

TOWN OF CLAYTON ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2025



TOWN OF CLAYTON
111 E Second St
Clayton, NC 27520
919-553-5002
TownofClaytonNC.org







TOWN OF CLAYTON
North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by:

Finance Director:
Robert W. McKie, Jr.

TOWN OF CLAYTON, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2025

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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

Ruth Anderson
Porter Casey
Amanda Underwood
Gretchen Williams
COUNCIL MEMBERS

Andria Archer
MAYOR PRO TEM

December 31, 2025

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, 2025, 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, 2025. 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 5.7%. The Town has the statutory authority to extend its corporate limits through voluntary annexation under the direction of Town Council. The Town annexed approximately 29.02 acres by petition during the current fiscal year.

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

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

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

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

Local Economy

The Town continues to experience strong economic growth. Revenues from sales tax distributions for the first five months of FY 2026 were a record high at \$4.6 million, which is 14.8% higher than budget and 17.8% 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.

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 April 2024, Grifols celebrated the 50th anniversary of its flagship site in Clayton, NC and has invested more than \$1 billion to meet the growing demand for plasma therapeutics.

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 created 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 to produce Gamunex-C its leading Ig brand. 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 more than 25 research initiatives underway 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 exceeds 2,000 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. 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.

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.

In June 2024, Novo Nordisk announced plans to invest \$4.1 billion to build a second fill and finishing manufacturing facility at its site in Clayton to grow its ability to produce current and future injectable treatments for people with obesity and other serious chronic diseases. The expansion will add 1.4 million square feet of production space for aseptic manufacturing and finished production processes, doubling the combined square footage of all three of the company's existing facilities in North Carolina, and will add 1,000 new jobs. To view a video about the Clayton facility and the company's history in North Carolina go to: <https://www.novonordisk-us.com/about/who-we-are/north-carolina.html>.

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 foot 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 a labor and delivery. Total investment in the facilities is valued at \$89.5 million and employment has increased to 260. Recognitions include being named one of the Top 100 Rural & Community Hospitals by iVantage in 2016, earning a back-to-back “A” safety grade rating on Leapfrog Group’s Hospital Safety Score, which is measured twice per year, and the 2016 Women’s Choice Award for Patient Safety.

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

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

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

The Town adopted its Downtown Master Plan in September 2024. This comprehensive plan serves as a blueprint for shaping the future of downtown Clayton, focusing on sustainable growth, enhanced transportation and mobility, urban design improvements, and strategic land use. Developed through extensive community engagement and detailed analysis of existing conditions, the plan reflects the values and vision of the Town and its residents. For additional information go to: <https://www.townofclaytonnc.org/788/Downtown-Master-Plan>

The Town adopted its Comprehensive Transportation Plan – Clayton on the Move in June 2025. It defines the Town’s long-term vision for the local transportation network, including roadways, public transit, and bicycle and pedestrian facilities. This state-required plan provides recommendations that the N.C. Department of Transportation will consider for future project funding and development. For additional information go to: <https://www.townofclaytonnc.org/839/Clayton-on-the-Move>

The Town's expansive greenway and trail system consists of the following: 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, which is part 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; a 1.41 mile Greenway extension, which includes a tunnel underneath North O'Neil Street for pedestrian safety, brings the MTS and East Coast Greenway into Downtown Clayton. Future plans include a 2.9-mile extension of the Clayton River Walk on the Neuse at the Johnston County boundary.

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. For additional information go to: <https://www.townofclaytonnc.org/278/Parks-Facilities> and <https://www.townofclaytonnc.org/DocumentCenter/View/5327/Parks-and-Recreation-Master-Plan?bidId=>.

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, 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.

The Executive Team is comprised of the Town Manager, three 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 integrate 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 (Policy), which was updated on November 17, 2025, for alignment with the Strategic Plan, higher days cash on hand requirements in conjunction with the addition of an operating ratio benchmark for the two enterprise funds, and the inclusion of continuing disclosure compliance. The Policy 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 its enterprise funds.

Major Initiatives

The Town adopted a new Strategic Plan (Plan) on September 16, 2024, which is a living roadmap and will evolve as new opportunities and challenges arise. The Plan provides a strategic framework centered around vision, organizational mission, and organizational values with seven key focus areas and strategies for each key focus area. The key focus areas are: Vibrant Downtown; Desirable Amenities and Spaces; Sustainable Infrastructure Investment; Mobility, Transportation, and Transit; Diversified Economic Development; Community Outreach and Engagement; and Public Safety. A separate work group has been established for each key focus area. The Plan will enhance the delivery of services, address fiduciary responsibilities, and improve the quality of life for residents. Every Town department will utilize this plan as a roadmap to deliver services and programming with measurable outcomes and marked improvements in efficiency. For additional information about Town plans go to: <https://www.townofclaytonnc.org/291/Strategic-and-Master-Plans>

Goals and priorities for fiscal year 2026 will align with the Strategic Plan and include: designing two new public safety complexes that will be located in strategic locations to improve emergency response; undertaking two strategic pedestrian improvement projects (Clayton Connector and South Robertson/Main Street); active pursuit of economic development opportunities; strategic land acquisitions; expansion of the Downtown Clayton Social District; ongoing construction to complete the Sam's Branch Water Reclamation Facility; continuation of master plan updates; project delivery that continues to 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; ongoing implementation of a centralized warehouse function; and continuing to foster flexibility to operate more efficiently as circumstances and expectations change. For additional information go to:

<https://www.townofclaytonnc.org/DocumentCenter/View/5335/Strategic-Planning-Update?bidId=>

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, 2024. This was the twenty-fourth 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.

Other awards and acknowledgements include the following:

1. The Town received the 2024 Excellence in Economic Development Bronze Award for Digital Media from the IEDC.
2. Staff participation in Emergency Operations Center All-Hazard Event Training conducted by TEEEX.
3. The Town's Procurement Manager received the 2025 Hall-Wicker Award from the NCAGP for outstanding contributions to public purchasing in North Carolina.
4. The Town received its first Distinguished Budget Presentation Award from the GFOA for FY 2026.
5. The Town's Communication and Outreach Department received four Inspire Awards from the NC Public Relations Society of America for Media Relations, Creative Tactics, Integrated Communications, and Public Affairs/Public Service.
6. The new Ranch Road extension resulted in many previously hard-to-reach homes now being within six miles of Clayton Fire Station #2. The reduced travel time improvements are expected to significantly improve the ISO ratings from 10 to 2 for some homeowners, with 1 being the best rating.

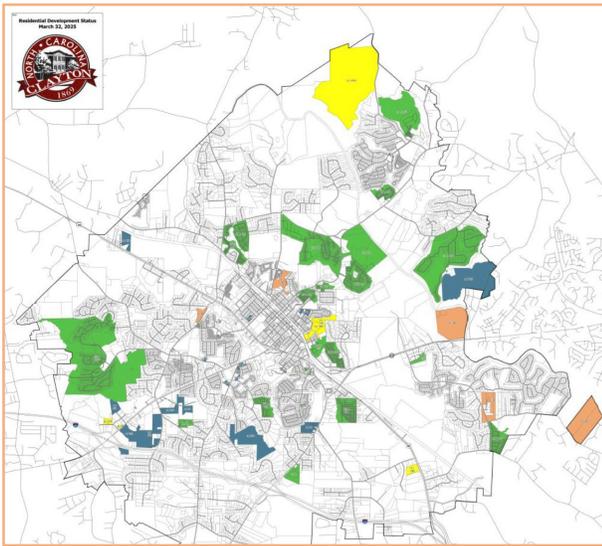
Preparation of this report would not have been possible without the dedicated service and cooperation of the entire staff of the Finance Department and Anderson Smith & Wike PLLC. The Mayor, Town Council, and Executive Team receive credit for their ongoing support to maintain the highest standards of professionalism in the management of the Town of Clayton's finances. Please refer to the following appendix on pages x-xx for additional information.

Respectfully submitted,



Robert W. McKie, Jr.
Finance Director

Clayton Residential Growth



Status	Units
Under construction	3,056
Approved	3,292
In review	1,381
Being completed	3,255

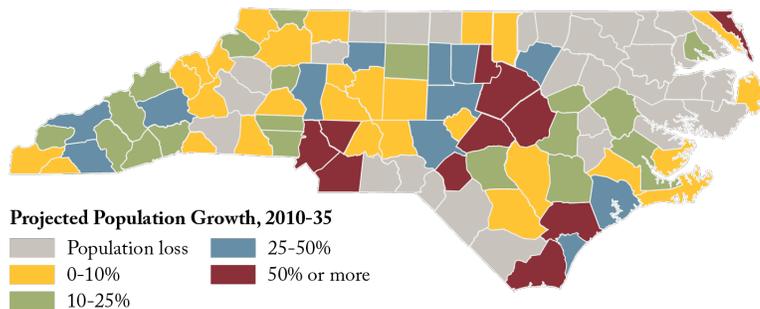


TownofClaytonNC.org

State Demographic Trends

- Johnston County is expected to grow by 50%+ by 2035
- Clayton to grow 3x by 2050)
- Local governments must plan ahead

Population growth will be uneven across NC

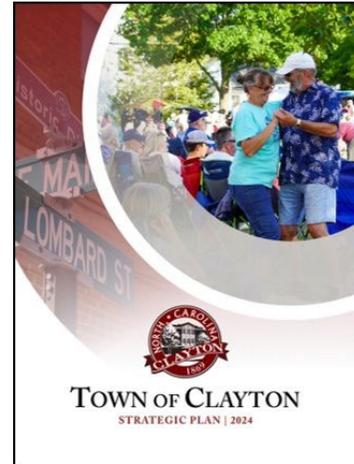


TownofClaytonNC.org

Planning for the Future

Clayton is planning for its future and developing the strategies needed to address current and future needs.

- Town Strategic Plan
- Parks and Recreation Plan
- Comprehensive Land Use Plan
- Comprehensive Transportation Plan
- Economic Development Strategic Plan



TownofClaytonNC.org

Strategic Plan

Adopted: Sept. 16, 2024

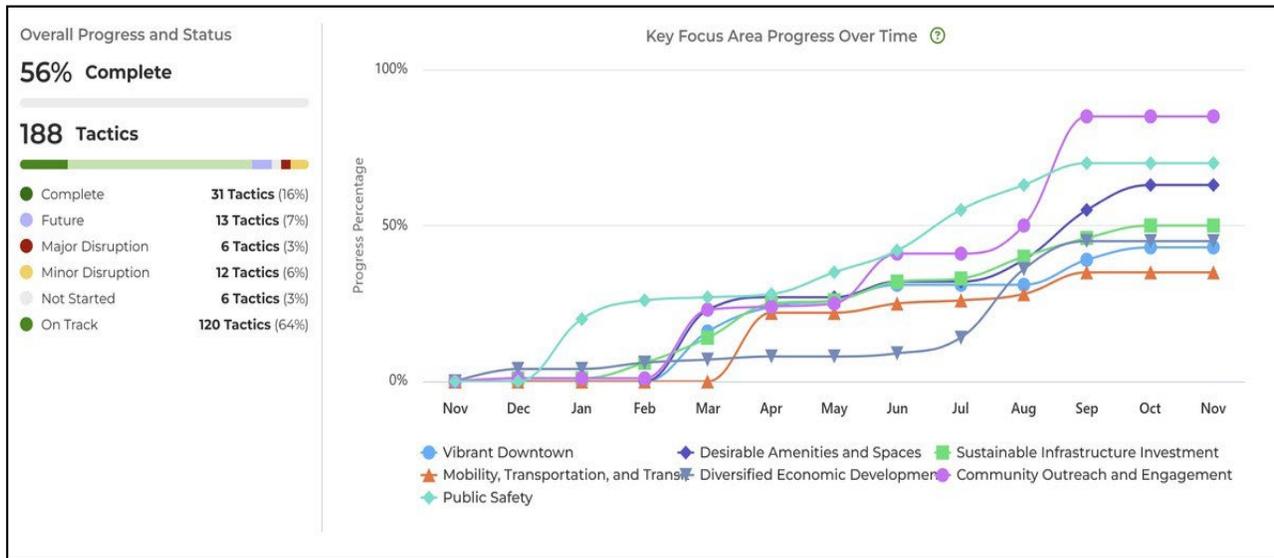
7 KEY FOCUS AREAS

	Mobility, Transportation & Transit
Vibrant Downtown	Diversified Economic Development
Desirable Amenities & Spaces	Community Outreach & Engagement
Sustainable Infrastructure Investment	Public Safety



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Strategic Plan Progress



TownofClaytonNC.org



Vibrant Downtown- 2025

- Downtown Master Plan Development
- New Wayfinding Signage
- Library Renovations – Summer 2026
- 13,335 Tickets Sold for 44 Performances at The Clayton Center



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Desirable Amenities & Spaces- 2025

- Parks and Recreation Master Plan
- Community Park Bond Project
- Visits Up 125% at Municipal Park Since Renovations – 182,000
- +40,000 Member Check-in at Clayton Community Center

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Sustainable Infrastructure Investment 2025

- Electric Master Plan
- Water & Distribution System Master Plans
- 2,759 excavations for lead & copper compliance
- Flow Change for Little Creek Pump Station for New Water Reclamation Facility

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Mobility, Transportation & Transit 2025

- \$4M Town Road Rehabilitation Project
- Clayton on the Move (CTP) Comprehensive Transportation Plan
- 18% improvement in road conditions since 2019

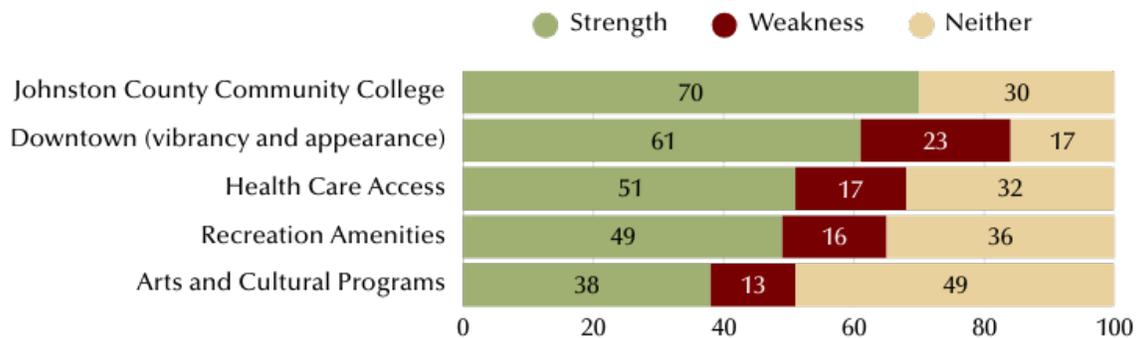


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Diversified Economic Development 2025

Top Five Strengths for Clayton Businesses

as identified by Clayton business owners (from 16 options)*



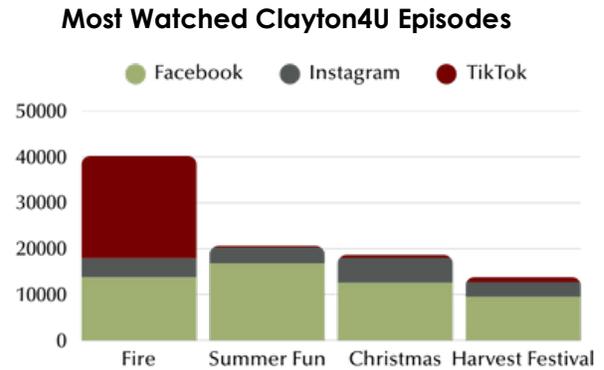
*Per the Economic Development strategic planning business survey



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Community Outreach & Engagement 2025

- 175 News Releases
- 31% Growth in TV Coverage
- +1.85M People Reached Across Traditional Media
- +200 Residents Interested in Volunteering Following Public Service Campaign



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Public Safety- 2025

- 7% Reduction in Violent & Property Crimes (2024)
- 55,082 Calls for Service for Clayton Police Department (2024)
- +6,000 Clayton Fire Department Responses
- Clayton Named 17th Safest City in North Carolina by Safewise Data

TownofClaytonNC.org



TOWN OF CLAYTON

Capital Projects Update

TownofClaytonNC.org



Sam's Branch Water Reclamation Facility



TownofClaytonNC.org



Hocutt-Ellington Memorial Library Renovation



Project Description:

Project involves a complete renovation of the existing 8000+sf library to modernize and create a space for improved services. Existing Library has moved to a temporary location and continue to offer services during construction.

