

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF CLAYTON, NC
FISCAL YEAR ENDED
JUNE 30, 2022







TOWN OF CLAYTON

North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by:

Finance Department

Finance Director:

Robert W. McKie, Jr.

TOWN OF CLAYTON, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION



Jody L. McLeod
MAYOR

Cauley Pridgen, P.A.
TOWN ATTORNEY

Rich Cappola
TOWN MANAGER

The Premier Community



For Active Families

Andria Archer
Avery Everett
Porter Casey
Michael Sims
COUNCIL MEMBERS

Jason Thompson
MAYOR PRO TEM

November 14, 2022

To the Honorable Mayor, Members of the Town Council, and the Citizens of the Town of Clayton, North Carolina:

North Carolina General Statutes require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. To fulfill the requirement for the fiscal year ended June 30, 2022, the Town published this Annual Comprehensive Financial Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements, whether due to fraud or error.

Anderson Smith & Wike PLLC has issued an unmodified opinion on the Town of Clayton's financial statements for the year ended June 30, 2022. The independent auditor's report is on page 1, which is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and read in conjunction with it.

Profile of the Town

The Town of Clayton incorporated on April 12, 1869 and is located in the northwest portion of Johnston County, which is located in the western portion of the Coastal Plains. The Town, which is bisected by U.S. Highway 70 and located approximately 15 miles southeast of the capital city Raleigh, covers a 16.69 square mile area and has a population of 26,307 based upon the 2020 U.S. Census. Clayton is the fastest growing municipality in Johnston County with a ten-year average annual growth rate of approximately 7.8%. The Town has the statutory authority to extend its corporate limits through voluntary annexation under the direction of Town Council. The Town annexed approximately 111.3 acres by petition during the current fiscal year.

The Town of Clayton has a council/manager form of government. Elections for the Mayor and the five members of the Council are on a nonpartisan, at-large basis. The Mayor currently serves a four-year term and Council members serve four-year staggered terms. Council holds the policy-making and legislative authority for the Town. The Mayor can only cast the

tiebreaking vote. Town Council selects the Town Manager to manage and oversee daily operations.

The Council is required to adopt a fiscal year operating budget by no later than June 30th each year. The annual budget serves as the foundation for the Town of Clayton's financial planning and control. The budget is organized by fund, function (e.g., public safety), and department (e.g., police). The Town Manager can authorize a transfer of resources within or across departments and/or major categories as deemed necessary. Inter-fund transfers anticipated by the budget ordinance do not require additional approval by Council.

The Town of Clayton provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; solid waste handling; code enforcement; recreational and cultural activities; a library; water and sanitary sewer services; and electrical services to businesses, industries, and residential customers.

Local Economy

The Town continues to experience strong economic growth. Revenues from sales tax distributions for the first four months of FY 2023 were a record high at \$2.8 million, which is 17.2% higher than prior year. Ongoing expansions in the biopharmaceutical industry at Grifols and Novo Nordisk and previous expansions in the medical services industry located on Highway 42 west, in close proximity to the Johnston Health facilities, have helped make Clayton one of the fastest growing areas in the region.

A continued growth trend is supporting tax base growth, which has provided financial flexibility for capital spending and staff additions; a strong financial position highlighted by the maintenance of a favorable unassigned fund balance; and a manageable debt burden with rapid amortization.

The housing sector continues to grow as the supply of upscale multi-family housing continues to meet the demand for apartments and townhomes in conjunction with continued demand for large tracts of land to support new single-family housing. Although the Town did not experience a decline in activity during the pandemic, a slowdown is occurring that's attributable to the interest rate increases implemented by the Federal Reserve to rein in inflation.

All the above factors play a significant role in the evaluation and decision-making processes utilized by bond rating agencies to determine the Town's bond rating. The Town maintained its Aa1 credit rating from Moody's Investor Service and AA+ bond rating from Standard and Poor's.

The Town continues to benefit from its proximity to Research Triangle Park, which is the largest research park in the country, and to regional employers in and around the City of Raleigh, which include private sector opportunities with Fortune 500 companies, Federal and State government positions, and expanding medical service careers. The Town also benefits from its proximity to numerous institutions of higher education, which include North Carolina State University, the University of North Carolina, Duke University, North Carolina Central University, and East Carolina University. Many of the graduates of the above universities received training to staff technically demanding positions requiring engineers, research and development personnel, and other professional disciplines.

The local economy includes manufacturing and non-manufacturing industries with two large international pharmaceutical companies as well as a special purpose Research and Training Zone (“RTZ”), which is an economic development and training district created through special legislation that supports the special needs of the local pharmaceutical industries. These Town ETJ employers comprise approximately 10 percent of all biopharmaceutical jobs in the State.

The RTZ includes a 30,000 square-foot Workforce Development Center (“WDC”), which operates a partnership between Johnston Community College and North Carolina State University. The WDC is an educational and technical skills training center that concentrates on life sciences programming, business training, and workforce development in biotechnology and other sciences. The WDC offers Associate curriculum programs for Bioprocess Technology and Biology & Biology Education, in addition to a BioWork curriculum and continuing education courses that include several customized training programs.

Grifols, S.A. (“Grifols”), formerly Talecris Biotherapeutics, Inc. (“Talecris”), is an international manufacturer of blood plasma related products for a variety of applications and is one of the largest manufacturing employers in Johnston County. The blood plasma facility has been in operation since 1981 and is one of 13 state-of-the-art manufacturing plants with over 1,000 employees. The Clayton Plant places Grifols in a position to maximize its operational efficiencies by utilizing expanded fractionation and purification capacity. The Town has a 30-year development agreement with Grifols. In November 2017, Grifols received recognition as one of the 500 best companies to work for by Forbes Magazine.

In July 2016, Grifols implemented its PediGri system for the products manufactured in Clayton, which will provide healthcare professionals total traceability of the plasma-derivative products from donation to final product. Grifols developed its Discover the Plasma program in partnership with Johnston County Public Schools as an educational resource for all middle schools in the county. Go to <https://www.discovertheplasma.com/en/web/virtual-lab/about-the-program#> for additional information about this innovative teaching program.

Current operations include the following: North Fractionation Facility (“NFF”), a 155,000 square-foot, \$370 million plant along with a 59,000 square-foot warehouse that is the largest and one of the most technologically advanced plasma fractionation facilities in the world. The NFF was named the 2014 Facility of the Year for Project Execution by the International Society for Pharmaceutical Engineering. In 2017, Grifols completed construction of a new three-story 100,000 square-foot office building at the Clayton complex. In addition, a \$210 million expansion included construction of a \$90 million, 82,551 square-foot fractionation plant adjacent to the NFF that was completed in 2018 and is in full production.

Construction on a new \$120 million purification facility that will create 250 new jobs has been completed. This is the world’s first purification and sterile filling plant of intravenous immunoglobulins in flexible packaging. The purification and filling facility is operational but not fully commissioned. In December 2017, Grifols purchased an additional 467 acres adjacent to its site near Clayton for future site expansion. Also, in June 2020, Grifols announced a \$351.6 million expansion for a new plasma fractionation facility and logistics center that will create 300 jobs between 2024 and 2028 with an average salary estimated to be \$69,032. The new facility will help meet the growing demand for plasma derived medicines.

As a leader in humanitarian efforts, Grifols has partnered with the Republic of Liberia and constructed a dedicated processing facility at its complex near Clayton to explore an

innovative approach to combat the Ebola virus. In December 2018, Grifols began purifying plasma from healthy Ebola survivors from Liberia for use in producing anti-Ebola immunoglobulin, a potential treatment for patients affected by the Ebola virus disease.

Grifols currently has underway more than 25 research initiatives to treat different states of COVID-19, from early exposure to the virus, to severe cases requiring hospitalization and intensive care. Since the COVID-19 pandemic began, Grifols has also been applying its knowledge and expertise in producing immunoglobulins to manufacture a specific anti-SARS-CoV-2 hyperimmune globulin at its Clayton campus to combat two different stages of COVID-19 disease: hospitalized patients and asymptomatic outpatients. The clinical trial evaluating the safety, efficacy, and tolerability of the intravenously administered anti-SARS-CoV-2 hyperimmune globulin in hospitalized patients started in October 2020. It is the first international multicenter clinical trial of an immunoglobulin containing anti-SARS-CoV-2 polyclonal antibodies from plasma donors who have recovered from the illness (convalescent plasma). In February 2021, Grifols began a clinical trial in Spain with 800 asymptomatic SARS-CoV-2-positive patients who will receive the immunoglobulin subcutaneously on an outpatient basis.

In addition to the hyperimmune globulin, Grifols is also carrying out several clinical trials to evaluate the safety and efficacy of convalescent plasma for direct transfusion. On August 23, 2020, the FDA gave emergency use authorization for convalescent plasma to treat hospitalized COVID-19 patients. Grifols is collecting plasma from recovered COVID-19 patients for use in developing these potential treatments, using its network of more than 300 donor centers in the U.S. and Germany, the largest global network of donation centers in the world. Grifols is also collecting convalescent plasma in Spain through a collaboration with blood banks. The company is also part of a coalition of world-class medical and research institutions, blood centers, life-science companies, philanthropic organizations, and COVID-19 survivor groups that has come together to mobilize tens of thousands of people in the U.S. who have recovered from COVID-19 to donate their plasma.

Novo Nordisk Pharmaceutical Industries (“Novo Nordisk”), the world’s largest supplier of insulin products, opened its Clayton facility in the RTZ in 1996 and has expanded several times since. The Clayton plant manufactures diabetes care products marketed in North America, Europe, New Zealand, and Australia. The Diabetes Finished Products (“DFP”) manufacturing facility currently employs over 1,200 people, and total employment is expected to reach 1,500 at the Clayton facility.

In August 2015, Novo Nordisk announced a \$2 billion expansion plan to build an 825,000 square-foot facility for Diabetes Active Pharmaceutical Ingredients (“DAPI”) that broke ground in March of 2016 and completed construction in September 2020. The new facility is expected to be approved for U.S. market production in 2021. The expansion will create close to 700 new jobs with an average annual salary of \$68,420. The new positions will span manufacturing, administrative, technical services, and support personnel. The manufacturing facilities in Clayton will be Novo Nordisk’s first insulin producing facility in the U.S. during the company’s 95-year history and will help meet the growing demand for its diabetes treatment. The company expects to double production of its diabetes drugs over the next decade and once current plans are realized, approximately 25% of the world’s insulin manufacturing will take place in Clayton. In September 2022, Novo Nordisk announced new expansion plans that will occur in phases over the next 12 years. To view a video about the Clayton facility go to: <https://www.novonordisk-us.com/howeare/about-novo-nordisk/novo-nordisk-in-the-US/clayton-nc.html>.

Novo Nordisk was recently recognized as one of the State's top exporters and in February 2021 was a recipient of the 2020 Governor's Export Award from the Economic Development Partnership of North Carolina.

In response to the COVID-19 pandemic, Novo Nordisk's production facilities near Clayton have helped to sustain the supply chain of life-saving diabetes products. Novo Nordisk expanded its Diabetes Patient Assistance Program ("PAP") to support eligible patients with diabetes who have lost health insurance coverage because of a change in job status due to the pandemic. Novo Nordisk has provided a free 90-day supply of insulin to eligible patients affected by COVID-19. The company has also donated more than \$500,000 to national and local relief organizations, supported emergency assistance requests from patient/advocacy organizations to address basic needs of individuals and families, and temporarily suspended standard contractual payment terms and has paid submitted invoices immediately for nearly 150 small and diverse companies working with Novo Nordisk.

Caterpillar, Inc., a Fortune 100 company that currently ranks 47 on the World's Most Admired Companies list for 2017, is another large manufacturing employer. The Building and Construction Products Division of Caterpillar ("CAT") operates an assembly facility located near the Town that manufactures small wheel loaders and serves as the product distribution center for backhoe loaders for North America and the export market. The assembly plant has approximately 450 employees.

The following expansions have been undertaken at the Clayton facility: \$18.5 million expansion to the assembly facility that is expected to add 199 jobs over a five-year period and the CAT Clayton Machine Development Center ("Center"), a \$30 million, 57,000 square foot free-standing fully LEED certified two-story office building with testing laboratories. The Center designs and tests prototype machines while giving customers an opportunity for hands-on operation and critique at a state-of-the-art heavy equipment test track that is co-located on a 252-acre site with the Center. The prototype machines meet new market demands and stringent EPA emission standards for air quality. 240 designers, engineers, and managers were added or relocated from CAT's offices in Cary, North Carolina. In February 2021, CAT announced plans to add a visitor demonstration center, in-house testing area and storage shelter to its assembly plant near Clayton. CAT employs approximately 600 people at its Clayton facilities.

Northeast Foods Inc., a national contract baker for the commercial and fast-food industries and the largest supplier of baked goods to McDonalds in the United States, operates a bakery operation in a \$25.4 million, 90,000 square feet facility that has approximately 100 employees. The bakery specializes in producing soft sandwich rolls for multi-chain, quick service, casual dining food establishments.

The Town is a hub for the medical services industry and related employment. The Town is currently home to facilities operated by WakeMed, Johnston UNC Health Care, and Duke University Medical Center. Johnston Health Clayton, which opened in 2009, includes a full-service emergency room, plus outpatient services and medical offices. The 95,000 square feet three-story 50-bed inpatient facility opened in January of 2015 and provides expanded services such a labor and delivery. Total investment in the facilities is valued at \$89.5 million and employment has increased to 260. Recognitions include being named one of the Top 100 Rural & Community Hospitals by iVantage in 2016, earning a back-to-back "A" safety grade rating on Leapfrog Group's Hospital Safety Score, which is measured twice per year, and the 2016 Women's Choice Award for Patient Safety.

The Town continues to attract significant new retail, office, and high-density residential development on its south side, primarily due to the completion of the U.S. Highway 70 Bypass and related interchange on Highway 42 west. Proximity to Johnston Health Clayton enhances the opportunities created by this major interchange. In August 2020, plans were filed for the Lumen Planned Development, which started as a 64-acre mixed use development with up to 600 residential units (apartments, townhomes, and single-family), 800,000 square feet of commercial space, and 121 hotel rooms, was renamed the Copper District and has expanded to approximately 270 acres with 4 million square feet of space for housing, commercial, retail, and office. The goal is to provide a live-work community with housing, neighborhood shopping, employment, and entertainment to serve western Clayton.

The Town adopted its long-term growth plan (“Comprehensive Plan 2040”) in October 2015 followed by an update in November 2021 for the Comprehensive Plan 2045. Both envision a community with successful businesses, shops, and restaurants; a place rich with recreation, arts, and culture; walkable, safe, vibrant, and active; along with a unique downtown experience. These are all qualities valued by the Town’s citizens. For additional information about Comprehensive Plan 2045 go to:

<https://www.townofclaytonnc.org/234/2045-Comprehensive-Growth-Plan>

Please refer to the following summary table of new development activity:

July 2021 – June 2022

Approved Project Name	Project Type	Intensity/Density	Status for Completion
Ramblewood Village Conditional Zoning	Conditional Zoning/Master Plan	New SF residential	Approved
Grifols D-520 Building Expansion	Site Plan	Commercial Expansion	Approved
Zaxby's Double Drive Thru	Site Plan	Exterior Restaurant Renovations	Approved
Amelia Church - A Tribute Community	Site Plan	Residential/224 Townhomes	Denied
Clayton Medical Office	Site Plan	New commercial office	Approved
Taco Bell Restaurant	Site Plan	Demo & New restaurant	Approved
Grifols E430 & E447 Building Expansion	Site Plan	Commercial Expansion	Approved
Grifols B560 Warehouse Site Plan	Site Plan	New Commercial Building	Approved
Medspring Drive Shell	Site Plan	New Medical Office/Dermatology	Approved
East Clayton Community Park Improvements	Site Plan	TOC park expansion/Renovations	Approved
Caterpillar Field #9 Site Improvements	Site Plan	Industrial Site Improvements	Approved
Caterpillar CMDC Engineering Tower	Site Plan	Industrial Site Improvements	Approved
Neuse Water Reclamation Facility	Site Plan	New TOC Wastewater Facility	Approved
Bayer CropScience Bee Care Support Expansion	Site Plan	Commercial Expansion	Approved
Clayton Industrial	Site Plan	New Commercial Warehouses	Approved
Clayton Municipal Park	Site Plan	TOC park expansion/Renovations	Approved
Grifols B200 Building Expansion	Site Plan	Commercial Expansion	Approved
Horne Memorial UMC Playground	Site Plan	Institutional/Church Expansion	Approved
Flex Warehouse S Tech	Site Plan	New Commercial Warehouses	Approved
Novo Nordisk Wastewater Neutralization Bldg	Site Plan	Commercial Expansion	Approved
The Amelia	Subdivision	New SF residential	Approved
Champion West	Subdivision	New SF residential	Approved

The Town continues to expand its greenway and trail system. The 1.25-mile Sam’s Branch Greenway (“Greenway”) along the Neuse River is a 10-foot wide multiuse paved trail that connects to Clayton River Walk on the Neuse, a recently completed section of the Mountains-to-Sea Trail (“MTS”). Clayton River Walk on the Neuse is a 4-mile, 10-foot wide multiuse paved trail that also connects at the common boundary with the Wake County section of the MTS. Future plans include a 2.9-mile extension of the Clayton River Walk on the Neuse at the Johnston County boundary. The 1.41 mile Greenway extension, which includes a tunnel underneath North O’Neil Street for pedestrian safety, has been completed, and brings the MTS and East Coast Greenway into Downtown Clayton.

The Greenway and Clayton River Walk on the Neuse are part of the East Coast Greenway, which is a developing trail system beginning at the Canadian border in Calais, ME, that connects 15 states and 450 cities and towns for 3,000 miles from Maine to Florida with Key West, FL at the southernmost point. The MTS, Greenway, and pedestrian connector provide a great benefit to Town residents by linking communities together while serving as the backbone of the Town’s expanding system of trails. Clayton is truly the “Premier Community for Active Families”.

Clayton is uniquely located at the intersection of the East Coast Greenway and the NC Mountains to Sea Trail. The Town owns and operates five parks and over 10 miles of greenway. The Town’s Parks and Recreation Department offers a full range of programs for citizens of all ages including athletics, visual arts, gardening, and special events. In April of 2020, the Town celebrated the opening of a new inclusive Harmony Playground made possible by the support from the local community and Clayton Community Recreational Foundation. In 2021, the Town opened 300 acres of land for off road cycling and hiking in partnership with the Triangle Land Conservancy and Triangle Off Road Cyclist. The Town recently partnered with Johnston County Schools to construct the first artificial turf field.

Financial Planning

The Town places a high value on fiscal responsibility and continues to take prudent action to safeguard its financial position. Rate models continue to be utilized for both enterprise funds to facilitate rate setting and capital planning. Ongoing improvement in the local economy is driving revenues at an accelerated growth despite the ongoing pandemic, which in turn has facilitated the expansion of programs and services to meet the community’s needs in conjunction with attracting new business investment. The Town continues to improve its financial position and realize benefits generated by efficient operations. Detailed information is contained in the MD&A, including budgetary actions taken related to the potential impact of the pandemic.

An Executive Team was recently established that’s comprised of the Town Manager, two Deputy Town Managers, the Police Chief, and the Finance Director. The team establishes quarterly goals and objectives based upon monthly meetings with Town Council. Updates on the Town’s financial position and long-term initiatives are provided to Council during the monthly meetings.

Formal financial reporting is focused on a Mid-Year Budget presentation that provides Town Council with a comprehensive review of the first half of the fiscal year, detailed projections for the remainder of the fiscal year, and a solid foundation for the subsequent fiscal year budget process. The Town maintains a ten-year Capital Improvement Plan (“CIP”), which identifies capital outlay and improvement needs, funding sources, and the associated impacts

(if any). The focus of the CIP is the first five years, and its development is integrated with the annual budget process. Also, the CIP will incorporate a prioritization and ranking system.

The Town continues to utilize a cash funding strategy for rolling stock purchases in conjunction with a financial plan to achieve a debt service to expenditure ratio of 13% for the General Fund by FY 2019. Achievement occurred in FY 2022, FY 2021, FY 2020, FY 2019, FY 2018, FY 2017, FY 2016, and FY 2015 with a ratio of 12.44%, 6.53%, 7.12%, 8.13%, 10.22%, 10.69%, 12.45%, and 12.66%, respectively. The Town has a comprehensive financial policy that contains performance expectations and standards, including separate benchmarks for the two enterprise funds in conjunction with a capital improvement plan that is updated annually.

Major Initiatives

A general obligation bond program for recreation improvements is well underway. The initial \$13.5 million sale occurred on November 30, 2021. The Town received an upgraded rating from AA to AA+ from Standard & Poor's while maintaining the Aa1 rating from Moody's Investor Services. The remaining \$4.5 million of unissued bonds is expected to be issued in Calendar 2023 for improvements to Clayton Community Park. The \$18 million bond referendum was approved by 74% of the voters on November 5, 2019. Davenport & Company LLC ("Davenport") will continue to provide updated debt capacity and affordability analysis in preparation for the issuance of the remaining bonds.

Municipal Park and East Clayton Community Park are undergoing major renovations that will be funded with the proceeds from the issuance of the general obligation bonds. The first splash pad, new playground, basketball court, performance stage, new sidewalks and a parking lot, picnic shelters, and restrooms were recently completed at Municipal Park while upgrades are underway at East Clayton Community Park for two lighted artificial turf fields, expanded parking, and accessibility improvements.

The Clayton Pedestrian Plan creates a new vision for a walkable community while building on past efforts. The plan will be utilized to prioritize, fund, and implement high-quality infrastructure, high-impact programs, and the supportive policies for walking. For additional information about the Pedestrian Plan go to:

<https://www.townofclaytonnc.org/DocumentCenter/View/2284>

The Town is replacing three bridges located along the Clayton Riverwalk on the Neuse Greenway near the Riverwood subdivision. The bridges have reached the end of their useful life and replacement is required to maintain a safe greenway.

Replacement of the Town's existing Human Resources software, including payroll, with a more comprehensive and fully integrated HR suite provide by NEOGOV, is underway. NEOGOV will provide a centralized cloud-based system to recruit, develop, and manage employees. The implementation will occur in phases during the first and second quarter of Calendar 2023.

The Town implemented a recommendation of the classification and compensation study in October 2022, which created 3 pay plans: General; Public Safety; Electric & Water. The goal is to produce a compensation system that is equitable internally and externally. Also, Evergreen Solutions is performing an organizational review that will focus on structure and staffing.

The groundbreaking ceremony for the Sam's Branch Water Reclamation Facility occurred on February 8, 2022, on an existing Town-owned site, which is already home to other wastewater infrastructure and greenways. The projected cost of this project is not expected to exceed \$300 million with funding provided by the Clean Water State Revolving Fund (CWSRF) Program, a grant from the Economic Development Administration (EDA), \$45 million in grant funding from the State of North Carolina, and the balance from revenue bonds. The facility will be capable of treating 6 million gallons per day ("MGD") before final discharge to the Neuse River with expansion capacity of up to 10 MGD. The facility is expected to be online in Calendar 2025. The Town has purchased additional nutrient credits to comply with regulations. The Town engaged Stantec to perform a feasibility study and expects to obtain final approval of the financing package from the Local Government Commission on December 6, 2022, with the public bond sale occurring on December 7, 2022.

The Town has implemented an apprenticeship program for its Electric and Water Resources operations by partnering with the NCWorks NextGen Program and the North Carolina Rural Water Association, respectively. The apprenticeship program will facilitate recruitment.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Clayton for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the twenty-first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Town earned a Reliable Public Power Provider Gold RP3 designation from the American Public Power Association that is valid for three years (2022-2025). The program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development, and system improvement.

Preparation of this report would not have been possible without the dedicated service and cooperation of the entire staff of the Finance Department and Anderson Smith & Wike PLLC. The Mayor and Town Council receive credit for their ongoing support to maintain the highest standards of professionalism in the management of the Town of Clayton's finances.

Respectfully submitted,



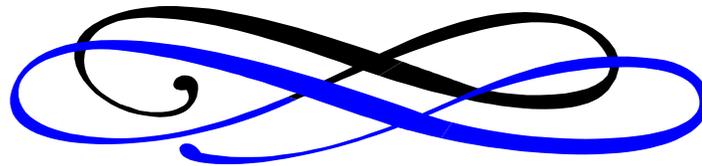
Robert W. McKie, Jr.
Finance Director

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Town of Clayton

MISSION STATEMENT:

Premier Community for Active Families



2022 Goals:

Think Economic Development. Think Prosperity.

Think Town Finances. Think Responsibility.

Think Growth. Think Balance.

Think Downtown. Think Awesome.

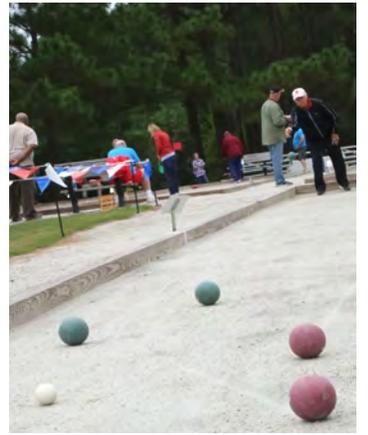
Think Arts & Culture. Think Diversity.

Think Communication & Partnerships. Think Collaboration.

Think Safe, Clean, Engaged. Think Community.

Think Happy, Helpful, Professional Workforce. Think Opportunity.







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Clayton
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Area Map and History of the Town of Clayton

The Town of Clayton, named for Senator John Middleton Clayton (1796-1856) from Delaware, was built on the road cut by Governor Tryon's troops as they moved from New Bern to Hillsborough against the Regulators during the War of the Regulation around 1770. The community, first known as Stallings' Station, was a depot for the North Carolina Railroad in the home of Mrs. Sarah Stallings. Such names as Hinton's Quarter, Roxborough, Stallings Station and Gulley's Store were established centers of activity and helped advance the countryside during the years before Clayton was given its name. The name for the Gulley's Store Post Office, which was established on December 3, 1845, was officially changed to Clayton on January 30, 1856 and incorporated by the General Assembly on April 12, 1869.

After the Civil War, along with the extension of the railroad, businesses began to be established. Businesses that flourished during that time were a turpentine distillery, lumber plants, a brick kiln, a cotton gin, gristmill, sawmill, tobacco warehouses and two cotton mills. Farm products made markets a necessity and the convenience of the railroad made watermelon growing especially successful. The first tobacco sales were held in 1909.



Public education began in Clayton around 1853 when Mr. H.L. Hinton of New Jersey came south and opened Clayton Academy which operated until the construction of the Clayton Graded School. The Clayton Graded School, built in 1915 and the Clayton Grammar School and Municipal Auditorium, built in 1926 is located at 111 East Second Street. Built on 23 acres of land in the Classical Revival architectural style the school was in operation as a public school until closing in the spring of 1997. The building then sat empty until the former grade school building was renovated and converted into the Clayton Government Services complex and the former Municipal Auditorium and grammar school building was renovated and converted into the Clayton Cultural Arts Center. Both buildings were reopened to the public in January 2003, establishing a focal point for Clayton. While creating a sense of the new Clayton, the buildings still preserve the best of the old and a sense of the past in their design. The buildings are listed in the National Register of Historic Places.

Clayton is the fastest growing town in Johnston County and is located near two interstate highways: I-40 and I-95, on the western edge of the County. Today it's a thriving area that covers a 16.69 square mile area with a population of 26,307 per the 2020 Census. Clayton is convenient to several major cities: Raleigh (15 minutes to the west), Research Triangle Park (30 minutes west) and Durham (35 minutes west). Flourishing retail and medical services sectors and a vibrant downtown area make Clayton a destination for residents of surrounding areas.

Industry, in the form of bio-pharmaceutical companies like Grifols and Novo Nordisk employs many of the Clayton area residents. Other major employers include Caterpillar, Johnston Health Clayton, and Northeast Foods. With expansion in manufacturing and medical services and ongoing residential growth, Clayton continues to be a prosperous town to live and work in while evolving into a small, prosperous city.

Fiscal Year	Total Population	Growth
2012	16,701	
2013	17,071	2.2%
2014	17,633	3.3%
2015	18,313	3.9%
2016	19,117	4.4%
2017	20,082	5.0%
2018	21,420	6.7%
2019	22,909	7.0%
2020	26,307	14.8%
2021	28,843	9.6%
2022	35,478	23.0%
Total Growth		112.4%
Avg. Annual Growth		7.8%

Town of Clayton Members of Town Council And Town Officials

June 30, 2022

MAYOR

JODY McLEOD

TOWN COUNCIL

JASON THOMPSON - MAYOR PRO-TEM

ANDRIA ARCHER

PORTER CASEY

AVERY EVERETT

MICHAEL SIMS

OTHER OFFICIALS

RICH CAPPOLA

TOWN MANAGER

DOLORES GILL

DEPUTY TOWN MANAGER

LEE BARBEE

DEPUTY TOWN MANAGER

ROBERT McKIE

FINANCE DIRECTOR

CAULEY PRIDGEN, P.A.

