



ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

TOWN OF CLAYTON, NC  
FISCAL YEAR ENDED  
JUNE 30, 2023







**TOWN OF CLAYTON**  
**North Carolina**

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by:**

Finance Department

**Finance Director:**

Robert W. McKie, Jr.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

---

<u>Exhibit</u>	<u>Page</u>	
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....	i	
Mission Statement and Goals .....	xi	
Certificate of Achievement in Financial Reporting .....	xiv	
Area Map and History of the Town of Clayton .....	xv	
Members of Town Council .....	xvi	
Administrative Staff .....	xvii	
Clayton Boards and Commissions .....	xviii	
Organizational Chart.....	xix	
 <b>FINANCIAL SECTION</b>		
Independent Auditor’s Report .....	1	
Management’s Discussion and Analysis.....	4	
Basic Financial Statements:		
Government-wide Financial Statements:		
1	Statement of Net Position .....	16
2	Statement of Activities .....	18
Fund Financial Statements:		
3	Balance Sheet – Governmental Funds.....	19
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	21
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
6	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund .....	23
7	Statement of Net Position – Proprietary Funds.....	24
8	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	25
9	Statement of Cash Flows – Proprietary Funds .....	26
10	Statement of Fiduciary Net Position.....	28
11	Statement of Changes in Fiduciary Net Position.....	29
	Notes to the Basic Financial Statements .....	30
 <b>REQUIRED SUPPLEMENTAL FINANCIAL DATA:</b>		
	Schedule of the Proportionate Share of Net Pension Asset – Local Government Employees’ Retirement System .....	61
	Schedule of Contributions – Local Government Employees’ Retirement System .....	62

**TOWN OF CLAYTON, NORTH CAROLINA**  
**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
Schedule of the Proportionate Share of Net Pension Liability – Firefighters’ and Rescue Squad Workers’ Pension.....	63
Schedule of Changes in Total Pension Liability .....	64
Schedule of Total Pension Liability as a Percentage of Covered Payroll.....	65
Schedule of Changes in Total OPEB Liability .....	66
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:</b>	
Major Governmental Funds	
General Fund:	
A-1        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	67
CAMPO LAPP Capital Project:	
A-2        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	73
Greenway System Capital Project:	
A-3        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	74
Loop Road Capital Project:	
A-4        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	75
2021 GO Bonds Capital Project:	
A-5        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	76
Main Street LAPP Capital Project:	
A-6        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	77
Operations Center Improvements Capital Project:	
A-7        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	78
Public Safety Complex Capital Project:	
A-8        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	79
Coronavirus State and Local Fiscal Recovery Fund:	
A-9        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception .....	80
Non-Major Governmental Funds:	
B-1        Balance Sheet .....	81
Horne Cemetery Fund	
B-2        Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	82

**TOWN OF CLAYTON, NORTH CAROLINA**  
**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
Enterprise Funds:	
Water and Sewer Fund:	
C-1	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) .....83
Sam’s Branch Water Reclamation Facility Project Fund:	
C-2	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – From Inception .....85
Little Creek Outfall Sewer Line Project Fund:	
C-3	Schedule of Revenues and Expenditures – Budget and Actual ..... (Non-GAAP) – From Inception .....86
Copper District Project Fund:	
C-4	Schedule of Revenues and Expenditures – Budget and Actual ..... (Non-GAAP) – From Inception .....87
Infrastructure Replacement Project Fund:	
C-5	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – From Inception .....88
Electric Fund:	
C-6	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) .....89
Electric Rate Stabilization Fund:	
C-7	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – From Inception .....91
Custodial Fund:	
D-1	Claytex Fire District Fund Statement of Changes in Fiduciary Net Position.....92
<b>OTHER SCHEDULES:</b>	
E-1	Schedule of Ad Valorem Taxes Receivable .....93
E-2	Analysis of Current Tax Levy .....94
<b>STATISTICAL SECTION:</b>	
Financial Trend Information	
	Net Position by Component .....95
	Changes in Net Position.....96
	Governmental Activities Tax Revenues by Source.....98
	Fund Balances of Governmental Funds.....99
	Changes in Fund Balances of Governmental Funds.....101
	General Governmental Tax Revenues by Source .....103
Revenue Capacity Information	
	Assessed Value of Taxable Property .....104
	Property Tax Rates – Direct and Overlapping Governments.....105
	Principal Property Taxpayers.....106
	Property Tax Levies and Collections.....107

**TOWN OF CLAYTON, NORTH CAROLINA**  
**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

---

<u>Exhibit</u>	<u>Page</u>
Debt Capacity Information	
Ratios of Outstanding Debt by Type .....	108
Ratios of General Bonded Debt Outstanding .....	109
Computation of Direct and Overlapping Governmental Activities Debt .....	110
Legal Debt Margin.....	111
Demographic and Economic Information	
Demographic and Economic Statistics .....	113
Principal Employers .....	114
Operating Information	
Full-time Equivalent Town Government Employees by Function .....	115
Operating Indicators by Function .....	116
Capital Asset Statistics by Function .....	118
Commercial and Residential Construction Values.....	119
Schedule of Insurance in Force.....	120
Schedule of Fees and Utility Rates .....	121

**COMPLIANCE SECTION:**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	134
Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance With OMB Uniform Guidance and the State Single Audit Implementation Act.....	136
Schedule of Findings and Questioned Costs .....	138
Summary Schedule of Prior Year Audit Findings .....	139
Schedule of Expenditures of Federal and State Awards.....	140

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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, 2023

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, 2023, 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, 2023. 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 6.4%. The Town has the statutory authority to extend its corporate limits through voluntary annexation under the direction of Town Council. The Town annexed approximately 388.9 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 30<sup>th</sup> 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 2024 were a record high at \$2.97 million, which is 4.5% 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, near 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, construction has slowed, likely resulting from 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 benefits 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 at Chapel Hill, 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 pharmaceutical industry employers have a workforce of about 3,400. The pharmaceutical and medicine manufacturing has an annual payroll of approximately \$268 million in Johnston County or 11% of the State’s total.

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. Grifols received FDA approval of this new facility in November 2023. 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 was approved for U.S. market production in 2021. The expansion created close to 700 new jobs with an average annual salary of \$68,420. The new positions span manufacturing, administrative, technical services, and support personnel. The manufacturing facilities in Clayton are 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. Ozempic and Wegovy are two important global products. The vast majority of U.S injectable diabetes and obesity products are produced and packaged at the Clayton

facility. 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/whoweare/about-novo-nordisk/novo-nordisk-in-the-US/clayton-nc.html>. In February 2023, Novo Nordisk purchased an additional 104 acres for \$6.8 million adjacent to its current complex that will be a prime location for possible future expansions to improve and increase production capacity. Currently, there are no plans to develop this acreage.

Novo Nordisk was 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 foot three-story 50-bed inpatient facility opened in January of 2015 and provides expanded services such as 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 2022 – November 2023

Approved Project Name	Project Type	Intensity/Density	Status for Completion
Seven-Eleven Gas Station & Convenience Store	Site Plan	New Commercial Construction	Approved
Luna Pizza	Site Plan	New Restaurant	Approved
Eurofins Laboratory	Site Plan	New Industrial/Research Lab - ~10,000 SF	Approved
Southeast Med Spa	Site Plan	New Commercial Construction	Approved
Scooter's Coffee	Site Plan	New Commercial Construction	Approved
Short Johnson Road Conditional Zoning District	Conditional Zoning Master Plan	New Residential Development - 98 Units	Approved
Corbett Road Conditional Zoning District	Conditional Zoning Master Plan	New Residential Development - 750 Units	Approved
Academy Pointe Phase 10 Conditional Zoning District	Conditional Zoning Master Plan	New Residential Development - 33 Units	Approved
Clayton Village Center Conditional Zoning District	Conditional Zoning Master Plan	New Mixed Use Development - 10,000-15,000 SF Commercial and 234 Apartments	Approved
Highland Park Conditional Zoning District	Conditional Zoning Master Plan	New Residential Development	Denied
Park Aydee Eight Townhome Development	Site Plan/Subdivision	New Residential Development - 26 Townhome Units	Approved
Ziggi's Coffee	Site Plan	New Commercial Construction	Approved
Take 5 Oil Change	Site Plan	New Commercial Construction	Approved
Johnston Health Medical Office Bldg.	Site Plan	New Commercial Construction	Approved
Calamar Senior Living Apartments	Site Plan	New Residential Development - 134 Units	Approved
Southside Christian School	Site Plan	New Institutional/Private School Development	Approved
Candlewood Townhome Development	Subdivision	New Residential Development - 30 Townhome/Duplex Units	Approved
Magnolia Pointe Townhome Development	Subdivision	New Residential Development - 68 Townhome Units	Approved
The Amelia Apartments Development	Site Plan	New Residential Apartment Development - 196 Units	Approved
Creekside Townes Townhome Development	Subdivision	New Residential Development - 25 Units	Approved
Southside Christian School	Site Plan	New School Private School	Approved
Calamar Senior Living	Site Plan	134 Apartment Units	Approved
Woodbriar Townes	Special Use Permit/ Subdivision	New Residential Development 41 Townhome Units	Approved
Aldi	Site Plan	New Commercial Construction	Application Submitted
Milam Equipment Rental	Site Plan	New Commercial Construction Equipment Rentals	Application Submitted
Chipotle	Site Plan	New Commercial Construction	Application Submitted
Outback Steakhouse	Site Plan	New Commercial Construction	Approved
Popeye's Chicken	Site Plan	New Commercial Construction	Approved
The Station	Site Plan	New Commercial Construction 7,000 SF	Application Submitted
River Mews	Conditional Zoning Master Plan	New Residential Construction 82	Approved
Carolina Overlook North	Conditional Zoning Master Plan	New Residential Construction 750 Units. Single-Family & Townhomes	Application Submitted
Novo Nordisk Comebind Campus Developme	Conditional Zoning Master Plan	New Amenity Center	Application Submitted
Fare Game Restaurant	Site Plan	New Construction Commercial	Approved
Pawville Kennel	Special Use Permit/ Subdivision	New Commercial Construction	Approved
The Market at Riverwood	Combo Site/CD	New Commercial Construction	Approved
Johnson Recovery Services	Site Plan	New Commercial Construction 6,000SF Medical Office	Application Submitted
The Wash Factory III	Site Plan	New Commercial Construction	Application Submitted
Timeline Motors	Site Plan	New Commercial Construction	Approved
Carolina Overlook Phase 2ABCDE&F	Conditional Zoning Master Plan	New Residential Construction	Application Submitted
CarolinaOverlook Phase 2G&H	Conditional Zoning Master Plan	New Residential Construction	Application Submitted
Flex Warehouse	Site Plan	New Industrial Construction 30,000SF Warehouse	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.

The Executive Team is comprised of the Town Manager, two Deputy Town Managers, the Police Chief, the Fire 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 utilizes a 10-year capital improvement plan (“CIP”) and capital funding strategies to identify current and future capital outlays and to determine the most appropriate funding sources for those capital outlays, including debt and pay-as-you-go financing. The CIP and related capital funding strategies are also used to determine future debt capacity/affordability as well as the timing and amount of future debt issuances. The primary focus of the current CIP is the execution of essential projects to maintain existing services. The CIP and capital funding strategies are updated annually during the budget process. The Town utilizes rate models for its two enterprise funds, which integrates the CIP and debt profiles to develop a long-term financial plan. Also, the CIP incorporates a prioritization and ranking system, including a risk-based assessment for the two enterprise funds.

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. Rate models are utilized for forecasting and planning purposes for the enterprise funds.

### ***Major Initiatives***

The Town’s first Comprehensive Transportation Plan (“CTP”) is proposed to incorporate the existing corporate limits, extra-territorial jurisdiction (“ETJ”) and projected ETJ expansions through the year 2050 to complement the 2045 Comprehensive Growth Plan. The CTP will include elements focusing on all modes of transportation including roadways, bicycle, and pedestrian facilities, as well as future transit routes and facilities. Also, the CTP will include creation of recommended cross-sections for State and Local roads within Clayton, as well as focusing on prioritization needs of critical roadway improvement projects and potential funding sources.

The new CTP is expected to incorporate and update transportation elements of existing adopted Town plans into a comprehensive document including the Parks & Recreation Comprehensive Plan (Greenways and Connectivity), the Comprehensive Bicycle Plan, and recently adopted Pedestrian Plan. Additional ongoing long-range planning updates and coordination will include the Unified Development Ordinance (UDO) Comprehensive Update, Gateway 42 Small Area Plan, and Downtown Master Plan Update, which are all expected to be completed in calendar 2023. For additional information about Town plans go to: <https://www.townofclaytonnc.org/291/Town-Plans>.

The \$18 million general obligation bond program for recreation improvements will conclude with the issuance of the remaining \$4.5 million in January 2024 for improvements to Clayton Community Park. The initial \$13.5 million sale occurred on November 30, 2021. The bond referendum was approved by 74% of the voters on November 5, 2019. Davenport & Company LLC (“Davenport”) provided updated debt capacity and affordability analysis in preparation for the issuance of the remaining bonds.

A priority for fiscal year 2024 includes the completion of major improvements to East Clayton Community Park, which includes the addition of an artificial turf field, sports lighting, and more paved parking. The Town is also undertaking a major renovation of Clayton Community Park and the Clayton Community Center site. Project details at Clayton Community Park include courts for bocce, pickleball, shuffleboard, and tennis, a new playground and maintenance facility, and parking and walking trail improvements.

The Town's primary goals are the implementation of the organizational review study completed by Evergreen Solutions; creating a new Downtown Master Plan that will align with the 2045 Comprehensive Plan; commencing the Gateway 42 campaign, which will serve as the new front door for Clayton once US-70 becomes I-42; updating the Parks and Recreation Master Plan; utilization of the DataVoice mass communication system; continuing the transition away from a hosted virtual desktop solution to an on-premise information technology function, which is a more cost effective solution; completion of major improvements to Clayton Community Park; continued construction of the Sam's Branch Water Reclamation Facility; ongoing integration of anchor documents into initiatives; project delivery that will focus on the results of the prioritization model for the capital improvement program; undertaking major improvements to the operations center, which is the hub for public services including utilities; implementation of a centralized warehouse function; and continuing to foster flexibility to operate more efficiently as circumstances and expectations change.

### *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, 2022. This was the twenty-second 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,

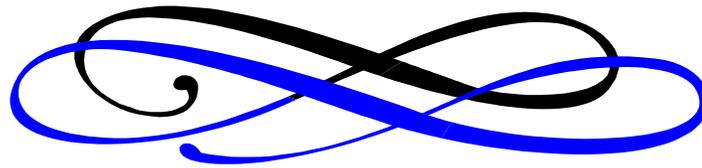


Robert W. McKie, Jr.  
Finance Director

# Town of Clayton

## MISSION STATEMENT:

*Premier Community for Active Families*



## 2023 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, 2022

*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
2013	17,071	
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	29,445	2.1%
2023	31,471	8.2%
<b>Total Growth</b>		<b>86.7%</b>
<b>Avg. Annual Growth</b>		<b>6.4%</b>

# Town of Clayton Members of Town Council And Town Officials

June 30, 2023

## 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**

**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**

**Conrad Olmedo**  
**Planning Director**

**Steven Langston**  
**Cultural Arts Director**

**Joy Garretson**  
**Library Director**

**Scott Barnard**  
**Recreation Director**

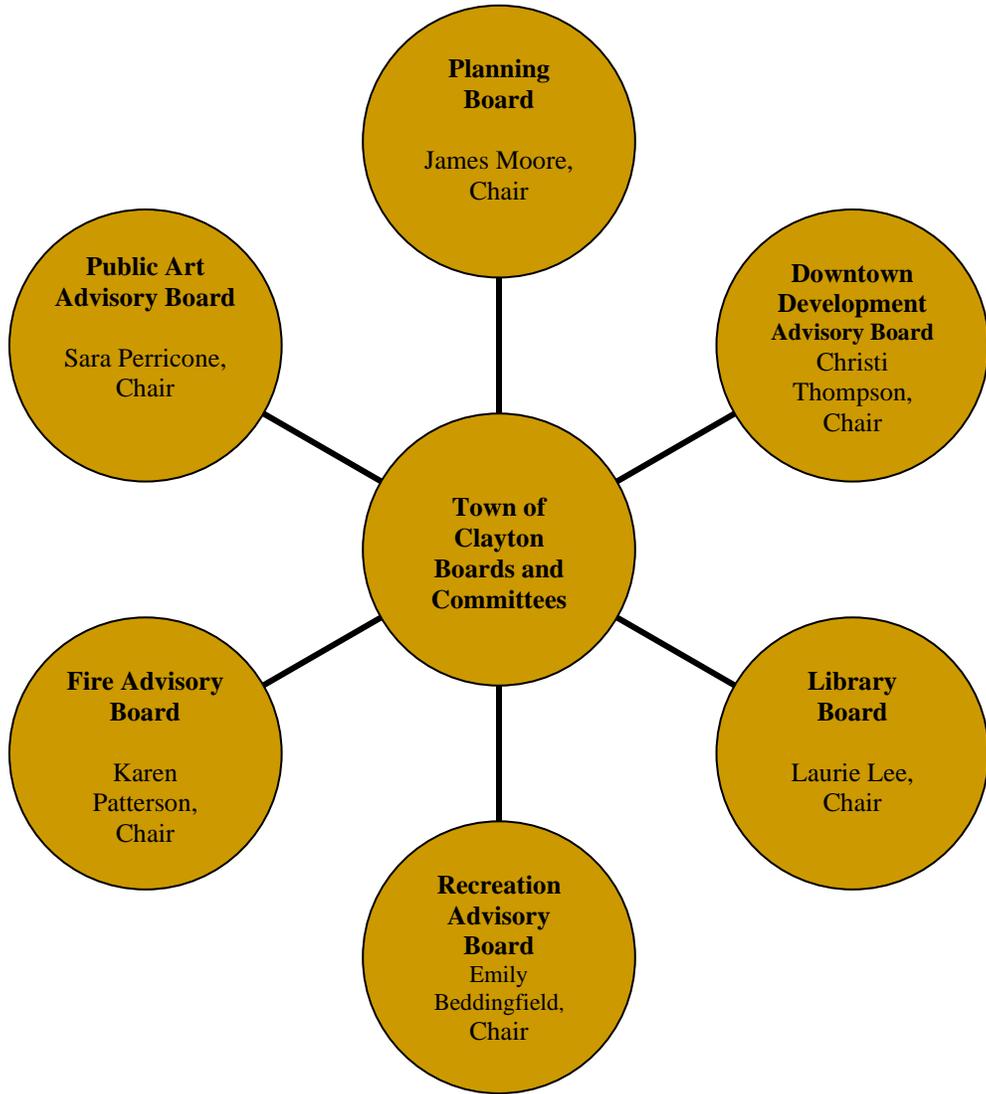
**Greg Tart**  
**Police Chief**

**David Ranes**  
**Fire Chief**

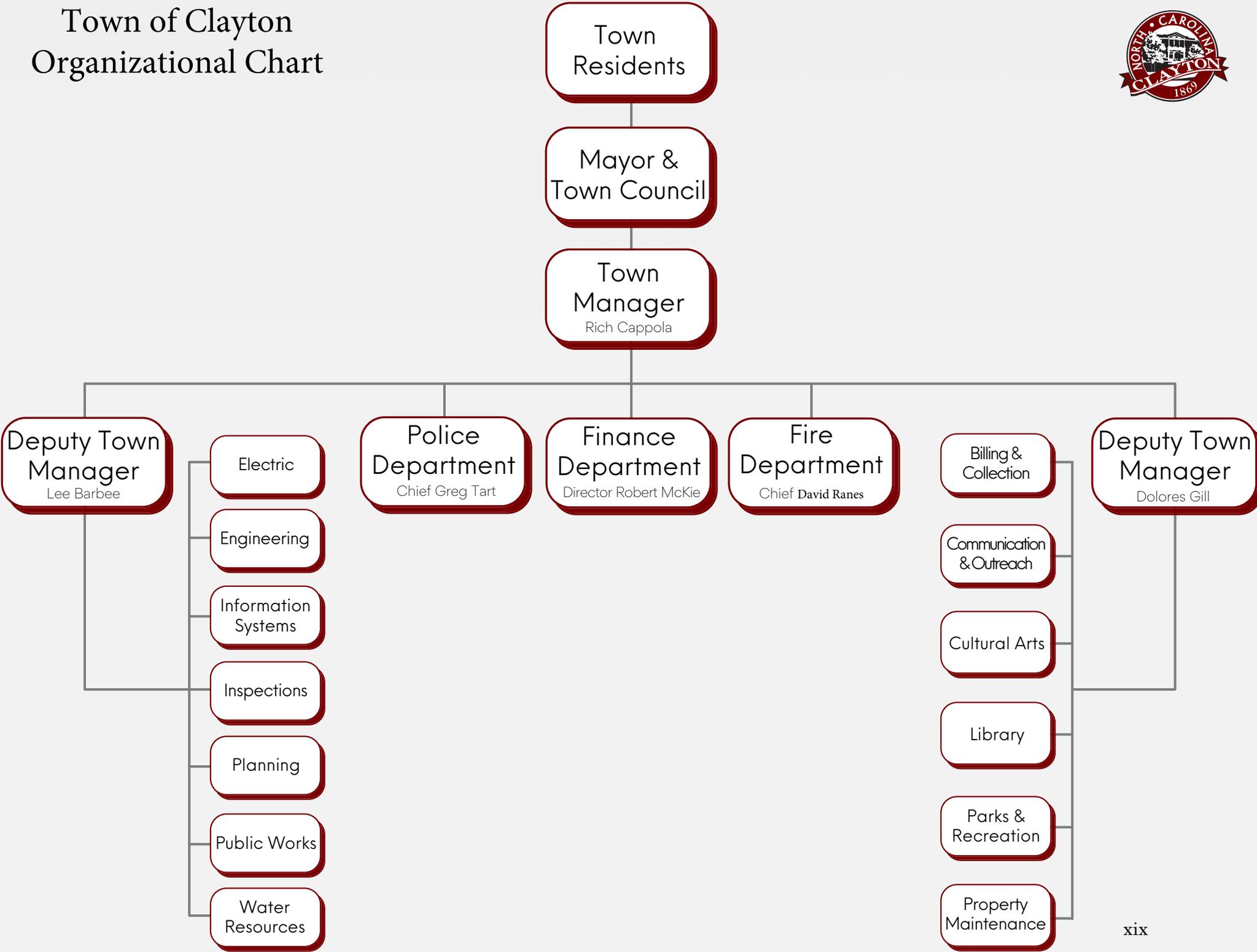
**Allen Turnage**  
**Electric System Director**

**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  
Elon, 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, 2023, 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, 2023, 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

statement 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 11, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 51 through 52, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability (Asset) on page 53 the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 54 through 55, and the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 56 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 as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 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.

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  
November 2, 2023

## 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, 2023. 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.

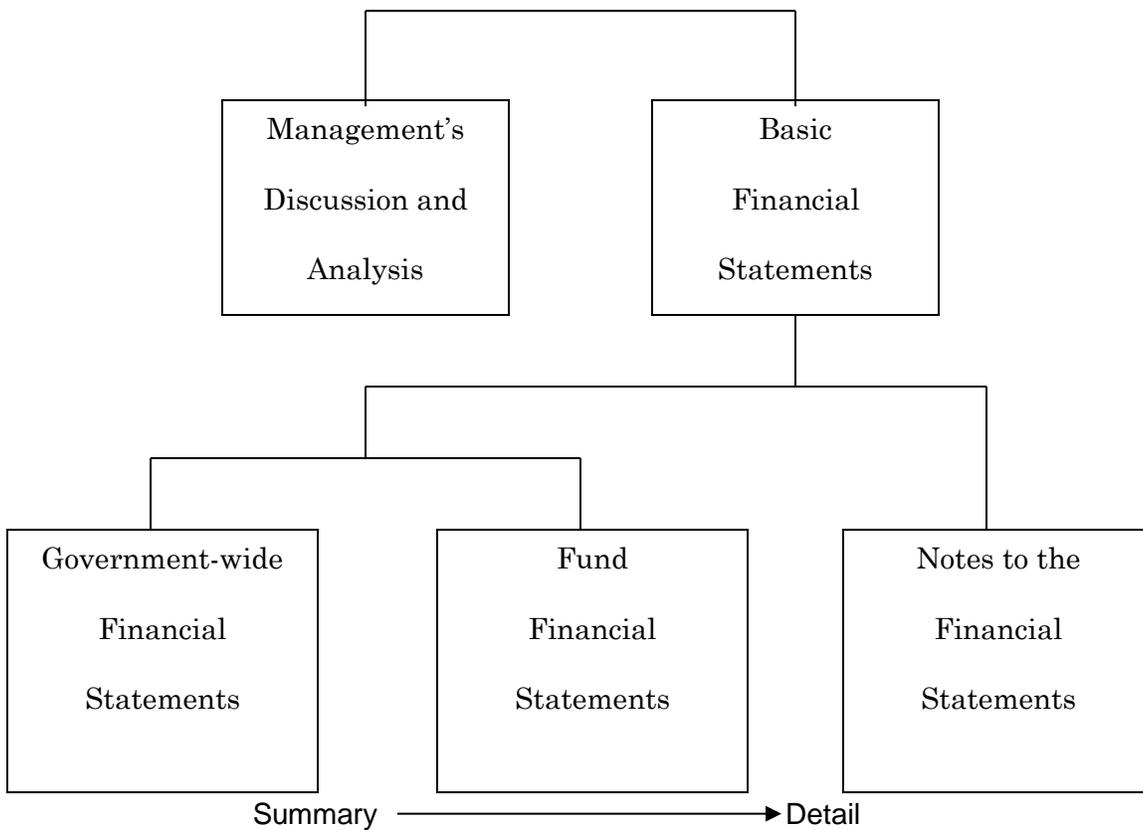
### Financial Highlights

- 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 \$233,885,277 (*net position*). Of this amount \$45,884,709 (*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 \$36,825,428, 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 \$39,446,816, an increase of \$1,552,759 in comparison with the prior year. Approximately 20.25% of the ending fund balance, or \$7,988,793 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,944,446, or 39.36% of total general fund expenditures for the fiscal year.
- The Town of Clayton's total debt increased by \$111,236,466 (100.57%) during the current fiscal year. The key factors attributable to this increase were the issuance of revenue bonds with a principal amount of \$95,800,000 principal amount by the Water and Sewer Fund and \$8,141,231 for the State Revolving Fund Program (SRF) both related to the construction of the Sam's Branch Water Reclamation Facility (SBWRF). The net pension liability for the LGERS plan increased \$8,543,925, which was partially offset by decreases in the LEOSSA pension plan and OPEB liability of \$409,439 and \$125,785, respectively. This was partially offset by the rapid amortization of previously issued debt of \$9,146,534, including the \$6,038,746 retirement of USDA revenue bonds.
- The Town fully spent \$7,931,423 of ARPA funds as a non-entitlement unit to cover public safety salaries and wages in the General Fund.
- The Town implemented a townwide pay and reclassification study in October 2022.
- The Town sold the previously donated wastewater pretreatment facility back to Novo Nordisk, which better aligned with Novo's operational requirements as a sole user of the facility.
- The Town of Clayton maintained its AA+ and Aa1 ratings from Standard and Poor's and Moody's, respectively.