Completed Work:

- Contract Award & Start
- Demolition
- Wall Framing
- Exterior Brickwork
- Window Installation
- MEP Rough Ins

Ongoing Work:

- Insulation
- Drywall & Mudding

Upcoming Work:

- Prime & Paint
- Millwork Installation
- Ceiling and Floor Finishes
- MEP Trim Out

Project Cost: \$1.9 Million (Tracking)
Strategic Priorities: Vibrant Downtown
 Desirable Amenities & Spaces
 Community Outreach & Engagement



TownofClaytonNC.org



Southwest Public Safety Center



Project Description:

Project involves constructing a new 24,000sf building for a fire station, police sub-station and emergency operation center (EOC). Facility to be located off Veteran's Parkway, near Short Johnson, on a Town owned property.

Completed Work:

- Rezoning Property to Public Facilities
- Pre-design Programming and Layouts Completed
- Schematic Design Package
- September 2025 Council Work Session Presentation
- Design Development Package
- Geotechnical Site Investigation

Ongoing Work:

- Design Development Package Review
- Additional Property Purchase of South Lot

Upcoming Work:

- SP/CD Submittal to Town
- Construction Drawing Package

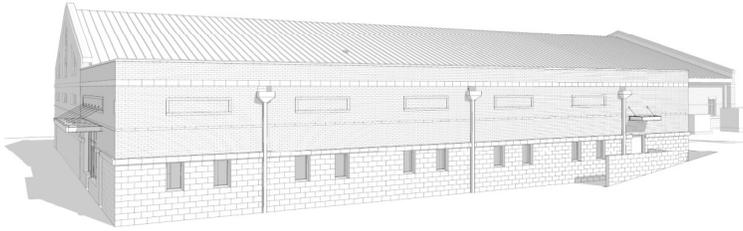
Project Cost: \$18.9 Million
Strategic Priorities: Public Safety



TownofClaytonNC.org



W Home St Station- Renovation & Expansion



Project Description:

Project involves a 4000sf expansion for relocating sleeping rooms for shorter turnout times & renovating interior to meet administrative staff growth needs. Project will need to be completed in two phases to ensure operations are

Completed Work:

- Programming
- Schematic Design Package & Cost Estimate
- Design Development Package

Ongoing Work:

- Design Development Package Review
- Design Development Cost Estimate

Upcoming Work:

- Construction Drawings
- SP/CD Submittal to Town

Project Budget: \$4.7 Million (Estimated)

Strategic Priorities: Public Safety



TownofClaytonNC.org



Clayton North Public Safety Center



Project Description:

Project involves constructing a new fire station & police sub-station building on the north end of town. Intent to be located on Covered Bridge Road property owned by the Town.

Completed Work:

- Rezoning of Property to Public Facilities
- Future Project Signage

Ongoing Work:

- Existing Pond Drain Down

Upcoming Work:

- Wetland Delineation Assessment
- Site Surveying of Lot for Boundary & Topography
- Determine Best Delivery Method for Project

Project Budget: \$11.8 Million (Estimated)

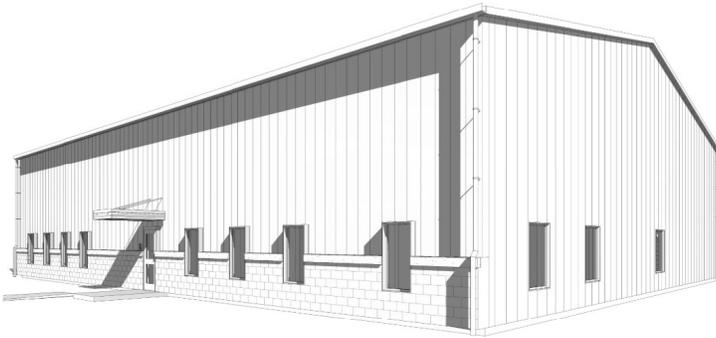
Strategic Priorities: Public Safety



TownofClaytonNC.org



Clayton Community Park Maintenance Bldg.



Project Description:

Project involves constructing a 6000sf building on the existing maintenance yard for Parks & Recreation staff, operations and storage.

Completed Work:

- CD Drawing Package 95%

Ongoing Work:

- CD Drawing Package Review

Upcoming Work:

- CD Drawing Package 100%
- Pre Application
- SP/CD Submittal to Town
- Building Permit Review
- Finalize Bid Packet

Project Budget: \$2.7 Million

Strategic Priorities: Desirable Amenities and Spaces



TownofClaytonNC.org



BM Robertson Mule Building



Project Description:

Project involves an adaptive reuse type of renovation project in the future to this existing 6,500 sf building.

Completed Work:

- Adaptive Reuse Study
- Building Condition Assessments
- Historical Research Report
- Site Survey

Ongoing Work:

- Interim Structural Assessment & Design (Grant Funded)
- Receive Estimated Cost of Construction for Abatement, Envelope and Structural Repairs

Upcoming Work:

- Confirm Desired Direction for Project

Project Budget: TBD

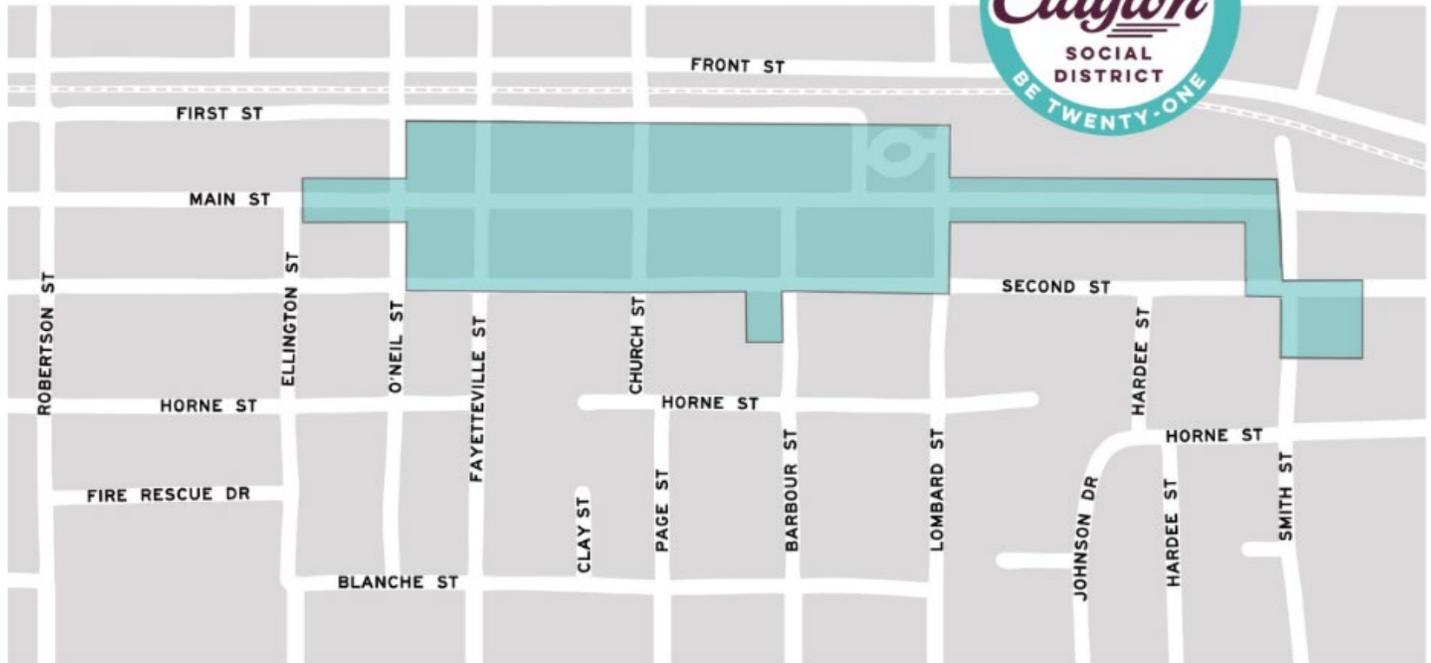
Strategic Priorities: Vibrant Downtown
Desirable Amenities & Spaces



TownofClaytonNC.org

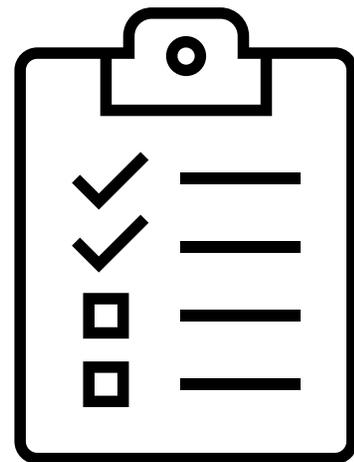


SOCIAL DISTRICT BOUNDARY MAP:



We Want Your Feedback

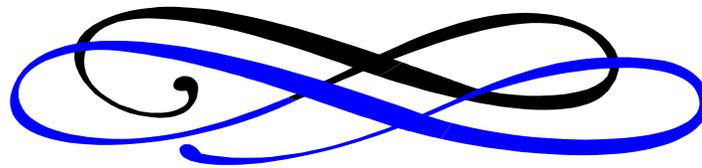
- Take the FY27 Budget Prioritization Survey
- Opens February 2
- Closes March 15
- Available on Website, Social, & Email



Town of Clayton

MISSION STATEMENT:

Dedicated and responsive public servants who provide essential services that bring people together and promote quality of life in the Clayton community.



2025 Strategic Plan Key Focus Areas:

Vibrant Downtown.

Desirable Amenities and Spaces.

Sustainable Infrastructure Investment

Mobility, Transportation, and Transit

Diversified Economic Development

Community Outreach and Engagement

Public Safety



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, 2024

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
2015	18,313	
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	30,216	2.6%
2024	31,390	3.9%
2025	31,732	1.1%
Total Growth		73.3%
Avg. Annual Growth		5.7%

Town of Clayton Town Officials

June 30, 2025

MAYOR

JODY McLEOD

TOWN COUNCIL

ANDRIA ARCHER - MAYOR PRO TEM

PORTER CASEY

RUTH ANDERSON

GRETCHEN WILLIAMS

AMANDA UNDERWOOD

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
Accounting Manager

Nathanael Shelton
Public Information
Officer

Kenya Walls
Human Resources
Director

Ann Game
Customer Service
Director

Conrad Olmedo
Planning Director

Steven Langston
Cultural Arts Director

Greg Tart
Police Chief

David Ranes
Fire Chief

Todd Riddick
Recreation Director

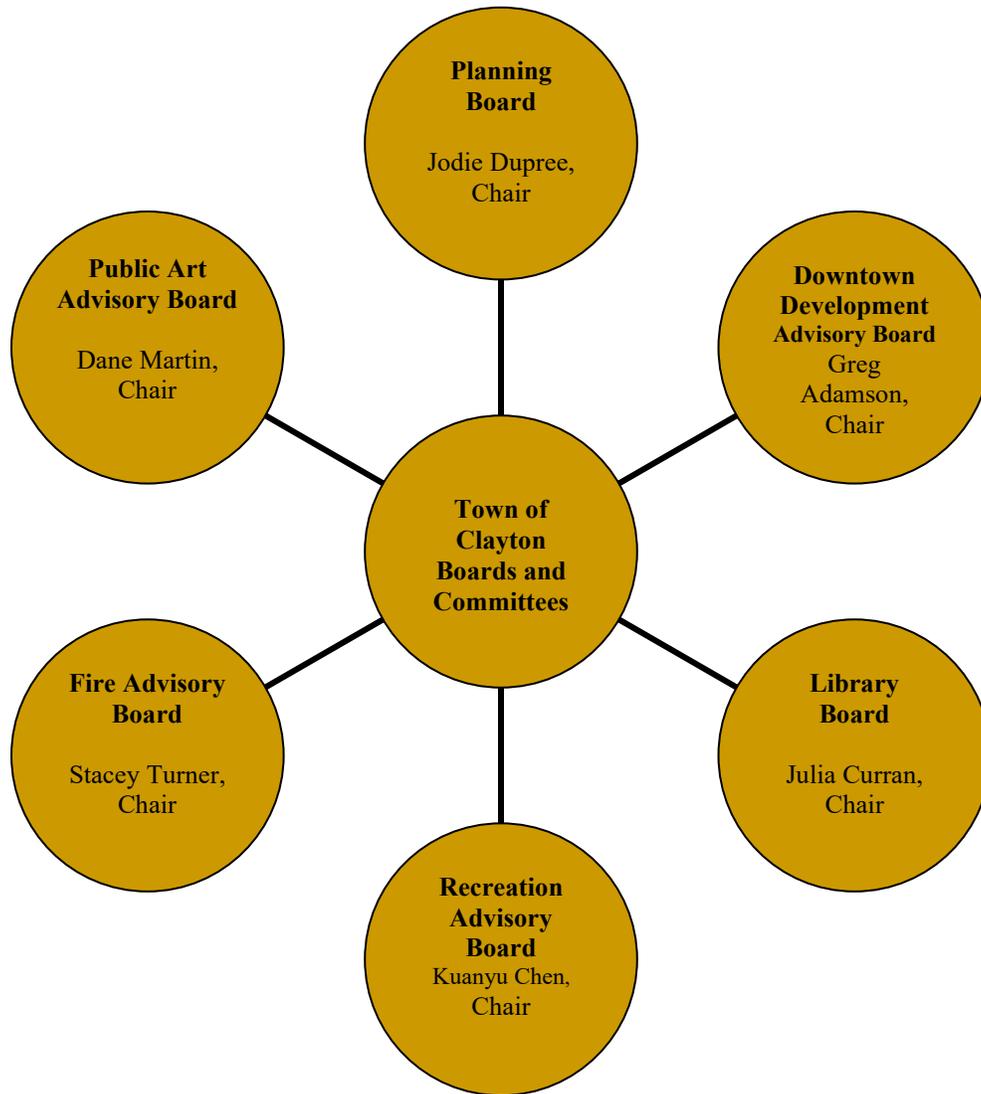
Tim Robbins
Public Works Director

Matt Proctor
Electric System Director

Joshua Baird
Water Resources
Director

Joseph Stallings
Economic Development
Director

Town of Clayton Boards and Committees



Town of Clayton Organizational Chart



Town Residents

Mayor &
Town Council

Town Manager
Rich Cappola

Deputy Town Manager
Lee Barbee

Electric

Engineering

Information Systems

Inspections

Planning

Public Works

Water Resources

Police Department
Chief Greg Tart

Finance Department
Director Robert McKie

Fire Department
Chief David Ranes

Billing &
Collection

Communication &
Outreach

Cultural Arts

Library

Parks &
Recreation

Property Maintenance

Deputy Town Manager
Dolores Gill

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FINANCIAL SECTION



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, 2025, 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, 2025, 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.