TOWN ATTORNEY

Town of Clayton

Administrative Staff

Rich Cappola
Town Manager

Dolores Gill
Deputy Town Manager

Lee Barbee
Deputy Town Manager
Fire Chief

Heidi Holland
Town Clerk

Cauley Pridgen
Town Attorney

Robert W. McKie, Jr.
Finance Director

Tracy Stubblefield
Assistant Finance
Director

Nathanael Shelton
Public Information
Officer

Kenya Walls
Human Resources
Director

Ann Game
Customer Service
Director

Ben Howell
Planning Director

Steven Langston
Cultural Arts Director

Joy Garretson
Library Director

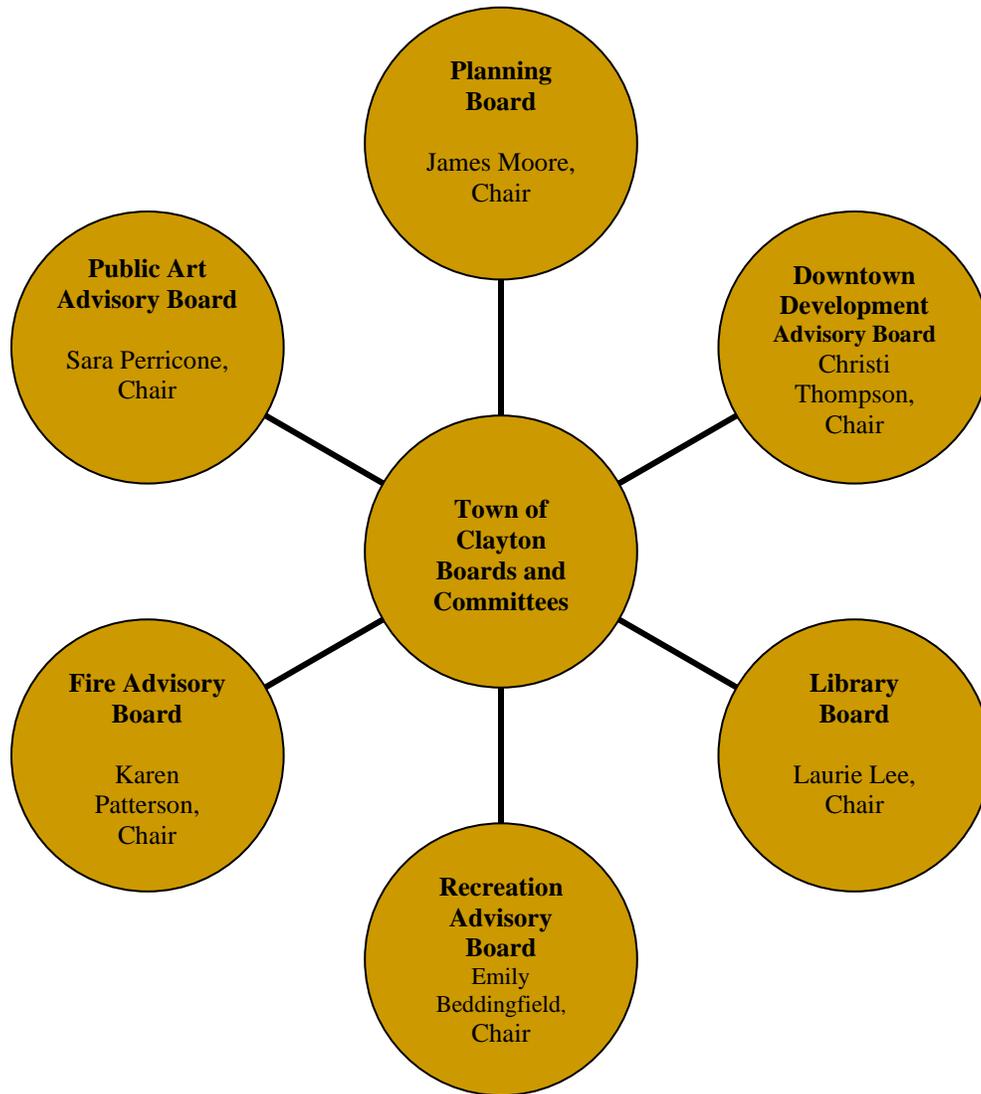
Scott Barnard
Recreation Director

Greg Tart
Police Chief

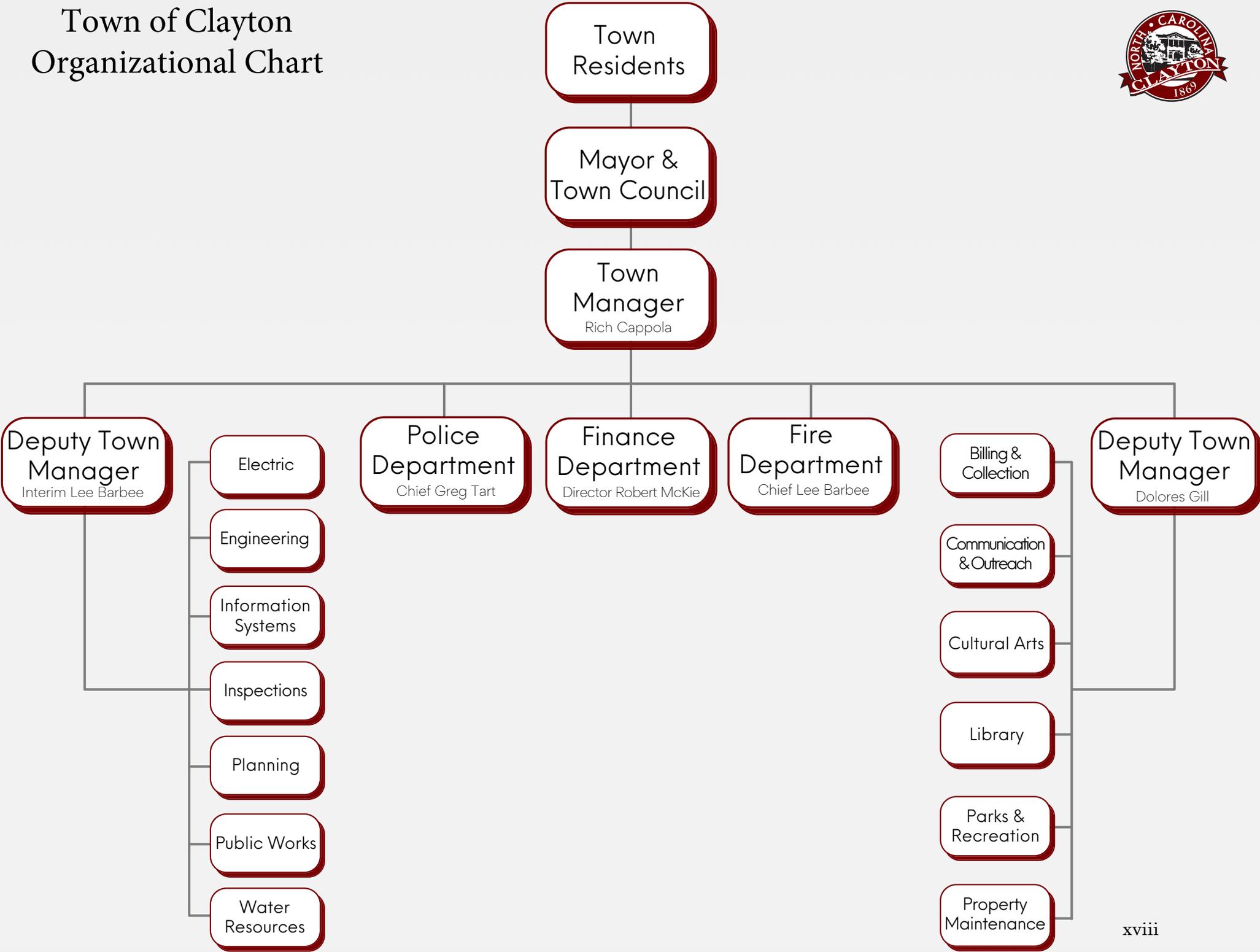
Allen Turnage
Electric System Director

Patrick Pierce
Economic Development
Director

Town of Clayton Boards and Committees



Town of Clayton Organizational Chart



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FINANCIAL SECTION



220 East Washington Street
Post Office Box 697
Rockingham, North Carolina 28380
(910) 557-1176

Other Office Locations:
West End, North Carolina
Gastonia, North Carolina
Huntersville, North Carolina

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Town Council
Clayton, North Carolina

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Clayton, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Clayton's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Clayton, North Carolina as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Clayton, 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.

Responsibility of Management's for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 raises substantial doubt about the Town of Clayton's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintained 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 responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clayton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Clayton'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 Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 61 through 62, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (Asset) on page 63 the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 64 through 65, and the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 66 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 the 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the Town of Clayton'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 the effectiveness of the Town of Clayton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Clayton's internal control over financial reporting and compliance.



Town of Clayton, NC
October 31, 2022

Management's Discussion and Analysis

As management of the Town of Clayton, we offer readers of the Town of Clayton's financial statements this narrative overview and analysis of the financial activities of the Town of Clayton for the fiscal year ended June 30, 2022. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

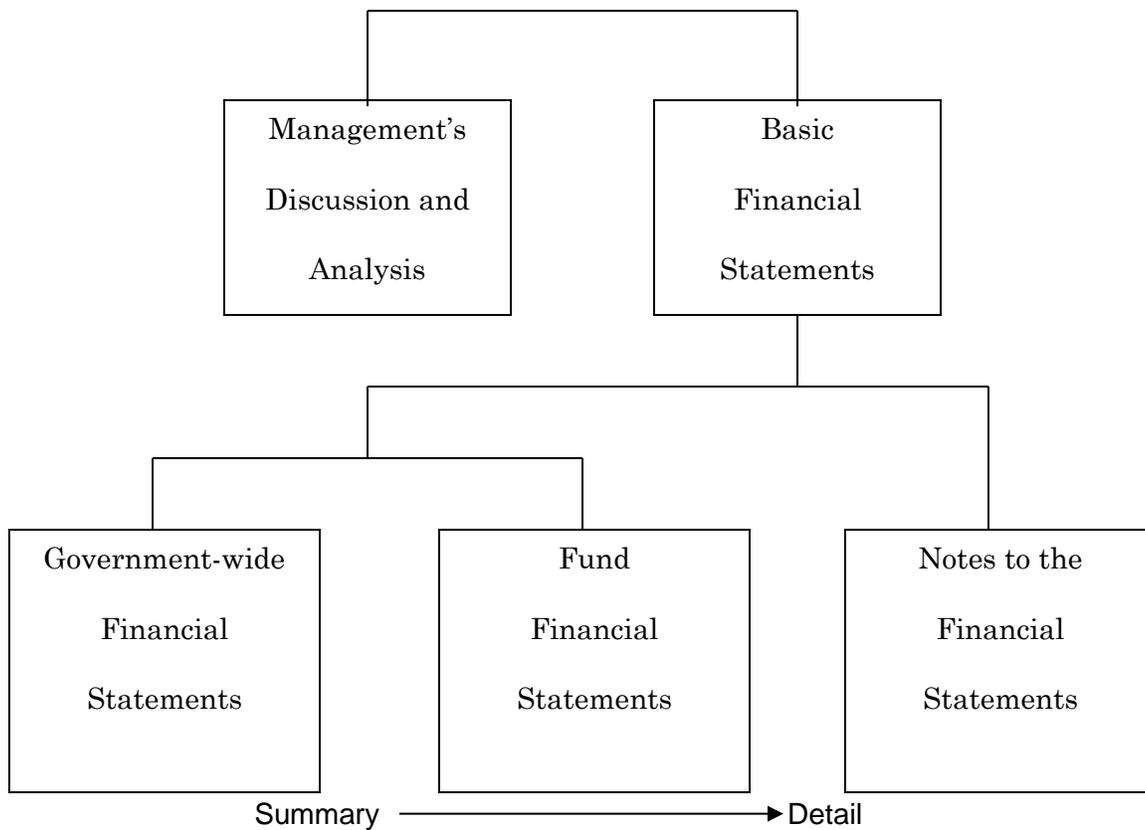
Financial Highlights

- The assets and deferred outflows of resources of the Town of Clayton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$197,059,849 (*net position*). Of this amount \$14,680,287 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$18,953,572, primarily due to lower-than-expected operating expenses in conjunction with strong revenue growth and an increase in capital assets in both governmental and business-type activities.
- As of the close of the current fiscal year, the Town of Clayton's governmental funds reported combined ending fund balances of \$37,894,057, an increase of \$14,374,881 in comparison with the prior year. Approximately 40.46% of the ending fund balance, or \$15,331,729 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,110,765, or 30.75% of total general fund expenditures for the fiscal year.
- The Town of Clayton's total debt increased by \$15,243,621 (27.46%) during the current fiscal year. The key factors attributable to this increase were the issuance of general obligation bonds of \$13,500,000 by the General Fund for parks and recreation improvements and \$10,644,786 for the State Revolving Fund Program (SRF) related to the construction of the Sam's Branch Water Reclamation Facility (SBWRF). Decreases in the net pension liability for the LGERS plan and LEOSA pension plan were \$3,843,327 and \$211,174, respectively, along with a \$179,130 increase in the total OPEB liability. This was partially offset by the rapid amortization of previously issued debt of \$5,086,407.
- The Town received \$3,965,612 of ARPA funds as a non-entitlement unit. These revenue replacement funds will be transferred to the appropriate funds when the intended use is determined.
- The Town of Clayton received an upgraded rating from AA to AA+ from Standard and Poor's and maintained its Aa1 bond rating with Moody's.

Overview of the Financial Statement

This discussion and analysis are intended to serve as an introduction to the Town of Clayton's basic financial statements. The Town of Clayton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. This report also contains other supplemental information in addition to the basic financial statements, which will enhance the reader's understanding of the financial condition of the Town of Clayton.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 11) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government and provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements - The government-wide financial statements are designed to provide the reader with a broad overview of the Town of Clayton's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities and 2) business type activities. The governmental activities of the Town of Clayton include general government, public safety, public works, and culture and recreation, which are principally supported by taxes and intergovernmental revenues. The business-type activities of the Town of Clayton include a water distribution, wastewater treatment, and an electric distribution operation that the Town charges customers to provide.

The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

Fund Financial Statements – The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Clayton, like other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Clayton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. However, unlike the government-wide financial statements, governmental funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements provide a detailed short-term view that facilitates the reader in determining if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The Town of Clayton maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, five capital project funds, and one special revenue fund, which are all considered being major funds.

The Town of Clayton adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council (Council) about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented in the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and actual resources and charges.

The basic governmental fund financial statements can be found on Exhibits 3 through 6 of this report.

Proprietary Funds - The Town of Clayton maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Clayton uses enterprise funds to account for its water and sewer operations and for its electric distribution operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

The basic proprietary fund financial statements can be found on Exhibits 7 through 9 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Clayton has one fiduciary fund which is a custodial fund.

The basic fiduciary fund financial statements can be found on Exhibits 10-11 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30-60 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Clayton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

Government-Wide Financial Analysis

Town of Clayton's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$46,679,646	\$26,589,448	\$ 32,157,809	\$ 30,731,708	\$ 78,837,455	\$ 57,321,156
Capital assets	69,417,700	62,053,759	138,975,256	117,423,645	208,392,956	179,477,404
Total assets	<u>116,097,346</u>	<u>88,643,207</u>	<u>171,133,065</u>	<u>148,155,353</u>	<u>287,230,411</u>	<u>236,798,560</u>
Deferred outflows of resources	4,698,542	4,361,073	700,939	589,354	5,399,481	4,950,427
Long-term liabilities	27,136,398	20,634,157	39,930,749	31,342,059	67,067,147	51,976,216
Other liabilities	10,117,769	4,181,155	13,200,031	6,663,574	23,317,800	10,844,729
Total liabilities	<u>37,254,167</u>	<u>24,815,312</u>	<u>53,130,780</u>	<u>38,005,633</u>	<u>90,384,947</u>	<u>62,820,945</u>
Deferred inflows of resources	4,375,013	664,253	810,083	157,512	5,185,096	821,765
Net position:						
Net investment in capital assets	59,099,384	50,416,138	98,228,885	86,331,588	157,328,269	136,747,726
Restricted	14,815,825	2,000,914	10,235,468	6,377,501	25,051,293	8,378,415
Unrestricted	5,251,499	15,107,663	9,428,788	17,872,473	14,680,287	32,980,136
Total net position	<u>\$79,166,708</u>	<u>\$67,524,715</u>	<u>\$ 117,893,141</u>	<u>\$ 110,581,562</u>	<u>\$ 197,059,849</u>	<u>\$ 178,106,277</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town of Clayton exceeded liabilities and deferred inflows by \$197,059,849 as of June 30, 2022. The Town's net position increased by \$18,953,572 for the fiscal year ended June 30, 2022, primarily due to increases in both governmental and business-type activities.

By far the largest portion of the Town of Clayton's net position (79.83%) reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Clayton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Clayton's net investment in capital assets is reported net of related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Clayton's net position, \$25,051,293, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,680,287 is unrestricted, which can be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Clayton is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net position increased by \$12,814,911 for the Town's governmental activities, primarily due to an increase in the stabilization by State statute requirement in conjunction with an overall increase in public improvements associated with the Greenway System project, Loop Road project, and 2021 GO Bonds Parks projects, which are governmental capital project funds. There was an increase of \$3,857,967 in restricted net position reported for business-type activities due to a State statute governing system development fees in the Water and Sewer Fund and a higher USDA reserve requirement for debt service.

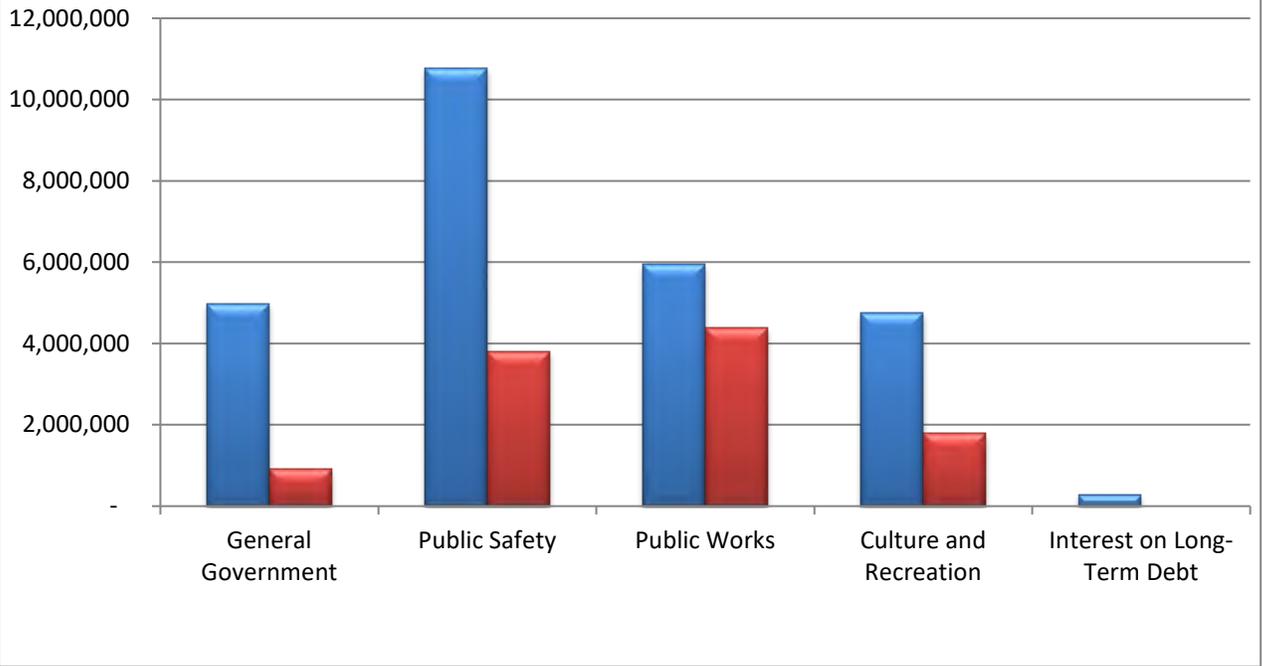
Town of Clayton Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 5,924,277	\$ 4,861,580	\$ 37,284,937	\$ 34,998,697	\$ 43,209,214	\$ 39,860,277
Operating grants and contributions	3,923,294	4,113,936	1,546,737	1,309,629	5,470,031	5,423,565
Capital grants and contributions	1,054,584	3,634,970	-	-	1,054,584	3,634,970
General revenues:						
Property taxes	17,855,250	16,904,303	-	-	17,855,250	16,904,303
Sales taxes	8,819,889	7,524,950	-	-	8,819,889	7,524,950
Other taxes	488,947	418,523	-	-	488,947	418,523
Unrestricted investment earnings	76,714	7,992	11,052	9,601	87,766	17,593
Miscellaneous	251,742	140,223	4,506,993	3,200,845	4,758,735	3,341,068
Total revenue	<u>38,394,697</u>	<u>37,606,477</u>	<u>43,349,719</u>	<u>39,518,772</u>	<u>81,744,416</u>	<u>77,125,249</u>
Expenses:						
General government	4,984,221	5,976,154	-	-	4,984,221	5,976,154
Public safety	10,777,094	9,635,098	-	-	10,777,094	9,635,098
Public works	5,955,153	6,796,621	-	-	5,955,153	6,796,621
Culture and recreation	4,755,756	3,814,011	-	-	4,755,756	3,814,011
Interest on long-term debt	280,480	300,165	-	-	280,480	300,165
Water and Sewer	-	-	21,137,725	20,457,981	21,137,725	20,457,981
Electric	-	-	14,900,415	13,469,021	14,900,415	13,469,021
Total expenses	<u>26,752,704</u>	<u>26,522,049</u>	<u>36,038,140</u>	<u>33,927,002</u>	<u>62,790,844</u>	<u>60,449,051</u>
Increase in net position before transfers	11,641,993	11,084,428	7,311,579	5,591,770	18,953,572	16,676,198
Transfers	-	-	-	-	-	-
Increase in net position	<u>11,641,993</u>	<u>11,084,428</u>	<u>7,311,579</u>	<u>5,591,770</u>	<u>18,953,572</u>	<u>16,676,198</u>
Net position, beginning	<u>67,524,715</u>	<u>56,440,287</u>	<u>110,581,562</u>	<u>104,989,792</u>	<u>178,106,277</u>	<u>161,430,079</u>
Net position, June 30	<u>\$79,166,708</u>	<u>\$67,524,715</u>	<u>\$ 117,893,141</u>	<u>\$ 110,581,562</u>	<u>\$ 197,059,849</u>	<u>\$ 178,106,277</u>

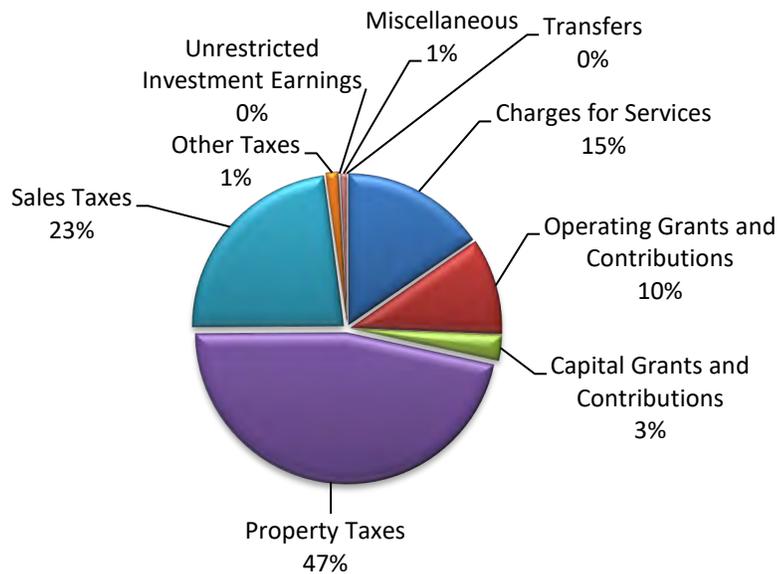
Governmental activities. Governmental activities increased the Town's net position by \$11,641,993, thereby accounting for 61.42% of the total growth in the net position of the Town of Clayton. Key elements of this increase are as follows:

- Property taxes increased 5.62%, or \$950,947, primarily due to ongoing growth in the tax base while maintaining a 100% tax collection percentage for registered motor vehicles, which is attributable to a change in State law.
- Sales tax revenues increased 17.21%, or \$1,294,939, due to ongoing economic growth in conjunction with strong consumer spending.
- Expenses net of program revenues increased by \$1,938,986, or 13.94%, which is attributable to the following factors:
 - Expenses increased by \$230,655, or 0.87%, compared to prior year primarily due to higher personnel costs related to staffing additions in public safety and the return of normal operations in culture and recreation, which resulted in higher costs for contract services.
 - Grants and contributions decreased by \$2,771,028, or 35.76%, primarily due to the completion of the Sam's Branch Greenway-Phase II project reported in the CAMPO LAPP capital project fund, a lower reimbursement percentage for the SAFER grant, and nonrecurring monies from the COVID-19 Coronavirus Relief Fund.
 - Charges for services increased \$1,062,697, or 21.86%, compared to prior year primarily due to higher building permit revenues and refuse collection fees.

Expenses and Program Revenues - Governmental Activities



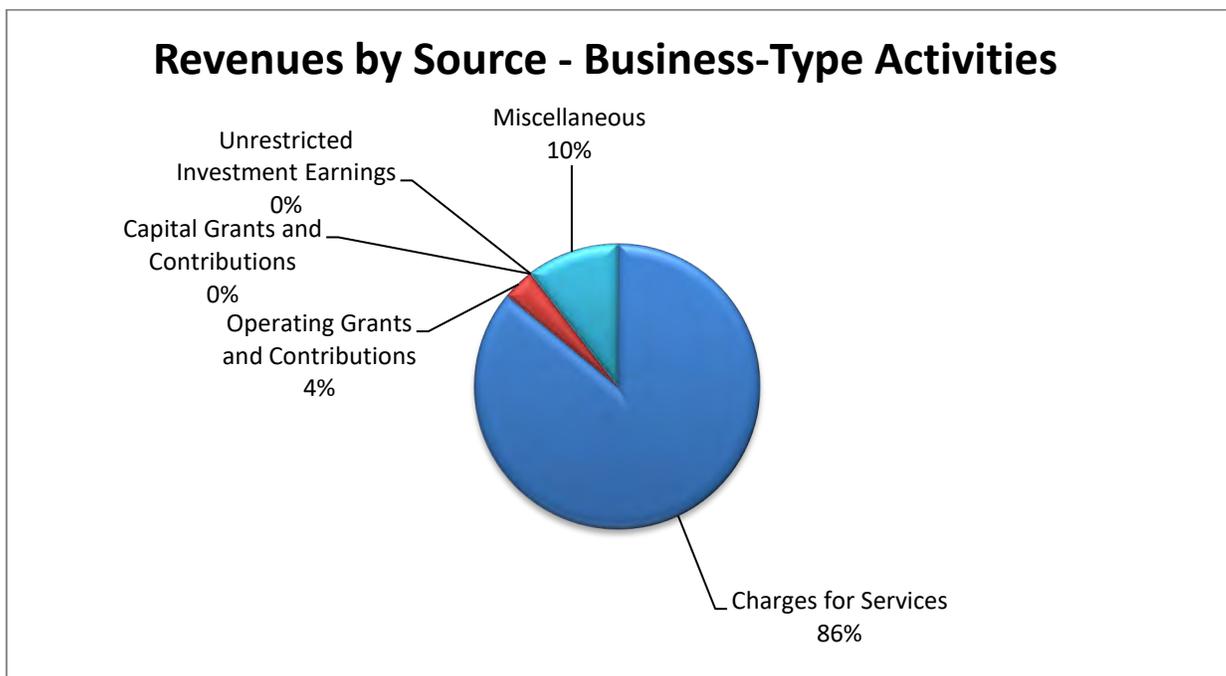
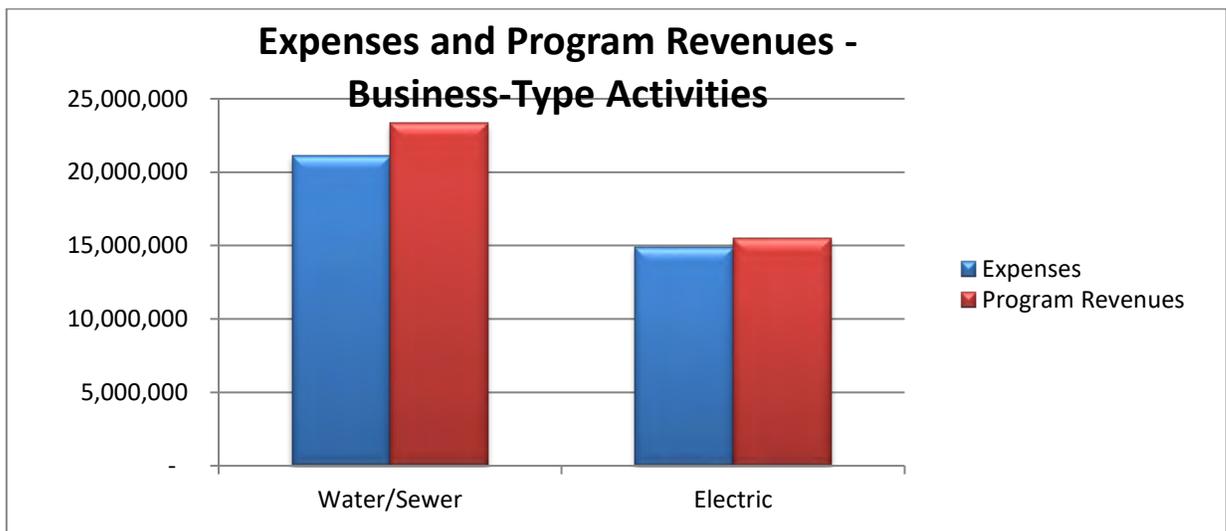
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the Town of Clayton's net position by \$7,311,579, accounting for an 38.58% increase in the government's net position. Key elements of this increase are as follows:

Expenses net of program revenues decreased by \$2,793,534, which is attributable to the following factors:

- Charges for services for business-type activities increased 6.5%, or \$2,286,240, primarily due to higher revenues generated by the water distribution and wastewater treatment operations, which are primarily attributable to the 7.42% average rate increase.
- Fees from development activity increased 50.74%, or \$1,436,163, primarily due to non-recurring industrial development and ongoing new residential development projects.
- Grants and contributions increased by \$237,108, primarily due to higher user surcharges related to industrial discharge.
- Operating expenses increased \$2,111,138, or 6.22%, primary due to higher wholesale costs for water and electric power purchases.



Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Clayton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Clayton's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Clayton's governmental funds reported combined ending fund balances of \$37,894,057 with a net increase in fund balance of \$14,374,881. The fund balance increases are attributable to the following new capital project funds: Greenway System, Loop Road, and 2021 GO Bonds Parks, of \$1,398,969, 819,331, and \$9,974,684, respectively. Two major park renovation projects are under construction while preliminary work is underway to replace three greenway bridges and build soccer fields on the Loop Road property.

The General Fund is the chief operating fund of the Town of Clayton. At the end of the current fiscal year, unassigned fund balance was \$11,110,765, while total fund balance reached \$25,437,923. The Town of Clayton's governing body has determined the Town should maintain an unassigned fund balance of 20% of actual net expenditures and an operating standard of 30%. The Town currently has unassigned fund balance of 30.75% of actual net expenditures. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 64.74% of total general fund expenditures. Fund balance of the Town of Clayton's General Fund increased by \$1,960,882 during the current fiscal year. Key components of this change are as follows:

- Revenues from ad valorem taxes increased \$849,362, primarily due to ongoing growth in the tax base, and were \$255,612 higher than budget.
- Intergovernmental revenues increased \$535,322, primarily due to higher sales tax revenues of \$1,240,612 from growth in the local economy and a \$162,938 higher Powell Bill allocation partially offset by a \$807,913 reduction related to non-recurring funds from the COVID-19 Coronavirus Relief Fund. Revenues exceeded budget by \$1,205,749.
- Permits and fees revenues increased \$759,831, primarily due to higher revenues from inspection fees in conjunction with stormwater fees.
- Total expenditures increased \$3,989,806 due to a \$2,055,709 increase in debt service related to the retirement of the Series 2009A general obligation bond debt, personnel costs increased by \$1,319,960 in public safety due to additional staffing, and facility maintenance costs increased \$580,568 in recreation due to higher costs for contract services. Actual expenditures were \$7,542,620 lower than budget, primarily due to lapsed salaries and capital outlay.

General Fund Budgetary Highlights

During the year, the Town revised the budget on several occasions. Generally, budget amendments are made to adjust estimates that were utilized to prepare the original budget ordinance when more accurate data is available; amendments made to recognize new funding amounts from external sources, such as grants or other unexpected contributions; and increases in appropriations that become necessary to maintain services. Several factors contributed to the Town revising its budget throughout the year. The most common was realignment of the expenditure budget for budgetary compliance and a \$7,536,594 increase in fund balance appropriations between the original and final amended budget, primarily to redeem debt, fund new capital project funds, and to provide startup

funds for an inhouse information technology function.

Proprietary Funds. The Town of Clayton's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$3,869,556, and \$5,559,232 for the Electric Fund. The total change in net position for the Water and Sewer and the Electric Funds was \$6,541,439 and \$770,140, respectively. The Walnut Creek Sanitary Sewer Extension Project was closed in the Water and Sewer Fund and no new capital project funds were added. The Northside Substation Project was closed in the Electric Fund and no new capital project funds were added. Other factors concerning the finances of these two funds was covered in the discussion of the business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Town of Clayton's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$208,392,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the Town of Clayton's investment in capital assets for the current fiscal year was 16.1% (a 25.5% increase for governmental activities and a 74.5% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- In governmental activities, construction in progress of \$5,111,094 for Municipal Park and a \$750,000 down payment on a new pumper truck. Infrastructure additions of \$1,128,062 for street projects, and \$1,621,047 for the acquisition of rolling stock, equipment, and furniture.
- In business-type activities, construction in progress of \$28,141,143 for the SBWRF and Little Creek projects, \$825,702 for equipment and \$1,922,332 for infrastructure improvements in the enterprise funds.
- No major demolitions were recorded this year.

Town of Clayton's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 7,942,497	\$ 7,766,938	\$ 1,129,143	\$ 1,129,143	\$ 9,071,640	\$ 8,896,081
Nitrogen credits	-	-	16,291,695	16,291,695	16,291,695	16,291,695
Construction in progress	11,696,371	5,170,082	29,081,739	5,609,355	40,778,110	10,779,437
Total non-depreciable assets	19,638,868	12,937,020	46,502,577	23,030,193	66,141,445	35,967,213
Water capacity allocation rights	-	-	3,600,000	3,600,000	3,600,000	3,600,000
Building and improvements	35,800,836	35,800,836	3,862,804	3,862,804	39,663,640	39,663,640
Plant, machinery, and equipment	5,039,051	4,671,928	115,857,000	113,705,764	120,896,051	118,377,692
Vehicles	11,282,649	10,028,725	4,821,944	4,225,146	16,104,593	14,253,871
Infrastructure	23,834,125	22,706,063	-	-	23,834,125	22,706,063
Total depreciable assets	75,956,661	73,207,552	128,141,748	125,393,714	204,098,409	198,601,266
Accumulated depreciation	(26,177,829)	(24,090,813)	(35,669,069)	(31,000,262)	(61,846,898)	(55,091,075)
Total depreciable assets, net	49,778,832	49,116,739	92,472,679	94,393,452	142,251,511	143,510,191
Total	\$ 69,417,700	\$ 62,053,759	\$ 138,975,256	\$ 117,423,645	\$ 208,392,956	\$ 179,477,404

Additional information on the Town's capital assets can be found in Note 2.A of the Basic Financial Statements.

