CITY OF ZEBULON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022

CITY OF ZEBULON
FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
The City of Zebulon
Zebulon, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Zebulon, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Zebulon, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Zebulon, Georgia, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Zebulon, Georgia, 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 City of Zebulon, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards 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 City of Zebulon, Georgia'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 City of Zebulon, Georgia'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 and budgetary comparison information on pages 4-10 and 41-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The budgetary comparison information on pages 46-47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 August 4, 2023 on our consideration of the City 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 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 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 City of Zebulon's internal control over financial reporting and compliance.

Haisten & Johnston, P.C.
Jackson, Georgia
August 4, 2023

CITY OF ZEBULON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of City of Zebulon's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by $7,831,790 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $7,874,853.

- Total net position is comprised of the following:

  (1) Capital assets of $6,455,522 include property and equipment, net of accumulated depreciation and related debt.
  (2) Unrestricted net position of $963,113 represents the portion available to maintain the City's continuing obligation to its citizens.
  (3) Restricted net position of $315,096 is to complete capital projects approved by the 2016 SPLOST referendum and other specifically restricted projects, restricted net position of $32,981 is held in revolving loan fund, and restricted net position of $65,078 is required by current USDA bond covenants.

- The City's governmental funds reported total ending fund balance of $982,669 this year. This compares to the prior year ending fund balance of 826,912 showing a increase of $155,757 during the current year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $565,705, or 34.3% of total General Fund expenditures.

- The City has two Special Revenue Funds. The revolving loan fund is administered by the City and obtained through the Department of Community Affairs. The city currently has a revolving loan fund balance of $32,981; of this total $31,816 is an outstanding note receivable. A grant was received from the American Rescue Plan (ARP) and placed into a special revenue fund to support day-to-day operations. The ARP fund is administered by the city. Grant revenues are recognized as expenditures are made, therefore, the current fund balance is $0.

- Overall, the City continues to maintain a strong financial position in a strengthening economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the water system.

The government-wide financial statements are presented on pages 11 & 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 13-16 of this report.

Proprietary funds are used to report services for which the City charges customers a fee. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Proprietary Fund Financial Statements are presented on pages 17-19 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end 2022 is $7,831,790 and $7,874,853 for 2021; a decrease of $43,063. The following table provides a summary of the City's net position at December 31:

Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Amount Change	Percentage Change
	2022	2021	2022	2021	2022	2021		
Assets:								
Current assets	$ 1,369,459	$ 1,064,230	$ 424,346	$ 405,973	$ 1,793,805	$ 1,470,203	$ 323,602	22.01%
Capital assets	3,071,391	3,201,236	6,835,076	6,980,893	9,906,467	10,182,129	(275,662)	-2.71%
Total assets:	4,440,850	4,265,466	7,259,422	7,386,866	11,700,272	11,652,332	47,940	0.41%
Liabilities:								
Current liabilities	131,556	78,532	415,159	218,479	546,715	297,011	249,704	84.07%
Long-Term liabilities	345,191	371,330	2,978,027	3,109,138	3,323,218	3,480,468	(157,250)	-4.52%
Total liabilities	476,747	449,862	3,393,186	3,327,617	3,869,933	3,777,479	92,454	2.45%
Net position:								
Net investment in capital assets	2,655,838	2,769,563	3,799,684	3,813,333	6,455,522	6,582,896	(127,374)	-1.93%
Restricted for:								
Debt Service	68,887	61,215	-	-	68,887	61,215	7,672	12.53%
Program purposes	32,981	182,180	-	-	32,981	182,180	(149,199)	-81.90%
Capital Projects	315,096	147,945	-	2,000	315,096	149,945	165,151	110.14%
Unassigned	892,752	654,701	66,552	243,916	959,304	898,617	60,687	6.75%
Total Net Position	$ 3,965,554	$ 3,815,604	$ 3,866,236	$ 4,059,249	$ 7,831,790	$ 7,874,853	$ (43,063)	-0.55%

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental and business-type activities is 3.28 to 1.

Net position increased $149,950 for governmental activities and decreased $193,013 for business-type activities for 2022. The City's Water Fund experienced an extensive water leak during 2022 that contributed to the decrease in net position for business-type activities.

Note that 82% of net position is tied up in capital assets. The City uses these capital assets to provide services to its citizens.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net assets for the year ended December 31:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		Amount Change	Percentage Change
	2022	2021	2022	2021	2022	2021		
Revenues:								
Program:								
Charges for services	$ 580,753	$ 582,707	$ 1,002,840	$ 982,492	$ 1,583,593	$ 1,565,199	$ 18,394	1.18%
Capital grants & contributions	483,020	474,956	155,924	-	638,944	474,956	163,988	34.53%
General:								
Taxes	1,039,253	1,000,025	-	-	1,039,253	1,000,025	39,228	3.92%
Other	41,909	84,877	15	1,391	41,924	86,268	(44,344)	-51.40%
Total revenues	2,144,935	2,142,565	1,158,779	983,883	3,303,714	3,126,448	177,266	5.67%
Program Expenses:								
General government	751,453	545,246	-	-	751,453	545,246	206,207	37.82%
Judicial	73,701	71,061	-	-	73,701	71,061	2,640	3.72%
Public safety	586,915	533,549	-	-	586,915	533,549	53,366	10.00%
Public works	450,465	442,350	-	-	450,465	442,350	8,115	1.83%
Sanitation	115,358	109,742	-	-	115,358	109,742	5,616	5.12%
Interest	17,093	21,778	-	-	17,093	21,778	(4,685)	-21.51%
Water services	-	-	1,351,792	1,246,205	1,351,792	1,246,205	105,587	8.47%
Total expenses	1,994,985	1,723,726	1,351,792	1,246,205	3,346,777	2,969,931	376,846	12.69%
Change in net position	149,950	418,839	(193,013)	(262,322)	(43,063)	156,517	(199,580)	-127.51%
Beginning net position	3,815,604	3,396,765	4,059,249	4,321,571	7,874,853	7,718,336	156,517	2.03%
Ending net position	$ 3,965,554	$ 3,815,604	$ 3,866,236	$ 4,059,249	$ 7,831,790	$ 7,874,853	$ (43,063)	-0.55%

GOVERNMENTAL REVENUES

The City is heavily reliant on taxes to support governmental operations and capital. Taxes provided 51% of the City's total governmental revenues. Because of the City's healthy financial position, we have been able to earn $1,663 in interest earnings to support governmental activities. Also, note that program revenues cover 53% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 47% of the governmental activities

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions for the year ended December 31, 2022.