Change in Accounting Principle

As described in Note 1 (Compensated Absences) to the financial statements, the Board adopted the provisions of GASB Statement No. 101, Compensated Absences, as of July 1, 2024. Our opinion is not modified with respect to this matter.

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 December 30, 2025 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
December 30, 2025

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, 2025. 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.

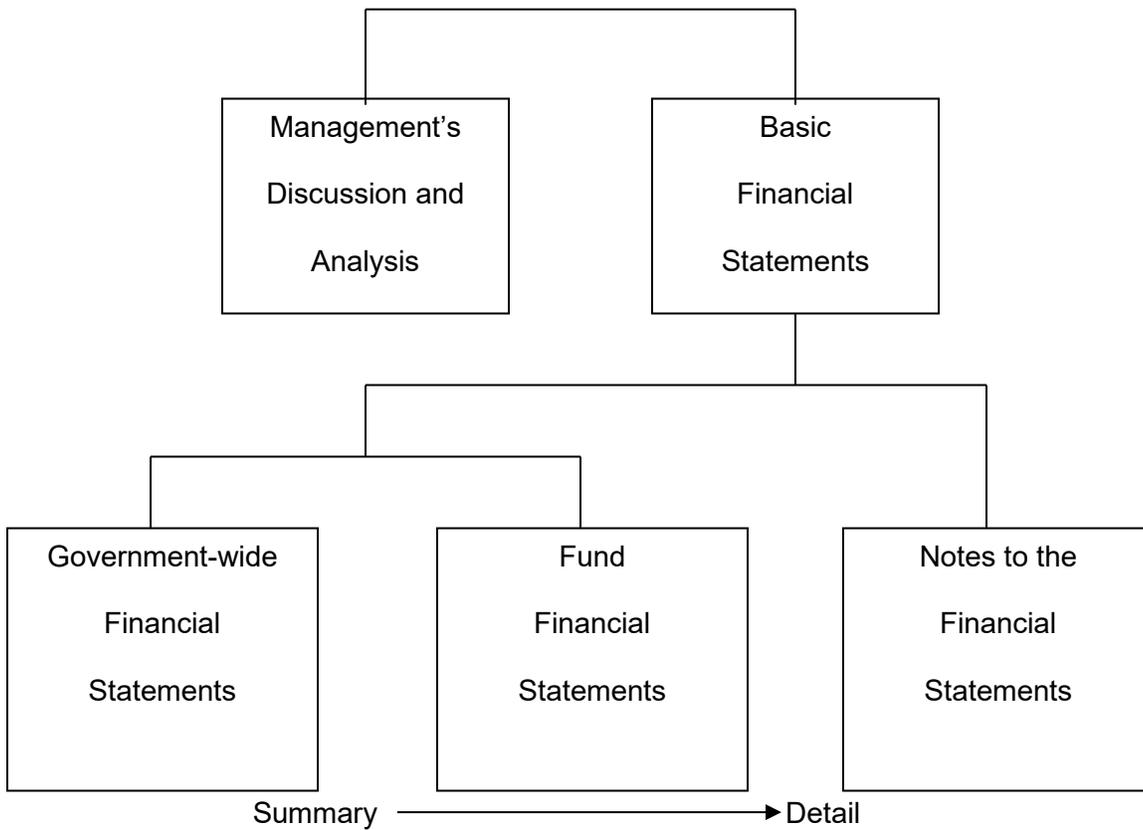
Financial Highlights

- 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 \$328,684,249 (*net position*). Of this amount \$98,069,649 (*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 \$31,324,923, 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 \$44,557,606, a decrease of \$1,067,806 in comparison with the prior year. Approximately 20.89% of the ending fund balance, or \$9,309,515 is restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$15,469,296, or 30.69% of actual net general fund expenditures for the fiscal year.
- The Town of Clayton's total debt increased by \$18,353,925 (9.42%) during the current fiscal year. The key factors attributable to this increase are the \$21,117,098 increase in the State Revolving Fund Program (SRF) related to the construction of the Sam's Branch Water Reclamation Facility (SBWRF). The net pension liability for the LGERS plan increased \$864,017, the OPEB liability increased \$59,360, compensated absences increased by \$61,948, and the LEOSA pension plan liability increased \$98,195. This was partially offset by the rapid amortization of previously issued debt of \$3,386,324.
- The Town adopted a Strategic Plan on September 16, 2024, which is the guiding vision for the community's future and blueprint for success that was crafted with input from residents, stakeholders, and staff.
- The Town made three strategic land acquisitions totaling \$2,658,757, primarily for future public safety facilities.
- 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 two 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 and eight capital project funds, which are all considered to be 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 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 30-59 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 60 of this report.

Government-Wide Financial Analysis

	Town of Clayton's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 48,037,968	\$49,244,449	\$ 112,762,838	\$ 133,978,331	\$ 160,800,806	\$ 183,222,780
Capital assets	95,406,032	86,102,858	307,697,385	242,233,814	403,103,417	328,336,672
Total assets	143,444,000	135,347,307	420,460,223	376,212,145	563,904,223	511,559,452
Deferred outflows of resources	7,897,593	8,963,205	1,201,023	1,134,776	9,098,616	10,097,981
Long-term liabilities	38,683,160	40,147,872	164,833,096	150,068,209	203,516,256	190,216,081
Other liabilities	5,722,932	5,636,947	33,445,823	26,611,109	39,168,755	32,248,056
Total liabilities	44,406,092	45,784,819	198,278,919	176,679,318	242,685,011	222,464,137
Deferred inflows of resources	1,422,008	1,634,075	211,571	199,895	1,633,579	1,833,970
Net position:						
Net investment in capital assets	73,876,485	65,585,508	120,686,206	79,911,965	194,562,691	145,497,473
Restricted	9,309,515	12,942,938	26,742,394	21,459,094	36,051,909	34,402,032
Unrestricted	22,327,493	18,363,172	75,742,156	99,096,649	98,069,649	117,459,821
Total net position	\$ 105,513,493	\$96,891,618	\$ 223,170,756	\$ 200,467,708	\$ 328,684,249	\$ 297,359,326

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 \$328,684,249 as of June 30, 2025. The Town's net position increased by \$31,324,923 for the fiscal year ended June 30, 2025, primarily due to increases in both governmental and business-type activities.

The largest portion of the Town of Clayton's net position (59.19%) 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, \$36,051,909, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$98,069,649 is unrestricted, which can be used to meet the government's ongoing obligations to citizens and creditors.

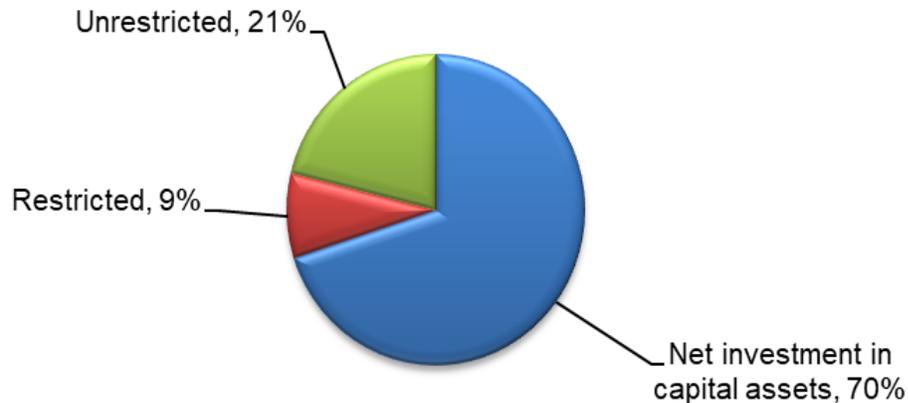
At the end of the current fiscal year, the Town of Clayton can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net position decreased by \$3,633,423 for the Town's governmental activities, primarily due to a decrease in the stabilization by State statute requirement in conjunction with an overall decrease in public improvements, primarily attributable to the 2024 GO Bonds Park projects and Library Renovation project, which are governmental capital project funds. This was partially offset by a decrease in unexpended Powell Bill monies. There was an increase of \$5,283,300 in restricted net position reported for business-type activities due to a State statute governing system development fees in the Water and Sewer Fund partially offset by a decrease in the capital improvement program for the Electric Fund.

Town of Clayton Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 7,431,408	\$ 7,124,117	\$ 58,709,420	\$ 50,102,515	\$ 66,140,828	\$ 57,226,632
Operating grants and contributions	4,511,948	3,714,723	2,907,262	2,011,510	7,419,210	5,726,233
Capital grants and contributions	1,162,244	1,114,017	561,759	41,429,704	1,724,003	42,543,721
General revenues:						
Property taxes	23,373,782	20,557,357	-	-	23,373,782	20,557,357
Sales taxes	11,367,837	10,493,109	-	-	11,367,837	10,493,109
Other taxes	546,849	537,458	-	-	546,849	537,458
Unrestricted investment earnings	2,980,597	2,763,702	2,467,552	4,570,548	5,448,149	7,334,250
Miscellaneous	1,249,736	1,184,482	5,632,148	8,841,629	6,881,884	10,026,111
Total revenue	<u>52,624,401</u>	<u>47,488,965</u>	<u>70,278,141</u>	<u>106,955,906</u>	<u>122,902,542</u>	<u>154,444,871</u>
Expenses:						
General government	15,379,834	18,190,132	-	-	15,379,834	18,190,132
Public safety	16,283,015	14,085,829	-	-	16,283,015	14,085,829
Public works	5,514,861	5,060,019	-	-	5,514,861	5,060,019
Culture and recreation	6,215,477	5,120,087	-	-	6,215,477	5,120,087
Interest on long-term debt	606,436	589,430	-	-	606,436	589,430
Water and Sewer	-	-	29,281,718	31,100,052	29,281,718	31,100,052
Electric	-	-	18,236,364	16,692,682	18,236,364	16,692,682
Total expenses	<u>43,999,623</u>	<u>43,045,497</u>	<u>47,518,082</u>	<u>47,792,734</u>	<u>91,517,705</u>	<u>90,838,231</u>
Increase in net position before transfers	8,624,778	4,443,468	22,760,059	59,163,172	31,384,837	63,606,640
Transfers	-	-	-	-	-	-
Special item: gain (loss) on on asset sale	(2,903)	(132,591)	(57,011)	-	(59,914)	(132,591)
Increase in net position	<u>8,621,875</u>	<u>4,310,877</u>	<u>22,703,048</u>	<u>59,163,172</u>	<u>31,324,923</u>	<u>63,474,049</u>
Net position, beginning	<u>96,891,618</u>	<u>92,580,741</u>	<u>200,467,708</u>	<u>141,304,536</u>	<u>297,359,326</u>	<u>233,885,277</u>
Net position, June 30	<u>\$ 105,513,493</u>	<u>\$ 96,891,618</u>	<u>\$ 223,170,756</u>	<u>\$ 200,467,708</u>	<u>\$ 328,684,249</u>	<u>\$ 297,359,326</u>

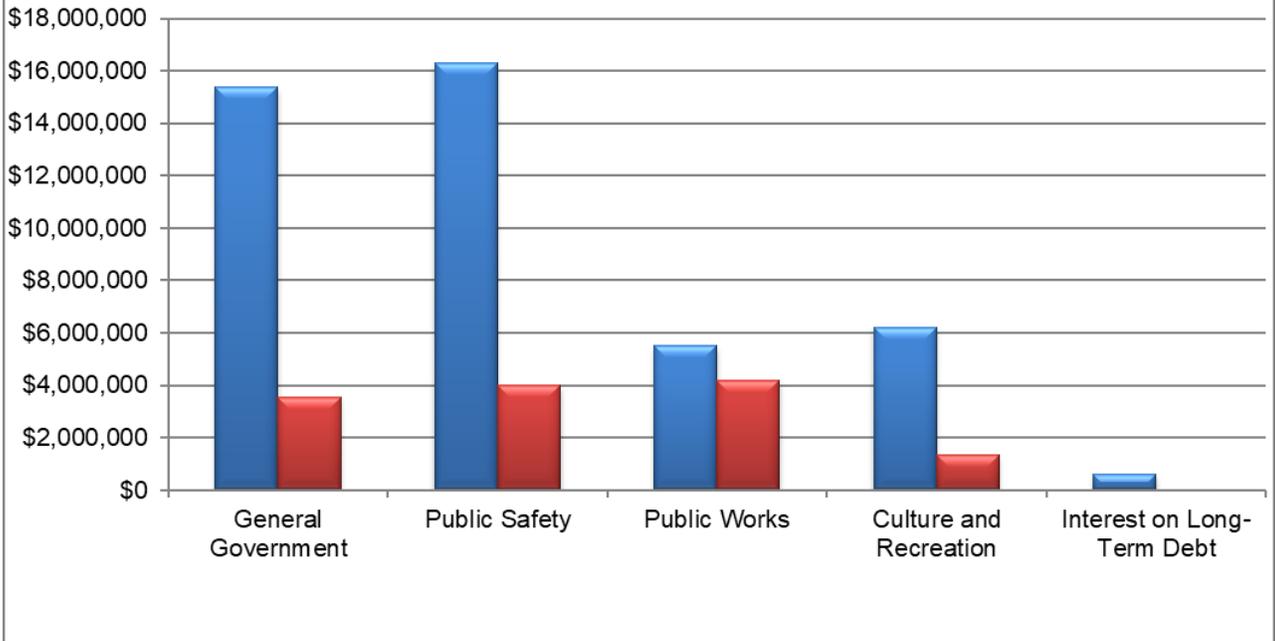
Breakdown of Net Position Governmental Activities



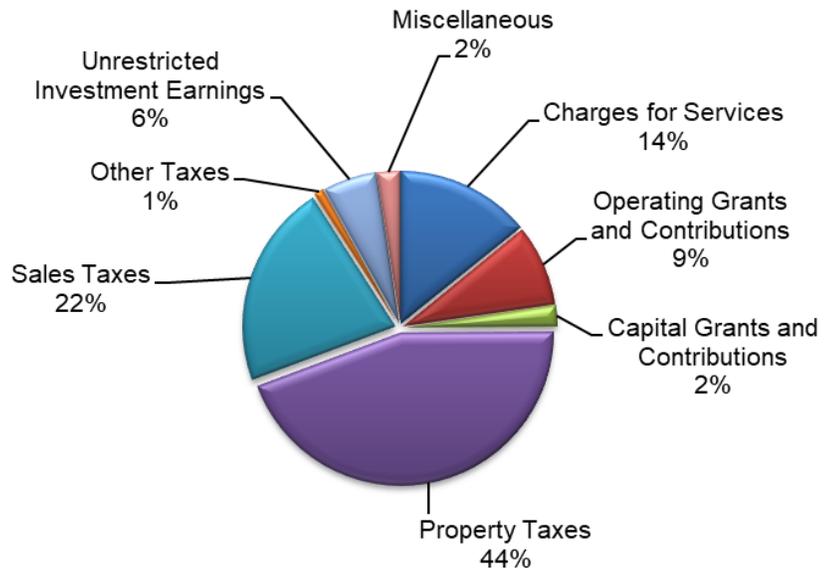
Governmental activities. Governmental activities increased the Town's net position by \$8,621,875, thereby accounting for 27.52% of the total growth in the net position of the Town of Clayton. Key elements of this increase are as follows:

- Property taxes increased 13.70%, or \$2,816,425, primarily due to ongoing growth in the tax base in conjunction with a \$0.05 tax increase while maintaining a 100% tax collection percentage for registered motor vehicles, which is attributable to a change in State law.
- Sales tax revenues increased 8.34%, or \$874,728, due to ongoing economic growth in conjunction with strong consumer spending.
- Investment earnings increased by \$216,895, primarily due to an increase in the cash reserves invested with North Carolina Capital Management Trust (NCCMT) and relatively stable interest rates.
- Expenses net of program revenues decreased by \$198,617, or 0.64%, which is attributable to the following factors:
 - Expenses increased by \$954,126, or 2.22%, compared to the prior year, primarily due to higher personnel costs, filling vacant positions, and staffing additions in public safety.
 - Grants and contributions increased by \$845,452, or 17.51%, primarily due to the \$550,024 grant receipts from NCDOT and NCDEQ and higher reimbursements from the rural fire district.
 - Charges for services increased \$307,291, or 4.31%, compared to the prior year primarily due to higher fees collected for inspection and rezoning, stormwater, and refuse collection.