### 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 nine 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, seven 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			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 43,880,753	\$ 46,679,646	\$ 147,730,036	\$ 32,157,809	\$ 191,610,789	\$ 78,837,455
Capital assets	80,973,390	69,417,700	153,552,219	138,975,256	234,525,609	208,392,956
Total assets	124,854,143	116,097,346	301,282,255	171,133,065	426,136,398	287,230,411
Deferred outflows of resources	7,276,252	4,698,542	1,101,844	700,939	8,378,096	5,399,481
Long-term liabilities	32,360,663	27,136,398	145,986,581	39,930,749	178,347,244	67,067,147
Other liabilities	5,510,613	10,117,769	14,913,507	13,200,031	20,424,120	23,317,800
Total liabilities	37,871,276	37,254,167	160,900,088	53,130,780	198,771,364	90,384,947
Deferred inflows of resources	1,678,378	4,375,013	179,475	810,083	1,857,853	5,185,096
Net position:						
Net investment in capital assets	63,002,263	59,099,384	103,493,871	98,228,885	166,496,134	157,328,269
Restricted	7,965,569	14,815,825	13,538,865	10,235,468	21,504,434	25,051,293
Unrestricted	21,612,909	5,251,499	24,271,800	9,428,788	45,884,709	14,680,287
Total net position	\$ 92,580,741	\$ 79,166,708	\$ 141,304,536	\$ 117,893,141	\$ 233,885,277	\$ 197,059,849

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 \$233,885,277 as of June 30, 2023. The Town's net position increased by \$36,825,428 for

the fiscal year ended June 30, 2023, primarily due to increases in both governmental and business-type activities.

By far the largest portion of the Town of Clayton’s net position (71.19%) 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, \$21,504,434, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$45,884,709 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 can 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.

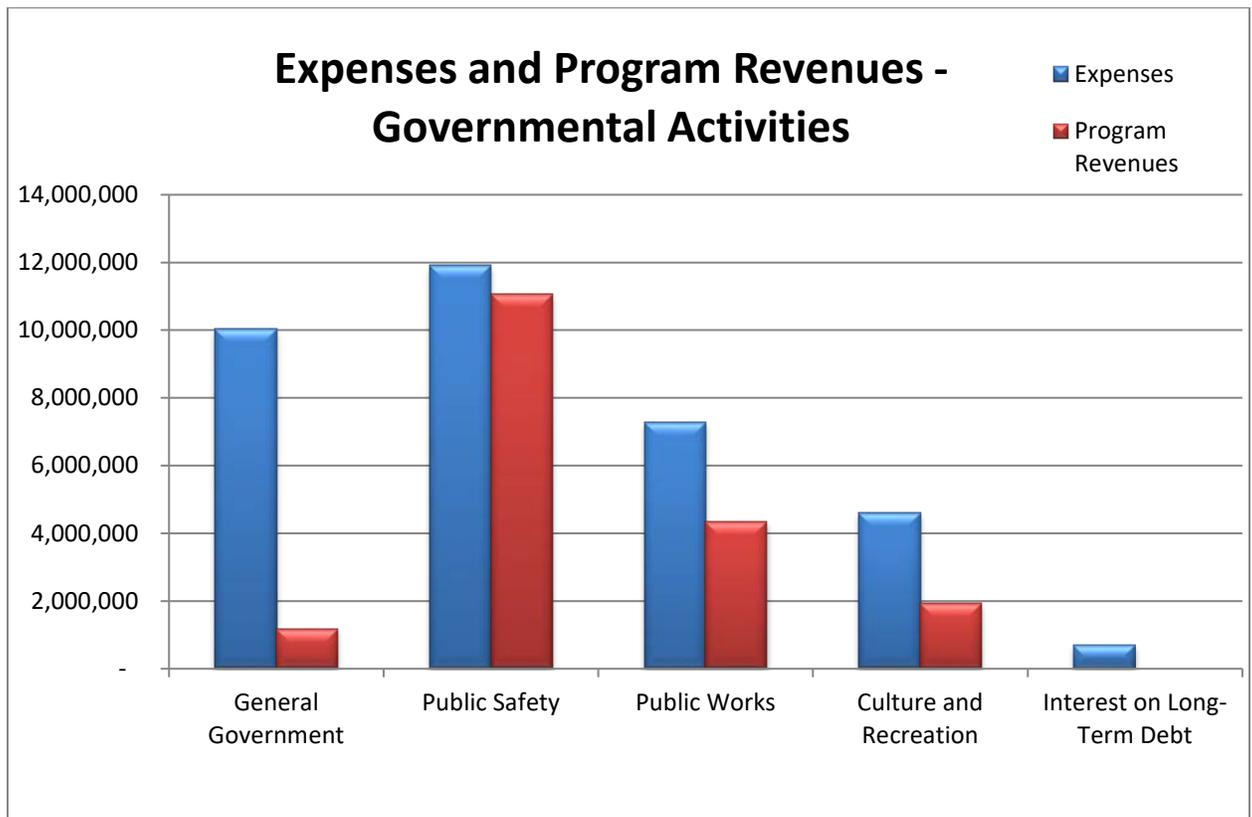
Restricted net position decreased by \$6,850,256 for the Town’s governmental activities, primarily due to a decrease in the public improvements associated with the Greenway System bridge replacement project and the 2021 GO Bonds Parks projects, which are governmental capital project funds. This was partially offset by increases in the stabilization by State statute and unexpended Powell Bill monies. There was an increase of \$3,303,397 in restricted net position reported for business-type activities due to a State statute governing system development fees in the Water and Sewer Fund that was partially offset by the elimination of the USDA reserve requirement for debt service due to the retirement of outstanding revenue bonds.

### Town of Clayton Changes in Net Position

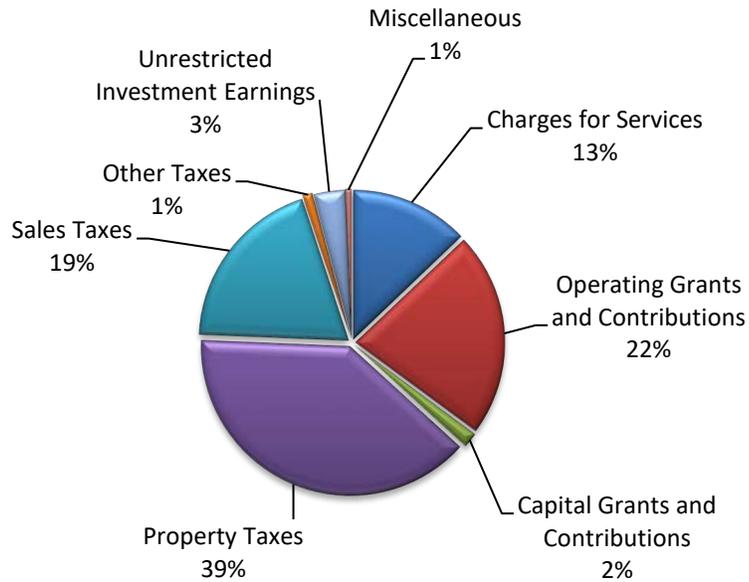
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 6,491,789	\$ 5,924,277	\$ 42,631,021	\$ 37,284,937	\$ 49,122,810	\$ 43,209,214
Operating grants and contributions	11,199,156	3,923,294	1,729,931	1,546,737	12,929,087	5,470,031
Capital grants and contributions	812,931	1,054,584	2,156,967	-	2,969,898	1,054,584
General revenues:						
Property taxes	19,576,421	17,855,250	-	-	19,576,421	17,855,250
Sales taxes	9,710,327	8,819,889	-	-	9,710,327	8,819,889
Other taxes	521,107	488,947	-	-	521,107	488,947
Unrestricted investment earnings	1,692,040	76,714	2,954,275	11,052	4,646,315	87,766
Miscellaneous	333,099	251,742	4,023,683	4,506,993	4,356,782	4,758,735
Total revenue	<u>50,336,870</u>	<u>38,394,697</u>	<u>53,495,877</u>	<u>43,349,719</u>	<u>103,832,747</u>	<u>81,744,416</u>
Expenses:						
General government	10,040,604	4,984,221	-	-	10,040,604	4,984,221
Public safety	11,916,599	10,777,094	-	-	11,916,599	10,777,094
Public works	7,275,518	5,955,153	-	-	7,275,518	5,955,153
Culture and recreation	4,608,646	4,755,756	-	-	4,608,646	4,755,756
Interest on long-term debt	706,470	280,480	-	-	706,470	280,480
Water and Sewer	-	-	22,375,939	21,137,725	22,375,939	21,137,725
Electric	-	-	15,358,385	14,900,415	15,358,385	14,900,415
Total expenses	<u>34,547,837</u>	<u>26,752,704</u>	<u>37,734,324</u>	<u>36,038,140</u>	<u>72,282,161</u>	<u>62,790,844</u>
Increase in net position before transfers	15,789,033	11,641,993	15,761,553	7,311,579	31,550,586	18,953,572
Transfers	(2,375,000)	-	2,375,000	-	-	-
Special item: gain on sale of wastewater pretreatment facility	-	-	5,274,842	-	5,274,842	-
Increase in net position	<u>13,414,033</u>	<u>11,641,993</u>	<u>23,411,395</u>	<u>7,311,579</u>	<u>36,825,428</u>	<u>18,953,572</u>
Net position, beginning	<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>
Net position, June 30	<u>\$ 92,580,741</u>	<u>\$ 79,166,708</u>	<u>\$ 141,304,536</u>	<u>\$ 117,893,141</u>	<u>\$ 233,885,277</u>	<u>\$ 197,059,849</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$13,414,033, thereby accounting for 36.43% of the total growth in the net position of the Town of Clayton. Key elements of this increase are as follows:

- Property taxes increased 9.64%, or \$1,721,171, 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 10.10%, or \$890,438, due to ongoing economic growth in conjunction with strong consumer spending.
- Expenses net of program revenues increased slightly by \$193,412, or 1.22%, which is attributable to the following factors:
  - Expenses increased by \$7,795,133, or 29.14%, compared to prior year primarily due to higher personnel costs related to the implementation of the pay and classification study, staffing additions in public safety, and higher information technology expenses related to the transition out of a hosted desktop solution.
  - Grants and contributions increased by \$7,034,209, or 100.41%, primarily due to the \$7,931,423 transfer of ARPA funds to the General Fund, which enabled the Town to supplant expenses for public safety salaries and wages.
  - Charges for services increased \$567,512, or 9.58%, compared to the prior year primarily due to higher fees collected for stormwater, inspection and rezoning, and refuse collection.



## Revenues by Source - Governmental Activities

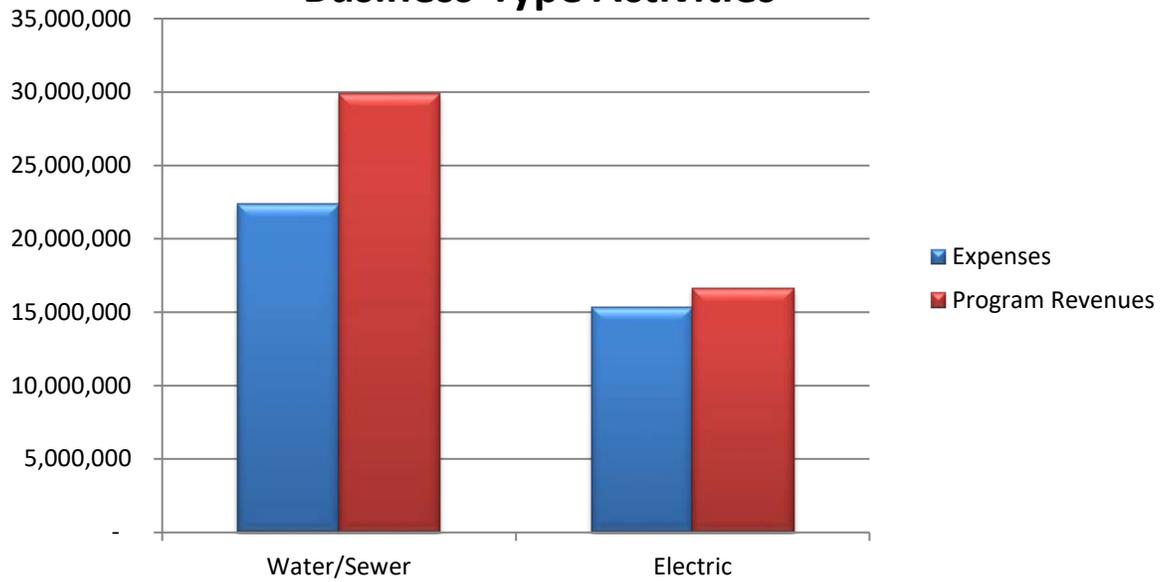


**Business-type activities.** Business-type activities increased the Town of Clayton's net position by \$23,411,395, accounting for a 63.57% increase in the government's net position. Key elements of this increase are as follows:

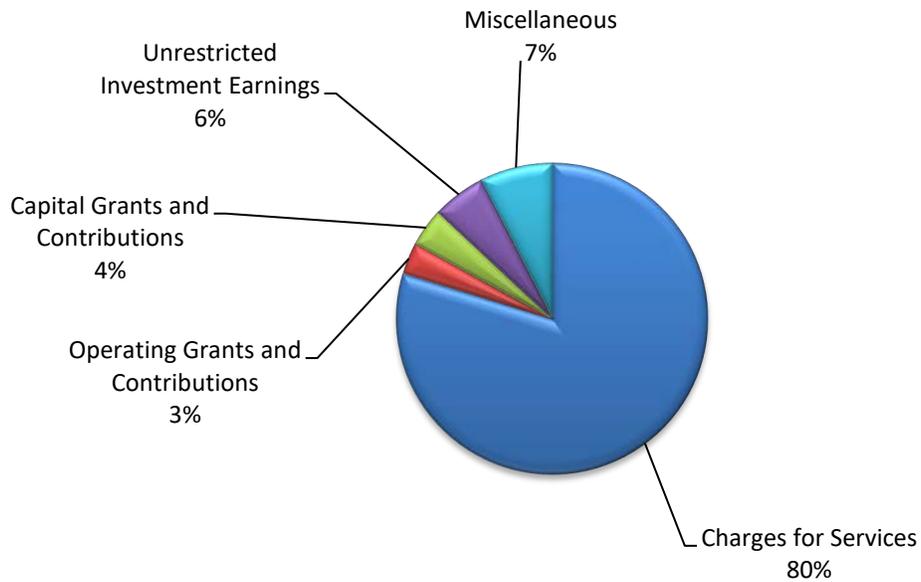
Expenses net of program revenues decreased by \$5,990,061, which is attributable to the following factors:

- Charges for services for business-type activities increased 14.34%, or \$5,346,084, primarily due to higher revenues generated by the water distribution and wastewater treatment operations, which are primarily attributable to the 15.80% average rate increase.
- Grants and contributions increased by \$2,340,161, primarily due to a grant reimbursement for the SBWRF project and higher user surcharges related to industrial discharge.
- Operating expenses increased \$1,696,184, or 4.71%, primarily due to higher wastewater treatment costs and additional water capacity purchases from Johnston County.
- The sale of the wastewater pretreatment facility to Novo Nordisk resulted in a \$5,274,842 gain.

## Expenses and Program Revenues - Business-Type Activities



## Revenues by Source - Business-Type Activities



## 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 \$39,446,816 with a net increase in fund balance of \$1,552,759. The fund balance increase is primary attributable to the Operations Center capital project fund of \$875,000. Startup funding was provided for the Main Street LAPP and Public Safety Complex capital project funds. The decrease in the 2021 GO Bonds Park Projects resulted from the completion of the renovation at Municipal Park and substantial completion of the East Clayton Community Park renovation, while the decrease in the Greenway System capital project fund is attributable to replacing three pedestrian bridges.

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 \$16,944,446, while total fund balance reached \$34,799,315. 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 39.36% 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 80.84% of total general fund expenditures. Fund balance of the Town of Clayton's General Fund increased by \$9,274,373 during the current fiscal year. Key components of this change are as follows:

- Revenues from ad valorem taxes increased \$1,691,073, primarily due to ongoing growth in the tax base, and were \$416,533 higher than budget.
- Intergovernmental revenues increased \$858,528, primarily due to higher sales tax revenues of \$787,267 from growth in the local economy and a \$103,171 increase in the utility sales tax distribution from the State. Revenues exceeded the budget by \$684,278.
- Permits and fees revenues decreased \$64,506, primarily due to lower revenues from inspection fees partially offset by higher stormwater fees.
- Total expenditures increased \$3,616,766 due to the implementation of a pay and classification study of \$794,361, personnel costs increased by \$1,046,526 in public safety due to additional staffing, capital outlay costs increased by \$716,865 primarily due to the renovation of both fire stations and the commencement of a major roof replacement at Town Hall, higher contract service costs for information technology of \$403,999, and increased sanitation costs by \$352,276 Actual expenditures were \$12,202,967 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 \$4,837,234 increase in fund balance appropriations between the original and final amended budget, primarily for prior year encumbrances, fund capital improvements to both fire stations and to fund new capital project funds.

**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. The Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$19,045,136, and \$5,226,664 for the Electric Fund. The total change in net position for the Water and Sewer and the Electric Funds was \$21,790,832 and \$1,620,563, respectively. The Copper District and Infrastructure Replacement capital project funds were added to the Water and Sewer Fund. No new capital project funds were added to the Electric Fund. Other factors concerning the finances of these two funds were 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, 2023, amounts to \$234,525,609 (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 12.54% (a 44.22% increase for governmental activities and a 55.78% increase for business-type activities).

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

- In governmental activities, construction in progress of \$6,197,855 for park renovations, \$1,310,559 for fire station improvements, and \$1,000,000 for future street improvements. Infrastructure additions of \$6,377,182 for greenway improvements, and \$3,136,066 for the acquisition of rolling stock, equipment, and furniture.
- In business-type activities, construction in progress of \$41,733,283 for the SBWRF project, \$1,261,387 for equipment and vehicles, and \$6,509,619 for infrastructure improvements in the enterprise funds. The \$32.9 million wastewater pretreatment facility was sold.

#### Town of Clayton's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
	Land	\$ 7,942,497	\$ 7,942,497	\$ 1,129,143	\$ 1,129,143	\$ 9,071,640
Nitrogen credits	-	-	16,291,695	16,291,695	16,291,695	16,291,695
Construction in progress	15,382,540	11,696,371	68,752,191	29,081,739	84,134,731	40,778,110
Total non-depreciable assets	23,325,037	19,638,868	86,173,029	46,502,577	109,498,066	66,141,445
Water capacity allocation rights	-	-	3,600,000	3,600,000	3,600,000	3,600,000
Building and improvements	42,279,048	35,800,836	3,862,804	3,862,804	46,141,852	39,663,640
Plant, machinery, and equipment	5,844,515	5,039,051	90,373,991	115,857,000	96,218,506	120,896,051
Vehicles	14,021,641	11,282,649	4,878,371	4,821,944	18,900,012	16,104,593
Infrastructure	23,834,125	23,834,125	-	-	23,834,125	23,834,125
Total depreciable assets	85,979,329	75,956,661	102,715,166	128,141,748	188,694,495	204,098,409
Accumulated depreciation	(28,330,976)	(26,177,829)	(35,335,976)	(35,669,069)	(63,666,952)	(61,846,898)
Total depreciable assets, net	57,648,353	49,778,832	67,379,190	92,472,679	125,027,543	142,251,511
Total	\$ 80,973,390	\$ 69,417,700	\$ 153,552,219	\$ 138,975,256	\$ 234,525,609	\$ 208,392,956

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 \$126,066,000, excluding a premium of \$8,287,682. Of this amount, \$13,305,000 comprises debt backed by the full faith and credit of the Town of Clayton. The revenues of the associated enterprise fund back principal in the amount of \$112,761,000. 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		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 13,305,000	\$ 14,100,000	\$ -	\$ -	\$ 13,305,000	\$ 14,100,000
Revenue bonds	-	-	112,761,000	23,799,413	112,761,000	23,799,413
Unamortized bond premium	-	-	8,287,682	-	8,287,682	-
Direct placement installment debt	6,720,003	7,658,227	24,513,291	16,946,958	31,233,294	24,605,185
Compensated Absences	932,448	805,929	162,111	143,243	1,094,559	949,172
OPEB	1,121,069	1,232,484	131,154	145,524	1,252,223	1,378,008
Pension related debt (LGERS)	9,724,683	2,349,727	1,611,767	442,798	11,336,450	2,792,525
Pension related debt (LEO)	2,716,781	3,126,220	-	-	2,716,781	3,126,220
<b>Total</b>	<b>\$ 34,519,984</b>	<b>\$ 29,272,587</b>	<b>\$ 147,467,005</b>	<b>\$ 41,477,936</b>	<b>\$ 181,986,989</b>	<b>\$ 70,750,523</b>

The Town's total debt increased \$111,236,436, or 100.57%, during the current fiscal year primarily due to the issuance of revenue bonds with a principal amount of \$95,800,000 and \$8,141,231 for the SRF Program in the Water and Sewer System. The liability for the LGERS pension plan increased by \$8,543,295 partially offset by decreases of \$409,439 and \$125,785 in the liability for the LEOSA pension plan and total OPEB, respectively. The increases were partially offset by the rapid amortization of previously issued debt of \$9,146,534, including the \$6,038,746 retirement of USDA revenue bonds.

The Town of Clayton maintained its AA+ rating with Standard and Poor's Corporation and 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 \$232,238,814, 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, 2024**

- Fiscal Year 2023 was a banner year with major parks improvements, replacement of pedestrian bridges, and commencement of construction on the SBWRF project in conjunction with the success of the departmental goals and standard operating procedures initiative. FY 2024

will focus on updating the Town's Master Plans and completing the transition away from a hosted virtual desktop solution.

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

- The unemployment rate for Johnston County is 3.3% compared to 3.7% last year. The State average is 3.6% compared to 4.1% a year ago. The unemployment rate information is not seasonally adjusted.
- An unchanged tax rate of \$0.60 per \$100 in valuation is proposed. One penny (\$0.01) of tax levy for real and personal property will generate \$299,243 of tax revenue per year, excluding registered motor vehicles, which will add an additional \$29,103 of tax revenue per year. Sales tax revenues are conservatively budgeted to increase 5% based upon the projection for fiscal year 2023, which is slightly lower than the 6.3% revenue projection published by the North Carolina League of Municipalities. Ad valorem tax revenues are budgeted to increase 6% compared to the budget for fiscal year 2023. 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 6.8%, or from \$584.96 to \$625.00; and the retirement contribution will increase 1.0%. Water and sewer rates are budgeted to increase 3.0% and 25.8%, respectively, which results in a 16.80% average increase for 4,000 gallons of usage for an intown customer. The combined total monthly rate is \$119.65 compared to the current rate of \$102.45 for 4,000 gallons of usage. Electric rates are budgeted to increase 5% or \$6.80 per month for 935 kWh.
- The budget recommendation includes the addition of 4 new positions in the General Fund – 3 in general government and 1 in public safety at a total cost of \$0.4 million and 2 new positions in the Water and Sewer Fund at a total cost of \$0.2 million.
- Budget expenditures in the General Fund are forecasted to be \$43,634,696, an increase of 4.8% compared to the prior year adopted budget and includes 4 new positions as noted above. 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 \$47,277 for spending in the 2024 fiscal year budget that was adopted by Council on June 5, 2023, attributable to unexpended grant proceeds.

The Town engaged the community to participate in the second annual budget survey. The survey drew a larger response than the prior year. The community's priorities align with the priorities established by Council at the retreat in March 2023.

All these factors were considered in preparing the Town of Clayton's budget for the 2024 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/789/FY-2024-Budget-Engagement>.