Long-term Debt. At the end of the current fiscal year, the Town of Clayton had total bonded debt outstanding of \$37,899,413. Of this amount, \$14,100,000 comprises debt backed by the full faith and credit of the Town of Clayton. The revenues of the associated enterprise fund back \$23,799,413. The direct placement installment debt is backed by security interest in the property for which it was issued.

Town of Clayton's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 14,100,000	\$ 2,990,000	\$ -	\$ -	\$ 14,100,000	\$ 2,990,000
Revenue bonds	-	-	23,799,413	24,685,079	23,799,413	24,685,079
BANs	-	-	-	-	-	-
Direct placement installment debt	7,658,227	8,647,621	16,946,958	7,123,520	24,605,185	15,771,141
Compensated Absences	805,929	749,616	143,243	138,942	949,172	888,558
OPEB	1,232,484	1,064,366	145,524	134,512	1,378,008	1,198,878
Pension related debt (LGERS)	2,349,727	5,599,362	442,798	1,036,490	2,792,525	6,635,852
Pension related debt (LEO)	3,126,220	3,337,394	-	-	3,126,220	3,337,394
Total	\$ 29,272,587	\$ 22,388,359	\$ 41,477,936	\$ 33,118,543	\$ 70,750,523	\$ 55,506,902

The Town's total debt increased \$15,243,612, or 27.46%, during the current fiscal year primarily due to the issuance of general obligation bonds in the amount of \$13,500,000 in conjunction with \$10,644,786 for the SRF Program in the Water and Sewer System. The liability for the LGERS and LEOSA pension plans decreased by \$4,054,501 while the total OPEB increased by \$179,130. The increases were partially offset by the rapid amortization of previously issued debt of \$5,086,407.

The Town of Clayton received an upgraded rating from AA to AA+ from Standard and Poor's Corporation and maintained its Aa1 rating with Moody's Investor Service.

North Carolina general statutes limit the amount of general obligation debt that a unit of government may issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The current debt limitation for the Town of Clayton is \$216,733,325, which is significantly more than the Town of Clayton's outstanding general obligation debt.

Additional information regarding the Town of Clayton's long-term debt can be found in Note 2.B.6 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2023

- Fiscal Year 2022 was a dynamic year with a focus on the completion of projects, increased uniformity and efficiency in functions and processes while maintaining flexibility to adjust as market conditions changed and/or new opportunities arose. This resulted in a more efficient and effective utilization of budgeted funds. All employees are recognized for their commitment and service while Council and Department Heads are recognized for providing steadfast leadership.

The following key economic indicators reflect the growth and prosperity of the Town.

- The unemployment rate for Johnston County is 3.7% compared to 4.4% last year. The State average is 4.1% compared to 4.9% a year ago. The unemployment rate information is not seasonally adjusted.
- A tax rate of \$0.60 per \$100 in valuation is proposed, which is a \$0.02 increase. One penny (\$0.01) of tax levy for real and personal property will generate \$283,406 of tax revenue per year, excluding registered motor vehicles, which will add an additional \$27,445 of tax revenue per year. Sales tax revenues are conservatively budgeted to increase 5% based upon the projection for fiscal year 2022, which is slightly higher than the 3.75% revenue projection published by the North Carolina League of Municipalities. Ad valorem tax revenues are budgeted to increase 9% compared to the budget for fiscal year 2022. The budget includes a 5% pool for salary adjustments plus the related benefit cost; the monthly employer contribution to participate in the State's health plan is projected to increase 11.9%, or from \$647.86 to \$725.00; and the retirement contribution will increase 1.0%. Water and sewer rates are budgeted to increase 7.4% and 22.3%, respectively, which results in a 15.80% average increase for 4,000 gallons of usage for an intown customer. The combined total monthly rate is \$102.45 compared to the current rate of \$88.47 for 4,000 gallons of usage. Electric rates are budgeted to increase 7% or \$9.13 per month for 966 kWh.
- The budget recommendation includes the addition of 5 new positions in the General Fund – 4 in public safety and 1 in public works, at a total cost of \$0.4 million.
- Budget expenditures in the General Fund are forecasted to be \$43,634,696, an increase of 22.6% compared to the prior year adopted budget and includes 4 new positions in public safety and 1 new position in public works. The budget includes a 5% pool for salary adjustments plus the related benefit cost. The Town has a comprehensive capital improvement plan that will maximize debt capacity while maintaining compliance with the financial policy.
- The Town has chosen to appropriate \$4,679,779 for spending in the 2023 fiscal year budget, primarily to fund the capital improvement program.

The Town engaged the community to participate in the first-ever budget survey. The survey drew the largest response for a Town solicited survey. The community's priorities align well with priorities established by Council at the retreat in February 2022.

All these factors were considered in preparing the Town of Clayton's budget for the 2023 fiscal year. The budget incorporates the goals and policies adopted by Council. Additional budget information is available on the Town's website: <https://www.townofclaytonnc.org/mayor-and-council/annual-reports-budgets.aspx>.

Requests for Information

This financial report is designed to provide a general overview of the Town of Clayton's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance Director, Town of Clayton, PO Box 879, Clayton, North Carolina 27528.

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BASIC FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 25,091,469	\$ 15,139,628	40,231,097
Taxes receivables (net)	21,689	-	21,689
Accounts receivable (net)	654,584	4,862,506	5,517,090
Due from/to other governments	2,134,177	-	2,134,177
Inventories	36,200	1,920,207	1,956,407
Restricted cash and cash equivalents	<u>18,741,527</u>	<u>10,235,468</u>	<u>28,976,995</u>
Total current assets	<u>46,679,646</u>	<u>32,157,809</u>	<u>78,837,455</u>
Non-current assets			
Capital assets (Note 3)			
Land, non-depreciable improvements and construction in progress	19,638,869	46,502,576	66,141,445
Other capital assets, net of depreciation	<u>49,778,831</u>	<u>92,472,680</u>	<u>142,251,511</u>
Total capital assets	<u>69,417,700</u>	<u>138,975,256</u>	<u>208,392,956</u>
Total assets	<u>\$ 116,097,346</u>	<u>\$ 171,133,065</u>	<u>\$ 287,230,411</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,380,346	697,429	5,077,775
OPEB deferrals	<u>318,196</u>	<u>3,510</u>	<u>321,706</u>
Total deferred outflows of resources	<u>4,698,542</u>	<u>700,939</u>	<u>5,399,481</u>
Total assets and deferred outflows of resources	<u>\$ 120,795,888</u>	<u>\$ 171,834,004</u>	<u>\$ 292,629,892</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 4,015,868	\$ 10,110,847	\$ 14,126,715
Customer deposits	-	1,541,997	1,541,997
Current portion of long-term liabilities	2,136,189	1,547,187	3,683,376
Liabilities to be paid from restricted assets	<u>3,965,712</u>	-	<u>3,965,712</u>
Total current liabilities	<u>10,117,769</u>	<u>13,200,031</u>	<u>23,317,800</u>
Long-term liabilities			
Net pension liability	2,349,727	442,798	2,792,525
Total pension liability	3,126,220	-	3,126,220
Total OPEB liability	1,232,484	145,524	1,378,008
Due in more than one year	<u>20,427,967</u>	<u>39,342,427</u>	<u>59,770,394</u>
Total noncurrent liabilities	<u>27,136,398</u>	<u>39,930,749</u>	<u>67,067,147</u>
 Total liabilities	 <u>37,254,167</u>	 <u>53,130,780</u>	 <u>90,384,947</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments	782,250	157,318	939,568
Prepaid taxes	70	-	70
Pension deferrals	3,486,034	640,172	4,126,206
OPEB deferrals	<u>106,659</u>	<u>12,593</u>	<u>119,252</u>
 Total deferred inflows of resources	 <u>4,375,013</u>	 <u>810,083</u>	 <u>5,185,096</u>
NET POSITION			
Net investment of capital assets	59,099,384	98,228,885	157,328,269
Restricted - Expendable:			
Other functions-Powell Bill	296,450	-	296,450
Public Improvements	12,452,886	10,053,100	22,505,986
USDA debt service reserve	-	182,368	182,368
Public Safety	56,730	-	56,730
Stabilization by State Statute	2,006,511	-	2,006,511
Restricted - Nonexpendable	3,248	-	3,248
Unrestricted	<u>5,251,499</u>	<u>9,428,788</u>	<u>14,680,287</u>
 Total net position	 <u>79,166,708</u>	 <u>117,893,141</u>	 <u>197,059,849</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 120,795,888</u>	 <u>\$ 171,834,004</u>	 <u>\$ 292,629,892</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF ACTIVITIES - UNAUDITED
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government operations	\$ 4,984,221	\$ 824,813	\$ 90,525	\$ -	\$ (4,068,883)	\$ -	\$ (4,068,883)
Public safety	10,777,094	17,746	3,788,645	-	(6,970,703)	-	(6,970,703)
Public works	5,955,153	3,657,065	-	734,111	(1,563,977)	-	(1,563,977)
Cultural and recreational	4,755,756	1,424,653	44,124	320,473	(2,966,506)	-	(2,966,506)
Interest on long-term debt	280,480	-	-	-	(280,480)	-	(280,480)
Total governmental activities	<u>26,752,704</u>	<u>5,924,277</u>	<u>3,923,294</u>	<u>1,054,584</u>	<u>(15,850,549)</u>	<u>-</u>	<u>(15,850,549)</u>
Business-type activities							
Water and sewer	21,137,725	21,969,262	1,352,959	-	-	2,184,496	2,184,496
Electric	14,900,415	15,315,675	193,778	-	-	609,038	609,038
Total business-type activities	<u>36,038,140</u>	<u>37,284,937</u>	<u>1,546,737</u>	<u>-</u>	<u>-</u>	<u>2,793,534</u>	<u>2,793,534</u>
Total primary government	<u>\$ 62,790,844</u>	<u>\$ 43,209,214</u>	<u>\$ 5,470,031</u>	<u>\$ 1,054,584</u>	<u>\$ (15,850,549)</u>	<u>\$ 2,793,534</u>	<u>\$ (13,057,015)</u>
General revenues							
Property taxes, levied for general purposes					17,855,250	-	17,855,250
Sales taxes					8,819,889	-	8,819,889
Franchise taxes					346,206	-	346,206
Alcoholic beverage taxes					105,241	-	105,241
Other taxes					37,500	-	37,500
Unrestricted investment earnings					76,714	11,052	87,766
Miscellaneous					251,742	4,506,993	4,758,735
Total general revenues not including transfers					<u>27,492,542</u>	<u>4,518,045</u>	<u>32,010,587</u>
Transfers					-	-	-
Total general revenues and transfers					27,492,542	4,518,045	32,010,587
Change in net position					11,641,993	7,311,579	18,953,572
Net position, beginning					67,524,715	110,581,562	178,106,277
Net position, ending					<u>\$ 79,166,708</u>	<u>\$ 117,893,141</u>	<u>\$ 197,059,849</u>

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	Major Funds							Total Non-Major Fund	Total Governmental Funds
	General	Parks & Rec. Capital Project	CAMPO LAPP Capital Project	Greenway System Capital Project	Loop Road Capital Project	2021 GO Bonds Park Projects Capital Project	American Rescue Plan Fund		
ASSETS									
Cash and cash equivalents	\$ 25,088,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,248	\$ 25,091,469
Restricted cash	832,884	87,019	173,202	1,398,969	843,831	11,439,910	3,965,712	-	18,741,527
Receivables, net									
Taxes	21,689	-	-	-	-	-	-	-	21,689
Accounts	654,584	-	-	-	-	-	-	-	654,584
Due from other governments	2,134,177	-	-	-	-	-	-	-	2,134,177
Inventories	36,200	-	-	-	-	-	-	-	36,200
Total assets	\$ 28,767,755	\$ 87,019	\$ 173,202	\$ 1,398,969	\$ 843,831	\$ 11,439,910	\$ 3,965,712	\$ 3,248	\$ 46,679,646
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable and accrued liabilities	\$ 2,525,823	\$ -	\$ 319	\$ -	\$ 24,500	\$ 1,465,226	\$ -	\$ -	\$ 4,015,868
Unearned revenues	-	-	-	-	-	-	3,965,712	-	3,965,712
Total liabilities	2,525,823	-	319	-	24,500	1,465,226	3,965,712	-	\$ 7,981,580
Deferred Inflows of Resources									
Assessments	782,250	-	-	-	-	-	-	-	782,250
Property tax receivable	21,689	-	-	-	-	-	-	-	21,689
Prepaid taxes	70	-	-	-	-	-	-	-	70
Total Deferred Inflows of Resources	804,009	-	-	-	-	-	-	-	804,009
Fund balances									
Non Spendable									
Inventories	36,200	-	-	-	-	-	-	-	36,200
Perpetual maintenance	-	-	-	-	-	-	-	3,248	3,248
Restricted									
Stabilization by State Statute	2,006,511	-	-	-	-	-	-	-	2,006,511
Streets - Powell Bill	296,450	-	-	-	-	-	-	-	296,450
Public Improvements	-	87,019	172,883	1,398,969	819,331	9,974,684	-	-	12,452,886
USDA debt service reserve	-	-	-	-	-	-	-	-	-
Public Safety-Police	56,730	-	-	-	-	-	-	-	56,730
Public Safety-Fire	479,704	-	-	-	-	-	-	-	479,704
Committed									
Public Improvements	2,080,522	-	-	-	-	-	-	-	2,080,522
Assigned									
Public Safety-Fire	2,355	-	-	-	-	-	-	-	2,355
Public Improvements	1,406,224	-	-	-	-	-	-	-	1,406,224
Subsequent year's expenditures	7,962,462	-	-	-	-	-	-	-	7,962,462
Unassigned	11,110,765	-	-	-	-	-	-	-	11,110,765
Total fund balances	25,437,923	87,019	172,883	1,398,969	819,331	9,974,684	-	3,248	37,894,057
Total liabilities, deferred inflows of resources and fund balances	\$ 28,767,755	\$ 87,019	\$ 173,202	\$ 1,398,969	\$ 843,831	\$ 11,439,910	\$ 3,965,712	\$ 3,248	\$ 46,679,646

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Fund balance as reported in the balance sheet - governmental funds	\$ 37,894,057
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, are not reported in the funds	69,417,700
Deferred outflows of resources related to pensions are not reported in the funds	4,380,346
Deferred outflows of resources related to OPEB are not reported in the funds	318,196
Earned revenues considered deferred inflows of resources in fund statements	21,689
Compensated absences not expected to be materially liquidated with expendable available resources	(805,929)
Long-term liabilities, principally installment purchases and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds	(21,758,227)
Net pension liability	(2,349,727)
Total pension liability	(3,126,220)
OPEB liability	(1,232,484)
Deferred inflows of resources related to pensions are not reported in the funds	(3,486,034)
Deferred inflows of resources related to OPEB are not reported in the funds	<u>(106,659)</u>
Net position of governmental activities	<u>\$ 79,166,708</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 4

	Major Funds								Total Governmental Funds	
	General Fund	Parks & Rec. Capital Project	CAMPO LAPP Capital Project	Greenway System Capital Project	Loop Road Capital Project	2021 GO Bonds Park Projects Capital Project	American Rescue Plan Fund	Total Non-Major Fund		
REVENUES										
Ad valorem taxes	\$17,277,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$17,277,659
Other taxes and licenses	596,288	-	-	-	-	-	-	-	-	596,288
Unrestricted intergovernmental	12,560,225	-	-	-	-	-	-	-	-	12,560,225
Restricted intergovernmental	1,357,179	86,810	233,663	-	-	-	-	-	-	1,677,652
Permits and fees	3,015,674	-	-	-	-	-	-	-	-	3,015,674
Sales and services	2,946,467	-	-	-	-	-	-	-	-	2,946,467
Investment earnings	53,321	-	-	-	-	23,392	-	-	1	76,714
Miscellaneous	251,742	-	-	-	-	-	-	-	-	251,742
Total revenues	38,058,555	86,810	233,663	-	-	23,392	-	1	-	38,402,421
EXPENDITURES										
Current										
General government operations	6,786,868	-	-	-	-	-	-	-	-	6,786,868
Public safety	11,844,908	-	-	-	-	-	-	-	-	11,844,908
Public works	6,890,430	-	-	-	-	-	-	-	-	6,890,430
Cultural and recreational	4,453,471	-	-	-	-	-	-	-	-	4,453,471
Debt service										
Principal retirement	3,379,394	-	-	-	-	-	-	-	-	3,379,394
Interest and other charges	280,480	-	-	-	-	-	-	-	-	280,480
Capital outlay	-	-	61,580	101,031	180,669	5,228,864	-	-	-	5,572,144
Total expenditures	33,635,551	-	61,580	101,031	180,669	5,228,864	-	-	-	39,207,695
Excess (deficiency) of revenues over expenditures	4,423,004	86,810	172,083	(101,031)	(180,669)	(5,205,472)	-	1	-	(805,274)
OTHER FINANCING SOURCES (USES)										
Transfers from (to) other funds	(2,500,000)	-	-	1,500,000	1,000,000	-	-	-	-	-
Bonds issued	-	-	-	-	-	13,500,000	-	-	-	13,500,000
Premium on bonds issued	-	-	-	-	-	1,680,156	-	-	-	1,680,156
Total other financing sources (uses)	(2,500,000)	-	-	1,500,000	1,000,000	15,180,156	-	-	-	15,180,156
Net change in fund balances	1,923,004	86,810	172,083	1,398,969	819,331	9,974,684	-	1	-	14,374,882
Fund balance, beginning	23,514,919	209	800	-	-	-	-	3,247	-	23,519,175
Fund balances, ending	\$25,437,923	\$ 87,019	\$ 172,883	\$ 1,398,969	\$ 819,331	\$ 9,974,684	\$ -	\$ 3,248	\$ -	\$37,894,057

TOWN OF CLAYTON, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit 5

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		\$ 14,374,882
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
	Capital outlay	9,796,884
	Depreciation	(2,432,943)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		1,450,108
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities		77,872
OPEB benefit payments paid and administrative expense are not included on the Statement of Activities		197,331
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
	Taxes including interest and penalties	(7,724)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
	Compensated absences	(56,313)
	Pension expense	210,776
	OPEB plan expense	(168,118)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
	Debt proceeds	(15,180,156)
	Debt principal paid	<u>3,379,394</u>
		<u>(11,800,762)</u>
Total changes in net position of governmental activities		<u>\$ 11,641,993</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

Exhibit 6

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 16,854,747	\$ 17,022,047	\$ 17,277,659	\$ 255,612
Other taxes and licenses	549,000	549,000	596,288	47,288
Unrestricted intergovernmental	10,217,058	10,592,058	12,560,225	1,968,167
Restricted intergovernmental	2,119,597	2,119,597	1,357,179	(762,418)
Permits and fees	1,437,730	1,437,730	3,015,674	1,577,944
Sales and services	3,232,657	3,232,657	2,946,467	(286,190)
Investment earnings	8,000	8,000	53,321	45,321
Miscellaneous	30,064	30,064	251,742	221,678
Total revenues	<u>34,448,853</u>	<u>34,991,153</u>	<u>38,058,555</u>	<u>3,067,402</u>
EXPENDITURES				
Current				
General government operations	9,354,907	10,822,524	6,786,868	4,035,656
Public safety	11,425,434	12,205,030	11,844,908	360,122
Public works	8,430,360	8,647,263	6,890,430	1,756,833
Cultural and recreational	4,402,384	5,524,696	4,453,471	1,071,225
Debt service				
Principal retirement	1,698,178	3,698,178	3,379,394	318,784
Interest and other charges	288,014	280,480	280,480	-
Total expenditures	<u>35,599,277</u>	<u>41,178,171</u>	<u>33,635,551</u>	<u>7,542,620</u>
Revenues over (under) expenditures	<u>(1,150,424)</u>	<u>(6,187,018)</u>	<u>4,423,004</u>	<u>10,610,022</u>
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	-	(2,500,000)	(2,500,000)	-
Installment purchase obligations issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
Fund balance appropriated	<u>1,150,424</u>	<u>8,687,018</u>	<u>-</u>	<u>(8,687,018)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,923,004</u>	<u>\$ 1,923,004</u>
Fund balances, beginning			23,514,919	
Fund balances, ending			<u>\$ 25,437,923</u>	

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

Exhibit 7

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,299,313	\$ 4,840,315	\$ 15,139,628
Accounts receivable (net) - billed	1,360,471	835,350	2,195,821
Accounts receivable (net) - unbilled	1,552,994	1,113,691	2,666,685
Due from/to other governments	-	-	-
Inventories	259,614	1,660,593	1,920,207
Restricted cash and cash equivalents	<u>10,235,468</u>	<u>-</u>	<u>10,235,468</u>
Total current assets	<u>23,707,860</u>	<u>8,449,949</u>	<u>32,157,809</u>
Non-current assets			
Capital assets			
Land, improvements and construction in progress	45,541,980	960,596	46,502,576
Other capital assets, net of depreciation	<u>76,462,227</u>	<u>16,010,453</u>	<u>92,472,680</u>
Capital assets, net	<u>122,004,207</u>	<u>16,971,049</u>	<u>138,975,256</u>
Total non-current assets	<u>122,004,207</u>	<u>16,971,049</u>	<u>138,975,256</u>
Total assets	<u>\$ 145,712,067</u>	<u>\$ 25,420,998</u>	<u>\$ 171,133,065</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	271,333	426,096	697,429
OPEB deferrals	<u>3,510</u>	<u>-</u>	<u>3,510</u>
Total deferred outflows of resources	<u>274,843</u>	<u>426,096</u>	<u>700,939</u>
Total assets and deferred outflows of resources	<u>\$ 145,986,910</u>	<u>\$ 25,847,094</u>	<u>\$ 171,834,004</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 8,608,479	\$ 1,502,368	\$ 10,110,847
Customer deposits	533,327	1,008,670	1,541,997
Compensated absences - current	42,598	29,024	71,622
Revenue bond note payable - current	544,000	356,667	900,667
Direct placement installment purchases payable - current	<u>477,169</u>	<u>97,729</u>	<u>574,898</u>
Total current liabilities	<u>10,205,573</u>	<u>2,994,458</u>	<u>13,200,031</u>
Noncurrent liabilities			
Other noncurrent liabilities			
Compensated absences	42,598	29,023	71,621
Net pension liability	172,269	270,529	442,798
OPEB liability	66,296	79,228	145,524
Revenue bond note payable - noncurrent	19,688,746	3,210,000	22,898,746
Direct placement installment purchases payable - current	<u>14,976,988</u>	<u>1,395,072</u>	<u>16,372,060</u>
Total noncurrent liabilities	<u>34,946,897</u>	<u>4,983,852</u>	<u>39,930,749</u>
Total liabilities	<u>45,152,470</u>	<u>7,978,310</u>	<u>53,130,780</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments	157,318	-	157,318
Pension deferrals	249,057	391,115	640,172
OPEB deferrals	<u>5,737</u>	<u>6,856</u>	<u>12,593</u>
Total deferred inflows of resources	<u>412,112</u>	<u>397,971</u>	<u>810,083</u>
NET POSITION			
Net investments in capital assets	86,317,304	11,911,581	98,228,885
Restricted for USDA debt service reserve	182,368	-	182,368
Restricted for capital improvement program	10,053,100	-	10,053,100
Unrestricted	<u>3,869,556</u>	<u>5,559,232</u>	<u>9,428,788</u>
Total net position	<u>100,422,328</u>	<u>17,470,813</u>	<u>117,893,141</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 145,986,910</u>	<u>\$ 25,847,094</u>	<u>\$ 171,834,004</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit 8

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
OPERATING REVENUES			
Charges for services	\$ 21,908,375	\$ 15,315,675	\$ 37,224,050
Water and sewer taps	60,887	-	60,887
Other operating revenues	1,352,959	193,778	1,546,737
Total operating revenues	<u>23,322,221</u>	<u>15,509,453</u>	<u>38,831,674</u>
OPERATING EXPENSES			
Electric operations	-	12,634,260	12,634,260
Water distribution	7,145,703	-	7,145,703
Water preventive maintenance	1,346,278	-	1,346,278
Waste collection and treatment	5,126,499	-	5,126,499
Tax reimbursements - General Fund	-	77,553	77,553
Support services - General Fund	2,807,957	1,237,333	4,045,290
Depreciation and amortization	3,944,938	831,239	4,776,177
Total operating expenses	<u>20,371,375</u>	<u>14,780,385</u>	<u>35,151,760</u>
Operating income (loss)	<u>2,950,846</u>	<u>729,068</u>	<u>3,679,914</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	3,661	7,391	11,052
Interest and other charges	(766,350)	(120,030)	(886,380)
Nutrient offset fees	439,047	-	439,047
System Development Fees	3,827,504	-	3,827,504
Miscellaneous	86,731	153,711	240,442
Total nonoperating revenue (expenses)	<u>3,590,593</u>	<u>41,072</u>	<u>3,631,665</u>
Income (loss) before contributions	<u>6,541,439</u>	<u>770,140</u>	<u>7,311,579</u>
Change in net position	<u>6,541,439</u>	<u>770,140</u>	<u>7,311,579</u>
Total net position, beginning	<u>93,880,889</u>	<u>16,700,673</u>	<u>110,581,562</u>
Total net position, ending	<u>\$ 100,422,328</u>	<u>\$ 17,470,813</u>	<u>117,893,141</u>

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TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 9
Page 1 of 2

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 21,713,992	\$ 15,148,019	\$ 36,862,011
Cash paid for goods and services	(9,133,710)	(13,641,751)	(22,775,461)
Cash paid to or on behalf of employees for services	(890,125)	(518,542)	(1,408,667)
Other operating revenues	1,352,959	193,778	1,546,737
System development fees	3,827,504	-	3,827,504
Nutrient offset fees	439,047	-	439,047
Miscellaneous revenue	86,731	153,711	240,442
Net cash provided (used) by operating activities	<u>17,396,398</u>	<u>1,335,215</u>	<u>18,731,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Revenue bonds issued	10,644,786	-	10,644,786
Installment debt issued	-	-	-
Acquisition and construction of capital assets	(24,963,899)	(1,363,889)	(26,327,788)
Principal paid on bond maturities and equipment contracts	(1,254,968)	(452,045)	(1,707,013)
Interest paid on bond maturities and equipment contracts	(766,350)	(120,030)	(886,380)
Net cash provided (used) by capital and related financing activities	<u>(16,340,431)</u>	<u>(1,935,964)</u>	<u>(18,276,395)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from asset disposition	-	-	-
Interest and dividends	3,661	7,391	11,052
Net cash provided (used) by investing activities	<u>3,661</u>	<u>7,391</u>	<u>11,052</u>
Net increase (decrease) in cash and cash equivalents	1,059,628	(593,358)	466,270
Balances, beginning	<u>19,475,153</u>	<u>5,433,673</u>	<u>24,908,826</u>
Balances, ending	<u>\$ 20,534,781</u>	<u>\$ 4,840,315</u>	<u>\$ 25,375,096</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 9
Page 1 of 2

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 2,950,846	\$ 729,068	\$ 3,679,914
Adjustments to reconcile operating income to net cash provided by operating activities			
Other fees - capacity, system development, nutrient offset	4,266,551	-	4,266,551
Miscellaneous revenue	86,731	153,711	240,442
Depreciation & amortization	3,944,938	831,239	4,776,177
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	\$ (255,271)	\$ (167,656)	(422,927)
(Increase) decrease in inventory	103,346	(640,251)	(536,905)
Increase (decrease) in accounts payable and accrued liabilities	6,316,278	242,551	6,558,829
Increase (decrease) in customer deposits	87,643	119,282	206,925
Increase (decrease) in OPEB liability	(270)	11,282	11,012
Increase (decrease) in accrued vacation pay	10,642	(6,341)	4,301
(Increase) decrease in deferred outflows of resources-pensions	80,783	(189,119)	(108,336)
(Increase) decrease in deferred outflows of resources-OPEB	(3,249)	-	(3,249)
Increase (decrease) in net pension liability	(447,268)	(146,424)	(593,692)
(Increase) decrease in deferred inflows of resources-pensions	249,057	391,115	640,172
Increase (decrease) in deferred inflows of resources-OPEB	5,641	6,758	12,399
Total adjustments	<u>14,445,552</u>	<u>606,147</u>	<u>15,051,699</u>
Net cash provided by operating activities	<u>\$ 17,396,398</u>	<u>\$ 1,335,215</u>	<u>\$ 18,731,613</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2022

Exhibit 10

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,897
Taxes receivable from other governments, net	<u>-</u>
Total assets	<u>2,897</u>
LIABILITIES	
Intergovernmental payable	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Other governments	<u>2,897</u>
Total fiduciary net position	<u>\$ 2,897</u>

TOWN OF CLAYTON, NORTH CAROLINA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2022

Exhibit 11

	<u>Custodial Fund</u>
ADDITIONS	
Property taxes collected for other governments	<u>\$ 2,370,265</u>
Total additions	<u>2,370,265</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>3,302,351</u>
Net increase (decrease) in fiduciary net position	<u>(932,086)</u>
Net position, beginning	<u>\$ 934,983</u>
Net position, ending	<u>\$ 2,897</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Clayton, North Carolina, is a municipal corporation that is governed by an elected mayor and a five-member council. The accompanying financial statements present all funds over which the Town has accountability.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government except for fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Clayton Parks & Recreation Capital Project – This fund is used to account for the public improvement to the parks and recreation area.

CAMPO LAPP Project Fund – This fund is used to account for Town projects included in the Capital Area Metropolitan Planning Organization's Locally Administered Projects Program, which utilizes federal funding for local highway, transit, bicycle and pedestrian projects.

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Greenway System Capital Project – This fund is used to account for construction and improvements to the greenway system, including major bridge repairs and replacements.

Loop Road Capital Project – This fund is used to account for the construction of new soccer fields.

2021 GO Bonds Capital Project – This fund is used to account for major improvements to Municipal Park, East Clayton Community Park, and Community Park.

American Rescue Plan Fund – This fund is used to account for transactions related to the American Rescue Plan Funds.

The Town reports the following non-major governmental funds:

Horne Cemetery Fund. This fund is used to account for permanent funds where the principal may not be expended and the income is used to maintain the Horne Cemetery.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. Four capital project funds have been consolidated with the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for each capital project fund is included with the Combining and Individual Funds Statements and Schedules.

Electric Fund. This fund is used to account for the Town's electric fund operations. An Electric Rate Stabilization Fund and two capital project funds have been consolidated with the Electric Fund for financial reporting purposes. The budgetary comparison for each capital project fund is included with the Combining and Individual Funds Statements and Schedules.

The Town reports the following fund types:

Custodial Fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains one custodial fund for the Claytex Fire District, which accounts for ad valorem and vehicle property taxes that are billed and collected by Johnston County (County) on behalf of the fire district but are not revenues to the Town.

C. Measurement Focus and Basis of Accounting

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

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, ARPA Special Revenue Fund, and certain Enterprise Fund capital project funds, which are consolidated with the Enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. The Town manager is authorized to effect interdepartmental transfers, in the same fund, provided that no departmental budget shall be reduced by more than ten percent without the prior approval of the governing board. Any such transfers must be reported to the governing board at its next regular meeting and be entered into the minutes of the meeting. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, invests in treasuries and government agencies, and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. It is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing, or widening of local streets per state law (G.S. 136-41.1 through G.S. 136-41.4). Monies in the following major funds: Parks and Recreation Capital Project; CAMPO LAPP Capital Project; Greenway System Capital Project; Loop Road Capital Project; and 2021 GO Bonds Parks Projects are classified as restricted cash because the use is restricted to each fund per state law (G.S. 159-13.2). Money for public safety is classified as restricted cash which can only be expended for purposes to enhance the Town's law enforcement activities per state and federal law (G.S. 105-113.113; Controlled Substances Act, Title 21-Section 881(e)(3)). The unexpended debt proceeds of the Water and Sewer Fund and Electric Fund are classified as restricted assets for the enterprise funds because their use is completely restricted to the purpose for which the bonds were originally issued. Cash in the Water and Sewer Fund is also restricted to comply with state law governing revenues from system development fees (G.S. 162A-211) and a \$182,368 sinking fund requirement by the USDA.

