,539	1,453,524	1,557,628	1,172,998	828,672
Assigned	5,322,500	4,004,000	2,853,500	2,490,000	1,910,000
Unassigned	12,145,316	10,310,700	8,880,089	7,730,654	7,278,553
Total General Fund	<u>\$ 27,671,580</u>	<u>\$ 23,499,603</u>	<u>\$ 18,183,986</u>	<u>\$ 14,253,280</u>	<u>\$ 12,012,497</u>
All other governmental funds					
Committed, reported in:					
Capital projects funds	<u>\$ 2,016,265</u>	<u>\$ 1,882,804</u>	<u>\$ 2,012,962</u>	<u>\$ 1,128,627</u>	<u>\$ 1,196,271</u>
Total all other governmental funds	<u>\$ 2,016,265</u>	<u>\$ 1,882,804</u>	<u>\$ 2,012,962</u>	<u>\$ 1,128,627</u>	<u>\$ 1,196,271</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,512,756	1,390,444	1,282,832	1,077,310	1,019,076
Committed	536,120	485,979	232,350	193,400	193,400
Assigned	1,336,331	1,568,182	549,675	916,050	339,780
Unassigned	6,790,049	5,933,550	7,097,301	5,815,924	6,158,019
Total General Fund	<u>\$ 10,175,256</u>	<u>\$ 9,378,155</u>	<u>\$ 9,162,158</u>	<u>\$ 8,002,684</u>	<u>\$ 7,710,275</u>
All other governmental funds					
Committed, reported in:					
Capital projects funds	\$ 1,136,905	\$ 532,984	\$ -	\$ -	\$ -
Total all other governmental funds	<u>\$ 1,136,905</u>	<u>\$ 532,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ZEBULON, NORTH CAROLINA

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

	2024	2023	2022	2021	2020
Revenues:					
Ad valorem taxes	\$ 10,502,513	\$ 10,223,339	\$ 8,277,151	\$ 7,570,200	\$ 7,095,333
Other taxes and licenses	242,312	218,744	198,381	179,984	83,808
Unrestricted intergovernmental	3,409,486	3,048,674	2,717,987	2,074,569	1,793,411
Restricted intergovernmental	1,675,743	1,569,963	1,281,875	2,322,776	867,706
Permits and fees	2,113,047	3,548,455	2,913,403	1,100,742	988,478
Sales and services	1,557,283	1,301,031	37,777	2,972	742,452
Investment earnings	1,476,015	939,459	1,128,587	864,217	160,642
Miscellaneous	176,882	205,484	207,270	176,312	292,293
Total revenues	<u>21,153,281</u>	<u>21,055,149</u>	<u>16,762,431</u>	<u>14,291,772</u>	<u>12,024,123</u>
Expenditures:					
General government	2,887,508	2,488,943	2,386,648	2,265,007	2,679,980
Public safety	5,978,647	5,219,164	4,281,892	3,733,061	3,506,042
Streets	-	-	-	-	517,964
Sanitation	66,794	-	-	-	1,025,538
Storm water	-	-	-	-	210,166
Public Works	3,620,368	3,310,892	3,119,504	3,377,769	-
Economic Development	633,521	134,738	79,626	35,126	-
Cultural and recreational	1,412,040	1,155,405	1,128,163	852,736	791,056
Capital outlay	3,729,229	3,155,179	855,989	1,382,719	793,391
Debt service:					
Principal retirement	526,865	505,443	450,438	507,286	448,854
Interest and fees	59,065	94,357	104,218	119,907	133,891
Total expenditures	<u>18,914,037</u>	<u>16,064,121</u>	<u>12,406,478</u>	<u>12,273,611</u>	<u>10,106,882</u>
Excess of revenues over (under) expenditures	<u>2,239,244</u>	<u>4,991,028</u>	<u>4,355,953</u>	<u>2,018,161</u>	<u>1,917,241</u>
Other financing sources (uses):					
Installment note proceeds	215,000	-	305,000	-	-
Bond Proceeds	-	286,685	-	-	-
Proceeds from sale of capital assets	82,000	16,054	100,474	208,592	-
Transfers in	1,885,733	806,850	1,491,900	-	-
Transfers (out)	(250,000)	(785,000)	(1,491,900)	-	(80,000)
Total other financing sources (uses)	<u>1,932,733</u>	<u>324,589</u>	<u>405,474</u>	<u>208,592</u>	<u>(80,000)</u>
Net change in fund balances	<u>\$ 4,171,977</u>	<u>\$ 5,315,617</u>	<u>\$ 4,761,427</u>	<u>\$ 2,226,753</u>	<u>\$ 1,837,241</u>
Debt service as a percentage of noncapital expenditures	3.9%	4.6%	4.8%	5.8%	6.3%