	Governmental Activities				Business-type Activities			
	Total Cost of Services		Net Cost of Services		Total Cost of Services		Net Cost of Services	
	Amount	%	Amount	%	Amount	%	Amount	%
General government	$ 751,453	37.67%	$ (290,991)	31.25%	$ -	-	$ -	-
Judicial	73,701	3.69%	(28,206)	3.03%	-	-	-	-
Public safety	586,915	29.42%	(278,367)	29.89%	-	-	-	-
Public works	450,465	22.58%	(201,197)	21.61%	-	-	-	-
Sanitation	115,358	5.78%	(115,358)	12.39%	-	-	-	-
Interest	17,093	1.27%	(17,093)	3.27%	-	-	-	-
Water services	-	-	-	-	1,351,792	100.00%	(193,028)	100.00%
Total	$ 1,994,985	100.00%	$ (931,212)	101.43%	$ 1,351,792	100.00%	$ (193,028)	100.00%

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $982,669. Of this year-end total, $565,705 is unassigned indicating availability for continuing City service requirements, $68,887 is restricted by USDA debt service requirements, $315,096 is restricted for capital improvements designated with the 2016 SPLOST referendum and the LMIG grant and donated funds, and $32,981 is restricted inside of the revolving loan fund.

The total unassigned ending fund balances of governmental funds show an increase of $130,133 from the prior year.

Budget Section

General Fund Budgetary Highlights

The City's budget was amended during the year. Actual revenues exceeded budgeted revenues by $93,886. Actual expenditures were less than budgeted expenditures by $5,307. The overall variance between budget and actual was a favorable variance of $99,426.

Details of the budget to actual comparison can be found on page 41-43 of the report.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets net of accumulated depreciation for its governmental activities as of December 31, 2022, amounts to $3,071,391. This investment in capital assets includes land, buildings, and site improvements, machinery and equipment, vehicles and roads.

Zebulon's Capital Assets
(Net of Depreciation)

	Governmental Activities 2022	Governmental Activities 2021
Land	$ 130,258	$ 130,258
Infrastructure	1,053,007	1,171,610
Buildings	1,705,774	1,772,470
Machinery and equipment	56,169	70,741
Vehicles	126,183	56,157
Computer Software	-	-
Total	$ 3,071,391	$ 3,201,236

Overall governmental capital assets decreased by a net amount of $129,845 during 2022, and total governmental capital assets added during 2021 amounted to $99,628.

Capital assets for business-type activities decreased by $145,817 to $6,835,076 in 2022. See Note 3-C on page 32 for detail.

At December 31, 2022, the depreciable capital assets for government activities were 50.18% depreciated.

Long-Term Debt

At the end of 2022, the city had $3,323,218 in long term liabilities. The majority of this figure consists of bonds and notes payable of $3,244,825 and $78,393 in customer deposits. See Note 3-E on page 33 for details on long-term debt.

Economic Conditions Affecting the City

- Growth from Spalding County is currently coming to Zebulon and is expected to continue to increase in the future.
- The unemployment rate for Zebulon is currently 3.3%. The unemployment rate for the State of Georgia at December 31, 2022 is 3.1%.
- Water revenues and expenses should remain steady**.**

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's administrator by writing to 7818 U.S. 19, Zebulon, Georgia 30295.

CITY OF ZEBULON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Current Assets				
Cash and cash equivalents	$ 1,018,303	$ 247,542	$ 1,265,845	1,078
Investments	-	-	-	#REF!
Receivables:				
Accounts receivable	-	176,804	176,804	-
Interfund receivable	181,894	-	181,894	-
Notes Receivable	31,816	-	31,816	-
Taxes receivable	137,446	-	137,446	-
Capital Assets				
Land	130,258	708,692	838,950	-
Depreciable, capital assets, net	2,941,133	6,126,384	9,067,517	329,164
Total Assets	4,440,850	7,259,422	11,700,272	#REF!
Liabilities				
Current Liabilities				
Accounts payable	52,759	97,507	150,266	-
Accrued liabilities	8,435	-	8,435	-
Interfund payables	-	181,894	181,894	-
Notes payable in less than one year	70,362	135,758	206,120	-
Total Current Liabilities	131,556	415,159	546,715	-
Long-Term Liabilities				
Customer deposits	-	78,393	78,393	-
Notes payable	345,191	2,899,634	3,244,825	-
Total Long-Term Liabilities	345,191	2,978,027	3,323,218	-
Total Liabilities	476,747	3,393,186	3,869,933	-
Net Position				
Net investment in capital assets	2,655,838	3,799,684	6,455,522	-
Restricted				
Debt service	68,887	-	68,887	-
Program purposes	32,981	-	32,981	-
Capital projects	315,096	-	315,096	-
Unrestricted	892,752	66,552	959,304	330,242
Total Net Position	$ 3,965,554	$ 3,866,236	$ 7,831,790	$ 330,242

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

CITY OF ZEBULON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED, DECEMBER 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Function/Program								
Primary Government								
Governmental Activities								
General government	$ 751,453	$ 40,622	$ -	$ 419,840	$ (290,991)	$ -	$ (290,991)	$ -
Judicial	73,701	45,495	-	-	(28,206)	-	(28,206)	-
Public safety	586,915	245,368	-	63,180	(278,367)	-	(278,367)	-
Public works	450,465	249,268	-	-	(201,197)	-	(201,197)	-
Sanitation	115,358	-	-	-	(115,358)	-	(115,358)	-
Interest	17,093	-	-	-	(17,093)	-	(17,093)	-
Total Governmental Activities	1,994,985	580,753	-	483,020	(931,212)	-	(931,212)	-
Business-type activities								
Water services	1,351,792	1,002,840	-	155,924	-	(193,028)	(193,028)	-
Total - City of Zebulon	$ 3,346,777	$ 1,583,593	$ -	$ 638,944	(931,212)	(193,028)	(1,124,240)	
Component Unit								
Downtown Development Authority	$ 5,034	$ -	$ 6,000	$ -				966
		General Revenues						
		Beverage Tax			98,238	-	98,238	-
		Franchise Tax			152,445	-	152,445	-
		Insurance Premium taxes			102,838	-	102,838	-
		Local option sales tax			284,726	-	284,726	-
		Property Tax			401,006	-	401,006	-
		Rental Income			24,947	-	24,947	3,943
		Interest on bank accounts			1,643	15	1,658	-
		Miscellaneous			15,319	-	15,319	-
		Total General Revenues and Transfers			1,081,162	15	1,081,177	3,943
		Changes in Net Position			149,950	(193,013)	(43,063)	4,909
		Net Position Beginning of Year			3,815,604	4,059,249	7,874,853	325,333
		Net Position End of Year			$ 3,965,554	$ 3,866,236	$ 7,831,790	$ 330,242