### **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
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 34,617,407	\$ 35,525,679	70,143,086
Taxes receivables (net)	14,178	-	14,178
Accounts receivable (net)	1,067,219	5,117,235	6,184,454
Due from/to other governments	2,236,824	2,156,967	4,393,791
Inventories	23,224	4,175,346	4,198,570
Restricted cash and cash equivalents	<u>5,921,901</u>	<u>100,754,809</u>	<u>106,676,710</u>
Total current assets	<u>43,880,753</u>	<u>147,730,036</u>	<u>191,610,789</u>
<b>Non-current assets</b>			
<b>Capital assets (Note 3)</b>			
Land, non-depreciable improvements and construction in progress	23,325,037	86,173,029	109,498,066
Other capital assets, net of depreciation	<u>57,648,353</u>	<u>67,379,190</u>	<u>125,027,543</u>
Total capital assets	<u>80,973,390</u>	<u>153,552,219</u>	<u>234,525,609</u>
 Total assets	 <u>\$ 124,854,143</u>	 <u>\$ 301,282,255</u>	 <u>\$ 426,136,398</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	7,175,577	1,100,548	8,276,125
OPEB deferrals	<u>100,675</u>	<u>1,296</u>	<u>101,971</u>
Total deferred outflows of resources	<u>7,276,252</u>	<u>1,101,844</u>	<u>8,378,096</u>
 Total assets and deferred outflows of resources	 <u>\$ 132,130,395</u>	 <u>\$ 302,384,099</u>	 <u>\$ 434,514,494</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 3,351,292	\$ 11,735,232	\$ 15,086,524
Customer deposits	-	1,697,851	1,697,851
Current portion of long-term liabilities	2,159,321	1,480,424	3,639,745
Liabilities to be paid from restricted assets	-	-	-
Total current liabilities	<u>5,510,613</u>	<u>14,913,507</u>	<u>20,424,120</u>
<b>Long-term liabilities</b>			
Net pension liability	9,724,683	1,611,767	11,336,450
Total pension liability	2,716,781	-	2,716,781
Total OPEB liability	1,121,069	131,154	1,252,223
Due in more than one year	18,798,130	144,243,660	163,041,790
Total noncurrent liabilities	<u>32,360,663</u>	<u>145,986,581</u>	<u>178,347,244</u>
 Total liabilities	 <u>37,871,276</u>	 <u>160,900,088</u>	 <u>198,771,364</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessments	1,053,381	157,318	1,210,699
Prepaid taxes	15,086	-	15,086
Pension deferrals	517,279	11,320	528,599
OPEB deferrals	92,632	10,837	103,469
 Total deferred inflows of resources	 <u>1,678,378</u>	 <u>179,475</u>	 <u>1,857,853</u>
<b>NET POSITION</b>			
Net investment of capital assets	63,002,263	103,493,871	166,496,134
Restricted - expendable:			
Other functions - Powell Bill	1,062,068	-	1,062,068
Public improvements	4,644,253	13,538,865	18,183,118
Public safety	5,338	-	5,338
Stabilization by State Statute	2,250,662	-	2,250,662
Restricted - nonexpendable	3,248	-	3,248
Unrestricted	21,612,909	24,271,800	45,884,709
 Total net position	 <u>92,580,741</u>	 <u>141,304,536</u>	 <u>233,885,277</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 132,130,395</u>	 <u>\$ 302,384,099</u>	 <u>\$ 434,514,494</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES - UNAUDITED**  
**For the Year Ended June 30, 2023**

**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
<b>Primary government</b>							
Governmental activities							
General government operations	\$ 10,040,604	\$ 1,105,475	\$ 78,106	\$ -	\$ (8,857,023)	\$ -	\$ (8,857,023)
Public safety	11,916,599	30,813	11,030,978	-	(854,808)	-	(854,808)
Public works	7,275,518	3,566,305	-	764,683	(2,944,530)	-	(2,944,530)
Cultural and recreational	4,608,646	1,789,196	90,072	48,248	(2,681,130)	-	(2,681,130)
Interest on long-term debt	706,470	-	-	-	(706,470)	-	(706,470)
Total governmental activities	<u>34,547,837</u>	<u>6,491,789</u>	<u>11,199,156</u>	<u>812,931</u>	<u>(16,043,961)</u>	<u>-</u>	<u>(16,043,961)</u>
Business-type activities							
Water and sewer	22,375,939	26,191,023	1,528,603	2,156,967	-	7,500,654	7,500,654
Electric	<u>15,358,385</u>	<u>16,439,998</u>	<u>201,328</u>	<u>-</u>	<u>-</u>	<u>1,282,941</u>	<u>1,282,941</u>
Total business-type activities	<u>37,734,324</u>	<u>42,631,021</u>	<u>1,729,931</u>	<u>2,156,967</u>	<u>-</u>	<u>8,783,595</u>	<u>8,783,595</u>
Total primary government	<u>\$ 72,282,161</u>	<u>\$ 49,122,810</u>	<u>\$ 12,929,087</u>	<u>\$ 2,969,898</u>	<u>\$ (16,043,961)</u>	<u>\$ 8,783,595</u>	<u>\$ (7,260,366)</u>
General revenues							
Property taxes, levied for general purposes					19,576,421	-	19,576,421
Sales taxes					9,710,327	-	9,710,327
Franchise taxes					352,357	-	352,357
Alcoholic beverage taxes					127,757	-	127,757
Other taxes					40,993	-	40,993
Unrestricted investment earnings					1,692,040	2,954,275	4,646,315
Miscellaneous					333,099	4,023,683	4,356,782
Special item: gain on sale of wastewater pretreatment facility					-	5,274,842	5,274,842
Total general revenues not including transfers					<u>31,832,994</u>	<u>12,252,800</u>	<u>44,085,794</u>
Transfers					<u>(2,375,000)</u>	<u>2,375,000</u>	<u>-</u>
Total general revenues and transfers					<u>29,457,994</u>	<u>14,627,800</u>	<u>44,085,794</u>
Change in net position					13,414,033	23,411,395	36,825,428
Net position, beginning					79,166,708	117,893,141	197,059,849
Net position, ending					<u>\$ 92,580,741</u>	<u>\$ 141,304,536</u>	<u>\$ 233,885,277</u>

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	Major Funds										Total Governmental Funds
	General	CAMPO LAPP Capital Project	Greenway System Capital Project	Loop Road Capital Project	2021 GO Bonds Park Projects Capital Project	Main Street LAPP Capital Project	Operations Center Capital Project	Public Safety Complex Capital Project	American Rescue Plan Fund	Total Non-Major Fund	
<b>ASSETS</b>											
Cash and cash equivalents	\$ 34,614,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,248	\$ 34,617,407
Restricted cash	1,067,406	221,450	605,998	803,172	2,053,875	195,000	875,000	100,000	-	-	5,921,901
Receivables, net											
Taxes	14,178	-	-	-	-	-	-	-	-	-	14,178
Accounts	1,067,219	-	-	-	-	-	-	-	-	-	1,067,219
Due from other governments	2,236,824	-	-	-	-	-	-	-	-	-	2,236,824
Inventories	23,224	-	-	-	-	-	-	-	-	-	23,224
<b>Total assets</b>	<b>\$ 39,023,010</b>	<b>\$ 221,450</b>	<b>\$ 605,998</b>	<b>\$ 803,172</b>	<b>\$ 2,053,875</b>	<b>\$ 195,000</b>	<b>\$ 875,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 3,248</b>	<b>\$ 43,880,753</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities</b>											
Accounts payable and accrued liabilities	\$ 3,141,050	\$ 20,503	\$ 137,136	\$ -	\$ 52,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,351,292
Unearned revenues	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,141,050</b>	<b>20,503</b>	<b>137,136</b>	<b>-</b>	<b>52,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 3,351,292</b>
<b>Deferred Inflows of Resources</b>											
Assessments	1,053,381	-	-	-	-	-	-	-	-	-	1,053,381
Property tax receivable	14,178	-	-	-	-	-	-	-	-	-	14,178
Prepaid taxes	15,086	-	-	-	-	-	-	-	-	-	15,086
<b>Total Deferred Inflows of Resources</b>	<b>1,082,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,082,645</b>
<b>Fund balances</b>											
<b>Non Spendable</b>											
Inventories	23,224	-	-	-	-	-	-	-	-	-	23,224
Perpetual maintenance	-	-	-	-	-	-	-	-	-	3,248	3,248
<b>Restricted</b>											
Stabilization by State Statute	2,250,662	-	-	-	-	-	-	-	-	-	2,250,662
Streets - Powell Bill	1,062,068	-	-	-	-	-	-	-	-	-	1,062,068
Public improvements	-	200,947	468,862	803,172	2,001,272	195,000	875,000	100,000	-	-	4,644,253
Public safety-police	5,338	-	-	-	-	-	-	-	-	-	5,338
Public safety-fire	-	-	-	-	-	-	-	-	-	-	-
<b>Committed</b>											
Public improvements	3,062,521	-	-	-	-	-	-	-	-	-	3,062,521
<b>Assigned</b>											
Public safety-fire	2,355	-	-	-	-	-	-	-	-	-	2,355
Public improvements	5,237,383	-	-	-	-	-	-	-	-	-	5,237,383
Subsequent year's expenditures	6,211,318	-	-	-	-	-	-	-	-	-	6,211,318
Unassigned	16,944,446	-	-	-	-	-	-	-	-	-	16,944,446
<b>Total fund balances</b>	<b>34,799,315</b>	<b>200,947</b>	<b>468,862</b>	<b>803,172</b>	<b>2,001,272</b>	<b>195,000</b>	<b>875,000</b>	<b>100,000</b>	<b>-</b>	<b>3,248</b>	<b>39,446,816</b>
<b>Total liabilities, deferred inflows of of resources and fund balances</b>	<b>\$ 39,023,010</b>	<b>\$ 221,450</b>	<b>\$ 605,998</b>	<b>\$ 803,172</b>	<b>\$ 2,053,875</b>	<b>\$ 195,000</b>	<b>\$ 875,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 3,248</b>	<b>\$ 43,880,753</b>

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	\$ 39,446,816
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	80,973,390
Deferred outflows of resources related to pensions are not reported in the funds	7,175,577
Deferred outflows of resources related to OPEB are not reported in the funds	100,675
Earned revenues considered deferred inflows of resources in fund statements	14,178
Compensated absences not expected to be materially liquidated with expendable available resources	(932,448)
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	(20,025,003)
Net pension liability	(9,724,683)
Total pension liability	(2,716,781)
OPEB liability	(1,121,069)
Deferred inflows of resources related to pensions are not reported in the funds	(517,279)
Deferred inflows of resources related to OPEB are not reported in the funds	<u>(92,632)</u>
Net position of governmental activities	<u>\$ 92,580,741</u>

TOWN OF CLAYTON, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

Exhibit 4

General Fund	Major Funds								Total Non-Major Fund	Total Governmental Funds	
	CAMPO LAPP Capital Project	Greenway System Capital Project	Loop Road Capital Project	2021 GO Bonds Park Capital Project	Main Street LAPP Capital Project	Operations Center Capital Project	Public Safety Complex Capital Project	American Rescue Plan Fund			
REVENUES											
Ad valorem taxes	\$18,968,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$18,968,732
Other taxes and licenses	628,219	-	-	-	-	-	-	-	-	-	628,219
Unrestricted intergovernmental	12,587,326	-	-	-	-	-	-	-	-	-	12,587,326
Restricted intergovernmental	1,653,284	48,248	-	-	-	-	-	7,931,423	-	-	9,632,955
Permits and fees	2,951,168	-	-	-	-	-	-	-	-	-	2,951,168
Sales and services	3,550,842	-	-	-	-	-	-	-	-	-	3,550,842
Investment earnings	1,467,597	-	-	224,443	-	-	-	-	-	-	1,692,040
Miscellaneous	333,099	-	-	-	-	-	-	-	-	-	333,099
<b>Total revenues</b>	<b>42,140,267</b>	<b>48,248</b>	<b>-</b>	<b>-</b>	<b>224,443</b>	<b>-</b>	<b>-</b>	<b>7,931,423</b>	<b>-</b>	<b>-</b>	<b>50,344,381</b>
EXPENDITURES											
Current											
General government operations	8,959,350	-	-	-	-	-	-	-	-	-	8,959,350
Public safety	12,722,569	-	-	-	-	-	-	-	-	-	12,722,569
Public works	8,937,570	-	-	-	-	-	-	-	-	-	8,937,570
Cultural and recreational	4,193,134	-	-	-	-	-	-	-	-	-	4,193,134
Debt service											
Principal retirement	1,733,224	-	-	-	-	-	-	-	-	-	1,733,224
Interest and other charges	706,470	-	-	-	-	-	-	-	-	-	706,470
Capital outlay	-	20,184	2,930,107	16,159	6,197,855	-	-	-	-	-	9,164,305
<b>Total expenditures</b>	<b>37,252,317</b>	<b>20,184</b>	<b>2,930,107</b>	<b>16,159</b>	<b>6,197,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,416,622</b>
Excess (deficiency) of revenues over expenditures	4,887,950	28,064	(2,930,107)	(16,159)	(5,973,412)	-	-	-	7,931,423	-	3,927,759
OTHER FINANCING SOURCES (USES)											
Transfers from (to) other funds	4,386,423	-	2,000,000	-	(2,000,000)	195,000	875,000	100,000	(7,931,423)	-	(2,375,000)
Bonds issued	-	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,386,423</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>(2,000,000)</b>	<b>195,000</b>	<b>875,000</b>	<b>100,000</b>	<b>(7,931,423)</b>	<b>-</b>	<b>(2,375,000)</b>
Net change in fund balances	9,274,373	28,064	(930,107)	(16,159)	(7,973,412)	195,000	875,000	100,000	-	-	1,552,759
Fund balance, beginning	25,524,942	172,883	1,398,969	819,331	9,974,684	-	-	-	-	3,248	37,894,057
<b>Fund balances, ending</b>	<b>\$34,799,315</b>	<b>\$ 200,947</b>	<b>\$ 468,862</b>	<b>\$ 803,172</b>	<b>\$ 2,001,272</b>	<b>\$ 195,000</b>	<b>\$ 875,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 3,248</b>	<b>\$39,446,816</b>

**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, 2023**

**Exhibit 5**

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		\$ 1,552,759
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.		
	Capital outlay	14,105,911
	Depreciation	(2,524,583)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		1,788,602
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities		201,206
OPEB benefit payments paid and administrative expense are not included on the Statement of Activities		40,035
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	(7,511)
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	(126,519)
	Pension expense	(3,460,506)
	OPEB plan expense	111,415
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.		
	Debt proceeds	-
	Debt principal paid	<u>1,733,224</u>
		<u>1,733,224</u>
Total changes in net position of governmental activities		<u>\$ 13,414,033</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, 2023**

**Exhibit 6**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 18,552,199	\$ 18,552,199	\$ 18,968,732	\$ 416,533
Other taxes and licenses	598,000	598,000	628,219	30,219
Unrestricted intergovernmental	12,206,822	12,318,899	12,587,326	268,427
Restricted intergovernmental	1,190,156	1,237,433	1,653,284	415,851
Permits and fees	1,639,250	1,639,250	2,951,168	1,311,918
Sales and services	3,153,990	3,153,990	3,550,842	396,852
Investment earnings	5,000	1,325,000	1,467,597	142,597
Miscellaneous	139,500	338,500	333,099	(5,401)
<b>Total revenues</b>	<u>37,484,917</u>	<u>39,163,271</u>	<u>42,140,267</u>	<u>2,976,996</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government operations	11,638,614	14,139,959	8,959,350	5,180,609
Public safety	11,438,303	13,834,097	12,722,569	1,111,528
Public works	13,907,157	14,284,854	8,937,570	5,347,284
Cultural and recreational	4,210,928	4,756,680	4,193,134	563,546
<b>Debt service</b>				
Principal retirement	1,733,224	1,733,224	1,733,224	-
Interest and other charges	706,470	706,470	706,470	-
<b>Total expenditures</b>	<u>43,634,696</u>	<u>49,455,284</u>	<u>37,252,317</u>	<u>12,202,967</u>
Revenues over (under) expenditures	<u>(6,149,779)</u>	<u>(10,292,013)</u>	<u>4,887,950</u>	<u>15,179,963</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from (to) other funds	-	(695,000)	4,386,423	(5,081,423)
Installment purchase obligations issued	1,470,000	1,470,000	-	(1,470,000)
<b>Total other financing sources (uses)</b>	<u>1,470,000</u>	<u>775,000</u>	<u>4,386,423</u>	<u>(1,470,000)</u>
Fund balance appropriated	<u>4,679,779</u>	<u>9,517,013</u>	<u>-</u>	<u>(9,517,013)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>9,274,373</u>	<u>\$ 9,274,373</u>
Fund balances, beginning			25,524,942	
Fund balances, ending			<u>\$ 34,799,315</u>	

**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

**Exhibit 7**

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 33,046,687	\$ 2,478,992	\$ 35,525,679
Accounts receivable (net) - billed	1,256,119	757,964	2,014,083
Accounts receivable (net) - unbilled	1,945,613	1,157,539	3,103,152
Due from/to other governments	2,156,967	-	2,156,967
Inventories	614,468	3,560,878	4,175,346
Restricted cash and cash equivalents	<u>100,754,809</u>	<u>-</u>	<u>100,754,809</u>
Total current assets	<u>139,774,663</u>	<u>7,955,373</u>	<u>147,730,036</u>
<b>Non-current assets</b>			
<b>Capital assets</b>			
Land, improvements and construction in progress	86,153,029	20,000	86,173,029
Other capital assets, net of depreciation	<u>48,929,406</u>	<u>18,449,784</u>	<u>67,379,190</u>
Capital assets, net	<u>135,082,435</u>	<u>18,469,784</u>	<u>153,552,219</u>
Total non-current assets	<u>135,082,435</u>	<u>18,469,784</u>	<u>153,552,219</u>
Total assets	<u>\$ 274,857,098</u>	<u>\$ 26,425,157</u>	<u>\$ 301,282,255</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	688,818	411,730	1,100,548
OPEB deferrals	<u>1,296</u>	<u>-</u>	<u>1,296</u>
Total deferred outflows of resources	<u>690,114</u>	<u>411,730</u>	<u>1,101,844</u>
Total assets and deferred outflows of resources	<u>\$ 275,547,212</u>	<u>\$ 26,836,887</u>	<u>\$ 302,384,099</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 10,454,528	\$ 1,280,704	\$ 11,735,232
Customer deposits	605,493	1,092,358	1,697,851
Compensated absences - current	39,533	41,522	81,055
Revenue bond note payable - current	456,000	356,667	812,667
Direct placement installment purchases payable - current	<u>486,286</u>	<u>100,416</u>	<u>586,702</u>
Total current liabilities	<u>12,041,840</u>	<u>2,871,667</u>	<u>14,913,507</u>
<b>Noncurrent liabilities</b>			
<b>Other noncurrent liabilities</b>			
Compensated absences	39,533	41,523	81,056
Net pension liability	1,008,783	602,984	1,611,767
OPEB liability	59,926	71,228	131,154
Revenue bond note payable, net - noncurrent	117,382,682	2,853,333	120,236,015
Direct placement installment purchases payable - current	<u>22,631,933</u>	<u>1,294,656</u>	<u>23,926,589</u>
Total noncurrent liabilities	<u>141,122,857</u>	<u>4,863,724</u>	<u>145,986,581</u>
Total liabilities	<u>153,164,697</u>	<u>7,735,391</u>	<u>160,900,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessments	157,318	-	157,318
Pension deferrals	7,085	4,235	11,320
OPEB deferrals	<u>4,952</u>	<u>5,885</u>	<u>10,837</u>
Total deferred inflows of resources	<u>169,355</u>	<u>10,120</u>	<u>179,475</u>
<b>NET POSITION</b>			
Net investments in capital assets	89,629,159	13,864,712	103,493,871
Restricted for USDA debt service reserve	-	-	-
Restricted for capital improvement program	13,538,865	-	13,538,865
Unrestricted	<u>19,045,136</u>	<u>5,226,664</u>	<u>24,271,800</u>
Total net position	<u>122,213,160</u>	<u>19,091,376</u>	<u>141,304,536</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 275,547,212</u>	<u>\$ 26,836,887</u>	<u>\$ 302,384,099</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

**Exhibit 8**

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 26,097,048	\$ 16,439,998	\$ 42,537,046
Water and sewer taps	93,975	-	93,975
Other operating revenues	1,528,603	201,328	1,729,931
Total operating revenues	<u>27,719,626</u>	<u>16,641,326</u>	<u>44,360,952</u>
<b>OPERATING EXPENSES</b>			
Electric operations	-	12,703,269	12,703,269
Water distribution	8,322,219	-	8,322,219
Water preventive maintenance	1,442,590	-	1,442,590
Waste collection and treatment	5,809,177	-	5,809,177
Tax reimbursements - General Fund	-	89,773	89,773
Support services - General Fund	3,151,877	1,599,802	4,751,679
Depreciation and amortization	3,033,864	855,473	3,889,337
Total operating expenses	<u>21,759,727</u>	<u>15,248,317</u>	<u>37,008,044</u>
Operating income (loss)	<u>5,959,899</u>	<u>1,393,009</u>	<u>7,352,908</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	2,877,695	76,580	2,954,275
Interest and other charges	(616,212)	(110,068)	(726,280)
Nutrient offset fees	376,106	-	376,106
System Development Fees	3,485,765	-	3,485,765
Miscellaneous	(99,230)	261,042	161,812
Total nonoperating revenue (expenses)	<u>6,024,124</u>	<u>227,554</u>	<u>6,251,678</u>
Income (loss) before contributions	<u>11,984,023</u>	<u>1,620,563</u>	<u>13,604,586</u>
Special item: gain on sale of wastewater pretreatment facility	5,274,842	-	5,274,842
Transfers (to) from other funds	2,375,000	-	2,375,000
Capital contributions	2,156,967	-	2,156,967
Change in net position	<u>21,790,832</u>	<u>1,620,563</u>	<u>23,411,395</u>
Total net position, beginning	<u>100,422,328</u>	<u>17,470,813</u>	<u>117,893,141</u>
Total net position, ending	<u>\$ 122,213,160</u>	<u>\$ 19,091,376</u>	<u>141,304,536</u>

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**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 25,902,756	\$ 16,473,535	\$ 42,376,291
Cash paid for goods and services	(16,063,797)	(15,814,203)	(31,878,000)
Cash paid to or on behalf of employees for services	(932,718)	(640,934)	(1,573,652)
Other operating revenues	1,528,603	201,328	1,729,931
System development fees	3,485,765	-	3,485,765
Nutrient offset fees	376,106	-	376,106
Miscellaneous revenue	(99,230)	261,042	161,812
Net cash provided (used) by operating activities	<u>14,197,485</u>	<u>480,768</u>	<u>14,678,253</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	5,000,000	-	5,000,000
Transfers to other funds	(2,625,000)	-	(2,625,000)
Net cash provided (used) by noncapital financing activities	<u>2,375,000</u>	<u>-</u>	<u>2,375,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Revenue bonds issued	112,228,913	-	112,228,913
Installment debt issued	-	-	-
Acquisition and construction of capital assets	(45,087,251)	(2,354,208)	(47,441,459)
Principal paid on bond maturities and equipment contracts	(6,958,915)	(454,395)	(7,413,310)
Interest paid on bond maturities and equipment contracts	(616,212)	(110,068)	(726,280)
Net cash provided (used) by capital and related financing activities	<u>59,566,535</u>	<u>(2,918,671)</u>	<u>56,647,864</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from asset disposition	34,250,000	-	34,250,000
Interest and dividends	2,877,695	76,580	2,954,275
Net cash provided (used) by investing activities	<u>37,127,695</u>	<u>76,580</u>	<u>37,204,275</u>
Net increase (decrease) in cash and cash equivalents	113,266,715	(2,361,323)	110,905,392
Balances, beginning	<u>20,534,781</u>	<u>4,840,315</u>	<u>25,375,096</u>
Balances, ending	<u>\$ 133,801,496</u>	<u>\$ 2,478,992</u>	<u>\$ 136,280,488</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 5,959,899	\$ 1,393,009	\$ 7,352,908
Adjustments to reconcile operating income to net cash provided by operating activities			
Other fees - capacity, system development, nutrient offset	3,861,871	-	3,861,871
Miscellaneous revenue	(99,230)	261,042	161,812
Depreciation & amortization	3,033,864	855,473	3,889,337
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	\$ (288,266)	\$ 33,537	(254,729)
(Increase) decrease in inventory	(354,854)	(1,900,285)	(2,255,139)
Increase (decrease) in accounts payable and accrued liabilities	1,846,049	(221,664)	1,624,385
Increase (decrease) in customer deposits	72,166	83,688	155,854
Increase (decrease) in OPEB liability	(6,370)	(8,000)	(14,370)
Increase (decrease) in accrued vacation pay	(6,130)	24,998	18,868
(Increase) decrease in deferred outflows of resources-pensions	(417,485)	14,366	(403,119)
(Increase) decrease in deferred outflows of resources-OPEB	2,214	-	2,214
Increase (decrease) in net pension liability	836,514	332,455	1,168,969
Increase (decrease) in deferred inflows of resources-pensions	(241,972)	(386,880)	(628,852)
Increase (decrease) in deferred inflows of resources-OPEB	(785)	(971)	(1,756)
Total adjustments	<u>8,237,586</u>	<u>(912,241)</u>	<u>7,325,345</u>
Net cash provided by operating activities	<u>\$ 14,197,485</u>	<u>\$ 480,768</u>	<u>\$ 14,678,253</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2023**

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**Exhibit 10**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 54,469
Taxes receivable from other governments, net	<u>-</u>
Total assets	<u>54,469</u>
<b>LIABILITIES</b>	
Intergovernmental payable	<u>-</u>
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted for:	
Other governments	<u>54,469</u>
Total fiduciary net position	<u><u>\$ 54,469</u></u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2023**

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**Exhibit 11**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	<u>\$ 2,482,122</u>
Total additions	<u>2,482,122</u>
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>2,430,550</u>
Net increase (decrease) in fiduciary net position	<u>51,572</u>
Net position, beginning	<u>\$ 2,897</u>
Net position, ending	<u>\$ 54,469</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, 2023**

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**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.

**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.

**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.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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

**Main Street LAPP Capital Project** – This fund is used to account for major improvements to Main Street, which is a NC Department of Transportation road.

**Operations Center Capital Project** – This fund is used to account for the major improvements to the Town’s primary operations center for public works and utility services.

**Public Safety Complex Capital Project** – This fund is used to account for the construction of new public safety complex for police and fire.

**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 held in a trust or equivalent arrangement that meet specific criteria. 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, proprietary fund, and custodial 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

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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, including property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The 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/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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, 2023**

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**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.

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: CAMPO LAPP Capital Project; Greenway System Capital Project; Loop Road Capital Project; 2021 GO Bonds Parks Projects; Main Street LAPP Capital Project; Operations Center Capital Project; and Public Safety Complex Capital project 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).

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Town of Clayton Restricted Cash

Governmental Activities			
General Fund			
	Powell Bill		1,062,068
	Public Safety		5,338
Capital Project Funds			
	Parks and Recreation		3,463,045
	Improvements		975,000
	Public Transportation		416,450
Total governmental activities			<u>\$ 5,921,901</u>
Business-type Activities			
Water and Sewer Fund		Capital improvements - State Statute	\$ 13,538,865
Water and Sewer Fund		Unspent installment debt proceeds	87,215,944
Total Business-type Activities			<u>\$ 100,754,809</u>
Total Restricted Cash			<u><u>\$ 106,676,710</u></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, 2023 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.

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.

**TOWN OF CLAYTON, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

**The Town's capital assets do not include certain right to use assets in association with lease agreements and information technology subscriptions (SBITAs) per the criteria established by GASB 87 and GASB 96, respectively, because these right to use assets agreements are below the materiality threshold.**

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 2023 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 unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), and OPEB and pension deferrals.

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

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Long-Term Obligations (Continued)

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.