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

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

	2019	2018	2017	2016	2015
Revenues:					
Ad valorem taxes	\$ 6,562,236	\$ 6,290,576	\$ 5,475,283	\$ 4,538,730	\$ 4,136,640
Other taxes and licenses	44,333	41,244	41,084	38,682	49,673
Unrestricted intergovernmental	1,803,030	1,647,639	1,594,566	1,567,546	1,477,071
Restricted intergovernmental	879,578	920,532	1,054,039	888,155	1,177,170
Permits and fees	507,191	506,342	579,767	195,259	466,550
Sales and services	738,716	670,007	638,614	623,262	582,560
Investment earnings	219,633	108,715	41,388	19,832	6,117
Miscellaneous	397,935	246,444	249,195	207,300	273,324
Total revenues	11,152,652	10,431,499	9,673,936	8,078,766	8,169,105
Expenditures:					
General government	2,237,588	2,084,313	1,886,827	1,533,719	1,497,599
Public safety	3,446,275	3,301,586	2,830,972	2,859,970	2,820,289
Streets	481,133	810,456	447,960	419,280	414,949
Sanitation	869,524	859,104	845,297	809,120	775,532
Storm water	175,444	171,965	178,778	150,539	154,487
Public Works	-	-	-	-	-
Economic Development	-	-	-	-	-
Cultural and recreational	844,557	770,220	734,025	748,959	699,274
Capital outlay	2,420,280	689,354	1,088,373	792,897	605,237
Debt service:					
Principal retirement	802,181	626,382	628,609	578,042	588,564
Interest and fees	103,005	119,794	133,121	145,831	162,612
Total expenditures	11,379,987	9,433,174	8,773,962	8,038,357	7,718,543
Excess of revenues over (under) expenditures	(227,335)	998,325	899,974	40,409	450,562
Other financing sources (uses):					
Installment note proceeds	1,700,000	-	259,500	252,000	-
Bond Proceeds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(675,564)	(782,328)	-	-	-
Total other financing sources (uses)	1,024,436	(782,328)	259,500	252,000	-
Net change in fund balances	\$ 797,101	\$ 215,997	\$ 1,159,474	\$ 292,409	\$ 450,562
 Debt service as a percentage of noncapital expenditures	 10.1%	 8.5%	 9.9%	 10.0%	 10.6%

TOWN OF ZEBULON, NORTH CAROLINA

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

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assesed Value	Property Tax Rate	Taxable Assesed Ratio of Assesed Value to Estimated Actual Value
2015	\$ 488,209,958	\$ 283,314,324	\$ 9,882,575	\$ 781,406,857	0.5250	100%
2016	531,315,033	317,347,252	11,177,906	859,840,191	0.5250	100%
2017	532,715,303	388,154,518	11,809,309	932,679,130	0.5750	100%
2018	538,742,081	511,561,940	13,222,414	1,063,526,435	0.5750	100%
2019	592,484,309	500,416,676	13,187,191	1,106,088,176	0.5750	100%
2020	593,190,630	557,023,161	14,320,162	1,164,533,953	0.5920	100%
2021	845,229,539	528,539,464	15,487,108	1,389,256,111	0.5500	100%
2022	931,444,694	581,468,280	16,773,745	1,529,686,719	0.5500	100%
2023	991,261,997	789,061,624	17,499,324	1,797,822,945	0.5750	100%
2024	1,102,667,068	708,464,460	15,822,194	1,826,953,722	0.5750	100%

Source: Wake County Revenue Department

Notes: The last revaluation occurred as of January 1, 2020.