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

CITY OF ZEBULON, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2022

	General Fund	Special Revenue Fund: Revolving Loan Fund	Special Revenue Fund: American Rescue Plan Fund	Capital Projects Fund: LMIG Grant Fund	Capital Projects Fund: SPLOST Fund	Governmental Funds
Assets						
Cash and cash equivalents	$ 374,995	$ 1,165	$ 327,047	$ 41,073	$ 274,023	$ 1,018,303
Interfund receivable	181,894	-	-	-	-	181,894
Notes receivable	-	31,816	-	-	-	31,816
Prepaid Expenses	1,451					1,451
Tax receivables (net)	137,446	-	-	-	-	137,446
Total Assets	$ 695,786	$ 32,981	$ 327,047	$ 41,073	$ 274,023	$ 1,370,910
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 52,759	$ -	$ -	$ -	$ -	$ 52,759
Accrued liabilities	8,435	-	-	-	-	8,435
Unearned Revenue	-	-	327,047	-	-	327,047
Total Liabilities	61,194	-	327,047	-	-	388,241
Fund Balances						
Restricted for:						
Debt service	68,887	-	-	-	-	68,887
Program purposes	-	32,981	-	-	-	32,981
Capital projects	-	-	-	41,073	274,023	315,096
Unassigned	565,705	-	-	-	-	565,705
Total Fund Balances	634,592	32,981	-	41,073	274,023	982,669
Total Liabilities and Fund Balances	$ 695,786	$ 32,981	$ 327,047	$ 41,073	$ 274,023	$ 1,370,910

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

CITY OF ZEBULON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Governmental Fund Balances		$ 982,669
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 6,033,908	
Less accumulated depreciation	(2,962,517)	
		3,071,391
Other long-term assets are not available to payr for current-period expenditures and therefore are deferred in the funds but are reported as revenue in the goernment-wide statement of net position.		
Unearned Revenue		327,047
Long-term liabilites are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable		(415,553)
Net Position of Governmental Activities		$ 3,965,554

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

CITY OF ZEBULON, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Special Revenue Fund: Revolving Loan Fund	Special Revenue Fund: American Rescue Plan Fund	Capital Projects Fund: LMIG Grant Fund	Capital Projects Fund: SPLOST Fund	Total Governmental Funds
Revenues						
Taxes	$ 1,039,253	$ -	$ -	$ -	$ -	$ 1,039,253
Intergovernmental	63,180	-	121,371	20,648	169,883	375,082
Charges for Services	249,268	-	-	-	-	249,268
Fines and forfeitures	290,863	-	-	-	-	290,863
Licenses and permits	40,622	-	-	-	-	40,622
Special facilities	24,947	-	-	-	-	24,947
Investment earnings	51	1,592	-	-	20	1,663
Miscellaneous	15,319	-	-	-	-	15,319
Total Revenues	1,723,503	1,592	121,371	20,648	169,903	2,037,017
Expenditures						
Current:						
General government	537,663	150,791	-	-	-	688,454
Judicial	73,701	-	-	-	-	73,701
Public Safety	639,289	-	15,701	-	-	654,990
Public Works	209,874	-	105,670	-	-	315,544
Sanitation	115,358	-	-	-	-	115,358
Debt service						
Principal payments	57,153	-	-	-	-	57,153
Interest payments	17,093	-	-	-	-	17,093
Capital outlay	-	-	-	-	-	-
Total Expenditures	1,650,131	150,791	121,371	-	-	1,922,293
Excess (deficiency) of Revenues over Expenditures	73,372	(149,199)	-	20,648	169,903	114,724
Other financing sources (uses)						
Loan Proceeds	41,033	-	-	-	-	41,033
Net Changes in Fund Balances	114,405	(149,199)	-	20,648	169,903	155,757
Fund Balances - Beginning of Year	520,187	182,180	-	20,425	104,120	826,912
Fund Balances - End of Year	$ 634,592	$ 32,981	$ -	$ 41,073	$ 274,023	$ 982,669

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

CITY OF ZEBULON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Changes in Fund Balances - Total Governmental Funds		$	155,757
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
Depreciation expense	(222,800)		
Capital outlay	99,628		
Assets disposed (net of accumulated depreciation)	(6,673)		
			(129,845)
Proceeds from long term debt are an other financing source in the governmental funds, but the issuance of long term debt increase long term liabilities in the statement of net position			
Proceeds from long-term debt			(41,033)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Grant Funds: Deferred 12/31/2021	(219,129)		
Deferred 12/31/2022	327,047		107,918
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position			
Principal payments			57,153
Changes in Net Position in Governmental Activities		$	149,950

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

CITY OF ZEBULON, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Business-type Enterprise Water Fund
Assets	
Current Assets	
Cash and cash equivalents	$ 247,542
Accounts receivable	176,804
Total Current Assets	424,346
Capital Assets	
Non-Depreciable capital assets	708,692
Depreciable capital assets, net	6,126,384
Total Capital Assets	6,835,076
Total Assets	7,259,422
Liabilities	
Current Liabilities	
Accounts payable	97,507
Interfund Payable	181,894
Current portion of bonds payable	135,758
Total Current Liabilities	415,159
Long-Term Liabilities	
Bonds Payable	2,899,634
Customer Deposits	78,393
Total Long-Term Liabilities	2,978,027
Total Liabilities	3,393,186
Net Position	
Net investment in capital assets	3,799,684
Restricted - capital projects	-
Unrestricted	66,552
Total Net Position	$ 3,866,236

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

CITY OF ZEBULON, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Enterprise Water Fund
Operating Revenue	
Charges for Services	$ 995,564
Late Fees	5,848
Miscellaneous Income	1,428
Total Operating Revenues	1,002,840
Operating Expenses	
Personal service and Employee benefits	297,464
Purchased/Contract Services	36,005
Supplies	36,789
Other operating expense	114,308
Water purchase	535,279
Depreciation expense	248,487
Total Operating Expenses	1,268,332
Operating Income (Loss)	(265,492)
Non-Operating Income (Expense)	
Interest Revenue	15
Interest Expense	(83,460)
Capital Recovery Fees	50,254
Contributed Capital	105,670
Total Non-operating Income (Expense)	72,479
Net Income (Loss)	(193,013)
Total Net Position - Beginning	4,059,249
Total Net Position - Ending	$ 3,866,236