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

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Restricted Fund Balance (Continued)

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, 2023**

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**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, 2023, the Town's deposits had a carrying amount of \$96,839,658 and a bank balance of \$96,730,935. Of the bank balance, \$807,717 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$3,320.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

Investments

At June 30, 2023, the Town of Clayton had \$80,031,287 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, 2023 are net of the following allowances for doubtful accounts:

General fund:	
Taxes receivable	\$ 8,100
Accounts receivable	<u>2,243</u>
	10,343

Receivables - Allowances for Doubtful Accounts

Enterprise funds	<u>42,612</u>
Total	<u>\$ 52,955</u>

Due from Other Governmental Agencies

At June 30, 2023, funds due from other governmental agencies consisted of the following:

	Governmental Activities			Business- type Activities
	General	Non-Major Governmental	Total	
Local Option Sales Tax	\$ 1,408,201	\$ -	\$ 1,408,201	\$ -
Franchise Sales Tax	287,977	-	287,977	-
Telecommunication Sales Tax	7,277	-	7,277	-
Video Programming Fees	57,863	-	57,863	-
Solid Waste Disposal Fees	5,652	-	5,652	-
Vehicle & Property Taxes	439,736	-	439,736	-
PEG Channel	6,410	-	6,410	-
ABC Distribution	10,689	-	10,689	-
Payment in Lieu of Taxes	13,019	-	13,019	-
Grant Reimbursement	-	-	-	<u>2,156,967</u>
	<u>\$ 2,236,824</u>	<u>\$ -</u>	<u>\$ 2,236,824</u>	<u>\$ 2,156,967</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

As of June 30, 2023, the Town has construction commitments with contractor's as follows:

Project	Inception to Date	Balance
Recreational facilities	\$ 10,268,156	\$ 853,626
Building improvements	1,568,914	630,073
Water distribution facilities	618,968	88,083
Water and sewer treatment facilities	36,824,832	172,512,821
	<u>\$ 49,280,870</u>	<u>\$ 174,084,603</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,942,497	\$ -	\$ -	\$ 7,942,497
Construction in progress	<u>11,696,371</u>	<u>8,957,332</u>	<u>5,271,163</u>	<u>15,382,540</u>
Total capital assets not being depreciated	<u>19,638,868</u>	<u>8,957,332</u>	<u>5,271,163</u>	<u>23,325,037</u>
Capital assets being depreciated				
Buildings and improvements	35,800,836	6,478,212	-	42,279,048
Equipment	5,039,051	805,464	-	5,844,515
Vehicles and motorized equipment	11,282,649	3,136,066	397,074	14,021,641
Infrastructure	<u>23,834,125</u>	<u>-</u>	<u>-</u>	<u>23,834,125</u>
Total capital assets being depreciated	<u>75,956,661</u>	<u>10,419,742</u>	<u>397,074</u>	<u>85,979,329</u>
Less accumulated depreciation				
Buildings	9,025,364	859,821	-	9,885,185
Equipment	4,159,376	227,075	-	4,386,451
Vehicles and motorized equipment	7,709,485	960,545	379,982	8,290,048
Infrastructure	<u>5,283,604</u>	<u>485,688</u>	<u>-</u>	<u>5,769,292</u>
Total accumulated depreciation	<u>26,177,829</u>	<u>2,533,129</u>	<u>379,982</u>	<u>28,330,976</u>
Total capital assets being depreciated, net	<u>49,778,832</u>	<u>7,886,613</u>	<u>17,092</u>	<u>57,648,353</u>
Governmental activity capital assets, net	<u>\$ 69,417,700</u>	<u>\$ 16,843,945</u>	<u>\$ 5,288,255</u>	<u>\$ 80,973,390</u>

As of June 30, 2023, construction in progress was comprised primarily of public improvement construction projects.

General government	\$ 298,891
Public safety	875,302
Public works	788,649
Cultural and recreational	<u>570,287</u>
Total depreciation expense	<u>\$ 2,533,129</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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>28,141,143</u>	<u>41,733,283</u>	<u>1,122,235</u>	<u>68,752,191</u>
Total capital assets not being depreciated	<u>45,541,981</u>	<u>41,733,283</u>	<u>1,122,235</u>	<u>86,153,029</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	88,674,114	4,398,112	32,957,526	60,114,700
Furniture and maintenance equipment	5,478,781	12,055	-	5,490,836
Vehicles	<u>3,027,118</u>	<u>66,035</u>	<u>63,081</u>	<u>3,030,072</u>
Total capital assets being depreciated	<u>103,258,758</u>	<u>4,476,202</u>	<u>33,020,607</u>	<u>74,714,353</u>
Less accumulated depreciation for				
Wastewater capacity allocation rights	3,015,000	180,000	-	3,195,000
Buildings	789,328	53,782	-	843,110
Plant and distribution system	19,232,312	1,773,411	3,982,368	17,023,355
Furniture and maintenance equipment	2,108,032	682,837	-	2,790,869
Vehicles	<u>1,651,860</u>	<u>343,834</u>	<u>63,081</u>	<u>1,932,613</u>
Total accumulated depreciation	<u>26,796,532</u>	<u>3,033,864</u>	<u>4,045,449</u>	<u>25,784,947</u>
Total Capital assets being depreciated, net	<u>76,462,226</u>	<u>1,442,338</u>	<u>28,975,158</u>	<u>48,929,406</u>
Water and Sewer Fund				
Capital Assets – net	<u>\$122,004,207</u>	<u>\$ 43,175,621</u>	<u>\$ 28,975,158</u>	<u>\$135,082,435</u>
Electric Fund				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	<u>940,596</u>	<u>-</u>	<u>940,596</u>	<u>-</u>
Total capital assets not being depreciated	<u>960,596</u>	<u>-</u>	<u>940,596</u>	<u>20,000</u>
Capital assets being depreciated				
Buildings	1,384,059	-	-	1,384,059
Plant and distribution system	19,864,692	2,111,507	-	21,976,199
Furniture and maintenance equipment	1,839,413	952,843	-	2,792,256
Vehicles	<u>1,794,826</u>	<u>230,454</u>	<u>176,981</u>	<u>1,848,299</u>
Total capital assets being depreciated	<u>24,882,990</u>	<u>3,294,804</u>	<u>176,981</u>	<u>28,000,813</u>
Less accumulated depreciation for				
Buildings	467,830	31,104	-	498,934
Plant and distribution system	6,497,267	420,724	-	6,917,991
Furniture and maintenance equipment	508,803	266,363	-	775,166
Vehicles	<u>1,398,637</u>	<u>137,282</u>	<u>176,981</u>	<u>1,358,938</u>
Total accumulated depreciation	<u>8,872,537</u>	<u>855,473</u>	<u>176,981</u>	<u>9,551,029</u>
Total capital assets being depreciation, net	<u>16,010,453</u>	<u>2,439,331</u>	<u>-</u>	<u>18,449,784</u>
Electric Fund				
Capital Assets – net	<u>\$ 16,971,049</u>	<u>\$ 2,439,331</u>	<u>\$ 940,596</u>	<u>\$ 18,469,784</u>
Business-type activities capital assets, net	<u>\$138,975,256</u>			<u>\$153,552,219</u>

**TOWN OF CLAYTON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

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**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](http://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, 2023 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 \$2,085,046 for the year ended June 30, 2023.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023, the Town reported a liability of \$11,336,450 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the Town's proportion was 0.20095%, which was an increase of 0.01886% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$3,328,912. At June 30, 2023, 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	\$ 488,477	\$ 47,892
Changes of assumptions	1,131,123	-
Net difference between projected and actual earnings on pension plan investments	3,746,815	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	289,303	31,726
Town contributions subsequent to the measurement date	<u>2,085,046</u>	<u>-</u>
Total	<u>\$ 7,740,764</u>	<u>\$ 79,618</u>

\$2,085,046 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 1,777,898
2025	1,505,315
2026	507,835
2027	1,785,053
2028	-
Thereafter	<u>-</u>
	<u>\$ 5,576,101</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 2.50%. 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, 2023**

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**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:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town of Clayton's proportionate share of the net pension liability (asset)	\$ 20,460,831	\$ 11,336,450	\$ 3,817,429

*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, 2021, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>50</u>
Total	<u>57</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**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, 2021 valuation. The total pension liability in the December 31, 2021 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	4.31 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, 2021.

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 \$169,480 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, 2023 the Town reported total pension liability of \$2,716,781. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$295,868.

**TOWN OF CLAYTON, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2023**

**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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,114
Changes of assumptions	425,763	429,867
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>109,598</u>	<u>-</u>
Total	<u>\$ 535,361</u>	<u>\$ 448,981</u>

\$109,598 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, 2024. 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:**

2024	\$ 68,861
2025	64,035
2026	16,193
2027	(107,084)
2028	(65,223)
Thereafter	<u>-</u>
	\$ (23,218)

*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 4.31 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 (3.31 percent) or one percentage point higher (5.31 percent) than the current rate:

	<b>1% Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1% Increase (5.31%)</b>
Total pension liability	\$ 2,922,600	\$ 2,716,781	\$ 2,529,226

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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

	2023
Beginning balance	\$3,126,220
Service cost	131,681
Interest on total pension liability	68,433
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of total pension liability	5,422
Changes of assumptions and other inputs	(445,495)
Benefit payments	(169,480)
Other changes	-
Ending balance of the total pension liability	<u>\$2,716,781</u>

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

The actuarial assumptions used in the December 31, 2021 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	\$ 3,328,912	\$ 295,868	\$ 3,624,780
Pension Liability	11,336,450	2,716,781	14,053,231
Proportionate share of the net pension liability	20.09500%	N/A	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	488,477	-	488,477
Changes of assumptions	1,131,123	425,763	1,556,886
Net difference between projected and actual earnings on pension plan investments	3,746,815	-	3,746,815
Changes in proportion and differences between contributions and proportionate share of contributions	289,303	-	289,303
Benefit payments paid subsequent to the measurement date	2,085,046	109,598	2,194,644
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	47,892	19,114	67,006
Changes of assumptions	-	429,867	429,867
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	31,726	-	31,726

**TOWN OF CLAYTON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

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**NOTE 2 - DETAIL NOTES ON ALL FUNDS *Continued***

**B. Liabilities *(Continued)***

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of 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](http://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 \$178,821 and \$541,436 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](http://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, 2023, the State contributed \$19,352,000 to the plan. The Town of Clayton's proportionate share of the State's contribution is \$6,394.

*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, 2023**

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**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, 2023, 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 **liability** that was associated with the Town and supported by the State was \$6,496. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023 and at June 30, 2022 was 0%.

For the year ended June 30, 2023, the Town elected not to recognize pension expense of \$1,677 and revenue of \$1,677 for support provided by the State. *The amounts are not material to the financial statements.* At June 30, 2023, 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, 2021 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, 2023**

**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	170	47

**Total OPEB Liability**

The Town's total OPEB liability of \$1,252,223 was measured as of June 30, 2022 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	3.54 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, 2022	\$1,378,008
Changes for the year:	
Service cost	93,345
Interest	31,404
Changes in benefit terms	-
Differences expected and actual experience	1,895
Changes of assumptions and other inputs	(217,334)
Benefit payments	(35,095)
Net changes	(125,785)
Balance at June 30, 2023	\$1,252,223

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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, 2023**

**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 3.54 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 (2.54 percent) or one percentage point higher (4.54 percent) than the current rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	\$ 1,405,709	\$ 1,252,223	\$ 1,117,959

*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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 1,079,365	\$ 1,252,223	\$ 1,462,877

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$119,498. At June 30, 2023, 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	\$ -	\$ 103,469
Changes of assumptions	60,640	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	41,331	-
Total	<u>\$ 101,971</u>	<u>\$ 103,469</u>

\$41,331 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB liability will be recognized in OPEB expense as follows:

2024	\$ (5,251)
2025	\$ (5,251)
2026	\$ (5,251)
2027	\$ (5,251)
2028	\$ (193)
Thereafter	<u>\$ (21,632)</u>
	\$ (42,829)

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**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	\$ 2,085,046
Benefit payments made and administrative expenses for LEOSSA	109,598
Benefit payments made and administrative expenses for OPEB	41,331
Differences between expected and actual experience	488,477
Changes of assumptions	1,617,526
Net difference between projected and actual	3,746,815
Changes in proportion and differences between employer contributions and proportionate share of contributions	289,303

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

Prepaid taxes (General Fund)	\$ 15,086
Taxes Receivable, less penalties (General Fund)	14,178
Deferred revenue	-
Community Development Assessments (General Fund)	1,053,381
Special Assessments (Water Fund)	157,318
Differences between expected and actuarial experience	170,475
Changes in assumptions	429,867
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,726

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 \$144.6 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, 2023**

**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 director 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, 2023, 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. Refer to Note 7 for additional information.

**6. Long-Term Debt**

Long-term debt obligations of the Town at June 30, 2023 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%. <b><i>Bonds were issued for parks and recreation improvements.</i></b>	\$12,825,000	\$ -
\$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%. <b><i>Bonds were issued for parks and recreation improvements.</i></b>	<u>480,000</u>	<u>-</u>
Total general obligation bonds	<u>\$13,305,000</u>	<u>\$ -</u>
Revenue Bonds		
Water and Sewer System Revenue Bond, Series 2020 dated April 23, 2020 and maturing in annual installments ranging from \$375,000 to \$830,000 through June 2045; interest at 2.88%.	\$ -	\$ 13,751,000
Water and Sewer System Revenue Bond, Series 2022 dated December 20, 2022 and maturing in annual installments of \$2,305,000 to \$6,615,000 through August 2047; interest ranging from 4% to 5%. <b><i>Excludes \$8,287,682 unamortized premium.</i></b>	-	95,800,000

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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)		
Electric System Revenue Bond, Series 2016 dated September 22, 2016 and maturing in 2031; interest at 2.09%.	-	3,210,000
Total revenue bonds	<u>\$ -</u>	<u>\$112,761,000</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%. <b>Property is pledged as collateral.</b>	\$ 2,525,000	\$ -
2016 Clayton Law Enforcement Center Refunding; contract of \$5,626,000 annual installments of variable principal starting in 2016; interest at 2.2% <b>Property is pledged as collateral.</b>	3,482,000	-
2021 Ladder Truck; contract of \$871,621; due in annual installments of \$98,738 including interest at 2.33%. <b>Truck is pledged as collateral.</b>	713,003	-
2020 Vactor trucks; contract of \$865,382; due in annual installments of \$127,954 including interest of 3.59%. <b>Trucks pledged as collateral.</b>	-	553,275
2008 Sanitary Sewer Loan; contract of \$3,600,000; due in annual installments of \$180,000; interest at 2.10%	-	900,000
2021 Sanitary Sewer Loan; contract for \$10,644,786; due in annual installments of \$532,239 plus interest at 1.06%.	-	18,786,017
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%. <b>AMI meter fee is supporting the debt service.</b>	-	4,153,999
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	-	120,000
Total direct placement installment purchases	<u>6,720,003</u>	<u>24,513,291</u>
Total outstanding	20,025,003	137,274,291
Less current portion	<u>1,693,097</u>	<u>1,399,369</u>
	<u>\$ 18,331,906</u>	<u>\$135,874,922</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

6. Long-Term Debt (Continued)

At June 30, 2023, the Town of Clayton had a legal debt margin of \$232,238,814.

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, 2022	Increases	Decreases	Balances June 30, 2023	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 14,100,000	\$ -	\$ 795,000	\$ 13,305,000	\$ 795,000
Direct placement installment purchase	7,658,227	-	938,224	6,720,003	898,097
Compensated absences	805,929	733,160	606,641	932,448	466,224
Total OPEB liability	1,232,484	-	111,415	1,121,069	-
Net pension liability (LGERS)	2,349,727	7,374,956	-	9,724,683	-
Total pension liability (LEO)	<u>3,126,220</u>	<u>-</u>	<u>409,439</u>	<u>2,716,781</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 29,272,587</u>	<u>\$ 8,108,116</u>	<u>\$ 2,860,719</u>	<u>\$34,519,984</u>	<u>\$2,159,321</u>
Business-type activities:					
Revenue bonds	\$ 23,799,412	\$95,800,000	\$ 6,838,412	\$112,761,000	\$ 812,667
Unamortized bond premium	-	8,287,682	-	\$ 8,287,682	-
Direct placement installment purchase	16,946,959	8,141,231	574,899	24,513,291	586,702
Total OPEB liability	145,524	-	14,370	131,154	-
Net pension liability (LGERS)	442,798	1,168,969	-	1,611,767	-
Compensated absences	<u>143,243</u>	<u>100,802</u>	<u>81,934</u>	<u>162,111</u>	<u>81,055</u>
Business-type activity long-term liabilities	<u>\$ 41,477,936</u>	<u>\$113,498,684</u>	<u>\$ 7,509,615</u>	<u>\$147,467,005</u>	<u>\$1,480,424</u>

The Town's outstanding debt from direct placement installment purchases related to governmental activities of \$6,720,003 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 a ladder truck (**See schedule on Page 55**).

The Town's outstanding debt from direct placement installment purchases related to business-type activities of \$24,513,291 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 \$553,275 is secured with collateral of two Vector trucks. (**See schedule on Page 55**).

Maturities of long-term debt

The annual requirements to retire all debt outstanding, other than compensated absences and net pension obligation, at June 30, 2023, including interest, are as follows:

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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						
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	675,000	300,375	872,034	66,358	1,547,034	366,733
2029-2033	3,375,000	999,000	2,342,906	89,012	5,717,906	1,088,012
Thereafter	6,075,000	546,750	-	-	6,075,000	546,750
Total	<u>13,305,000</u>	<u>3,415,605</u>	<u>6,720,003</u>	<u>610,434</u>	<u>20,025,003</u>	<u>4,026,039</u>
Business-type activities						
2024	\$ 812,667	\$5,473,004	\$ 586,701	\$ 148,378	\$ 1,399,368	\$ 5,621,382
2025	825,666	4,939,804	598,644	132,793	1,424,310	5,072,597
2026	3,144,667	4,861,217	1,768,230	400,276	4,912,897	5,261,493
2027	3,273,666	4,721,727	1,442,301	281,744	4,715,967	5,003,471
2028	3,412,667	4,575,834	1,451,301	259,514	4,863,968	4,835,348
2029-2033	19,037,667	20,444,576	6,489,504	993,882	25,527,171	21,438,458
Thereafter	82,254,000	29,165,025	12,176,610	807,720	94,430,610	29,972,745
Total	<u>\$126,066,000</u>	<u>\$77,596,792</u>	<u>\$31,233,294</u>	<u>\$ 3,634,741</u>	<u>\$157,299,294</u>	<u>\$81,231,533</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, Series 2020, and Series 2022, since its adoption in 2012. Section 5.02(a) of the Second Supplemental Bond Order requires the debt service coverage ratio to be no less than 125% 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, 2023 are as follows:

	<u>Water &amp; Sewer</u>	<u>Electric</u>
Operating revenues	\$27,719,626	\$16,641,326
Operating expenses	<u>18,725,863</u>	<u>14,392,844</u>
Net Revenues	\$ 8,993,763 <sup>1</sup>	\$ 2,248,482 <sup>1</sup>
20% Unrestricted Net Position	<u>N/A</u> <sup>2</sup>	<u>1,111,846</u> <sup>2</sup>
Income Available for Debt Service	<u>\$ 8,993,763</u>	<u>\$ 3,360,328</u>
Debt service, principal and interest paid (Revenue bond only)	\$ 1,155,251 <sup>3</sup>	\$ 427,483
Debt service coverage ratio	7.79	7.86
Debt service, principal and interest paid (All indebtedness)	\$ 1,756,781 <sup>3</sup>	\$ 564,463
Debt service coverage ratio	5.12	5.95

<sup>1</sup> Per rate covenants, this does not include depreciation expense of \$3,033,864 and \$855,473, respectively.

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

<sup>3</sup> Per rate covenants, bonds will be retired according to their stated maturities or redemption requirements.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**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 \$119.1 million in water and sewer system revenue bonds issued in April 2020 and December 2022. Proceeds from the bonds provided financing for the construction of a water reclamation facility and nutrient credit purchases. The bonds are payable solely from water and sewer system customer net revenues and are payable through 2047. Annual principal and interest payments on the bond are expected to require less than 10 percent of operating revenues. The total principal and interest remaining to be paid on the bonds is \$183,430,287. Principal and interest paid for the current year and total customer net revenues were \$1,152,251 and \$8,993,763, 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 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 2031. 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 \$3,511,900. Principal and interest paid for the current year and total customer net revenues were \$427,483 and \$2,248,482, respectively.

**C. Interfund Balances and Activity**

Transfers to/from Other Funds at June 30, 2023, consist of the following:

From the ARPA 2021 Fund to the General Fund for public safety salaries and wages	\$7,931,423
From the General Fund to the Water & Sewer Fund for the capital improvement program	\$5,000,000
From the General Fund to the Operations Center Capital Project for design costs	\$ 500,000
From the General Fund to the Main St LAPP Capital Project for streetscape improvements	\$ 195,000
From the General Fund to the Public Safety Complex Capital Project for design	\$ 100,000
From the Water and Sewer Fund to the General Fund for land cost reimbursement	\$2,250,000
From the Water and Sewer Fund to the Operations Center Capital Project for design cost share	\$ 375,000

**D. Revenues, Expenditures and Expenses**

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2023, 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 \$6,394 for the 14 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 \$39,332 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, 2023. *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.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**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.

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, 2023. 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, 2023 were \$10,142,540.

**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	\$34,799,315
Less:	
Inventories	23,224
Stabilization by State Statute	2,250,662
Powell Bill	1,062,068
Public Improvements	3,062,521
Public Safety	5,338
Appropriate Fund Balance in 2022 Budget	6,211,318
Working Capital / Fund Balance Policy	8,609,463
Remaining Fund Balance	13,574,721

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.

**TOWN OF CLAYTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 7 – SUBSEQUENT EVENT**

The Town entered into a \$2,475,000 class action settlement agreement with Granite Land and Timber, LLC, et al. pertaining to Case No. 20 CVS 2903 filed in Johnston County, which was approved by the Superior Court Judge in Johnston County on September 25, 2023. Payment occurred on October 2, 2023.

Management has evaluated subsequent events through November 2, 2023, the date the financial statements were available to be issued.

**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 were transferred to the General Fund to cover expenditures for public safety salaries and wages and have been fully expended.

**NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE**

The Town implemented GASB Statement No. 87, *Leases*, effective July 1, 2021. The objective of this Statement is to better meet information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of a government’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government’s leasing activities.

The Town performed a comprehensive review of contracts to determine if they qualified as a lease under GASB Statement No. 87 and determined these right to use asset agreements are below the materiality threshold in total.

The Town implemented GASB Statement No. 96, *subscription-based information technology agreements (SBITAs)*, effective July 1, 2022. The objective of this Statement is to better meet information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. Under this Statement, a government should recognize a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, thereby enhancing the relevance and reliability of a government’s financial statements by disclosing essential information about the right-to-use arrangement.

The Town performed a comprehensive review of contracts to determine if they qualified as a SBITA under GASB Statement No. 96 and determined these right-to-use subscription asset agreements are below the materiality threshold in total.

## **Required Supplemental Financial Data**

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

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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)\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Clayton's proportion of net pension liability (asset) %	-0.20095%	-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) \$	\$ 11,336,450	\$ 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	\$ 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	\$ 7,378,465
Clayton's proportionate share of net pension liability (asset) as a percentage of its covered payroll	77.53%	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**	84.14%	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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,085,046	\$ 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	\$ 2,085,046	\$ 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	\$ 16,923,449	\$ 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	12.32%	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**

<b>Last Nine Fiscal Years</b>	<u>2023</u>	<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%	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>\$ 6,496</u>	<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>\$ 6,496</u>	<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	\$ 2,763,820	\$ 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	0.24%	-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%	89.69%	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**

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<b>Last Seven Fiscal Years</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 3,126,220	\$ 3,337,394	\$ 2,311,581	\$ 2,080,484	\$ 2,054,515	\$ 1,762,104	\$ 1,725,158
Service Cost	131,681	127,158	90,168	76,741	80,428	73,293	72,517
Interest on total pension liability	68,433	63,126	73,565	74,356	63,824	66,804	60,648
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actuarial experience	5,422	(195,501)	140,951	90,915	29,511	95,487	-
Changes of assumptions and other inputs	(445,495)	(72,723)	831,094	64,567	(78,254)	119,697	(43,544)
Benefit payments	(169,480)	(133,234)	(109,965)	(75,482)	(69,540)	(62,870)	(52,675)
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 2,716,781</u>	<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**

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 2,716,781	\$ 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
Covered payroll	3,215,396	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
Total pension liability as a percentage of covered payroll	84.49%	112.68%	109.56%	84.73%	79.05%	78.44%	71.20%	69.70%	51.35%	48.41%

**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**

<b>Last Six Fiscal Years</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 93,345	\$ 85,639	\$ 62,192	\$ 55,482	\$ 57,571	\$ 62,599
Interest on total OPEB liability	31,404	28,182	35,057	33,231	28,945	23,863
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actuarial experience	1,895	(131,618)	3,886	(5,513)	(999)	(163)
Changes of assumptions and other inputs	(217,334)	215,618	166,313	14,784	(35,027)	(57,281)
Benefit payments	(35,095)	(18,691)	(15,813)	(9,934)	(8,661)	(8,810)
Other changes	-	-	-	-	-	-
Net change in total OPEB liability	\$ (125,785)	\$ 179,130	\$ 251,635	\$ 88,050	\$ 41,829	\$ 20,208
Total OPEB liability - beginning	1,378,008	1,198,878	947,243	859,193	817,364	797,156
Total OPEB liability - ending	<u>\$ 1,252,223</u>	<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	\$ 11,774,070	\$ 11,435,881	\$ 11,435,881	\$ 9,817,568	\$ 9,817,568
Total OPEB liability as a percentage of covered payroll	10.64%	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>
2023	3.54%
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.

***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.

***Main Street LAPP Capital Project Fund*** – This fund is used to account for major public improvements to Main Street.

***Operations Center Capital Project Fund*** – This fund is used to account for major improvements to the Town’s primary operations center for public works and utility services.

***Public Safety Complex Fund*** – This fund is used to account for the construction of a new public safety complex for police and fire.

