

ZEBULON

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2025

PREPARED BY:
TOWN OF ZEBULON
FINANCE DEPARTMENT



TOWN OF ZEBULON, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

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1003 N. Arendell Avenue
Zebulon, NC 27597
919.823.1800

www.townofzebulon.org

October 31, 2025

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, 2025. 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, 2025, 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 9,206 ⁽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.

¹ - N. C. State Demographer Population Estimate, July 1, 2024

ECONOMIC CONDITIONS

Property and Building Value

Wake County continues to grow, and the Town is no exception. The Town issued 546 building permits with a total value of approximately \$87.7 million during fiscal year 2025. This is a 6% decrease in building permits issued this year, down from 574 permits valued at \$96.6 million issued in fiscal year 2024. This is the fifth consecutive year with over 400 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 \$2,256,264,991, an increase of about 24% from the previous year. This year was a revaluation year and Wake County saw an average of 40% growth in value. 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 modest 1% decrease in business personal property valuation. With the residential building activity in recent years, real property valuation has seen consistent increases. For FY 2025, real property increased by 12.2% when adjusted for growth. 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 steady growth in its sales tax revenue in the last few years. FY 2025 saw a more modest increase of 6.1% over FY 2024. FY 2024 saw an increase of 7.5 % over FY 2023. 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 2025 saw a 13.8% increase in refuse collection fees and Parks & Recreation activity related activities such as athletics and rentals were up 6.2% over FY 2024.

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 2025 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 ’25 Budget included funds for personnel (Police officers and a Detective, a Stormwater Manager, Three Firefighters, a Program Support Specialist in the Fire Department and a Transportation Planner) and projects to meet those goals (Old Bunn Rd @ Shepard School Rd signal, funding to continue the Smart Ride service and continuation of the Annual Street Resurfacing Program).

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 ’25 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; a Municipal Service District Feasibility Study, funding for infrastructure upgrades 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 80 people per day and 75% 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 Program Coordinator and a Parks Maintenance Technician were funded. Land acquisition for future parks was also budgeted for.

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 Cline, Michael (North Carolina State Demographer. “North Carolina Counties Bests Trends in the South and Nation”, 18 March 2025

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 2025.

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 2024. 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 annual comprehensive 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,

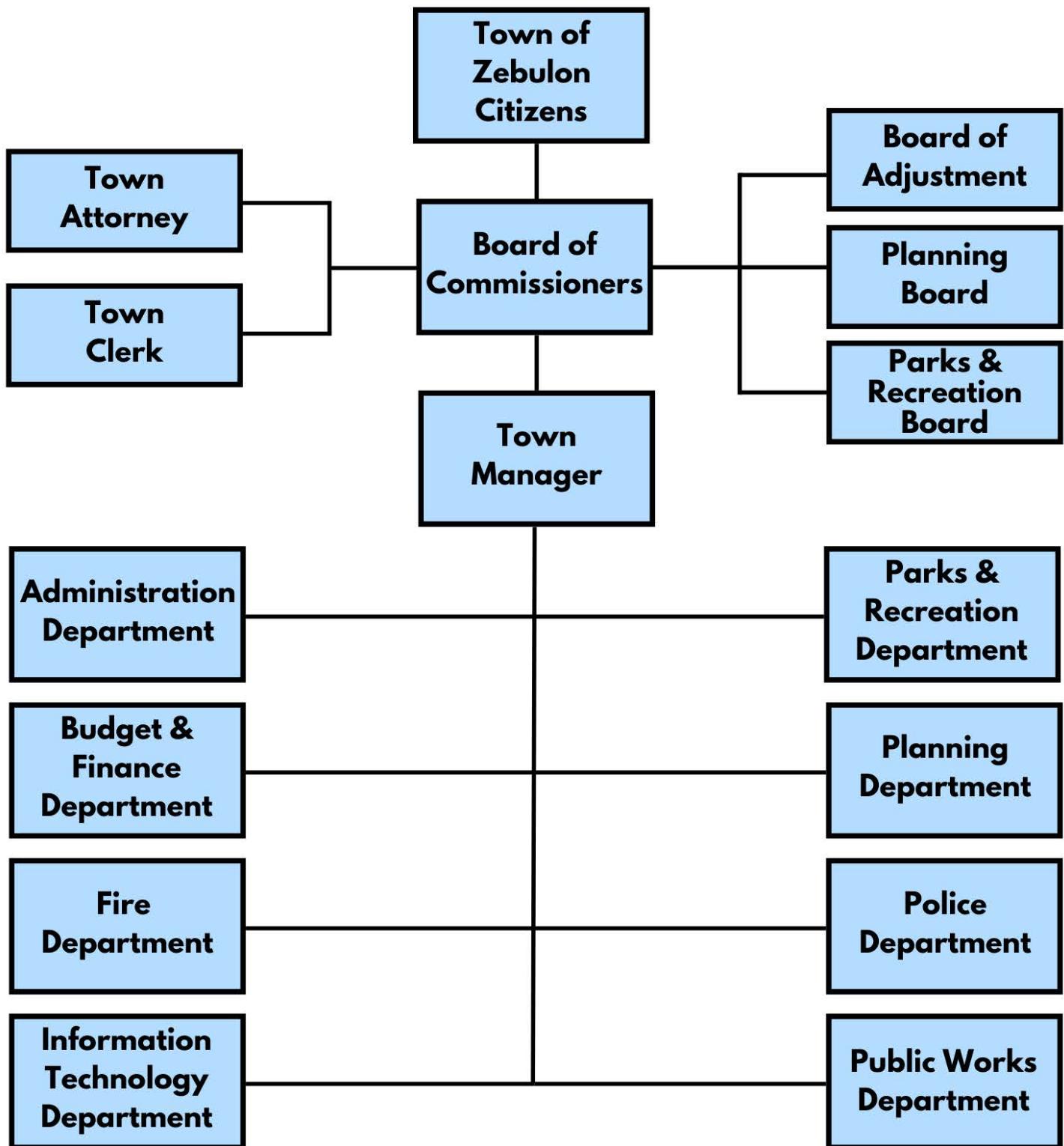


Taiwo Jaiyeoba
Interim Town Manager



Robert T. Fitts
Finance Director

TOWN OF ZEBULON ORGANIZATION CHART



TOWN OF ZEBULON, NORTH CAROLINA

BOARD OF COMMISSIONERS AND TOWN OFFICIALS

June 30, 2025

Town of Zebulon Board of Commissioners



Glenn York
Mayor



Jessica Harrison
Mayor Pro Tem



Shannon Baxter
Commissioner



Amber Davis
Commissioner



Quentin Miles
Commissioner

Town of Zebulon Officials

Taiwo Jaideyeoba – Interim Town Manager

Robert Grossman – Interim Police Chief

Matthew Lower – Planning Director

Robert Fitts – Finance Director

Sheila Long – Parks and Recreation Director

Monique Merriweather-Yarborough – Human Resource Director

Christopher Perry – Fire Chief

Richard Fletcher – Public Works Director

Eric Vernon (Wyrick, Robbins, Yates & Ponton LLC) – Town Attorney



Government Finance Officers Association

**Certificate of
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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, 2024

Christopher P. Monell

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, 2025, 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 as of June 30, 2025, 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.

Change in Accounting Principle

As discussed in Note 4 to the financial statements, in 2025 the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 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, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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 31, 2025, 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 31, 2025

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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, 2025. 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

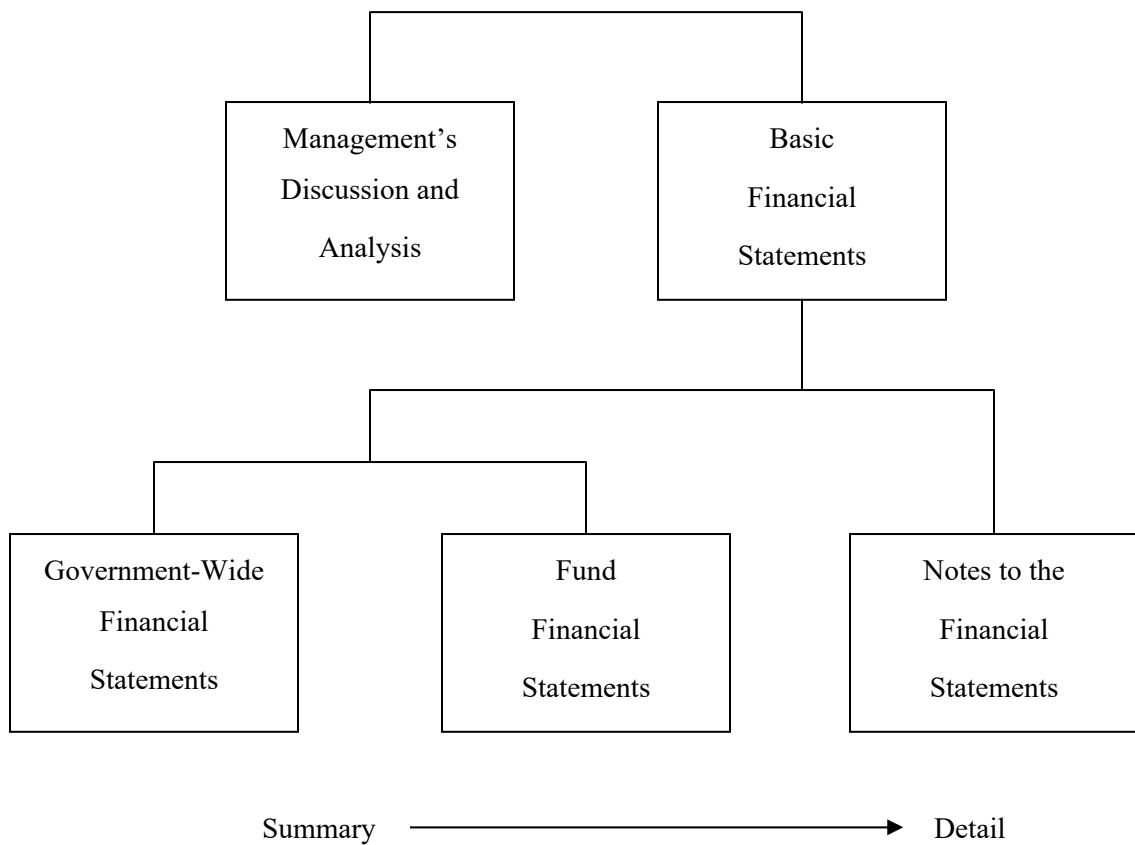
- The assets and deferred outflows of resources of the Town of Zebulon exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$117,954,856 (*net position*).
- The government's total net position increased by \$13,531,092 overall due mainly to developer's contributed capital of \$9.8 million and an increase in property valuations.
- As of the close of the current fiscal year, the Town of Zebulon's governmental funds reported ending fund balances of \$33,343,445 an increase of \$3,655,600 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 \$7,742,220, or 36.30%, of total General Fund expenditures for the fiscal year.
- The Town's total outstanding debt decreased by \$497,564.
- 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	
	2025	2024
Assets:		
Current and other assets	\$ 36,002,765	\$ 31,499,806
Capital assets	<u>96,499,613</u>	<u>86,359,758</u>
Total assets	<u>132,502,378</u>	<u>117,859,564</u>
Deferred Outflows of Resources	<u>4,243,756</u>	<u>4,610,348</u>
Liabilities:		
Long-term liabilities	13,114,931	13,062,827
Other liabilities	<u>3,244,548</u>	<u>2,099,015</u>
Total liabilities	<u>16,359,479</u>	<u>15,161,842</u>
Deferred Inflows of Resources	<u>2,431,799</u>	<u>2,700,187</u>
Net Position:		
Net investment in capital assets	94,685,302	84,047,883
Restricted	9,624,579	8,417,184
Unrestricted	<u>13,644,975</u>	<u>12,142,816</u>
Total net position	<u>\$ 117,954,856</u>	<u>\$ 104,607,883</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 \$117,954,856 as of June 30, 2025. The Town's net position increased by \$13,531,092 for the fiscal year ended June 30, 2025. 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, \$9,624,579 (8.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,644,975 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 charges for services such as refuse collection fees.
- An increase in unrestricted revenues such as property taxes and sales and franchise taxes.