TOWN OF ZEBULON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES
LAST TEN CALENDAR YEARS
(rate per \$100 of assessed value)

Fiscal Year	Town of Zebulon	Wake County	Total Direct Rate
2015	0.5250	0.5780	1.103
2016	0.5250	0.6145	1.140
2017	0.5750	0.6005	1.176
2018	0.5750	0.6150	1.190
2019	0.5920	0.6544	1.246
2020	0.5920	0.7207	1.313
2021	0.5500	0.6000	1.150
2022	0.5500	0.6000	1.150
2023	0.5750	0.6195	1.195
2024	0.5750	0.6570	1.232

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

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GlaxoSmithKline ⁽¹⁾	\$ 300,684,143	1	16.46	\$ 188,186,704	1	24.08
Truist Bank	275,494,425	2	15.08	3,712,517	21	0.48
Glaxo Inc ⁽¹⁾	65,153,387	3	3.57	54,410,698	2	6.96
USF Propco LLC ⁽²⁾	23,515,733	4	1.29	18,705,870	3	2.39
Progress Residential Borrower	19,145,264	5	1.05	-		0.00
Walmart	15,041,820	6	0.82	15,031,867	5	1.92
Zeb Land LLC ⁽⁴⁾	13,968,239	7	0.76	10,662,144	6	1.36
Nomaco Zebulon ⁽⁴⁾	13,499,186	8	0.74	5,985,826	11	0.77
Duke Energy Progress, Inc. ⁽⁵⁾	12,285,435	9	0.67	6,293,851	10	0.81
Vinventions LLC ⁽³⁾	11,529,758	10	0.63	8,081,650	7	1.03
ANML Asset Company	10,860,649	11	0.59	-		0.00
Triangle East Shopping Centre	9,332,098	12	0.51	7,531,219	8	0.96
Tidewater Investors LLC	8,692,789	13	0.48	5,702,134	12	0.73
Corc LLC ⁽³⁾	8,658,387	14	0.47	8,081,650	7	1.03
US Foods Inc ⁽²⁾	8,124,714	15	0.44	5,460,196	13	0.70
Total	<u>\$ 795,986,027</u>		<u>43.57 %</u>	<u>\$ 337,846,326</u>		<u>43.24 %</u>

Source: Wake County Revenue Department

Note:

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

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

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

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

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

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Period Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 4,117,537	\$ 4,102,612	99.64%	\$ 13,237	\$ 4,115,849	99.96%
2016	4,527,755	4,512,507	99.66%	10,839	4,523,346	99.90%
2017	5,471,997	5,450,738	99.61%	13,887	5,464,625	99.87%
2018	6,308,023	6,276,143	99.49%	14,272	6,290,415	99.72%
2019	6,559,773	6,533,590	99.60%	10,375	6,543,965	99.76%
2020	7,101,157	7,068,860	99.55%	17,076	7,085,936	99.79%
2021	7,668,587	7,627,329	99.46%	19,429	7,646,758	99.72%
2022	8,446,029	8,388,761	99.32%	50,421	8,439,182	99.92%
2023	10,359,597	10,327,508	99.69%	21,014	10,348,522	99.89%
2024	10,597,915	10,544,867	99.50%	-	10,544,867	99.50%