Expenses and Program Revenues - Governmental Activities



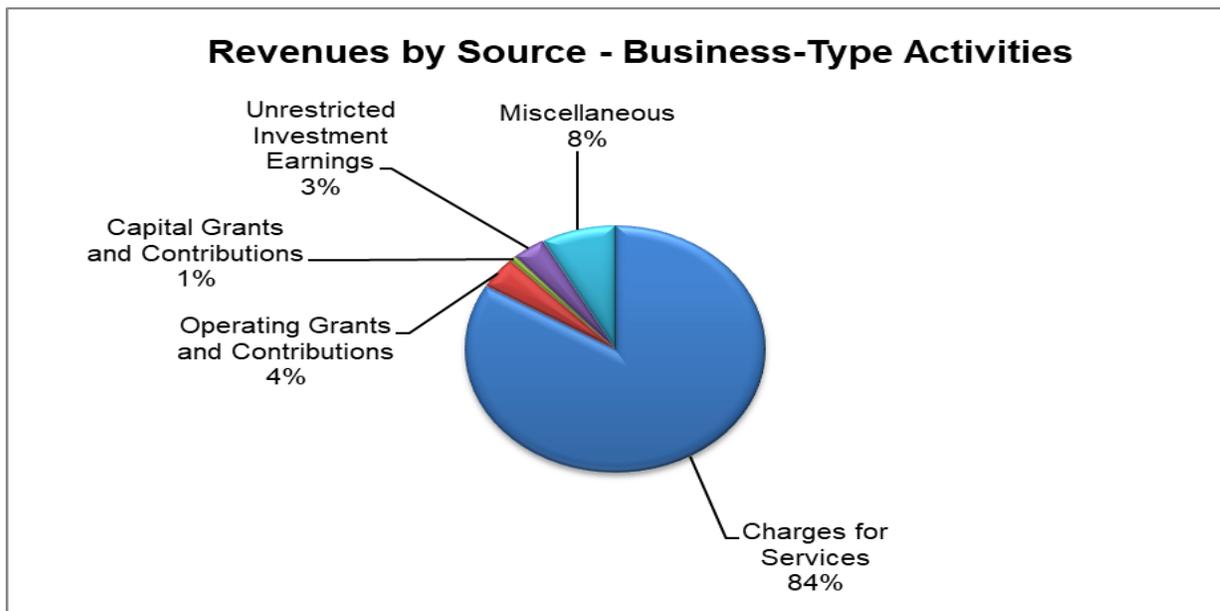
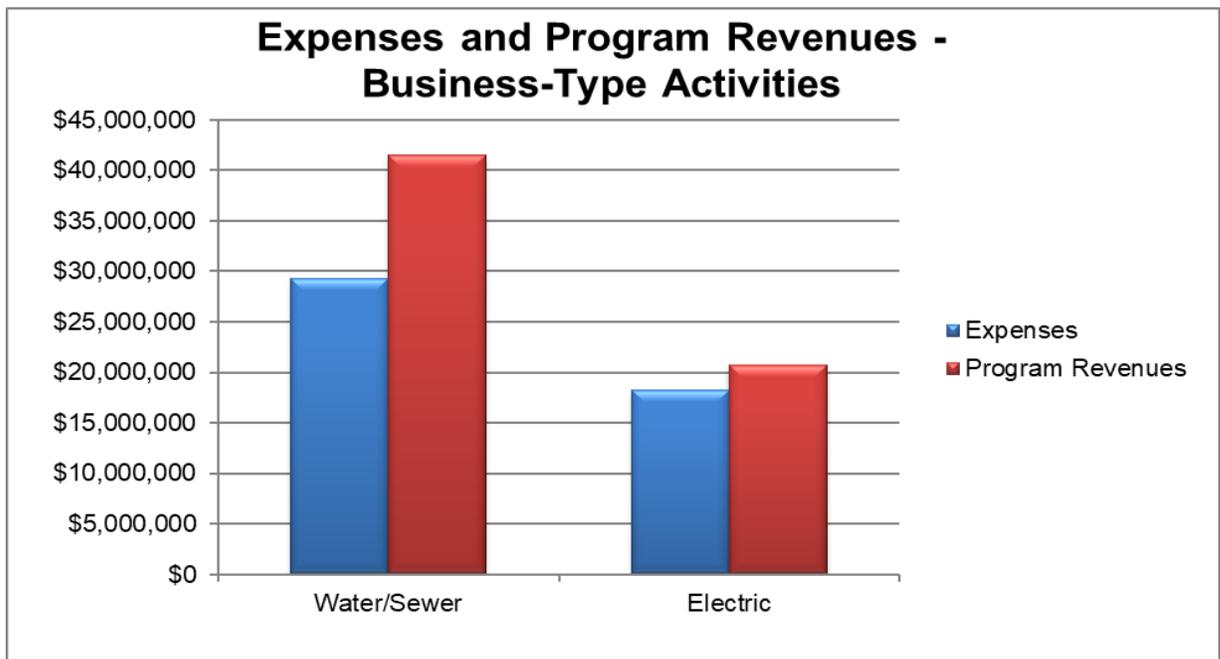
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the Town of Clayton's net position by \$22,703,048, accounting for a 72.48% increase in the government's net position. Key elements of this increase are as follows:

Expenses net of program revenues decreased by \$31,090,636, which is attributable to the following factors:

- Charges for services for business-type activities increased 17.18%, or \$8,606,905, primarily due to higher revenues generated by the water distribution and wastewater treatment operations, which are primarily attributable to the 12.20% average rate increase.
- Grants and contributions decreased by \$39,972,193, primarily due to lower grant reimbursements for the SBWRF project.
- Investment earnings decreased by \$2,102,996, primarily due to the ongoing decline of cash reserves invested with NCCMT due to ongoing construction of the SBWRF project.
- Operating expenses decreased \$274,652, or 0.057%, primarily due to lower water capacity purchases from Johnston County partially offset by higher wholesale power costs and higher support services costs.



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 \$44,557,606 with a net decrease in fund balance of \$1,067,806. The fund balance decrease is primary attributable to the \$2,879,517 reduction due to construction to complete the 2024 GO Bonds Park and Library Renovation capital projects in conjunction with the closure of the 2021 GO Bonds Parks capital project fund. Additional funding was provided for the Fire Apparatus capital project fund.

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 \$15,469,296, while total fund balance reached \$39,804,312. The Town of Clayton's governing body has determined the Town should maintain an unassigned fund balance of 20% of actual net expenditures and an operating standard of 30%. The Town currently has unassigned fund balance of 30.69% 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 85.08% of net general fund expenditures. Fund balance of the Town of Clayton's General Fund increased by \$1,864,580 during the current fiscal year. Key components of this change are as follows:

- Revenues from ad valorem taxes increased \$2,852,483, primarily due to \$0.05 tax increase in conjunction with ongoing growth in the tax base and were \$28,947 lower than budget.
- Intergovernmental revenues increased \$1,734,161, primarily due to higher sales tax revenues of \$724,303 from growth in the local economy, \$263,367 higher reimbursements from the rural fire district, and a \$150,425 increase in the utility sales tax distribution from the State. Revenues exceeded the budget by \$1,410,339.
- Permits and fees revenues increased \$198,356, primarily due to higher revenues from building permits partially offset by lower fees for stormwater and inspection and rezoning fees.
- Investment earnings increased \$251,481 due to an increase in cash reserves invested in NCCMT in conjunction with relatively stable interest rates.
- Total expenditures increased \$6,755,996 as a result of higher personnel costs of \$3,119,861 primarily attributable to staffing additions in public safety and filling vacant positions, capital outlay costs increased by \$4,565,814 primarily due to the road rehabilitation program and strategic land acquisitions for future public safety facilities. Actual expenditures were \$13,605,641 lower than budget, primarily due to lapsed salaries, contract services, operating expenses, 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 \$10,260,642 increase in fund balance appropriations between the original and final amended budget, primarily for prior year encumbrances and strategic land acquisitions.

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 \$66,906,343, and \$8,835,813 for the Electric Fund. The total change in net position for the Water and Sewer and the Electric Funds was \$19,714,989 and \$2,988,059, respectively. Two new capital project funds were added to the Water and Sewer Fund for the Clayton to Raleigh Pump Station Improvements and Starmount/Liberty/W. Main St. Pump Station Improvements and the closure of the Little Creek Outfall Sewer Line. 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, 2025, amounts to \$403,103,417 (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 22.77% (a 12.44% increase for governmental activities and a 87.56% increase for business-type activities).

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

- In governmental activities, strategic land acquisitions of \$2,658,757; construction in progress transfers of \$3,313,243 for park renovations and fire apparatus; building improvement additions of \$1,001,913; parkland improvement additions of \$5,455,897; infrastructure additions of \$4,159,325 for roadway improvements; and \$2,739,206 for the acquisition of rolling stock, equipment, and furniture.
- In business-type activities, construction in progress of \$60,869,259 for the SBWRF project and \$3,419,653 for infrastructure improvements; \$518,417 for equipment and vehicles; and \$2,700,709 for infrastructure improvements in the enterprise funds.

Town of Clayton's Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 12,068,490	\$ 9,409,733	\$ 1,129,143	\$ 1,129,143	\$ 13,197,633	\$ 10,538,876
Nitrogen credits	-	-	17,471,695	16,291,695	17,471,695	16,291,695
Construction in progress	2,012,182	4,647,998	222,296,291	157,532,682	224,308,473	162,180,680
Total non-depreciable assets	14,080,672	14,057,731	240,897,129	174,953,520	254,977,801	189,011,251
Water capacity allocation rights	-	-	3,600,000	3,600,000	3,600,000	3,600,000
Building and improvements	63,343,556	56,404,674	3,862,804	3,862,804	67,206,360	60,267,478
Plant, machinery, and equipment	6,487,509	6,187,639	96,035,007	93,314,441	102,522,516	99,502,080
Vehicles	16,439,924	14,881,159	5,652,798	5,250,512	22,092,722	20,131,671
Infrastructure	30,163,380	26,004,055	-	-	30,163,380	26,004,055
Total depreciable assets	116,434,369	103,477,527	109,150,609	106,027,757	225,584,978	209,505,284
Accumulated depreciation	(35,109,009)	(31,432,400)	(42,350,353)	(38,747,463)	(77,459,362)	(70,179,863)
Total depreciable assets, net	81,325,360	72,045,127	66,800,256	67,280,294	148,125,616	139,325,421
Total	\$ 95,406,032	\$ 86,102,858	\$ 307,697,385	\$ 242,233,814	\$ 403,103,417	\$ 328,336,672

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 \$133,037,667, excluding an unamortized premium of \$9,708,759. Of this amount, \$15,915,000 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 \$117,122,667. The direct placement installment debt is backed by security interest in the property for which it was issued.

	Town of Clayton's Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 15,915,000	\$ 17,010,000	\$ -	\$ -	\$ 15,915,000	\$ 17,010,000
Revenue bonds	-	-	117,122,667	117,948,333	117,122,667	117,948,333
Unamortized bond premium	2,084,091	2,212,953	7,624,668	7,956,175	9,708,759	10,169,128
Direct placement installment debt	4,954,893	5,821,906	44,445,044	23,926,591	49,399,937	29,748,497
Compensated absences	1,124,613	1,030,795	154,237	186,107	1,278,850	1,216,902
OPEB	1,454,038	1,405,097	177,055	166,636	1,631,093	1,571,733
Pension related debt (LGERS)	13,231,784	12,800,332	2,165,803	1,733,238	15,397,587	14,533,570
Pension related debt (LEO)	2,793,013	2,694,818	-	-	2,793,013	2,694,818
Total	\$ 41,557,432	\$ 42,975,901	\$ 171,689,474	\$ 151,917,080	\$ 213,246,906	\$ 194,892,981

The Town's total debt increased \$18,353,925, or 9.42%, during the current fiscal year attributable to the following key factors: \$21,117,098 increase in the State Revolving Fund Program (SRF) related to the construction of the Sam's Branch Water Reclamation Facility (SBWRF). The net pension liability for the LGERS plan increased \$864,017, the OPEB liability increased \$59,360, compensated absences increased by \$61,948, and the LEOSSA pension plan liability increased \$98,195. This was partially offset by the rapid amortization of previously issued debt of \$3,386,324.

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 \$259,021,223, 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, 2026

- Fiscal Year 2025 was another red-letter year with the adoption of the new Strategic Plan that will shape the vision of the future and serve as the blueprint for success; the undertaking of major improvements to the Hocutt-Ellington Memorial Library and ongoing construction on the SBWRF project, not to mention the continued success of the departmental goals and standard operating procedures initiative. FY 2026 will continue to focus on updating Master Plans, completing the transition to Clariti Software for transactional activity conducted by the Inspections, Planning, and Engineering departments, and working with a consultant to develop a Request for Proposal for a new ERP system. The current ERP system dates back to July 2008.

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

- The unemployment rate for Johnston County is 3.4% compared to 3.7% last year. The State average is 4.0% compared to 4.1% a year ago. The unemployment rate information is not seasonally adjusted.
- The 2026 fiscal year budget reflects a property revaluation, which resulted in a tax rate decrease of \$0.16 to \$0.49 per \$100 in valuation, with \$0.05 committed to fund the capital improvement program. One penny (\$0.01) of tax levy for real and personal property will generate \$511,640 of tax revenue per year, excluding registered motor vehicles, which will add an additional \$34,328 of tax revenue per year. Sales tax revenues are conservatively budgeted at a 2.5% increase compared to the \$9.4 million projection for fiscal year 2025, which is slightly lower than the 2.8% revenue projection published by the North Carolina League of Municipalities. Ad valorem tax revenues are budgeted to increase 14.6% compared to the budget for fiscal year 2025. 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 10.0%, or from \$674.62 to \$742.00; and the retirement contribution will increase 0.9%. Water and sewer rates are budgeted to increase 6.0% and 12.5%, respectively, which results in a 10.3% average increase for 4,000 gallons of usage for an intown customer. The combined total monthly rate is \$148.17 compared to the current rate of \$134.39 for 4,000 gallons of usage. Electric rates are budgeted to increase 2% or \$2.79 per month for 900 kWh.
- The adopted budget includes 7 new positions: 4 in the General Fund at a cost of \$0.4 million; 2 in the Water and Sewer Fund at a cost of \$0.2 million; and 1 in the Electric Fund at a cost of \$0.1 million.
- Budget expenditures in the General Fund are forecasted to be \$61,172,900, an increase of 14.3% compared to the prior year adopted budget and includes 7 new positions as noted above. The budget includes a 5% pool for salary adjustments plus the related benefit cost. The Town has a comprehensive \$17.96 million capital improvement plan compared to \$9.9 million for fiscal year 2025, which will maximize debt capacity while maintaining compliance with the financial policy.
- The Town has chosen to appropriate \$5,502,600 for spending in the 2026 fiscal year budget that was adopted by Council on June 16, 2025, primarily to fund the capital improvement program and strategic land acquisitions.