Town of Zebulon's Changes in Net Position

Figure 3

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 5,704,750	\$ 4,765,649
Operating grants and contributions	441,099	2,496,573
Capital grants and contributions	9,855,378	12,089,453
General revenues:		
Property taxes	14,601,204	10,521,788
Other taxes	328,175	314,523
Sales and franchise taxes	3,623,283	3,337,275
Other	<u>1,575,251</u>	<u>1,734,897</u>
Total revenues	<u>36,129,140</u>	<u>35,260,158</u>
Expenses:		
General government	5,338,453	2,777,357
Public safety	7,519,492	6,571,690
Public works	5,937,932	6,231,224
Environmental protection	278,474	141,145
Economic development	306,499	254,708
Culture and recreation	3,142,598	1,836,000
Interest on long-term debt	<u>74,600</u>	<u>59,507</u>
Total expenses	<u>22,598,048</u>	<u>17,871,631</u>
Change in net position	<u>13,531,092</u>	<u>17,388,527</u>
Net Position:		
Beginning of year - July 1	104,607,883	87,219,356
Restatement	<u>(184,119)</u>	<u>-</u>
Beginning of year - July 1, restated	<u>104,423,764</u>	<u>87,219,356</u>
End of year - June 30	<u><u>\$ 117,954,856</u></u>	<u><u>\$ 104,607,883</u></u>

Governmental Activities. Governmental activities increased the Town of Zebulon's net position by \$13,531,092. Key elements of this increase are as follows:

- The Town's total tax base grew 41% in this revaluation year.
- Operating grants and contributions decreased 82%, and property tax revenue increased 39%.

- Other general revenues decreased 9% with the recently implemented Parks & Recreation Impact Fee down 4% as well as Transportation Impact Fees down 4% as well.
- Sales and franchise taxes increased 6% 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 \$7,742,220, while total fund balance was \$24,289,115. 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 36.30% of total General Fund expenditures, while total fund balance represents approximately 114% of that same amount.

At June 30, 2025, the governmental funds of the Town of Zebulon reported a fund balance of \$33,343,445, a 12% 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.

Transfers to other funds was greater than usual due to the creation of three new project funds. Sales and service revenues exceeded budgeted amounts by 45% 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 125% 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, 2025 totals \$96,499,613 (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.
- Purchases of other improvements.
- Purchase of land.

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

Figure 4

	Governmental Activities	
	2025	2024
Land	\$ 46,970,937	\$ 44,255,076
Construction in progress	4,684,582	2,710,112
Buildings	6,827,965	6,491,327
Other improvements	20,643,631	15,024,002
Roads and infrastructure	12,849,414	13,214,328
Intangibles	654,325	748,006
Right-to-use subscription assets	52,751	79,011
Equipment	1,379,466	1,215,606
Vehicles and motorized equipment	<u>2,436,542</u>	<u>2,622,290</u>
Total	<u><u>\$ 96,499,613</u></u>	<u><u>\$ 86,359,758</u></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, 2025, the Town of Zebulon had total bonded debt outstanding of \$778,404. This outstanding debt is backed by full faith and credit of the Town. The Town also has installment purchase notes outstanding of \$972,247 and subscriptions payable of \$63,660.

Town of Zebulon's Outstanding Debt

Figure 5

	Governmental Activities	
	2025	2024
General obligation bonds	\$ 775,000	\$ 1,000,000
Installment purchase notes	972,247	1,218,698
Premiums	3,404	4,282
Subscription payable	<u>63,660</u>	<u>88,895</u>
Total	<u><u>\$ 1,814,311</u></u>	<u><u>\$ 2,311,875</u></u>

The Town of Zebulon's total debt decreased by \$497,564 during the past fiscal year. The Town issued no new debt in FY 2025.

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 \$203,790,548.

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

Account Changes

During fiscal year 2025, the Town implemented Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is taken. The application of GASB 101 resulted in a restatement of (\$184,119) to the beginning net position of the governmental activities. As a result, amounts reported in Management's Discussion and Analysis for fiscal year 2025 are not comparable to those report for fiscal year 2024. Which have not been restated in the prior year comparative information. See Note 4 for additional information regarding the impact of this standard on the current year's 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 2026 budget:

- An increase in the property tax base due to increased residential building activity within the Town. Real property is projected to increase by 12.2%. Personal property is projected to decrease approximately 5%. The total assessed value increased approximately 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 2.5% increase from last year's budgeted amounts while utilities franchise tax is projected to increase 6%.
- A projected increase in investment earnings based on larger cash balances invested while interest rates remain stable.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities. The total General Fund budget is projected to increase 37% for fiscal year 2026, as compared to the actual results of fiscal year 2025. The major components of this increase include the completion of 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 investing in our personnel with the implementation of a pay study and adding positions in Police, Parks & Recreation and Public Works.

The Town held its tax rate at \$.577 per \$100 of assessed value as it was in FY 2025. 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.

ZEBULON

NORTH CAROLINA

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, 2025

	Primary Government
	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 24,704,477
Accounts receivable, net	235,073
Taxes receivable, net	176,702
Due from other governments	1,240,773
Prepaid items	952,706
Leases receivable	16,748
Restricted cash	<u>8,148,733</u>
Total current assets	<u>35,475,212</u>
Non-current assets:	
Lease receivable, non-current	<u>527,553</u>
Capital assets:	
Subscription assets, net of amortization	52,751
Land, non-depreciable improvements and construction in progress	<u>51,655,519</u>
Other capital assets, net of depreciation	<u>44,791,343</u>
Total capital assets	<u>96,499,613</u>
Total non-current assets	<u>97,027,166</u>
Total assets	<u>132,502,378</u>
Deferred Outflows of Resources:	
Pension deferrals	2,940,623
OPEB deferrals	<u>1,303,133</u>
Total deferred outflows of resources	<u>4,243,756</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	2,003,878
Unearned revenue	8,333
Current portion of compensated absences	532,452
Current portion of notes payable	254,215
Current portion of subscription liabilities	29,542
Current portion of bonds payable	225,878
Current portion of total pension liability	75,000
Current portion of OPEB liability	<u>115,250</u>
Total current liabilities	<u>3,244,548</u>

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

TOWN OF ZEBULON, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government
	Governmental Activities
Long-term liabilities:	
Compensated absences	354,967
Notes payable	718,032
Subscription liabilities	34,118
Bonds payable	552,526
Net pension liability	4,400,900
Total pension liability	1,226,756
Total OPEB liability	<u>5,827,632</u>
Total long-term liabilities	<u>13,114,931</u>
 Total liabilities	 <u>16,359,479</u>
 Deferred Inflows of Resources:	
OPEB related items	1,732,669
Leases	505,381
Pension deferrals	<u>193,749</u>
Total deferred inflows of resources	<u>2,431,799</u>
 Net Position:	
Net investment in capital assets	94,685,302
Restricted for:	
Stabilization by state statute	1,475,846
Streets (Powell Bill)	440,193
Transportation impact	1,663,756
Recreation impact	5,610,635
Developer reimbursements	414,901
Law enforcement	19,248
Unrestricted	<u>13,644,975</u>
Total net position	<u>\$ 117,954,856</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, 2025

						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	\$ 5,338,453	\$ 118,432	\$ 100,834	\$ -	\$ (5,119,187)	
Public safety	7,519,492	2,057,636	37,322	-	(5,424,534)	
Public works	5,937,932	2,113,716	297,572	9,198,411	5,671,767	
Environmental protection	278,474	-	-	-	(278,474)	
Culture and recreation	3,142,598	1,414,966	5,371	656,967	(1,065,294)	
Economic development	306,499	-	-	-	(306,499)	
Interest on long-term debt	74,600	-	-	-	(74,600)	
Total governmental activities	<u>22,598,048</u>	<u>5,704,750</u>	<u>441,099</u>	<u>9,855,378</u>	<u>(6,596,821)</u>	
Total primary government	<u>\$ 22,598,048</u>	<u>\$ 5,704,750</u>	<u>\$ 441,099</u>	<u>\$ 9,855,378</u>	<u></u>	<u>(6,596,821)</u>
General Revenues:						
Taxes:						
Property taxes, levied for general purpose					14,601,204	
Sales and use tax					2,683,497	
Franchise taxes					939,786	
Other taxes and licenses					328,175	
Unrestricted investment earnings					1,459,931	
Miscellaneous					<u>115,320</u>	
Total general revenues					<u>20,127,913</u>	
Change in net position					<u>13,531,092</u>	
Net Position:						
Beginning of year, July 1					104,607,883	
Restatement					<u>(184,119)</u>	
Beginning of year, July 1, restated					<u>104,423,764</u>	
End of year - June 30					<u>\$ 117,954,856</u>	

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

TOWN OF ZEBULON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds				Total Governmental Funds
	General Fund	Public Works Project Fund	Nonmajor Governmental Fund		
Assets:					
Cash and cash equivalents	\$ 15,148,624	\$ 6,514,855	\$ 3,040,998	\$ 24,704,477	
Accounts receivable, net	235,073	-	-	235,073	
Taxes receivable	176,702	-	-	176,702	
Lease receivable	544,301	-	-	544,301	
Due from other governments	1,240,773	-	-	1,240,773	
Restricted cash and cash equivalents	8,148,733	-	-	8,148,733	
Prepaid items	952,706	-	-	952,706	
Total assets	\$ 26,446,912	\$ 6,514,855	\$ 3,040,998	\$ 36,002,765	
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 939,756	\$ 370,905	\$ 130,618	\$ 1,441,279	
Accrued liabilities	527,625	-	-	527,625	
Unearned revenue	8,333	-	-	8,333	
Total liabilities	1,475,714	370,905	130,618	1,977,237	
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	176,702	-	-	176,702	
Deferred lease receipts	505,381	-	-	505,381	
Total deferred inflows of resources	682,083	-	-	682,083	
Fund Balances:					
Nonspendable:					
Prepaid items	952,706	-	-	952,706	
Leases	38,920	-	-	38,920	
Restricted:					
Stabilization by state statute	1,475,846	-	-	1,475,846	
Streets (Powell Bill)	440,193	-	-	440,193	
Transportation impact	1,663,756	-	-	1,663,756	
Recreation impact	5,610,635	-	-	5,610,635	
Developer reimbursements	414,901	-	-	414,901	
Law enforcement	19,248	-	-	19,248	
Committed:					
Capital projects	5,370	6,143,950	2,910,380	9,059,700	
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	80,843	-	-	80,843	
Greenway/bicycle/pedestrian improvements	452,761	-	-	452,761	
Assigned:					
Subsequent year's expenditures	4,638,409	-	-	4,638,409	
Unassigned	7,742,220	-	-	7,742,220	
Total fund balances	24,289,115	6,143,950	2,910,380	33,343,445	
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,446,912	\$ 6,514,855	\$ 3,040,998	\$ 36,002,765	

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

TOWN OF ZEBULON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances, governmental funds	\$ 33,343,445
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	\$ 127,766,457
Accumulated depreciation/amortization	<u>(31,266,844)</u> 96,499,613
Deferred outflows of resources related to pensions are not reported in the funds.	2,940,623
Deferred outflows of resources related to OPEB are not reported in the funds.	1,303,133
Earned revenues considered deferred inflows of resources in fund statements	176,702
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).	(1,750,651)
Subscription liabilities	(63,660)
Compensated absences	(887,419)
Total OPEB liability	(5,942,882)
Net pension liability	(4,400,900)
Total pension liability	<u>(1,301,756)</u> (14,347,268)
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	(34,974)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,732,669)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(193,749)</u>
Net position of governmental activities	<u>\$ 117,954,856</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, 2025

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds		
	Public Works					
	General Fund	Project Fund				
Revenues:						
Ad valorem taxes	\$ 14,554,062	\$ -	\$ -	\$ 14,554,062		
Other taxes and licenses	267,308	-	-	267,308		
Unrestricted intergovernmental	3,684,150	-	-	3,684,150		
Restricted intergovernmental	2,036,254	-	528,679	2,564,933		
Permits and fees	2,012,845	-	-	2,012,845		
Sales and service	1,616,745	-	-	1,616,745		
Investment earnings	1,459,931	-	-	1,459,931		
Miscellaneous	115,320	-	-	115,320		
Total revenues	25,746,615	-	528,679	26,275,294		
Expenditures:						
Current:						
General government	3,899,324	-	-	3,899,324		
Public safety	7,610,365	-	-	7,610,365		
Public works	5,976,351	-	-	5,976,351		
Culture and recreation	2,760,912	-	-	2,760,912		
Environmental protection	194,375	-	-	194,375		
Economic development	306,499	-	-	306,499		
Debt service:						
Principal	496,686	-	-	496,686		
Interest	83,863	-	-	83,863		
Capital outlay	-	370,905	920,414	1,291,319		
Total expenditures	21,328,375	370,905	920,414	22,619,694		
Revenues over (under) expenditures	4,418,240	(370,905)	(391,735)	3,655,600		
Other Financing Sources (Uses):						
Transfers in	-	6,514,855	1,285,850	7,800,705		
Transfers out	(7,800,705)	-	-	(7,800,705)		
Total other financing sources (uses)	(7,800,705)	6,514,855	1,285,850	-		
Net change in fund balances	(3,382,465)	6,143,950	894,115	3,655,600		
Fund Balances:						
Beginning of year - July 1	27,671,580	-	2,016,265	29,687,845		
End of year - June 30	\$ 24,289,115	\$ 6,143,950	\$ 2,910,380	\$ 33,343,445		

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, 2025

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) \$ 3,655,600

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	\$ 4,055,138
Depreciation and amortization expense for governmental assets	<u>(3,721,987)</u>
	333,151

Capital contributions are reported in Governmental Activities 9,806,704

Pension expense - LGERS (320,968)

Pension expense - LEOSSA (114,410)

Pension expense - OPEB (84,915)

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.