Town of Clayton Restricted Cash

Governmental Activities		
General Fund		
	Public Safety	536,434
	Powell Bill - Streets	296,450
Capital Project Funds		
	Parks and Recreation	13,769,729
	Public Transportation	173,202
ARPA Fund	Unassigned proceeds	3,965,712
Total governmental activities		<u>\$ 18,741,527</u>
Business-type Activities		
Water and Sewer Fund	Capital improvements - State Statute	10,053,100
Water and Sewer Fund	USDA future debt service	182,368
Total Business-type Activities		<u>\$ 10,235,468</u>
Total Restricted Cash		<u>\$ 28,976,995</u>

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

Allowances for Doubtful Accounts

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

Due To/From Other Funds

Amounts reported at June 30, 2022 as internal balances generally represent short-term advances between funds. The amounts reported at year-end are not available for appropriation and are not an expendable available financial resource.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventories

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's Enterprise Funds consist of materials and supplies held for subsequent use or sale. The cost of these inventories is expensed when consumed or sold rather than when purchased.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Buildings, improvements, substations, lines, and other plant and distribution systems, \$100,000; infrastructure, \$100,000; and furniture and equipment, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980. The road network is reported at historical costs as reported to the North Carolina Department of Transportation under the Powell Bill program and the water and sewer system assets are reported at their historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	70
Other Improvements	20
Equipment	6
Vehicles and motorized equipment	6
Infrastructure	50

Wastewater capacity allocation rights are recorded at historical cost and amortized over 20 years using the straight-line method. For information, describing capital assets, see Note 2.A.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to future periods and will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – assessments, prepaid taxes, property taxes receivable, and OPEB and pension deferrals.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid issuance costs, are expensed in the reporting period in which they are incurred. Prepaid issuance costs are expensed over the life of the debt.

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

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not and available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Clayton Cemetery.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or by laws and regulations.

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

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

Restricted for Public Improvements – portion of fund balance that is restricted by revenue source for recreational facilities and street improvements.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety (fire and police) expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Clayton's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Public Improvements – portion of fund balance that is limited to capital expenditures for recreation and public works.

Assigned fund balance – portion of fund balance that the Town of Clayton intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund can report a positive amount of unassigned fund balance.

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

The Town of Clayton has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that unassigned fund balance is at least equal to or greater

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

than 20% of actual net expenditures. Any portion in excess of 20% is available for appropriation as deemed necessary and approved by Council. The Town's operating standard for unassigned fund balance is a minimum of 30% of net expenditures. Net expenditures are defined as actual expenditures plus transfers out minus debt proceeds.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Clayton's employer contributions are recognized when due and the Town of Clayton has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Other

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

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

At June 30, 2022, the Town's deposits had a carrying amount of \$23,093,881 and a bank balance of \$23,188,297. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$9,141.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

Investments

At June 30, 2022, the Town of Clayton had \$46,107,967 with the North Carolina Capital Management Trust's Government Portfolio. The Government Portfolio carried a credit rating of AAAm by Standard and Poor's and AAAmf by Moody's Investor Service. The Town has no policy regarding credit risk.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

General fund:	
Taxes receivable	\$ 8,300
Accounts receivable	<u>1,755</u>
	10,055

Receivables - Allowances for Doubtful Accounts (Continued)

Enterprise funds	<u>33,338</u>
Total	<u>\$ 43,393</u>

Due from Other Governmental Agencies

At June 30, 2022, funds due from other governmental agencies consisted of the following:

	Governmental Activities			Business- type Activities
	General	Non-Major Governmental	Total	
Local Option Sales Tax	\$ 1,370,367	\$ -	\$ 1,370,367	\$ -
Franchise Sales Tax	279,972	-	279,972	-
Telecommunication Sales Tax	7,412	-	7,412	-
Video Programming Fees	55,007	-	55,007	-
Solid Waste Disposal Fees	4,626	-	4,626	-
Vehicle & Property taxes	383,692	-	383,692	-
PEG Channel	12,739	-	12,739	-
ABC Distribution	<u>20,362</u>	-	<u>20,362</u>	-
	<u>\$ 2,134,177</u>	<u>\$ -</u>	<u>\$ 2,134,177</u>	<u>\$ -</u>

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,766,938	\$ 175,559	\$ -	\$ 7,942,497
Construction in progress	<u>5,170,082</u>	<u>6,526,289</u>	<u>-</u>	<u>11,696,371</u>
Total capital assets not being depreciated	<u>12,937,020</u>	<u>6,701,848</u>	<u>-</u>	<u>19,638,868</u>
Capital assets being depreciated				
Buildings and improvements	35,800,836	-	-	35,800,836
Equipment	4,671,928	367,123	-	5,039,051
Vehicles and motorized equipment	10,028,725	1,599,851	345,927	11,282,649
Infrastructure	<u>22,706,063</u>	<u>1,128,062</u>	<u>-</u>	<u>23,834,125</u>
Total capital assets being depreciated	<u>73,207,552</u>	<u>3,095,036</u>	<u>345,927</u>	<u>75,956,661</u>
Less accumulated depreciation				
Buildings	8,165,542	859,822	-	9,025,364
Equipment	3,938,938	220,438	-	4,159,376
Vehicles and motorized equipment	7,166,015	889,397	345,927	7,709,485
Infrastructure	<u>4,820,318</u>	<u>463,286</u>	<u>-</u>	<u>5,283,604</u>
Total accumulated depreciation	<u>24,090,813</u>	<u>2,432,943</u>	<u>345,927</u>	<u>26,177,829</u>
Total capital assets being depreciated, net	<u>49,116,739</u>	<u>662,093</u>	<u>-</u>	<u>49,778,832</u>
Governmental activity capital assets, net	<u>\$ 62,053,759</u>	<u>\$ 7,363,941</u>	<u>\$ -</u>	<u>\$ 69,417,700</u>

At June 30, 2022, construction in progress was comprised primarily of the public improvement construction projects.

General government	\$ 274,238
Public safety	875,810
Public works	730,788
Cultural and recreational	<u>552,107</u>
 Total depreciation expense	 <u>\$ 2,432,943</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities				
Water and Sewer Fund				
Capital assets not being depreciated				
Land	\$ 1,109,143	\$ -	\$ -	\$ 1,109,143
Nitrogen credits	16,291,695	-	-	16,291,695
Construction in progress	<u>4,668,759</u>	<u>23,472,384</u>	-	<u>28,141,143</u>
Total capital assets not being depreciated	<u>22,069,597</u>	<u>23,472,384</u>	-	<u>45,541,981</u>
Capital assets being depreciated				
Wastewater capacity allocation rights	3,600,000	-	-	3,600,000
Buildings	2,478,745	-	-	2,478,745
Plant and distribution system	87,960,071	714,043	-	88,674,114
Furniture and maintenance equipment	5,249,877	228,904	-	5,478,781
Vehicles	<u>2,497,592</u>	<u>548,569</u>	<u>19,043</u>	<u>3,027,118</u>
Total capital assets being depreciated	<u>107,786,285</u>	<u>1,491,516</u>	<u>19,043</u>	<u>103,258,758</u>
Less accumulated depreciation for				
Wastewater capacity allocation rights	2,835,000	180,000	-	3,015,000
Buildings	735,546	53,782	-	789,328
Plant and distribution system	16,511,920	2,720,392	-	19,232,312
Furniture and maintenance equipment	1,454,397	653,635	-	2,108,032
Vehicles	<u>1,333,773</u>	<u>337,130</u>	<u>19,043</u>	<u>1,651,860</u>
Total accumulated depreciation	<u>22,870,636</u>	<u>3,944,939</u>	<u>19,043</u>	<u>26,796,532</u>
Total Capital assets being depreciated, net	<u>78,915,649</u>	<u>(2,453,423)</u>	-	<u>76,462,226</u>
Water and Sewer Fund				
Capital Assets – net	<u>\$100,985,246</u>	<u>\$ 21,018,961</u>	<u>\$ -</u>	<u>\$122,004,207</u>
Electric Fund				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	<u>940,596</u>	-	-	<u>940,596</u>
Total capital assets not being depreciated	<u>960,596</u>	-	-	<u>960,596</u>
Capital assets being depreciated				
Buildings	1,384,059	-	-	1,384,059
Plant and distribution system	18,656,403	1,208,289	-	19,864,692
Furniture and maintenance equipment	1,839,413	-	-	1,839,413
Vehicles	<u>1,727,554</u>	<u>155,600</u>	<u>88,328</u>	<u>1,794,826</u>
Total capital assets being depreciated	<u>23,607,429</u>	<u>1,363,889</u>	<u>88,328</u>	<u>24,882,990</u>
Less accumulated depreciation for				
Buildings	436,728	31,102	-	467,830
Plant and distribution system	6,100,465	396,802	-	6,497,267
Furniture and maintenance equipment	241,520	267,283	-	508,803
Vehicles	<u>1,350,913</u>	<u>136,052</u>	<u>88,328</u>	<u>1,398,637</u>
Total accumulated depreciation	<u>8,129,626</u>	<u>831,239</u>	-	<u>8,872,537</u>
Total capital assets being depreciation, net	<u>15,477,803</u>	<u>532,650</u>	-	<u>16,010,453</u>
Electric Fund				
Capital Assets – net	<u>\$ 16,438,399</u>	<u>\$ 532,650</u>	<u>\$ -</u>	<u>\$ 16,971,049</u>
Business-type activities capital assets, net	<u>\$117,423,645</u>			<u>\$138,975,256</u>

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Clayton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Clayton's contractually required contribution rate for the year ended June 30, 2022 was 12.14% of compensation for general employees and firefighters and 13.04% for law enforcement officers, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Clayton were \$1,687,098 for the year ended June 30, 2022.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

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

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

At June 30, 2022, the Town reported a liability of \$2,792,525 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town of Clayton's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.18209%, which was a decrease of 0.00361% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,254,192. At June 30, 2022, the Town of Clayton reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 888,403	\$ -
Changes of assumptions	1,754,419	-
Net difference between projected and actual earnings on pension plan investments	-	3,989,679
Changes in proportion and differences between Town contributions and proportionate share of contributions	68,438	47,591
Town contributions subsequent to the measurement date	<u>1,687,098</u>	<u>-</u>
Total	<u>\$ 4,398,358</u>	<u>\$ 4,037,270</u>

\$1,687,098 reported as deferred outflows of resources related to pensions resulting from Town of Clayton contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 281,914
2024	(68,570)
2025	(318,489)
2026	(1,220,866)
2027	-
Thereafter	<u>-</u>
	\$ (1,326,011)

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

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

Sensitivity of the Town’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town of Clayton’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(5.50%)</u>	<u>(6.50%)</u>	<u>(7.50%)</u>
Town of Clayton's proportionate share of the net pension liability (asset)	\$ 10,840,349	\$ 2,792,525	\$ (3,830,367)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Clayton, NC administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>42</u>
Total	<u>47</u>

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

Summary of Significant Accounting Policies

Basis of Accounting – The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the Pub-2010 Mortality Tables and the Mortality Improvement Scale MP-2019.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid as they come due. The Town paid \$144,384 as benefits came due for the reporting period.

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

At June 30, 2022 the Town reported total pension liability of \$3,126,220. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$357,071.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,476	\$ -
Changes of assumptions	599,069	88,936
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>77,872</u>	<u>-</u>
Total	<u>\$ 679,417</u>	<u>\$ 88,936</u>

\$77,872 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources related to pensions and will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 170,724
2024	143,831
2025	139,005
2026	91,163
2027	(32,114)
Thereafter	<u>-</u>
	\$ 512,609

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town of Clayton's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 3,359,958	\$3,126,220	\$ 2,911,042

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

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

	2022
Beginning balance	\$3,337,394
Service Cost	127,158
Interest on total pension liability	63,126
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of total pension liability	(195,501)
Changes of assumptions and other inputs	(72,723)
Benefit payments	(133,234)
Other changes	-
Ending balance of the total pension liability	\$3,126,220

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actual experience study for the period January 1, 2015 through December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,254,192	\$ 357,071	\$ 1,611,263
Pension Liability	2,792,525	3,126,220	5,918,745
Proportionate share of the net pension liability	18.20900%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	888,403	2,476	890,879
Changes of assumptions	1,754,419	599,069	2,353,488
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	68,438	-	68,438
Benefit payments paid subsequent to the measurement date	1,687,098	77,872	1,764,970
Deferred Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	88,936	88,936
Net difference between projected and actual earnings on pension plan investments	3,989,679	-	3,989,679
Changes in proportion and differences between contributions and proportionate share of contributions	47,591	-	47,591

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 2 - DETAIL NOTES ON ALL FUNDS *Continued*

B. Liabilities *(Continued)*

1. Pension Plan and Postemployment Obligations *(Continued)*

c. Supplemental Retirement Income Plan for Regular and Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary and five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers and general employees may make voluntary contributions to the plan. For the reporting year, the Town made contributions of \$162,453 and \$469,068 for law enforcement officers and general employees, respectively.

d. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Clayton, NC to the Firefighter's Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible firefighters that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2022, the State contributed \$19,002,000 to the plan. The Town of Clayton's proportionate share of the State's contribution is \$6,007.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

NOTE 2 - DETAIL NOTES ON ALL FUNDS *Continued*

B. Liabilities *(Continued)*

1. Pension Plan and Postemployment Obligations *(Continued)*

d. Firefighter's and Rescue Squad Workers' Pension Fund *(Continued)*

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

At June 30, 2022, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension **asset** that was associated with the Town and supported by the State was (\$8,830). The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2022 and at June 30, 2021 was 0%.

For the year ended June 30, 2022, the Town elected not to recognize pension expense of (\$973) and revenue of (\$973) for support provided by the State. *The amounts are not material to the financial statements.* At June 30, 2022, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

e. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 1998, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the Town, and have not reached age 65 or eligible to receive Medicare benefits. Prior to July 1, 1998, employees did not receive this benefit. The Town pays

**TOWN OF CLAYTON, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2022**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

e. Other Postemployment Benefit (Continued)

for one-half (50%) of the cost of coverage for these benefits through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. The HCB has no assets accumulated in a trust that meets the criteria that are outlined in GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	6	5
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	164	42
Total	<u>170</u>	<u>47</u>

Total OPEB Liability

The Town's total OPEB liability of \$1,378,008 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.25 - 8.41 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trends rates	Medical and prescription drug – 7.00 percent decreasing to 4.50%

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at July 1, 2021	\$1,198,878
Changes for the year:	
Service cost	85,639
Interest	28,182
Changes in benefit terms	-
Differences expected and actual experience	(131,618)
Changes of assumptions and other inputs	215,618
Benefit payments	<u>(18,691)</u>
Net changes	<u>179,130</u>
Balance at June 30, 2022	<u>\$1,378,008</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and Mortality Improvement Scale MP-2015. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

e. Other Postemployment Benefit (Continued)

Sensitivity of the Town's total OPEB liability to changes in the discount rate. The following presents the Town of Clayton's total OPEB liability calculated using the discount rate of 2.16 percent, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	\$ 1,550,854	\$ 1,378,008	\$ 1,226,342

Sensitivity of the Town's total OPEB liability to changes in the healthcare cost trend rate. The following presents the Town of Clayton's total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	Current Rate	<u>1% Increase</u>
Total OPEB liability	\$ 1,189,722	\$ 1,378,008	\$ 1,607,423

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$131,176. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 119,252
Changes of assumptions	286,611	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>35,095</u>	<u>-</u>
Total	<u>\$ 321,706</u>	<u>\$ 119,252</u>

\$35,095 paid as benefits paid subsequent to the measurement date have been reported as deferred outflows of resources related to pensions and will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB liability will be recognized in OPEB expense as follows:

2023	\$ 17,355
2024	\$ 17,355
2025	\$ 17,355
2026	\$ 17,355
2027	\$ 17,355
Thereafter	<u>80,584</u>
	\$ 167,359

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS *Continued*

B. Liabilities (Continued)

2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 1,687,098
Benefit payments made and administrative expenses for LEOSSA	77,872
Benefit payments made and administrative expenses for OPEB	35,095
Differences between expected and actual experience	890,879
Changes of assumptions	2,353,488
Net difference between projected and actual	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	68,438

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

Prepaid taxes (General Fund)	\$ 70
Taxes Receivable, less penalties (General Fund)	21,689
Deferred revenue	-
Community Development Assessments (General Fund)	782,250
Special Assessments (Water Fund)	157,318
Changes in assumptions	88,936
Differences between expected and actuarial experience	3,989,679
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,591

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage of \$127.4 million, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of reinsurance and excess policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance as none of their buildings are located in flood prone areas.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$250,000 and \$25,000 each, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$75,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2022, the Town was a defendant to Granite Land and Timber, LLC, et al., Case No. 20 CVS 2903 filed in Johnston County. The Town maintains it has complied with all the North Carolina laws governing certain recreation fees charged to developers in connection with properly development. In the opinion of the Town's management, the ultimate effect of these legal matters and any other will not have a material adverse effect on the Town's financial position.

6. Long-Term Debt

Long-term debt obligations of the Town at June 30, 2022 consist of the following with **no lines of credit**:

	<u> Serviced by </u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
General Obligation Bonds		
\$13,500,000 General Obligation Bonds, Series 2021 dated November 30, 2021 and maturing in annual installments of \$675,000 through August 2041, interest ranging from 2.00% to 5.00%. <i>Bonds were issued for parks and recreation improvements.</i>	\$13,500,000	\$ -
\$2,000,000 General Obligation Bonds, Series 2012 dated April 13, 2012 and maturing in annual installments of \$140,000 to \$120,000 through February 2027, interest ranging from .35% to 2.7%. <i>Bonds were issued for parks and recreation improvements.</i>	<u>600,000</u>	<u>-</u>
Total general obligation bonds	<u>\$14,100,000</u>	<u>\$ -</u>
Revenue Bonds		
Water and Sewer System Revenue Bond, Series 2013 dated September 11, 2013 and maturing in annual installments ranging from \$18,000 to \$68,000 through June 2052; interest at 3.50%.	\$ -	\$ 1,281,746
Water and Sewer System Revenue Bond, Series 2020 dated April 23, 2020 and maturing in annual installments of \$375,000 to \$830,000 through June 2045; interest at 2.88%.	-	14,194,000
Water and Sewer System Revenue Bond, Series 2017A dated September 27, 2017 and maturing in annual installments ranging From \$60,000 to \$210,000 through June 2057; interest at 3.25%.	-	4,504,000

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

	<u>Serviced by</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Revenue Bonds (Continued)		
Water and Sewer System Revenue Bond, Series 2017B dated September 27, 2017 and maturing in annual installments ranging from \$3,000 to \$13,000 through June 2057; interest at 3.25%.	-	253,000
Electric System Revenue Bond, Series 2016 dated September 22, 2016 and maturing in 2031; interest at 2.09%.	-	<u>3,566,667</u>
Total revenue bonds	<u>\$ -</u>	<u>\$ 23,799,413</u>
 <u>Direct Placement Installment Purchase</u>		
Community Center Refunding; contract of \$5,402,000 due in Annual installment maturing in July 2029; interest at 2.1%. Property is pledged as collateral.	\$ 2,943,000	\$ -
2016 Park Land Refunding; contract for \$852,000; due in annual installments of variable principal starting in 2016; interest at 2.15%. Property is pledged as collateral.	34,000	-
2016 Clayton Law Enforcement Center Refunding; contract of \$5,626,000 annual installments of variable principal starting in 2016; interest at 2.2%. Property is pledged as collateral.	3,888,000	-
2021 Ladder Truck; contract of \$871,621; due in annual installments of \$98,738 including interest at 2.33%. Truck is pledged as collateral.	793,227	-
2020 Vactor trucks; contract of \$865,382; due in annual installments of \$127,954 including interest of 3.59%. Trucks pledged as collateral.	-	657,173
2008 Sanitary Sewer Loan; contract of \$3,600,000; due in annual installments of \$180,000; interest at 2.10%	-	1,080,000
2021 Sanitary Sewer Loan; contract for \$10,644,786; due in annual installments of \$532,239 plus interest at 1.06%.	-	10,644,786
2019 AMI Project; contract of \$5,000,000; due in annual installments of varying principal of \$271,000 to \$398,000 through August 2034, interest at 2.63%. AMI meter fee is supporting the debt service.	-	4,445,000
1996 Water and Sewer extensions; contract of \$120,000; without interest, repayment from yearly acreage fees collected by the Town for connection to water and sewer lines installed to service Colonial Carton Company	-	<u>120,000</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

Total direct placement installment purchases	<u>7,658,227</u>	<u>16,946,958</u>
Total outstanding	21,758,227	40,746,371
Less current portion	<u>1,733,224</u>	<u>1,475,565</u>
	<u>\$ 20,025,003</u>	<u>\$ 39,270,806</u>

At June 30, 2022, the Town of Clayton had a legal debt margin of \$216,733,325.

Changes in long-term liabilities

Compensated absences and net pension/OPEB liability for governmental funds are liquidated from the General Fund.

	Restated Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 2,990,000	\$13,500,000	\$ 2,390,000	\$ 14,100,000	\$ 795,000
Direct placement installment purchase	8,647,621	-	989,394	7,658,227	938,224
Compensated absences	749,616	816,508	760,195	805,929	402,965
Total OPEB liability	1,064,366	168,118	-	1,232,484	-
Net pension liability (LGERS)	5,599,362	-	3,249,635	2,349,727	-
Total pension liability (LEO)	<u>3,337,394</u>	<u>-</u>	<u>211,174</u>	<u>3,126,220</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 22,388,359</u>	<u>\$14,484,626</u>	<u>\$ 7,600,398</u>	<u>\$29,272,587</u>	<u>\$2,136,189</u>
Business-type activities:					
Revenue bonds	\$ 24,685,079	\$ -	\$ 885,667	\$ 23,799,412	\$ 900,667
Direct placement installment purchase	7,123,520	10,644,786	821,347	16,946,959	574,898
Total OPEB liability	134,512	11,012	-	145,524	-
Net pension liability (LGERS)	1,036,490	-	593,692	442,798	-
Compensated absences	<u>138,942</u>	<u>147,469</u>	<u>143,168</u>	<u>143,243</u>	<u>71,622</u>
Business-type activity long-term liabilities	<u>\$ 33,118,543</u>	<u>\$10,803,267</u>	<u>\$ 2,443,874</u>	<u>\$41,477,936</u>	<u>\$1,547,187</u>

The Town's outstanding debt from direct placement installment purchases related to governmental activities of \$7,658,227 contain a provision that in an event of default, outstanding amounts may become immediately due if the Town is unable to make payment. The debt is secured with collateral of two buildings and park land (**See schedule on Pages 54-56**).

The Town's outstanding debt from direct placement installment purchases related to business-type activities of \$16,946,958 contain a provision that in an event of default, outstanding amounts may become immediately due if the Town is unable to make payment. Debt of \$657,173 is secured with collateral of two Vector trucks. (**See schedule on Page 34 and Pages 54-56**).

Maturities of long-term debt

The annual requirements to retire all debt outstanding, other than compensated absences and net pension obligation, at June 30, 2022, including interest, are as follows:

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

	<u>Bond obligation</u>		<u>Installment purchases</u>		<u>Total debt due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental activities						
2023	\$ 795,000	\$ 544,275	\$ 938,224	\$ 162,195	\$ 1,733,224	\$ 706,470
2024	795,000	447,255	898,097	142,175	1,693,097	589,430
2025	795,000	410,745	867,013	123,254	1,662,013	533,999
2026	795,000	374,115	870,973	104,320	1,665,973	478,435
2027	795,000	337,365	868,980	85,315	1,663,980	422,680
2028-2032	3,375,000	1,164,375	3,214,940	155,370	6,589,940	1,319,745
Thereafter	6,750,000	681,750	-	-	6,750,000	681,750
Total	<u>14,100,000</u>	<u>3,959,880</u>	<u>7,658,227</u>	<u>772,629</u>	<u>21,758,227</u>	<u>4,732,509</u>
Business-type activities						
2023	\$ 900,667	\$ 679,067	\$ 574,898	\$ 163,613	\$ 1,475,565	\$ 842,680
2024	916,666	655,507	586,701	148,378	1,503,367	803,885
2025	933,667	631,472	598,644	132,793	1,532,311	764,265
2026	950,667	606,930	1,361,169	277,451	2,311,836	884,381
2027	969,667	581,886	1,035,239	199,761	2,004,906	781,647
2028-2032	5,126,333	2,514,529	4,588,196	748,192	9,714,529	3,262,721
Thereafter	14,001,746	4,178,776	8,202,111	575,084	22,203,857	4,753,860
Total	<u>37,899,413</u>	<u>13,808,047</u>	<u>24,605,185</u>	<u>3,017,901</u>	<u>62,504,598</u>	<u>16,825,948</u>

Revenue Bonds

The Town has been in compliance with the covenant as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Water and Sewer System Revenue Bonds, Series 2013, since its adoption in 2012. Section 5.02(a) of the Bond Order requires the debt service coverage ratio to be no less than 110% for the Bonds and 100% for all indebtedness. The Town has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 5.02 of the First Supplemental Bond Order, authorizing the issuance of Electric System Revenue Bonds, Series 2014, Series 2015, and Series 2016 since adoption in 2015. Section 5.02(a) requires Net Revenues plus 20% of the Unrestricted Net Position of the System as of the last day of the preceding fiscal year will not be less than 120% of the debt service requirement for the Bonds. The debt service coverage ratio calculations for the year ended June 30, 2022 are as follows:

	<u>Water & Sewer</u>	<u>Electric</u>
Operating revenues	\$23,322,221	\$15,509,453
Operating expenses	<u>16,426,437</u>	<u>13,949,146</u>
Net Revenues	\$ 6,895,784 ¹	\$ 1,560,307 ¹
20% Unrestricted Net Position	<u>N/A</u> ²	<u>1,128,064</u> ²
Income Available for Debt Service	<u>\$ 6,895,784</u>	<u>\$ 2,688,371</u>
Debt service, principal and interest paid (Revenue bond only)	\$ 1,152,911	\$ 434,937
Debt service coverage ratio	5.98	6.18
Debt service, principal and interest paid (All indebtedness)	\$ 2,021,318	\$ 572,075
Debt service coverage ratio	3.41	4.70

¹ Per rate covenants, this does not include depreciation expense of \$3,944,938 and \$831,239, respectively.

² Per rate covenants, this does not apply to the Water and Sewer System Revenue Bond.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

The Town has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$21.701 million in water and sewer system revenue bonds issued in September 2013, September 2017, and April 2020. Proceeds from the bonds provided financing for the construction of an elevated water storage tank, sewer force main, and nutrient credit purchases. The bonds are payable solely from water and sewer system customer net revenues and are payable through 2057. Annual principal and interest payments on the bond are expected to require less than 2 percent of operating revenues. The total principal and interest remaining to be paid on the bonds is \$29,708,197. Principal and interest paid for the current year and total customer net revenues were \$1,152,911 and \$6,895,784, respectively.

The Town has pledged future electric customer revenues, net of specified operating expenses to repay \$6.65 million in electric system revenue bonds issued in May 2014, June 2015, and September 2016. Proceeds from the bonds provided financing for system improvements and the construction of a second substation. The bonds are payable solely from electric system customer net revenues and are payable through 2019, 2020, and 2031, respectively. Annual principal and interest payments on the bond are expected to require less than 2 percent of operating revenues. The total principal and interest remaining to be paid on the bonds is \$3,939,383. Principal and interest paid for the current year and total customer net revenues were \$434,937 and \$1,560,307, respectively.

C. Interfund Balances and Activity

Transfers to/from Other Funds at June 30, 2022, consist of the following:

From the General Fund to the Greenway Systems Capital Project for bridge replacements	\$1,500,000
From the General Fund to the Loop Road Capital Project to construct new soccer fields	\$1,000,000

D. Revenues, Expenditures and Expenses

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2022, the Town of Clayton elected not to recognize on-behalf payments for pension contributions made by the state as a revenue and an expenditure of \$6,007 for the 13 employed Firefighter who perform firefighting duties for the Town's fire department. *The amount is not deemed material to the financial statements.* The employees elected to be members of the Firefighter and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a state appropriation.

Also, the Town elected not to recognize as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$38,535 for the salary supplement and stipend benefits paid to eligible Firefighter by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2022. *The amount is not deemed material to the financial statements.* Under state law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible Firefighter or their departments.

NOTE 3 - JOINT VENTURES

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the state. The State passes these monies to the local board of the Firefighter's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for supplemental retirement benefits made to retired Firefighter and for dues paid to the Firefighter's Pension Plan on-behalf of the employee members of the Town's fire department by the board of trustees.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – JOINT VENTURES (Continued)

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2022. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 - JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency (NCEMPA). Each participating government appoints one commissioner to the NCEMPA governing board. On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to defease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments for electric power, NCEMPA members will make payments for their share of debt service on the NCEMPA's new revenue bonds. The Town's purchases of power for the fiscal year ended June 30, 2022 were \$10,422,288.

NOTE 6 – FUND BALANCE

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

Total fund balance – General Fund	\$25,437,923
Less:	
Inventories	36,200
Stabilization by State Statute	2,006,511
Powell Bill	296,450
Public Improvements	2,080,522
Public Safety	536,434
Appropriate Fund Balance in 2022 Budget	7,962,462
Working Capital / Fund Balance Policy	7,227,110
Remaining Fund Balance	5,292,234

The Town of Clayton has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that unassigned fund balance is at least equal to or greater than 20% of actual net expenditures.

NOTE 7 – SUBSEQUENT EVENT

The Town entered into an agreement with Novo Nordisk (“Novo”) to sell the pretreatment facility that Novo donated to the Town in November 2019 for \$34,250,000. Closing is expected to occur by December 31, 2022. The Town intends to utilize the proceeds to fund construction of the Sam’s Branch Water Reclamation Facility in conjunction with other high priority projects. Also, the Town plans to retire its USDA revenue bond debt in the amount of \$6,121,810, including interest, on October 31, 2022.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 8 – REIMBURSEMENT FOR PANDEMIC-RELATED EXPENDITURES

The American Rescue Plan Act of 2021 (“ARPA”) was signed into law on March 11, 2021. The law appropriates federal funding for COVID-19 relief and economic recovery, including provisions that directly benefit state and local governments. The Town is a non-entitlement unit (“NEU”) and received ARPA funds from the State of North Carolina. State and local governments must obligate ARPA funds by December 31, 2024 and spend them by December 31, 2026. The Town received its first tranche of ARPA funding in the amount of \$3,965,712 in August 2021. The second tranche in the amount of \$3,965,712 was received in August 2022. These revenue replacement funds will be transferred to the appropriate funds once the intended use is determined.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Schedule of Changes in Total OPEB Liability

**TOWN OF CLAYTON, NORTH CAROLINA
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (LGERS)
REQUIRED SUPPLEMENTARY INFORMATION
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)***

Last Nine Fiscal Years	2022	2021	2020	2019	2018	2017	2016	2015	2014
Clayton's proportion of net pension liability (asset) %	-0.18209%	-0.18570%	-0.17905%	-0.17581%	-0.16683%	-0.15451%	-0.14713%	0.13908%	0.13910%
Clayton's proportion of net pension liability (asset) \$	\$ 2,792,525	\$ 6,635,852	\$ 4,889,716	\$ 4,170,814	\$ 2,548,700	\$ 3,279,220	\$ 660,311	\$ (820,219)	\$ 1,676,689
Clayton's covered payroll	\$ 13,381,615	\$ 12,761,907	\$ 11,718,813	\$ 10,619,679	\$ 10,139,578	\$ 9,006,884	\$ 8,257,291	\$ 7,646,861	\$ 7,378,465
Clayton's proportionate share of net pension liability (asset) as a percentage of its covered payroll	20.87%	52.00%	41.73%	39.27%	25.14%	36.41%	8.00%	-10.73%	22.72%
Plan fiduciary net position as a percentage of the total pension liability**	106.41%	88.61%	90.68%	91.63%	94.18%	99.07%	98.09%	102.64%	94.35%

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

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

Note: This schedule is intended to present information for ten years. The schedule will not present 10 years' of information until fiscal year 2023.