Source: Wake County Revenue Department

TOWN OF ZEBULON, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		(1) Percentage of Personal Income	(1) Per Capita
	Installment Purchases	GO Bonds	Subscription Payable	Installment Purchases	Total Primary Government		
2015	\$ 1,338,508	\$ 3,037,185	\$ -	\$ 389,000	\$ 4,764,693	2.00%	1,034
2016	1,237,466	2,811,307	-	235,000	4,283,773	1.63%	863
2017	1,093,357	2,585,429	-	85,000	3,763,786	1.35%	730
2018	691,975	2,359,550	-	-	3,051,525	1.14%	579
2019	1,814,794	2,133,672	-	-	3,948,466	1.39%	699
2020	1,590,940	1,907,794	-	-	3,498,734	1.10%	591
2021	1,308,654	1,681,916	-	-	2,990,570	0.92%	429
2022	1,388,215	1,456,038	-	-	2,844,253	0.80%	357
2023	1,254,381	1,230,160	110,124	-	2,594,665	0.59%	261
2024	1,218,698	1,004,282	88,895	-	2,311,875	0.39%	200

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

Source: Town of Zebulon Annual Comprehensive Annual Financial Reports

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

TOWN OF ZEBULON, NORTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
		(2)	
Debt repaid with property taxes-Wake County	\$ 1,558,035,000 ⁽¹⁾	0.88%	\$ 13,667,018
Town of Zebulon direct debt			<u>2,311,875</u>
Total direct and other overlapping debt			<u>\$ 15,978,893</u>

Source: Information provided by Wake County Finance Department

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

TOWN OF ZEBULON, NORTH CAROLINA

Table 16
Page 1 of 2LEGAL DEBT MARGIN INFORMATION
June 30, 2024

	2024	2023	2022	2021	2020
Debt limit	\$ 146,156,298	143,825,836	122,374,938	\$ 105,684,336	\$ 93,162,716
Total net debt applicable to limit	(2,222,980)	(2,624,618)	(2,844,254)	(2,990,570)	(3,498,734)
Legal debt margin	<u>\$ 143,933,318</u>	<u>141,201,218</u>	<u>\$ 119,530,684</u>	<u>\$ 102,693,766</u>	<u>\$ 89,663,982</u>
Total net debt applicable to the limit as a percentage of debt limit	1.52%	1.82%	2.32%	2.83%	3.76%

Legal Debt Margin Calculation:

Assessed value	\$ 1,826,953,722
Debt limit (8% of assessed value)	146,156,298
Debt applicable to limit:	
General obligation bonds	1,004,282
Non-bonded debt	1,218,698
Total net debt applicable to limit	<u>2,222,980</u>
Legal debt margin	<u>\$ 143,933,318</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

June 30, 2024

Table 16

Page 2 of 2

	2019	2018	2017	2016	2015
Debt limit	\$ 88,487,054	\$ 85,082,115	\$ 74,614,330	68,787,215	\$ 62,512,549
Total net debt applicable to limit	(3,948,466)	(3,051,525)	(3,694,936)	(4,093,423)	(4,449,603)
Legal debt margin	<u>\$ 84,538,588</u>	<u>\$ 82,030,590</u>	<u>70,919,394</u>	<u>\$ 64,693,792</u>	<u>\$ 58,062,946</u>
Total net debt applicable to the limit as a percentage of debt limit	4.46%	3.59%	4.95%	5.95%	7.12%

TOWN OF ZEBULON, NORTH CAROLINA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Period	Population ⁽¹⁾	Median Age ⁽²⁾	Median Income ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2015	4,610	34.0	\$ 51,717	1,562	5.2%
2016	4,964	34.0	52,947	1,590	4.4%
2017	5,159	32.3	54,194	1,642	3.8%
2018	5,268	35.6	50,791	1,698	3.6%
2019	5,646	35.8	50,267	1,678	3.8%
2020	5,917	36.0	53,676	1,789	7.1%
2021	6,969	36.1	46,849	1,707	4.1%
2022	7,974	36.1	44,389	1,754	3.4%
2023	9,927	37.3	44,389	1,811	3.1%
2024	11,564	35.6	50,934	1,900	3.6%

Notes:

(1) Population projections provided by US Census Bureau

The 2024 number represents the Town of Zebulon Planning Department estimated population adjusted based on the 2020 United States Census and permit data.