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

CITY OF ZEBULON, GEORGIA
ALL PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business Type Enterprise Water Fund
Cash flows from operating activities	
Receipts from customers	$ 1,011,255
Payments to suppliers	(529,291)
Payments to employees	(297,464)
Net cash provided by operating activities	184,500
Cash flows from investing activities	
Interest received	15
Cash flows from capital and related financing activities	
Loan Proceeds	105,670
Purchase of Capital Assets	(102,670)
Principal Payments	(132,168)
Loan Interest Payments	(83,460)
Capital Recovery Fees	50,254
Net cash provided by (used in) capital and related financing activities	(162,374)
Increase (Decrease) in cash	22,141
Cash, December 31, 2021	225,401
Cash, December 31, 2022	$ 247,542
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (265,492)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	248,487
Change in assets and liabilities	
Receivables, net	3,768
Payables, net	193,090
Customer deposits	4,647
Net cash provided by operating activities	$ 184,500

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

CITY OF ZEBULON, GEORGIA
DISCRETELY PRESENTED COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 1,078
Total Current Assets	1,078
Noncurrent Assets	
Investments	329,164
Total Assets	330,242
Liabilities	
Current Liabilities	
Notes payable in less than one year	-
Total Current Liabilities	-
Total Long-Term Liabilities	
Notes payable	-
Total Long-Term Liabilities	-
Total Liabilities	-
Net Position	
Nonspendable	329,164
Unassigned	1,078
Total Net Position	$ 330,242

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

CITY OF ZEBULON, GEORGIA
DISCRETELY PRESENTED COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Downtown Development	$ 5,034	$ -	$ 6,000	$ -	$ 966
Total Governmental Activities	$ 5,034	$ -	$ 6,000	$ -	966
		General Revenues			
		Rental Income			3,943
		Total General Revenues			3,943
		Changes in Net Position			4,909
		Net Position Beginning as originally reported			325,333
		Net Position Ending			$ 330,242

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

CITY OF ZEBULON, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF ZEBULON, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The City of Zebulon, Georgia (the "City") was chartered by an act of the General Assembly of the State of Georgia. The City operates under a mayor-council form of government and provides general and administrative, public safety, and public works services. Fire protection is provided by Pike County Volunteer Fire Department.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City has implemented GASB 62 Codification of Accounting and Financial Reporting Guidance on pre-November 30, 1989 FASB statements and AICPA pronouncements.
The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The City has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

In conformity with GASB Statement 14, the discretely presented component unit reported in the City's Annual Financial Report was the Downtown Development Authority of the City of Zebulon, Georgia.

Discretely Presented Component Unit: Downtown Development Authority (DDA) of Zebulon, Georgia was created by City ordinance on April 15, 1982 to promote business and commerce within the central business district of the City. The City appoints the directors and guarantees obligations of the authority. The Downtown Development Authority's financial statements have been presented separately and can be obtained by writing to the Downtown Development Authority, P.O. Box 385, Zebulon, Georgia 30295.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information. Both the government-wide and the fund financial statements categorize primary activities as either governmental or business type. The City's streets and sanitation, and general administrative services are classified as governmental activities. The City's water and sewerage are classified as business-type activities.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not

See auditor's report.

1-B. Basis of Presentation (Continued)

displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the governmental activities of the City at the end of the fiscal year.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental funds and proprietary funds.

Major individual governmental funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

> ***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:
>
> > ***The General Fund*** – The general fund accounts for all financial resources except those accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.
> >
> > ***Capital Projects Funds*** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

See auditor's report.

1-B. Basis of Presentation (Continued)

Special Revenue Funds – The revolving loan fund is administered by the City and was obtained through the Department of Community Affairs. The fund is used to assist local business owners with low-cost loans on properties located in the City that are tied to and help provide low to moderate income jobs. The City may use the interest generated from the account as unrestricted funds. A grant was received from the American Rescue Plan (ARP) and placed into a special revenue fund to support day-to-day operations. The ARP fund is administered by the city.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City of Zebulon uses proprietary fund accounting to account for its Water Fund which is a major fund. This Fund provides water services to customers in the City for a fee.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The budgetary basis of accounting is GAAP.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are

1-D. Basis of Accounting (Continued)

provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 31 days for sales taxes and within 60 days for all other revenues) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes and federal and state grants.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reclassified as "*unearned revenue*" on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- A local government investment pool established by Georgia Law – Official Code of Georgia Annotated (O.C.G.A.) 36-83-8
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia
- Certificates of deposit
- Certain mutual funds whose investments are limited to bonds or other obligations of the U. S. Government or of subsidiary corporations of the U.S. Government which are fully guaranteed by such government
- Securities and Exchange Commission (SEC) regulated mutual funds

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2022.

1-E-3 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

1-E-4 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the government fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $2,500. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. It is the City's policy not to charge infrastructure depreciation in the year of construction. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives	
	Primary Government	
Asset Class	Governmental Activities	Business-type Activities
Buildings	20-50 years	20-50 years
Water Distribution Systems	40-50 years	40-50 years
Infrastructure	15-25 years	15-25 years
Machinery and equipment	5-10 years	5-10 years
Vehicles and equipment	5-7 years	5-7 years
Furniture and Fixtures	5-7 years	5-7 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

See auditor's report.

1-E-5 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-6 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources at December 31, 2022.

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 position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any deferred inflows of resources at December 31, 2022.

1-E-7 Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, guarantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to use them for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City finance director or designee to assign fund balances.
- ***Unassigned*** – Fund balances reported as unassigned are the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

1-E-7 Fund Equity (Continued)

Net Position Flow Assumptions – In order to report net position as restricted – net position and an unrestricted – net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – The net position represent the difference between assets and liabilities. The net position component, "net investment in capital assets" consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

1-E-8 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary type fund. For the City, these revenues are charges for services for water. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund.

1-E-9 Program Revenues

Charges for services are shown as program revenues on the government wide statement of activities.

1-E-10 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-11 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated.

1-E-12 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

See auditor's report.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

An annual budget is required by Section 36-81-3 of the *Official Code of Georgia Annotated*, to be prepared based on anticipated revenues and expenditures using a consolidated economic entity approach rather than a separate legal entity (fund accounting) approach. The City adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budget resolution reflects the total of each department's appropriation in each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual budget generally is the department level within each individual fund.