**TOWN OF CLAYTON, NORTH CAROLINA
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (LGEERS)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS**

Last Nine Fiscal Years	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,687,098	\$ 1,382,696	\$ 1,169,065	\$ 934,387	\$ 820,218	\$ 759,610	\$ 617,145	\$ 591,319	\$ 545,001
Contributions in relation to the contractually required contribution	\$ 1,687,098	\$ 1,382,696	\$ 1,169,065	\$ 934,387	\$ 820,218	\$ 759,610	\$ 617,145	\$ 591,319	\$ 545,001
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clayton's covered payroll	\$ 14,621,804	\$ 13,381,615	\$ 12,761,907	\$ 11,718,813	\$ 10,619,679	\$ 10,139,578	\$ 9,006,884	\$ 8,257,291	\$ 7,646,861
Contributions as a percentage of covered payroll	11.54%	10.33%	9.16%	7.97%	7.72%	7.49%	6.85%	7.16%	7.13%

Note: This schedule is intended to present information for ten years. The schedule will not present 10 years' of information until fiscal year 2023.

**TOWN OF CLAYTON, NORTH CAROLINA
FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION
REQUIRED SUPPLEMENTARY INFORMATION
PROPORTIONATE SHARE OF NET PENSION LIABILITY**

Last Eight Fiscal Years	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Clayton's proportionate share of the net pension liability %	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Clayton's proportionate share of the net pension liability \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension (asset)/ liability associated with the Town of Clayton *	<u>\$ (8,830)</u>	<u>\$ 14,395</u>	<u>\$ 12,943</u>	<u>\$ 14,063</u>	<u>\$ 59,433</u>	<u>\$ 46,700</u>	<u>\$ 46,361</u>	<u>\$ 42,834</u>
Total	<u>\$ (8,830)</u>	<u>\$ 14,395</u>	<u>\$ 12,943</u>	<u>\$ 14,063</u>	<u>\$ 59,433</u>	<u>\$ 46,700</u>	<u>\$ 46,361</u>	<u>\$ 42,834</u>
Clayton's covered payroll	\$ 2,468,747	\$ 1,910,279	\$ 1,649,386	\$ 1,430,987	\$ 1,204,539	\$ 974,364	\$ 895,826	\$ 698,205
Clayton's proportionate share of the net pension liability as a percentage of its covered payroll	-0.36%	0.75%	0.78%	0.98%	4.93%	4.79%	5.18%	6.13%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.69%	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%

* The membership declined from 52 to 11 as of June 30, 2019. The membership increased from 11 to 14 as of June 30, 2020. The membership increased from 14 to 16 as of June 30, 2021. The membership declined from 16 to 13 as of June 30, 2022.

Note: This schedule is intended to present information for ten years. The schedule will not present 10 years' of information until fiscal year 2024.

TOWN OF CLAYTON, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

Last Six Fiscal Years	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 3,337,394	\$ 2,311,581	\$ 2,080,484	\$ 2,054,515	\$ 1,762,104	\$ 1,725,158
Service Cost	127,158	90,168	76,741	80,428	73,293	72,517
Interest on total pension liability	63,126	73,565	74,356	63,824	66,804	60,648
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actuarial experience	(195,501)	140,951	90,915	29,511	95,487	-
Changes of assumptions and other inputs	(72,723)	831,094	64,567	(78,254)	119,697	(43,544)
Benefit payments	(133,234)	(109,965)	(75,482)	(69,540)	(62,870)	(52,675)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 3,126,220</u>	<u>\$ 3,337,394</u>	<u>\$ 2,311,581</u>	<u>\$ 2,080,484</u>	<u>\$ 2,054,515</u>	<u>\$ 1,762,104</u>

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

Note: This schedule is intended to present information for ten years. The schedule will not present 10 years' of information until fiscal year 2026.

TOWN OF CLAYTON, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability	\$ 3,126,220	\$ 3,337,394	\$ 2,311,581	\$ 2,080,484	\$ 2,054,515	\$ 1,762,104	\$ 1,725,158	\$ 1,094,305	\$ 1,016,980	\$ 911,025
Covered payroll	2,774,442	3,046,140	2,728,300	2,631,786	2,619,148	2,475,010	2,475,010	2,131,150	2,100,941	2,075,282
Total pension liability as a percentage of covered payroll	112.68%	109.56%	84.73%	79.05%	78.44%	71.20%	69.70%	51.35%	48.41%	43.90%

Notes to the Required Schedules:

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

**TOWN OF CLAYTON, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Last Five Fiscal Years	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 85,639	\$ 62,192	\$ 55,482	\$ 57,571	\$ 62,599
Interest on total OPEB liability	28,182	35,057	33,231	28,945	23,863
Changes in benefit terms	-	-	-	-	-
Differences between expected and actuarial experience	(131,618)	3,886	(5,513)	(999)	(163)
Changes of assumptions and other inputs	215,618	166,313	14,784	(35,027)	(57,281)
Benefit payments	(18,691)	(15,813)	(9,934)	(8,661)	(8,810)
Other changes	-	-	-	-	-
Net change in total OPEB liability	\$ 179,130	\$ 251,635	\$ 88,050	\$ 41,829	\$ 20,208
Total OPEB liability - beginning	1,198,878	947,243	859,193	817,364	797,156
Total OPEB liability - ending	<u>\$ 1,378,008</u>	<u>\$ 1,198,878</u>	<u>\$ 947,243</u>	<u>\$ 859,193</u>	<u>\$ 817,364</u>
Covered-employee payroll	\$ 11,774,070	\$ 11,435,881	\$ 11,435,881	\$ 9,817,568	\$ 9,817,568
Total OPEB liability as a percentage of covered payroll	11.70%	10.48%	8.28%	8.75%	8.33%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The Town of Clayton has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits. This schedule is intended to present information for ten years. The schedule will not present 10 years' of information until fiscal year 2027.

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INDIVIDUAL FUND
FINANCIAL STATEMENTS



MAJOR GOVERNMENTAL FUNDS

General Fund – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Parks & Recreation Capital Project Fund – This fund is used to account for major public improvements to parks and recreation.

CAMPO LAPP Capital Project Fund – This fund is used to account for Town projects included in the Capital Area Metropolitan Planning Organization's Locally Administered Projects Program, which utilizes federal funding for local highway, transit, bicycle, and pedestrian projects.

Greenway System Capital Project Fund – This fund is used to account for construction and improvements to the greenway system, including major bridge repairs and replacements.

Loop Road Capital Project Fund – This fund is used to account for the construction of new soccer fields at the Loop Road property.

2021 GO Bonds Capital Project Fund – This fund is used to account for major improvements to Municipal Park, East Clayton Community Park, and Community Park.

Coronavirus State and Local Fiscal Recovery Fund – This fund is used to account for the expenditure of non-entitlement unit ARPA funds.

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Ad valorem taxes:			
Taxes	\$ -	\$17,242,448	\$ -
Penalties and interest	-	35,211	-
Total	<u>17,022,047</u>	<u>17,277,659</u>	<u>255,612</u>
Other taxes and licenses:			
Motor vehicle licenses	-	585,315	-
Payments in lieu of taxes	-	10,973	-
Total	<u>549,000</u>	<u>596,288</u>	<u>47,288</u>
Unrestricted intergovernmental:			
Local option sales tax	-	7,552,625	-
ABC profit distribution	-	85,525	-
Gasoline tax refunds	-	-	-
Utilities sales tax	-	1,177,559	-
Piped natural gas sales tax	-	59,035	-
Telecommunications sales tax	-	30,670	-
Video programming fees	-	217,037	-
Beer and wine tax	-	105,241	-
Tax Reimbursements	-	77,553	-
Reimbursement from rural fire department	-	3,254,980	-
Total	<u>10,592,058</u>	<u>12,560,225</u>	<u>1,968,167</u>
Restricted intergovernmental:			
Powell Bill allocation	-	734,111	-
State grants	-	22,829	-
Federal grants	-	474,725	-
Controlled substance tax	-	6,534	-
PEG channel support	-	51,616	-
First responder subsidy	-	47,371	-
Solid waste disposal tax	-	19,993	-
Total	<u>2,119,597</u>	<u>1,357,179</u>	<u>(762,418)</u>
Permits and fees:			
Alarm response fees	-	6,247	-
Recreation fees in lieu	-	921,052	-
Building permits	-	1,352,785	-
Stormwater fees	-	365,646	-
Inspection and rezoning fees	-	369,944	-
Total	<u>1,437,730</u>	<u>3,015,674</u>	<u>1,577,944</u>

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Exhibit A-1
Page 2 of 6

	2022		Variance Positive (Negative)
	Budget	Actual	
REVENUES: (Continued)			
Sales and service:			
Court costs and fees	-	11,499	-
Refuse collection fees	-	2,304,280	-
Cemetery lots and fees	-	89,223	-
Public safety contributions	-	37,864	-
Recreation fees and contributions	-	309,927	-
Clayton Center Cultural Arts	-	172,511	-
Library fees and contributions	-	21,163	-
Total	<u>3,232,657</u>	<u>2,946,467</u>	<u>(286,190)</u>
Investment earnings	<u>8,000</u>	<u>53,321</u>	<u>45,321</u>
Miscellaneous:			
Miscellaneous	-	131,338	-
Sale of surplus property	-	56,884	-
Lease revenue	-	16,652	-
Reimbursable projects	-	22,250	-
Damage and insurance reimbursement	-	24,618	-
Total	<u>30,064</u>	<u>251,742</u>	<u>221,678</u>
Total Revenues	<u>34,991,153</u>	<u>38,058,555</u>	<u>3,067,402</u>
EXPENDITURES:			
General Government:			
Legislative:			
Salaries and employee benefits	-	259,769	-
Other operating expenditures	-	146,902	-
Reimbursement - proprietary funds	-	(62,031)	-
Total	<u>-</u>	<u>344,640</u>	<u>-</u>
Administration:			
Salaries and employee benefits	-	465,362	-
Other operating expenditures	-	442,840	-
Capital outlay	-	175,560	-
Reimbursement - proprietary funds	-	(583,841)	-
Total	<u>-</u>	<u>499,921</u>	<u>-</u>
Human Resources:			
Salaries and employee benefits	-	202,509	-
Other operating expenditures	-	116,581	-
Reimbursement - proprietary funds	-	(105,496)	-
Total	<u>-</u>	<u>213,594</u>	<u>-</u>
Special Appropriations:			
Citizen Boards	-	35,087	-
Cultural arts and economic development	-	4,500	-
Total	<u>-</u>	<u>39,587</u>	<u>-</u>

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
General Government: (Continued)			
Legal:			
Retainer and legal fees	-	348,504	-
Reimbursement - proprietary funds	-	(321,530)	-
Total	-	26,974	-
Total General Government	2,678,979	1,124,716	1,554,263
Financial Services:			
Salaries and employee benefits	-	786,974	-
Other operating expenditures	-	476,781	-
Capital outlay	-	28,074	-
Reimbursement - proprietary funds	-	(306,529)	-
Total	1,202,102	985,300	216,802
Customer Service:			
Salaries and employee benefits	-	689,191	-
Bad debt expense	-	7,504	-
Other operating expenditures	-	158,046	-
Capital outlay	-	20,910	-
Reimbursement - proprietary funds	-	(876,091)	-
Total	30,910	(440)	31,350
Data and Technology Services:			
Salaries and employee benefits	-	442,507	-
Other operating expenditures	-	259,959	-
Contract services	-	949,076	-
Capital outlay	-	177,785	-
Reimbursement - proprietary funds	-	(373,268)	-
Total	2,657,316	1,456,059	1,201,257
Community Development Services:			
Planning and Code Enforcement:			
Salaries and employee benefits	-	571,538	-
Other operating expenditures	-	90,174	-
Reimbursement - proprietary funds	-	(174,802)	-
Total	1,006,673	486,910	519,763
Economic Development			
Salaried and employee benefits	-	189,703	-
Other operating expenditures	-	146,480	-
Capital outlay	-	13,993	-
Reimbursement - proprietary funds	-	(248,061)	-
Total	117,677	102,115	15,562
Communications:			
Salaries and employee benefits	-	248,987	-
Other operating expenditures	-	65,976	-
Capital outlay	-	6,034	-
Reimbursement - proprietary funds	-	(66,771)	-
Total	264,355	254,226	10,129

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Property Maintenance:			
Salaries and employee benefits	-	978,205	-
Maintenance and repair	-	1,034,134	-
Other operating expenditures	-	736,303	-
Capital outlay	-	20,745	-
Reimbursement - proprietary funds	-	(391,405)	-
Total	<u>2,864,512</u>	<u>2,377,982</u>	<u>486,530</u>
Total General Government Operations	<u>10,822,524</u>	<u>6,786,868</u>	<u>4,035,656</u>
Law Enforcement:			
Police Administration:			
Salaries and employee benefits	-	702,893	-
Vehicle maintenance and fuel	-	6,596	-
Other operating expenditures	-	186,617	-
Capital outlay	-	24,685	-
Reimbursement - proprietary funds	-	(4,077)	-
Total	<u>-</u>	<u>916,714</u>	<u>-</u>
Police Patrol:			
Salaries and employee benefits	-	2,707,901	-
Vehicle maintenance and fuel	-	155,632	-
Other operating expenditures	-	139,429	-
Capital outlay	-	496,822	-
Reimbursement - proprietary funds	-	(12,646)	-
Total	<u>-</u>	<u>3,487,138</u>	<u>-</u>
Police Support Services			
Salaries and employee benefits	-	1,425,186	-
Vehicle maintenance and fuel	-	64,778	-
Other operating expenditures	-	143,328	-
Capital outlay	-	263,952	-
Reimbursement - proprietary funds	-	(6,742)	-
Total	<u>-</u>	<u>1,890,502</u>	<u>-</u>
Total Law Enforcement	<u>6,319,083</u>	<u>6,294,354</u>	<u>24,729</u>
Fire Protection:			
Salaries and employee benefits	-	3,937,970	-
Vehicle maintenance and fuel	-	123,462	-
Other operating expenditures	-	491,645	-
Capital outlay	-	1,080,293	-
Reimbursement - proprietary funds	-	(82,816)	-
Total	<u>5,885,947</u>	<u>5,550,554</u>	<u>335,393</u>
Total Public Safety	<u>12,205,030</u>	<u>11,844,908</u>	<u>360,122</u>

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Public Works:			
Administration:			
Salaries and employee benefits	-	200,738	-
Other operating expenditures	-	71,251	-
Reimbursement - proprietary funds	-	(232,276)	-
Total	-	39,713	-
Inspections:			
Salaries and employee benefits	-	814,017	-
Other operating expenditures	-	64,103	-
Capital outlay	-	65,399	-
Reimbursement - general fund	-	449,560	-
Total	-	1,393,079	-
Engineering:			
Salaries and employee benefits	-	906,164	-
Other operating expenditures	-	145,999	-
Capital outlay	-	90,215	-
Reimbursement - proprietary funds	-	(300,001)	-
Total	-	842,377	-
Vehicle Maintenance Shop:			
Salaries and employee benefits	-	243,778	-
Other operating expenditures	-	67,903	-
Reimbursement - proprietary funds	-	(104,472)	-
Total	-	207,209	-
Streets:			
Salaries and employee benefits	-	432,752	-
Vehicle maintenance and fuel	-	43,482	-
Street lights	-	139,637	-
Other operating expenditures	-	228,556	-
Capital outlay	-	1,510,451	-
Reimbursement - proprietary funds	-	(241,995)	-
Total	-	2,112,883	-
Sanitation:			
Yard waste services	-	509,707	-
Trash hauling fee	-	897,440	-
Landfill fees	-	352,314	-
Recycling efforts	-	500,405	-
Miscellaneous activities	-	35,303	-
Total	-	2,295,169	-
Total Public Works	8,647,263	6,890,430	1,756,833

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Exhibit A-1
Page 6 of 6

	2022		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Parks & Recreation:			
Salaries and employee benefits	-	1,236,296	-
Vehicle maintenance and fuel	-	11,838	-
Maintenance and repair	-	149,426	-
Contract services	-	1,014,490	-
Other operating expenditures	-	314,254	-
Capital outlay	-	249,822	-
Total Parks & Recreation	<u>3,962,244</u>	<u>2,976,126</u>	<u>986,118</u>
Cultural & Performing Arts:			
Salaries and employee benefits	-	471,851	-
Other operating expenditures	-	243,967	-
Total Cultural & Performing Arts	<u>724,950</u>	<u>715,818</u>	<u>9,132</u>
Library Operations:			
Salaries and employee benefits	-	585,011	-
Programs	-	61,655	-
Other operating expenditures	-	114,861	-
Total Library Operations	<u>837,502</u>	<u>761,527</u>	<u>75,975</u>
Total Cultural and Recreational	<u>5,524,696</u>	<u>4,453,471</u>	<u>1,071,225</u>
Debt Service:			
Principal retirement	-	3,379,394	-
Interest and fees	-	280,480	-
Total Debt Service	<u>3,978,658</u>	<u>3,659,874</u>	<u>318,784</u>
Total Expenditures	<u>41,178,171</u>	<u>33,635,551</u>	<u>7,542,620</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,187,018)</u>	<u>4,423,004</u>	<u>10,610,022</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers (to) from other funds:			
Transfer to Capital Project Funds	(2,500,000)	(2,500,000)	-
Installment purchase obligations issued	-	-	-
Total other financing sources (uses)	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
Fund balance appropriated	<u>8,687,018</u>	<u>-</u>	<u>(8,687,018)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,923,004</u>	<u>\$ 1,923,004</u>
Fund balance, beginning		<u>23,514,919</u>	
Fund balance, ending		<u>\$25,437,923</u>	

CAPITAL PROJECTS FUND

PARKS & RECREATION CAPITAL PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant Revenue	\$ 86,810	\$ -	\$ 86,810	\$ 86,810	\$ -
Donations	100,000	50,000	-	50,000	(50,000)
Total Revenues	<u>186,810</u>	<u>50,000</u>	<u>86,810</u>	<u>136,810</u>	<u>(50,000)</u>
EXPENDITURES:					
Capital outlay:					
Professional services	62,000	61,528	-	61,528	472
Site Improvements	1,509,100	1,509,027	-	1,509,027	73
Contingency	65,900	6,426	-	6,426	59,474
Total expenditures	<u>1,637,000</u>	<u>1,576,981</u>	<u>-</u>	<u>1,576,981</u>	<u>60,019</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,450,190)</u>	<u>\$ (1,526,981)</u>	<u>\$ 86,810</u>	<u>\$ (1,440,171)</u>	<u>\$ 10,019</u>
OTHER FINANCING SOURCES:					
Special revenue fund	300,000	300,000	-	300,000	-
Transfer from General Fund	1,150,190	1,227,190	-	1,227,190	77,000
Total other financing sources:	<u>1,450,190</u>	<u>1,527,190</u>	<u>-</u>	<u>1,527,190</u>	<u>77,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 86,810</u>	<u>\$ 87,019</u>	<u>\$ 87,019</u>
Fund balance, beginning			<u>209</u>		
Fund balance, ending			<u>\$ 87,019</u>		

CAPITAL PROJECTS FUND

CAMPO LAPP PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ 3,814,625	\$ 3,527,721	\$ 233,663	\$ 3,761,384	\$ (53,241)
Miscellaneous	-	3,147	-	3,147	3,147
Total Revenues	<u>3,814,625</u>	<u>3,530,868</u>	<u>233,663</u>	<u>3,764,531</u>	<u>(50,094)</u>
EXPENDITURES:					
Capital outlay:					
Construction	4,670,655	4,546,581	61,580	4,608,161	62,494
Easement acquisition	25,000	23,205	-	23,205	1,795
Design	306,000	273,738	-	273,738	32,262
Total expenditures	<u>5,001,655</u>	<u>4,843,524</u>	<u>61,580</u>	<u>4,905,104</u>	<u>96,551</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,187,030)</u>	<u>\$ (1,312,656)</u>	<u>\$ 172,083</u>	<u>\$ (1,140,573)</u>	<u>\$ 46,457</u>
OTHER FINANCING SOURCES:					
Transfer from General Fund	<u>1,187,030</u>	<u>1,313,456</u>	<u>-</u>	<u>1,313,456</u>	<u>126,426</u>
Total other financing sources:	<u>1,187,030</u>	<u>1,313,456</u>	<u>-</u>	<u>1,313,456</u>	<u>126,426</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 172,083</u>	<u>\$ 172,883</u>	<u>\$ 172,883</u>
Fund balance, beginning			<u>800</u>		
Fund balance, ending			<u>\$ 172,883</u>		

CAPITAL PROJECTS FUND

GREENWAY SYSTEM PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Capital outlay:					
Construction	1,250,000	-	-	-	1,250,000
Design	250,000	-	101,031	101,031	148,969
Total expenditures	1,500,000	-	101,031	101,031	1,398,969
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,500,000)	\$ -	\$ (101,031)	\$ (101,031)	\$ 1,398,969
OTHER FINANCING SOURCES:					
Transfer from General Fund	1,500,000	-	1,500,000	1,500,000	-
Total other financing sources:	1,500,000	-	1,500,000	1,500,000	-
Net change in fund balance	\$ -	\$ -	\$ 1,398,969	\$ 1,398,969	\$ 1,398,969
Fund balance, beginning			-		
Fund balance, ending			\$ 1,398,969		

CAPITAL PROJECTS FUND

LOOP ROAD PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Capital outlay:					
Construction	800,000	-	173,169	173,169	626,831
Design	200,000	-	7,500	7,500	192,500
Total expenditures	1,000,000	-	180,669	180,669	819,331
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,000,000)	\$ -	\$ (180,669)	\$ (180,669)	\$ 819,331
OTHER FINANCING SOURCES:					
Transfer from General Fund	1,000,000	-	1,000,000	1,000,000	-
Total other financing sources:	1,000,000	-	1,000,000	1,000,000	-
Net change in fund balance	\$ -	\$ -	\$ 819,331	\$ 819,331	\$ 819,331
Fund balance, beginning			-		
Fund balance, ending			\$ 819,331		

CAPITAL PROJECTS FUND

2021 GO BONDS PARK PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	-	23,392	23,392	23,392
Total Revenues	-	-	23,392	23,392	23,392
EXPENDITURES:					
Capital outlay:					
Closing Fees	220,000	-	218,114	218,114	1,886
Site Improvements	14,200,000	-	5,005,525	5,005,525	9,194,475
Design	760,000	-	5,225	5,225	754,775
Total expenditures	15,180,000	-	5,228,864	5,228,864	9,951,136
REVENUES OVER (UNDER) EXPENDITURES	\$(15,180,000)	\$ -	\$ (5,205,472)	\$ (5,205,472)	\$ 9,974,528
OTHER FINANCING SOURCES:					
Debt proceeds	13,500,000	-	13,500,000	13,500,000	-
Premium on bonds issued	1,680,000	-	1,680,156	1,680,156	156
Total other financing sources:	15,180,000	-	15,180,156	15,180,156	156
Net change in fund balance	\$ -	\$ -	\$ 9,974,684	\$ 9,974,684	\$ 9,974,684
Fund balance, beginning			-		
Fund balance, ending			\$ 9,974,684		

TOWN OF CLAYTON, NORTH CAROLINA
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS CFR 21.027 (ARPA FUNDS)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit A-7

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
ARP funds	\$ 7,931,423	\$ -	\$ -	\$ -	\$ (7,931,423)
Interest revenue	-	-	-	-	-
Total Revenues	<u>7,931,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,931,423)</u>
EXPENDITURES:					
Operating:					
Unassigned ARP expenditures	7,931,423	-	-	-	7,931,423
Total expenditures	<u>7,931,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,931,423</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES:					
Transfer to General Fund	-	-	-	-	-
Transfer to Capital Projects Fund	-	-	-	-	-
Total other financing sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

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NONMAJOR GOVERNMENTAL FUND

Horne Cemetery Fund – This fund accounts for permanent funds where the principal may not be expended. The Town maintains the Horne Cemetery Fund.

TOWN OF CLAYTON, NORTH CAROLINA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

Exhibit B-1

	Permanent Fund <u> </u> Horne Cemetery Fund <u> </u>	Total Non-Major Governmental Fund <u> </u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,248	\$ 3,248
Total assets	<u>\$ 3,248</u>	<u>\$ 3,248</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts payable and accrued liabilities	<u> -</u>	<u> -</u>
Fund balance		
Perpetual maintenance	<u> 3,248</u>	<u> 3,248</u>
Total fund balance	<u> 3,248</u>	<u> 3,248</u>
Total liabilities and fund balances	<u>\$ 3,248</u>	<u>\$ 3,248</u>

HORNE CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
EXPENDITURES			
Cemetery Care	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning		<u>3,248</u>	
Fund balance, ending		<u>\$ 3,248</u>	

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

AMI Project Fund – This fund is used to account for loan proceeds used to install advanced metering infrastructure (AMI) for water customers, which will enable two-way communication meters to provide real-time, on-demand information about water consumption.

Sam's Branch Water Reclamation Facility Project Fund – This fund is used to account for loan proceeds used to construct a new wastewater treatment plant that will replace the existing facility, including the acquisition of additional nutrient credits and new force main infrastructure.

Little Creek Outfall Sewer Line Project Fund – This fund is used to account for the replacement of the sewer line due to degradation and flow limitations.

Electric Fund – This fund is used to account for the Town's electric system operations.

Electric Rate Stabilization Fund – This fund is used as reserve for the Electric fund due to Electric rate fluctuations.

AMI Project Fund – This fund is used to account for loan proceeds used to install advanced metering infrastructure (AMI) for electric customers, which will enable two-way communication meters to provide real-time, on-demand information about electric consumption.

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2022

	2022		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Operating revenues:			
Water sales	\$ -	\$ 10,574,861	\$ -
Sewer charges	-	11,333,514	-
Connection and tap fees	-	60,887	-
Total	<u>19,391,500</u>	<u>21,969,262</u>	<u>2,577,762</u>
Other operating revenues	<u>1,341,095</u>	<u>1,352,959</u>	<u>11,864</u>
Total operating revenues	<u>20,732,595</u>	<u>23,322,221</u>	<u>2,589,626</u>
Nonoperating revenues:			
Investment earnings	-	3,653	-
Nutrient offset fees	-	439,047	-
System development fees	-	3,827,504	-
Miscellaneous	-	86,731	-
Total nonoperating revenues	<u>9,407,233</u>	<u>4,356,935</u>	<u>(5,050,298)</u>
Total revenues	<u>30,139,828</u>	<u>27,679,156</u>	<u>(2,460,672)</u>
EXPENDITURES:			
Water Distribution Operations:			
Water purchases	-	5,669,748	-
Salaries and employee benefits	-	710,763	-
Meter replacements	-	156,811	-
Bad debt expense	-	42,777	-
Other operating expenditures	-	670,268	-
Total water distribution	<u>9,088,063</u>	<u>7,250,367</u>	<u>1,837,696</u>
Preventative Maintenance:			
Salaries and employee benefits	-	660,141	-
Chemicals	-	94,553	-
Lift stations	-	144,718	-
Other operating expenditures	-	446,866	-
Total preventative maintenance	<u>1,740,626</u>	<u>1,346,278</u>	<u>394,348</u>
Water Treatment:			
Sewer capacity purchases	-	169,500	-
Salaries and employee benefits	-	516,040	-
Chemicals	-	36,030	-
Repairs and maintenance	-	69,182	-
Contract Services	-	2,601,740	-
Capacity fees litigation settlement	-	1,250,000	-
Other operating expenditures	-	484,007	-
Total water treatment	<u>6,560,006</u>	<u>5,126,499</u>	<u>1,433,507</u>
Total water distribution and treatment	<u>17,388,695</u>	<u>13,723,144</u>	<u>3,665,551</u>

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2022

Exhibit C-1
Page 2 of 2

	2022		
	Budget	Actual	Variance Positive (Negative)
EXPENDITURES: (Continued)			
Debt service:			
Principal	\$ -	\$ 1,254,968	\$ -
Interest	-	766,350	-
Total debt service	<u>2,021,319</u>	<u>2,021,318</u>	<u>1</u>
Capital outlay:			
Water distribution	-	-	-
Water prevention	-	1,491,515	-
Water treatment	-	-	-
Total capital outlay	<u>8,003,609</u>	<u>1,491,515</u>	<u>6,512,094</u>
Reimbursement - General Fund:			
Support services - General Fund	<u>2,808,291</u>	<u>2,807,957</u>	<u>334</u>
Total expenditures	<u>30,221,914</u>	<u>20,043,934</u>	<u>10,177,980</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(82,086)</u>	<u>7,635,222</u>	<u>7,717,308</u>
Other financing sources (uses)			
Transfer to Capital Project funds	(2,506,633)	-	2,506,633
Capital lease obligations issued	-	-	-
Total other financing sources	<u>(2,506,633)</u>	<u>-</u>	<u>2,506,633</u>
Fund balance appropriated	<u>2,588,719</u>	<u>-</u>	<u>(2,588,719)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>7,635,222</u>	<u>7,635,222</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 7,635,222	
Reconciling items:			
Capital outlay		1,491,515	
Principal retirement		1,254,968	
Capital lease obligations issued		-	
Increase in accrued vacation pay		(10,642)	
Decrease in deferred outflows of resources - pensions		(80,783)	
Decrease in net pension liability		447,268	
Increase in deferred inflows of resources - pensions		(249,057)	
Increase in deferred outflows of resources - OPEB		3,249	
Increase in deferred inflows of resources - OPEB		(5,641)	
Decrease in OPEB liability		270	
Depreciation & Amortization Estimate		(3,944,938)	
Transfer to Capital Project Funds		-	
Interest income from Capital Projects Fund		<u>8</u>	
Total Reconciling items		<u>(1,093,783)</u>	
Change in net position		<u>\$ 6,541,439</u>	

**TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND -
AMI PROJECT**

Exhibit C-2

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to date	Variance Positive (Negative)
REVENUES					
Interest earnings	\$ -	\$ 40,094	\$ 8	\$ 40,102	\$ 40,102
Total revenues	<u>-</u>	<u>40,094</u>	<u>8</u>	<u>40,102</u>	<u>40,102</u>
EXPENDITURES:					
Construction	3,515,467	3,280,021	-	3,280,021	235,446
Closing fees	34,743	34,743	-	34,743	-
Technical Services	183,205	176,674	-	176,674	6,531
Contingency	87,393	8,178	-	8,178	79,215
Total expenditures	<u>3,820,808</u>	<u>3,499,616</u>	<u>-</u>	<u>3,499,616</u>	<u>321,192</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,820,808)</u>	<u>\$ (3,459,522)</u>	<u>\$ 8</u>	<u>\$ (3,459,514)</u>	<u>\$ 361,294</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	500,000	500,000	-	500,000	-
Proceeds from installment purchase	<u>3,320,808</u>	<u>3,320,808</u>	<u>-</u>	<u>3,320,808</u>	<u>-</u>
Total other financing sources	<u>3,820,808</u>	<u>3,820,808</u>	<u>-</u>	<u>3,820,808</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 361,286</u>	<u>\$ 8</u>	<u>\$ 361,294</u>	<u>\$ 361,294</u>
Fund balance, beginning			<u>361,286</u>		
Fund balance, ending			<u>\$ 361,294</u>		

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND -
SAM'S BRANCH WATER RECLAMATION FACILITY
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit C-3

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Grant revenue	\$ 5,159,500	\$ -	\$ -	\$ -	\$ (5,159,500)
Interest earnings	-	600	-	600	600
Total revenues	<u>5,159,500</u>	<u>600</u>	<u>-</u>	<u>600</u>	<u>(5,158,900)</u>
EXPENDITURES:					
Professional services	14,200,000	3,868,424	6,904,053	10,772,477	3,427,523
Construction	87,949,418	19,968	13,711,210	13,731,178	74,218,240
Easement Acquisition	292,000	33,025	185,725	218,750	73,250
Closing Fees	2,500,000	418,830	1,600,000	2,018,830	481,170
Design	2,500,000	241,055	-	241,055	2,258,945
Nitrogen Capacity	13,658,582	13,658,582	-	13,658,582	-
Total expenditures	<u>121,100,000</u>	<u>18,239,884</u>	<u>22,400,988</u>	<u>40,640,872</u>	<u>80,459,128</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (115,940,500)</u>	<u>\$ (18,239,284)</u>	<u>\$ (22,400,988)</u>	<u>\$ (40,640,272)</u>	<u>\$ (85,618,028)</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	3,550,000	3,550,000	-	3,550,000	-
Proceeds from revenue bond	<u>112,390,500</u>	<u>15,000,000</u>	<u>10,644,786</u>	<u>25,644,786</u>	<u>(86,745,714)</u>
Total other financing sources	<u>115,940,500</u>	<u>18,550,000</u>	<u>10,644,786</u>	<u>29,194,786</u>	<u>(86,745,714)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 310,716</u>	<u>\$ (11,756,202)</u>	<u>\$ (11,445,486)</u>	<u>\$ (11,445,486)</u>
Fund balance, beginning			<u>310,716</u>		
Fund balance, ending			<u>\$ (11,445,486)</u>		