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

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

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

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

TOWN OF ZEBULON, NORTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2024			2015		
	Employees	Rank	Percentage of Total Employment ⁽¹⁾	Employees	Rank	Percentage of Total Employment ⁽¹⁾
GlaxoSmithKline	850	1	11.44%	750	1	N/A
US Foodservice	600	2	8.08%	585	2	N/A
Wake County Public School System (All Zebulon locations)	202	3	2.72%	207	4	N/A
Nomaco	188	4	2.53%	78	6	N/A
Wal-Mart	205	5	2.76%	301	3	N/A
Advanced Plastiform	135	6	1.82%	129	7	N/A
East Wake Academy	81	7	1.09%	112	8	N/A
Town of Zebulon	73	8	0.98%	59	9	N/A
Vinventions	43	9	0.58%	168	5	N/A
Devil Dog Manufacturing	51	10	0.69%	55	10	N/A
Total	<u>2,428</u>			<u>2,444</u>		
Total Estimated Employed in Town ⁽²⁾	7,428			N/A		
Estimated Percentage of Total Employment represented by Top Employers	32.69%			N/A		

Data obtained from Town of Zebulon Finance and Planning Departments.

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

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

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

Function	2024	2023	2022	2021	2020
General Government					
Administration/Finance	8	8	7	7	7
Planning	7	6	6	5	5
Buildings&Grounds	5	4	3	3	3
Public Safety					
Police	27	26	23	22	22
Fire	21	21	16	15	15
Streets	4	4	4	4	4
Environmental Protection	5	5	5	5	5
Stormwater	2	2	2	2	2
Cultural and Recreation	10	8	7	6	5
Water/Sewer Maintenance	0	0	0	0	0
Water Plant	0	0	0	0	0
Sewer Plant	0	0	0	0	0
Total	89	84	73	69	68

Source: Town of Zebulon Human Resources Department

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Function					
General Government					
Administration/Finance	6	6	5	5	5
Planning	5	5	4	3	3
Buildings&Grounds	3	3	3	1	1
Public Safety					
Police	22	22	21	21	21
Fire	15	15	14	14	14
Streets	4	3	3	3	3
Environmental Protection	5	5	5	5	5
Stormwater	2	2	2	2	2
Cultural and Recreation	5	5	5	5	5
Water/Sewer Maintenance	0	0	0	0	0
Water Plant	0	0	0	0	0
Sewer Plant	0	0	0	0	0
Total	67	66	62	59	59

TOWN OF ZEBULON

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020
Function					
General government					
Building permits issued	635	423	601	495	347
Privilege liscenses issued	31	32	31	29	24
Code violations corrected	506	176	165	73	89
Public safety					
Police calls for service	25,086	24,337	20,787	12,163	10,091
Physical arrests	395	361	259	165	207
Traffic violations	592	744	718	661	790
Warrants served	103	138	103	83	116
Civil citations	-	-	2	13	7
Child safety seat inspections	92	79	77	80	61
Emergency responses	2,263	2,171	2,117	1,708	1,670
Fires extinguished	47	44	43	45	45
Property loss due to fire (dollars)	\$605,651	\$317,050	\$244,150	\$415,053	\$178,665
Fire code violatons corrected	945	985	1,090	1,083	1,041
Streets					
Miles of road maintained	40.48	37.02	30.77	28.70	25.44
Feet of sidewalk maintained	108,534	92,240	84,312	78,252	68,275
Storm water					
Miles of storm drainage pipe maintained	31.60	28.31	22.88	21.70	17.39
Miles of ditches maintained	4.12	4.12	4.12	4.12	4.12
Environmental Protection					
Yard waste collected (tons)	2,427	1,630	2,080	2,862	2,024
White goods collected (pounds)	7,250	8,100	6,200	5,300	8,200
Number of sanitation customers	4,122	3,558	3,201	2,867	2,402
Number of recycling customers	4,045	3,509	3,165	2,845	2,384
Garbage collection fee	\$ 24.75	\$ 24.75	\$ 24.00	\$ 20.75	\$ 20.50
Recreation and Parks					
Summer camp participants	396	337	270	297	215
Athletic program participants (youth and adult)	1,352	1,183	505	331	417
Recreation program participants (youth and adult)	17,745	13,280	9,948	7,358	11,546
Senior program participants	-	-	-	-	481
Park and community center facility rentals	282	215	209	283	238
Special events attendance	16,128	15,483	8,815	13,033	13,426