Principal payments on long-term debt 496,686

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	(297,161)
Amortization of premium	878
Accrued interest	<u>8,385</u>
	(287,898)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 47,142

Change in net position in governmental activities per Exhibit B \$ 13,531,092

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, 2025

	General Fund			Variance with Final Budget Over/Under	
	Budgeted Amounts		Actual		
	Original	Final			
Revenues:					
Ad valorem taxes	\$ 14,864,500	\$ 14,864,500	\$ 14,554,062	\$ (310,438)	
Other taxes and licenses	223,000	223,000	267,308	44,308	
Unrestricted intergovernmental	3,328,000	3,328,000	3,684,150	356,150	
Restricted intergovernmental	1,796,514	2,509,014	2,036,254	(472,760)	
Permits and fees	1,589,500	1,589,500	2,012,845	423,345	
Sales and services	1,112,000	1,112,000	1,616,745	504,745	
Investment earnings	500,000	650,000	1,459,931	809,931	
Miscellaneous	70,000	91,093	115,320	24,227	
Total revenues	23,483,514	24,367,107	25,746,615	1,379,508	
Expenditures:					
Current:					
General government	4,350,999	4,751,319	3,899,324	851,995	
Public safety	9,684,713	10,293,542	7,610,365	2,683,177	
Public works	9,160,200	6,945,307	5,976,351	968,956	
Culture and recreation	4,446,702	4,009,921	2,760,912	1,249,009	
Environmental protection	265,300	265,300	194,375	70,925	
Economic development	587,650	1,298,250	306,499	991,751	
Debt service:					
Principal	480,625	496,588	496,587	1	
Interest	79,825	83,962	83,962	-	
Total expenditures	29,056,014	28,144,189	21,328,375	6,815,814	
Revenues over (under) expenditures	(5,572,500)	(3,777,082)	4,418,240	8,195,322	
Other Financing Sources (Uses):					
Issuance of long-term debt	250,000	250,000	-	(250,000)	
Transfers out	-	(7,800,705)	(7,800,705)	-	
Appropriated fund balance	5,322,500	11,327,787	-	(11,327,787)	
Total other financing sources (uses)	5,572,500	3,777,082	(7,800,705)	(11,577,787)	
Net change in fund balance	\$ -	\$ -	(3,382,465)	\$ (3,382,465)	
Fund Balance:					
Beginning of year - July 1				27,671,580	
End of year - June 30				\$ 24,289,115	

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, 2025

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.

Public Works Project Fund. This fund is used to account for financial resources to be used for various facility, infrastructure and transportation improvements.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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; 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; the Fire Station 2 Projects Fund, which is used to account for the acquisition, engineering/design, and construction of another new fire station; and the Gill St. Park Projects Fund, which is used to account for activities related to the Gill St. Park project.

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, 2025

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, 2025

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 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 mutual fundshares when the mutual fund is certified by the Local Government Commission. The Town’s investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost.

North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code, Title 20, Chapter 03, Section .0700. The Government Portfolio is a 2a-7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAA by S&P and AAA-mf by Moody’s Investor Services and 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, 2025

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	\$ 1,663,756
Recreation impact	5,610,635
Developer reimbursements	414,901
Law enforcement	19,248
Streets (Powell Bill)	440,193
Total restricted cash	<u>\$ 8,148,733</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, 2025, are based on the assessed values as of January 1, 2024.

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, 2025

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:

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

Right-to-Use Assets

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

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use 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, 2025

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.

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 payables are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

<u>Purpose</u>	<u>General Fund</u>
Prepaid items	\$ 952,706
Leases	38,920
Total non-spendable fund balance	<u>\$ 991,626</u>

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.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 1,475,846
Streets (Powell Bill)	440,193
Transportation impact	1,663,756
Recreation impact	5,610,635
Developer reimbursements	414,901
Law enforcement	19,248
Total restricted fund balance	<u><u>\$ 9,624,579</u></u>

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.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	Public Works		Nonmajor		Total
	General Fund	Project Fund	Governmental Funds	Total	
Capital projects	\$ 5,370	\$ 6,143,950	\$ 2,910,380	\$ 9,059,700	
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	80,843	-	-	-	80,843
Greenway/bicycle/pedestrian improvements	452,761	-	-	-	452,761
Total committed fund balance	<u>\$ 1,292,281</u>	<u>\$ 6,143,950</u>	<u>\$ 2,910,380</u>	<u>\$ 10,346,611</u>	

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.

Purpose	General	
	Fund	
Subsequent year's expenditures	\$ 4,638,409	

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, the Town's deposits had a carrying amount of \$229,703 and a bank balance of \$654,797. Of the bank balance, \$483,019 was covered by federal depository insurance and the remainder was covered by the collateral held under the Pooling Method. At June 30, 2025, the Town's petty cash totaled \$500.

Investments

As of June 30, 2025, the Town has the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value at 6/30/25	Less than 6 months	1-3 Years
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 32,623,007	\$ 32,623,007	\$ _____ -

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 AAm 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 AAm 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.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Receivables

Receivables at the government-wide level at June 30, 2025 were as follows:

<u>General</u>	
Governmental Activities:	
Accounts	\$ 251,716
Taxes	176,702
Due from other governments	1,240,773
Allowance for doubtful accounts	<u>(16,643)</u>
Net total receivables	<u><u>\$ 1,652,548</u></u>

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

Local option sales tax	\$ 706,423
Sales tax	129,821
Franchise tax	210,000
Video programming	7,400
Other governments	<u>187,129</u>
Total	<u><u>\$ 1,240,773</u></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, 2025, 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 \$13,956 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 \$13,161 lease revenue and \$27,913 in interest revenue related to the lease. The Town reports a lease receivable or balance of \$544,301 and deferred inflows of resources of \$505,381 as of June 30, 2025, related to this agreement.

Year Ending	Governmental Activities		
	June 30	Principal	Interest
2026	\$ 16,748	\$ 27,215	\$ 43,963
2027	19,783	26,378	46,161
2028	23,080	25,389	48,469
2029	26,658	24,234	50,892
2030	30,535	22,902	53,437
2031-2035	222,894	87,143	310,037
2036-2038	<u>204,603</u>	<u>21,151</u>	<u>225,754</u>
Total	<u><u>\$ 544,301</u></u>	<u><u>\$ 234,412</u></u>	<u><u>\$ 778,713</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Capital Assets

Governmental Capital Assets

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

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 44,255,076	\$ 2,715,861	\$ -	\$ -	\$ 46,970,937
Construction in progress	<u>2,710,112</u>	<u>2,568,866</u>	<u>-</u>	<u>(594,396)</u>	<u>4,684,582</u>
Total non-depreciable capital assets	<u>46,965,188</u>	<u>5,284,727</u>	<u>-</u>	<u>(594,396)</u>	<u>51,655,519</u>
Depreciable Assets:					
Buildings	12,897,495	355,345	-	407,232	13,660,072
Other improvements	20,571,526	6,078,853	-	9,310	26,659,689
Roads and infrastructure	22,228,631	2,034,378	-	-	24,263,009
Equipment	3,719,344	96,547	-	177,854	3,993,745
Intangibles	1,134,026	-	-	-	1,134,026
Right-to-use subscription asset	131,685	-	-	-	131,685
Vehicles and motorized equipment	<u>6,256,720</u>	<u>11,992</u>	<u>-</u>	<u>-</u>	<u>6,268,712</u>
Total depreciable assets	<u>66,939,427</u>	<u>8,577,115</u>	<u>-</u>	<u>594,396</u>	<u>76,110,938</u>
Less Accumulated Depreciation/Amortization:					
Buildings	6,406,168	425,939	-	-	6,832,107
Other improvements	5,547,524	468,534	-	-	6,016,058
Roads and infrastructure	9,014,303	2,399,292	-	-	11,413,595
Equipment	2,503,738	110,541	-	-	2,614,279
Intangibles	386,020	93,681	-	-	479,701
Right-to-use subscription asset	52,674	26,260	-	-	78,934
Vehicles and motorized equipment	<u>3,634,430</u>	<u>197,740</u>	<u>-</u>	<u>-</u>	<u>3,832,170</u>
Total accumulated depreciation/amortization	<u>27,544,857</u>	<u>3,721,987</u>	<u>-</u>	<u>-</u>	<u>31,266,844</u>
Governmental activities capital assets, net	<u>\$ 86,359,758</u>				<u>\$ 96,499,613</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

General government	\$ 32,274
Public safety	137,447
Public works	2,785,856
Environmental protection	84,099
Culture and recreation	682,311
Total	<u>\$ 3,721,987</u>

Net Investment in Capital Assets

	Governmental Activities
Capital assets	\$ 96,499,613
Less: Long-term debt	<u>(1,814,311)</u>
Net investment in capital assets	<u>\$ 94,685,302</u>

B. Liabilities

Accounts payable and accrued liabilities at the government wide level are composed of the following amounts at June 30, 2025:

	Salaries and			
	Vendors	Interest	Benefits	Total
Governmental activities	<u>\$ 1,566,769</u>	<u>\$ 34,974</u>	<u>\$ 402,135</u>	<u>\$ 2,003,878</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, firefighters and rescue squad workers. 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, 2025

Benefits Provided. LGERS provides retirement, disability 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. General employee plan members are eligible to retire with unreduced 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. General employee plan members are eligible to retire with reduced 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced 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 reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

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, 2025, was 15.04% of compensation for law enforcement officers and 13.63% 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 \$1,028,028 for the year ended June 30, 2025.

Refunds of Contributions. Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members include interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. 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, 2025

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

At June 30, 2025, the Town reported a liability of \$4,400,900 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town's proportion was 0.06528%, which was an increase of 0.00213% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$1,348,996. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 771,204	\$ 5,185
Net difference between projected and actual earnings on pension plan investments	598,300	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	147,879	23,962
Contributions subsequent to the measurement date	<u>1,028,028</u>	-
Total	\$ 2,545,411	\$ 29,147

\$1,028,028 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, 2026. 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
2026	\$ 481,798
2027	917,705
2028	156,383
2029	<u>(67,650)</u>
Total	<u>\$ 1,488,236</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 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, 2023 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	6.0%	4.3%
Total	<u>100.0%</u>	

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The information above is based on 30-year expectations developed with an investment consulting firm. 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 2.38%. 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>\$ 7,798,524</u>	<u>\$ 4,400,900</u>	<u>\$ 1,605,887</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, 2025

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>24</u>
Total	<u><u>27</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 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 4.00% to 4.28% due to a change in the Municipal Bond Rate.