***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, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
Ad valorem taxes:			
Taxes	\$ -	\$18,916,144	\$ -
Penalties and interest	-	52,588	-
Total	<u>18,552,199</u>	<u>18,968,732</u>	<u>416,533</u>
Other taxes and licenses:			
Motor vehicle licenses	-	615,200	-
Payments in lieu of taxes	-	13,019	-
Total	<u>598,000</u>	<u>628,219</u>	<u>30,219</u>
Unrestricted intergovernmental:			
Local option sales tax	-	8,339,892	-
ABC profit distribution	-	62,106	-
Gasoline tax refunds	-	-	-
Utilities sales tax	-	1,272,611	-
Piped natural gas sales tax	-	66,772	-
Telecommunications sales tax	-	31,052	-
Video programming fees	-	211,302	-
Beer and wine tax	-	127,757	-
Tax reimbursements	-	89,773	-
Reimbursement from rural fire department	-	2,386,061	-
Total	<u>12,318,899</u>	<u>12,587,326</u>	<u>268,427</u>
Restricted intergovernmental:			
Powell Bill allocation	-	764,683	-
Local grants	-	23,979	-
State grants	-	35,405	-
Federal grants	-	705,471	-
Controlled substance tax	-	5,250	-
PEG channel support	-	51,282	-
First responder subsidy	-	44,490	-
Solid waste disposal tax	-	22,724	-
Total	<u>1,237,433</u>	<u>1,653,284</u>	<u>415,851</u>
Permits and fees:			
Alarm response fees	-	6,250	-
Recreation fees in lieu	-	982,000	-
Building permits	-	956,043	-
Stormwater fees	-	421,460	-
Inspection and rezoning fees	-	585,415	-
Total	<u>1,639,250</u>	<u>2,951,168</u>	<u>1,311,918</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, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
REVENUES: (Continued)			
Sales and service:			
Court costs and fees	-	24,563	-
Refuse collection fees	-	2,610,262	-
Cemetery lots and fees	-	98,600	-
Public safety contributions	-	10,221	-
Recreation fees and contributions	-	510,394	-
Clayton Center Cultural Arts	-	273,101	-
Library fees and contributions	-	23,701	-
Total	<u>3,153,990</u>	<u>3,550,842</u>	<u>396,852</u>
Investment earnings	<u>1,325,000</u>	<u>1,467,597</u>	<u>142,597</u>
Miscellaneous:			
Miscellaneous	-	35,932	-
Sale of surplus property	-	76,996	-
Lease revenue	-	78,899	-
Reimbursable projects	-	105,272	-
Damage and insurance reimbursement	-	36,000	-
Total	<u>338,500</u>	<u>333,099</u>	<u>(5,401)</u>
Total Revenues	<u>39,163,271</u>	<u>42,140,267</u>	<u>2,976,996</u>
EXPENDITURES:			
General Government:			
Legislative:			
Salaries and employee benefits	-	185,228	-
Other operating expenditures	-	163,048	-
Reimbursement - proprietary funds	-	(53,529)	-
Total	<u>-</u>	<u>294,747</u>	<u>-</u>
Administration:			
Salaries and employee benefits	-	726,017	-
Other operating expenditures	-	535,642	-
Reimbursement - proprietary funds	-	(422,679)	-
Total	<u>-</u>	<u>838,980</u>	<u>-</u>
Human Resources:			
Salaries and employee benefits	-	332,032	-
Other operating expenditures	-	160,974	-
Reimbursement - proprietary funds	-	(155,402)	-
Total	<u>-</u>	<u>337,604</u>	<u>-</u>
Special Appropriations:			
Citizen boards	-	36,426	-
Cultural arts and economic development	-	-	-
Total	<u>-</u>	<u>36,426</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, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
General Government: (Continued)			
Legal:			
Retainer and legal fees	-	331,966	-
Reimbursement - proprietary funds	-	(374,599)	-
Total	-	(42,633)	-
Total General Government	3,436,608	1,465,124	1,971,484
Financial Services:			
Salaries and employee benefits	-	909,954	-
Other operating expenditures	-	637,393	-
Reimbursement - proprietary funds	-	(385,428)	-
Total	1,176,409	1,161,919	14,490
Customer Service:			
Salaries and employee benefits	-	787,963	-
Bad debt expense	-	9,463	-
Other operating expenditures	-	200,705	-
Reimbursement - proprietary funds	-	(1,024,040)	-
Total	-	(25,909)	25,909
Data and Technology Services:			
Salaries and employee benefits	-	698,345	-
Other operating expenditures	-	511,422	-
Contract services	-	1,353,075	-
Capital outlay	-	371,659	-
Reimbursement - proprietary funds	-	(443,206)	-
Total	3,356,514	2,491,295	865,219
Community Development Services:			
Planning and Code Enforcement:			
Salaries and employee benefits	-	690,361	-
Other operating expenditures	-	409,864	-
Reimbursement - proprietary funds	-	(173,255)	-
Total	1,220,904	926,970	293,934
Economic Development			
Salaried and employee benefits	-	217,133	-
Other operating expenditures	-	167,230	-
Reimbursement - proprietary funds	-	(413,411)	-
Total	218,716	(29,048)	247,764
Communications:			
Salaries and employee benefits	-	200,542	-
Other operating expenditures	-	68,050	-
Reimbursement - proprietary funds	-	(85,935)	-
Total	404,015	182,657	221,358

**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, 2023**

**Exhibit A-1**  
**Page 4 of 6**

	2023		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Property Maintenance:			
Salaries and employee benefits	-	1,110,325	-
Maintenance and repair	-	753,041	-
Other operating expenditures	-	1,032,460	-
Capital outlay	-	492,951	-
Reimbursement - proprietary funds	-	(602,435)	-
Total	<u>4,326,793</u>	<u>2,786,342</u>	<u>1,540,451</u>
Total General Government Operations	<u>14,139,959</u>	<u>8,959,350</u>	<u>5,180,609</u>
Law Enforcement:			
Police Administration:			
Salaries and employee benefits	-	732,341	-
Vehicle maintenance	-	2,930	-
Other operating expenditures	-	250,796	-
Total	<u>-</u>	<u>986,067</u>	<u>-</u>
Police Patrol:			
Salaries and employee benefits	-	2,907,671	-
Vehicle maintenance	-	104,753	-
Other operating expenditures	-	151,505	-
Capital outlay	-	27,709	-
Total	<u>-</u>	<u>3,191,638</u>	<u>-</u>
Police Support Services			
Salaries and employee benefits	-	1,751,478	-
Vehicle maintenance	-	16,376	-
Other operating expenditures	-	120,467	-
Capital outlay	-	15,433	-
Total	<u>-</u>	<u>1,903,754</u>	<u>-</u>
Total Law Enforcement	<u>6,554,010</u>	<u>6,081,459</u>	<u>472,551</u>
Fire Protection:			
Salaries and employee benefits	-	4,428,986	-
Vehicle maintenance and fuel	-	124,216	-
Other operating expenditures	-	659,530	-
Capital outlay	-	1,428,378	-
Total	<u>7,280,087</u>	<u>6,641,110</u>	<u>638,977</u>
Total Public Safety	<u>13,834,097</u>	<u>12,722,569</u>	<u>1,111,528</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, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Public Works:			
Administration:			
Salaries and employee benefits	-	141,906	-
Other operating expenditures	-	178,465	-
Reimbursement - proprietary funds	-	(142,155)	-
Total	-	178,216	-
Inspections:			
Salaries and employee benefits	-	878,568	-
Other operating expenditures	-	190,484	-
Reimbursement - general fund	-	473,900	-
Total	-	1,542,952	-
Engineering:			
Salaries and employee benefits	-	1,095,183	-
Other operating expenditures	-	342,483	-
Reimbursement - proprietary funds	-	(414,412)	-
Total	-	1,023,254	-
Vehicle Maintenance Shop:			
Salaries and employee benefits	-	265,376	-
Fuel	-	375,616	-
Other operating expenditures	-	75,031	-
Capital outlay	-	1,240,507	-
Reimbursement - proprietary funds	-	(245,477)	-
Total	-	1,711,053	-
Streets:			
Salaries and employee benefits	-	435,915	-
Vehicle maintenance and fuel	-	26,887	-
Street lights	-	128,679	-
Other operating expenditures	-	322,591	-
Capital outlay	-	1,210,194	-
Reimbursement - proprietary funds	-	(289,616)	-
Total	-	1,834,650	-
Sanitation:			
Yard waste services	-	588,604	-
Trash hauling fee	-	977,540	-
Landfill fees	-	380,312	-
Recycling efforts	-	663,386	-
Miscellaneous activities	-	37,603	-
Total	-	2,647,445	-
Total Public Works	14,284,854	8,937,570	5,347,284

**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, 2023**

**Exhibit A-1**  
**Page 6 of 6**

	2023		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Parks & Recreation:			
Salaries and employee benefits	-	1,623,667	-
Vehicle maintenance and fuel	-	3,894	-
Maintenance and repair	-	112,467	-
Contract services	-	230,529	-
Other operating expenditures	-	431,210	-
Capital outlay	-	154,775	-
Total Parks & Recreation	<u>3,009,358</u>	<u>2,556,542</u>	<u>452,816</u>
Cultural & Performing Arts:			
Salaries and employee benefits	-	454,908	-
Programs	-	164,920	-
Other operating expenditures	-	153,053	-
Total Cultural & Performing Arts	<u>809,358</u>	<u>772,881</u>	<u>36,477</u>
Library Operations:			
Salaries and employee benefits	-	678,852	-
Programs	-	63,957	-
Other operating expenditures	-	120,902	-
Total Library Operations	<u>937,964</u>	<u>863,711</u>	<u>74,253</u>
Total Cultural and Recreational	<u>4,756,680</u>	<u>4,193,134</u>	<u>563,546</u>
Debt Service:			
Principal retirement	-	1,733,224	-
Interest and fees	-	706,470	-
Total Debt Service	<u>2,439,694</u>	<u>2,439,694</u>	<u>-</u>
Total Expenditures	<u>49,455,284</u>	<u>37,252,317</u>	<u>12,202,967</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,292,013)</u>	<u>4,887,950</u>	<u>15,179,963</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers (to) from other funds:			
Transfer (to) from American Rescue Plan Fund	7,931,423	7,931,423	-
Transfer (to) from Electric Fund	100,000	-	(100,000)
Transfer (to) from Capital Project Fund	(795,000)	(795,000)	-
Transfer (to) from Water & Sewer Fund	(7,931,423)	(2,750,000)	5,181,423
Installment purchase obligations issued	1,470,000	-	(1,470,000)
Total other financing sources (uses)	<u>775,000</u>	<u>4,386,423</u>	<u>3,611,423</u>
Fund balance appropriated	<u>9,517,013</u>	-	<u>(9,517,013)</u>
Net change in fund balance	<u>\$ -</u>	<u>9,274,373</u>	<u>\$ 9,274,373</u>
Fund balance, beginning		<u>25,524,942</u>	
Fund balance, ending		<u>\$34,799,315</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, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ 3,814,625	\$ 3,761,384	\$ 48,248 #	\$ 3,809,632	\$ (4,993)
Miscellaneous	-	3,147	-	3,147	3,147
Total Revenues	<u>3,814,625</u>	<u>3,764,531</u>	<u>48,248</u>	<u>3,812,779</u>	<u>(1,846)</u>
EXPENDITURES:					
Capital outlay:					
Construction	4,670,655	4,608,161	20,184	4,628,345	42,310
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>4,905,104</u>	<u>20,184</u>	<u>4,925,288</u>	<u>76,367</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,187,030)</u>	<u>\$ (1,140,573)</u>	<u>\$ 28,064</u>	<u>\$ (1,112,509)</u>	<u>\$ 74,521</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>\$ 172,883</u>	<u>\$ 28,064</u>	<u>\$ 200,947</u>	<u>\$ 200,947</u>
Fund balance, beginning			<u>172,883</u>		
Fund balance, ending			<u>\$ 200,947</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, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	-	-
<b>EXPENDITURES:</b>					
Capital outlay:					
Construction	3,200,000	-	2,735,051	2,735,051	464,949
Design	300,000	101,031	195,056	296,087	3,913
Total expenditures	3,500,000	101,031	2,930,107	3,031,138	468,862
REVENUES OVER (UNDER) EXPENDITURES	\$ (3,500,000)	\$ (101,031)	\$ (2,930,107)	\$ (3,031,138)	\$ 468,862
<b>OTHER FINANCING SOURCES:</b>					
Transfer from General Fund	1,500,000	1,500,000	-	1,500,000	-
Transfer from Capital Project Fund	2,000,000	-	2,000,000	2,000,000	-
Total other financing sources:	3,500,000	1,500,000	2,000,000	3,500,000	-
Net change in fund balance	\$ -	\$ 1,398,969	\$ (930,107)	\$ 468,862	\$ 468,862
Fund balance, beginning			1,398,969		
Fund balance, ending			\$ 468,862		

## 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, 2023

	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	1,000	174,169	625,831
Design	200,000	7,500	15,159	22,659	177,341
Total expenditures	1,000,000	180,669	16,159	196,828	803,172
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,000,000)	\$ (180,669)	\$ (16,159)	\$ (196,828)	\$ 803,172
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	\$ (16,159)	\$ 803,172	\$ 803,172
Fund balance, beginning			819,331		
Fund balance, ending			\$ 803,172		

## 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, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	23,392	224,443	247,835	247,835
Total Revenues	-	23,392	224,443	247,835	247,835
EXPENDITURES:					
Capital outlay:					
Closing fees	220,000	218,114	-	218,114	1,886
Site improvements	12,200,000	5,005,525	5,985,152	10,990,677	1,209,323
Design	760,000	5,225	212,703	217,928	542,072
Total expenditures	13,180,000	5,228,864	6,197,855	11,426,719	1,753,281
REVENUES OVER (UNDER) EXPENDITURES	<u>\$(13,180,000)</u>	<u>\$ (5,205,472)</u>	<u>\$ (5,973,412)</u>	<u>\$(11,178,884)</u>	<u>\$ 2,001,116</u>
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	-
Transfer to Capital Project Fund	(2,000,000)	-	(2,000,000)	(2,000,000)	-
Total other financing sources:	13,180,000	15,180,156	(2,000,000)	13,180,156	156
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,974,684</u>	<u>\$ (7,973,412)</u>	<u>\$ 2,001,272</u>	<u>\$ 2,001,272</u>
Fund balance, beginning			9,974,684		
Fund balance, ending			<u>\$ 2,001,272</u>		

CAPITAL PROJECTS FUND

MAIN STREET LAPP PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ 455,000	\$ -	\$ -	\$ -	\$ (455,000)
Miscellaneous	-	-	-	-	-
Total Revenues	<u>455,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(455,000)</u>
EXPENDITURES:					
Capital outlay:					
Construction	650,000	-	-	-	650,000
Design	-	-	-	-	-
Total expenditures	<u>650,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (195,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,000</u>
OTHER FINANCING SOURCES:					
Transfer from General Fund	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Total other financing sources:	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 195,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 195,000</u>		

**TOWN OF CLAYTON, NORTH CAROLINA  
CAPITAL PROJECTS FUND**

**Exhibit A-7**

**OPERATIONS CENTER IMPROVEMENTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Closing fees	-	-	-	-	-
Site improvements	1,250,000	-	-	-	1,250,000
Design	-	-	-	-	-
Total expenditures	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,250,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfer from General Fund	500,000	-	500,000	500,000	-
Transfer from Water & Sewer Fund	375,000	-	375,000	375,000	-
Transfer from Electric Fund	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(375,000)</u>
Total other financing sources:	<u>1,250,000</u>	<u>-</u>	<u>875,000</u>	<u>875,000</u>	<u>(375,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ 875,000</u>	<u>\$ 875,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 875,000</u>		

CAPITAL PROJECTS FUND

PUBLIC SAFETY COMPLEX

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

From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ -	\$ -	\$ - # \$ -	\$ -	\$ -
Interest revenue	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES:					
Capital outlay:					
Professional services	100,000	-	-	-	100,000
Construction	12,000,000	-	-	-	12,000,000
Total expenditures	12,100,000	-	-	-	12,100,000
REVENUES OVER (UNDER) EXPENDITURES	\$(12,100,000)	\$ -	\$ -	\$ -	\$12,100,000
OTHER FINANCING SOURCES:					
Debt proceeds	12,000,000				
Transfer from General Fund	100,000	-	100,000	100,000	-
Total other financing sources:	12,100,000	-	100,000	100,000	(12,000,000)
Net change in fund balance	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Fund balance, beginning			-		
Fund balance, ending			\$ 100,000		

**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, 2023**

**Exhibit A-9**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
ARP funds	\$ 7,931,423	\$ -	\$ 7,931,423	\$ 7,931,423	\$ -
Interest revenue	-	-	-	-	-
Total Revenues	<u>7,931,423</u>	<u>-</u>	<u>7,931,423</u>	<u>7,931,423</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Operating:					
Unassigned ARP expenditures	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 7,931,423</u>	<u>\$ -</u>	<u>\$ 7,931,423</u>	<u>\$ 7,931,423</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfer to General Fund	(7,931,423)	-	(7,931,423)	(7,931,423)	-
Transfer to Capital Projects Fund	-	-	-	-	-
Total other financing sources:	<u>(7,931,423)</u>	<u>-</u>	<u>(7,931,423)</u>	<u>(7,931,423)</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, 2023**

**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, 2023

	<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

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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.

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

***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.

***Copper District Project Fund*** – This fund is used to account for the Town's infrastructure commitment for the Copper District development.

***Infrastructure Replacement Fund*** – This fund is used to account for major infrastructure replacements.

***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.

**TOWN OF CLAYTON, NORTH CAROLINA  
WATER AND SEWER FUND**

**Exhibit C-1  
Page 1 of 2**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
Operating revenues:			
Water sales	\$ -	\$ 11,682,666	\$ -
Sewer charges	-	14,414,382	-
Connection and tap fees	-	93,975	-
Total	<u>25,560,000</u>	<u>26,191,023</u>	<u>631,023</u>
Other operating revenues	<u>1,417,544</u>	<u>1,528,603</u>	<u>111,059</u>
Total operating revenues	<u>26,977,544</u>	<u>27,719,626</u>	<u>742,082</u>
Nonoperating revenues:			
Investment earnings	-	41,613	-
Nutrient offset fees	-	376,106	-
System development fees	-	3,485,765	-
Miscellaneous	-	(99,230)	-
Total nonoperating revenues	<u>4,411,300</u>	<u>3,804,254</u>	<u>(607,046)</u>
Total revenues	<u>31,388,844</u>	<u>31,523,880</u>	<u>135,036</u>
<b>EXPENDITURES:</b>			
Water Distribution Operations:			
Water purchases	-	6,389,423	-
Salaries and employee benefits	-	737,979	-
Meter replacements	-	142,665	-
Bad debt expense	-	51,558	-
Other operating expenditures	-	834,608	-
Total water distribution	<u>10,109,350</u>	<u>8,156,233</u>	<u>1,953,117</u>
Preventative Maintenance:			
Salaries and employee benefits	-	733,570	-
Chemicals	-	115,615	-
Lift stations	-	90,161	-
Other operating expenditures	-	503,244	-
Total preventative maintenance	<u>2,080,934</u>	<u>1,442,590</u>	<u>638,344</u>
Water Treatment:			
Sewer capacity purchases	-	169,500	-
Salaries and employee benefits	-	498,348	-
Chemicals	-	36,239	-
Repairs and maintenance	-	166,780	-
Contract Services	-	4,496,261	-
Other operating expenditures	-	442,049	-
Total water treatment	<u>6,556,966</u>	<u>5,809,177</u>	<u>747,789</u>
Total water distribution and treatment	<u>18,747,250</u>	<u>15,408,000</u>	<u>3,339,250</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, 2023**

**Exhibit C-1**  
**Page 2 of 2**

	2023		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Debt service:			
Principal	\$ -	\$ 6,958,915	\$ -
Interest	-	616,212	-
Total debt service	<u>7,646,018</u>	<u>7,575,127</u>	<u>70,891</u>
Capital outlay:			
Water distribution	-	1,928,882	
Water prevention	-	1,254,796	
Water treatment	-	-	-
Total capital outlay	<u>8,949,414</u>	<u>3,183,678</u>	<u>5,765,736</u>
Reimbursement - General Fund:			
Support services - General Fund	<u>3,151,877</u>	<u>3,151,877</u>	-
Total expenditures	<u>38,494,559</u>	<u>29,318,682</u>	<u>9,175,877</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,105,715)</u>	<u>2,205,198</u>	<u>9,310,913</u>
Other financing sources (uses)			
Transfer (to) from Capital Project funds	(35,085,000)	(31,985,000)	3,100,000
Transfer (to) from General Fund	5,681,423	2,750,000	(2,931,423)
Special Item - Sale of Wastewater Pretreatment Facility	<u>34,250,000</u>	<u>34,250,000</u>	-
Total other financing sources	<u>4,846,423</u>	<u>5,015,000</u>	<u>168,577</u>
Fund balance appropriated	<u>2,259,292</u>	-	<u>(2,259,292)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>7,220,198</u>	<u>7,220,198</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 7,220,198	
Reconciling items:			
Capital outlay		3,183,678	
Principal retirement		6,958,915	
Capital lease obligations issued		-	
Decrease in accrued vacation pay		6,130	
Increase in deferred outflows of resources - pensions		417,485	
Increase in net pension liability		(836,514)	
Decrease in deferred inflows of resources - pensions		241,972	
Decrease in deferred outflows of resources - OPEB		(2,214)	
Decrease in deferred inflows of resources - OPEB		785	
Decrease in OPEB liability		6,370	
Depreciation & Amortization		(3,033,864)	
Transfer to Capital Project Funds		31,610,000	
Disposition of wastewater pretreatment facility		(28,975,158)	
Capital Contribution		2,156,967	
Interest income from Capital Projects Fund		<u>2,836,082</u>	
Total Reconciling items		<u>14,570,634</u>	
Change in net position		<u>\$ 21,790,832</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, 2023**

**Exhibit C-2**

	Project Authorization	Prior Years	Current Year	Actual Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Grant revenue	\$ 50,159,500	\$ -	\$ 2,156,967	\$ 2,156,967	\$ (48,002,533)
Interest earnings	-	600	2,836,082	2,836,682	2,836,682
Total revenues	<u>50,159,500</u>	<u>600</u>	<u>4,993,049</u>	<u>4,993,649</u>	<u>(45,165,851)</u>
<b>EXPENDITURES:</b>					
Professional services	35,000,000	10,772,477	3,047,881	13,820,358	21,179,642
Construction	230,050,000	13,731,178	38,238,375	51,969,553	178,080,447
Easement acquisition	292,000	218,750	-	218,750	73,250
Closing fees	2,700,000	2,018,830	447,029	2,465,859	234,141
Design	2,500,000	241,055	-	241,055	2,258,945
Nitrogen capacity	13,658,582	13,658,582	-	13,658,582	-
Contingency	21,207,818	-	-	-	21,207,818
Total expenditures	<u>305,408,400</u>	<u>40,640,872</u>	<u>41,733,285</u>	<u>82,374,157</u>	<u>223,034,243</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (255,248,900)</u>	<u>\$(40,640,272)</u>	<u>\$ (36,740,236)</u>	<u>\$ (77,380,508)</u>	<u>\$(268,200,094)</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers (to) from:					
Water and Sewer fund	33,550,000	3,550,000	30,000,000	33,550,000	-
Proceeds from revenue bond	221,698,900	25,644,786	96,941,231	122,586,017	
Premium on revenue bonds issued	-	-	8,287,682	8,287,682	8,287,682
Total other financing sources	<u>255,248,900</u>	<u>29,194,786</u>	<u>135,228,913</u>	<u>164,423,699</u>	<u>8,287,682</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$(11,445,486)</u>	<u>\$ 98,488,677</u>	<u>\$ 87,043,191</u>	<u>\$ 87,043,191</u>
Fund balance, beginning			<u>(11,445,486)</u>		
Fund balance, ending			<u>\$ 87,043,191</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, 2023**

**Exhibit C-3**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Professional services	123,000	72,972	46,276	119,248	3,752
Sewer line improvements	1,420,000	1,047,553	124,012	1,171,565	248,435
Contingency	385,750	1,711	-	1,711	384,039
Total expenditures	<u>1,928,750</u>	<u>1,122,236</u>	<u>170,288</u>	<u>1,292,524</u>	<u>636,226</u>
<b>REVENUES OVER (UNDER)</b>					
EXPENDITURES	<u>\$(1,928,750)</u>	<u>\$(1,122,236)</u>	<u>\$ (170,288)</u>	<u>\$(1,292,524)</u>	<u>\$ 636,226</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers (to) from:					
Water and Sewer fund	<u>1,928,750</u>	<u>1,928,750</u>	-	<u>1,928,750</u>	-
Total other financing sources	<u>1,928,750</u>	<u>1,928,750</u>	-	<u>1,928,750</u>	-
<b>REVENUES AND OTHER FINANCING</b>					
<b>SOURCES OVER (UNDER)</b>					
EXPENDITURES	<u>\$ -</u>	<u>\$ 806,514</u>	<u>\$ (170,288)</u>	<u>\$ 636,226</u>	<u>\$ 636,226</u>
Fund balance, beginning			<u>806,514</u>		
Fund balance, ending			<u>\$ 636,226</u>		

**TOWN OF CLAYTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS FUND -  
COPPER DISTRICT**

**Exhibit C-4**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
From Inception and for the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>REVENUES</b>					
Grant revenue	\$ 4,000,000	\$ -	\$ -	\$ -	\$ (4,000,000)
Interest earnings	-	-	-	-	-
Total revenues	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>
<b>EXPENDITURES:</b>					
Water line improvements	7,000,000	-	-	-	7,000,000
Sewer line improvements	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Total expenditures	<u>11,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>\$ (7,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,000,000)</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating transfers (to) from:					
Water and Sewer fund	-	-	-	-	-
Proceeds from revenue bond	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>
Total other financing sources	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 7,000,000</u>		

**TOWN OF CLAYTON, NORTH CAROLINA**  
**WATER AND SEWER CAPITAL PROJECTS FUND -**  
**INFRASTRUCTURE REPLACEMENT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

**Exhibit C-5**

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES:					
Water line improvements	617,000	-	-	-	617,000
Sewer line improvements	993,000	-	-	-	993,000
Total expenditures	1,610,000	-	-	-	1,610,000
REVENUES OVER (UNDER) EXPENDITURES	\$ (1,610,000)	\$ -	\$ -	\$ -	\$ (1,610,000)
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	1,610,000	-	1,610,000	1,610,000	-
Proceeds from revenue bond	-	-	-	-	-
Total other financing sources	1,610,000	-	1,610,000	1,610,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ 1,610,000	\$ 1,610,000	\$ 1,610,000
Fund balance, beginning			-		
Fund balance, ending			\$ 1,610,000		