The Town engaged the community to participate in the fourth annual budget survey. The survey continues to draw a large response with over 2,000 participants, which reflects a strong community interest in the Town's financial future. The community's priorities align with the Strategic Plan: <https://www.townofclaytonnc.org/291/Strategic-and-Master-Plans>.

All these factors were considered in preparing the Town of Clayton's budget for the 2026 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/850/FY-2026-Town-of-Clayton-Budget>

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, 111 E. 2nd St., Clayton, North Carolina 27520.

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BASIC FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 37,918,805	\$ 71,026,706	108,945,511
Taxes receivables (net)	12,533	-	12,533
Accounts receivable (net)	2,461,182	6,978,456	9,439,638
Due from/to other governments	2,669,796	-	2,669,796
Inventories	15,811	5,715,510	5,731,321
Restricted cash and cash equivalents	4,959,841	29,042,166	34,002,007
Total current assets	<u>48,037,968</u>	<u>112,762,838</u>	<u>160,800,806</u>
Non-current assets			
Capital assets (Note 3)			
Land, non-depreciable improvements and construction in progress	14,080,672	240,897,129	254,977,801
Other capital assets, net of depreciation	81,325,360	66,800,256	148,125,616
Total capital assets	<u>95,406,032</u>	<u>307,697,385</u>	<u>403,103,417</u>
Total assets	<u>\$ 143,444,000</u>	<u>\$ 420,460,223</u>	<u>\$ 563,904,223</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	7,484,231	1,156,151	8,640,382
OPEB deferrals	413,362	44,872	458,234
Total deferred outflows of resources	<u>7,897,593</u>	<u>1,201,023</u>	<u>9,098,616</u>
Total assets and deferred outflows of resources	<u>\$ 151,341,593</u>	<u>\$ 421,661,246</u>	<u>\$ 573,002,839</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 2,848,660	\$ 24,586,773	\$ 27,435,433
Customer deposits	-	2,002,672	2,002,672
Current portion of long-term liabilities	2,874,272	6,856,378	9,730,650
Liabilities to be paid from restricted assets	-	-	-
Total current liabilities	<u>5,722,932</u>	<u>33,445,823</u>	<u>39,168,755</u>
Long-term liabilities			
Net pension liability	13,231,784	2,165,803	15,397,587
Total pension liability	2,622,633	-	2,622,633
Total OPEB liability	1,407,288	177,055	1,584,343
Due in more than one year	<u>21,421,455</u>	<u>162,490,238</u>	<u>183,911,693</u>
Total noncurrent liabilities	<u>38,683,160</u>	<u>164,833,096</u>	<u>203,516,256</u>
Total liabilities	<u>44,406,092</u>	<u>198,278,919</u>	<u>242,685,011</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments	619,169	157,318	776,487
Prepaid taxes	-	-	-
Pension deferrals	533,474	21,453	554,927
OPEB deferrals	<u>269,365</u>	<u>32,800</u>	<u>302,165</u>
Total deferred inflows of resources	<u>1,422,008</u>	<u>211,571</u>	<u>1,633,579</u>
NET POSITION			
Net investment of capital assets	73,876,485	120,686,206	194,562,691
Restricted - expendable:			
Other functions - Powell Bill	-	-	-
Public improvements	4,750,045	26,742,394	31,492,439
Public safety	28,601	-	28,601
Stabilization by State Statute	4,511,809	-	4,511,809
Restricted - nonexpendable	19,060	-	19,060
Unrestricted	<u>22,327,493</u>	<u>75,742,156</u>	<u>98,069,649</u>
Total net position	<u>105,513,493</u>	<u>223,170,756</u>	<u>328,684,249</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 151,341,593</u>	<u>\$ 421,661,246</u>	<u>\$ 573,002,839</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government operations	\$ 15,379,834	\$ 3,068,259	\$ 500,991	\$ -	\$ (11,810,584)	\$ -	\$ (11,810,584)
Public safety	16,283,015	43,564	3,957,970	-	(12,281,481)	-	(12,281,481)
Public works	5,514,861	3,016,384	-	1,162,244	(1,336,233)	-	(1,336,233)
Cultural and recreational	6,215,477	1,303,201	52,987	-	(4,859,289)	-	(4,859,289)
Interest on long-term debt	606,436	-	-	-	(606,436)	-	(606,436)
Total governmental activities	<u>43,999,623</u>	<u>7,431,408</u>	<u>4,511,948</u>	<u>1,162,244</u>	<u>(30,894,023)</u>	<u>-</u>	<u>(30,894,023)</u>
Business-type activities							
Water and sewer	29,281,718	38,594,712	2,341,222	561,759	-	12,215,975	12,215,975
Electric	18,236,364	20,114,708	566,040	-	-	2,444,384	2,444,384
Total business-type activities	<u>47,518,082</u>	<u>58,709,420</u>	<u>2,907,262</u>	<u>561,759</u>	<u>-</u>	<u>14,660,359</u>	<u>14,660,359</u>
Total primary government	<u>\$ 91,517,705</u>	<u>\$ 66,140,828</u>	<u>\$ 7,419,210</u>	<u>\$ 1,724,003</u>	<u>\$ (30,894,023)</u>	<u>\$ 14,660,359</u>	<u>\$ (16,233,664)</u>
General revenues:							
Property taxes, levied for general purposes					23,373,782	-	23,373,782
Sales taxes					11,367,837	-	11,367,837
Franchise taxes					371,785	-	371,785
Alcoholic beverage taxes					120,253	-	120,253
Other taxes					54,811	-	54,811
Unrestricted investment earnings					2,980,597	2,467,552	5,448,149
Miscellaneous					1,249,736	5,632,148	6,881,884
Special item: loss on disposal of equipment					(2,903)	(57,011)	(59,914)
Total general revenues and special items					<u>39,515,898</u>	<u>8,042,689</u>	<u>47,558,587</u>
Change in net position					8,621,875	22,703,048	31,324,923
Net position, beginning					96,891,618	200,467,708	297,359,326
Net position, ending					<u>\$ 105,513,493</u>	<u>\$ 223,170,756</u>	<u>\$ 328,684,249</u>

	Major Funds										Total Governmental Funds
	General	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	2024 GO Bonds Park Projects Capital Project	Fire Apparatus Capital Project	Library Renovation Capital Project	Total Non-Major Fund	
ASSETS											
Cash and cash equivalents	\$ 37,915,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,249	\$ 37,918,805
Restricted cash	28,601	803,172	-	91,202	875,000	806,052	1,636,531	400,000	319,283	-	4,959,841
Receivables, net											
Taxes	12,533	-	-	-	-	-	-	-	-	-	12,533
Accounts	2,461,182	-	-	-	-	-	-	-	-	-	2,461,182
Due from other governments	2,669,796	-	-	-	-	-	-	-	-	-	2,669,796
Inventories	15,811	-	-	-	-	-	-	-	-	-	15,811
Total assets	\$ 43,103,479	\$ 803,172	\$ -	\$ 91,202	\$ 875,000	\$ 806,052	\$ 1,636,531	\$ 400,000	\$ 319,283	\$ 3,249	\$ 48,037,968
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ 2,667,465	\$ -	\$ -	\$ 88,982	\$ -	\$ -	\$ 37,728	\$ -	\$ 54,485	\$ -	\$ 2,848,660
Unearned revenues	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,667,465	-	-	88,982	-	-	37,728	-	54,485	-	\$ 2,848,660
Deferred Inflows of Resources											
Assessments	619,169	-	-	-	-	-	-	-	-	-	619,169
Property tax receivable	12,533	-	-	-	-	-	-	-	-	-	12,533
Prepaid taxes	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	631,702	-	-	-	-	-	-	-	-	-	631,702
Fund balances											
Nonspendable											
Inventories	15,811	-	-	-	-	-	-	-	-	-	15,811
Perpetual maintenance	-	-	-	-	-	-	-	-	-	3,249	3,249
Restricted											
Stabilization by State Statute	4,511,809	-	-	-	-	-	-	-	-	-	4,511,809
Streets - Powell Bill	-	-	-	-	-	-	-	-	-	-	-
Public improvements	-	803,172	-	2,220	875,000	806,052	1,598,803	400,000	264,798	-	4,750,045
Public safety-police	28,601	-	-	-	-	-	-	-	-	-	28,601
Public safety-fire	-	-	-	-	-	-	-	-	-	-	-
Committed											
Public improvements	1,638,118	-	-	-	-	-	-	-	-	-	1,638,118
Assigned											
Public safety-fire	2,355	-	-	-	-	-	-	-	-	-	2,355
Public improvements	11,305,102	-	-	-	-	-	-	-	-	-	11,305,102
Subsequent year's expenditures	6,833,220	-	-	-	-	-	-	-	-	-	6,833,220
Unassigned	15,469,296	-	-	-	-	-	-	-	-	-	15,469,296
Total fund balances	39,804,312	803,172	-	2,220	875,000	806,052	1,598,803	400,000	264,798	3,249	44,557,606
Total liabilities, deferred inflows of of resources and fund balances	\$ 43,103,479	\$ 803,172	\$ -	\$ 91,202	\$ 875,000	\$ 806,052	\$ 1,636,531	\$ 400,000	\$ 319,283	\$ 3,249	\$ 48,037,968

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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	\$ 44,557,606
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	95,406,032
Deferred outflows of resources related to pensions are not reported in the funds	7,484,231
Deferred outflows of resources related to OPEB are not reported in the funds	413,362
Earned revenues considered deferred inflows of resources in fund statements	12,533
Compensated absences not expected to be materially liquidated with expendable available resources	(1,124,613)
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	(20,869,893)
Net pension liability	(13,231,784)
Total pension liability	(2,793,013)
OPEB liability	(1,454,038)
Deferred inflows of resources related to pensions are not reported in the funds	(533,474)
Deferred inflows of resources related to OPEB are not reported in the funds	(269,365)
Unamortized bond premium is not reported in the funds	<u>(2,084,091)</u>
Net position of governmental activities	<u>\$ 105,513,493</u>

TOWN OF CLAYTON, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2025

Exhibit 4

	Major Funds									Total Non-Major Fund	Total Governmental Funds	
	General Fund	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	2024 GO Bonds Park Projects Capital Project	Fire Apparatus Capital Project	Library Renovation Capital Project			
REVENUES												
Ad valorem taxes	\$22,789,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,789,871
Other taxes and licenses	597,525	-	-	-	-	-	-	-	-	-	-	597,525
Unrestricted intergovernmental	15,404,437	-	-	-	-	-	-	-	-	-	-	15,404,437
Restricted intergovernmental	1,914,891	-	-	192,424	-	-	-	-	-	-	-	2,107,315
Permits and fees	3,408,685	-	-	-	-	-	-	-	-	-	-	3,408,685
Sales and services	4,062,314	-	-	-	-	-	-	-	-	-	-	4,062,314
Investment earnings	2,836,620	-	-	-	-	-	138,561	-	5,415	1	2,980,597	
Miscellaneous	1,249,736	-	-	-	-	-	20,000	-	-	-	-	1,269,736
Total revenues	52,264,079	-	-	192,424	-	-	158,561	-	5,415	1	52,620,480	
EXPENDITURES												
Current												
General government operations	17,085,465	-	-	-	-	-	-	-	-	-	-	17,085,465
Public safety	15,303,466	-	-	-	-	-	-	-	-	-	-	15,303,466
Public works	10,296,598	-	-	-	-	-	-	-	-	-	-	10,296,598
Cultural and recreational	4,768,516	-	-	-	-	-	-	-	-	-	-	4,768,516
Debt service												
Principal retirement	1,962,013	-	-	-	-	-	-	-	-	-	-	1,962,013
Interest and other charges	735,298	-	-	-	-	-	-	-	-	-	-	735,298
Capital outlay	-	-	-	385,204	-	41,248	2,892,653	-	217,825	-	-	3,536,930
Total expenditures	50,151,356	-	-	385,204	-	41,248	2,892,653	-	217,825	-	53,688,286	
Excess (deficiency) of revenues over expenditures	2,112,723	-	-	(192,780)	-	(41,248)	(2,734,092)	-	(212,410)	1	(1,067,806)	
OTHER FINANCING SOURCES (USES)												
Transfers from (to) other funds	(248,143)	-	(18,842)	-	-	-	18,842	200,000	48,143	-	-	
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	(248,143)	-	(18,842)	-	-	-	18,842	200,000	48,143	-	-	
Net change in fund balances	1,864,580	-	(18,842)	(192,780)	-	(41,248)	(2,715,250)	200,000	(164,267)	1	(1,067,806)	
Fund balance, beginning	37,939,732	803,172	18,842	195,000	875,000	847,300	4,314,053	200,000	429,065	3,248	45,625,412	
Fund balances, ending	\$39,804,312	\$ 803,172	\$ -	\$ 2,220	\$ 875,000	\$ 806,052	\$ 1,598,803	\$400,000	\$ 264,798	\$ 3,249	\$44,557,606	

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, 2025

Exhibit 5

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		\$ (1,067,806)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
	Capital outlay	13,865,553
	Depreciation	(4,559,476)
	Loss on disposal of assets	(2,903)
Contributions to the LGERS pension plan in the current fiscal year are not included on the Statement of Activities		2,576,993
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities		225,868
OPEB benefit payments paid and administrative expense are not included on the Statement of Activities		44,860
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	3,921
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		
	Amortization of bond premium	128,862
	Compensated absences	(93,818)
	Pension expense	(4,306,963)
	OPEB plan expense	(155,229)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
	Debt proceeds	-
	Debt principal paid	<u>1,962,013</u>
		<u>1,962,013</u>
Total changes in net position of governmental activities		<u>\$ 8,621,875</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, 2025

Exhibit 6

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 22,818,818	\$ 22,818,818	\$ 22,789,871	\$ (28,947)
Other taxes and licenses	635,200	635,200	597,525	(37,675)
Unrestricted intergovernmental	14,451,599	14,451,599	15,404,437	952,838
Restricted intergovernmental	1,457,390	1,457,390	1,914,891	457,501
Permits and fees	1,819,400	1,819,400	3,408,685	1,589,285
Sales and services	3,858,834	3,858,834	4,062,314	203,480
Investment earnings	1,750,000	1,991,000	2,836,620	845,620
Miscellaneous	1,031,500	1,031,500	1,249,736	218,236
Total revenues	47,822,741	48,063,741	52,264,079	4,200,338
EXPENDITURES				
Current				
General government operations	19,214,645	27,996,756	17,085,465	10,911,291
Public safety	13,636,430	15,615,769	15,303,466	312,303
Public works	12,983,080	12,260,117	10,296,598	1,963,519
Cultural and recreational	4,973,887	5,187,042	4,768,516	418,526
Debt service				
Principal retirement	1,962,015	1,962,015	1,962,013	2
Interest and other charges	735,298	735,298	735,298	-
Total expenditures	53,505,355	63,756,997	50,151,356	13,605,641
Revenues over (under) expenditures	(5,682,614)	(15,693,256)	2,112,723	17,805,979
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	-	(250,000)	(248,143)	(1,857)
Installment purchase obligations issued	2,680,000	2,680,000	-	(2,680,000)
Total other financing sources (uses)	2,680,000	2,430,000	(248,143)	(2,680,000)
Fund balance appropriated	3,002,614	13,263,256	-	(13,263,256)
Net change in fund balance	\$ -	\$ -	1,864,580	\$ 1,864,580
Fund balances, beginning			37,939,732	
Fund balances, ending			<u>\$ 39,804,312</u>	