The actuarial assumptions used in the December 31, 2023 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, 2025

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 \$65,103 as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a total pension liability of \$1,301,756. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$181,101.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 259,248	\$ -
Changes of assumptions and other inputs	102,619	164,602
Town benefit payments and plan administrative expense made subsequent to the measurement date	33,345	-
Total	\$ 395,212	\$ 164,602

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$33,345 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, 2026. 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
2026	\$ 76,147
2027	60,687
2028	9,188
2029	21,797
2030	20,270
Thereafter	<u>9,176</u>
Total	<u><u>\$ 197,265</u></u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 4.28 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 (3.28 percent) or 1-percentage point higher (5.28 percent) than the current rate:

	1%	Discount	1%
	Decrease (3.28%)	Rate (4.28%)	Increase (5.28%)
Total pension liability	<u><u>\$ 1,433,864</u></u>	<u><u>\$ 1,301,756</u></u>	<u><u>\$ 1,183,556</u></u>

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

	2025
Beginning balance	\$ 1,155,538
Service cost	60,680
Interest on the total pension liability	44,919
Differences between expected and actual experience in the measurement of the total pension liability	141,257
Changes of assumptions or other inputs	(35,535)
Benefit payments	<u>(65,103)</u>
Ending balance of the total pension liability	<u><u>\$ 1,301,756</u></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, 2025

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:

	LGERS	LEOSSA	Total
Pension expense	\$ 1,348,996	\$ 181,101	\$ 1,530,097
Pension liability	4,400,900	1,301,756	5,702,656
Proportionate share of the net pension liability	0.06528%	n/a	-

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 771,204	\$ 259,248	\$ 1,030,452
Changes of assumptions	-	102,619	102,619
Net difference between projected and actual earnings on plan investments	598,300	-	598,300
Changes in proportion and differences between Town contributions and proportionate share of contributions	147,879	-	147,879
Benefit payments and administrative costs paid subsequent to the measurement date	1,028,028	33,345	1,061,373
Total deferred outflows of resources	\$ 2,545,411	\$ 395,212	\$ 2,940,623

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 5,185	\$ -	\$ 5,185
Changes of assumptions	-	164,602	164,602
proportionate share of contributions	23,962	-	23,962
Total deferred inflows of resources	\$ 29,147	\$ 164,602	\$ 193,749

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, 2025

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, 2025 were \$143,235, which consisted of \$96,783 from the Town and \$46,452 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, 2025, were \$413,221, which consisted of \$271,361 from the Town and \$141,860 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, 2025

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	<u>77</u>
Total	<u><u>94</u></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, 2025, the Town contributed \$120,630 for the pay-as-you-go benefits for the HCB Plan.

Total OPEB Liability

The Town’s total OPEB liability of \$5,942,882 was measured as of June 30, 2024. 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	3.65 percent
Measurement date	3.93 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, 2025

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town of the fiscal year ended June 30, 2025 were as follows:

	Total OPEB Liability
Balance at July 1, 2024	<u>\$ 5,929,580</u>
Changes for the year	
Service cost	170,633
Interest	220,476
Differences between expected and actual experience	(474)
Changes in assumptions or other inputs	(256,703)
Benefit payments	(120,630)
Net changes	<u>13,302</u>
Balance at June 30, 2025	<u>\$ 5,942,882</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.65% to 3.93%.

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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 (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$ 6,935,962</u>	<u>\$ 5,942,882</u>	<u>\$ 5,140,013</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	<u>\$ 5,027,140</u>	<u>\$ 5,942,882</u>	<u>\$ 7,093,872</u>

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, 2025, the Town recognized OPEB expense of \$221,270. At June 30, 2025, 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	\$ 402,902	\$ 548,143
Changes of assumptions and other inputs	783,366	1,184,526
Town benefit payments and plan administrative costs paid subsequent to the measurement date	116,865	-
Total	<u>\$ 1,303,133</u>	<u>\$ 1,732,669</u>

Town benefit payments made subsequent to the measurement date of \$116,865 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year Ending</u>	
<u>June 30</u>	<u>Amount</u>
2026	\$ (169,264)
2027	(111,612)
2028	(75,748)
2029	(87,843)
2030	(93,453)
Thereafter	(8,481)
Total	<u>\$ (546,401)</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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:

Source	Amount
Pension deferrals - LGERS	\$ 2,545,411
Pension deferrals - LEOSSA	395,212
OPEB deferrals	<u>1,303,133</u>
Total	<u><u>\$ 4,243,756</u></u>

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

Source	General Fund Balance Sheet	Statement of Net Position
Pension deferrals - LGERS	\$ -	\$ 29,147
Pension deferrals - LEOSSA	-	164,602
OPEB deferrals	-	1,732,669
Leases	-	505,381
Assessments receivable	505,381	-
Property taxes receivable	176,702	-
Total	<u><u>\$ 682,083</u></u>	<u><u>\$ 2,431,799</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 (\$21,855,463), inland marine (\$912,173) 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.

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
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>\$ 775,000</u>	<u>\$ 68,201</u>		<u>\$ 843,201</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 80,979
\$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	572,180
\$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.	103,093
\$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.	62,930
\$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.	<u>153,065</u>
Total direct borrowing - promissory notes:	<u>\$ 972,247</u>

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

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

Year Ending		Principal	Interest	Total
June 30				
2026		\$ 254,215	\$ 33,427	\$ 287,642
2027		178,613	25,484	204,097
2028		98,556	19,903	118,459
2029		102,541	15,919	118,460
2030		106,702	11,758	118,460
2031-2033		<u>231,620</u>	<u>14,978</u>	<u>246,598</u>
Total		<u>\$ 972,247</u>	<u>\$ 121,469</u>	<u>\$ 1,093,716</u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, the value of the subscription liability is \$63,600. 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, 2025, is \$131,685 with accumulated amortization of \$78,934.

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 29,542	\$ 3,176	\$ 32,718
2027	34,118	1,700	35,818
Total	\$ 63,660	\$ 4,876	\$ 68,536

At June 30, 2025, the Town had a legal debt margin of approximately \$203,790,548. There were no authorized bonds that had not been issued as of June 30, 2025.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>	Current Portion of Balance
Governmental Activities:					
Direct placement - general obligation bonds	\$ 1,000,000	\$ -	\$ 225,000	\$ 775,000	\$ 225,000
Premium on bonds	4,282	-	878	3,404	878
Direct borrowing - promissory notes	1,218,698	-	246,451	972,247	254,215
Subscription liabilities	88,895	-	25,235	63,660	29,542
Compensated absences	590,258	655,273	358,112	887,419	532,452
Total OPEB liability	5,929,580	13,302	-	5,942,882	115,250
Net pension liability (LGERS)	4,182,612	218,288	-	4,400,900	-
Total pension liability (LEOSSA)	<u>1,155,538</u>	<u>211,321</u>	<u>65,103</u>	<u>1,301,756</u>	<u>75,000</u>
Governmental activities					
long-term liabilities	<u><u>\$ 14,169,863</u></u>	<u><u>\$ 1,098,184</u></u>	<u><u>\$ 920,779</u></u>	<u><u>\$ 14,347,268</u></u>	<u><u>\$ 1,232,337</u></u>

Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds for the year ended June 30, 2025 consist of the following:

Transfer from General Fund to First Station 2 Capital Project Fund for the Town's Share	\$ 500,000
Transfer from General Fund to Gill St. Park Capital Project Fund for Town's share of Gill St. Park	785,850
Transfer from General Fund to Public Works Capital Projects Fund for Town's share of Public Works Capital Projects	<u>6,514,855</u>
Total Transfers from General Fund	<u><u>\$ 7,800,705</u></u>

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 24,289,115
Less:	
Prepays	952,706
Leases	38,920
Stabilization by state statute	1,475,846
Streets (Powell Bill)	440,193
Transportation impact	1,663,756
Recreation impact	5,610,635
Developer reimbursements	414,901
Law enforcement	19,248
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	80,843
Greenway/bicycle/pedestrian improvements	452,761
Subsequent year's expenditures	<u>4,638,409</u>
Remaining fund balance	<u><u>\$ 7,742,220</u></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.

Economic Dependency

The Town is economically dependent upon one taxpaying entity, which provides 15% 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, 2025, of \$386,771,939, and property taxes assessed totaling \$2,231,674.

TOWN OF ZEBULON, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

4. Adjustments and Restatements of Beginning Balances

During the current year, the Town of Zebulon implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town of Zebulon now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

	Net position/fund balance 6/30/2024 as previously reported	Restatement GASB 101 implementation	Net position/fund balance 6/30/2024 as restated/ adjusted
Government-wide:			
Government activities	\$ 104,607,883	\$ (184,119)	\$ 104,423,764

ZEBULON

NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ZEBULON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDEULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS

Other Post-Employment Benefits				
	2025	2024	2023	2022
Service cost	\$ 170,633	\$ 149,753	\$ 212,723	\$ 256,084
Interest	220,476	184,556	137,819	149,719
Differences between expected and actual experience	(474)	543,077	3,715	(1,047,600)
Changes of assumptions or other inputs	(256,703)	41,006	(1,365,457)	368,939
Benefit payments	(120,630)	(104,106)	(82,189)	(73,554)
Net change in total OPEB liability	13,302	814,286	(1,093,389)	(346,412)
Total OPEB liability - beginning	5,929,580	5,115,294	6,208,683	6,555,095
Total OPEB liability - ending	<u>\$ 5,942,882</u>	<u>\$ 5,929,580</u>	<u>\$ 5,115,294</u>	<u>\$ 6,208,683</u>
Covered - employee payroll	\$ 4,762,100	\$ 4,762,100	\$ 3,617,709	\$ 3,617,709
Total OPEB liability as a percentage of covered - employee payroll	124.80%	124.52%	141.40%	171.62%

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
2025	3.93%
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 EIGHT FISCAL YEARS

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

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					
	2025	2024	2023	2022	2021
Town's proportion of the net pension liability (asset) (%)	0.06528%	0.06315%	0.05698%	0.05480%	0.05856%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,400,900	\$ 4,182,612	\$ 3,214,486	\$ 840,411	\$ 2,092,598
Town's covered payroll*	\$ 5,793,087	\$ 5,060,225	\$ 4,148,583	\$ 3,851,575	\$ 3,696,442
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.97%	82.66%	77.48%	21.82%	56.61%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

* 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				
	2020	2019	2018	2017	2016
Town's proportion of the net pension liability (asset) (%)	0.05670%	0.05488%	0.55330%	0.05604%	0.59260%
Town's proportion of the net pension liability (asset) (\$)	\$ 1,531,228	\$ 1,301,941	\$ 845,289	\$ 1,189,357	\$ 265,955
Town's covered payroll*	\$ 3,488,101	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008	\$ 2,861,740
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.90%	38.98%	27.65%	40.86%	9.29%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

TOWN OF ZEBULON, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 1,028,028	\$ 765,728	\$ 627,860	\$ 480,480	\$ 399,391
Contributions in relation to the contractually required contribution	1,028,028	765,728	627,860	480,480	399,391
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,342,574	\$ 5,793,087	\$ 5,060,225	\$ 4,148,583	\$ 3,851,575
Contributions as a percentage of covered payroll	14.00%	13.22%	12.41%	11.58%	10.37%

TOWN OF ZEBULON, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 340,802	\$ 279,894	\$ 259,342	\$ 230,022	\$ 199,764
Contributions in relation to the contractually required contribution	340,802	279,894	259,342	230,022	199,764
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,696,442	\$ 3,488,101	\$ 3,339,652	\$ 3,057,621	\$ 2,911,008
Contributions as a percentage of covered payroll	9.22%	8.02%	7.77%	7.52%	6.86%