The original 2022 budget was amended during this year. All unexpended annual appropriations lapse at year-end.

2-A. Legal Violation

Public safety expenditures exceeded appropriations by $23,243. The excess in spending was offset by seized and forfeited funds collected by the police department during the year.

Note 3 - Detailed Notes on All Funds

3-A. Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the City. The City's policy is to take advantage of the Federal Deposit Insurance Corporation coverage which was increased to $250,000 in October 2008 and to then request collateral be held by the pledging bank's trust department equal to 110% of the City's deposits held by the bank. As of December 31, 2022 all of the government's funds were either in accordance with state statutes, FDIC insured or collateralized.

3-B. Receivables

Property taxes are collected by the City of Zebulon. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability Taxes were levied late in December, and were due by January 20, 2022. All tax payments are received year round. The majority of tax payments are received from the levied date until the due date, and are recognized as revenue. The lien date is March 1, 2022. Property tax revenues are recognized when levied to the extent they result in current receivables.

The revolving loan special revenue fund has a note receivable from Wolf Den. Note payments are collected monthly. Following is a schedule of the notes receivable for the year ended December 31, 2022:

	Beginning of Year	Reductions	Balance End of Year	Current Portion
Wolf Den	36,653	(4,837)	31,816	5,535
	$ 36,653	$ (4,837)	$ 31,816	$ 5,535

See auditor's report.

3-C. Capital Assets

Capital asset activity for the year ended December 31, 2022, is as follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Government Activities:				
Capital Assets not being depreciated:				
Land	$ 130,258	-	-	$ 130,258
Total non-depreciable capital assets	130,258	-	-	130,258
Depreciable capital assets:				
Infrastructure	$ 2,745,867	$ -	$ -	$ 2,745,867
Buildings	2,646,213	-	-	2,646,213
Machinery and equipment	146,112	-	-	146,112
Vehicles	249,753	99,628	17,020	332,361
Computer Software	33,097	-	-	33,097
Total depreciable capital assets	5,821,042	99,628	17,020	5,903,650
Accumulated depreciation:				
Infrastructure	1,574,257	118,603	-	1,692,860
Buildings	873,743	66,696	-	940,439
Machinery and equipment	75,371	14,572	-	89,943
Vehicles	193,596	22,929	10,347	206,178
Computer Software	33,097	-	-	33,097
Total accumulated depreciation	2,750,064	222,800	10,347	2,962,517
Capital assets, net	$ 3,070,978	$ (123,172)	$ 6,673	$ 2,941,133

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

General Government	$ 62,999
Public Safety	24,880
Public Works	134,921
Total governmental activities depreciation expense	$ 222,800

See auditor's report.

3-C. Capital Assets (continued)

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Business type activities				
Capital assets not being depreciated				
Land	$ 708,692	$ -	$ -	$ 708,692
Total capital assets not being depreciated	708,692	-	-	708,692
Depreciable Capital Assets				
Infrastructure	$ 11,266,872	$ 102,670	$ -	$ 11,369,542
Buildings	40,000	-	-	40,000
Machinery and equipment	124,120	-	-	124,120
Vehicles	122,783	-	2,000	120,783
Total other capital assets	11,553,775	102,670	2,000	11,654,445
Accumulated depreciation				
Infrastructure	5,043,524	242,852	-	5,286,376
Buildings	20,500	1,000	-	21,500
Machinery and equipment	94,767	4,635	-	99,402
Vehicles	122,783	-	2,000	120,783
Total accumulated depreciation	5,281,574	248,487	2,000	5,528,061
Business type activities capital assets, net	$ 6,272,201	$ (145,817)	$ -	$ 6,126,384

3-D Interfund Balances and Transfers

During the course of normal operations, numerous transactions take place between funds such as expenditures of transfer of resources to provide services. These interfund transactions are not eliminated and no interest is charged on such advances.

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 181,894	$ -
Water Fund	-	181,894
Total	$ 181,894	$ 181,894

See auditor's report.

3-E Long-Term Debt

3-E-1 Water Fund - Revenue Bonds Payable

On June 30, 1998, the USDA's Rural Development Agency (RD) purchased revenue bond debt in its entirety. The Georgia Environmental Facilities Authority approved an interim construction loan for $1,039,000 in March 1997. The loan was payable plus accrued interest on July 1, 1998. The initial bond amount is $1,153,100. The debt proceeds were used to provide water lines from the City to the City of Griffin, the new water provider.

During 2001, the City constructed additional water lines and incurred sewer line repairs. These improvements were financed by the First National Bank during the interim at cost of $723,100. After the interim period, on September 20, 2001 the USDA's Rural Development Agency (RD) purchased the revenue bond debt in its entirety. The debt proceeds were used to provide additional water lines and sewer line repairs.

Improvements were made to the water and sewer systems in subsequent years with debt proceeds from three additional revenue bonds.

In August 2021, the City consolidated the USDA bonds into one bond held by Ameris Bank in the amount of $2,154,417.

The following is a summary of revenue bond transactions of the City for the year ended December 31, 2022:

	Original Issue	Interest Rate	Beginning of Year	Additions (reductions) Indebtedness	Balance End of Year	Current Portion
GEFA Note	553,940	2.440%	548,550	(21,889)	526,661	22,429
GEFA Note	491,696	1.630%	486,486	(21,053)	465,433	21,399
Ameris Bank Bond	2,154,417	3.000%	2,132,524	(89,226)	2,043,298	91,930
	$ 3,200,052		$ 3,167,560	$ (132,168)	$ 3,035,392	$ 135,758

See auditor's report.