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TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

Exhibit 7

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 66,068,671	\$ 4,958,035	\$ 71,026,706
Accounts receivable (net) - billed	1,216,438	999,447	2,215,885
Accounts receivable (net) - unbilled	3,184,621	1,577,950	4,762,571
Due from/to other governments	-	-	-
Inventories	939,183	4,776,327	5,715,510
Restricted cash and cash equivalents	<u>25,152,627</u>	<u>3,889,539</u>	<u>29,042,166</u>
Total current assets	<u>96,561,540</u>	<u>16,201,298</u>	<u>112,762,838</u>
Non-current assets			
Capital assets			
Land, improvements and construction in progress	240,877,129	20,000	240,897,129
Other capital assets, net of depreciation	<u>45,560,078</u>	<u>21,240,178</u>	<u>66,800,256</u>
Capital assets, net	<u>286,437,207</u>	<u>21,260,178</u>	<u>307,697,385</u>
Total non-current assets	<u>286,437,207</u>	<u>21,260,178</u>	<u>307,697,385</u>
Total assets	<u>\$ 382,998,747</u>	<u>\$ 37,461,476</u>	<u>\$ 420,460,223</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	682,500	473,651	1,156,151
OPEB deferrals	<u>19,330</u>	<u>25,542</u>	<u>44,872</u>
Total deferred outflows of resources	<u>701,830</u>	<u>499,193</u>	<u>1,201,023</u>
Total assets and deferred outflows of resources	<u>\$ 383,700,577</u>	<u>\$ 37,960,669</u>	<u>\$ 421,661,246</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 23,058,665	\$ 1,528,108	\$ 24,586,773
Customer deposits	716,353	1,286,319	2,002,672
Compensated absences - current	43,939	33,180	77,119
Revenue bond note payable - current	3,119,507	835,667	3,955,174
Direct placement installment purchases payable - current	<u>2,718,296</u>	<u>105,789</u>	<u>2,824,085</u>
Total current liabilities	<u>29,656,760</u>	<u>3,789,063</u>	<u>33,445,823</u>
Noncurrent liabilities			
Other noncurrent liabilities			
Compensated absences	43,938	33,180	77,118
Net pension liability	1,278,518	887,285	2,165,803
OPEB liability	76,272	100,783	177,055
Revenue bond note payable, net - noncurrent	113,131,161	7,661,000	120,792,161
Direct placement installment purchases payable - current	<u>40,535,194</u>	<u>1,085,765</u>	<u>41,620,959</u>
Total noncurrent liabilities	<u>155,065,083</u>	<u>9,768,013</u>	<u>164,833,096</u>
Total liabilities	<u>184,721,843</u>	<u>13,557,076</u>	<u>198,278,919</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments	157,318	-	157,318
Pension deferrals	12,664	8,789	21,453
OPEB deferrals	<u>14,130</u>	<u>18,670</u>	<u>32,800</u>
Total deferred inflows of resources	<u>184,112</u>	<u>27,459</u>	<u>211,571</u>
NET POSITION			
Net investments in capital assets	106,511,029	14,175,177	120,686,206
Restricted for USDA debt service reserve	-	-	-
Restricted for capital improvement program	25,377,250	1,365,144	26,742,394
Unrestricted	<u>66,906,343</u>	<u>8,835,813</u>	<u>75,742,156</u>
Total net position	<u>198,794,622</u>	<u>24,376,134</u>	<u>223,170,756</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 383,700,577</u>	<u>\$ 37,960,669</u>	<u>\$ 421,661,246</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

Exhibit 8

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
OPERATING REVENUES			
Charges for services	\$ 38,528,537	\$ 20,114,708	\$ 58,643,245
Water and sewer taps	66,175	-	66,175
Other operating revenues	2,341,222	566,040	2,907,262
Total operating revenues	<u>40,935,934</u>	<u>20,680,748</u>	<u>61,616,682</u>
OPERATING EXPENSES			
Electric operations	-	15,377,305	15,377,305
Water distribution	8,304,088	-	8,304,088
Water preventive maintenance	1,293,567	-	1,293,567
Waste collection and treatment	8,058,949	-	8,058,949
Tax reimbursements - General Fund	-	110,819	110,819
Support services - General Fund	4,482,792	1,507,318	5,990,110
Depreciation and amortization	2,491,182	1,150,973	3,642,155
Total operating expenses	<u>24,630,578</u>	<u>18,146,415</u>	<u>42,776,993</u>
Operating income (loss)	<u>16,305,356</u>	<u>2,534,333</u>	<u>18,839,689</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	2,174,206	293,346	2,467,552
Interest and bond issuance costs	(4,651,140)	(89,949)	(4,741,089)
Nutrient offset fees	264,100	-	264,100
System development fees	4,906,173	-	4,906,173
Miscellaneous	155,234	306,641	461,875
Total nonoperating revenue (expenses)	<u>2,848,573</u>	<u>510,038</u>	<u>3,358,611</u>
Income (loss) before contributions	<u>19,153,929</u>	<u>3,044,371</u>	<u>22,198,300</u>
Special item: loss on disposal of motorized equipment	(699)	(56,312)	(57,011)
Transfers (to) from other funds	-	-	-
Capital contributions	561,759	-	561,759
Change in net position	<u>19,714,989</u>	<u>2,988,059</u>	<u>22,703,048</u>
Total net position, beginning	179,079,633	21,388,075	200,467,708
Total net position, ending	<u>\$ 198,794,622</u>	<u>\$ 24,376,134</u>	<u>223,170,756</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

Exhibit 9
Page 1 of 2

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 75,918,546	\$ 19,984,832	\$ 95,903,378
Cash paid for goods and services	(18,960,456)	(15,296,367)	(34,256,823)
Cash paid to or on behalf of employees for services	(1,432,369)	(805,091)	(2,237,460)
Other operating revenues	2,341,222	566,040	2,907,262
Miscellaneous revenue	155,234	306,641	461,875
Net cash provided (used) by operating activities	<u>58,022,177</u>	<u>4,756,055</u>	<u>62,778,232</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Revenue bonds issued	21,117,098	-	21,117,098
System development fees	4,906,173	-	4,906,173
Nutrient offset fees	264,100	-	264,100
Capital grant proceeds	561,759	-	561,759
Acquisition and construction of capital assets	(66,672,349)	(2,490,387)	(69,162,736)
Principal paid on bond maturities and equipment contracts	(964,542)	(459,769)	(1,424,311)
Interest paid on bond maturities and equipment contracts	(4,982,647)	(89,949)	(5,072,596)
Net cash provided (used) by capital and related financing activities	<u>(45,770,408)</u>	<u>(3,040,105)</u>	<u>(48,810,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	<u>2,174,206</u>	<u>293,346</u>	<u>2,467,552</u>
Net cash provided (used) by investing activities	<u>2,174,206</u>	<u>293,346</u>	<u>2,467,552</u>
Net increase (decrease) in cash and cash equivalents	14,425,975	2,009,296	16,435,271
Balances, beginning	<u>76,795,323</u>	<u>6,838,278</u>	<u>83,633,601</u>
Balances, ending	<u>\$ 91,221,298</u>	<u>\$ 8,847,574</u>	<u>\$ 100,068,872</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

Exhibit 9
Page 2 of 2

	Enterprise Funds		Total
	Water and Sewer Fund	Electric Fund	
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 16,305,356	\$ 2,534,333	\$ 18,839,689
Adjustments to reconcile operating income to net cash provided by operating activities			
Miscellaneous revenue	155,234	306,641	461,875
Depreciation & amortization	2,491,182	1,150,973	3,642,155
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	37,323,833	(130,005)	37,193,828
(Increase) decrease in inventory	(16,457)	473,392	456,935
Increase (decrease) in accounts payable and accrued liabilities	1,492,858	171,217	1,664,075
Increase (decrease) in customer deposits	57,589	105,543	163,132
Increase (decrease) in OPEB liability	4,766	5,653	10,419
Increase (decrease) in accrued vacation pay	(11,810)	(20,060)	(31,870)
(Increase) decrease in deferred outflows of resources-pensions	(38,787)	(33,383)	(72,170)
(Increase) decrease in deferred outflows of resources-OPEB	2,467	3,456	5,923
Increase (decrease) in net pension liability	249,249	183,316	432,565
Increase (decrease) in deferred inflows of resources-pensions	6,079	4,285	10,364
Increase (decrease) in deferred inflows of resources-OPEB	618	694	1,312
Total adjustments	<u>41,716,821</u>	<u>2,221,722</u>	<u>43,938,543</u>
Net cash provided by operating activities	<u>\$ 58,022,177</u>	<u>\$ 4,756,055</u>	<u>\$ 62,778,232</u>
Noncash investing, capital, and financing activities:			
Construction in progress - retainage payable	\$ 6,192,063	\$ -	\$ 6,192,063
Construction in progress - capital accounts payable	14,229,956	-	14,229,956
	<u>\$ 20,422,019</u>	<u>\$ -</u>	<u>\$ 20,422,019</u>

TOWN OF CLAYTON, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025

Exhibit 10

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

TOWN OF CLAYTON, NORTH CAROLINA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2025

Exhibit 11

	<u>Custodial Fund</u>
ADDITIONS	
Property taxes collected for other governments	<u>\$ 2,883,390</u>
Total additions	<u>2,883,390</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>2,908,096</u>
Net increase (decrease) in fiduciary net position	<u>(24,706)</u>
Net position, beginning	<u>\$ 24,706</u>
Net position, ending	<u>\$ -</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, 2025**

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.

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

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

2024 GO Bonds Capital Project – This fund is used to account for major improvements to Community Park.

Fire Apparatus Capital Project – This fund is used to account for the acquisition of fire apparatus.

Library Renovation Capital Project – This fund is used to account for the design and renovation of the Hocutt-Ellington Memorial Library.

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. The Claytex Fire District was abolished effective July 1, 2024 and replaced by the Johnston County Fire Protection Service District created by the Johnston County Board of Commissioners.

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 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.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/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.

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 Funds and certain Enterprise Fund capital project funds, which are consolidated with the Enterprise operating funds for reporting purposes. All budgets are prepared using the

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (Continued)

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 affect 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 is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM rating by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. 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: Loop Road Capital Project; 2021 GO Bonds Parks Projects; Main Street LAPP Capital Project; Operations Center Capital Project; Public Safety Complex Capital Project; 2024 GO Bonds Capital Project; Fire Apparatus Capital Project; and Library Renovation 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 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, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Town of Clayton Restricted Cash</u>		
Governmental Activities		
General Fund		
	Powell Bill	\$ -
	Public Safety	28,601
Capital Project Funds		
	Parks and Recreation	2,439,703
	Improvements	2,400,335
	Public Transportation	91,202
Total governmental activities		<u>\$ 4,959,841</u>
Business-type Activities		
Water and Sewer Fund	Capital improvements - State Statute	\$ 24,436,274
Water and Sewer Fund	Customer deposits	716,353
Electric Fund	Customer deposits	1,286,319
Electric Fund	Unspent revenue bond proceeds	2,603,220
Total Business-type Activities		<u>\$ 29,042,166</u>
Total Restricted Cash		<u>\$ 34,002,007</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, 2025.

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, 2025 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, 2025**

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 2025 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 and 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, 2025

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 determined based on a four-year look-back period that it does not have sick leave that it is more likely than not to be paid out through a cash settlement at year end or otherwise paid or settled. Hence, no compensated absence for sick leave is recorded and no change to beginning next position was required due to the amount being immaterial in accordance with GASB Statement No. 101.***

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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. The Clayton Firefighters' Association was legally dissolved.

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, 2025, the Town's deposits had a carrying amount of \$20,212,603 and a bank balance of \$20,212,795. Of the bank balance, \$15,829,536 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2025, the Town's petty cash fund totaled \$3,019.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

Investments

At June 30, 2025, the Town of Clayton had \$15,321,287 invested in an Insured Cash Sweep and \$107,410,609 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 AAA-mf 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, 2025 are net of the following allowances for doubtful accounts:

General fund:

Taxes receivable	\$ 6,800
Accounts receivable	<u>2,923</u>
	9,723

Receivables - Allowances for Doubtful Accounts

Enterprise funds	<u>55,540</u>
Total	<u>\$ 65,263</u>

Due from Other Governmental Agencies

At June 30, 2025, funds due from other governmental agencies consisted of the following:

	Governmental Activities			Business- type Activities
	General	Non-Major Governmental	Total	
Local Option Sales Tax	\$ 1,707,210	\$ -	\$ 1,707,210	\$ -
Franchise Sales Tax	359,042	-	359,042	-
Telecommunication Sales Tax	6,815	-	6,815	-
Video Programming Fees	39,883	-	39,883	-
Solid Waste Disposal Fees	5,530	-	5,530	-
Vehicle & Property Taxes	464,309	-	464,309	-
PEG Channel	18,750	-	18,750	-
ABC Distribution	26,722	-	26,722	-
Payment in Lieu of Taxes	17,535	-	17,535	-
Grant Reimbursement	24,000	-	24,000	-
	<u>\$ 2,669,796</u>	<u>\$ -</u>	<u>\$ 2,669,796</u>	<u>\$ -</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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, 2025, was as follows:

As of June 30, 2025, the Town has construction commitments with contractors as follows:

Project	Inception to Date	Balance
Building improvements	\$ 1,259,030	\$ 1,207,269
Recreational facilities	3,928,692	-
Water and sewer treatment facilities	211,897,408	57,504,053
	\$ 217,085,130	\$ 58,711,322

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,409,733	\$ 2,658,757	\$ -	\$ 12,068,490
Construction in progress	4,647,998	3,034,306	5,670,122	2,012,182
Total capital assets not being depreciated	14,057,731	5,693,063	5,670,122	14,080,672
Capital assets being depreciated				
Buildings and improvements	56,404,674	6,944,082	5,200	63,343,556
Equipment	6,187,639	313,428	13,558	6,487,509
Vehicles and motorized equipment	14,881,159	2,425,777	867,012	16,439,924
Infrastructure	26,004,055	4,159,325	-	30,163,380
Total capital assets being depreciated	103,477,527	13,842,612	885,770	116,434,369
Less accumulated depreciation				
Buildings	11,098,423	1,913,416	2,297	13,009,542
Equipment	4,725,076	396,297	13,558	5,107,815
Vehicles and motorized equipment	9,339,454	1,720,676	867,012	10,193,118
Infrastructure	6,269,447	529,087	-	6,798,534
Total accumulated depreciation	31,432,400	4,559,476	882,867	35,109,009
Total capital assets being depreciated, net	72,045,127	9,283,136	2,903	81,325,360
Governmental activity capital assets, net	\$ 86,102,858	\$ 14,976,199	\$ 5,673,025	\$ 95,406,032

As of June 30, 2025, construction in progress was comprised primarily of public improvement construction projects.