TOWN OF ZEBULON, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance					
	2025	2024	2023	2022	2021
Beginning balance	\$ 1,155,538	\$ 1,041,454	\$ 1,169,257	\$ 1,078,536	\$ 674,335
Service cost	60,680	47,459	63,837	62,594	45,024
Interest on the total pension liability	44,919	43,551	25,644	20,268	21,555
Differences between expected and actual experience in the measurement of the total pension liability	141,257	53,767	69,023	101,881	78,711
Changes of assumptions or other inputs	(35,535)	31,310	(227,256)	(37,251)	285,185
Benefit payments	(65,103)	(62,003)	(59,051)	(56,771)	(26,274)
Ending balance of the total pension liability	<u>\$ 1,301,756</u>	<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 NINE 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 NINE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance					
	2025	2024	2023	2022	2021
Total pension liability	\$ 1,301,756	\$ 1,155,538	\$ 1,041,454	\$ 1,169,257	\$ 1,078,536
Covered employee payroll	1,773,234	1,454,359	1,255,097	1,184,842	1,284,137
Total pension liability as a percentage of covered employee payroll	73.41%	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 NINE 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, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024	
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 14,811,500	\$ 14,308,983	\$ (502,517)	\$ 10,314,023
Prior year	28,000	208,504	180,504	157,875
Interest and penalties	25,000	36,575	11,575	30,615
Total	<u>14,864,500</u>	<u>14,554,062</u>	<u>(310,438)</u>	<u>10,502,513</u>
Other Taxes and Licenses:				
Motor vehicle decals	205,000	247,023	42,023	219,319
Rental motor vehicle taxes	17,500	19,825	2,325	22,493
Other	500	460	(40)	500
Total	<u>223,000</u>	<u>267,308</u>	<u>44,308</u>	<u>242,312</u>
Unrestricted Intergovernmental:				
Local option sales tax	2,515,000	2,683,497	168,497	2,524,407
Video program tax	33,000	27,660	(5,340)	33,951
Franchise tax	750,000	939,786	189,786	812,868
Beer and wine	30,000	33,207	3,207	38,260
Total	<u>3,328,000</u>	<u>3,684,150</u>	<u>356,150</u>	<u>3,409,486</u>
Restricted Intergovernmental:				
Powell Bill	254,500	297,442	42,942	255,567
Other grants	730,000	89,501	(640,499)	255,831
PEG supplement	52,000	83,334	31,334	51,613
Solid waste disposal tax	6,000	6,357	357	6,145
Fines and forfeitures	-	-	-	18,279
Wake County Fire District	1,466,514	1,559,620	93,106	1,088,308
Total	<u>2,509,014</u>	<u>2,036,254</u>	<u>(472,760)</u>	<u>1,675,743</u>
Permits and Fees:				
Zoning permits and fees	250,000	287,409	37,409	304,293
Transportation impact fees	300,000	476,596	176,596	499,981
Inspection fees	1,037,000	1,244,037	207,037	1,302,416
Officer fees	2,500	4,803	2,303	6,357
Total	<u>1,589,500</u>	<u>2,012,845</u>	<u>423,345</u>	<u>2,113,047</u>
Sales and Services:				
Charges for services	906,500	1,324,636	418,136	1,203,346
Rent	90,000	82,353	(7,647)	156,388
Recreation	115,500	209,756	94,256	197,549
Total	<u>1,112,000</u>	<u>1,616,745</u>	<u>504,745</u>	<u>1,557,283</u>
Investment Earnings	<u>650,000</u>	<u>1,459,931</u>	<u>809,931</u>	<u>1,476,015</u>

TOWN OF ZEBULON, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024	
	Final Budget	Actual	Variance Over/Under	Actual
Other Revenues:				
Stormwater fees	-	-	-	20
ABC revenue	55,000	52,251	(2,749)	60,226
Miscellaneous	36,093	63,069	26,976	116,636
Total	91,093	115,320	24,227	176,882
Total revenues	24,367,107	25,746,615	1,379,508	21,153,281
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	114,900	109,531	5,369	96,731
Operating expenses	168,400	106,558	61,842	87,598
Contracted services	767,500	703,720	63,780	411,010
Total	1,050,800	919,809	130,991	595,339
Administration:				
Salaries and employee benefits	845,000	604,267	240,733	534,378
Operating expenses	473,575	371,485	102,090	358,452
Contracted services	110,500	74,095	36,405	247,279
Capital outlay	15,000	11,012	3,988	13,012
Total	1,444,075	1,060,859	383,216	1,153,121
Information Technology				
Salaries and employee benefits	202,700	175,970	26,730	-
Operating expenses	81,350	72,235	9,115	-
Contracted services	177,000	181,049	(4,049)	-
Capital outlay	129,120	124,355	4,765	-
Total	590,170	553,609	36,561	-
Finance:				
Salaries and employee benefits	380,600	337,195	43,405	315,883
Retiree insurance	118,000	116,779	1,221	100,730
Operating expenses	35,800	23,454	12,346	20,204
Contracted services	136,500	131,081	5,419	80,263
Total	670,900	608,509	62,391	517,080
Planning:				
Salaries and employee benefits	833,100	631,342	201,758	586,299
Operating expenses	162,274	125,196	37,078	66,555
Capital outlay	-	-	-	15,208
Total	995,374	756,538	238,836	668,062
Total general government	4,751,319	3,899,324	851,995	2,933,602

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, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024	
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Police:				
Salaries and employee benefits	3,416,950	2,981,081	435,869	2,654,993
Operating expenses	482,479	372,538	109,941	371,243
Contracted services	338,725	329,946	8,779	249,574
Capital outlay	427,490	391,430	36,060	416,558
Total	4,665,644	4,074,995	590,649	3,692,368
Fire:				
Salaries and employee benefits	3,097,284	2,912,374	184,910	2,248,179
Operating expenses	533,114	463,642	69,472	437,491
Contracted services	23,000	18,347	4,653	17,167
Capital outlay	1,974,500	141,007	1,833,493	37,699
Total	5,627,898	3,535,370	2,092,528	2,740,536
Total public safety	10,293,542	7,610,365	2,683,177	6,432,904
Public Works:				
Operations:				
Salaries and employee benefits	1,135,700	940,498	195,202	839,058
Operating expenses	865,250	813,087	52,163	614,794
Contracted services	1,007,200	990,737	16,463	934,386
Capital outlay	1,071,968	669,337	402,631	2,377,485
Total operations	4,080,118	3,413,659	666,459	4,765,723
Property and Project Management:				
Salaries and employee benefits	902,300	733,647	168,653	480,245
Operating expenses	509,150	413,318	95,832	452,432
Contracted services	129,575	120,841	8,734	91,830
Capital outlay	1,044,704	1,019,392	25,312	610,650
Total property and project management	2,585,729	2,287,198	298,531	1,635,157
Powell Bill	279,460	275,494	3,966	207,623
Total public works	6,945,307	5,976,351	968,956	6,608,503
Culture and Recreation:				
Recreation:				
Salaries and employee benefits	1,201,847	1,067,656	134,191	862,615
Operating expenses	760,474	694,039	66,435	535,094
Contracted services	18,700	18,490	210	14,331
Capital outlay	2,028,900	980,727	1,048,173	240,743
Total culture and recreation	4,009,921	2,760,912	1,249,009	1,652,783

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, 2025
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		2024	
	Final Budget	Actual	Variance Over/Under	Actual
Environmental Protection:				
Sanitation:				
Salaries and employee benefits	119,900	85,649	34,251	-
Operating expenses	78,950	49,225	29,725	61,893
Contracted services	6,450	5,401	1,049	4,901
Capital outlay	60,000	54,100	5,900	-
Total environmental protection	265,300	194,375	70,925	66,794
Economic Development:				
Salaries and employee benefits	127,650	124,040	3,610	107,557
Capital outlay	-	-	-	392,630
Total economic development	1,298,250	306,499	991,751	633,521
Debt Service:				
Principal	496,588	496,587	1	497,193
Interest	83,962	83,962	-	88,737
Total	580,550	580,549	1	585,930
Total expenditures	28,144,189	21,328,375	6,815,814	18,914,037
Revenues over (under) expenditures	(3,777,082)	4,418,240	8,195,322	2,239,244
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	-	-	-	82,000
Issuance of long-term debt	250,000	-	(250,000)	215,000
Transfer in	-	-	-	1,885,733
Transfer out	(7,800,705)	(7,800,705)	-	(250,000)
Appropriated fund balance	11,327,787	-	(11,327,787)	-
Total other financing sources (uses)	3,777,082	(7,800,705)	(11,577,787)	1,932,733
Net change in fund balance	\$ -	(3,382,465)	\$ (3,382,465)	4,171,977
Fund Balance:				
Beginning of year - July 1		27,671,580		23,499,603
End of year - June 30		\$ 24,289,115		\$ 27,671,580

GENERAL CAPITAL PROJECT FUNDS

The Public Works Facilities Capital Project Fund is used to account for financial resources to be used for various facility, infrastructure and transportation improvements.

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.

The Fire Station 2 Capital Project Fund is used to account for financial resources to be used for the future land acquisition and construction of a second Town Fire Station.

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

ZEBULON

NORTH CAROLINA

TOWN OF ZEBULON, NORTH CAROLINA

MAJOR PUBLIC WORKS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Actual					
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under	
Expenditures:						
Water Fill Stations	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	
Poplar St Sidewalks	250,000	-	-	-	250,000	
Community Center HVAC	215,260	-	5,054	5,054	210,206	
Public Works Yard Expansion	400,645	-	180	180	400,465	
Capital outlays	563,100	-	-	-	563,100	
Capital outlays	3,092,000	-	365,671	365,671	2,726,329	
Capital outlays	171,200	-	-	-	171,200	
Capital outlays	1,797,650	-	-	-	1,797,650	
Total expenditures	<u>6,514,855</u>	<u>-</u>	<u>370,905</u>	<u>370,905</u>	<u>6,143,950</u>	
Revenues over (under) expenditures	(6,514,855)	-	(370,905)	(370,905)	6,143,950	
Other Financing Sources (Uses):						
Transfers in	<u>6,514,855</u>	<u>-</u>	<u>6,514,855</u>	<u>6,514,855</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,143,950</u>	<u>\$ 6,143,950</u>	<u>\$ 6,143,950</u>	
Fund Balance:						
Beginning of year - July 1						
End of year - June 30				<u>\$ 6,143,950</u>		

TOWN OF ZEBULON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2025

	Capital Project Funds						Total
	N. Arendell Avenue Project Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	Fire Station 2 Projects Fund	Gill St. Park Projects Fund	Nonmajor Governmental Funds
Assets:							
Cash and cash equivalents	\$ 575,479	\$ 85,750	\$ 392,549	\$ 701,370	\$ 500,000	\$ 785,850	\$ 3,040,998
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ 15,500	\$ -	\$ 102,403	\$ 4,500	\$ -	\$ 8,215	\$ 130,618
Fund Balances:							
Committed:							
Capital projects	559,979	85,750	290,146	696,870	500,000	777,635	2,910,380
Total liabilities and fund balances	\$ 575,479	\$ 85,750	\$ 392,549	\$ 701,370	\$ 500,000	\$ 785,850	\$ 3,040,998

TOWN OF ZEBULON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Projects Funds						Total Nonmajor Governmental Funds
	N. Arendell Avenue Project Fund	Stormwater Projects Fund	Fire Station Projects Fund	Little River Park Projects Fund	Fire Station 2 Projects Fund	Gill St. Park Projects Fund	
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ 480,005	\$ 48,674	\$ -	\$ -	\$ 528,679
Expenditures:							
Capital outlay	90,280	-	685,115	136,804	-	8,215	920,414
Revenues over (under) expenditures	(90,280)	-	(205,110)	(88,130)	-	(8,215)	(391,735)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	500,000	785,850	1,285,850
Net change in fund balances	(90,280)	-	(205,110)	(88,130)	500,000	777,635	894,115
Fund Balances:							
Beginning of year - July 1	650,259	85,750	495,256	785,000	-	-	2,016,265
End of year - June 30	\$ 559,979	\$ 85,750	\$ 290,146	\$ 696,870	\$ 500,000	\$ 777,635	\$ 2,910,380

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, 2025

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 4,956,000	\$ 43,580	\$ _____ -	\$ 43,580	\$ (4,912,420)
Expenditures:					
Capital outlays	5,947,595	384,916	90,280	475,196	(5,472,399)
Revenues over (under) expenditures	(991,595)	(341,336)	(90,280)	(431,616)	559,979
Other Financing Sources (Uses):					
Transfers in	991,595	991,595	_____ -	991,595	_____ -
Net change in fund balance	\$ _____ -	\$ 650,259	(90,280)	\$ 559,979	\$ 559,979
Fund Balance:					
Beginning of year - July 1				650,259	
End of year - June 30				\$ 559,979	

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, 2025

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
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	-
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, 2025

	<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	\$ 477,750	\$ -	\$ 480,005	\$ 480,005	\$ 2,255
Expenditures:					
Capital outlay	1,714,650	741,644	685,115	1,426,759	287,891
Revenues over (under) expenditures	(1,236,900)	(741,644)	(205,110)	(946,754)	290,146
Other Financing Sources (Uses):					
Transfers in	1,236,900	1,236,900	-	1,236,900	-
Net change in fund balance	\$ -	\$ 495,256	(205,110)	\$ 290,146	\$ 290,146
Fund Balance:					
Beginning of year - July 1			495,256		
End of year - June 30			\$ 290,146		

TOWN OF ZEBULON, NORTH CAROLINA

LITTLE RIVER PARK CAPITAL PROJECT FUND
SCHEDEULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ _____ -	\$ _____ -	\$ 48,674	\$ 48,674	\$ 48,674
Expenditures:					
Capital outlay	785,000	_____ -	136,804	136,804	648,196
Revenues over (under) expenditures	(785,000)	_____ -	(88,130)	(88,130)	696,870
Other Financing Sources:					
Transfers in	785,000	785,000	_____ -	785,000	_____ -
Net change in fund balance	\$ _____ -	\$ 785,000	(88,130)	\$ 696,870	\$ 696,870
Fund Balance:					
Beginning of year - July 1				785,000	
End of year - June 30				\$ 696,870	