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
Operating revenues:			
Electricity sales	\$ -	\$ 15,961,868	\$ -
Connection fees	-	72,408	-
Penalties	-	405,722	-
Total	<u>16,491,040</u>	<u>16,439,998</u>	<u>(51,042)</u>
Other operating revenues	<u>173,600</u>	<u>201,328</u>	<u>27,728</u>
Total operating revenues	<u>16,664,640</u>	<u>16,641,326</u>	<u>(23,314)</u>
Nonoperating revenues:			
Investment earnings	-	76,580	-
Damage reimbursement	-	76,223	-
Miscellaneous	-	184,819	-
Total nonoperating revenues	<u>31,800</u>	<u>337,622</u>	<u>305,822</u>
Total revenues	<u>16,696,440</u>	<u>16,978,948</u>	<u>282,508</u>
<b>EXPENDITURES:</b>			
Electric operations:			
Electric power purchased	-	10,142,540	-
Salaries and employee benefits	-	1,321,686	-
Contracted maintenance	-	233,261	-
Vehicle maintenance	-	71,452	-
Load control expense	-	46,184	-
Bad debt expense	-	77,578	-
Other operating expenditures	-	834,600	-
Total electric operations	<u>13,483,102</u>	<u>12,727,301</u>	<u>755,801</u>
Debt service:			
Principal	-	454,395	-
Interest	-	110,068	-
Total debt service	<u>564,464</u>	<u>564,463</u>	<u>1</u>
Capital outlay	<u>4,372,142</u>	<u>2,354,208</u>	<u>2,017,934</u>
Reimbursement - General Fund:			
Taxes	89,773	89,773	
Support services	<u>1,599,802</u>	<u>1,599,802</u>	-
Total reimbursement	<u>1,689,575</u>	<u>1,689,575</u>	-

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
Total expenditures	<u>20,109,283</u>	<u>17,335,547</u>	<u>2,773,736</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,412,843)</u>	<u>\$ (356,599)</u>	<u>\$ 3,056,244</u>
Other financing sources (uses)			
Transfer (to) from Capital Project Fund	(375,000)	-	375,000
Transfer (to) from General Fund - Project Cost Share	(100,000)	-	100,000
Debt issuance	<u>3,262,061</u>	<u>-</u>	<u>(3,262,061)</u>
Total other financing sources	<u>2,787,061</u>	<u>-</u>	<u>(2,787,061)</u>
Fund balance appropriated	<u>625,782</u>	<u>-</u>	<u>(625,782)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(356,599)</u>	<u>(356,599)</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ (356,599)	
Reconciling items:			
Capital outlay		2,354,208	
Principal retirement		454,395	
Increase in accrued vacation pay		(24,998)	
Decrease in deferred outflows of resources - pensions		(14,366)	
Increase in net pension liability		(332,455)	
Decrease in deferred inflows of resources - pensions		386,880	
Increase in deferred outflows of resources - OPEB		-	
Decrease in deferred inflows of resources - OPEB		971	
Decrease in OPEB liability		8,000	
Depreciation		(855,473)	
Interest income from Capital Project Fund		-	
Transfer to Capital Project Fund		<u>-</u>	
Total Reconciling items		<u>1,977,162</u>	
Change in net position		<u>\$ 1,620,563</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, 2023**

**Exhibit C-7**

	<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>		

# Fiduciary Fund

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

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## 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, 2023**

*Exhibit D-1*

	<u>Claytex Fire District Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>		
Property taxes collected for other governments	<u>\$ 2,482,122</u>	<u>\$ 2,482,122</u>
Total additions	<u>2,482,122</u>	<u>2,482,122</u>
<b>DEDUCTIONS</b>		
Property taxes distributed to other governments	<u>2,430,550</u>	<u>2,430,550</u>
Net increase (decrease) in fiduciary net position	<u>51,572</u>	<u>51,572</u>
Net position, beginning	<u>2,897</u>	<u>2,897</u>
Net position, ending	<u>\$ 54,469</u>	<u>\$ 54,469</u>

## Other Schedules

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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, 2023**

**Exhibit E-1**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 18,957,013	\$ 18,952,077	\$ 4,936
2021-2022	6,634	-	4,879	1,754
2020-2021	2,019	-	601	1,417
2019-2020	3,433	-	691	2,743
2018-2019	676	-	-	676
2017-2018	342	-	-	342
2016-2017	547	-	-	547
2015-2016	132	-	-	132
2014-2015	194	-	3	191
2013-2014	3,560	-	12	3,548
2012-2013	6,691	-	698	5,993
	<u>\$ 24,226</u>	<u>\$ 18,957,013</u>	<u>\$ 18,958,961</u>	<u>\$ 22,278</u>
Less: Allowance for uncollectible accounts General Fund				<u>8,100</u>
Ad valorem taxes receivable - net				<u>\$ 14,178</u>
Reconciliation with revenues				
Ad valorem taxes - General Fund				<u>\$ 18,968,732</u>
Reconciling items:				
Interest collected				(52,588)
EDIG Rebate				2,313
Releases/adjustments				<u>40,503</u>
Subtotal				<u>(9,772)</u>
Total collections and credits				<u>\$ 18,958,961</u>

**TOWN OF CLAYTON, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**  
**For the Fiscal Year Ended June 30, 2023**

**Exhibit E-2**

	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxes at current year's rate	\$3,115,549,167	\$0.600	\$18,693,295	\$16,878,605	\$1,814,690
Penalties	-		-	-	-
<b>Total</b>	<u>3,115,549,167</u>		<u>18,693,295</u>	<u>16,878,605</u>	<u>1,814,690</u>
<b>Discoveries:</b>					
Current years taxes	42,171,649	0.600	252,985	252,985	-
Prior year taxes	1,852,680	0.576	10,733	10,733	-
<b>Total</b>	<u>44,024,329</u>		<u>263,718</u>	<u>263,718</u>	<u>-</u>
<b>Abatements:</b>					
Current years taxes	<u>(6,275,785)</u>		<u>(37,655)</u>	<u>(29,824)</u>	<u>(7,830)</u>
<b>Total</b>	<u>(6,275,785)</u>		<u>(37,655)</u>	<u>(29,824)</u>	<u>(7,830)</u>
<b>Total property valuation</b>	<u><u>\$3,153,297,711</u></u>				
Net levy			18,919,358	17,112,498	1,806,860
Uncollected taxes at June 30, 2023			<u>4,936</u>	<u>4,936</u>	<u>-</u>
Current year's taxes collected			<u>\$18,914,422</u>	<u>\$17,107,563</u>	<u>\$1,806,860</u>
Current levy collection percentage			<u>99.97%</u>	<u>99.97%</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.

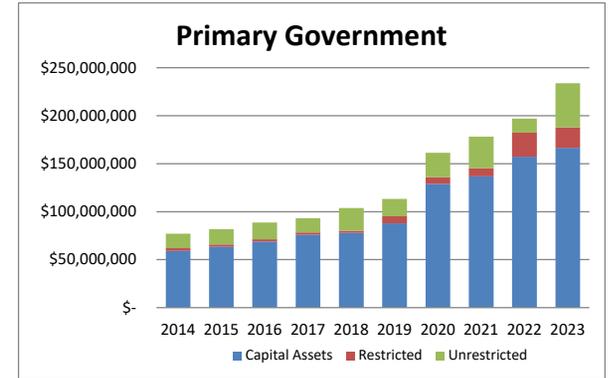
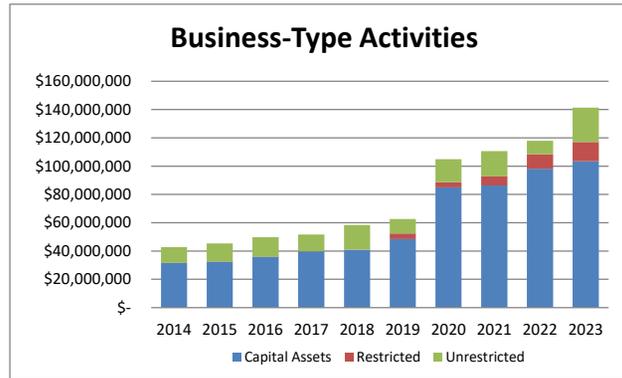
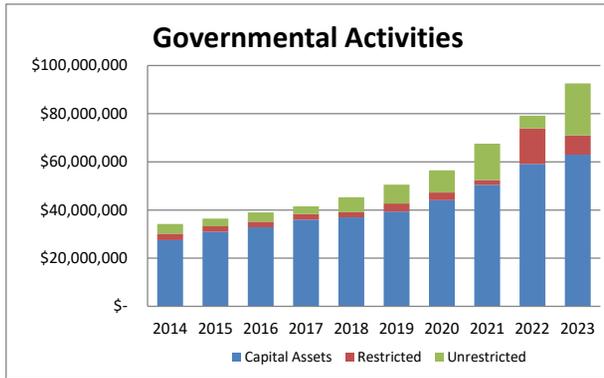
<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	95
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	104
<b>Debt Capacity</b> <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>	108
<b>Demographic and Economic Information</b> <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>	113
<b>Operating Information</b> <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>	115

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)**

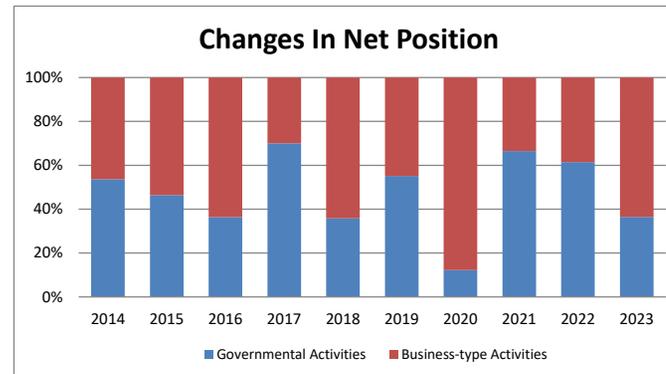
	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 63,002,263	\$ 59,099,384	\$ 50,416,138	\$ 44,095,514	\$ 39,351,889	\$ 36,938,149	\$ 36,048,100	\$ 32,865,035	\$ 30,927,939	\$ 27,537,113
Restricted	7,965,569	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
Unrestricted	21,612,909	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
<b>Total governmental activities net position</b>	<b>\$ 92,580,741</b>	<b>\$ 79,166,708</b>	<b>\$ 67,524,715</b>	<b>\$ 56,440,287</b>	<b>\$ 50,534,572</b>	<b>\$ 45,285,413</b>	<b>\$ 41,515,382</b>	<b>\$ 38,977,528</b>	<b>\$ 36,455,722</b>	<b>\$ 34,226,950</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 103,493,871	\$ 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
Restricted	13,538,865	10,235,468	6,377,501	3,668,433	3,887,548	60,512	28,796	21,284	13,772	6,260
Unrestricted	24,271,800	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
<b>Total business-type activities net position</b>	<b>\$ 141,304,536</b>	<b>\$ 117,893,141</b>	<b>\$ 110,581,562</b>	<b>\$ 104,989,792</b>	<b>\$ 62,677,534</b>	<b>\$ 58,403,330</b>	<b>\$ 51,635,073</b>	<b>\$ 49,716,451</b>	<b>\$ 45,314,426</b>	<b>\$ 42,743,507</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 166,496,134	\$ 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
Restricted	21,504,434	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
Unrestricted	45,884,709	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
<b>Total primary government net position</b>	<b>\$ 233,885,277</b>	<b>\$ 197,059,849</b>	<b>\$ 178,106,277</b>	<b>\$ 161,430,079</b>	<b>\$ 113,212,106</b>	<b>\$ 103,688,743</b>	<b>\$ 93,150,455</b>	<b>\$ 88,693,979</b>	<b>\$ 81,770,148</b>	<b>\$ 76,970,457</b>



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

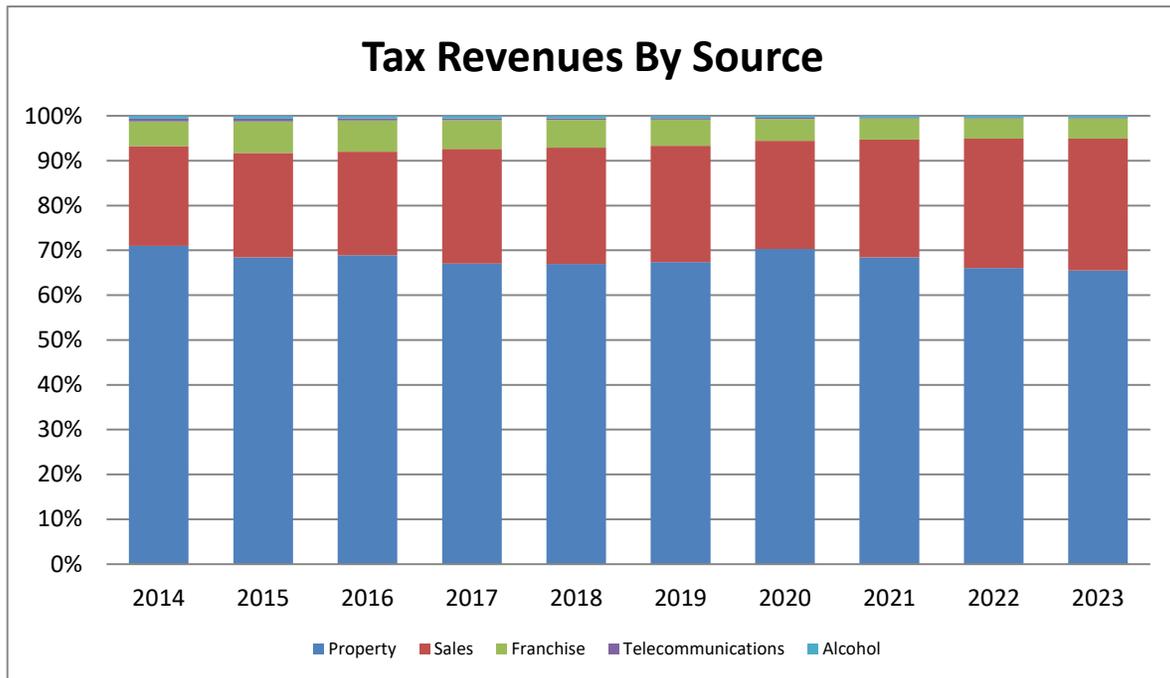
Expenses	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities</b>										
General government	\$ 10,040,604	\$ 4,984,221	\$ 5,976,154	\$ 5,387,470	\$ 4,367,920	\$ 3,364,206	\$ 3,073,268	\$ 3,444,798	\$ 2,937,295	\$ 3,349,078
Public safety	11,916,599	10,777,094	9,635,098	9,067,727	8,316,755	7,598,194	7,182,282	6,688,430	6,477,802	6,159,070
Public works	7,275,518	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
Culture and recreation	4,608,646	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
Interest on long-term debt	706,470	280,480	300,165	332,641	365,056	396,619	420,924	810,830	669,335	705,993
<b>Total governmental activities expenses</b>	<b>34,547,837</b>	<b>26,752,704</b>	<b>26,522,049</b>	<b>24,776,445</b>	<b>21,866,985</b>	<b>18,805,638</b>	<b>17,781,132</b>	<b>17,968,882</b>	<b>16,807,416</b>	<b>16,057,636</b>
<b>Business-type activities:</b>										
Water and sewer	22,375,939	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
Electric	15,358,385	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
<b>Total business-type activities expenses</b>	<b>37,734,324</b>	<b>36,038,140</b>	<b>33,927,002</b>	<b>30,565,462</b>	<b>30,415,034</b>	<b>27,757,111</b>	<b>23,029,459</b>	<b>20,853,654</b>	<b>20,067,695</b>	<b>20,492,487</b>
<b>Total primary government expenses</b>	<b>\$ 72,282,161</b>	<b>\$ 62,790,844</b>	<b>\$ 60,449,051</b>	<b>\$ 55,341,907</b>	<b>\$ 52,282,019</b>	<b>\$ 46,562,749</b>	<b>\$ 40,810,591</b>	<b>\$ 38,822,536</b>	<b>\$ 36,875,111</b>	<b>\$ 36,550,123</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 1,105,475	\$ 824,813	\$ 1,642,259	\$ 1,591,581	\$ 1,641,798	\$ 1,250,252	\$ 1,266,885	\$ 900,372	\$ 743,379	\$ 1,012,842
Public safety	30,813	17,746	17,213	20,904	21,476	20,247	17,580	20,917	19,121	18,915
Public works	3,566,305	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
Culture and recreation	1,789,196	1,424,653	841,669	805,908	1,055,759	912,104	924,783	900,797	682,981	462,402
Operating grants and contributions	11,199,156	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
Capital grants and contributions	812,931	1,054,584	3,634,970	646,107	1,001,654	530,084	1,166,222	595,913	773,379	1,793,819
<b>Total governmental activities program revenues</b>	<b>18,503,876</b>	<b>10,902,155</b>	<b>12,610,486</b>	<b>7,638,449</b>	<b>8,062,539</b>	<b>5,802,239</b>	<b>6,789,721</b>	<b>5,744,199</b>	<b>5,189,694</b>	<b>5,797,734</b>
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer	26,191,023	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
Electric	16,439,998	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
Operating grants and contributions	1,729,931	1,546,737	1,309,629	1,515,994	1,119,517	955,519	794,406	707,079	363,774	308,526
Capital grants and contributions	2,156,967	-	-	657,708	2,242,865	312,696	-	941,142	-	293,551
<b>Total business-type activities program revenues</b>	<b>46,517,919</b>	<b>38,831,674</b>	<b>36,308,326</b>	<b>32,580,547</b>	<b>29,778,358</b>	<b>25,375,511</b>	<b>23,157,866</b>	<b>22,821,775</b>	<b>21,203,148</b>	<b>20,897,289</b>
<b>Total primary government program revenues</b>	<b>\$ 65,021,795</b>	<b>\$ 49,733,829</b>	<b>\$ 48,918,812</b>	<b>\$ 40,218,996</b>	<b>\$ 37,840,897</b>	<b>\$ 31,177,750</b>	<b>\$ 29,947,587</b>	<b>\$ 28,565,974</b>	<b>\$ 26,392,842</b>	<b>\$ 26,695,023</b>

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (expense) revenue										
Governmental activities	\$ (16,043,961)	\$ (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)
Business-type activities	8,783,595	2,793,534	2,381,324	2,015,085	(636,676)	(2,381,600)	128,407	1,968,121	1,135,453	404,802
Total primary government net (expense) revenue	<u>\$ (7,260,366)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 19,576,421	\$ 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
Other taxes	9,710,327	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
Unrestricted intergovernmental revenues	521,107	488,947	418,523	422,305	391,933	392,041	388,786	397,071	497,693	1,574,480
Investment earnings	1,692,040	76,714	7,992	284,346	416,160	199,182	67,863	32,758	6,427	10,784
Miscellaneous	333,099	251,742	140,223	242,587	188,670	260,495	168,172	312,878	589,092	308,148
Transfers	(2,375,000)	-	-	250,000	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>29,457,994</u>	<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>
Business-type activities										
Investment earnings	2,954,275	11,052	9,601	119,849	74,930	48,381	26,916	14,362	4,215	7,026
Miscellaneous	4,023,683	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
Special Items	5,274,842	-	-	32,957,526	-	-	-	-	-	-
Transfers	2,375,000	-	-	(250,000)	-	-	-	-	-	-
Total business-type activities	<u>14,627,800</u>	<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>
Total primary government	<u>\$ 44,085,794</u>	<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>
<b>Changes in Net Position</b>										
Governmental activities	\$ 13,414,033	\$ 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
Business-type activities	23,411,395	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
Total primary government	<u>\$ 36,825,428</u>	<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>



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

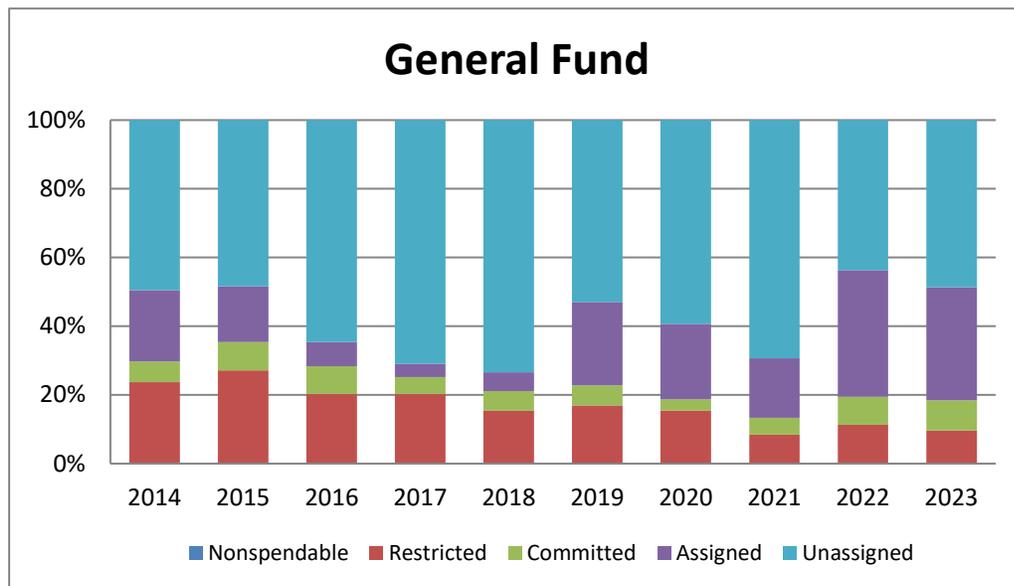
<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Telecommunications Tax</b>
2023	\$ 18,552,199	\$ 8,339,892	\$1,272,611	\$ 127,757	\$ 30,670
2022	17,277,659	7,552,625	1,177,559	105,241	41,775
2021	16,428,297	6,312,013	1,121,733	99,297	41,706
2020	14,957,537	5,122,598	1,046,673	91,002	51,265
2019	11,920,879	4,585,262	1,038,688	86,900	55,927
2018	10,636,590	4,125,965	977,539	84,144	60,971
2017	10,084,003	3,845,911	959,773	84,946	61,453
2016	9,633,212	3,227,971	968,093	76,300	73,073
2015	8,741,219	2,978,962	903,237	81,919	76,060
2014	8,587,613	2,690,464	665,640	72,303	78,472



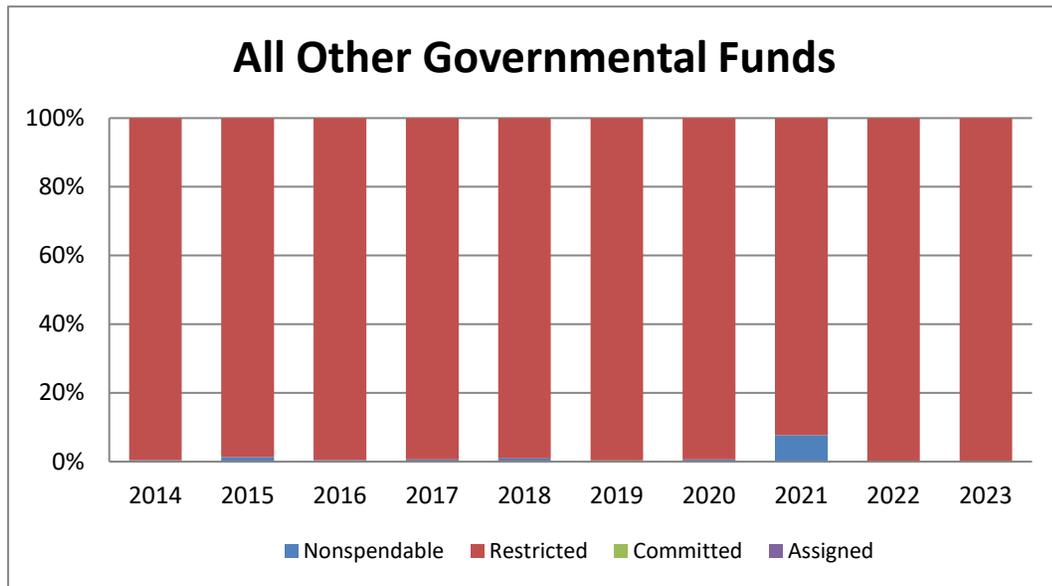
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**Town of Clayton  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>General Fund</b>				
Nonspendable	\$ 23,224	\$ 36,200	\$ 20,051	\$ 3,811
Restricted	3,318,068	2,839,395	1,958,779	2,631,868
Committed	3,062,521	2,080,522	1,159,469	551,053
Assigned	11,451,056	9,371,041	4,068,519	3,725,054
Unassigned	<u>16,944,446</u>	<u>11,110,765</u>	<u>16,270,223</u>	<u>10,078,366</u>
<b>Total general fund</b>	<u><u>\$ 34,799,315</u></u>	<u><u>\$ 25,437,923</u></u>	<u><u>\$ 23,477,041</u></u>	<u><u>\$ 16,990,152</u></u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 3,248	\$ 3,248	\$ 3,248	\$ 3,247
Restricted	4,644,253	12,452,886	38,887	518,155
Committed	-	-	-	-
Assigned	-	-	-	-
<b>Total all other governmental funds</b>	<u><u>\$ 4,647,501</u></u>	<u><u>\$ 12,456,134</u></u>	<u><u>\$ 42,135</u></u>	<u><u>\$ 521,402</u></u>



<b>Fiscal Year</b>					
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 6,244	\$ 19,513	\$ 8,961	\$ 12,448	\$ 13,870	\$ 19,979
2,441,536	1,787,532	1,833,924	1,548,805	2,059,911	1,987,897
844,401	666,673	449,090	626,954	626,955	510,568
3,516,728	642,777	349,852	538,443	1,237,421	1,761,509
7,646,406	8,603,469	6,440,869	4,979,718	3,694,249	4,194,760
<u>\$ 14,455,315</u>	<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>
\$ 3,247	\$ 3,246	\$ 3,245	\$ 3,244	\$ 3,244	\$ 3,242
884,052	353,387	465,271	738,079	240,687	643,840
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 887,299</u>	<u>\$ 356,633</u>	<u>\$ 468,516</u>	<u>\$ 741,323</u>	<u>\$ 243,931</u>	<u>\$ 647,082</u>