General government	\$ 418,353
Public safety	43,948
Public works	1,000,000
Cultural and recreational	549,881
Total depreciation expense	\$ 2,012,182

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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	1,180,000	-	17,471,695
Construction in progress	<u>157,532,682</u>	<u>64,931,098</u>	<u>167,489</u>	<u>222,296,291</u>
Total capital assets not being depreciated	<u>174,933,520</u>	<u>66,111,098</u>	<u>167,489</u>	<u>240,877,129</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	60,650,989	484,247	-	61,135,236
Furniture and maintenance equipment	5,620,585	19,857	-	5,640,442
Vehicles	<u>3,183,329</u>	<u>224,636</u>	<u>16,775</u>	<u>3,391,190</u>
Total capital assets being depreciated	<u>75,533,648</u>	<u>728,740</u>	<u>16,775</u>	<u>76,245,613</u>
Less accumulated depreciation for				
Wastewater capacity allocation rights	3,375,000	180,000	-	3,555,000
Buildings	896,892	53,782	-	950,674
Plant and distribution system	18,199,847	1,187,149	-	19,386,996
Furniture and maintenance equipment	3,481,570	702,207	-	4,183,777
Vehicles	<u>2,257,121</u>	<u>368,043</u>	<u>16,076</u>	<u>2,609,088</u>
Total accumulated depreciation	<u>28,210,430</u>	<u>2,491,181</u>	<u>16,076</u>	<u>30,685,535</u>
Total Capital assets being depreciated, net	<u>47,323,218</u>	<u>(1,762,441)</u>	<u>699</u>	<u>45,560,078</u>
Water and Sewer Fund				
Capital Assets – net	<u>\$222,256,738</u>	<u>\$ 64,348,657</u>	<u>\$ 168,188</u>	<u>\$286,437,207</u>
Electric Fund				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Capital assets being depreciated				
Buildings	1,384,059	-	-	1,384,059
Plant and distribution system	24,187,260	2,216,462	-	26,403,722
Furniture and maintenance equipment	2,855,607	-	-	2,855,607
Vehicles	<u>2,067,183</u>	<u>273,925</u>	<u>79,500</u>	<u>2,261,608</u>
Total capital assets being depreciated	<u>30,494,109</u>	<u>2,490,387</u>	<u>79,500</u>	<u>32,904,996</u>
Less accumulated depreciation for				
Buildings	530,037	31,103	-	561,140
Plant and distribution system	7,376,433	497,589	-	7,874,022
Furniture and maintenance equipment	1,203,855	435,728	-	1,639,583
Vehicles	<u>1,426,708</u>	<u>186,552</u>	<u>23,187</u>	<u>1,590,073</u>
Total accumulated depreciation	<u>10,537,033</u>	<u>1,150,972</u>	<u>23,187</u>	<u>11,664,818</u>
Total capital assets being depreciation, net	<u>19,957,076</u>	<u>1,339,415</u>	<u>56,313</u>	<u>21,240,178</u>
Electric Fund				
Capital Assets – net	<u>\$ 19,977,076</u>	<u>\$ 1,507,292</u>	<u>\$ -</u>	<u>\$ 21,260,178</u>
Business-type activities capital assets, net	<u>\$242,233,814</u>			<u>\$307,697,385</u>

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Clayton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Clayton's contractually required contribution rate for the year ended June 30, 2025 was 13.64% of compensation for general employees and firefighters and 15.04% 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 \$2,998,801 for the year ended June 30, 2025.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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, 2025, the Town reported a liability of \$15,397,587 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town 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, 2024, the Town's proportion was 0.2284%, which was an increase of 0.00896% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$4,792,215. At June 30, 2025, 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	\$ 2,698,240	\$ 18,142
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,093,293	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	429,217	134,379
Town contributions subsequent to the measurement date	<u>2,998,801</u>	<u>-</u>
Total	<u>\$ 8,219,551</u>	<u>\$ 152,521</u>

\$2,998,801 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ 1,664,747
2027	3,128,196
2028	511,978
2029	(236,692)
2030	-
Thereafter	-
	<u>\$ 5,068,229</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 8.10 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, 2024 valuation were based on the experience investigation prepared as of December 31, 2019 and adopted by the Board of Trustees on January 21, 2021 for use beginning with the December 31, 2020 annual actuarial valuation.

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, 2025 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%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2025 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

**TOWN OF CLAYTON, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2025**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town of Clayton's proportionate share of the net pension liability (asset)	\$ 27,284,975	\$ 15,397,587	\$ 5,618,575

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, 2023, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>65</u>
Total	<u>74</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 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, 2023.

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 \$217,262 as benefits came due for the reporting period.

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

At June 30, 2025 the Town reported total pension liability of \$2,793,013. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$303,919.

**TOWN OF CLAYTON, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2025**

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	\$ 146,850	\$ 109,075
Changes of assumptions	157,069	293,331
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>116,912</u>	<u>-</u>
Total	<u>\$ 420,831</u>	<u>\$ 402,406</u>

\$116,942 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, 2026. 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:

2026	\$ 26,407
2027	(96,870)
2028	(55,009)
2029	10,906
2030	13,512
Thereafter	<u>2,567</u>
	<u>\$ (98,487)</u>

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 4.28 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 (3.28 percent) or one percentage point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$3,031,688	\$2,793,013	\$ 2,577,483

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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

	2025
Beginning balance	\$2,694,818
Service cost	128,371
Interest on total pension liability	103,447
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of total pension liability	148,052
Changes of assumptions and other inputs	(64,413)
Benefit payments	(217,262)
Other changes	-
Ending balance of the total pension liability	\$2,793,013

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, 2023 valuation were based on the results of an actual experience study for the five-year period ending December 31, 2019.

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

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

	LGMERS	LEOSSA	Total
Pension Expense	\$ 4,792,215	\$ 306,067	\$ 5,098,282
Pension Liability	15,397,587	2,793,013	18,190,600
Proportionate share of the net pension liability	22.84000%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	2,698,240	146,850	2,845,090
Changes of assumptions	-	157,069	157,069
Net difference between projected and actual earnings on pension plan investments	2,093,293	-	2,093,293
Changes in proportion and differences between contributions and proportionate share of contributions	429,217	-	429,217
Benefit payments paid subsequent to the measurement date	2,998,801	116,912	3,115,713
Deferred Inflows of Resources			
Differences between expected and actual experience	18,142	109,075	127,217
Changes of assumptions	-	293,331	293,331
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	134,379	-	134,379

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

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.

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 \$228,852 and \$847,693 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 Firefighters' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible firefighters that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$175 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 \$15 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, 2025, the State contributed \$19,789,708 to the plan. The Town of Clayton's proportionate share of the State's contribution is \$0 since there are no longer any plan members.

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, 2025**

NOTE 2 - DETAIL NOTES ON ALL FUNDS *Continued*

B. Liabilities *(Continued)*

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

d. Firefighters' 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, 2025, 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 \$0. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025 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, 2025 and at June 30, 2024 was 0%.

For the year ended June 30, 2025, the Town will not recognize any pension expense or revenue for support provided by the State since there are no longer any members that participate in the FRSWPF. At June 30, 2025, 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Not applicable
Investment rate of return	6.50 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 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.

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, 2025**

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, 2023, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	4	7
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	191	53
Total	195	60

Total OPEB Liability

The Town's total OPEB liability of \$1,631,093 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

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

Inflation	2.50 percent
Salary increases	3.25 - 8.41 percent, including inflation
Discount rate	3.93 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, 2024	\$1,571,733
Changes for the year:	
Service cost	100,341
Interest	60,237
Changes in benefit terms	-
Differences expected and actual experience	(722)
Changes of assumptions and other inputs	(56,616)
Benefit payments	(43,880)
Net changes	59,360
Balance at June 30, 2025	\$1,631,093

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and Mortality Improvement Scale MP-2019. The actuarial assumptions used in the June 30, 2023 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, 2025

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 3.93 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 (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 1,843,832	\$ 1,631,093	\$ 1,446,145

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:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 1,391,873	\$ 1,631,093	\$ 1,925,063

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$174,131. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 167,736	\$ 79,601
Changes of assumptions	245,638	222,564
Town benefit payments and plan administrative expense made subsequent to the measurement date	44,860	-
Total	<u>\$ 458,234</u>	<u>\$ 302,165</u>

\$44,860 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, 2026. Other amounts reported as deferred inflows of resources related to OPEB liability will be recognized in OPEB expense as follows:

2026	\$ 13,553
2027	\$ 13,553
2028	\$ 18,611
2029	\$ 22,413
2030	\$ 21,961
Thereafter	<u>\$ 21,118</u>
	\$ 111,209

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

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	\$ 2,998,801
Benefit payments made and administrative expenses for LEOSSA	116,912
Benefit payments made and administrative expenses for OPEB	44,860
Differences between expected and actual experience	3,012,826
Changes of assumptions	402,707
Net difference between projected and actual	2,093,293
Changes in proportion and differences between employer contributions and proportionate share of contributions	429,217

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

Prepaid taxes (General Fund)	\$ -
Taxes Receivable, less penalties (General Fund)	12,533
Deferred revenue	-
Community Development Assessments (General Fund)	619,169
Special Assessments (Water Fund)	157,318
Differences between expected and actuarial experience	206,818
Changes in assumptions	515,895
Changes in proportion and differences between employer contributions and proportionate share of contributions	134,379

4. Risk Management and Disclosures

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 \$129.8 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, 2025

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 is individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$75,000.

The Town has no concentrations or constraints to report in accordance with GASB Statement No. 102.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2025, the Town was a defendant to various lawsuits. In the opinion of the Town's management and Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Debt

Long-term debt obligations of the Town at June 30, 2025 consist of the following with **no lines of credit**:

	<u> Serviced by </u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
General Obligation Bonds		
\$4,500,000 General Obligation Bonds, Series 2024 dated February 13, 2024 and maturing in annual installments of \$300,000 through August 2038, interest ranging from 4.00% to 5.00%. Bonds were issued for parks and recreation improvements.	\$4,200,000	\$ -
\$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%. Bonds were issued for parks and recreation improvements.	11,475,000	-
\$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%. Bonds were issued for parks and recreation improvements.	<u>240,000</u>	<u>-</u>
Total general obligation bonds	<u>\$15,915,000</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%.	\$ -	\$ 12,826,000
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%. Excludes \$7,624,668 unamortized premium.	-	95,800,000

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

	<u>Serviced by</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</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%	-	2,496,667
Electric System Revenue Bond, Series 2024 dated June 18, 2024 and maturing in 2034 interest at 4.51%.	-	<u>6,000,000</u>
Total revenue bonds	<u>\$ -</u>	<u>\$117,122,667</u>
<u>Direct Placement Installment Purchase</u>		
Community Center Refunding; contract of \$5,402,000 due in Annual installment maturing in July 2029; interest at 2.1%. Property is pledged as collateral.	\$ 1,798,000	\$ -
2016 Clayton Law Enforcement Center Refunding; contract of \$5,626,000 annual installments of variable principal starting in 2016; interest at 2.2% Property is pledged as collateral.	2,610,000	-
2021 Ladder Truck; contract of \$871,621; due in annual installments of \$98,738 including interest at 2.33%. Truck is pledged as collateral.	546,893	-
2020 Vactor trucks; contract of \$865,382; due in annual installments of \$127,954 including interest of 3.59%. Trucks pledged as collateral.	-	333,929
2008 Sanitary Sewer Loan; contract of \$3,600,000; due in annual installments of \$180,000; interest at 2.10%	-	540,000
2021 Sanitary Sewer Loan; contract for \$10,644,786; due in annual installments of \$532,239 plus interest at 1.06%.	-	39,903,115
2019 AMI Project; contract of \$5,000,000; due in annual installments of varying principal of \$271,000 to \$398,000 through August 2034, interest at 2.63%. AMI meter fee is supporting the debt service.	-	3,548,000
1996 Water and Sewer extensions; contract of \$120,000; without interest, repayment from yearly acreage fees collected by the Town for connection to water and sewer lines installed to service Colonial Carton Company	-	<u>120,000</u>
Total direct placement installment purchases	<u>4,954,893</u>	<u>44,445,044</u>
Total outstanding	20,869,893	161,567,711
Less current portion	<u>1,965,973</u>	<u>6,447,752</u>
	<u>\$ 18,903,920</u>	<u>\$155,199,959</u>

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

At June 30, 2025, the Town of Clayton had a legal debt margin of \$259,021,223.

Changes in long-term liabilities

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

	Balances <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balances <u>June 30, 2025</u>	Current Portion <u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 17,010,000	\$ -	\$ 1,095,000	\$ 15,915,000	\$ 1,095,000
Direct placement installment purchase	5,821,906	-	867,013	4,954,893	870,973
Unamortized bond premium	2,212,953	-	128,862	2,084,091	128,862
Compensated absences *	1,030,795	93,818	-	1,124,613	562,307
Total OPEB liability	1,405,097	48,941	-	1,454,038	46,750
Net pension liability (LGERS)	12,800,332	431,452	-	13,231,784	-
Total pension liability (LEO)	<u>2,694,818</u>	<u>98,195</u>	<u>-</u>	<u>2,793,013</u>	<u>170,380</u>
Governmental activity long-term liabilities	<u>\$ 42,975,901</u>	<u>\$ 672,406</u>	<u>\$ 2,090,875</u>	<u>\$41,557,432</u>	<u>\$ 2,874,272</u>
Business-type activities:					
Revenue bonds	\$ 117,948,333	\$ -	\$ 825,666	\$117,122,667	\$3,623,667
Unamortized bond premium	7,956,175	-	331,507	7,624,668	331,507
Direct placement installment purchase	23,926,591	21,117,098	598,645	44,445,044	2,824,085
Total OPEB liability	166,636	10,419	-	177,055	-
Net pension liability (LGERS)	1,733,238	432,565	-	2,165,803	-
Compensated absences *	<u>186,107</u>	<u>-</u>	<u>31,870</u>	<u>154,237</u>	<u>77,119</u>
Business-type activity long-term liabilities	<u>\$ 151,917,080</u>	<u>\$21,560,082</u>	<u>\$ 1,787,688</u>	<u>\$171,689,474</u>	<u>\$6,856,378</u>

* In accordance with GASB 101, *Compensated Absences*, the Town has chosen to disclose the net change in the liability for compensated absences.