TOWN OF ZEBULON, NORTH CAROLINA

FIRE STATION 2 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Revenues over (under) expenditures	(500,000)	-	-	-	500,000
Other Financing Sources (Uses):					
Transfers from General Fund	500,000	-	500,000	500,000	-
Net change in fund balance	\$ -	\$ -	500,000	\$ 500,000	\$ 500,000
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30				\$ 500,000	

TOWN OF ZEBULON, NORTH CAROLINA

GILL STREET 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, 2025

	<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	\$ 785,850	\$ -	\$ 8,215	\$ 8,215	\$ 777,635
Revenues over (under) expenditures	(785,850)	-	(8,215)	(8,215)	777,635
Other Financing Sources (Uses):					
Transfers in	785,850	-	785,850	785,850	-
Net change in fund balance	\$ -	\$ -	777,635	\$ 777,635	\$ 777,635
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$ 777,635		

ZEBULON

NORTH CAROLINA

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, 2025

Year Ended June 30	Uncollected			Collections and Credits	Uncollected	
	Balance July 1, 2024	Additions	Balance June 30, 2025			
2024-2025	\$ -	\$ 14,880,660	\$ 14,812,659	\$ 68,001		
2023-2024	53,048	-	13,344		39,704	
2022-2023	14,800	-	1,579		13,221	
2021-2022	9,645	-	448		9,197	
2020-2021	10,108	-	541		9,567	
2019-2020	10,817	-	616		10,201	
2018-2019	8,297	-	513		7,784	
2017-2018	13,111	-	177		12,934	
2016-2017	6,213	-	120		6,093	
2015-2016	3,521	-	3,521		-	
2014-2015	-	-	-		-	
Total	\$ 129,560	\$ 14,880,660	\$ 14,833,518		176,702	
Less: Allowance for uncollectible ad valorem taxes receivable						
Ad valorem taxes receivable, net					\$ 176,702	
Reconcilement with Revenues:						
Ad valorem taxes - General Fund					\$ 14,554,062	
Reconciling items:						
Motor vehicle taxes- General Fund					247,023	
Penalties and interest collected					(36,575)	
Releases and other adjustments					65,487	
Write-offs					3,521	
Total reconciling items					279,456	
Total collections and credit					\$ 14,833,518	

TOWN OF ZEBULON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND (TOWN-WIDE)
FOR THE YEAR ENDED JUNE 30, 2025

	Total Levy				
	Town-Wide		Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
Original Levy:					
Property taxed at current year's rate	\$ 2,577,834,489	\$ 0.5770	\$ 14,874,105	\$ 14,138,968	\$ 735,137
Total original levy	2,577,834,489		14,874,105	14,138,968	735,137
Discoveries					
Penalties	-	-	36,575	36,575	-
Prior year taxes	-	-	19,426	19,426	-
Abatements	(8,569,497)	0.5770	(49,446)	(49,446)	-
Total property valuation	\$ 2,569,264,991				
Net Levy			14,880,660	14,145,523	735,137
Uncollected taxes at June 30, 2025			68,001	63,003	4,998
Current Year's Taxes Collected	\$ 14,812,659		\$ 14,082,520	\$ 730,139	
Current Levy Collection Percentage			<u>99.54%</u>	<u>99.55%</u>	<u>99.32%</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.....	89
Revenue Capacity – These tables contain information to help the reader assess the Town's most significant local revenue source, the property tax.....	97
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.....	110
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.....	114
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.....	118
.....	

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)**

	2025	2024	2023	2022	2021
Governmental activities					
Net investment in capital assets	\$ 94,685,302	\$ 84,047,883	\$ 70,469,510	\$ 50,170,091	\$ 42,097,705
Restricted	9,624,579	8,417,184	7,711,569	4,886,278	2,859,097
Unrestricted	13,644,975	12,142,816	9,038,277	7,231,768	4,733,482
Total governmental activities net position	<u>\$ 117,954,856</u>	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>	<u>\$ 62,288,137</u>	<u>\$ 49,690,284</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	\$ 94,685,302	\$ 84,047,883	\$ 70,469,510	\$ 50,170,091	\$ 42,097,705
Restricted	9,624,579	8,417,184	7,711,569	4,886,278	2,859,097
Unrestricted	13,644,975	12,142,816	9,038,277	7,231,768	4,733,482
Total primary government net position	<u>\$ 117,954,856</u>	<u>\$ 104,607,883</u>	<u>\$ 87,219,356</u>	<u>\$ 62,288,137</u>	<u>\$ 49,690,284</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)**

	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	\$ 29,296,465	\$ 26,460,741	\$ 16,793,339	\$ 14,955,686	\$ 13,392,436
Restricted	1,995,272	1,512,756	1,390,444	1,282,832	1,077,310
Unrestricted	4,088,548	3,236,736	2,222,411	5,057,994	4,878,773
Total governmental activities net position	\$ 35,380,285	\$ 31,210,233	\$ 20,406,194	\$ 21,296,512	\$ 19,348,519
Business-type activities					
Unrestricted	\$ -	\$ -	\$ (26,167)	\$ (30,056)	\$ (34,061)
Total business-type activities net position	\$ -	\$ -	\$ (26,167)	\$ (30,056)	\$ (34,061)
Primary government					
Net investment in capital assets	\$ 29,296,465	\$ 26,460,741	\$ 16,793,339	\$ 14,955,686	\$ 13,392,436
Restricted	1,995,272	1,512,756	1,390,444	1,282,832	1,077,310
Unrestricted	4,088,548	3,236,736	2,196,244	5,027,938	4,844,712
Total primary government net position	\$ 35,380,285	\$ 31,210,233	\$ 20,380,027	\$ 21,266,456	\$ 19,314,458

Table 2
Page 1 of 2

TOWN OF ZEBULON, NORTH CAROLINA

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

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 1,767,907	\$ 2,182,513	\$ 2,320,449	\$ 2,468,204	\$ 3,009,901
Public safety	3,208,337	3,339,341	3,731,751	3,879,905	4,121,086
Public works	-	-	-	-	-
Environmental protection	-	-	-	-	-
Streets	816,957	863,966	941,827	664,098	1,234,157
Sanitation	859,777	925,776	1,332,511	1,455,403	1,157,409
Storm water	224,279	286,500	264,964	278,182	443,102
Cultural and recreational	1,036,994	1,046,872	1,078,303	1,146,509	1,115,900
Economic development	-	-	-	-	-
Interest on long-term debt	140,481	127,256	110,389	134,184	126,287
Total governmental activities expenses	<u>8,054,732</u>	<u>8,772,224</u>	<u>9,780,194</u>	<u>10,026,485</u>	<u>11,207,842</u>
Business-type activities:					
Interest on long-term debt	6,497	3,450	992	-	-
Total primary government expenses	<u>\$ 8,061,229</u>	<u>\$ 8,775,674</u>	<u>\$ 9,781,186</u>	<u>\$ 10,026,485</u>	<u>\$ 11,207,842</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 189,760	\$ 157,473	\$ 268,436	\$ 329,780	\$ 420,769
Public safety	2,048	1,708	1,719	1,838	1,346
Public works	-	-	-	-	-
Sanitation	408,743	430,027	444,605	470,546	545,248
Cultural and recreational	133,956	141,895	158,104	186,592	105,678
Operating grants and contributions	888,155	1,054,039	920,532	879,578	867,706
Capital grants and contributions	648,574	1,908,788	2,044,350	9,994,933	4,016,094
Total governmental activities program revenues	<u>2,271,236</u>	<u>3,693,930</u>	<u>3,837,746</u>	<u>11,863,267</u>	<u>5,956,841</u>
Total primary government program revenues	<u>\$ 2,271,236</u>	<u>\$ 3,693,930</u>	<u>\$ 3,837,746</u>	<u>\$ 11,863,267</u>	<u>\$ 5,956,841</u>
Net revenue (expense)					
Governmental activities	\$ (5,783,496)	\$ (5,078,294)	\$ (5,942,448)	\$ 1,836,782	\$ (5,251,001)
Business-type activities	(6,497)	(3,450)	(992)	-	-
Total primary government net revenue (expense)	<u>\$ (5,789,993)</u>	<u>\$ (5,081,744)</u>	<u>\$ (5,943,440)</u>	<u>\$ 1,836,782</u>	<u>\$ (5,251,001)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	4,529,782	5,479,104	6,301,569	6,559,888	7,091,423
Other taxes and licenses	37,671	39,899	39,453	42,813	83,284
Unrestricted intergovernmental revenues	1,567,546	1,594,566	1,647,639	1,803,030	1,793,411
Investment earnings	19,832	41,388	108,715	219,633	160,642
Miscellaneous	199,700	195,565	192,323	253,752	292,293
Transfers	-	-	-	(21,462)	-
Gain (loss) on disposal of capital assets	7,600	24,174	(17,212)	109,603	-
Total governmental activities	<u>6,362,131</u>	<u>7,374,696</u>	<u>8,272,487</u>	<u>8,967,257</u>	<u>9,421,053</u>
Business-type activities:					
Investment earnings	\$ 7,887	\$ 4,804	\$ 1,907	\$ 150	\$ -
Miscellaneous	1,433	2,651	2,974	4,555	-
Transfers	-	-	-	21,462	-
Total business-type activities	<u>9,320</u>	<u>7,455</u>	<u>4,881</u>	<u>26,167</u>	<u>-</u>
Total primary government general revenues and other changes in net position	<u>6,371,451</u>	<u>7,382,151</u>	<u>8,277,368</u>	<u>8,993,424</u>	<u>9,421,053</u>
Change in net position					
Governmental activities	\$ 578,635	\$ 2,296,402	\$ 2,330,039	\$ 10,804,039	\$ 4,170,052
Business-type activities	2,823	4,005	3,889	26,167	-
Total primary government change in net position	<u>\$ 581,458</u>	<u>\$ 2,300,407</u>	<u>\$ 2,333,928</u>	<u>\$ 10,830,206</u>	<u>\$ 4,170,052</u>

Source: Town of Zebulon Annual Comprehensive Financial Reports

TOWN OF ZEBULON, NORTH CAROLINA

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

	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
General government	\$ 2,668,227	\$ 2,899,940	\$ 2,936,787	\$ 2,777,357	\$ 5,338,453
Public safety	3,955,896	4,256,483	5,746,682	6,571,690	7,519,492
Public works	3,600,490	3,923,477	4,672,261	6,231,224	5,937,932
Environmental protection	-	-	-	141,145	278,474
Streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Storm water	-	-	-	-	-
Cultural and recreational	1,113,381	1,368,957	1,276,916	1,836,000	3,142,598
Economic development	123,445	133,200	527,343	254,708	306,499
Interest on long-term debt	106,902	103,839	89,550	59,507	74,600
Total governmental activities expenses	<u>11,568,341</u>	<u>12,685,896</u>	<u>15,249,539</u>	<u>17,871,631</u>	<u>22,598,048</u>
Business-type activities:					
Interest on long-term debt	-	-	-	-	-
Total primary government expenses	<u>\$ 11,568,341</u>	<u>\$ 12,685,896</u>	<u>\$ 15,249,539</u>	<u>\$ 17,871,631</u>	<u>\$ 22,598,048</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 334,262	\$ 2,169,979	\$ 411,442	\$ 167,940	\$ 118,432
Public safety	22,609	19,466	11,893	1,103,859	2,057,636
Public works	1,237,867	1,586,540	1,852,342	2,046,391	2,113,716
Sanitation	-	-	-	-	-
Cultural and recreational	370,221	266,005	2,573,809	1,447,459	1,414,966
Operating grants and contributions	914,211	885,558	1,356,333	2,496,573	441,099
Capital grants and contributions	12,915,685	8,802,622	19,355,601	12,089,453	9,855,378
Total governmental activities program revenues	<u>15,794,855</u>	<u>13,730,170</u>	<u>25,561,420</u>	<u>19,351,675</u>	<u>16,001,227</u>
Total primary government program revenues	<u>\$ 15,794,855</u>	<u>\$ 13,730,170</u>	<u>\$ 25,561,420</u>	<u>\$ 19,351,675</u>	<u>\$ 16,001,227</u>
Net revenue (expense)					
Governmental activities	\$ 4,226,514	\$ 1,044,274	\$ 10,311,881	\$ 1,480,044	\$ (6,596,821)
Business-type activities	-	-	-	-	-
Total primary government net revenue (expense)	<u>\$ 4,226,514</u>	<u>\$ 1,044,274</u>	<u>\$ 10,311,881</u>	<u>\$ 1,480,044</u>	<u>\$ (6,596,821)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	7,593,462	8,297,440	10,203,050	10,521,788	14,601,204
Other taxes and licenses	228,414	261,796	287,388	314,523	328,175
Unrestricted intergovernmental revenues	2,026,139	2,654,572	2,980,030	3,337,275	3,623,283
Investment earnings	2,972	37,777	939,459	1,476,015	1,459,931
Miscellaneous	176,312	207,270	206,294	258,882	115,320
Transfers	-	-	-	-	-
Gain (loss) on disposal of capital assets	56,186	3,117	3,117	-	-
Total governmental activities	<u>10,083,485</u>	<u>11,461,972</u>	<u>14,619,338</u>	<u>15,908,483</u>	<u>20,127,913</u>
Business-type activities:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government general revenues and other changes in net position	<u>10,083,485</u>	<u>11,461,972</u>	<u>14,619,338</u>	<u>15,908,483</u>	<u>20,127,913</u>
Change in net position					
Governmental activities	\$ 14,309,999	\$ 12,506,246	\$ 24,931,219	\$ 17,388,527	\$ 13,531,092
Business-type activities	-	-	-	-	-
Total primary government change in net position	<u>\$ 14,309,999</u>	<u>\$ 12,506,246</u>	<u>\$ 24,931,219</u>	<u>\$ 17,388,527</u>	<u>\$ 13,531,092</u>