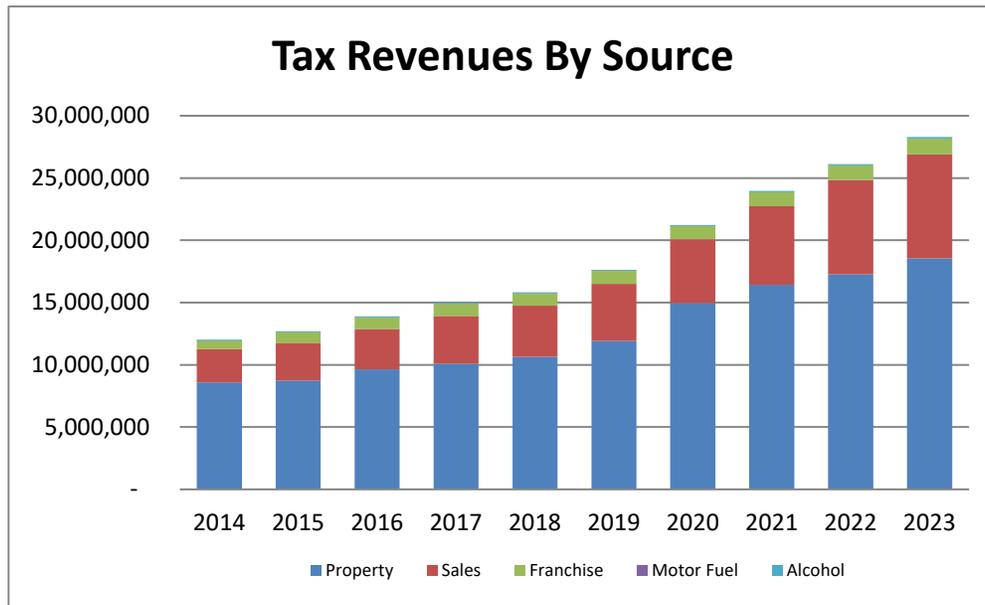
**Town of Clayton**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>				
Taxes	\$ 18,968,732	\$ 17,277,659	\$ 16,428,297	\$ 14,957,537
Licenses and permits	3,579,387	3,611,962	2,855,898	2,539,375
Intergovernmental	22,220,281	14,237,877	15,574,258	9,650,691
Charges for services	3,550,842	2,946,467	2,712,023	2,641,797
Investment earnings	1,692,040	76,714	7,992	284,346
Miscellaneous	333,099	251,742	140,222	242,587
Total revenues	<u>50,344,381</u>	<u>38,402,421</u>	<u>37,718,690</u>	<u>30,316,333</u>
<b>Expenditures</b>				
General government	8,094,740	6,343,767	4,501,701	3,987,376
Public safety	11,251,049	9,979,156	8,922,644	8,432,002
Public works	6,486,869	5,224,365	6,153,643	5,780,917
Culture and recreation	4,038,359	4,203,649	3,377,330	3,160,689
Capital outlay	14,105,911	9,796,884	8,023,206	5,399,768
Debt Service				
Principal	1,733,224	3,379,394	1,304,000	1,304,000
Interest and other fees	706,470	280,480	300,165	332,641
Total expenditures	<u>46,416,622</u>	<u>39,207,695</u>	<u>32,582,689</u>	<u>28,397,393</u>
Excess of revenues over (under) expenditures	3,927,759	(805,274)	5,136,001	1,918,940
<b>Other financing sources (uses)</b>				
Transfers In (Out)	(2,375,000)	-	-	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>(2,375,000)</u>	<u>15,180,156</u>	<u>871,621</u>	<u>250,000</u>
Net changes in fund balances	<u>\$ 1,552,759</u>	<u>\$ 14,374,882</u>	<u>\$ 6,007,622</u>	<u>\$ 2,168,940</u>
Fund balances, beginning	37,894,057	23,519,176	17,511,554	15,342,614
Change in accounting principle	-	-	-	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>37,894,057</u>	<u>23,519,176</u>	<u>17,511,554</u>	<u>15,342,614</u>
Fund balances, ending	<u>\$ 39,446,816</u>	<u>\$ 37,894,058</u>	<u>\$ 23,519,176</u>	<u>\$ 17,511,554</u>
Debt service as a percentage of noncapital expenditures	7.55%	12.44%	6.53%	7.12%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 11,920,879	\$ 10,636,590	\$ 10,084,003	\$ 9,633,212	\$ 8,741,219	\$ 8,587,613
2,343,627	1,580,226	1,678,714	1,268,508	1,020,078	1,223,613
9,560,774	7,503,648	8,241,150	7,012,885	6,409,382	7,068,660
2,686,465	2,399,478	2,241,345	2,214,357	2,038,690	1,855,127
416,160	199,182	67,863	32,758	6,427	10,784
188,670	260,495	168,172	312,878	589,092	308,148
<u>27,116,575</u>	<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>
3,700,891	3,486,515	3,254,628	3,329,772	2,905,451	2,895,658
7,788,507	7,031,582	6,715,156	6,214,778	6,037,678	5,623,161
5,015,247	4,019,546	3,628,355	3,746,085	3,705,018	3,178,465
2,764,963	2,495,244	2,584,627	2,422,091	2,213,745	1,928,696
2,875,337	1,082,159	3,258,335	2,173,397	3,284,397	3,125,028
1,340,557	1,542,569	1,515,701	1,423,505	1,484,723	1,627,740
365,056	396,619	420,924	810,830	669,335	705,993
<u>23,850,558</u>	<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>
3,266,017	2,525,385	1,103,521	354,140	(1,495,458)	(30,796)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	217,214	-	-
-	-	-	-	250,000	-
-	-	-	217,214	250,000	-
<u>\$ 3,266,017</u>	<u>\$ 2,525,385</u>	<u>\$ 1,103,521</u>	<u>\$ 571,354</u>	<u>\$ (1,245,458)</u>	<u>\$ (30,796)</u>
12,076,597	9,551,212	8,447,691	7,876,337	9,121,795	9,152,591
-	-	-	-	-	-
<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>
<u><u>\$ 15,342,614</u></u>	<u><u>\$ 12,076,597</u></u>	<u><u>\$ 9,551,212</u></u>	<u><u>\$ 8,447,691</u></u>	<u><u>\$ 7,876,337</u></u>	<u><u>\$ 9,121,795</u></u>
8.13%	10.22%	10.69%	12.45%	12.66%	14.62%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax<sup>1</sup></b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2023	\$ 18,552,199	\$ 8,339,892	\$ 1,272,611	\$ -	\$ 127,757	28,292,459
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 <sup>2</sup>	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

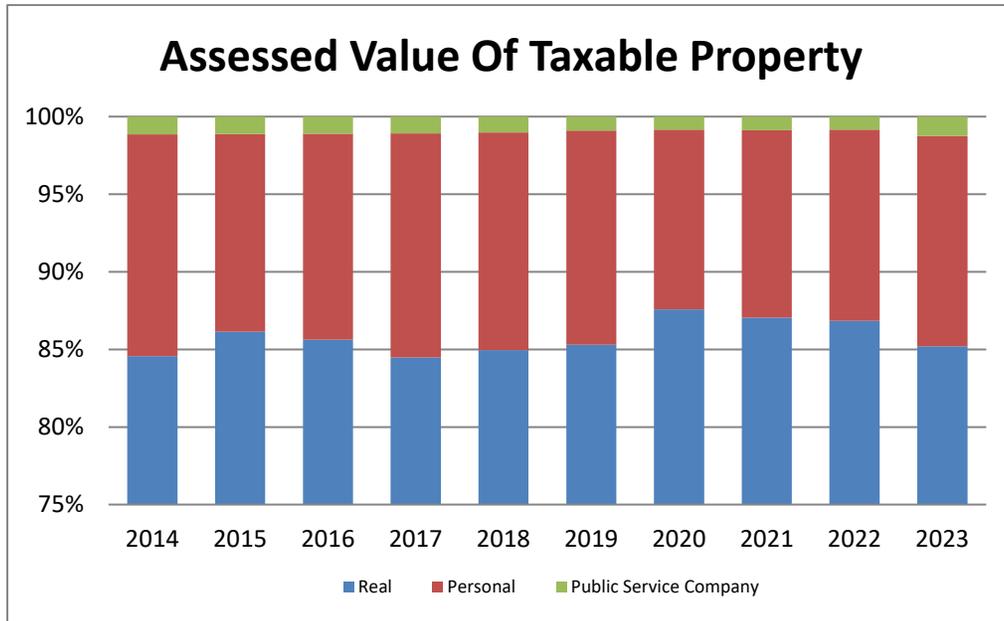


<sup>1</sup> Motor fuel tax repealed in 2003. Subsequent year revenues attributable to retail purchases.

<sup>2</sup> 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**

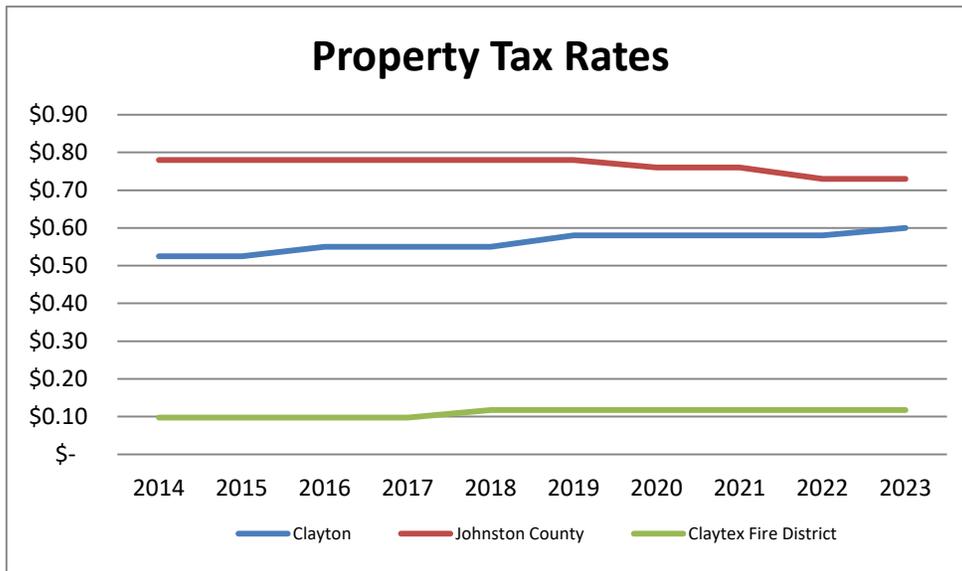
<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>
2023	2,686,298,500	427,713,628	39,285,583	3,153,297,711	0.60
2022	2,588,974,723	367,267,400	24,902,270	2,981,144,393	0.58
2021	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



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.

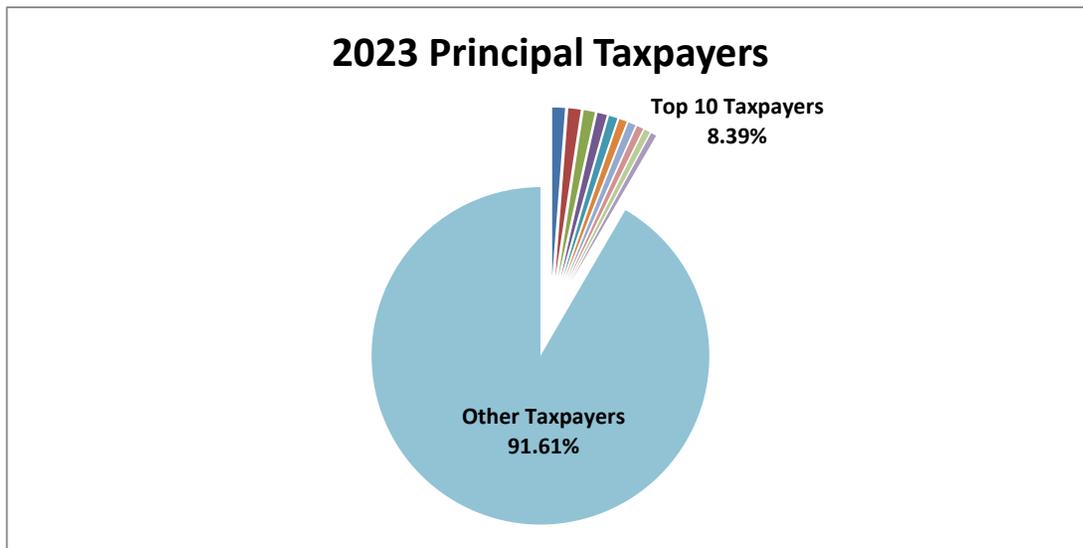
**Town of Clayton**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<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>	
2023	2022	0.6	0.73	0.1175	1.4475
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



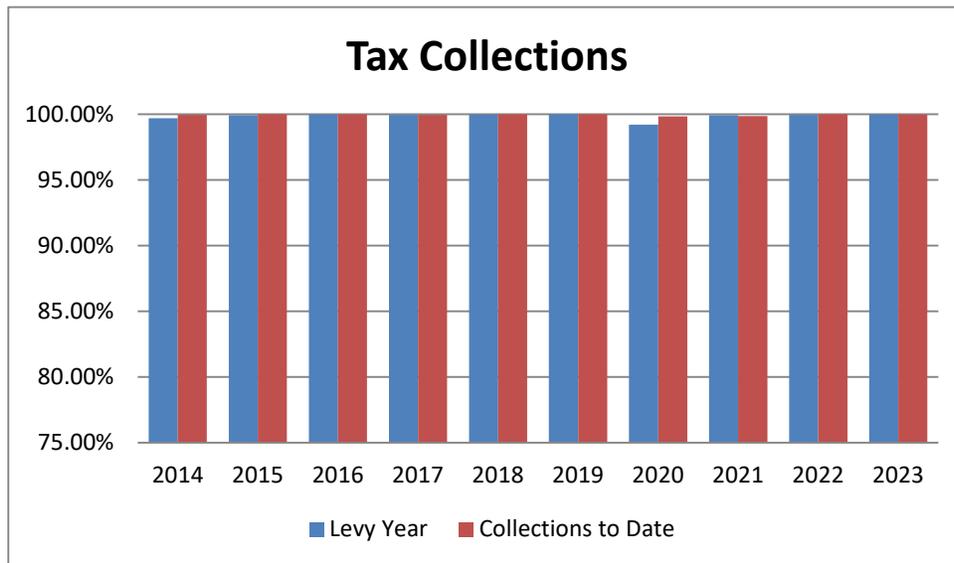
**Town of Clayton  
Principal Property Taxpayers  
June 30, 2023**

Taxpayer	2023			2014		
	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	1.22%			
LWB Clayton Apartments LLC	37,392,860	2	1.19%			
Amelia Station LLC	33,850,870	3	1.07%			
SIF CDC LLC	28,802,910	4	0.91%			
Clayton Multi-Family Investments LLC	25,880,940	5	0.82%			
Automatic Rolls of NC LLC	23,313,928	6	0.74%			
Walton Farms, LLC	22,390,210	7	0.71%			
AMH NC Properties, LP	19,781,430	8	0.63%			
Amelia Village Phase I, LLC	18,000,000	9	0.57%			
Parkside Village Invesrtors LLC	16,576,480	10	0.53%			
Crown Raleigh III & IV LLC				47,173,247	1	2.86%
Automatic Rolls of NC LLC				35,989,919	2	2.18%
Fred Smith Companies				35,885,830	3	2.17%
Wal-Mart				15,681,724	4	0.95%
3C Packaging & Elphick Properties				13,803,825	5	0.84%
DDRM Clayton Corners LLC				12,380,430	6	0.75%
Amelia Village LLC				11,979,423	7	0.73%
Piedmont Natural Gas Company Inc				8,374,943	8	0.51%
Spinksville III LLC				8,116,320	9	0.49%
Caterpillar				7,610,190	10	0.46%
<b>Totals</b>	<b>\$ 264,601,688</b>		<b>8.39%</b>	<b>\$ 196,995,851</b>		<b>11.94%</b>
<b>Total Assessed Value</b>	<b>\$ 3,153,297,711</b>			<b>\$ 1,651,386,248</b>		



**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 <sup>1</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 18,919,358	\$ 18,914,422	99.97%	\$ -	\$ 18,914,422	99.97%
2022	17,290,461	17,283,827	99.96%	4,879	17,288,706	99.99%
2021	16,268,199	16,258,179	99.94%	(13,388)	16,244,791	99.86%
2020	15,056,778	14,936,680	99.20%	95,435	15,032,115	99.84%
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%	6,154	8,865,026	100.00%
2014	8,670,312	8,643,376	99.69%	22,128	8,665,504	99.94%



<sup>1</sup> 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 <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Direct Placement Installments	General Obligation Bonds	Revenue Bonds	Direct Placement Installments			
2023	\$13,305,000	\$ 6,720,003	\$ -	\$ 112,761,000	\$ 24,513,291	\$ 157,299,294	N/A	669.99
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

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

<sup>1</sup> See Schedule of Demographic and Economic Statistics on page 113.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>Percent of Taxable Property</b>	<b>Per Capita <sup>2</sup></b>
2023	\$13,305,000	\$3,153,297,711	0.42%	\$ 56.67
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

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

<sup>1</sup> See Assessed Value of Taxable Property on page 104.

<sup>2</sup> See Demographic and Economic Statistics on page 113.

**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 <sup>1</sup>	Assessed Valuation <sup>1</sup>	Percentage Applicable to Town <sup>2</sup>	
2023	\$20,025,003	\$3,153,297,711	100%	\$178,805,000	\$25,947,547,117	10.84%	\$39,399,884
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

<sup>1</sup> Provided by Johnston County Finance Department.

<sup>2</sup> 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**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Debt limit	\$ 252,263,817	\$ 238,491,552	\$ 224,394,961	\$ 207,795,210
Total net debt applicable to limit	20,025,003	21,758,227	11,637,621	12,070,000
Legal debt margin	\$ 232,238,814	\$ 216,733,325	\$ 212,757,340	\$ 195,725,210
Total net debt applicable to the limit as a percentge of debt limit	7.94%	9.12%	5.19%	5.81%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Total assessed value	\$ 3,153,297,711
Debt limit (8% of total assessed value)	252,263,817
Less general obligation debt	<u>(20,025,003)</u>
Legal debt margin	<u>\$ 232,238,814</u>

**Fiscal Year**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 165,390,165	\$ 156,139,255	\$ 148,673,663	\$ 143,318,464	\$ 135,073,034	\$ 132,110,900
13,374,000	14,714,557	16,257,127	17,772,828	18,979,118	20,463,841
\$ 152,016,165	\$ 141,424,698	\$ 132,416,536	\$ 125,545,636	\$ 116,093,916	\$ 111,647,059

8.09%

9.42%

10.93%

12.40%

14.05%

15.49%

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

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age <sup>1</sup></b>	<b>School Enrollment <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2023	234,778	N/A	N/A	33.90	37,592	3.3
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

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

<sup>1</sup> US Census Bureau

<sup>2</sup> Johnston County School System

<sup>3</sup> NC Department of Commerce

**Town of Clayton  
Principal Employers  
Current Year**

<b>Rank</b>	<b>Top Employers - Johnston County</b>	<b>Industry</b>	<b>Employees</b>	<b>Percentage of County Employment <sup>1</sup></b>
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			107,140 <sup>2</sup>	

<sup>1</sup> Data not available for the Clayton. Percentage of County Employment isn't available.

<sup>2</sup> 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	<b>Full-time Equivalent Employees as of June 30</b>									
	<u>2023</u>	<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>
General government	74	64	44	42	41	41	43	39	33	35
Public safety										
Police										
Officers	60	54	49	46	46	42	43	43	42	42
Civilians	3	3	3	3	3	3	3	3	3	3
Fire										
Firefighters and officers	49	52	43	39	27	25	23	16	16	16
Civilians	2	2	2	1	1	1	0	1	1	1
Public works*	26	31	40	41	41	40	37	34	34	26
Culture and recreation	20	17	18	18	14	13	13	13	11	11
Water/Sewer	24	26	23	22	21	18	18	16	17	16
Electric	14	12	12	14	14	12	13	11	11	11
<b>Total</b>	<u>272</u>	<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>

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

Source: Finance Department payroll records.

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**Town of Clayton**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Police</b>				
Physical arrests	679	626	553	641
Traffic citations	2,829	1,813	2,178	2,963
<b>Fire</b>				
Number of fire calls answered	989	970	749	798
Number of EMS calls answered	2,313	2,092	1,876	1,649
EMT certifications	54	51	43	44
Inspections	656	346	423	441
<b>Streets</b>				
Street resurfacing (feet)	-	13,328	13,076	8,622
Pavement repairs	95	97	92	84
<b>Sanitation</b>				
Refuse collected (tons)	8,432	8,267	8,111	6,932
Recyclables collected (tons)	1,974	1,961	1,986	1,626
<b>Culture and recreation</b>				
Athletic field permits issued	1,025	670	845	578
Cultural arts center event rentals	503	387	56	656
<b>Water</b>				
New connections	569	470	775	546
Leak repairs	85	10	5	14
Average daily consumption	4,204,000	3,683,758	3,662,638	4,291,468
<b>Wastewater</b>				
Average daily sewage treatment (in thousands of gallons)	3,331	3,085	3,624	3,127

Source: Various town departments. FY 2023 street resurfacing program delayed to FY 2024, Medical responder program commenced on October 1, 2014.

<b>Fiscal Year</b>					
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
425	380	439	531	522	542
2,664	2,228	2,974	4,303	4,373	3,751
1,040	934	1,459	749	481	793
1,404	1,406	728	1,257	1,039	-
34	38	37	36	39	-
330	470	541	293	360	304
1,440	-	281	3,368	-	2,583
99	63	62	67	32	87
6,405	5,921	5,691	5,371	5,191	4,517
1,465	1,407	1,020	1,056	1,002	932
780	710	686	647	519	405
980	914	852	795	869	666
528	550	512	343	257	232
110	87	71	54	70	90
3,222,776	3,027,786	2,805,204	2,569,231	2,374,645	2,334,356
2,810	2,451	2,254	1,991	2,068	1,821

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

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	74	67	60	60	54	52	54	57	55	55
K-9 units	3	3	3	3	3	3	2	2	2	2
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	92	92	90	88	86	81	80	78	76	74
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	1	-	-	-	-	-	-
Electric										
Distribution stations	2	2	2	2	2	2	1	1	1	1
Street lights	1,786	1,725	1,660	1,649	1,552	1,488	1,454	1,430	1,437	1,441

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**

<b>Fiscal Year Ended June 30</b>	<b>Commercial Construction <sup>1</sup></b>		<b>Residential Construction <sup>1</sup></b>		<b>Total</b>		<b>Bank Deposits <sup>2</sup></b>
	<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Value</b>	
2023	50	\$ 37,728,421	363	\$ 81,433,460	413	\$ 119,161,881	\$ 778,037,000
2022	74	94,993,729 <sup>3</sup>	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 <sup>4</sup>	603	82,956,205	803	216,212,060	461,618,000
2017	315	90,967,827 <sup>5</sup>	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 <sup>6</sup>	235	35,750,910	547	161,386,734	339,588,000

<sup>1</sup> Compiled by Town of Clayton Inspections.

<sup>2</sup> Federal Deposit Insurance Corporation Summary of Deposits.

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

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

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

<sup>6</sup> Increase due to \$200 million Talecris Biotherapeutics expansion project.