3-E-1 Water Fund - Revenue Bonds Payable (Continued)

Ameris Bank Bond

On August 31, 2021, the City of Zebulon consolidated 5 USDA loans into one loan with Ameris Bank for $2,154,417. The interest rate is 2.99%. This loan will be paid in 222 monthly installments of $12,648 beginning October 1, 2021 and maturing March 1, 2040. Current year debt service requirements are as follows:

	AMERIS Bank Series 2021 Bond		
	Principal Payment	Interest Payments	Bond Payments
2023	91,930	59,842	151,772
2024	94,717	57,055	151,772
2025	97,588	54,184	151,772
2026	100,546	51,226	151,772
2027	103,594	48,178	151,772
2028-2032	567,023	191,836	758,859
2033-2037	658,334	100,525	758,859
2038-2040	329,566	11,610	341,176
Total	$ 2,043,298	$ 574,456	$ 2,617,754

Georgia Environmental Finance Authority GF2020011

On December 1, 2020, the City of Zebulon was approved to draw up to $600,000 from a loan with the Georgia Environmental Finance Authority (GEFA) to construct water infrastructure to a new VA facility. As of September 1, 2021, the final loan balance was $553,940. The interest rate is 2.44%. This loan will be paid in 240 monthly installments of $2919 beginning October 1, 2021 and maturing September 1, 2041. Current year debt service requirements are as follows:

	GEFA Note GF2020011		
	Principal Payment	Interest Payments	Bond Payments
2023	22,429	12,601	35,030
2024	22,983	12,047	35,030
2025	23,550	11,480	35,030
2026	24,131	10,899	35,030
2027	24,726	10,304	35,030
2028-2032	133,091	42,060	175,151
2033-2037	150,341	24,810	175,151
2038-2041	125,410	5,952	131,362
Total	$ 526,661	$ 130,153	$ 656,814

See auditor's report.

3-E-1 Water Fund - Revenue Bonds Payable (Continued)

Georgia Environmental Finance Authority GF2021006

On June 1, 2021, the City of Zebulon was approved to draw up to $500,000 from a loan with the Georgia Environmental Finance Authority (GEFA) to complete construction on water infrastructure to a new VA facility. As of September 1, 2021, the final loan balance was $491,696. The interest rate is 1.63%. This loan will be paid in 240 monthly installments of $2402 beginning October 1, 2021 and maturing September 1, 2041. Current year debt service requirements are as follows:

	GEFA Note GF2021006		
	Principal Payment	Interest Payments	Bond Payments
2023	21,399	7,427	28,826
2024	21,750	7,076	28,826
2025	22,107	6,719	28,826
2026	22,471	6,355	28,826
2027	22,840	5,986	28,826
2028-2032	119,949	24,181	144,130
2033-2037	130,126	14,004	144,130
2038-2041	104,791	3,306	108,097
Total	$ 465,433	$ 75,054	$ 540,487

3-E-2 General Fund – Notes Payable

The following is a summary of notes currently outstanding for the City of Zebulon:

	Beginning of Year	Additions	Reductions	Balance End of Year	Current Portion
USDA (Fund 97 Loan 11)	$ 366,799	$ -	$ (45,824)	$ 320,975	$ 47,869
USDA (Fund 97 Loan 19)	11,403	233		11,636	2,827
USDA (Fund 97 Loan 21)	53,471	-	(10,688)	42,783	11,900
USDA (Fund 97 Loan 23)	-	40,800	(641)	40,159	7,766
	$ 431,673	$ 41,033	$ (57,153)	$ 415,553	$ 70,362

See auditor's report.

3-E-2 General Fund – Notes Payable (Continued)

United States Department of Agriculture (Fund 97 Loan 11)

On December 11, 2008, the City of Zebulon received proceeds of $811,500 from the USDA to remodel City Hall. The interest rate is 4.375%. This note will be paid in 240 monthly installments of $5,080 beginning January 11, 2009 and maturing December 2028. Current year debt service requirements are as follows:

	Principal Payment	Interest Payments	Total Payments
2023	47,869	13,091	60,960
2024	50,006	10,954	60,960
2025	52,238	8,722	60,960
2026	54,570	6,390	60,960
2027	57,006	3,954	60,960
2028	59,286	1,674	60,960
Total	$ 320,975	$ 44,785	$ 365,760

United States Department of Agriculture (Fund 97 Loan 19)

On August 14, 2020, the City of Zebulon received proceeds of $14,400 from the USDA to finance a police car. The interest rate is 2.25%. This note will be paid in 60 monthly installments of $255 beginning September 14, 2020 and maturing August 14, 2025. Current year debt service requirements are as follows:

	Principal Payment	Interest Payments	Total Payments
2023	2,827	233	3,060
2024	2,892	168	3,060
2025	2,957	103	3,060
2026	2,960	35	2,995
Total	$ 11,636	$ 539	$ 12,175

See auditor's report.

3-E-2 General Fund – Notes Payable (Continued)

United States Department of Agriculture (Fund 97 Loan 21)

The City of Zebulon received $60,100 in loan proceeds from the United States Department of Agriculture on June 1, 2021 at 2.125% interest. This note will be paid in 60 monthly installments of $1,058 beginning July 1, 2021 and maturing July 1, 2026. Current year debt service requirements are as follows:

	Principal Payment	Interest Payments	Total Payments
2023	11,900	796	12,696
2024	12,156	540	12,696
2025	12,418	278	12,696
2026	6,309	39	6,348
Total	$ 42,783	$ 1,653	$ 44,436

United States Department of Agriculture (Fund 97 Loan 23)

On November 16, 2022, the City of Zebulon financed a Police patrol car for $40,800. The loan was for 60 months at 2.5% maturing on November 17, 2027. Current year debt service requirements are as follows:

	Principal Payment	Interest Payments	Total Payments
2023	7,766	934	8,700
2024	7,967	733	8,700
2025	8,172	528	8,700
2026	8,383	317	8,700
2027	7,871	101	7,972
Total	$ 40,159	$ 2,613	$ 42,772

3-F Short-Term Debt

The City borrowed $85,000 from a line of credit with United Bank during 2022 to purchase two patrol cars. The loan was paid off in 2022. The following summary shows changes in short-term liabilities for the year:

	Balance 12/31/2021	Loan Proceeds	Principal Payments	Balance 12/31/2022
Line of Credit-United Bank	$ -	$ 85,000	$ 85,000	$ -

See auditor's report.

3-G Fund Equity

Fund balances are classified as follows:
Restricted – The following funds are legally restricted to specified purposes:

General Fund:		
USDA debt reserve	$	68,887
Private donation restricted for improvements to roads and streets		-
Special Revenue Fund		
Restricted for Revolving Loans used to assist local business owners		32,981
Capital Projects Fund:		
LMIG Grant fund restricted for improvements to roads and streets		41,073
Restricted for Capital Improvements through SPLOST referendem		274,023
Total Restricted Government Funds	$	416,964

Notes 4- Other Notes

4-A Risk Management

The Government is exposed to various risks or losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.
Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss. The City of Zebulon must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

- To select a person to serve as a Member representative.

See auditor's report.