Sources: Varioius Town Departments

TOWN OF ZEBULON

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015
Function					
General government					
Building permits issued	196	136	104	111	128
Privilege liscenses issued	34	32	30	51	261
Code violations corrected	117	41	54	2	50
Public safety					
Police calls for service	8,639	9,579	8,216	8,879	8,684
Physical arrests	161	192	213	260	336
Traffic violations	465	500	416	365	369
Warrants served	103	87	59	107	206
Civil citations	13	31	8	19	21
Child safety seat inspections	54	60	74	70	57
Emergency responses	1,652	1,547	1,680	1,588	1,480
Fires extinguished	32	36	38	34	67
Property loss due to fire (dollars)	\$74,445	\$322,174	\$388,190	\$199,050	\$332,968
Fire code violatons corrected	1,093	816	1,126	1,274	985
Streets					
Miles of road maintained	24.85	21.14	20.29	19.41	19.14
Feet of sidewalk maintained	60,515	55,318	52,763	49,905	49,378
Storm water					
Miles of storm drainage pipe maintained	16.77	12.80	10.70	9.91	9.65
Miles of ditches maintained	4.12	4.12	4.12	4.12	4.12
Environmental Protection					
Yard waste collected (tons)	2,862	1,650	2,140	1,441	1,662
White goods collected (pounds)	2,400	1,900	1,500	400	400
Number of sanitation customers	2,215	2,127	2,033	1,969	1,874
Number of recycling customers	2,165	2,086	2,033	1,969	1,874
Garbage collection fee	\$ 19.25	\$ 19.25	\$ 19.25	\$ 18.75	\$ 18.75
Recreation and Parks					
Summer camp participants	325	225	245	234	204
Athletic program participants (youth and adult)	860	744	727	646	509
Recreation program participants (youth and adult)	1,882	1,776	1,676	1,597	1,550
Senior program participants	289	283	291	283	250
Park and community center facility rentals	986	795	764	727	684
Special events attendance	13,977	13,975	10,051	13,364	3,185

CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2024	2023	2022	2021	2020
Public Safety					
Police Stations	2	2	2	2	2
Patrol and detective units	27	26	23	22	22
K-9 Units	2	2	2	2	2
Fire Stations	1	1	1	1	1
Fire Trucks	6	6	6	6	6
Streets					
Streets (miles)	40.48	37.02	30.77	28.7	25.44
Sidewalks (feet)	108,534	92,240	84,312	78,252	68,275
Recreation and Parks					
Parks	6	6	6	6	6
Acreage	75.21	75.21	75.21	75.21	75.21
Baseball fields	4	4	4	4	4
Tennis courts	2	2	2	2	2
Basketball courts	4	4	4	4	4
Community centers	1	1	1	1	1
Water					
Water mains (miles)	0	0	0	0	0
Fire hydrants	0	0	0	0	0
Storage capacity (million gallons)	0	0	0	0	0
Wastewater					
Sanitary sewers (miles)	0	0	0	0	0
Life stations	0	0	0	0	0
Treatment capacity (million gallons)	0	0	0	0	0
Reclaimed Water					
Water mains (miles)	0	0	0	0	0
Storage capacity (million gallons)	0	0	0	0	0

Source: Various Town Departments.

CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

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

ZEBULON

NORTH CAROLINA

ZEBULON

NORTH CAROLINA

COMPLIANCE SECTION

ZEBULON

NORTH CAROLINA

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Zebulon, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Town of Zebulon's Response to Finding

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Zebulon, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Zebulon's major federal programs for the year ended June 30, 2024. The Town of Zebulon's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Zebulon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

<u>Program Name</u>	<u>AL#</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Auditee qualified as low-risk auditee?	No

TOWN OF ZEBULON, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

2. Financial Statement Findings

Material Weakness

Finding 2024-001

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Controls over financial reporting have been designed but not properly implemented and monitored due to staff turnover. There was not adequate separation of duties over cash collections, reconciliations, and general ledger access during the fiscal year.

Cause: Due to turnover and limited number of personnel, there are not adequate safeguards in place to monitor controls over cash collections, reconciliations, and general ledger access.

Effect: Lack of proper implementation of control policies greatly increases the risk of an error or irregularity going undetected and can result in improper financial reporting.

Recommendation: Access to the books and records of the Town should be separated from access to the assets of the Town as much as possible. Internal controls over cash collections and reconciliations should be added to ensure proper segregation of duties.

Management's Response/Corrective Action: Management concurs with this finding. Please refer to the Corrective Action Plan.

3. Federal Award Findings and Questioned Costs

None reported.



Town of Zebulon

The Town of Friendly People

Corrective Action Plan

Finding: 2024-001

Name of Contact Person: Bobby Fitts, Finance Director

Corrective Action/Management's Response: Due to the Finance staff's size and related issue regarding segregating duties, staff has devised the following correct action:

- A Board member can randomly (bi-monthly or quarterly basis) review dates/amounts of deposits on bank statements compared to dates and amounts recorded in the general ledger and review cancelled checks on the bank statement. The Board may designate a single person to perform these duties or the Board can rotate duties.

Proposed Completion Date: Immediate and ongoing.

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

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

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

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

TOWN OF ZEBULON, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

None reported.

TOWN OF ZEBULON, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Pass-Through Grantor/ Program Title	Federal AL Number	Agency or Pass-Through Grantor Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Pass-Through to Subrecipients
Federal Awards:						
<u>U.S. Department of Transportation</u>						
Passed-through N.C. Department of Transportation:						
Highway Planning, Research and Construction Cluster(3)	20.205	42379.2.33	\$ 43,580	\$ -	\$ -	\$ -
Total Highway Planning, Research and Construction Cluster(3)			43,580	-	-	-
Passed-through N.C. Department of Transportation:						
Highway Safety Cluster(3)						
State and Community Highway Safety	20.600	22024.6.29; 22023.6.36	150,547	-	-	-
Total Highway Safety Cluster(3)			150,547	-	-	-
Total U.S. Department of Transportation			194,127	-	-	-
<u>U.S. Department of Treasury</u>						
Direct Program						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		1,885,733	-	-	-
Total U.S. Department of Treasury			1,885,733	-	-	-
<u>U.S. Department of Justice</u>						
Direct Program						
Equitable Sharing Program	16.922		11,847	-	-	-
Direct Program						
Bulletproof Vest Partnership Program	16.607		1,324	-	-	-
Total U.S. Department of Justice			13,171	-	-	-
TOTAL FEDERAL AWARDS			2,093,031	-	-	-
State Awards:						
<u>N.C. Department of Transportation</u>						
Powell Bill Fund:	N/A	DOT-4	-	207,623	-	-
Total N.C. Department of Transportation			-	207,623	-	-
<u>N.C. Department of Commerce</u>						
Rural Economic Development Grant:	N/A		-	13,164	-	-
Total N.C. Department of Commerce			-	13,164	-	-
TOTAL STATE AWARDS			-	220,787	-	-
TOTAL FEDERAL AND STATE AWARDS			\$ 2,093,031	\$ 220,787	\$ -	\$ -

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Zebulon under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town of Zebulon, it is not intended to and does not present the net position, changes in net position or cash flows of the Town of Zebulon.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. The Town of Zebulon has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Transportation and are treated separately for state audit requirement purposes: Highway Planning, Research, and Construction Cluster and Highway Safety Cluster.

ZEBULON

NORTH CAROLINA