Town of Clayton, North Carolina  
**Schedule of Insurance in Force**  
 June 30, 2023

<b>Type of Coverage</b>	<b>Details of Coverage</b>	
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	1,000,000	Liability
	0	Deductible
Automobile Liability	5,000,000	Per occurrence
	2,500	Deductible
Automobile Comprehensive	9,179,783	Actual cash value or cost of repair, whichever is less
	2,500	deductible - private passenger & light trucks
	2,500	deductible - all others
Automobile Collision	9,179,783	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	144,636,380	Cause of loss
	2,500	Deductible per occurrence
		includes boiler & machinery
Municipal Equipment	2,707,769	All risk coverage
	2,500	Deductible per occurrence
Computer Equipment/Media	1,575,600	Limits of coverage
	2,500	Deductible
Fine Arts	210,700	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 2022-2023



## Taxes & Fees

Town of Clayton Tax Rate	\$0.58 / \$100 valuation of property
Claytex Fire District Tax Rate	\$0.1175 / \$100 valuation of property
Vehicle Fee (pursuant to NCGS 20-97 (b1))	\$30 / vehicle

## Document/Copy/Administrative Fees

Copying up to 11'x17' (black & white)	\$0.10 / sheet
Town meeting(s) audio or documents	\$1.50 / storage device provided
Certified copy of Town records	In accordance with NCGS 161-10(9)
Paper Copy of Agenda	\$10 (annually) Email free
Filing Fee for Office of Council Member	\$5
Filing Fee for Office of Mayor	\$10

## Cemetery Fees

Lot Purchase - including footstone	\$1,000
Interment - Monday through Saturday	\$900
Interment - Sundays and Holidays*	\$1,200
Footstone Marker and Installation	\$100
Cremaains Interment - Monday through Saturday	\$450
Cremaains Interment - Sundays and Holidays*	\$900

\*Excludes Christmas Day, Thanksgiving Day, New Year's Day, and Good Friday

## Customer Deposits

Residential Electric	\$250 / \$800 (high risk)
Residential Water	\$50 / \$120 (high risk)
Residential Sewer	\$50 / \$120 (high risk)
Residential Irrigation	\$50 / \$120 (high risk)
Non-residential Electric	2.5 times average bill for location or comparable use
Non-residential Water	2.5 times average bill for location or comparable use.
Non-residential Sewer	2.5 times average bill for location or comparable use.
Non-residential Irrigation	2.5 times average bill for location or comparable use

## Customer Fees

Connection Fee	\$25
Returned Check/Draft Fee	\$25
Non-Payment Penalty	\$50
Late fee for charges unpaid by due date	5%
Bucket Truck Mobilization Fee	\$500

## Solid Waste Fees

Solid Waste Collection	\$22.50 per month
Extra Garbage Cart	\$4.18 / month
Extra Recycling Cart	\$3.17 / month

## Water & Sewer Utility Rates

### Water (Non-Irrigation)

#### Base Rates

Meter Size:	In Town	Out of Town
5/8" Meter	\$20.46	\$25.07
3/4" Meter	\$29.69	\$36.60
1" Meter	\$48.15	\$59.68
1.5" Meter	\$94.29	\$117.37
2" Meter	\$149.67	\$186.59
3" Meter	\$278.88	\$348.10
4" Meter	\$463.45	\$578.81
6" Meter	\$924.91	\$1,155.64
8" Meter	\$1,478.65	\$1,847.82
10" Meter	\$2,124.69	\$2,655.36

#### Commodity Rates

Residential:	In Town	Out of Town
Block 1: 0 - 2,000 Gallons	\$4.81	\$6.02
Block 2: 2,001 - 4,000 Gallons	\$5.06	\$6.32
Block 3: 4,001 - 6,000 Gallons	\$5.30	\$6.63
Block 4: All Gallons > 6,000	\$5.79	\$7.23
Commercial:		
Block 1: 0 - 100,000 Gallons	\$5.38	\$6.73
Block 2: All Gallons > 100,000	\$6.19	\$7.73
Industrial:		
Block 1 0 - 100,000 Gallons	\$5.47	\$6.82
Block 2 All Gallons > 100,000	\$6.28	\$7.85

### Irrigation

#### Base Rates

Meter Size:	In Town	Out of Town
5/8" Meter	\$20.46	\$25.07
3/4" Meter	\$29.69	\$36.60
1" Meter	\$48.15	\$59.68
1.5" Meter	\$94.29	\$117.37
2" Meter	\$149.67	\$186.59
3" Meter	\$278.88	\$348.10
4" Meter	\$463.45	\$578.81
6" Meter	\$924.91	\$1,155.64
8" Meter	\$1,478.65	\$1,847.82
10" Meter	\$2,124.69	\$2,655.36

#### Commodity Rates

Residential:	In Town	Out of Town
Block 1 0 - 8,000 Gallons	\$7.47	\$7.47
Block 2 8,001 - 16,000 Gallons	\$9.32	\$9.32
Block 3 All Gallons > 16,000	\$11.47	\$11.47
Non-Residential		
Block 1 0 - 50,000 Gallons	\$6.07	\$6.07
Block 2 50,001 to 100,000 Gallons	\$8.36	\$8.36
Block 3 All Gallons > 100,000	\$9.85	\$9.85

## Sewer

### Base Rates

Meter Size:	In Town	Out of Town
5/8' Meter	\$27.21	\$34.04
3/4" Meter	\$40.85	\$51.06
1" Meter	\$68.07	\$85.10
1.5" Meter	\$136.16	\$170.19
2" Meter	\$217.85	\$272.33
3" Meter	\$408.48	\$510.59
4" Meter	\$680.78	\$850.99
6" Meter	\$1,361.59	\$1,361.59
8" Meter	\$2,178.53	\$2,723.17
10" Meter	\$3,131.64	\$3,914.54
12" Meter	\$7,215.15	\$9,019.59
<b>Commodity Rates:</b>		
All usage (per 1,000 gallons)	\$8.76	\$10.96
<b>Flat Rate Sewer (No Meter):</b>	\$53.59	\$67.00

## Water & Sewer - Bulk

<b>Monthly Commodity Rates (Water):</b>	\$5.25 / 1,000 gallons
<b>High Strength Surcharge (Sewer):</b>	
Biochemical Oxygen Demand (BOD)	\$0.355 / pound for concentration in excess of 250 mg/liter
Total Suspended Solids (TSS)	\$0.13 / pound for concentration in excess of 250 mg/liter
Ammonia Nitrogen (NH3-N)	\$1.75 / pound for concentration in excess of 25 mg/liter
Industrial High Strength Surcharge	\$4.00 / 1,000 gallons

## Electric Utility Rates

### Residential

<b>Monthly Base Charges:</b>	
Single Phase Service	\$19.50
Three Phase Service	\$22.50
<b>Monthly Energy Charge:</b>	\$0.12420 / kWh

### Institutional

<b>Monthly Base Charge:</b>	\$40.00
<b>Monthly Energy Charge:</b>	\$0.14390 / kWh for first 600 kWh
	\$0.12500 / kWh for next 1,900 kWh
	\$0.10900 / kWh for all additional kWh

### Small General Service

<b>Monthly Base Charge:</b>	\$30.00
<b>Monthly Demand Charge:</b>	\$0.13900 per kWh for the first 750 kWh *
	\$0.09300 per kWh for the next 2,000 kWh
	\$0.09300 per kWh for the additional kWh

\*When the kW of billing demand exceeds 5kW, add into the first block 150 kWh for each additional kW of excess.

### Medium General Service

<b>Monthly Base Charges:</b>	\$40.00
<b>Monthly Demand Charges:</b>	\$10.87 / kW
<b>Monthly Energy Charge:</b>	\$0.07830 / kWh

Large General Service	
Monthly Base Charge:	\$225.00
Monthly Demand Charge:	
CP Demand	\$19.22 / CP kW
Excess Demand	\$1.605 / kW
Monthly Energy Charge:	\$0.05778 / kWh

Coincident Peak (CP)	
Monthly Base Charge:	\$225.00
Monthly Demand Charge:	
CP Demand	\$20.35 / CP kW
Excess Demand	\$4.90 / kW
Monthly Energy Charge:	\$0.05470 / kWh

Town Facilities	
Monthly Base Charge:	\$15.00
Monthly Energy Charge:	\$0.08920 / kWh

Time Of Use	
Monthly Base Charge:	\$225.00
Monthly Demand Charge:	\$19.22 / kW
Monthly Energy Charge:	\$0.05778 / kWh

Area Lighting	
Monthly Rate Per Lighting Unit:	
Residential Unit	\$12.78
Small Commercial Unit	\$16.96
Large Commercial Unit	\$38.70
Underground Charge	\$5.14
Monthly Rate Per Pole Type:	
Wooden	\$3.21
Decorative	\$7.06
Monthly Energy Charge:	\$0.08950 / kWh

Electric Department	
Residential Electric Meter	Cost of Meter + 10%
Small Commercial Meter	Cost of Meter + 10%
Large Commercial Meter	Cost of Meter + 10%
Underground Electric Fee	\$425 + \$3/foot > 120 feet
Solar Panel Permit Application	\$250

Public Works					
Water & Sewer Taps & Water & Sewer / Electric Meter Fees					
Meter Size	Base Cost	Street Cut	Concrete Cut	Meter Only	Permit Fee
5/8 Inch Water	\$1,800	\$600	\$600	Cost of Meter + End Point + 10%	N/A
1 Inch Water	\$2,100	\$600	\$600	Cost of Meter + End Point + 10%	N/A
2 Inch Water	\$2,600	\$600	\$600	Cost of Meter + End Point + 10%	N/A
4 Inch Sewer	\$3,500	\$600	\$600	N/A	N/A
Irrigation	\$400	\$600	\$600	Cost of Meter + End Point + 10%	\$50
Irrigation Split	\$600	N/A	N/A	N/A	N/A
Relocate Service Line	\$600	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.	
5/8 Inch	\$1,793	\$3,260	\$5,053	Current Cost per gallon based on 2018 SDF Study: Water = \$6.18 per gallon per day (GPD) Sewer = \$15.52 per gallon per day (GPD)	
3/4 Inch	\$2,690	\$4,890	\$7,580		
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		

Nutrient Offset Fees	
Residential Tap	\$450/ Tap
Non Residential Tap	\$0.005 / gallon of annual wastewater capacity

Planning Department Development Submittal Fees	
Re-Advertisement	\$200
Administrative Appeal	\$350
Annexation	\$200
Urban Archery Hunting Permit	\$25
Major Subdivision	\$500 + \$15 / acre
Minor Subdivision (<5 lots)	\$300 + \$15 / acre
Conditional Zoning, with associated Master Plan	\$1,000 + \$5 / acre
Small Cell Wireless	\$100 ea for first 5 facilities, \$50 ea additional
Zoning Compliance Inspection/Re-Inspection	\$150
Resubmittal Fee	4th & subsequent submittal 1/2 of Original
Exempt Plat Review (Incl. Recombinations)	\$150
Final Plat Review	\$300 + \$15 / acre
Rezoning	\$750 + \$10 / acre
Conditional Rezoning	\$750 + \$10 / acre
Alternative Sign Plan	\$300
Sign - Permanent	\$75 + \$5 / additional sign
Sign - Temporary	\$50
After-the-Fact Sign Permit	\$150 + \$10 / additional sign
Site Plan, Administrative Amendment	\$100
Site Plan	\$500 + \$15 / acre
Special Use Permit	\$750
Temporary Use / Special Event	\$100
Tree Removal Certificate	\$250
Variance Application	\$500 (\$1,000 after the fact)
Zoning Compliance	\$100
Zoning Verification	\$100

Code Enforcement	
Tall Grass and Overgrowth	
0 to .25 acres	\$150 + \$100 Admin Fee
.26 to .50 acres	\$200 + \$100 Admin Fee
> 1.00 acres	\$250 + \$100 Admin Fee
Private Property Clean Up	Amount Billed by Contractor + \$100 Admin Fee

Copies & Maps	
Copy < 11" x 17" (Black & White)	\$0.10
Copy > 11" x 17" (Black & White)	\$1

Copy < 11" x 17" (Color)	\$0.40
Copy > 11" x 17" (Color)	\$5
Map 18" x 24"	\$10
Map 24" x 36"	\$20
Map 36" x 48"	\$30
General Design Guidelines	\$10
Strategic Growth Plan	\$20
Unified Development Plan	\$40

#### Consultant Review Fees

Tower Review, New Structure, One Related Meeting	\$5,000
Tower Review, New Structure, Two Related Meetings	\$6,500
Tower Review, Co-Location/Mod/Upgrade	\$1,000
Traffic Review	Negotiated

#### Recreation & Open Space Fees

Residential Fee	\$2,000
Multi-Family Fee	\$2,000

#### Building Inspections

Plan Review Fee - Initial Review	No Charge
Plan Review Fee - Permit Cancelled or Not Picked up/Issued	\$100
Plan Review Fee - Subsequent Reviews (ea)	\$150

#### **New Dwelling (Single):**

Up to 1,200 sq. ft.	\$600 / dwelling
> 1,200 sq. ft.	\$600 + \$0.30 / sq. ft.

#### **Residential - Additions/Remodel:**

0 - 400 sq. ft.	\$300
> 400 sq. ft.	\$300 + \$0.30/sq. ft.
Additional per trade	\$75

#### **Multi-Family Dwelling Duplex/Triplex**

Up to 3 units	\$600 + \$0.30/sq ft > 1,200 sq ft
Each additional unit	\$200

#### **Mobile Homes**

Single-Wide (Building Only)	\$250
Double - Wide (Building Only)	\$275
Triple - Wide (Building Only)	\$300
Quad - Wide (Building Only)	\$325
Travel Trailers / Campers	\$75
Poured Footing Inspection	\$50
Mechanical Permit Fee	\$50
Electrical Permit Fee	\$50
Plumbing Permit Fee	\$50

#### **Dwelling Moved On**

Fee	\$250
Trade Fee	\$75

<b>Residential Accessory Building (over 12'x12')</b>	
Storage Building	\$75
Garage / Carport	\$100
Deck / Porch/ Gazebo	\$75 + \$0.30/sf for > 144 sf
Additional trade	\$75

<b>Trade Inspections</b>	
Building, Electrical, Plumbing and Mechanical	\$50

<b>Farm Storage Buildings</b>	
Livestock Production Buildings	\$40

<b>Bulk Tobacco Barns</b>	
Building, Electrical, Plumbing and Mechanical	\$75
Electrical Permit Fee	\$75

<b>Permit Fee for Commercial Buildings (Based on cost per trade)</b>	
\$0 - \$2,500	Trade fee (Minimum \$75)
\$2,501 - \$25,000	\$225
\$25,001 - \$50,000	\$550
\$50,001 - \$100,000	\$1,000
\$100,001 - \$200,000	\$1,650
\$200,001 - \$350,000	\$2,850
\$350,001 - \$500,000	\$3,900
\$500,001 - \$750,000	\$5,250
\$750,001 - \$1,000,000	\$6,500
>\$1,000,000	\$6,500 + 0.2% for every dollar over \$1,000,000

<b>Re-Inspection Fees</b>	
First Re-Inspection	\$75
Additional Re-Inspection of Same Item	\$100
After Hours (Requires Special Approval)	\$200/hour (3 hour minimum)
Day Care Re-Certification	\$100
ABC Permit Form	\$150

<b>Expired Permit Reissue</b>	
Work Started / Code Changes	Original fee x 50%
No Work Started / No Code Changes	\$150
Re-Review, Lost Plans / Update	\$150

<b>Service Pole Inspections</b>	
Electrical (\$1 Building if no permit exists)	\$75

<b>Update for Permits</b>	
Contractor Change (Ord. 2017-09-01)	\$50

<b>Service Change Inspections</b>	
Conditional Service (Ord. 2017-09-01)	\$75
Building	\$1
Electrical	\$75

<b>Sign</b>	
Building	\$75
Electrical	\$75

<b>Swimming Pools</b>	
Building	\$75
Electrical	\$75

<b>Pedestals</b>	
Building	\$1
Electrical	\$75

<b>LP Gas Tanks</b>	
Building	\$40
Electrical	\$75

<b>Replace Roof of Existing House or Mobile Home</b>	
Per Building	\$75

<b>Tents (Per Building over 240 sq. ft.)</b>	\$75
<b>ATM</b>	Commercial Rate

<b>Conditional Power/Gas - Single Family</b>	\$75 each
<b>90 Day Temp Power - New Construction Residential</b>	\$75 each
<b>Conditional Power/Gas - Multi Family</b>	\$75 first meter, \$50 each additional
<b>90 Day Temp Power - Commercial</b>	\$150

Reconnect Power - Building	\$1
Reconnect Power - Electrical	\$75

<b>Demolition - Residential</b>	\$50 + asbestos report
<b>Demolition - Commercial</b>	\$150
<b>Sprinkler System</b>	Commercial Rate

<b>Penalty</b>	
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.	
<b>Irrigation of New Landscape</b>	\$75
<b>One Time Extension - Irrigation New Landscape</b>	\$50

<b>Engineering Department</b>	
<b>Review Fees</b>	
Construction Plan (Subdivision)	\$500 + \$15 per lot
Construction Plan Resubmittal	\$300
Construction Plan (Sites)	\$500 + \$30 per acre
Combo Review Fee (Subdivision) – 4 Reviews	\$800 + \$15 per lot
Combo Review Fee (Sites) – 4 Reviews	\$800 + \$30 per acre
Construction Plan (Infrastructure Only)	\$500 + \$0.30 per linear foot
Alternative Standard Request	\$500 per standard
Construction Plan Revisions	\$300 + \$5 per sheet
Pump Station CD Review	\$750
Pump Station Review – Resubmittal	\$500
Special Study (Flood, Traffic Calming, etc.)	\$250 + Cost of Consultant
Floodplain MGMT Document Review (LOMR, CLOMR, etc.)	\$150 per form
Record Drawing (Infrastructure/Stormwater)	\$500

Record Drawing Resubmittal	\$250
Bond Administration Fee (Surety/Letter of Credit)	\$200
Bond Administration Fee (Cash/Check)	\$200
Bond Administration Fee (Amendment/Reduction)	\$100
Encroachment Agreement Application	\$200
Water Extension Permit Application (all forms)	\$250
Sewer Extension Permit Application (all forms)	\$250
Water and/or Sewer Extension Permit Amendment	\$125
Wastewater Allocation Requests	\$250
Right-of-Way Closure Application / Processing Fee	\$150/\$250

Inspection Fees	
New Public Streets	\$1.75 per linear foot
Curb and Gutter (new and replacement)	\$0.75 per linear foot
Application for Acceptance of Public Infrastructure – Utilities	\$500
Acceptance of Public Infrastructure – Right-of-Way	\$500
Acceptance of Public Infrastructure - Reinspection	\$100
Pump Station	\$1,500
Water System Extensions	\$1.25 per linear foot
Pump Station	\$1,500
Stormwater SCM Inspection	\$500
Sanitary Sewer System Extensions	\$1.25 per linear foot
Storm Drainage (Public and Private)	\$0.75 per linear foot
Greenways & Sidewalks	\$0.75 per linear foot
Residential Driveway – Initial	\$100
Residential Driveway – Reinspection	\$75
Fire Lanes	\$1.75 per linear foot
Sanitary Sewer Taps (not performed by Town)	\$100
Water Taps (not performed by Town)	\$100
Fee-in-lieu Admin Fee	\$150
Reinspection Fee-Linear Footage Inspections	\$100

Stormwater/Erosion Control	
Erosion Control Plan Review	\$250 per acre
Erosion Control Plan Review Resubmittal	\$300
Erosion Control Plan Review Revision	\$300
Land Disturbance Permit – Initial (valid for 2 years)	\$150 per acre
Land Disturbance Permit Renewal (valid for 1 year)	\$500
Erosion Control Permit – Single lot	\$100
Stormwater Plan Review - up to 7 acres	\$550 per acre
Stormwater Plan Review - greater than 7 acres	\$3,850 + \$125/acre

Stormwater Plan Review Plan Review Resubmittal	\$300
Stormwater Plan Review Revision	\$300
Stormwater Permit	\$425 per acre
Stormwater Permit Revision	\$300

### Police Department

Accident Report	\$2
<b>Animal Service Penalty Fees:</b>	
Animal Cruelty	\$500 per offense, per animal
Dangerous Dogs	\$500 per offense, per animal
<b>All Other Violations, including leash law violations:</b>	
-First Notice of Violation	\$100
-Second Notice of Violation	\$200
-Third and Subsequent Notice of Violation(s)	\$300

### Fire Department

<b>Fire Inspection Fees</b>	
Up to 3,000 sq. ft.	\$40
3,001 - 5,000 sq. ft.	\$75
5,001 - 10,000 sq. ft.	\$125
10,001 - 25,000 sq. ft.	\$375
25,001 - 50,000 sq. ft.	\$500
50,001 - 100,000 sq. ft.	\$625
100,001 - 500,000 sq. ft.	\$750
<b>Re-Inspection Fees</b>	
First Re-Inspection	\$45
Second Reinspection	\$45 + \$20
Third Reinspection	\$45 + \$20 + \$20
Fourth Reinspection, etc.	\$45 + \$20 + \$20 + \$20

<b>Miscellaneous</b>	
Blasting Permit Application	\$200
Hydrant Flow Test	\$50
<b>Special Standby Operations</b>	
Engine	\$100 / hour (one hour minimum)
Personnel	\$22.50 / hour (one hour minimum)
<b>Hazmat Emergency Response Charges</b>	
Engine, Tanker or Ladder Truck	\$250 / hour
Support Vehicles	\$50 / hour
All Responding Personnel	1.5 x hourly rate of pay
Materials Used	Replacement cost + 10%
Materials Damager	Replacement cost + 10%
<b>First False Alarm in Month</b>	\$0
<b>Subsequent False Alarms in Month</b>	\$100 each

### Recreation Department

#### Athletics

Youth Sports (Officiated - O, and Unofficiated - U)	Resident Fee	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	Team Fee	Non-Resident Fee
Softball	\$500	\$25
Soccer	\$500	\$25
Basketball	\$450	\$25
Volleyball	\$100	\$25
Flag Football	\$500	\$25

**Resident's Fees included in Team Fees**

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 + 50%

Facility Rentals		
Community Center Gym	Resident Fee	Non-Resident Fee
Full Court	\$50 / hour	\$100 / hour
Half Court	\$30 / hour	\$60 / hour
Scoreboard	\$10 / hour	\$20 / hour
<b>Tennis Courts</b>	\$5 / hour	\$10 / hour
<b>Ballfields</b>		
Community Park Field #1	\$20 / hour	\$40 / hour
Community Park Field #2	\$20 / hour	\$40 / hour
Community Park Field #3	\$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	\$50 / hour	\$100 / hour
East Clayton Community Park Multipurpose – Field 1 or 2	\$75 / hour	\$150 / hour
East Clayton Community Park Multipurpose – Field 1 and 2	\$150 / hour	\$300 / hour
Powhatan	Full Site-\$150 / hour; Per Field-\$40 / hour	Full Site-\$300 / hour; Per Field-\$80 / hour
CMS Football/Soccer	\$50 / hour	\$100 / hour
CMS Softball	\$20 / hour	\$40 / hour
CMS Baseball	\$25 / hour	\$50 / hour
CHS Football - Artificial Turf	\$100 / hour	\$200 / hour
CHS Soccer	\$75 / hour	\$150 / hour
CHS Baseball	\$50 / hour	\$100 / hour
CHS Softball	\$40 / hour	\$80 / hour

Field Rental Add Ons	
Lights (Community)	\$20 / hour
Lights (East Clayton Soccer & Baseball)	\$20 / hour
Lights - CHS Softball	\$30 / hour
Lights - CHS Baseball	\$40 / hour
Lights - CHS Soccer	\$40 / hour
Lights - CHS Football	\$50 / hour
Baseball / Softball Field Prep (All Fields)	\$30 / hour
East Clayton Soccer Field Paint - In Season	Included
Soccer Field Paint - Off Season (Lacrosse/Rugby)	\$150
Football Field Paint	\$300

<b>Tournament Field Rentals &amp; Add Ons</b>	
Community Park - Full Day	\$250 / field / day
Community Park - Half Day	\$125 / field / day
East Clayton - Baseball	\$350 / day
Additional Field Prep	\$30 / field
Scoreboard	\$25 / field / day
Drying Agents	\$10 / bag
Admission Fee to Town	\$50 / day
Concessions	Only CPRD Allowed
Other Vendors (Non-Food)	\$50 / vendor / weekend

<b>Picnic Shelters</b>	<b>Resident Fee</b>	<b>Non-Resident Fee</b>
All Star Park 4-hour block	\$32	\$64
Community Park 4-hour block	\$40	\$80
East Clayton Community Park 4-hour block	\$40	\$80

<b>Community Center Memberships</b>		
<b>Annual Memberships*</b>		
Individual	\$0	\$50
Family with Dependents	\$0	\$100
<b>Daily Memberships</b>		
	N/A	\$5
<b>Lost Cards</b>		
	\$5	\$5
*Memberships run on a calendar year (January-December) Non-resident memberships would be 1/2 price in Q4 (October-December)		

<b>Commercial Use Permit</b>	\$25	\$25
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<b>Hocutt Ellington Memorial Library</b>		
<b>Library Cards</b>	<b>Johnston County Resident</b>	<b>Non-Johnston County Residents</b>
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
<b>Internet Usage</b>		
With Valid Library Card	\$0	\$0
Without Valid Library Card	\$0	\$5 per hour
<b>Library Fees</b>		
Copy Machine or Computer Printouts	\$0.20/page B&W; \$0.25/page Color	\$0.20/page B&W; \$0.25/page Color
Lost Book	Replacement Cost	Replacement Cost
Overdue Fines	\$0.25 per day	\$0.25 per day
Library Card Replacement	\$5	\$5
<b>IT Technology Lending</b>		
Return of Device Kit In "After Hours" Book Drop	\$10 plus cost of any damage*	\$10 plus cost of any damage*
Device(s) Returned Late	\$5 per day / max \$25	\$5 per day / max \$25
Device(s) not Returned within 7 Days of Due Date	Full replacement cost*	Full replacement cost*
Lost or Damaged Technology or Accessories	Cost as indicated on checklist*	Cost as indicated on checklist*
* These costs/fees will be included on fully executed lending agreement		

<b>Special Events</b>		
<b>Special Event Fees</b>	<b>Resident Fee</b>	<b>Non-Resident Fee</b>
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
No Parking Signage	\$3 / sign	\$3 / sign
Positive Barricades (filled and installed)	\$45 per intersection	\$45 per intersection
<b>Utility Fees (Water and Electricity)</b>		
Events longer than one day	\$10 / utility	\$20 / utility

### Non-Departmental Equipment Usage

<b>Sewer Jetter</b>	\$65 / hour
<b>Leaf Machine</b>	\$65 / hour
<b>Backhoe</b>	\$55 / hour
<b>Line Truck</b>	\$50 / hour
<b>Bucket Truck</b>	\$50 / hour
<b>Sewer Rodding Machine</b>	\$40 / hour
<b>Tractor &amp; Bush Hog</b>	\$40 / hour
<b>Mowing Machine</b>	\$40 / hour
<b>Ditch Witch Trencher</b>	\$40 / hour
<b>Asphalt Roller</b>	\$40 / hour
<b>Riding Mower</b>	\$35 / hour
<b>1/2 Ton Pickup Truck</b>	\$25 / hour
<b>Air Hammer</b>	\$25 / hour
<b>Soil Tamp</b>	\$25 / hour
<b>Push Mower</b>	\$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  
Elon, 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, 2023, 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 November 2, 2023.

**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.

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

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

## 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*.

### 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  
November 2, 2023

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  
Elon, North Carolina

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance;  
With OMB Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Town of Clayton, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Clayton's major federal programs for the year ended June 30, 2023. The Town of Clayton's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, the Town of Clayton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Clayton's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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



Rockingham, NC  
November 2, 2023

**TOWN OF CLAYTON, NORTH CAROLINA  
 SCHEDULE OF QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2023**

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**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 No

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None identified for reporting

Type of auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)? No

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.027	Coronavirus Relief Fund – NC Pandemic Recovery Office
21.027-3	Coronavirus Relief Fund – NC DEQ Division of Water Infrastructure

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified a low-risk auditee? No

State Awards

None

**Section II – Financial Statement Findings**

None

**TOWN OF CLAYTON, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
*For the Fiscal Year Ended June 30, 2023*

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**Finding 2022-1**

Status - Completed

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**TOWN OF CLAYTON, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Grantor/Pass-through Grantor/Program title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal Direct &amp; - Pass-through Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>U.S. Department of Transportation</b>					
Passed through N.C. Department of Transportation Highway Planning and Construction Sam's Branch Greenway-Phase 2 U-5530 LA; U-5530 LB	20.205-2	44111.1.F5; F6	20,184	-	25,230
<b>U.S. Department of Homeland Security</b>					
Direct Program: FEMA Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2018-FH-00091	192,522	-	623,371
<b>U.S. Department of Treasury</b>					
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office Coronavirus Relief Funds	21.027		7,931,423	-	-
Passed-through the General Assembly of NC Session 2022-74: NC Department of Environmental Quality - Division of Water Infrastructure Coronavirus State Local Fiscal Recovery Funds	21.027-3		1,990,641	-	-
<b>National Endowment for the Humanities</b>					
Passed through N.C. Department of Cultural and Natural Resources Library Services and Technology Act Grant	45.310	NC-18-25	4,911	-	-
<b>Total assistance federal programs</b>			<b>10,139,681</b>	<b>-</b>	<b>648,601</b>
<b>STATE GRANTS</b>					
<b>N.C. Department of Natural and Cultural Resources</b>					
State Aid Library Grant			-	20,222	-
<b>Total assistance state programs</b>			<b>-</b>	<b>20,222</b>	<b>-</b>
<b>Total assistance</b>			<b>\$ 10,139,681</b>	<b>\$ 20,222</b>	<b>\$ 648,601</b>

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

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Clayton under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Town of Clayton, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Clayton.

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Clayton has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.