4-A Risk Management (Continued)

- To allow GIRMA and its agents' reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Zebulon retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

4-B Joint Venture

The City of Zebulon, Georgia in conjunction with surrounding cities and counties are members of the Three Rivers Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to RC. The RC membership includes the chief elected official of each municipality. The County board members and municipal council members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RC's as "public agencies" and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (OCGA 50-8-39.1). House Bill 1216 changed Regional Development Centers to Regional Commissions in 2008.

Separate financial statements of the RC may be obtained from the following address:

Three Rivers Regional Commission
P. O. Box 818
Griffin, GA 30224-0818

4-C Retirement Plan

On October 21, 1997, the City Council adopted both a 401(a) and 457(b) defined contribution retirement plan for its employees. Through the City of Zebulon Retirement Plan the City will contribute an amount equal to 2% of the employee's annual compensation into his or her Simple IRA account. Through the 457(b) plan the city will match up to 1% of employee contributions; however, no contribution will be required from the eligible employee. The plan is maintained by Newport Group through the Georgia Municipal Association. Employees are eligible to receive the retirement benefits upon retirement age 59½ or after and upon termination. Employees may also elect to make a withdrawal from their respective accounts subject to the IRS statues. The plan provisions and amendments are established under the authority of the City Council. The City budgeted for this expenditure in 2022. In 2022, the employees deferred $13,210 and the City's match was $19,904.

See auditor's report.

4-D Compensated Absences

Employees of the City of Zebulon begin to accrue vacation beginning on the first day following the end of a permanent employee's probationary period. Any vacation not used in the calendar year earned, will result in the loss of the time earned. Accrued vacation shall be prorated upon separation from employment. Vacation is earned on the following scale:

Year Worked	Hours Earned
7 months-1	40
1-3	80
4-5	96
6-10	120
11-15	144
15+	160

Eligible employees of the City of Zebulon are entitled to forty (40) hours of personal leave per calendar year; which covers any absence other than accrued vacation set forth above. An employee can accrue up to 240 hours of personal leave. Upon separation from employment, employees are not entitled to receive any accrued personal leave.

See auditor's report.

CITY OF ZEBULON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Original	Budget Amendments	Budget Final	Actual	Variance Over (Under)
Revenues					
Taxes					
Beverage tax	$ 105,450	$ -	$ 105,450	$ 98,238	$ (7,212)
Franchise tax	152,000	-	152,000	152,445	445
Insurance premium tax	96,000	-	96,000	102,838	6,838
Local option sales tax	229,231	49,754	278,985	284,726	5,741
Property taxes	370,973	-	370,973	401,006	30,033
Intergovernmental revenue	-	49,850	49,850	63,180	13,330
Charges for services	253,225	-	253,225	249,268	(3,957)
Fines and forfeitures	235,000	-	235,000	290,863	55,863
Licenses and Permits	48,000	2,530	50,530	40,622	(9,908)
Special facilities	28,050	-	28,050	24,947	(3,103)
Investment earnings	250	-	250	51	(199)
Sale of Assets	-	-	-	-	-
Miscellaneous	9,304	-	9,304	15,319	6,015
Total Revenues	1,527,483	102,134	1,629,617	1,723,503	93,886
Expenditures					
General government					
Advertising	1,800	900	2,700	2,690	(10)
Downtown development	5,000	1,000	6,000	6,000	-
Dues	2,400	(950)	1,450	1,449	(1)
Insurance	51,364	300	51,664	51,632	(32)
Legal & Professional	119,000	-	119,000	109,202	(9,798)
Miscellaneous	9,780	(5,168)	4,612	4,600	(12)
Repairs and maintenance	18,500	3,200	21,700	21,524	(176)
Salaries and benefits	254,903	(6,338)	248,565	246,692	(1,873)
Supplies and postage	25,289	(436)	24,853	24,616	(237)
Tax Collection Commission	8,098	-	8,098	-	(8,098)
Telephone	10,700	(200)	10,500	10,303	(197)
Training and meetings	5,484	(2,080)	3,404	3,345	(59)
Travel	11,000	1,000	12,000	11,890	(110)
Utilities	40,725	3,800	44,525	43,545	(980)
City Park	500	(300)	200	175	(25)
Total general government	564,543	(5,272)	559,271	537,663	(21,608)

See auditor's report.

CITY OF ZEBULON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Original	Budget Amendments	Budget Final	Actual	Variance Over (Under)
Judicial					
Solicitor fees	10,800	(10,800)	-	-	-
Witness fees	1,000	(350)	650	650	-
Court costs	10,500	17,175	27,675	27,620	(55)
Clerk's authority	31,198	1,920	33,118	33,115	(3)
Judge training	750	(750)	-	-	-
Local victim asst program	5,000	2,200	7,200	7,185	(15)
County drug abuse treatment	2,208	(300)	1,908	1,831	(77)
Indigent Defense	1,500	1,800	3,300	3,300	-
Marijuana Conviction Fee	1,000	(1,000)	-	-	-
Total judicial	63,956	9,895	73,851	73,701	(150)
Public Safety					
Capital outlay	-	92,527	92,527	92,527	-
Computers maintenance	30,395	(11,000)	19,395	17,176	(2,219)
Dues	200	(200)	-	-	-
Fuel	22,655	25,850	48,505	44,320	(4,185)
Miscellaneous	3,000	(3,000)	-	2,237	2,237
Repairs and maintenane	16,500	(1,700)	14,800	14,777	(23)
Salaries and benefits	377,323	30,533	407,856	407,510	(346)
Supplies	10,500	2,500	13,000	41,828	28,828
Telephone	7,000	1,700	8,700	7,828	(872)
Training	1,250	(300)	950	864	(86)
Travel	2,000	1,200	3,200	3,119	(81)
Uniforms	5,200	1,913	7,113	7,103	(10)
Total public safety	476,023	140,023	616,046	639,289	23,243
Public Works					
Fuel	5,000	6,659	11,659	10,984	(675)
Landscaping contract	81,500	(7,398)	74,102	74,102	-
Repairs and maintanance	13,000	21,370	34,370	34,273	(97)
Salaries and benefits	66,163	(33,230)	32,933	32,455	(478)
Supplies	12,699	(7,400)	5,299	5,123	(176)
Telephone	1,500	-	1,500	1,234	(266)
Training	400	(400)	-	-	-
Travel	100	(100)	-	-	-
Uniforms	1,400	1,205	2,605	2,595	(10)
Utilities	42,372	8,409	50,781	49,108	(1,673)
Total public works	224,134	(10,885)	213,249	209,874	(3,375)

See auditor's report.