TOWN OF ZEBULON, NORTH CAROLINA

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

Fiscal Year	General Government	Public Safety	Streets	Sanitation	Storm Water	Public Works
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
2025	5,338,453	7,519,492	-	-	-	5,937,932

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
2016	\$ -	\$ -	\$ 1,036,994	\$ 140,481	\$ 6,497	\$ 8,061,229
2017	-	-	1,046,872	127,256	3,450	8,775,674
2018	-	-	1,078,303	110,389	992	9,781,186
2019	-	-	1,146,509	134,184	-	10,026,485
2020	-	-	1,115,900	126,287	-	11,207,842
2021	-	123,445	1,113,381	106,902	-	11,568,341
2022	-	133,200	1,368,957	103,839	-	12,685,896
2023	-	527,343	1,276,916	89,550	-	15,249,539
2024	141,145	254,708	1,836,000	59,507	-	17,871,631
2025	278,474	306,499	3,142,598	74,600	-	22,598,048

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
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
2025	3,899,324	7,610,365	-	-	-	5,976,351

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	Economic Development	Environmental Protection	Cultural & Recreation	Debt Service	Total	Per Capita Expenditures
2016	\$ -	\$ -	\$ 777,917	\$ 723,873	\$ 8,038,357	\$ 1,619
2017	-	-	797,168	761,730	8,773,962	1,701
2018	-	-	786,621	746,176	9,433,174	1,791
2019	-	-	844,557	905,186	11,379,987	2,016
2020	-	-	894,284	582,745	10,106,882	1,708
2021	35,126	-	852,736	627,193	10,890,892	1,563
2022	79,626	-	1,128,163	554,656	11,550,489	1,449
2023	134,738	-	1,454,837	599,800	16,064,121	1,618
2024	633,521	66,794	1,652,783	585,930	18,914,037	1,636
2025	306,499	194,375	2,760,912	580,549	21,328,375	1,596

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
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
2025	5,704,750	441,099	9,855,378	18,552,662

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		Investment Earnings	Miscellaneous		
	Intergovernmental	Unrestricted				
2016	\$ 1,567,546		\$ 27,719	\$ 208,733	\$ 8,642,687	
2017	1,594,566		46,192	222,390	11,076,081	
2018	1,647,639		110,622	178,085	12,115,114	
2019	1,803,030		219,783	367,910	20,856,691	
2020	1,793,411		160,642	292,293	15,377,894	
2021	-		2,972	232,498	25,878,340	
2022	-		37,777	301,994	25,283,749	
2023	-		939,459	209,411	40,180,758	
2024	-		1,476,015	258,882	35,260,158	
2025	-		1,459,931	115,320	36,129,140	

TOWN OF ZEBULON, NORTH CAROLINA

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses, Permits & Fees	Investment Earnings
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
2025	14,821,370	5,720,404	2,012,845	1,459,931

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)**

Fiscal Year	Sales & Services	Miscellaneous	Total	Per Capita Revenues
2016	\$ 623,262	\$ 207,300	\$ 8,078,766	\$ 1,627
2017	638,614	249,195	9,673,936	1,875
2018	670,007	246,444	10,431,499	1,980
2019	738,716	397,935	11,152,652	1,975
2020	742,452	292,293	12,081,279	2,042
2021	864,217	176,312	14,291,772	2,051
2022	1,128,587	207,270	16,762,431	2,102
2023	1,301,031	206,294	21,097,547	2,125
2024	1,557,283	176,882	21,153,281	1,829
2025	1,616,745	115,320	25,746,615	1,927

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
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
2025	14,554,062	0.5770

(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)**

	2025	2024	2023	2022	2021
General Fund					
Nonspendable	\$ 991,626	\$ 29,041	\$ 19,810	\$ 6,491	\$ 531
Restricted	9,624,579	8,417,184	7,711,569	4,886,278	2,859,097
Committed	1,292,281	1,757,539	1,453,524	1,557,628	1,172,998
Assigned	4,638,409	5,322,500	4,004,000	2,853,500	2,490,000
Unassigned	7,742,220	12,145,316	10,310,700	8,880,089	7,730,654
Total General Fund	\$ 24,289,115	\$ 27,671,580	\$ 23,499,603	\$ 18,183,986	\$ 14,253,280
All other governmental funds					
Committed, reported in:					
Capital projects funds	\$ 9,054,330	\$ 2,016,265	\$ 1,882,804	\$ 2,012,962	\$ 1,128,627
Total all other governmental funds	\$ 9,054,330	\$ 2,016,265	\$ 1,882,804	\$ 2,012,962	\$ 1,128,627

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)**

	2020	2019	2018	2017	2016
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,995,272	1,512,756	1,390,444	1,282,832	1,077,310
Committed	828,672	536,120	485,979	232,350	193,400
Assigned	1,910,000	1,336,331	1,568,182	549,675	916,050
Unassigned	7,278,553	6,790,049	5,933,550	7,097,301	5,815,924
Total General Fund	\$ 12,012,497	\$ 10,175,256	\$ 9,378,155	\$ 9,162,158	\$ 8,002,684
All other governmental funds					
Committed, reported in:					
Capital projects funds	\$ 1,196,271	\$ 1,136,905	\$ 532,984	\$ -	\$ -
Total all other governmental funds	\$ 1,196,271	\$ 1,136,905	\$ 532,984	\$ -	\$ -

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TOWN OF ZEBULON, NORTH CAROLINA

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

	2025	2024	2023	2022	2021
Revenues:					
Ad valorem taxes	\$ 14,554,062	\$ 10,502,513	\$ 10,223,339	\$ 8,277,151	\$ 7,570,200
Other taxes and licenses	267,308	242,312	218,744	198,381	179,984
Unrestricted intergovernmental	3,684,150	3,409,486	3,048,674	2,717,987	2,074,569
Restricted intergovernmental	2,564,933	3,605,056	1,611,551	1,281,875	2,322,776
Permits and fees	2,012,845	2,113,047	3,548,455	2,913,403	1,100,742
Sales and services	1,616,745	1,557,283	1,301,031	37,777	2,972
Investment earnings	1,459,931	1,476,015	939,459	1,128,587	864,217
Miscellaneous	115,320	176,882	206,294	207,270	176,312
Total revenues	<u>26,275,294</u>	<u>23,082,594</u>	<u>21,097,547</u>	<u>16,762,431</u>	<u>14,291,772</u>
Expenditures:					
General government	3,899,324	2,933,602	2,691,507	2,386,648	2,265,007
Public safety	7,610,365	6,432,904	6,189,893	4,281,892	3,733,061
Streets	-	-	-	-	-
Environmental protection	194,375	66,794	-	-	-
Storm water	-	-	-	-	-
Public works	5,976,351	6,608,503	4,993,346	3,119,504	3,377,769
Economic development	306,499	633,521	134,738	79,626	35,126
Cultural and recreational	2,760,912	1,652,783	1,454,837	1,128,163	852,736
Capital outlay	1,291,319	160,119	150,706	855,989	1,382,719
Debt service:					
Principal retirement	496,686	526,865	505,443	450,438	507,286
Interest and fees	83,863	59,065	94,357	104,218	119,907
Total expenditures	<u>22,619,694</u>	<u>19,074,156</u>	<u>16,214,827</u>	<u>12,406,478</u>	<u>12,273,611</u>
Excess of revenues over (under) expenditures	<u>3,655,600</u>	<u>4,008,438</u>	<u>4,882,720</u>	<u>4,355,953</u>	<u>2,018,161</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	7,800,705	2,135,733	1,591,850	1,491,900	130,000
Transfers (out)	(7,800,705)	(2,135,733)	(1,591,850)	(1,491,900)	(130,000)
Total other financing sources (uses)	<u>-</u>	<u>297,000</u>	<u>302,739</u>	<u>405,474</u>	<u>208,592</u>
Net change in fund balances	<u>\$ 3,655,600</u>	<u>\$ 4,305,438</u>	<u>\$ 5,185,459</u>	<u>\$ 4,761,427</u>	<u>\$ 2,226,753</u>
Debt service as a percentage of noncapital expenditures	2.7%	3.1%	3.7%	4.8%	5.8%

(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)**

	2020	2019	2018	2017	2016
Revenues:					
Ad valorem taxes	\$ 7,095,333	\$ 6,562,236	\$ 6,290,576	\$ 5,475,283	\$ 4,538,730
Other taxes and licenses	83,808	44,333	41,244	41,084	38,682
Unrestricted intergovernmental	1,793,411	1,803,030	1,647,639	1,594,566	1,567,546
Restricted intergovernmental	924,862	879,578	920,532	1,054,039	888,155
Permits and fees	988,478	507,191	506,342	579,767	195,259
Sales and services	742,452	738,716	670,007	638,614	623,262
Investment earnings	160,642	219,633	108,715	41,388	19,832
Miscellaneous	292,293	397,935	246,444	249,195	207,300
Total revenues	<u>12,081,279</u>	<u>11,152,652</u>	<u>10,431,499</u>	<u>9,673,936</u>	<u>8,078,766</u>
Expenditures:					
General government	2,679,980	2,237,588	2,084,313	1,886,827	1,533,719
Public safety	3,506,042	3,446,275	3,301,586	2,830,972	2,859,970
Streets	517,964	481,133	810,456	447,960	419,280
Environmental protection	1,025,538	869,524	859,104	845,297	809,120
Storm water	210,166	175,444	171,965	178,778	150,539
Public works	-	-	-	-	-
Economic development	-	-	-	-	-
Cultural and recreational	791,056	844,557	770,220	734,025	748,959
Capital outlay	871,181	2,470,461	938,698	1,088,373	792,897
Debt service:					
Principal retirement	448,854	802,181	626,382	628,609	578,042
Interest and fees	133,891	103,005	119,794	133,121	145,831
Total expenditures	<u>10,184,672</u>	<u>11,430,168</u>	<u>9,682,518</u>	<u>8,773,962</u>	<u>8,038,357</u>
Excess of revenues over (under) expenditures	<u>1,896,607</u>	<u>(277,516)</u>	<u>748,981</u>	<u>899,974</u>	<u>40,409</u>
Other financing sources (uses):					
Installment note proceeds	-	1,700,000	-	259,500	252,000
Bond proceeds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	80,000	654,102	782,328	-	-
Transfers (out)	(80,000)	(675,564)	(782,328)	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,678,538</u>	<u>-</u>	<u>259,500</u>	<u>252,000</u>
Net change in fund balances	<u>\$ 1,896,607</u>	<u>\$ 1,401,022</u>	<u>\$ 748,981</u>	<u>\$ 1,159,474</u>	<u>\$ 292,409</u>
Debt service as a percentage of noncapital expenditures	6.3%	10.1%	8.5%	9.9%	10.0%

Table 10**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 Assessed Value	Property Tax Rate	Taxable Assessed Ratio of Assessed Value to Estimated Actual Value
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%
2025	1,844,957,999	705,735,771	18,571,221	2,569,264,991	0.5770	100%

Source: Wake County Revenue Department

Notes: The last revaluation occurred as of January 1, 2024.