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND -
LITTLE CREEK OUTFALL SEWER LINE
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit C-4

	Project Authorization	Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
Professional services	123,000	21,886	51,086	72,972	50,028
Sewer line improvements	1,420,000	27,244	1,020,309	1,047,553	372,447
Contingency	385,750	1,710	1	1,711	384,039
Total expenditures	<u>1,928,750</u>	<u>50,840</u>	<u>1,071,396</u>	<u>1,122,236</u>	<u>806,514</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$(1,928,750)</u>	<u>\$ (50,840)</u>	<u>\$(1,071,396)</u>	<u>\$(1,122,236)</u>	<u>\$ 806,514</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	<u>1,928,750</u>	<u>1,928,750</u>	<u>-</u>	<u>1,928,750</u>	<u>-</u>
Total other financing sources	<u>1,928,750</u>	<u>1,928,750</u>	<u>-</u>	<u>1,928,750</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ 1,877,910</u>	<u>\$(1,071,396)</u>	<u>\$ 806,514</u>	<u>\$ 806,514</u>
Fund balance, beginning			<u>1,877,910</u>		
Fund balance, ending			<u>\$ 806,514</u>		

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**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2022**

	2022		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Operating revenues:			
Electricity sales	\$ -	\$ 14,882,426	\$ -
Connection fees	-	83,067	-
Penalties	-	350,182	-
Total	<u>14,825,274</u>	<u>15,315,675</u>	<u>490,401</u>
Other operating revenues	176,600	193,778	17,178
Total operating revenues	<u>15,001,874</u>	<u>15,509,453</u>	<u>507,579</u>
Nonoperating revenues:			
Investment earnings	-	7,389	-
Damage reimbursement	-	11,856	-
Miscellaneous	-	141,855	-
Total nonoperating revenues	<u>48,500</u>	<u>161,100</u>	<u>112,600</u>
Total revenues	<u>15,050,374</u>	<u>15,670,553</u>	<u>620,179</u>
EXPENDITURES:			
Electric operations:			
Electric power purchased	-	10,422,288	-
Salaries and employee benefits	-	1,052,346	-
Contracted maintenance	-	432,693	-
Vehicle maintenance	-	56,438	-
Load control expense	-	48,405	-
Bad Debt expense	-	65,371	-
Other operating expenditures	-	489,448	-
Total electric operations	<u>12,567,698</u>	<u>12,566,989</u>	<u>709</u>
Debt service:			
Principal	-	452,045	-
Interest	-	120,030	-
Total debt service	<u>572,075</u>	<u>572,075</u>	<u>-</u>
Capital outlay	<u>1,642,111</u>	<u>1,363,889</u>	<u>278,222</u>
Reimbursement - General Fund:			
Taxes	77,553	77,553	-
Support services	<u>1,237,333</u>	<u>1,237,333</u>	<u>-</u>
Total reimbursement	<u>1,314,886</u>	<u>1,314,886</u>	<u>-</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2022**

	2022		Variance Positive (Negative)
	Budget	Actual	
Total expenditures	<u>16,096,770</u>	<u>15,817,839</u>	<u>278,931</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,046,396)</u>	<u>\$ (147,286)</u>	<u>\$ 899,110</u>
Other financing sources (uses)			
Transfer to Capital Project Fund	-	-	-
Debt issuance	<u>383,100</u>	<u>-</u>	<u>(383,100)</u>
Total other financing sources	<u>383,100</u>	<u>-</u>	<u>(383,100)</u>
Fund balance appropriated	<u>663,296</u>	<u>-</u>	<u>(663,296)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(147,286)</u>	<u>(147,286)</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ (147,286)	
Reconciling items:			
Capital outlay		1,363,889	
Principal retirement		452,045	
Decrease in accrued vacation pay		6,341	
Increase in deferred outflows of resources - pensions		189,119	
Decrease in net pension liability		146,424	
Increase in deferred inflows of resources - pensions		(391,115)	
Increase in deferred outflows of resources - OPEB		-	
Increase in deferred inflows of resources - OPEB		(6,758)	
Increase in OPEB liability		(11,282)	
Depreciation		(831,239)	
Interest income from Capital Project Fund		2	
Transfer to Capital Project Fund		<u>-</u>	
Total Reconciling items		<u>917,426</u>	
Change in net position		<u>\$ 770,140</u>	

TOWN OF CLAYTON, NORTH CAROLINA
ELECTRIC CAPITAL PROJECTS FUND -
ELECTRIC RATE STABILIZATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit C-6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):					
Transfers from (to) other funds:					
Electric Fund	-	243,546	-	243,546	243,546
Total other financing sources (uses)	-	243,546	-	243,546	243,546
Revenues over other financing sources (uses)	<u>\$ -</u>	<u>\$ 243,546</u>	\$ -	<u>\$ 243,546</u>	<u>\$ 243,456</u>
Fund balance, beginning			<u>243,546</u>		
Fund balance, ending			<u>\$ 243,546</u>		

ELECTRIC CAPITAL PROJECTS FUND -

AMI PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to date	Variance Positive (Negative)
REVENUES					
Interest earnings	\$ -	\$ 20,211	\$ 2	\$ 20,213	\$ 20,213
Total revenues	-	20,211	2	20,213	20,213
EXPENDITURES:					
Construction	1,458,083	1,425,299	-	1,425,299	32,784
Closing fees	17,568	17,568	-	17,568	-
Technical Services	139,765	139,757	-	139,757	8
Contingency	63,776	5,922	-	5,922	57,854
Total expenditures	1,679,192	1,588,546	-	1,588,546	90,646
REVENUES OVER (UNDER) EXPENDITURES					
	\$ (1,679,192)	\$ (1,568,335)	\$ 2	\$ (1,568,333)	\$ 110,859
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Electric fund	-	-	-	-	-
Proceeds from installment purchase	1,679,192	1,679,192	-	1,679,192	-
Total other financing sources	1,679,192	1,679,192	-	1,679,192	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES					
	\$ -	\$ 110,857	\$ 2	\$ 110,859	\$ 110,859
Fund balance, beginning			110,857		
Fund balance, ending			\$ 110,859		

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Fiduciary Fund

Fiduciary Funds are used to account for assets held by the Town as an agent for individual and/or other governments.

Custodial Fund

Claytex Fire District – This fund accounts for taxes assessed from taxpayers in a special area for fire services for that area.

TOWN OF CLAYTON, NORTH CAROLINA
CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2022

Exhibit D-1

	<u>Claytex Fire District Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS		
Property taxes collected for other governments	<u>\$ 2,370,265</u>	<u>\$ 2,370,265</u>
Total additions	<u>2,370,265</u>	<u>2,370,265</u>
DEDUCTIONS		
Property taxes distributed to other governments	<u>3,302,351</u>	<u>3,302,351</u>
Net increase (decrease) in fiduciary net position	<u>(932,086)</u>	<u>(932,086)</u>
Net position, beginning	<u>934,983</u>	<u>934,983</u>
Net position, ending	<u>\$ 2,897</u>	<u>\$ 2,897</u>

Other Schedules

This section contains additional information on property taxes.

- *Schedule of Ad Valorem Taxes Receivable*
- *Analysis of Current Tax Levy*

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2022

Exhibit E-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 17,336,895	\$ 17,330,261	\$ 6,634
2020-2021	10,020	-	8,002	2,019
2019-2020	4,214	-	780	3,433
2018-2019	676	-	-	676
2017-2018	348	-	7	342
2016-2017	547	-	-	547
2015-2016	132	-	-	132
2014-2015	194	-	-	194
2013-2014	3,582	-	22	3,560
2012-2013	6,691	-	-	6,691
2011-2012	5,965	-	202	5,763
	<u>\$ 32,368</u>	<u>\$ 17,336,895</u>	<u>\$ 17,339,274</u>	<u>\$ 29,989</u>
Less: Allowance for uncollectible accounts General Fund				<u>8,300</u>
Ad valorem taxes receivable - net				<u>\$ 21,689</u>
Reconciliation with revenues				
Ad valorem taxes - General Fund				<u>\$ 17,277,659</u>
Reconciling items:				
Interest collected				(35,211)
EDIG Rebate				3,981
Releases/adjustments				<u>92,846</u>
Subtotal				<u>61,615</u>
Total collections and credits				<u>\$ 17,339,274</u>

TOWN OF CLAYTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2022

Exhibit E-2

	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$2,956,353,455	\$0.580	\$17,146,850	\$15,541,590	\$1,605,260
Penalties	-		-	-	-
Total	<u>2,956,353,455</u>		<u>17,146,850</u>	<u>15,541,590</u>	<u>1,605,260</u>
Discoveries:					
Current years taxes	28,386,393	0.580	164,641	164,641	-
Prior year taxes	4,410,421	0.576	25,404	25,404	-
Total	<u>32,796,814</u>		<u>190,045</u>	<u>190,045</u>	<u>-</u>
Abatements:					
Current years taxes	(8,005,876)		(46,434)	(33,965)	(12,469)
Total	<u>(8,005,876)</u>		<u>(46,434)</u>	<u>(33,965)</u>	<u>(12,469)</u>
Total property valuation	<u>\$2,981,144,393</u>				
Net levy			17,290,461	15,697,670	1,592,791
Uncollected taxes at June 30, 2022			6,634	6,634	-
Current year's taxes collected			<u>\$17,283,827</u>	<u>\$15,691,036</u>	<u>\$1,592,791</u>
Current levy collection percentage			<u>99.96%</u>	<u>99.96%</u>	<u>100.00%</u>

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STATISTICAL SECTION

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

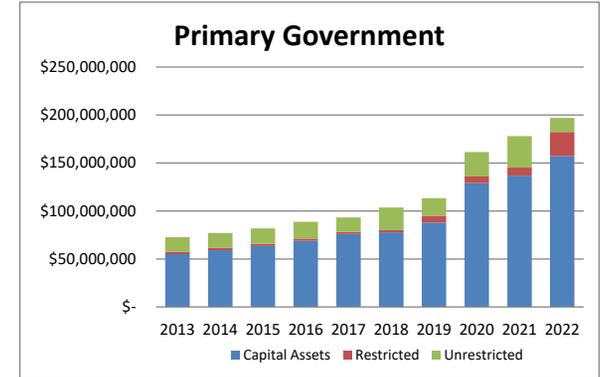
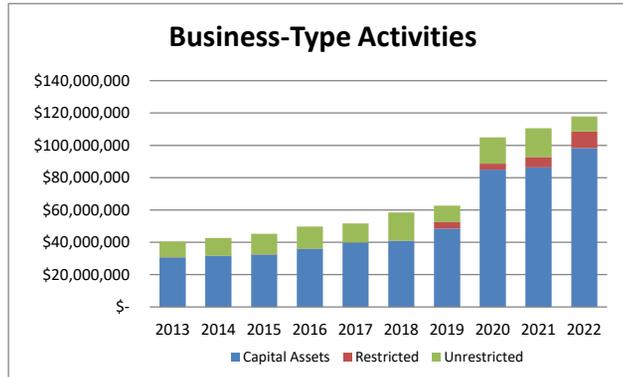
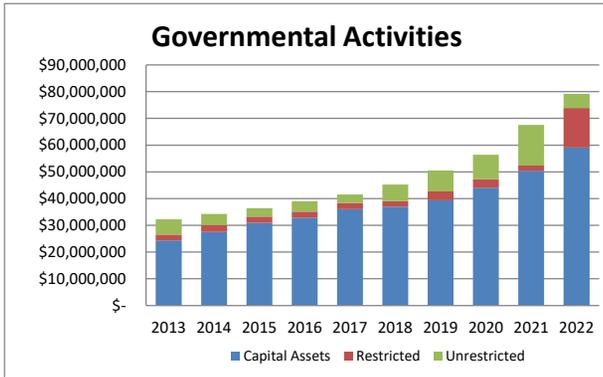
Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	93
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	101
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	106
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	111
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	113

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



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

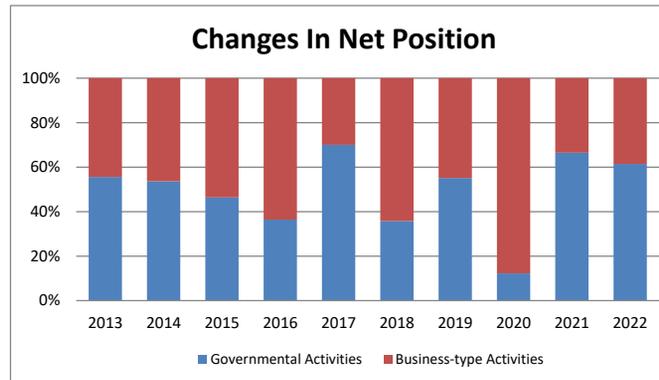
	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 59,099,384	\$ 50,416,138	\$ 44,095,514	\$ 39,351,889	\$ 36,938,149	\$ 36,048,100	\$ 32,865,035	\$ 30,927,939	\$ 27,537,113	\$ 24,372,799
Restricted	14,815,825	2,000,914	3,153,270	3,328,835	2,144,165	2,302,440	2,290,128	2,303,842	2,634,979	2,118,449
Unrestricted	5,251,499	15,107,663	9,191,503	7,853,848	6,203,099	3,164,842	3,822,365	3,223,941	4,054,858	5,790,979
Total governmental activities net position	\$ 79,166,708	\$ 67,524,715	\$ 56,440,287	\$ 50,534,572	\$ 45,285,413	\$ 41,515,382	\$ 38,977,528	\$ 36,455,722	\$ 34,226,950	\$ 32,282,227
Business-type activities										
Net investment in capital assets	\$ 98,228,885	\$ 86,331,588	\$ 84,955,366	\$ 48,507,170	\$ 40,877,732	\$ 39,859,166	\$ 36,054,238	\$ 32,475,825	\$ 31,662,302	\$ 30,650,069
Restricted	10,235,468	6,377,501	3,668,433	3,887,548	60,512	28,796	21,284	13,772	6,260	208,893
Unrestricted	9,428,788	17,872,473	16,365,993	10,282,816	17,465,086	11,747,111	13,640,929	12,824,829	11,074,945	9,569,310
Total business-type activities net position	\$ 117,893,141	\$ 110,581,562	\$ 104,989,792	\$ 62,677,534	\$ 58,403,330	\$ 51,635,073	\$ 49,716,451	\$ 45,314,426	\$ 42,743,507	\$ 40,428,272
Primary government										
Net investment in capital assets	\$ 157,328,269	\$ 136,747,726	\$ 129,050,880	\$ 87,859,059	\$ 77,815,881	\$ 75,907,266	\$ 68,919,273	\$ 63,403,764	\$ 59,199,415	\$ 55,022,868
Restricted	25,051,293	8,378,415	6,821,703	7,216,383	2,204,677	2,331,236	2,311,412	2,317,614	2,641,239	2,327,342
Unrestricted	14,680,287	32,980,136	25,557,496	18,136,664	23,668,185	14,911,953	17,463,294	16,048,770	15,129,803	15,360,289
Total primary government net position	\$ 197,059,849	\$ 178,106,277	\$ 161,430,079	\$ 113,212,106	\$ 103,688,743	\$ 93,150,455	\$ 88,693,979	\$ 81,770,148	\$ 76,970,457	\$ 72,710,499



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

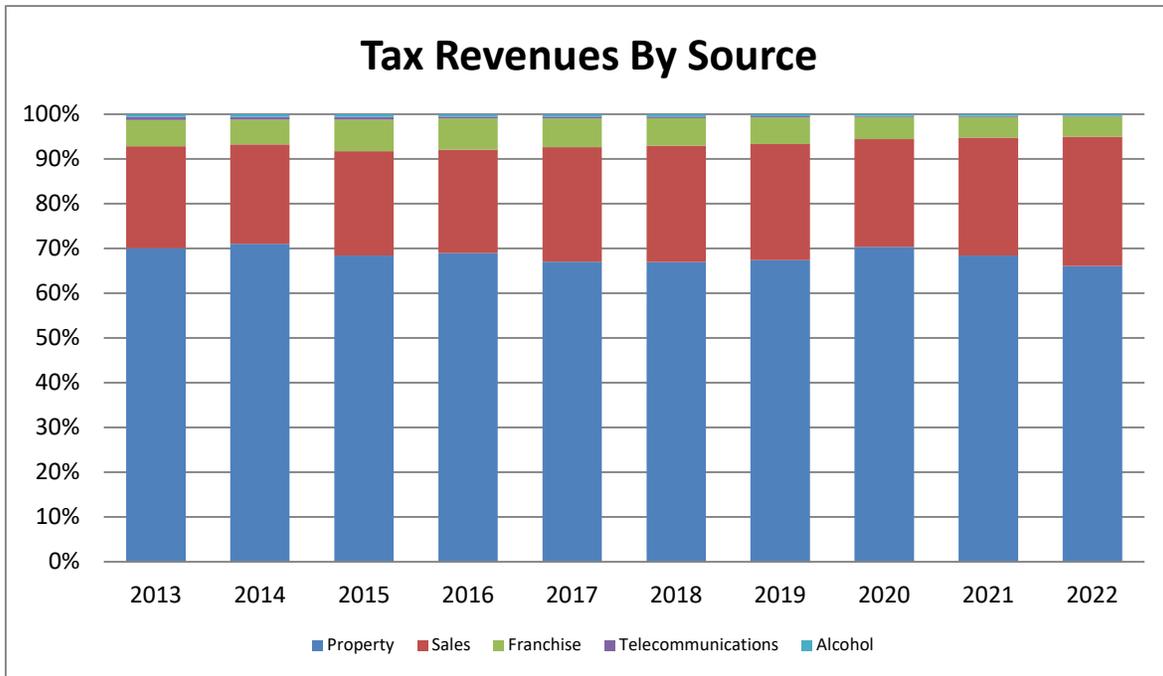
Expenses	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
General government	\$ 4,984,221	\$ 5,976,154	\$ 5,387,470	\$ 4,367,920	\$ 3,364,206	\$ 3,073,268	\$ 3,444,798	\$ 2,937,295	\$ 3,349,078	\$ 2,889,392
Public safety	10,777,094	9,635,098	9,067,727	8,316,755	7,598,194	7,182,282	6,688,430	6,477,802	6,159,070	5,870,952
Public works	5,955,153	6,796,621	6,363,541	5,571,092	4,566,117	4,147,262	4,230,893	4,139,308	3,583,516	3,438,151
Culture and recreation	4,755,756	3,814,011	3,625,066	3,246,162	2,880,502	2,957,396	2,793,931	2,583,676	2,259,979	2,147,576
Interest on long-term debt	280,480	300,165	332,641	365,056	396,619	420,924	810,830	669,335	705,993	832,444
Total governmental activities expenses	26,752,704	26,522,049	24,776,445	21,866,985	18,805,638	17,781,132	17,968,882	16,807,416	16,057,636	15,178,515
Business-type activities:										
Water and sewer	21,137,725	20,457,981	17,004,328	17,037,703	15,346,202	10,498,489	9,356,037	7,888,466	7,759,838	7,121,581
Electric	14,900,415	13,469,021	13,561,134	13,377,331	12,410,909	12,530,970	11,497,617	12,179,229	12,732,649	12,427,570
Total business-type activities expenses	36,038,140	33,927,002	30,565,462	30,415,034	27,757,111	23,029,459	20,853,654	20,067,695	20,492,487	19,549,151
Total primary government expenses	\$ 62,790,844	\$ 60,449,051	\$ 55,341,907	\$ 52,282,019	\$ 46,562,749	\$ 40,810,591	\$ 38,822,536	\$ 36,875,111	\$ 36,550,123	\$ 34,727,666
 Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 824,813	\$ 1,642,259	\$ 1,591,581	\$ 1,641,798	\$ 1,250,252	\$ 1,266,885	\$ 900,372	\$ 743,379	\$ 1,012,842	\$ 670,300
Public safety	17,746	17,213	20,904	21,476	20,247	17,580	20,917	19,121	18,915	28,944
Public works	3,657,065	2,360,439	2,150,029	1,823,865	1,676,710	1,617,747	1,543,930	1,448,472	1,392,393	1,374,227
Culture and recreation	1,424,653	841,669	805,908	1,055,759	912,104	924,783	900,797	682,981	462,402	664,432
Operating grants and contributions	3,923,294	4,113,936	2,423,920	2,517,987	1,412,842	1,796,504	1,782,270	1,522,362	1,117,363	1,023,369
Captial grants and contributions	1,054,584	3,634,970	646,107	1,001,654	530,084	1,166,222	595,913	773,379	1,793,819	1,588,744
Total governmental activities program revenues	10,902,155	12,610,486	7,638,449	8,062,539	5,802,239	6,789,721	5,744,199	5,189,694	5,797,734	5,350,016
Business-type activities:										
Charges for services:										
Water and sewer	21,969,262	20,183,707	16,583,956	12,155,613	10,698,487	9,555,071	8,915,619	8,221,760	7,784,396	7,716,133
Electric	15,315,675	14,814,990	13,822,889	14,260,363	13,408,809	12,808,389	12,257,935	12,617,614	12,510,816	12,185,913
Operating grants and contributions	1,546,737	1,309,629	1,515,994	1,119,517	955,519	794,406	707,079	363,774	308,526	335,072
Captial grants and contributions	-	-	657,708	2,242,865	312,696	-	941,142	-	293,551	479,412
Total business-type activities program revenues	38,831,674	36,308,326	32,580,547	29,778,358	25,375,511	23,157,866	22,821,775	21,203,148	20,897,289	20,716,530
Total primary government program revenues	\$ 49,733,829	\$ 48,918,812	\$ 40,218,996	\$ 37,840,897	\$ 31,177,750	\$ 29,947,587	\$ 28,565,974	\$ 26,392,842	\$ 26,695,023	\$ 26,066,546

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (expense) revenue										
Governmental activities	\$(15,850,549)	\$(13,911,563)	\$(17,137,996)	\$(13,804,446)	\$(13,003,399)	\$(10,991,411)	\$(12,224,683)	\$(11,617,722)	\$(10,259,902)	\$(9,828,499)
Business-type activities	2,793,534	2,381,324	2,015,085	(636,676)	(2,381,600)	128,407	1,968,121	1,135,453	404,802	1,167,379
Total primary government net (expense) revenue	<u>\$(13,057,015)</u>	<u>\$(11,530,239)</u>	<u>\$(15,122,911)</u>	<u>\$(14,441,122)</u>	<u>\$(15,384,999)</u>	<u>\$(10,863,004)</u>	<u>\$(10,256,562)</u>	<u>\$(10,482,269)</u>	<u>\$(9,855,100)</u>	<u>\$(8,661,120)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 17,855,250	\$ 16,904,303	\$ 15,595,683	\$ 12,335,657	\$ 10,713,528	\$ 10,160,122	\$ 9,722,227	\$ 8,791,837	\$ 8,569,899	\$ 8,049,338
Other taxes	8,819,889	7,524,950	6,248,790	5,721,185	5,208,184	4,904,578	4,281,555	3,961,445	2,690,464	2,594,116
Unrestricted intergovernmental revenues	488,947	418,523	422,305	391,933	392,041	388,786	397,071	497,693	1,574,480	1,599,609
Investment earnings	76,714	7,992	284,346	416,160	199,182	67,863	32,758	6,427	10,784	22,805
Miscellaneous	251,742	140,223	242,587	188,670	260,495	168,172	312,878	589,092	308,148	520,956
Transfers	-	-	250,000	-	-	-	-	-	-	685,692
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>27,492,542</u>	<u>24,995,991</u>	<u>23,043,711</u>	<u>19,053,605</u>	<u>16,773,430</u>	<u>15,689,521</u>	<u>14,746,489</u>	<u>13,846,494</u>	<u>13,153,775</u>	<u>13,472,516</u>
Business-type activities										
Investment earnings	11,052	9,601	119,849	74,930	48,381	26,916	14,362	4,215	7,026	10,761
Miscellaneous	4,506,993	3,200,845	7,469,798	4,835,950	9,101,476	1,856,607	2,419,542	1,431,251	2,085,958	2,421,613
Special Items	-	-	32,957,526	-	-	-	-	-	-	-
Transfers	-	-	(250,000)	-	-	-	-	-	-	(685,692)
Total business-type activities	<u>4,518,045</u>	<u>3,210,446</u>	<u>40,297,173</u>	<u>4,910,880</u>	<u>9,149,857</u>	<u>1,883,523</u>	<u>2,433,904</u>	<u>1,435,466</u>	<u>2,092,984</u>	<u>1,746,682</u>
Total primary government	<u>\$ 32,010,587</u>	<u>\$ 28,206,437</u>	<u>\$ 63,340,884</u>	<u>\$ 23,964,485</u>	<u>\$ 25,923,287</u>	<u>\$ 17,573,044</u>	<u>\$ 17,180,393</u>	<u>\$ 15,281,960</u>	<u>\$ 15,246,759</u>	<u>\$ 15,219,198</u>
Changes in Net Position										
Governmental activities	\$ 11,641,993	\$ 11,084,428	\$ 5,905,715	\$ 5,249,159	\$ 3,770,031	\$ 4,698,110	\$ 2,521,806	\$ 2,228,772	\$ 2,893,873	\$ 3,644,017
Business-type activities	7,311,579	5,591,770	42,312,258	4,274,204	6,768,257	2,011,930	4,402,025	2,570,919	2,497,786	2,914,061
Total primary government	<u>\$ 18,953,572</u>	<u>\$ 16,676,198</u>	<u>\$ 48,217,973</u>	<u>\$ 9,523,363</u>	<u>\$ 10,538,288</u>	<u>\$ 6,710,040</u>	<u>\$ 6,923,831</u>	<u>\$ 4,799,691</u>	<u>\$ 5,391,659</u>	<u>\$ 6,558,078</u>



Town of Clayton
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

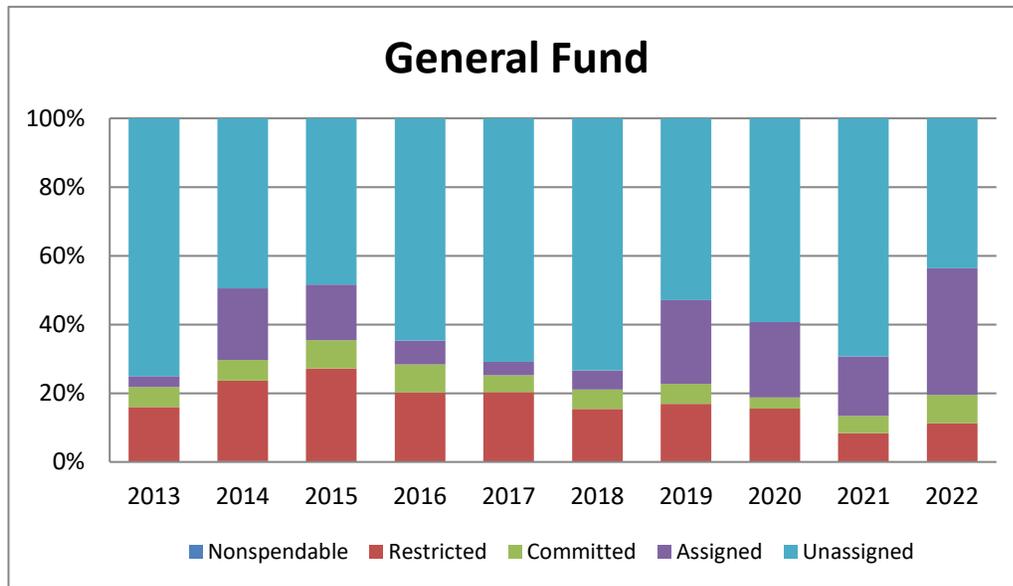
<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Telecommunications Tax</u>
2022	\$ 17,277,659	\$ 7,552,625	\$ 1,177,559	\$ 105,241	\$ 30,670
2021	16,428,297	6,312,013	1,121,733	99,297	41,775
2020	14,957,537	5,122,598	1,046,673	91,002	41,706
2019	11,920,879	4,585,262	1,038,688	86,900	51,265
2018	10,636,590	4,125,965	977,539	84,144	55,927
2017	10,084,003	3,845,911	959,773	84,946	60,971
2016	9,633,212	3,227,971	968,093	76,300	61,453
2015	8,741,219	2,978,962	903,237	81,919	73,073
2014	8,587,613	2,690,464	665,640	72,303	76,060
2013	7,984,694	2,594,116	674,211	66,364	78,472



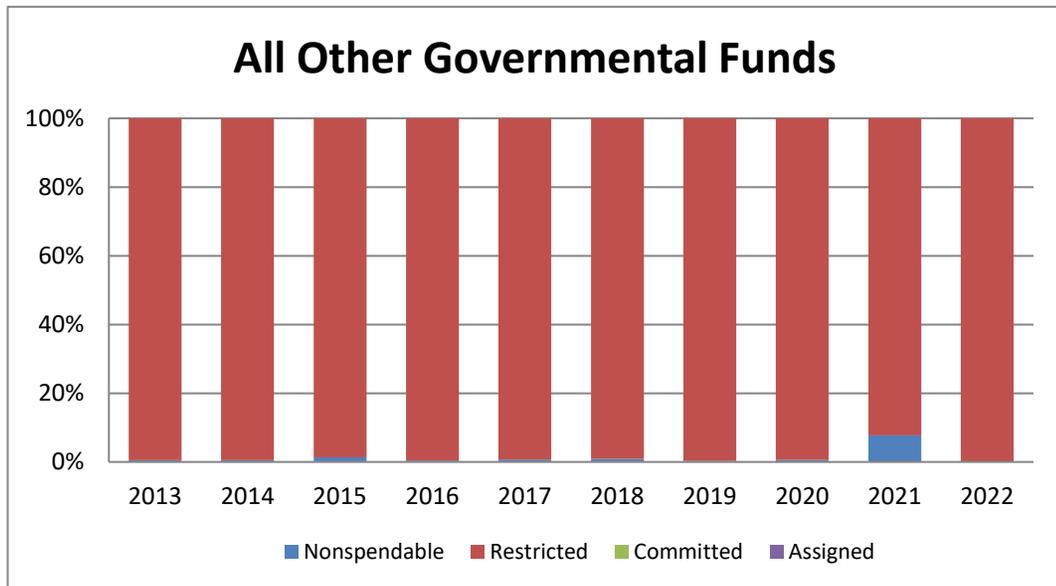
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**Town of Clayton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2022	2021	2020	2019
General Fund				
Nonspendable	\$ 36,200	\$ 20,051	\$ 3,811	\$ 6,244
Restricted	2,839,395	1,958,779	2,631,868	2,441,536
Committed	2,080,522	1,159,469	551,053	844,401
Assigned	9,371,041	4,068,519	3,725,054	3,516,728
Unassigned	11,110,765	16,270,223	10,078,366	7,646,406
Total general fund	\$ 25,437,923	\$ 23,477,041	\$ 16,990,152	\$ 14,455,315
All Other Governmental Funds				
Nonspendable	\$ 3,248	\$ 3,248	\$ 3,247	\$ 3,247
Restricted	12,452,886	38,887	518,155	884,052
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	\$ 12,456,134	\$ 42,135	\$ 521,402	\$ 887,299



Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 19,513	\$ 8,961	\$ 12,448	\$ 13,870	\$ 19,979	\$ 15,908
1,787,532	1,833,924	1,548,805	2,059,911	1,987,897	1,343,811
666,673	449,090	626,954	626,955	510,568	494,918
642,777	349,852	538,443	1,237,421	1,761,509	262,304
8,603,469	6,440,869	4,979,718	3,694,249	4,194,760	6,378,452
<u>\$ 11,719,964</u>	<u>\$ 9,082,696</u>	<u>\$ 7,706,368</u>	<u>\$ 7,632,406</u>	<u>\$ 8,474,713</u>	<u>\$ 8,495,393</u>
\$ 3,246	\$ 3,245	\$ 3,244	\$ 3,244	\$ 3,242	\$ 3,234
353,387	465,271	738,079	240,687	643,840	653,964
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 356,633</u>	<u>\$ 468,516</u>	<u>\$ 741,323</u>	<u>\$ 243,931</u>	<u>\$ 647,082</u>	<u>\$ 657,198</u>