CITY OF ZEBULON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Original	Budget Amendments	Budget Final	Actual	Variance Over (Under)
Sanitation					
Sanitation Contract	102,935	9,417	112,352	112,352	-
Discarded Items Contract	3,000	50	3,050	3,006	(44)
Trash Containers	6,000	(6,000)	-	-	-
Total sanitation	111,935	3,467	115,402	115,358	(44)
Debt Service					
Principal payments	50,584	6,625	57,209	57,153	(56)
Interest payments	36,308	(15,898)	20,410	17,093	(3,317)
Total debt service	86,892	(9,273)	77,619	74,246	(3,373)
Total Expenditures	1,527,483	127,955	1,655,438	1,650,131	(5,307)
Excess (deficiency) of Revenues over Expenditures	-	(25,821)	(25,821)	73,372	99,193
Other financing sources (uses)					
Loan Proceeds	-	40,800	40,800	41,033	233
Net Changes in Fund Balance	-	14,979	14,979	114,405	99,426
Fund Balances Beginning of Year	520,187	-	520,187	520,187	-
Fund Balances End of Year	$ 520,187	$ 14,979	$ 535,166	$ 634,592	$ 99,426

See auditor's report.

CITY OF ZEBULON, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budet Original/Final	Actual	Variance Over (Under)
Revenues			
Interest earned	$ 1,592	$ 1,592	$ -
Total Revenues	1,592	1,592	-
Expenditures			
Current:			
Capital Outlay	150,788	150,791	3
Total Expenditures	150,788	150,791	3
Net Changes in Fund Balances	(149,196)	(149,199)	(3)
Fund Balances Beginning of Year	182,180	182,180	-
Fund Balances End of Year	$ 32,984	$ 32,981	$ (3)

See auditor's report.

CITY OF ZEBULON, GEORGIA
AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budet Original/Final	Actual	Variance Over (Under)
Revenues			
American Rescue Plan Revenue	$ 121,371	$ 121,371	$ -
Interest	-	-	-
Total Revenues	121,371	121,371	-
Expenditures			
Current:			
Public Safety	15,701	15,701	
Public Works	105,670	105,670	-
Total Expenditures	121,371	121,371	-
Excess (deficiency) of Revenues over Expenditures	-	-	-
Other Financing Sources and (Uses)			
Transfers In (Out)	-	-	-
Net Changes in Fund Balance	-	-	-
Fund Balances Beginning of Project	-	-	-
Fund Balances End of Year	$ -	$ -	$ -

See auditor's report.

CITY OF ZEBULON, GEORGIA
LMIG GRANT CAPITAL PROJECT FUND
PROJECT-LENGTH BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budet Original/Final	Actual Project to Date	Variance Over (Under)
Revenues			
LMIG grant	$ 20,648	$ 20,648	$ -
Interest	-	-	-
Total Revenues	20,648	20,648	-
Expenditures			
Current:			
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of Revenues over Expenditures	20,648	20,648	-
Other Financing Sources and (Uses)			
Transfers In (Out)	-	-	-
Net Changes in Fund Balances	20,648	20,648	-
Fund Balances Beginning of Project	20,425	20,425	-
Fund Balances End of Year	$ 41,073	$ 41,073	$ -

See auditor's report.

CITY OF ZEBULON, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECT FUND
PROJECT-LENGTH BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Original	Budget Amendments	Budget Final	Actual Project to Date	Variance Over (Under)
Revenues					
Intergovernmental	$ 390,874	$ 680,000	$ 1,070,874	$ 934,616	$ (136,258)
Total Revenues	390,874	680,000	1,070,874	934,616	(136,258)
Expenditures					
Current:					
Capital Outlay	390,874	680,000	1,070,874	660,593	(410,281)
Total Expenditures	390,874	680,000	1,070,874	660,593	(410,281)
Net Changes in Fund Balance	-	-	-	274,023	274,023
Fund Balances Beginning of Project	-	-	-	-	-
Fund Balances End of Year	$ -	$ -	$ -	$ 274,023	$ 274,023

See auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Council
Zebulon, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units and each major fund of City of Zebulon, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Zebulon, Georgia's basic financial statements and have issued our report thereon dated August 4, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Zebulon, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Zebulon, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Zebulon, Georgia'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Zebulon, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as Item 2022-02.

Purpose of this Report

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

Haisten & Johnston, P. C.
Jackson, Georgia
August 4, 2023

CITY OF ZEBULON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of Audit Report Issued	Unmodified
Internal Control over Financial Reporting	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified that are not Considered to be Material Weakness(es)	No
Noncompliance Material to Financial Statements Noted?	Yes

Section II – Financial Statement Findings and Responses

2022-01 Status of Prior Year Findings

The previous Independent Auditor's Report for the year ended December 31, 2021 was prepared by Haisten & Johnston, PC and was dated August 9, 2022. No findings were noted on that report.

2022-02 Exenditures in Excess of Appropriations

Criteria: Georgia Law requires that each local governing authority to operate under an annual balanced budget for the general fund, each special revenue fund and each debt-service fund in use by the local government. Budgets should be amended to reflect any expenditures in excess of appropriations during the year. Any expenditures in excess of budgeted amounts is a violation of Georgia Law.

Condition: The City's public safety expenditures exceeded appropriations by $23,243.

Recommendations: We recommend the budget be amended to reflect necessary appropriation increases.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to strive to avoid having expenditures in excess of appropriations and amend the budget when a necessary situation arises so that we remain compliant at all times with Georgia Law.

See auditor's report.

Independent Auditor's Report on Special County

1 Percent Sales and Use Tax
Approved in Special Election

To the Mayor and City Council
City of Zebulon, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Zebulon, Georgia as of December 31, 2022. This schedule is the responsibility of City of Zebulon's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales tax was prepared for the purpose of complying with the Official Code of Georgia Annotated 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of City of Zebulon's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Zebulon's resolution or ordinance calling for the tax for the year ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Haisten & Johnston, P.C.
Jackson, Georgia
August 4, 2023

CITY OF ZEBULON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
ELECTION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Estimated Costs Original/Current	Budget Amendment	Estimated Costs Final/Current	Prior Period	Current Period	Cumulative Costs	Percent Complete
Capital Project List							
Streetscape Project	$ 390,874	$ 680,000	$ 1,070,874	$ 660,593	$ -	$ 660,593	62%
	$ 390,874	$ 680,000	1,070,874	660,593	$ -	$ 660,593	

See auditor's report.