TOWN OF ZEBULON, NORTH CAROLINA

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

Fiscal Year	Town of Zebulon	Wake County	Total Direct Rate
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
2025	0.5770	0.5135	1.091

Table 12

TOWN OF ZEBULON, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS PRIOR

Taxpayer	2025			2016		
	Taxable Assessed Value		Rank	Taxable Assessed Value		Rank
Truist Bank	\$ 304,294,497	1		11.84	\$ 34,162,770	3
GlaxoSmithKline ⁽¹⁾	300,419,293	2		11.69	226,513,884	1
Glaxo Inc ⁽¹⁾	86,352,646	3		3.36	54,410,698	2
USF Propco LLC ⁽²⁾	42,644,866	4		1.66	20,360,967	4
Progress Residential Borrower	30,529,175	5		1.19	4,380,636	18
Zeb Land LLC ⁽³⁾	23,371,489	6		0.91	12,459,104	7
Walmart	20,551,566	7		0.80	14,473,051	6
TEB LLC	17,199,582	8		0.67	-	-
ANML Asset Company	15,692,839	9		0.61	-	0.00
PRF Properties LLC	14,911,881	10		0.58	-	0.00
Corc LLC ⁽³⁾	14,855,156	11		0.58	8,081,650	8
Duke Energy Progress, Inc. ⁽⁴⁾	13,472,224	12		0.52	5,834,264	12
US Foods Inc ⁽²⁾	12,990,470	13		0.51	7,814,846	9
SFR JV Borrower LLC	12,150,773	14		0.47	-	0.00
LNP Inc	11,260,798	15		0.44	5,538,165	13
Total	\$ 920,697,255			35.84 %	\$ 394,030,035	
						45.83 %

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

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

TOWN OF ZEBULON, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Period Ended June 30,	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	14,007	5,464,745	99.87%
2018	6,308,023	6,276,143	99.49%	14,449	6,290,592	99.72%
2019	6,559,773	6,533,590	99.60%	10,888	6,544,478	99.77%
2020	7,101,157	7,068,860	99.55%	17,692	7,086,552	99.79%
2021	7,668,587	7,627,329	99.46%	19,970	7,647,299	99.72%
2022	8,446,029	8,388,761	99.32%	50,869	8,439,630	99.92%
2023	10,359,597	10,327,508	99.69%	22,593	10,350,101	99.91%
2024	10,597,915	10,544,867	99.50%	13,344	10,558,211	99.63%
2025	14,880,660	14,812,659	99.54%	-	14,812,659	99.54%

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		
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
2025	972,247	778,404	63,660	-	1,814,311	0.23%	136

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

Source: Town of Zebulon Annual Comprehensive Financial Reports

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

Table 15**TOWN OF ZEBULON, NORTH CAROLINA****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes-Wake County	\$ 1,671,460,000 ⁽¹⁾	0.84%	\$ 13,956,855
Town of Zebulon direct debt			1,814,311
Total direct and other overlapping debt			\$ 15,771,166

Source: Information provided by Wake County Finance Department

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

TOWN OF ZEBULON, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
Debt limit	\$ 205,541,199	\$ 146,156,298	\$ 143,825,836	\$ 122,374,938	\$ 105,684,336
Total net debt applicable to limit	<u>(1,750,651)</u>	<u>(2,222,980)</u>	<u>(2,624,618)</u>	<u>(2,844,254)</u>	<u>(2,990,570)</u>
Legal debt margin	<u><u>\$ 203,790,548</u></u>	<u><u>\$ 143,933,318</u></u>	<u><u>\$ 141,201,218</u></u>	<u><u>\$ 119,530,684</u></u>	<u><u>\$ 102,693,766</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.85%	1.52%	1.82%	2.32%	2.83%
Legal Debt Margin Calculation:					
Assessed value	\$ 2,569,264,991				
Debt limit (8% of assessed value)	205,541,199				
Debt applicable to limit:					
General obligation bonds	778,404				
Non-bonded debt	972,247				
Total net debt applicable to limit	<u>1,750,651</u>				
Legal debt margin	<u><u>\$ 203,790,548</u></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
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016
Debt limit	\$ 93,162,716	\$ 88,487,054	\$ 85,082,115	\$ 74,614,330	\$ 68,787,215
Total net debt applicable to limit	<u>(3,498,734)</u>	<u>(3,948,466)</u>	<u>(3,051,525)</u>	<u>(3,694,936)</u>	<u>(4,093,423)</u>
Legal debt margin	<u>\$ 89,663,982</u>	<u>\$ 84,538,588</u>	<u>\$ 82,030,590</u>	<u>\$ 70,919,394</u>	<u>\$ 64,693,792</u>
Total net debt applicable to the limit as a percentage of debt limit	3.76%	4.46%	3.59%	4.95%	5.95%

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⁾
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%
2025	13,364	37.2	58,940	2,095	3.4%

Notes:

(1) Population projections provided by US Census Bureau

The 2025 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

Table 18**TOWN OF ZEBULON, NORTH CAROLINA****PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2025			2016			Percentage of Total Employment⁽¹⁾
	Employees	Rank	Percentage of Total Employment⁽¹⁾	Employees	Rank	Percentage of Total Employment⁽¹⁾	
GlaxoSmithKline	850	1	11.44%	800	1		N/A
US Foodservice	620	2	8.35%	591	2		N/A
Vinventions	393	3	5.29%	168	5		N/A
Wal-Mart	201	4	2.71%	160	3		N/A
Wake County Public School System (All Zebulon locations)	165	5	2.22%	325	4		N/A
East Wake Academy	111	6	1.49%	111	8		N/A
Advanced Plastiform	102	7	1.37%	97	7		N/A
Town of Zebulon	96	8	1.29%	59	9		N/A
Devil Dog Manufacturing	95	9	1.28%	56	10		N/A
Nomaco	82	10	1.10%	153	6		N/A
Total	<u>2,715</u>			<u>2,520</u>			
Total Estimated Employed in Town⁽²⁾	7,428			N/A			
Estimated Percentage of Total Employment represented by Top Employers	36.55%			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.

TOWN OF ZEBULON, NORTH CAROLINA

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

Function	2025	2024	2023	2022	2021
General Government					
Administration/Finance	8	8	8	7	7
Planning	7	7	6	6	5
Buildings&Grounds	5	5	4	3	3
Public Safety					
Police	28	27	26	23	22
Fire	27	21	21	16	15
Streets	4	4	4	4	4
Environmental Protection	5	5	5	5	5
Stormwater	1	2	2	2	2
Cultural and Recreation	11	10	8	7	6
Water/Sewer Maintenance	0	0	0	0	0
Water Plant	0	0	0	0	0
Sewer Plant	0	0	0	0	0
Total	96	89	84	73	69

Source: Town of Zebulon Human Resources Department

TOWN OF ZEBULON, NORTH CAROLINA

Table 19
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FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2020	2019	2018	2017	2016
General Government					
Administration/Finance	7	6	6	5	5
Planning	5	5	5	4	3
Buildings&Grounds	3	3	3	3	1
Public Safety					
Police	22	22	22	21	21
Fire	15	15	15	14	14
Streets	4	4	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	68	67	66	62	59

TOWN OF ZEBULON

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2025	2024	2023	2022	2021
General government					
Building permits issued	569	635	423	601	495
Privilege licenses issued	31	31	32	31	29
Code violations corrected	705	506	176	165	73
Public safety					
Police calls for service	24,322	25,086	24,337	20,787	12,163
Physical arrests	329	395	361	259	165
Traffic violations	550	592	744	718	661
Warrants served	231	103	138	103	83
Civil citations	1	-	-	2	13
Child safety seat inspections	99	92	79	77	80
Emergency responses	2,413	2,263	2,171	2,117	1,708
Fires extinguished	54	47	44	43	45
Property loss due to fire (dollars)	\$278,550	\$605,651	\$317,050	\$244,150	\$415,053
Fire code violations corrected	686	945	985	1,090	1,083
Streets					
Miles of road maintained	42.00	40.48	37.02	30.77	28.70
Feet of sidewalk maintained	154,451	108,534	92,240	84,312	78,252
Storm water					
Miles of storm drainage pipe maintained	33.05	31.60	28.31	22.88	21.70
Miles of ditches maintained	4.12	4.12	4.12	4.12	4.12
Environmental Protection					
Yard waste collected (tons)	1,709	2,427	1,630	2,080	2,862
White goods collected (pounds)	12,995	7,250	8,100	6,200	5,300
Number of sanitation customers	4,779	4,122	3,558	3,201	2,867
Number of recycling customers	4,618	4,045	3,509	3,165	2,845
Garbage collection fee	\$ 24.75	\$ 24.75	\$ 24.75	\$ 24.00	\$ 20.75
Recreation and Parks					
Summer camp participants	514	396	337	270	297
Athletic program participants (youth and adult)	1,505	1,352	1,183	505	331
Recreation program participants (youth and adult)	19,448	17,745	13,280	9,948	7,358
Senior program participants	-	-	-	-	-
Park and community center facility rentals	425	282	215	209	283
Special events attendance	16,962	16,128	15,483	8,815	13,033

Sources: Various Town Departments

TOWN OF ZEBULON

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2020	2019	2018	2017	2016
General government					
Building permits issued	347	196	136	104	111
Privilege licenses issued	24	34	32	30	51
Code violations corrected	89	117	41	54	2
Public safety					
Police calls for service	10,091	8,639	9,579	8,216	8,879
Physical arrests	207	161	192	213	260
Traffic violations	790	465	500	416	365
Warrants served	116	103	87	59	107
Civil citations	7	13	31	8	19
Child safety seat inspections	61	54	60	74	70
Emergency responses	1,670	1,652	1,547	1,680	1,588
Fires extinguished	45	32	36	38	34
Property loss due to fire (dollars)	\$178,665	\$74,445	\$322,174	\$388,190	\$199,050
Fire code violations corrected	1,041	1,093	816	1,126	1,274
Streets					
Miles of road maintained	25.44	24.85	21.14	20.29	19.41
Feet of sidewalk maintained	68,275	60,515	55,318	52,763	49,905
Storm water					
Miles of storm drainage pipe maintained	17.39	16.77	12.80	10.70	9.91
Miles of ditches maintained	4.12	4.12	4.12	4.12	4.12
Environmental Protection					
Yard waste collected (tons)	2,024	2,862	1,650	2,140	1,441
White goods collected (pounds)	8,200	2,400	1,900	1,500	400
Number of sanitation customers	2,402	2,215	2,127	2,033	1,969
Number of recycling customers	2,384	2,165	2,086	2,033	1,969
Garbage collection fee	\$ 20.50	\$ 19.25	\$ 19.25	\$ 19.25	\$ 18.75
Recreation and Parks					
Summer camp participants	215	325	225	245	234
Athletic program participants (youth and adult)	417	860	744	727	646
Recreation program participants (youth and adult)	11,546	1,882	1,776	1,676	1,597
Senior program participants	481	289	283	291	283
Park and community center facility rentals	238	986	795	764	727
Special events attendance	13,426	13,977	13,975	10,051	13,364

TOWN OF ZEBULON, NORTH CAROLINA

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CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2025	2024	2023	2022	2021
Public Safety					
Police Stations	2	2	2	2	2
Patrol and detective units	28	27	26	23	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)	42.00	40.48	37.02	30.77	28.7
Sidewalks (feet)	154,451	108,534	92,240	84,312	78,252
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.

Table 21
TOWN OF ZEBULON, NORTH CAROLINA
Page 2 of 2

CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	2016
Public Safety					
Police Stations	2	2	2	2	2
Patrol and detective units	22	22	22	21	21
K-9 Units	2	2	1	1	1
Fire Stations	1	1	1	1	1
Fire Trucks	6	7	7	7	7
Streets					
Streets (miles)	25.44	24.85	21.14	20.29	19.41
Sidewalks (feet)	68,275	60,515	55,318	52,763	49,905
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, 2025, 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 31, 2025.

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

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*.

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 31, 2025

TOWN OF ZEBULON, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

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? No
- Significant deficiency(ies) identified? None reported

Non-compliance material to financial statements noted? No

2. Financial Statement Findings

None

TOWN OF ZEBULON

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Finding: 2024-001

Status: Corrected