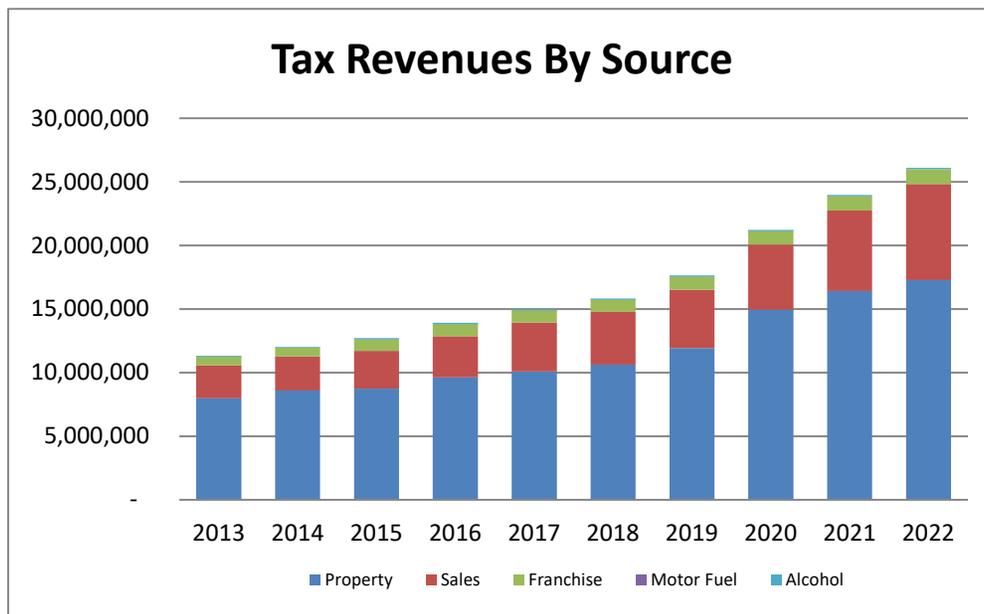
Town of Clayton
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2022	2021	2020	2019
Revenues				
Taxes	\$ 17,277,659	\$ 16,428,297	\$ 14,957,537	\$ 11,920,879
Licenses and permits	3,611,962	2,855,898	2,539,375	2,343,627
Intergovernmental	14,237,877	15,574,258	9,650,691	9,560,774
Charges for services	2,946,467	2,712,023	2,641,797	2,686,465
Investment earnings	76,714	7,992	284,346	416,160
Miscellaneous	251,742	140,222	242,587	188,670
Total revenues	<u>38,402,421</u>	<u>37,718,690</u>	<u>30,316,333</u>	<u>27,116,575</u>
Expenditures				
General government	6,343,767	4,501,701	3,987,376	3,700,891
Public safety	9,979,156	8,922,644	8,432,002	7,788,507
Public works	5,224,365	6,153,643	5,780,917	5,015,247
Culture and recreation	4,203,649	3,377,330	3,160,689	2,764,963
Capital outlay	9,796,884	8,023,206	5,399,768	2,875,337
Debt Service				
Principal	3,379,394	1,304,000	1,304,000	1,340,557
Interest and other fees	280,480	300,165	332,641	365,056
Total expenditures	<u>39,207,695</u>	<u>32,582,689</u>	<u>28,397,393</u>	<u>23,850,558</u>
Excess of revenues over (under) expenditures	(805,274)	5,136,001	1,918,940	3,266,017
Other financing sources (uses)				
Transfers In (Out)	-	-	250,000	-
Proceeds from borrowings	-	871,621	-	-
Bonds issued	13,500,000	-	-	-
Premium on bonds issued	1,680,156	-	-	-
Capital leases	-	-	-	-
Fair market value of purchased property	-	-	-	-
Total other financing sources (uses)	<u>15,180,156</u>	<u>871,621</u>	<u>250,000</u>	<u>-</u>
Net changes in fund balances	<u>\$ 14,374,882</u>	<u>\$ 6,007,622</u>	<u>\$ 2,168,940</u>	<u>\$ 3,266,017</u>
Fund balances, beginning	23,519,176	17,511,554	15,342,614	12,076,597
Change in accounting principle	-	-	-	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>23,519,176</u>	<u>17,511,554</u>	<u>15,342,614</u>	<u>12,076,597</u>
Fund balances, ending	<u>\$ 37,894,058</u>	<u>\$ 23,519,176</u>	<u>\$ 17,511,554</u>	<u>\$ 15,342,614</u>
Debt service as a percentage of noncapital expenditures	12.44%	6.53%	7.12%	8.13%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 10,636,590	\$ 10,084,003	\$ 9,633,212	\$ 8,741,219	\$ 8,587,613	\$ 7,984,694
1,580,226	1,678,714	1,268,508	1,020,078	1,223,613	1,060,864
7,503,648	8,241,150	7,012,885	6,409,382	7,068,660	6,667,741
2,399,478	2,241,345	2,214,357	2,038,690	1,855,127	1,874,335
199,182	67,863	32,758	6,427	10,784	22,805
260,495	168,172	312,878	589,092	308,148	520,956
<u>22,579,619</u>	<u>22,481,247</u>	<u>20,474,598</u>	<u>18,804,888</u>	<u>19,053,945</u>	<u>18,131,395</u>
3,486,515	3,254,628	3,329,772	2,905,451	2,895,658	2,442,668
7,031,582	6,715,156	6,214,778	6,037,678	5,623,161	5,357,560
4,019,546	3,628,355	3,746,085	3,705,018	3,178,465	3,089,937
2,495,244	2,584,627	2,422,091	2,213,745	1,928,696	1,962,514
1,082,159	3,258,335	2,173,397	3,284,397	3,125,028	4,021,172
1,542,569	1,515,701	1,423,505	1,484,723	1,627,740	1,493,228
396,619	420,924	810,830	669,335	705,993	832,444
<u>20,054,234</u>	<u>21,377,726</u>	<u>20,120,458</u>	<u>20,300,347</u>	<u>19,084,741</u>	<u>19,199,523</u>
2,525,385	1,103,521	354,140	(1,495,458)	(30,796)	(1,068,128)
-	-	-	-	-	685,692
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	217,214	-	-	336,077
-	-	-	250,000	-	-
-	-	217,214	250,000	-	1,021,769
<u>\$ 2,525,385</u>	<u>\$ 1,103,521</u>	<u>\$ 571,354</u>	<u>\$ (1,245,458)</u>	<u>\$ (30,796)</u>	<u>\$ (46,359)</u>
9,551,212	8,447,691	7,876,337	9,121,795	9,152,591	9,198,950
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,551,212</u>	<u>8,447,691</u>	<u>7,876,337</u>	<u>9,121,795</u>	<u>9,152,591</u>	<u>9,198,950</u>
<u>\$ 12,076,597</u>	<u>\$ 9,551,212</u>	<u>\$ 8,447,691</u>	<u>\$ 7,876,337</u>	<u>\$ 9,121,795</u>	<u>\$ 9,152,591</u>
10.22%	10.69%	12.45%	12.66%	14.62%	15.32%

Town of Clayton
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax¹	Alcoholic Beverage Tax	Total
2022	\$ 17,277,659	\$ 7,552,625	\$ 1,177,559	\$ -	\$ 105,241	26,113,084
2021	16,428,297	6,312,013	1,121,733	362	99,297	23,961,702
2020	14,957,537 ²	5,122,598	1,046,673	396	91,002	21,218,206
2019	11,920,879	4,585,262	1,038,688	186	86,900	17,631,915
2018	10,636,590	4,125,965	977,539	841	84,144	15,825,079
2017	10,084,003	3,845,911	959,773	103	84,946	14,974,736
2016	9,633,212	3,227,971	968,093	88	76,300	13,905,664
2015	8,741,219	2,978,962	903,237	93	81,919	12,705,430
2014	8,587,613	2,690,464	665,640	26	72,303	12,016,046
2013	7,984,694	2,594,116	674,211	97	66,364	11,319,482

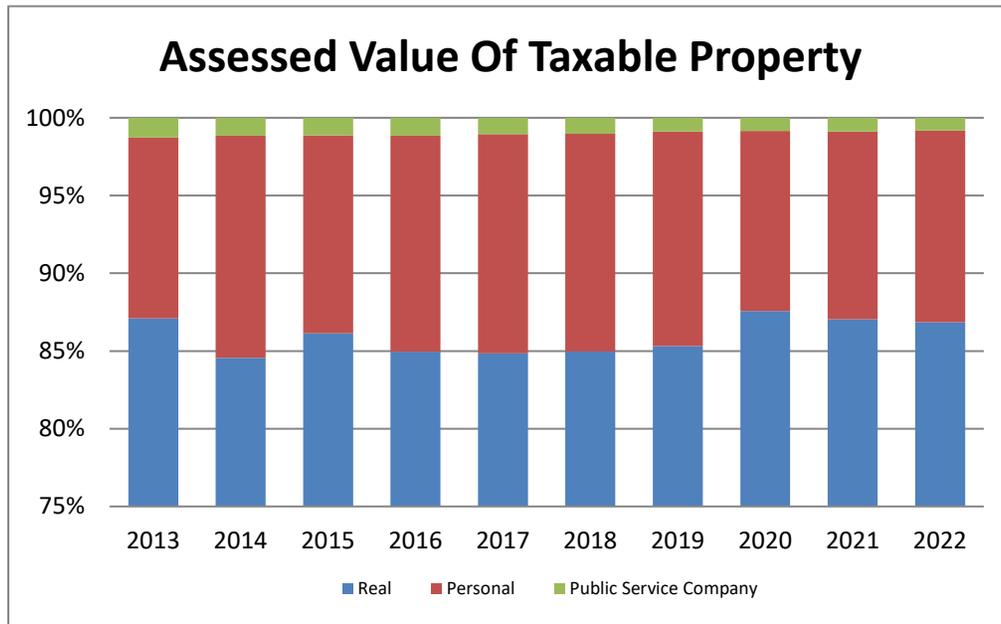


¹ Motor fuel tax repealed in 2003. Subsequent year revenues attributable to retail purchases.

² A significant portion of the increase is due to the revaluation.

Town of Clayton, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years

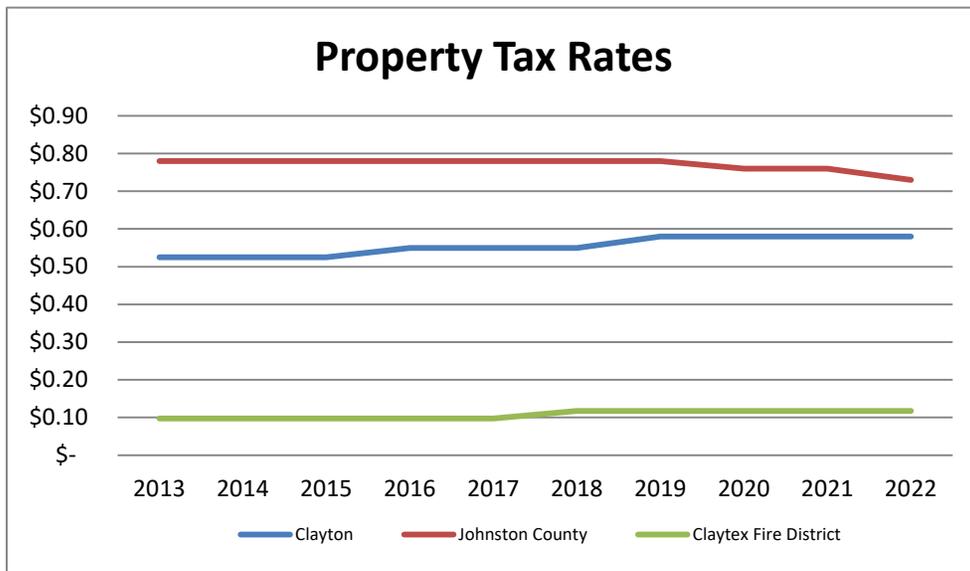
Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	Total Direct Tax Rate
2022	2,588,974,723	367,267,400	24,902,270	2,981,144,393	0.58
2021	2,441,355,213	338,920,499	24,661,303	2,804,937,015	0.58
2020	2,274,764,482	300,674,176	22,001,470	2,597,440,128	0.58
2019	1,763,711,859	285,177,973	18,487,222	2,067,377,054	0.58
2018	1,658,227,171	273,445,553	20,067,958	1,951,740,682	0.55
2017	1,576,886,523	261,978,308	19,555,947	1,858,420,778	0.55
2016	1,533,873,923	237,782,546	19,824,324	1,791,480,793	0.55
2015	1,454,430,248	214,972,791	19,009,889	1,688,412,928	0.525
2014	1,396,500,503	235,885,630	19,000,115	1,651,386,248	0.525
2013	1,350,711,655	180,096,314	19,831,496	1,550,639,465	0.525



Note: Assessed valuations are created at 100% of market value. Real property revaluation is required by state statute at least every eight years. 2019 was the last revaluation.

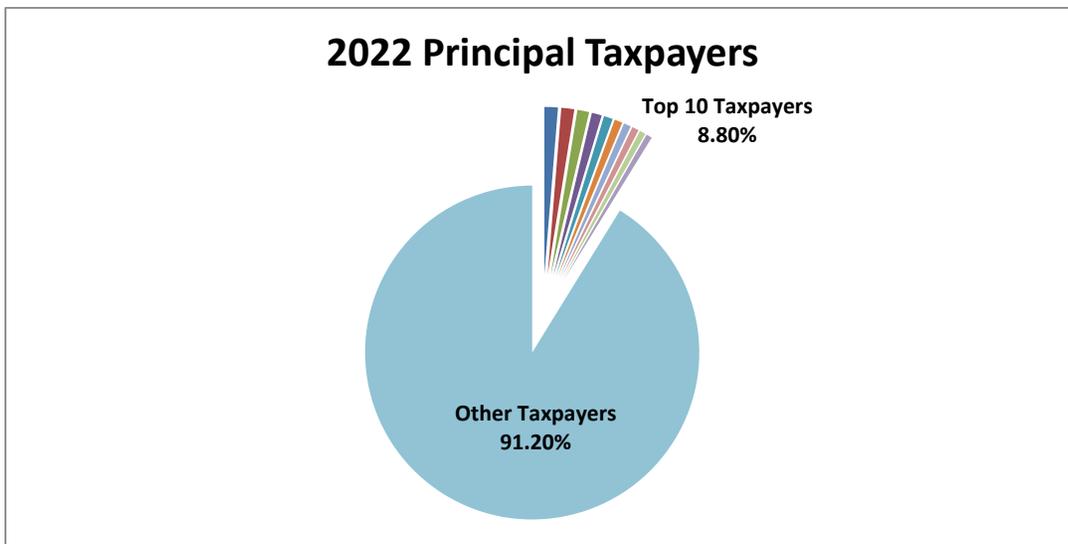
Town of Clayton
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Clayton Town-Wide Direct Rate</u>	<u>Overlapping Governments</u>		<u>Total Rate</u>
			<u>Johnston County Direct Rate</u>	<u>Claytex Fire District Direct Rate</u>	
2022	2021	0.58	0.73	0.1175	1.4275
2021	2020	0.58	0.76	0.1175	1.4575
2020	2019	0.58	0.76	0.1175	1.4575
2019	2018	0.58	0.78	0.1175	1.4775
2018	2017	0.55	0.78	0.1175	1.4475
2017	2016	0.55	0.78	0.0975	1.4275
2016	2015	0.55	0.78	0.0975	1.4275
2015	2014	0.525	0.78	0.0975	1.4025
2014	2013	0.525	0.78	0.0975	1.4025
2013	2012	0.525	0.78	0.0975	1.4025



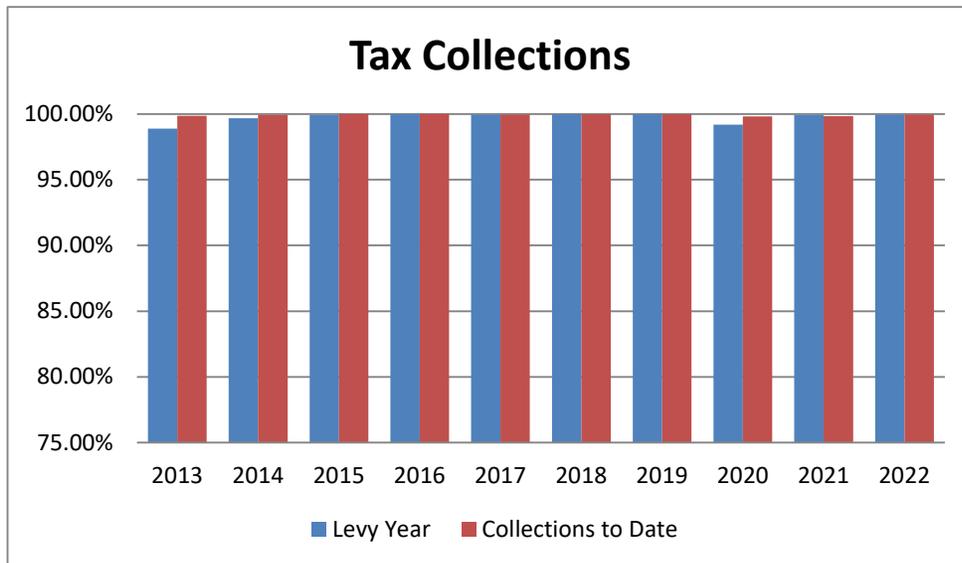
**Town of Clayton
Principal Property Taxpayers
June 30, 2022**

Taxpayer	2022			2013		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Stallings Mill Apartments LLC	38,612,060	1	1.30%			
LWB Clayton Apartments LLC	37,392,860	2	1.25%			
Amelia Station LLC	33,850,870	3	1.14%			
SIF CDC LLC	28,802,910	4	0.97%			
Clayton Multi-Family Investments LLC	25,880,940	5	0.87%			
Automatic Rolls of NC LLC	22,884,866	6	0.77%			
Amelia Village Phase I, LLC	20,745,090	7	0.70%			
AMH NC Properties, LP	19,781,430	8	0.66%			
3C Packaging & Elphick Properties	17,309,692	9	0.58%			
Parkside Village Invesrtors LLC	16,576,480	10	0.56%			
Crown Raleigh III LLC				47,237,597	1	3.05%
Automatic Rolls of NC LLC				36,400,232	2	2.35%
Fred Smith Companies				34,906,220	3	2.25%
Wal-Mart				16,032,301	4	1.03%
Amelia Village LLC				13,932,327	5	0.90%
3C Packaging & Elphick Properties				13,687,177	6	0.88%
DDRM Clayton Corners LLC				12,380,430	7	0.80%
Walthom Group				8,466,740	8	0.55%
Piedmont Natural Gas Company Inc				8,444,632	9	0.54%
Spinksville III LLC				8,116,320	10	0.52%
Totals	\$ 261,837,198		8.80%	\$ 199,603,976		12.87%
Total Assessed Value	\$ 2,981,144,393			\$ 1,550,639,465		



**Town of Clayton
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 17,290,461	\$ 17,283,827	99.96%	\$ -	\$ 17,283,827	99.96%
2021	16,268,199	16,258,179	99.94%	(13,989)	16,244,190	99.85%
2020	15,056,778	14,936,680	99.20%	94,744	15,031,424	99.83%
2019	11,990,375	11,989,044	99.99%	371	11,989,415	99.99%
2018	10,732,710	10,730,290	99.98%	1,779	10,732,069	99.99%
2017	10,220,594	10,215,865	99.95%	(316)	10,215,549	99.95%
2016	9,850,359	9,848,249	99.98%	2,226	9,850,475	100.00%
2015	8,864,881	8,858,872	99.93%	6,151	8,865,023	100.00%
2014	8,670,312	8,643,376	99.69%	22,128	8,665,504	99.94%
2013	8,141,032	8,050,222	98.88%	80,476	8,130,698	99.87%



¹ The table above reflects the total amount of delinquent taxes collected in each fiscal year.

Town of Clayton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Direct Placement Installments	General Obligation Bonds	Revenue Bonds	Direct Placement Installments			
2022	\$14,100,000	\$ 7,658,227	\$ -	\$23,799,412	\$ 16,946,959	\$ 62,504,598	N/A	275.95
2021	2,990,000	8,647,621	-	24,685,079	7,123,520	43,446,220	N/A	201.14
2020	3,380,000	8,690,000	-	25,511,746	7,222,559	44,804,305	N/A	214.03
2019	3,770,000	9,604,000	-	11,089,413	2,698,097	27,161,510	N/A	134.02
2018	4,160,000	10,554,557	-	11,794,079	3,224,479	29,733,115	N/A	151.15
2017	4,550,000	11,707,127	-	12,495,746	3,803,496	32,556,369	N/A	170.05
2016	4,940,000	12,832,828	-	7,426,746	4,425,183	29,624,757	N/A	159.56
2015	5,330,000	13,649,118	-	2,609,746	5,117,874	26,706,738	N/A	147.58
2014	5,720,000	14,743,841	-	2,109,746	6,141,836	28,715,423	N/A	161.54
2013	6,110,000	15,981,581	80,000	1,604,000	7,403,570	31,179,151	N/A	178.36

Note 1: Details on the town's outstanding debt can be found in the notes to the financial statements on pages 54-58.

¹ See Schedule of Demographic and Economic Statistics on page 111.

Town of Clayton, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Assessed Valuation ¹	Percent of Taxable Property	Per Capita ²
2022	\$14,100,000	\$2,981,144,393	0.47%	\$ 62.25
2021	2,990,000	2,597,440,128	0.12%	13.84
2020	3,380,000	2,067,377,054	0.16%	16.15
2019	3,770,000	1,951,740,682	0.19%	18.60
2018	4,160,000	1,858,420,778	0.22%	21.15
2017	4,550,000	1,791,480,793	0.25%	23.77
2016	4,940,000	1,688,412,928	0.29%	26.61
2015	5,330,000	1,651,386,248	0.32%	29.45
2014	5,720,000	1,550,639,465	0.37%	32.18
2013	6,190,000	1,504,446,886	0.41%	35.41

Note: See pages 54-58 in the notes to the financial statements for debt details.

¹ See Assessed Value of Taxable Property on page 102.

² See Demographic and Economic Statistics on page 111.

Town of Clayton, North Carolina
Computation of Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

Fiscal Year	Clayton			Johnston County			Town's Share of Debt
	Governmental Activities Debt Outstanding	Assessed Valuation	Percent Applicable to Town	General Obligation Bonds Outstanding ¹	Assessed Valuation ¹	Percentage Applicable to Town ²	
2022	\$21,758,227	\$2,981,144,393	100%	\$203,515,000	\$24,096,890,907	11.01%	\$44,164,121
2021	11,637,621	2,597,440,128	100%	227,475,000	22,073,956,462	10.53%	35,586,516
2020	12,070,000	2,067,377,054	100%	214,200,000	20,835,078,313	9.03%	31,405,576
2019	13,374,000	1,951,740,682	100%	217,065,000	17,037,920,647	10.28%	35,683,750
2018	14,714,557	1,858,420,778	100%	219,525,000	16,415,455,483	10.17%	37,039,860
2017	16,257,127	1,791,480,793	100%	242,970,000	15,755,331,025	10.21%	41,063,690
2016	17,772,828	1,688,412,928	100%	266,255,000	15,102,257,966	10.06%	44,546,528
2015	18,979,118	1,651,386,248	100%	263,270,000	14,403,354,135	10.29%	46,058,999
2014	20,463,841	1,550,639,465	100%	268,835,000	14,106,075,834	9.90%	47,089,232
2013	22,091,581	1,504,446,886	100%	271,075,000	13,648,061,592	9.93%	49,005,801

¹ Provided by Johnston County Finance Department.

² Determined by ratio of assessed value of property subject to taxation in Johnston County.

**Town of Clayton
 Legal Debt Margin Information
 Last Ten Fiscal Years**

	2022	2021	2020	2019
Debt limit	\$ 238,491,552	\$ 224,394,961	\$ 207,795,210	\$ 165,390,165
Total net debt applicable to limit	<u>21,758,227</u>	<u>11,637,621</u>	<u>12,070,000</u>	<u>13,374,000</u>
Legal debt margin	<u>\$ 216,733,325</u>	<u>\$ 212,757,340</u>	<u>\$ 195,725,210</u>	<u>\$ 152,016,165</u>
Total net debt applicable to the limit as a percentge of debt limit	9.12%	5.19%	5.81%	8.09%

Legal Debt Margin Calculation for Fiscal Year 2022

Total assessed value	\$ 2,981,144,393
Debt limit (8% of total assessed value)	238,491,552
Less general obligation debt	<u>(21,758,227)</u>
Legal debt margin	<u>\$ 216,733,325</u>

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 156,139,255	\$ 148,673,663	\$ 143,318,464	\$ 135,073,034	\$ 132,110,900	\$ 124,051,157
14,714,557	16,257,127	17,772,828	18,979,118	20,463,841	22,091,581
\$ 141,424,698	\$ 132,416,536	\$ 125,545,636	\$ 116,093,916	\$ 111,647,059	\$ 101,959,576
9.42%	10.93%	12.40%	14.05%	15.49%	17.81%

**Town of Clayton
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income	Median Age ¹	School Enrollment ²	Unemployment Rate ³
2022	226,504	N/A	N/A	38.40	37,592	3.7
2021	215,999	N/A	N/A	38.40	36,811	4.4
2020	209,339	N/A	N/A	38.10	37,411	6.7
2019	202,675	N/A	N/A	37.90	37,411	4.2
2018	196,708	N/A	N/A	37.90	36,306	3.9
2017	191,450	N/A	N/A	37.70	35,484	3.9
2016	185,660	N/A	N/A	37.00	35,484	4.7
2015	180,959	N/A	N/A	37.00	34,660	5.5
2014	177,758	N/A	N/A	37.00	33,341	5.7
2013	174,812	N/A	N/A	36.00	33,175	7.4

Note: Data not available for Town of Clayton. Johnston County data presented.

¹ US Census Bureau

² Johnston County School System

³ NC Department of Commerce

**Town of Clayton
Principal Employers
Current Year**

Rank	Top Employers - Johnston County	Industry	Employees	Percentage of County Employment ¹
1	Johnston County School System	Education	4,500 +	N/A
2	Grifols Therapeutics Inc	Manufacturing	1,500 +	N/A
3	Johnston Health	Health Services	1,500 +	N/A
4	Johnston County Government	Public Administration	1,000 +	N/A
5	Novo Nordisk Pharmaceutical	Manufacturing	1,000 +	N/A
6	Food Lion	Trade	1,000 +	N/A
7	Asplundh Tree Expert Co.	Professional & Business	1,000 +	N/A
8	Wal-Mart Associates Inc.	Trade	500-999	N/A
9	AAF Flanders	Manufacturing	500-999	N/A
10	Caterpillar Inc.	Manufacturing	500-999	N/A
Total County Employment			103,055 ²	

¹ Data not available for the Clayton. Percentage of County Employment isn't available.

² Source: North Carolina Department of Commerce.

Note: Nine year historical data unavailable.

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

Function	Full-time Equivalent Employees as of June 30									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government	64	44	42	41	41	43	39	33	35	37
Public safety										
Police										
Officers	54	49	46	46	42	43	43	42	42	42
Civilians	3	3	3	3	3	3	3	3	3	4
Fire										
Firefighters and officers	52	43	39	27	25	23	16	16	16	14
Civilians	2	2	1	1	1	0	1	1	1	1
Public works*	31	40	41	41	40	37	34	34	26	23
Culture and recreation	17	18	18	14	13	13	13	11	11	11
Water/Sewer	26	23	22	21	18	18	16	17	16	16
Electric	12	12	14	14	12	13	11	11	11	11
Total	<u>261</u>	<u>234</u>	<u>226</u>	<u>208</u>	<u>195</u>	<u>193</u>	<u>176</u>	<u>168</u>	<u>161</u>	<u>159</u>

*Property maintenance function was reassigned to General Government effective July 1, 2021.

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Town of Clayton
Operating Indicators by Function
Last Ten Fiscal Years

Function	2022	2021	2020	2019
Police				
Physical arrests	626	553	641	425
Traffic citations	1,813	2,178	2,963	2,664
Fire				
Number of fire calls answered	970	749	798	1,040
Number of EMS calls answered	2,092	1,876	1,649	1,404
EMT certifications	51	43	44	34
Inspections	346	423	441	330
Streets				
Street resurfacing (feet)	13,328	13,076	8,622	1,440
Pavement repairs	97	92	84	99
Sanitation				
Refuse collected (tons)	8,267	8,111	6,932	6,405
Recyclables collected (tons)	1,961	1,986	1,626	1,465
Culture and recreation				
Athletic field permits issued	670	845	578	780
Cultural arts center event rentals	387	56	656	980
Water				
New connections	470	775	546	528
Leak repairs	10	5	14	110
Average daily consumption	3,683,758	3,662,638	4,291,468	3,222,776
Wastewater				
Average daily sewage treatment (in thousands of gallons)	3,085	3,624	3,127	2,810

Source: Various town departments.
 Medical responder program commenced on October 1, 2014.

Fiscal Year					
2018	2017	2016	2015	2014	2013
380	439	531	522	542	424
2,228	2,974	4,303	4,373	3,751	3,070
934	1,459	749	481	793	769
1,406	728	1,257	1,039	-	-
38	37	36	39	-	-
470	541	293	360	304	388
-	281	3,368	-	2,583	2,632
63	62	67	32	87	67
5,921	5,691	5,371	5,191	4,517	4,729
1,407	1,020	1,056	1,002	932	1,016
710	686	647	519	405	456
914	852	795	869	666	733
550	512	343	257	232	191
87	71	54	70	90	126
3,027,786	2,805,204	2,569,231	2,374,645	2,334,356	2,259,806
2,451	2,254	1,991	2,068	1,821	1,605

**Town of Clayton
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	67	60	60	54	52	54	57	55	55	55
K-9 units	3	3	3	3	3	2	2	2	2	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	93	90	88	86	81	80	78	76	74	71
Culture and recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Libraries	1	1	1	1	1	1	1	1	1	1
Cultural arts centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Wastewater treatment facilities	1	1	1	1	1	1	1	1	1	1
Industrial wastewater pretreatment facilities	1	1	1	-	-	-	-	-	-	-
Electric										
Distribution stations	2	2	2	2	2	1	1	1	1	1
Street lights	1,725	1,660	1,649	1,552	1,488	1,454	1,430	1,437	1,441	1,425

Sources: Various town departments.

Note: No capital asset indicators are available for the general government function.

Town of Clayton, North Carolina
Commercial and Residential Construction Values (Unaudited)
Last Ten Fiscal Years

Fiscal Year Ended	Commercial Construction ¹		Residential Construction ¹		Total		Bank Deposits ²
	Number of Units	Value	Number of Units	Value	Number of Units	Value	
June 30							
2022	74	\$ 94,993,729 ³	446	\$75,590,255	520	\$170,583,984	\$ 767,165,000
2021	66	39,309,448	528	86,324,339	594	125,633,787	677,637,000
2020	71	70,826,445	585	83,301,934	656	154,128,379	605,149,000
2019	58	76,329,474	572	86,339,865	630	162,669,339	491,995,000
2018	200	133,255,855 ⁴	603	82,956,205	803	216,212,060	461,618,000
2017	315	90,967,827 ⁵	596	70,267,241	911	161,235,068	406,960,000
2016	266	44,723,908	368	53,670,828	634	98,394,736	373,098,000
2015	220	26,023,349	361	50,156,711	581	76,180,060	356,188,000
2014	312	125,635,824 ⁶	235	35,750,910	547	161,386,734	339,588,000
2013	55	16,528,032	231	31,936,424	286	48,464,456	321,239,000

¹ Compiled by Town of Clayton Inspections.

² Federal Deposit Insurance Corporation Summary of Deposits.

³ Increase due to Spinning Mill apartment project and construction of shell buildings for future commercial use.

⁴ Increase due to a large biopharmaceutical expansion project by Grifols and Novo Nordisk in the East Clayton Industrial Area .

⁵ Increase due to several large expansion projects such as Grifols (\$43.9 million) and Novo Nordisk (\$20.6 million).

⁶ Increase due to \$200 million Talecris Biotherapeutics expansion project.

Town of Clayton, North Carolina
Schedule of Insurance in Force
 June 30, 2022

Type of Coverage	Details of Coverage	
Health Insurance		70/30 Plan: \$0-\$337 per event; 30% coinsurance; \$5,900 maximum out-of-pocket
State Health Plan		80/20 Plan: \$0-\$300 per event; 20% coinsurance; \$4,890 maximum out-of-pocket
Life Insurance	Varied	One times yearly salary per employee up to \$100,000
Workman's Compensation		Bodily injury by accident - Each accident Bodily injury by disease - Each employee Bodily injury by disease - Coverage limit
General Liability	5,000,000	Each occurrence
	2,500	Deductible
Police Professional Liability	5,000,000	Each occurrence and annual
	5,000,000	Annual aggregate
	2,500	Deductible
Public Officials Liability/ Employment Practices Liability	5,000,000	Each claim and annual
	5,000,000	Annual aggregate
	10,000	Deductible
Public Employees Blanket Bond	75,000	Indemnification
	250	Deductible
Public Officials Bond		
Finance Director	250,000	Liability
Tax Collector	25,000	Liability
	0	Deductible
Automobile Liability	5,000,000	Per occurrence
	2,500	Deductible
Automobile Comprehensive	8,625,150	Actual cash value or cost of repair, whichever is less
	2,500	deductible - private passenger & light trucks
	2,500	deductible - all others
Automobile Collision	8,625,150	Actual cash value or cost of repair, whichever is less
	2,500	deductible - private passenger & light trucks
	2,500	deductible - all others
Uninsured Motorist	250,000	Limits of coverage
	2,500	Deductible
Real & Personal Property	127,414,542	Cause of loss
	2,500	Deductible per occurrence includes boiler & machinery
Municipal Equipment	2,098,869	All risk coverage
	2,500	Deductible per occurrence
Computer Equipment/Media	1,575,600	Limits of coverage
	2,500	Deductible
Fine Arts	166,200	Limits of coverage
	500	Deductible
Boiler & Machinery	5,000,000	Limits of coverage
	2,500	Deductible

TOWN OF CLAYTON

North Carolina

Schedule of Fees and Utility Rates

Comprehensive List of Fees and Charges - FY 2021-2022

TAXES & FEES			
Town of Clayton Tax Rate	\$0.58 / \$100 valuation of property	Vehicle Fee (pursuant to NCGS 20-97 (b1))	\$30 / vehicle
Claytex Fire District Tax Rate	\$0.1175 / \$100 valuation of property		
DOCUMENT / COPY / ADMINISTRATIVE FEES			
Copying up to 11"x17" (black & white)	\$0.10 / sheet	Paper Copy of Agenda	\$10 (annually) Email free.
Town meeting(s) audio or documents	\$1.50 / storage device provided	Filing Fee for Office of Council Member	\$5
Certified copy of Town records	In accordance with NCGS 161-10(9)	Filing Fee for Office of Mayor	\$10
CEMETERY FEES			
Lot Purchase - including footstone	\$1,000	Cremaains Interment - Monday through Saturday	\$450
Interment - Monday through Saturday	\$900	Cremaains Interment - Sundays and Holidays*	\$900
Interment - Sundays and Holidays*	\$1,200	* Excludes Christmas Day, Thanksgiving Day, New Year's Day and Good Friday	
Footstone Marker and Installation	\$100		
CUSTOMER DEPOSITS			
Residential Electric	\$250 / \$800 (high risk)	Non-residential Electric	2.5 times average bill for location or comparable use.
Residential Water	\$50 / \$120 (high risk)	Non-residential Water	2.5 times average bill for location or comparable use.
Residential Sewer	\$50 / \$120 (high risk)	Non-residential Sewer	2.5 times average bill for location or comparable use.
Residential Irrigation	\$50 / \$120 (high risk)	Non-residential Irrigation	2.5 times average bill for location or comparable use.
CUSTOMER FEES			
Connection Fee	\$25	Late fee for charges unpaid by due date	5%
Returned Check/Draft Fee	\$25	Bucket Truck Mobilization Fee	\$500
Non-Payment Penalty	\$50		
SOLID WASTE FEES			
Solid Waste Collection	\$20.50 per month	Extra Garbage Cart	\$4.18 / month
		Extra Recycling Cart	\$3.17 / month
WATER & SEWER UTILITY RATES			
WATER (NON-IRRIGATION)			
BASE RATES		COMMODITY RATES	
Meter Size:	In Town	Out of Town	Residential:
5/8" Meter	\$17.19	\$21.48	Block 1
3/4" Meter	\$25.79	\$32.22	0 - 2,000 Gallons
1" Meter	\$42.98	\$53.72	Block 2
1.5" Meter	\$85.95	\$107.44	2,001 - 4,000 Gallons
2" Meter	\$137.52	\$171.90	Block 3
3" Meter	\$257.85	\$322.31	4,001 - 6,000 Gallons
4" Meter	\$429.74	\$537.17	Block 4
6" Meter	\$859.48	\$1,074.35	All Gallons > 6,000
8" Meter	\$1,375.16	\$1,718.96	
10" Meter	\$1,976.80	\$2,471.00	
Monthly AMI Charge (per water meter):	\$2.00	\$2.00	
			Commercial:
			Block 1
			0 - 100,000 Gallons
			Block 2
			All Gallons > 100,000
			Industrial:
			Block 1
			0 - 100,000 Gallons
			Block 2
			All Gallons > 100,000
IRRIGATION			
BASE RATES		COMMODITY RATES	
Meter Size:	In Town	Out of Town	Residential:
5/8" Meter	\$17.19	\$21.48	Block 1
3/4" Meter	\$25.79	\$32.22	0 - 8,000 Gallons
1" Meter	\$42.98	\$53.72	Block 2
1.5" Meter	\$85.95	\$107.44	8,001 - 16,000 Gallons
2" Meter	\$137.52	\$171.90	Block 3
3" Meter	\$257.85	\$322.31	All Gallons > 16,000
4" Meter	\$429.74	\$537.17	
6" Meter	\$859.48	\$1,074.35	Non-Residential
8" Meter	\$1,375.16	\$1,718.96	Block 1
10" Meter	\$1,976.80	\$2,471.00	0 - 50,000 Gallons
Monthly AMI Charge (per water meter):	\$2.00	\$2.00	Block 2
			50,001 to 100,000 Gallons
			Block 3
			All Gallons > 100,000
SEWER			
Base Rates:		Monthly Commodity Rates (Water):	
Meter Size:	In Town	Out of Town	\$5.00 / 1,000 gallons
5/8" Meter	\$22.26	\$27.83	High Strength Surcharge (Sewer):
3/4" Meter	\$33.40	\$41.75	Biochemical Oxygen Demand (BOD)
1" Meter	\$55.66	\$69.58	\$0.305 / pound for
1.5" Meter	\$111.33	\$139.16	concentration in excess
2" Meter	\$178.13	\$222.67	of 250 mg/liter
3" Meter	\$334.00	\$417.49	Total Suspended Solids (TSS)
4" Meter	\$556.65	\$695.82	\$0.125 / pound for
6" Meter	\$1,113.32	\$1,391.65	concentration in excess
8" Meter	\$1,781.30	\$2,226.63	of 250 mg/liter
10" Meter	\$2,560.62	\$3,200.77	Ammonia Nitrogen (NH3-N)
12" Meter	\$5,899.55	\$7,374.97	\$1.562 / pound for
Commodity Rates:			concentration in excess
All usage (per 1,000 gallons)	\$7.16	\$8.96	of 250 mg/liter
Flat Rate Sewer (No Meter):	\$43.82	\$54.78	Industrial High Strength Surcharge
			\$3.79 / 1,000 gallons
ELECTRIC UTILITY RATES			
RESIDENTIAL		INSTITUTIONAL	
Monthly Base Charges:		Monthly Base Charge:	\$30.00
Single Phase Service	\$12.75	Monthly Energy Charge:	\$0.13613 / kWh for first 600 kWh
Three Phase Service	\$16.00		\$0.11411 / kWh for next 1,900 kWh
Monthly Energy Charge:	\$0.11967 / kWh		\$0.10394 / kWh for all additional kWh
Monthly AMI Charge (per electric meter):	\$2.00	Monthly AMI Charge (per electric meter):	\$2.00

LOW VOLT GENERAL SERVICE		MEDIUM VOLT GENERAL SERVICE	
Monthly Base Charges:	\$17.50	Monthly Base Charges:	\$30.00
Monthly Energy Charges:	\$0.13818 per kWh for the first 750 kWh* \$0.09248 per kWh for the next 2,000 kWh \$0.08100 per kWh for the additional kWh	Monthly Demand Charges:	\$8.41 / kW
Monthly AMI Charge (per electric meter):	\$2.00	Monthly Energy Charge:	\$0.07827 / kWh
<i>*When the kW of billing demand exceeds 5kW, add into the first block 150 kWh for each additional kW of excess.</i>		Monthly AMI Charge (per electric meter):	\$2.00

LANDSCAPE IRRIGATION SERVICE		COINCIDENT PLANTING	
Monthly Base Charge:	\$100.00	Monthly Base Charge:	\$175.00
Monthly Demand Charge:		Monthly Demand Charge:	
CP Demand	\$17.50 / CP kW	CP Demand	\$18.00 / CP kW
Excess Demand	\$1.50 / kW	Excess Demand	\$3.50 / kW
Monthly Energy Charge:	\$0.04813 / kWh	Monthly Energy Charge:	\$0.05472 / kWh
Monthly AMI Charge (per electric meter):	\$2.00	Monthly AMI Charge (per electric meter):	\$2.00

TOWN FACILITIES		TIME OF USE	
Monthly Base Charge:	\$10.25	Monthly Base Charge:	\$175.00
Monthly Energy Charge:	\$0.08362 / kWh	Monthly Demand Charge:	\$17.27 / kW
Monthly AMI Charge (per electric meter):	\$2.00	Monthly Energy Charge:	\$0.05778 / kWh
		Monthly AMI Charge (per electric meter):	\$2.00

AREA LIGHTING			
Monthly Rate Per Lighting Unit:		Monthly Rate Per Pole Type:	
Residential Unit	\$11.94	Wooden	\$3.00
Small Commercial Unit	\$15.85	Decorative	\$6.60
Large Commercial Unit	\$36.17	Monthly Energy Charge:	\$0.08362 / kWh
Underground Charge	\$4.80	Monthly AMI Charge (per electric meter):	\$2.00

ELECTRIC DEPARTMENT			
Residential Electric Meter	Cost of Meter + 10%	Large Commercial Meter	Cost of Meter + 10%
Small Commercial Meter	Cost of Meter + 10%	Underground Electric Fee	\$425 + \$3/foot > 120 feet

PUBLIC WORKS						
WATER AND SEWER TAPS AND WATER AND SEWER/ELECTRIC METER FEES						
Meter Size	Base Cost	Street Cut	Concrete Cut	Meter Only	Permit Fee	
5/8 Inch Water	\$1,500	\$500	\$500	Cost of Meter + End Point + 10%	N/A	
1 Inch Water	\$1,750	\$500	\$500	Cost of Meter + End Point + 10%	N/A	
2 Inch Water	\$2,250	\$500	\$500	Cost of Meter + End Point + 10%	N/A	
4 Inch Sewer	\$9,000	\$500	\$500	N/A	N/A	
Irrigation	\$300	\$500	\$500	Cost of Meter + End Point + 10%	\$50	
Irrigation Split	\$500	N/A	N/A	N/A	N/A	
Relocate Service Line	\$500	N/A	N/A	N/A	N/A	
Residential Electric	N/A	N/A	N/A	Cost of Meter + 10%	N/A	
Small Commercial Electric	N/A	N/A	N/A	Cost of Meter + 10%	N/A	
Large Commercial Electric	N/A	N/A	N/A	Cost of Meter + 10%	N/A	

SYSTEM DEVELOPMENT FEES					
Meter Size	Water	Sewer	Total	New & Existing users expanding usage requiring meters greater than 2-in require a Developer's Agreement. Current Cost per gallon based on 2018 SDF Study:	
5/8 Inch	\$1,793	\$3,260	\$5,053	Water = \$6.18 per gallon per day (GPD)	
3/4 Inch	\$2,690	\$4,890	\$7,580	Sewer = \$15.52 per gallon per day (GPD)	
1 Inch	\$4,483	\$8,150	\$12,633		
1.5 Inch	\$8,965	\$16,300	\$25,265		
2 Inch	\$14,344	\$26,080	\$40,424		

WASTEWATER OFFSET FEES			
Residential Tap	\$450/ Tap	Non Residential Tap	\$0.005 / gallon of annual wastewater capacity

PLANNING DEPARTMENT			
DEVELOPMENT SUBMITTAL FEES			
Advertising - Newspaper	\$200	Plat, Exempt	\$100
Appeal / Interpretation	\$250	Plat, Final	\$250 + \$5 / lot
Annexation (See Town Clerk)	\$0	Plat, Recombination	\$100
Urban Archery Hunting Permit	\$10	Re-Inspection	\$100
Major Subdivision	\$400 + \$5 / lot	Rezoning	\$500
Minor Subdivision (<5 lots)	\$200 + \$5 / lot	Conditional Rezoning	\$500
Master (Open Space) Subdivision Plan	\$700 + \$5 / acre	Sign, Master Plan	\$100
Conditional Zoning, with associated Master Plan	\$1,000 + \$5 / acre	Sign, Permanent	\$50 + \$5 / additional sign
Small Cell Wireless	\$100 ea for first 5 facilities, \$50 ea additional	Sign, Temporary	\$30
Zoning Site Inspection	\$50 first acre, \$20 ea additional	Site Plan, Administrative Amendment	\$100
Zoning Landscape Inspection	\$50 first acre, \$20 ea additional	Site Plan	\$500 + \$5 / acre
Resubmittal Fee	3rd Submittal 1/2 of Original	Special Use Permit	\$400
Landscape/site plan violation/enforcement	Same as initial inspection	Temporary Use / Special Event	\$100
	type	Tree Removal / Clearing Permit	\$50
Partial release landscape/site improvement bond	Same as initial inspection	Variance Application	\$250 (\$500 after the fact)
	type	Zoning Compliance Permit	\$50
Conditional Use	\$400	Zoning Verification Letter	\$50

CODE ENFORCEMENT			
Tall Grass and Overgrowth	0 to .25 acres	\$150 + \$100 Admin Fee	Private Property Clean Up
	.26 to .50 acres	\$200 + \$100 Admin Fee	Amount Billed by Contractor + \$100 Admin Fee
	> 1.00 acres	\$250 + \$100 Admin Fee	
COPIES AND MAPS			
Copy < 11" x 17" (Black & White)		\$0.10	Map 24" x 36" \$20
Copy > 11" x 17" (Black & White)		\$1	Map 36" x 48" \$30
Copy < 11" x 17" (Color)		\$0.40	General Design Guidelines \$10
Copy > 11" x 17" (Color)		\$5	Strategic Growth Plan \$20
Map 16" x 24"		\$10	Unified Development Plan \$40
CONSULTANT REVIEW FEES			
Tower Review, New Structure, One Related Meeting		\$5,000	Tower Review, Co-Location/Mod/Upgrade \$1,000
Tower Review, New Structure, Two Related Meetings		\$6,500	Traffic Review Negotiated
RECREATION AND OPEN SPACE FEES			
Residential Fee		\$2,000	Multi-Family Fee \$2,000
INSPECTIONS DEPARTMENT			
Plan Review Fee - Initial Review		No Charge	Re-Inspection Fees
Plan Review Fee - Permit Cancelled or Not Picked up/Issued		\$100	First Re-Inspection \$75
Plan Review Fee - Subsequent Reviews (ea)		\$150	Additional Re-Inspection of Same Item \$100
New Dwelling (Single):			After Hours (Requires Special Approval) \$200/hour (3 hour minimum)
Up to 1,200 sq. ft.		\$600 / dwelling	Day Care Re-Certification \$100
> 1,200 sq. ft.		\$600 + \$0.30 / sq. ft.	ABC Permit Form \$150
Residential - Additions/Remodel:			Expired Permit Reissue
0 - 400 sq. ft.		\$300	Work Started / Code Changes Original fee x 50%
> 400 sq. ft.		\$300 + \$0.30/sq. ft.	No Work Started / No Code Changes \$150
Additional per trade		\$75	Re-Review, Lost Plans / Update \$150
Multi-Family Dwelling Duplex/Triplex			Service Pole Inspections
Up to 3 units		\$600 + \$0.30/sq ft > 1,200 sq ft	Electrical (\$1 Building if no permit exists) \$75
Each additional unit		\$200	Update for Permits - Contractor Change (Ord. 2017-09-01) \$50
Mobile Homes			Service Change Inspections
Single-Wide (Building Only)		\$250	Conditional Service (Ord. 2017-09-01)
Double - Wide (Building Only)		\$275	Building \$1
Triple - Wide (Building Only)		\$300	Electrical \$75
Quad - Wide (Building Only)		\$325	Sign
Travel Trailers / Campers		\$75	Building \$75
Poured Footing Inspection		\$50	Electrical \$75
Mechanical Permit Fee		\$50	Swimming Pools
Electrical Permit Fee		\$50	Building \$75
Plumbing Permit Fee		\$50	Electrical \$75
Dwelling Moved On			Pedestals
Fee		\$250	Building \$1
Trade Fee		\$75	Electrical \$75
Residential Accessory Building (12'x12' and over)			LP Gas Tanks
Storage Building		\$75	Building \$40
Garage / Carport		\$100	Electrical \$75
Deck / Porch/ Gazebo		\$75 + \$0.30/sf for > 144 sf	Replace Roof of Existing House or Mobile Home
Additional trade		\$75	Per Building \$75
Trade Inspections			Tents (Per Building over 240 sq. ft.) \$75
Building, Electrical, Plumbing and Mechanical		\$50	ATM Commercial Rate
Farm Storage Buildings			Conditional Power/Gas - Single Family \$75 each
Livestock Production Buildings		\$40	90 Day Temp Power - New Construction Residential \$75 each
Bulk Tobacco Barns			Conditional Power/Gas - Multi Family \$75 first meter, \$50 each additional
Building, Electrical, Plumbing and Mechanical		\$75	90 Day Temp Power - Commercial \$150 each
Electrical Permit Fee		\$75	Reconnect Power - Building \$1
Permit Fee for Commercial Buildings (Based on cost per trade)			Reconnect Power - Electrical \$75
\$0 - \$2,500		Trade fee (Minimum \$75)	Connect County Water / Sewer - Building \$1
\$2,501 - \$25,000		\$225	Connect County Water / Sewer - Electrical \$75
\$25,001 - \$50,000		\$550	Demolition - Residential \$50 + asbestos report
\$50,001 - \$100,000		\$1,000	Demolition - Commercial \$150
\$100,001 - \$200,000		\$1,650	Sprinkler System Commercial Rate
\$200,001 - \$350,000		\$2,850	Penalty
\$350,001 - \$500,000		\$3,900	For work started before proper permitting is obtained, a penalty of one-half the cost of the permit(s) that should have been obtained shall apply. GS 160A-414
\$500,001 - \$750,000		\$5,250	Irrigation of New Landscape \$75
\$750,001 - \$1,000,000		\$6,500	One Time Extension - Irrigation New Landscape \$50
>\$1,000,000		\$6,500 + 0.2% for every dollar over \$1,000,000	
ENGINEERING DEPARTMENT			
Residential Subdivision (Initial & 2nd submittal)		\$250 + \$10 per lot	Record Drawing / As-Built Review \$200
Residential Re-Review (Per review)		\$100	Record Drawing / As-Built Review Re-Review \$50
Non-Residential (Initial & 2nd submittal)		\$250 + \$25 per acre	Infrastructure Performance Guarantee (non-cash) \$100
Non-Residential Re-Review (Per review)		\$100	Infrastructure Performance Guarantee (cash) No charge
Infrastructure Only (Road/Sewer/Water extension)		\$250 + \$0.25 per linear foot	Infrastructure Performance Guarantee Renew/Change \$50
Alternative Standard Request		\$500 per standard	Landscaping Performance Guarantee \$100
Construction Plan Amendment/revision to approved plans		\$50 + \$5 per sheet	Encroachment Agreement \$50
Pump Station Review - CDs		\$500	Encroachment Agreement (work started/completed) \$75
Pump Station Review - Re-Review		\$250	Water Extension Permit Forms \$100 each
Special Study (Flood, Traffic Calming, etc.)		\$250	Sewer Extension Permit Forms (ETZ, FTSE, etc.) \$100 each
3rd Party Consultant Review of Studies		Cost of Consultant	Wastewater Allocation Requests \$50
Floodplain MGMT Document Review (LOMR, CLOMR, etc.)		\$100 per form	

Public Streets Construction (curb & gutter)	\$1.50 per linear foot	Public Storm Drainage (outside right-of-way)	\$0.50 per linear foot
Public Streets Construction (roadside swales)	\$2.00 per linear foot	Public Greenways & Sidewalks	\$0.50 per linear foot
Application for Acceptance of Public Infrastructure - Utilities and Street (Walk-through and follow-up inspection)	\$50 + \$.25 per linear foot	Driveways	\$50 per driveway
Acceptance of Public Infrastructure - (3rd and 4th Reinspection)	\$100 + \$.25 per linear foot	Fire Lanes	\$100 + \$0.25 per linear foot
Water System Extensions	\$0.75 per linear foot	Sanitary Sewer Taps (not performed by Town)	\$50 per tap
Sanitary Sewer System Extensions	\$0.75 per linear foot	Water Taps (not performed by Town)	\$50 per tap
		Fee-in-lieu (Infrastructure, etc.)	125% of Engineer's Estimate

FIRE DEPARTMENT

Fire Inspection Fees		Miscellaneous	
Up to 3,000 sq. ft.	\$40	Hydrant Flow Test	\$50
3,001 - 5,000 sq. ft.	\$75	Special Standby Operations	
5,001 - 10,000 sq. ft.	\$125	Engine	\$100 / hour (one hour minimum)
10,001 - 25,000 sq. ft.	\$375	Personnel	\$22.50 / hour (one hour minimum)
25,001 - 50,000 sq. ft.	\$500	Hazmat Emergency Response Charges	
50,001 - 100,000 sq. ft.	\$625	Engine, Tanker or Ladder Truck	\$250 / hour
100,001 - 500,000 sq. ft.	\$750	Support Vehicles	\$50 / hour
Re-Inspection Fees		All Responding Personnel	1.5 x hourly rate of pay
First Re-Inspection	\$45	Materials Used	Replacement cost + 10%
Second Reinspection	\$45 + \$20	Materials Damager	Replacement cost + 10%
Third Reinspection	\$45 + \$20 + \$20	First False Alarm in Month	\$0
Fourth Reinspection, etc.	\$45 + \$20 + \$20 + \$20	Subsequent False Alarms in Month	\$100 each

RECREATION DEPARTMENT

ATHLETICS

Youth Sports (Officiated - O, and Unofficiated - U)	Resident Fee (50% Discount)	Non-Resident Fee
Winter Basketball (O)	\$40	\$80
Spring Baseball (O)	\$40	\$80
Spring Softball (O)	\$40	\$80
Fall Volleyball (O)	\$40	\$80
Fall Softball (O)	\$40	\$80
Spring T-Ball (U)	\$30	\$60
Fall Soccer (U)	\$30	\$60
Adult Sports	Resident Fee (50% Discount)	Non-Resident Fee
Softball	\$12.50	\$25
Soccer	\$12.50	\$25
Basketball	\$12.50	\$25
Volleyball	\$12.50	\$25
Flag Football	\$12.50	\$25

PROGRAMS

Classes	Resident Fee	Non-Resident Fee
Class fees vary according to the type of class, cost of the facility, instructor and number of participants.	Base	Base + \$15

SUMMER PLAYGROUND CAMP

Registration Fee	Resident Fee (50% Discount)	Non-Resident Fee
\$25 / attendee	\$100	\$200

FACILITY RENTALS

Community Center Gym	Resident Fee (50% Discount)	Non-Resident Fee
Full Court	\$50 / hour	\$100 / hour
Half Court	\$40 / hour	\$80 / hour
Scoreboard	\$10 / hour	\$20 / hour
Ballfields	Resident Fee (50% Discount)	Non-Resident Fee
Community Park Field #1	\$20 / hour	\$40 / hour
Community Park Field #2	\$20 / hour	\$40 / hour
Community Park Field #3	\$20 / hour	\$40 / hour
Legend Park	\$20 / hour	\$40 / hour
Municipal Park	\$20 / hour	\$40 / hour
East Clayton Community Park Baseball Field	\$25 / hour	\$50 / hour
East Clayton Community Park Soccer Field	\$35 / hour (2 hour minimum)	\$70 / hour (2 hour minimum)
East Clayton Community Park Multipurpose - Full Field	\$25 / hour	\$50 / hour
East Clayton Community Park Multipurpose - Half Field	No longer offered	No longer offered
Field Rental Add Ons	Resident Fee (50% Discount)	Non-Resident Fee
Lights (Community, Municipal and Legend)	\$7.50 / hour	\$15 / hour
Lights (East Clayton Soccer & Baseball)	\$10 / hour	\$20 / hour
Baseball / Softball Field Prep (All Fields)	\$15 / application	\$30 / application
East Clayton Soccer Field Paint	Included	Included
Tournament Field Rentals and Add Ons	Resident Fee	Non-Resident Fee
Community Park - Full Day	\$250 / field / day	\$250 / field / day
Community Park - Half Day	\$125 / field / day	\$125 / field / day
East Clayton - Baseball	\$350 / day	\$350 / day
Additional Field Prep	\$30 / field	\$30 / field
Scoreboard	\$25 / field / day	\$25 / field / day
Drying Agents	\$10 / bag	\$10 / bag
Admission Fee to Town	\$50 / day	\$50 / day
Concessions	Only CPRD Allowed	Only CPRD Allowed
Other Vendors (Non-Food)	\$50 / vendor / weekend	\$50 / vendor / weekend
Picnic Shelters	Resident Fee (50% Discount)	Non-Resident Fee
All Star Park		
Up to 2 hours	\$15	\$30
Up to 4 hours	\$25	\$50
More than 4 hours	\$62.50	\$125
Community Park & East Clayton Community Park		
Up to 2 hours	\$20	\$40
Up to 4 hours	\$30	\$60
More than 4 hours	\$75	\$150

Community Center Memberships	Resident Fee	Non-Resident Fee
Annual Memberships		
Individual	\$0	\$125
Middle School Student	\$0	\$75
High School Student	\$0	\$75
Family with Dependents	\$0	\$200
Family with No Dependents	\$0	\$200
Senior Individual	\$0	\$75
Daily Memberships (Non-Resident Only)		
Individual	N/A	\$5
Lost Cards	\$5	\$5

HOCUTT ELLINGTON MEMORIAL LIBRARY

Library Cards	Resident Fee	Non-Resident Fee
Individual - Annual	\$0	\$25
Individual - Semi-Annual	\$0	\$15
Individual - Quarterly	\$0	\$10
Family - Annual	\$0	\$50
Education Employee (All Johnston County - with ID)	\$0	\$0
Internet Usage		
With Valid Library Card	\$0	\$0
Without Valid Library Card	\$0	\$5 per hour
Library Fees		
Copy Machine or Computer Printouts	\$0.20 per copy	\$0.20 per copy
Lost Book	Replacement Cost	Replacement Cost
Overdue Fines	\$0.25 per day	\$0.25 per day
Library Card Replacement (Unexpired)	\$5	\$5

SPECIAL EVENTS

Special Event Fees	Resident Fee	Non-Resident Fee
Application Review	\$100	\$200
Sanitation Deposit	\$250	\$250
Town Square/Horne Square Rental	\$25 / day	\$50 / day
Street Closure	\$50 / day	\$100 / day
Type III Barricade Rental	\$5 / barricade / day	\$25 + \$5 / barricade / day
Police Detail Fee (3 hour minimum)	\$35 / officer / hour	\$35 / officer / hour + \$100 Admin Fee
Garbage/Recycling Container Rental (minimum of 4)	\$13 / container / day	\$13 / container / day + \$50 Admin Fee
Generating Notice Addresses (one hour minimum)	\$25 / hour	\$50 / hour
Emergency Notification Call / Mass Phone	\$50	\$100
Utility Fees (Water and Electricity)		
Events longer than one day	\$10 / utility	\$20 / utility

NON-DEPARTMENTAL EQUIPMENT USAGE RATES

Sewer Jetter	\$65 / hour	Dump Truck	\$40 / hour
Leaf Machine	\$65 / hour	Ditch Witch Trencher	\$40 / hour
Backhoe	\$55 / hour	Asphalt Roller	\$40 / hour
Line Truck	\$50 / hour	Riding Mower	\$35 / hour
Bucket Truck	\$50 / hour	1/2 Ton Pickup Truck	\$25 / hour
Sewer Rodding Machine	\$40 / hour	Air Hammer	\$25 / hour
Tractor & Bush Hog	\$40 / hour	Soil Tamp	\$25 / hour
Mowing Machine	\$40 / hour	Push Mower	\$20 / hour

* Rates for usage of equipment not listed above shall be based on the rates published by FEMA plus 15% for billing, management, and overhead.

COMPLIANCE SECTION

220 East Washington Street
Post Office Box 697
Rockingham, North Carolina 28380
(910) 557-1176

Other Office Locations:
West End, North Carolina
Gastonia, North Carolina
Huntersville, North Carolina

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

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Clayton, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Clayton, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Town of Clayton's basic financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-1 that we consider to be a significant deficiency.

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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Clayton'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

Town of Clayton's Response to Findings

The Town of Clayton's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Anderson Smith + Wike PLLC". The signature is written in a cursive, flowing style.

Town of Clayton, NC
October 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *Yes*

Noncompliance material to financial statements noted *No*

Federal Awards

None

State Awards

None

Section II – Financial Statement Findings

Finding 2022-1

SIGNIFICANT DEFICIENCY

Bank Reconciliations not performed timely

Criteria: Bank accounts should be reconciled in a timely manner (monthly).

Condition: The main operating bank account was not reconciled on a monthly basis.

Effect: Potential misstatement of financial statements.

Cause: Understaffing in the Town's accounting department appears to be an issue.

Recommendations: The Town's accounting department will take all measures necessary to make sure bank reconciliations occur on a monthly basis moving forward.

Views of responsible officials and planned corrective actions: The Council agrees with this finding and will adhere to the correction action plan in this audit report.

Section III – Federal Award findings and questioned costs

None reported.

Section IV – State Award findings and questioned costs

None reported.

MAYOR
Jody L. McLeod

TOWN MANAGER
Richard D. Cappola, Jr.

TOWN ATTORNEY
Cauley Pridgen, P.A.



MAYOR PRO TEM
Jason Thompson

COUNCIL MEMBERS
Andria Archer
Porter Casey
Avery Everett
Michael Sims

Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Finding 2022-1 Bank Reconciliations not performed timely

Name of Contact Person: Robert W. McKie, Jr., Finance Director

Corrective Action Plan: The Town's Finance Department will take all measures necessary to make sure bank reconciliations occur on a timely basis each month moving forward.

Response: We agree with the recommendation. The Town engaged Evergreen Solutions to perform an organizational review, which includes structure and staffing. An Assistant Finance Director was onboarded on March 28, 2022.

The Finance Department experienced staffing issues that were compounded by the commencement of the budget process for Fiscal Year 2022-2023. The bank reconciliation process is integrated within the Town's ERP system. A considerable amount of work related to the bank reconciliation process is performed on an ongoing basis throughout the month, including the reconciliation of credit card transactions. The Finance Director monitors and reviews the bank activity daily via the bank's online portal, particularly for third party debit and credit ACH/Wire transactions, which need to be recorded in the general ledger. Also, the following banking services are fully leveraged: Positive Pay; ACH/Wire monitor; and file upload email notifications, which further mitigates the risk of an unauthorized transaction. After further review, it was determined there were no oversights that were attributable to the delay in fully completing the bank reconciliation process on a timely basis.

Proposed Completion Date: Management will implement the above procedures immediately.

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