The Town's outstanding debt from direct placement installment purchases related to governmental activities of \$4,954,893 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 \$44,445,044 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 \$333,929 is secured with collateral of two Vactor 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, 2025, including interest, are as follows:

**TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt (Continued)

	Bond obligation		Installment purchases		Total debt due	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental activities						
2026	\$ 1,095,000	\$ 567,615	\$ 870,973	\$ 104,320	\$ 1,965,973	\$ 671,935
2027	1,095,000	515,865	868,980	85,315	1,963,980	601,180
2028	975,000	463,875	872,034	66,358	1,847,034	530,233
2029	975,000	415,125	871,135	47,327	1,846,135	462,452
2030	975,000	366,375	870,285	28,322	1,845,285	394,697
2031-2035	4,875,000	1,158,000	601,486	13,362	5,476,486	1,171,362
Thereafter	5,925,000	428,250	-	-	5,925,000	428,250
Total	15,915,000	3,915,105	4,954,893	345,004	20,869,893	4,260,109
Business-type activities						
2026	\$ 3,623,667	\$ 5,141,589	\$ 2,824,085	\$ 400,276	\$ 6,447,752	\$ 5,541,865
2027	3,784,667	4,970,723	2,498,156	494,393	6,282,823	5,465,116
2028	3,946,667	4,801,785	2,507,155	460,971	6,453,822	5,262,756
2029	4,115,666	4,625,031	2,335,156	427,313	6,450,822	5,052,344
2030	4,295,667	4,440,012	2,354,156	397,224	6,649,823	4,837,236
2031-2035	23,377,333	19,142,228	11,864,779	1,526,274	35,242,112	20,668,502
Thereafter	73,979,000	22,245,430	20,071,557	1,163,176	94,050,557	23,408,606
Total	117,122,667	65,366,798	44,455,044	4,869,627	161,577,711	70,236,425
Grand Total	\$ 133,037,667	\$ 69,281,903	\$ 49,409,937	\$ 5,214,631	\$ 182,447,604	\$ 74,496,534

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, Series 2016, and Series 2024 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, 2024 are as follows:

	Water & Sewer	Electric
Operating revenues	\$40,935,934	\$20,680,748
Operating expenses	22,139,396	16,995,572
Net Revenues	\$ 18,796,538 ¹	\$ 3,685,176 ¹
20% Unrestricted Net Position	N/A ²	1,313,551 ²
Income Available for Debt Service	\$ 18,796,538	\$ 4,998,727
Debt service, principal and interest paid (Revenue bond only)	\$ 5,352,896 ³	\$ 412,574 ³
Debt service coverage ratio	3.51	12.12
Debt service, principal and interest paid (All indebtedness)	\$ 5,947,189 ³	\$ 549,718 ³
Debt service coverage ratio	3.16	9.09

¹ Per rate covenants, this does not include depreciation expense of \$2,491,182 and \$1,150,973, respectively.

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

³ 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, 2025**

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 \$172,211,748. Principal and interest paid for the current year and total customer net revenues were \$5,352,896 and \$18,796,538, respectively.

The Town has pledged future electric customer revenues, net of specified operating expenses to repay \$12.65 million in electric system revenue bonds issued in September 2016 and June 2024. 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 2034. 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 \$10,277,717. Principal and interest paid for the current year and total customer net revenues were \$412,574 and \$3,685,176, respectively.

C. Interfund Balances and Activity

Transfers to/from Other Funds at June 30, 2025, consist of the following:

From the General Fund to the Fire Apparatus Capital Project for acquisitions	\$ 200,000
From the General Fund to the Library Renovation Capital Project for design	\$ 48,143
From the 2021 GO Bonds Capital Project to the 2024 GO Bonds Capital Project for construction	\$ 18,842

D. Revenues, Expenditures and Expenses

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2025, the Town of Clayton has no on-behalf payments to recognize for pension contributions made by the state as a revenue and no expenditure to report since there are no longer any employed firefighters who perform firefighting duties for the Town's fire department that participate in the Firefighters' and Rescue Squad Workers' Pension Fund, which is a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$15 monthly contribution paid by each member, investment income, and state appropriation.

Also, the Town elected not to recognize as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$47,580 for the salary supplement and stipend benefits paid to eligible firefighters by the local board of trustees of the Firefighters' Relief Fund during the fiscal year ended June 30, 2025. *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 firefighters or their departments.

NOTE 3 – JOINT VENTURES

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' 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 Firefighters' 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 firefighters and for dues paid to the Firefighters' Pension Plan on-behalf of the employee members of the Town's fire department by the board of trustees.

TOWN OF CLAYTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2025

NOTE 3 – JOINT VENTURES (Continued)

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2025. The Firefighters’ Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighters’ 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 monies.

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, 2025 were \$12,263,845.

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	\$39,804,312
Less:	
Inventories	15,811
Stabilization by State Statute	4,511,809
Powell Bill	-
Public Improvements	1,638,118
Public Safety	28,601
Appropriate Fund Balance in 2025 Budget	6,833,220
Working Capital / Fund Balance Policy	10,079,900
Remaining Fund Balance	16,696,853

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

NOTE 7 – SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 30, 2025 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

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Required Supplemental Financial Data

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

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

Schedule of Contributions to Local Government Employees' Retirement System

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

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Schedule of Changes in Total OPEB Liability



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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Clayton's proportion of net pension liability (asset) %	-0.22840%	-0.21944%	-0.20095%	-0.18209%	-0.18570%	-0.17905%	-0.17581%	-0.16683%	-0.15451%	-0.14713%
Clayton's proportion of net pension liability (asset) \$	\$ 15,397,587	\$ 14,533,570	\$ 11,336,450	\$ 2,792,525	\$ 6,635,852	\$ 4,889,716	\$ 4,170,814	\$ 2,548,700	\$ 3,279,220	\$ 660,311
Clayton's covered payroll	\$ 19,046,130	\$ 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
Clayton's proportionate share of net pension liability (asset) as a percentage of its covered payroll	80.84%	85.88%	77.53%	20.87%	52.00%	41.73%	39.27%	25.14%	36.41%	8.00%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

* 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 (LRS)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,998,801	\$ 2,502,784	\$ 2,085,046	\$ 1,687,098	\$ 1,382,696	\$ 1,169,065	\$ 934,387	\$ 820,218	\$ 759,610	\$ 617,145
Contributions in relation to the contractually required contribution	\$ 2,998,801	\$ 2,502,784	\$ 2,085,046	\$ 1,687,098	\$ 1,382,696	\$ 1,169,065	\$ 934,387	\$ 820,218	\$ 759,610	\$ 617,145
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clayton's covered payroll	\$ 21,517,355	\$ 19,046,130	\$ 16,923,449	\$ 14,621,804	\$ 13,381,615	\$ 12,761,907	\$ 11,718,813	\$ 10,619,679	\$ 10,139,578	\$ 9,006,884
Contributions as a percentage of covered payroll	13.94%	13.14%	12.32%	11.54%	10.33%	9.16%	7.97%	7.72%	7.49%	6.85%

Note: This schedule is intended to present information for ten years.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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%	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 *	\$ 645	\$ 645	\$ 6,496	\$ (8,830)	\$ 14,395	\$ 12,943	\$ 14,063	\$ 59,433	\$ 46,700	\$ 46,361
Total	<u>\$ 645</u>	<u>\$ 645</u>	<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>
Clayton's covered payroll	\$ 3,515,933	\$ 3,515,933	\$ 2,763,820	\$ 2,468,747	\$ 1,910,279	\$ 1,649,386	\$ 1,430,987	\$ 1,204,539	\$ 974,364	\$ 895,826
Clayton's proportionate share of the net pension liability as a percentage of its covered payroll	0.02%	0.02%	0.24%	-0.36%	0.75%	0.78%	0.98%	4.93%	4.79%	5.18%
Plan fiduciary net position as a percentage of the total pension liability	102.76%	98.16%	96.07%	105.58%	92.58%	92.43%	89.69%	89.35%	84.94%	91.40%

* 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 14 to 3 as of June 30, 2024.

The membership declined from 3 to 0 as of June 30, 2025. The Clayton Firefighter Association has been legally dissolved.

Note: This schedule is intended to present information for ten years.

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

Last Nine Fiscal Years	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 2,694,818	\$ 2,716,781	\$ 3,126,220	\$ 3,337,394	\$ 2,311,581	\$ 2,080,484	\$ 2,054,515	\$ 1,762,104	\$ 1,725,158
Service Cost	128,371	97,727	131,681	127,158	90,168	76,741	80,428	73,293	72,517
Interest on total pension liability	103,447	112,501	68,433	63,126	73,565	74,356	63,824	66,804	60,648
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actuarial experience	148,052	(78,294)	5,422	(195,501)	140,951	90,915	29,511	95,487	-
Changes of assumptions and other inputs	(64,413)	59,198	(445,495)	(72,723)	831,094	64,567	(78,254)	119,697	(43,544)
Benefit payments	(217,262)	(213,095)	(169,480)	(133,234)	(109,965)	(75,482)	(69,540)	(62,870)	(52,675)
Other changes	-	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 2,793,013</u>	<u>\$ 2,694,818</u>	<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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 2,793,013	\$ 2,694,818	\$ 2,716,781	\$ 3,126,220	\$ 3,337,394	\$ 2,311,581	\$ 2,080,484	\$ 2,054,515	\$ 1,762,104	\$ 1,725,158
Covered payroll	4,288,253	3,460,556	3,215,396	2,774,442	3,046,140	2,728,300	2,631,786	2,619,148	2,475,010	2,475,010
Total pension liability as a percentage of covered payroll	65.13%	77.87%	84.49%	112.68%	109.56%	84.73%	79.05%	78.44%	71.20%	69.70%

Notes to the Required Schedules:

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

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

Last Eight Fiscal Years	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 100,341	\$ 70,491	\$ 93,345	\$ 85,639	\$ 62,192	\$ 55,482	\$ 57,571	\$ 62,599
Interest on total OPEB liability	60,237	46,099	31,404	28,182	35,057	33,231	28,945	23,863
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actuarial experience	(722)	205,907	1,895	(131,618)	3,886	(5,513)	(999)	(163)
Changes of assumptions and other inputs	(56,616)	38,344	(217,334)	215,618	166,313	14,784	(35,027)	(57,281)
Benefit payments	(43,880)	(41,331)	(35,095)	(18,691)	(15,813)	(9,934)	(8,661)	(8,810)
Other changes	-	-	-	-	-	-	-	-
Net change in total OPEB liability	\$ 59,360	\$ 319,510	\$ (125,785)	\$ 179,130	\$ 251,635	\$ 88,050	\$ 41,829	\$ 20,208
Total OPEB liability - beginning	1,571,733	1,252,223	1,378,008	1,198,878	947,243	859,193	817,364	797,156
Total OPEB liability - ending	\$ 1,631,093	\$ 1,571,733	\$ 1,252,223	\$ 1,378,008	\$ 1,198,878	\$ 947,243	\$ 859,193	\$ 817,364
Covered-employee payroll	\$ 15,142,068	\$ 15,142,068	\$ 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	10.77%	10.38%	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>
2025	3.93%
2024	3.65%
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.

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.

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 and East Clayton 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.

2024 GO Bonds Capital Project Fund – This fund is used to account for major improvements to Community Park.

Fire Apparatus Capital Project Fund – This fund is used to account for the acquisition of fire apparatus.

Library Renovation Capital Project Fund – This fund is used to account for the design and renovation of the Hocutt-Ellington Memorial Library.

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, 2025

	2025		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Ad valorem taxes:			
Taxes	\$ -	\$ 22,730,891	\$ -
Penalties and interest	-	58,980	-
Total	<u>22,818,818</u>	<u>22,789,871</u>	<u>(28,947)</u>
Other taxes and licenses:			
Motor vehicle licenses	-	579,990	-
Payments in lieu of taxes	-	17,535	-
Total	<u>635,200</u>	<u>597,525</u>	<u>(37,675)</u>
Unrestricted intergovernmental:			
Local option sales tax	-	9,646,841	-
ABC profit distribution	-	106,891	-
Gasoline tax refunds	-	-	-
Utilities sales tax	-	1,630,856	-
Piped natural gas sales tax	-	62,104	-
Telecommunications sales tax	-	28,036	-
Video programming fees	-	183,765	-
Beer and wine tax	-	120,253	-
Tax reimbursements	-	110,819	-
Reimbursement from rural fire department	-	3,514,872	-
Total	<u>14,451,599</u>	<u>15,404,437</u>	<u>952,838</u>
Restricted intergovernmental:			
Powell Bill allocation	-	969,820	-
Local grants	-	89,701	-
State grants	-	26,924	-
Federal grants and forfeitures	-	476,955	-
Controlled substance tax	-	14,065	-
PEG channel support	-	77,201	-
First responder subsidy	-	237,014	-
Solid waste disposal tax	-	23,211	-
Total	<u>1,457,390</u>	<u>1,914,891</u>	<u>457,501</u>
Permits and fees:			
Alarm response fees	-	5,100	-
Recreation fees in lieu	-	450,501	-
Building permits	-	1,256,196	-
Stormwater fees	-	504,876	-
Inspection and rezoning fees	-	1,192,012	-
Total	<u>1,819,400</u>	<u>3,408,685</u>	<u>1,589,285</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, 2025

Exhibit A-1
Page 2 of 6

	2025		Variance Positive (Negative)
	Budget	Actual	
REVENUES: (Continued)			
Sales and service:			
Court costs and fees	-	38,464	-
Refuse collection fees	-	3,016,384	-
Cemetery lots and fees	-	115,175	-
Public safety contributions	-	39,591	-
Recreation fees and contributions	-	537,962	-
Clayton Center Cultural Arts	-	301,263	-
Library fees and contributions	-	13,475	-
Total	<u>3,858,834</u>	<u>4,062,314</u>	<u>203,480</u>
Investment earnings	<u>1,991,000</u>	<u>2,836,620</u>	<u>845,620</u>
Miscellaneous:			
Miscellaneous	-	43,206	-
Sale of property	-	361,415	-
Rental revenue	-	98,764	-
Reimbursable projects	-	661,000	-
Damage and insurance reimbursement	-	85,351	-
Total	<u>1,031,500</u>	<u>1,249,736</u>	<u>218,236</u>
Total Revenues	<u>48,063,741</u>	<u>52,264,079</u>	<u>4,200,338</u>
EXPENDITURES:			
General Government:			
Legislative:			
Salaries and employee benefits	-	292,680	-
Other operating expenditures	-	163,145	-
Reimbursement - proprietary funds	-	(35,195)	-
Total	<u>-</u>	<u>420,630</u>	<u>-</u>
Administration:			
Salaries and employee benefits	-	1,297,311	-
Contract services	-	179,359	-
Insurance and bonds	-	282,886	-
Other operating expenditures	-	75,690	-
Reimbursement - proprietary funds	-	(618,066)	-
Capital outlay	-	4,030,820	-
Total	<u>-</u>	<u>5,248,000</u>	<u>-</u>
Human Resources:			
Salaries and employee benefits	-	568,527	-
Contract services	-	184,906	-
Other operating expenditures	-	107,620	-
Reimbursement - proprietary funds	-	(96,999)	-
Total	<u>-</u>	<u>764,054</u>	<u>-</u>
Special Appropriations:			
Citizen boards	-	44,290	-
Cultural arts and economic development	-	-	-
Total	<u>-</u>	<u>44,290</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, 2025

	2025		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
General Government: (Continued)			
Legal:			
Retainer and legal fees	-	595,962	-
Reimbursement - proprietary funds	-	(275,714)	-
Total	-	320,248	-
Total General Government	7,757,770	6,797,222	960,548
Financial Services:			
Salaries and employee benefits	-	1,120,504	-
Contract services	-	587,978	-
Other operating expenditures	-	85,374	-
Reimbursement - proprietary funds	-	(572,418)	-
Total	5,249,244	1,221,438	4,027,806
Customer Service:			
Salaries and employee benefits	-	759,111	-
Bad debt expense	-	12,064	-
Contract services	-	85,163	-
Other operating expenditures	-	24,540	-
Reimbursement - proprietary funds	-	(946,324)	-
Total	10,046	(65,446)	75,492
Data and Technology Services:			
Salaries and employee benefits	-	771,706	-
Other operating expenditures	-	34,382	-
Contract services	-	1,964,725	-
Capital outlay	-	-	-
Reimbursement - proprietary funds	-	(420,971)	-
Total	5,640,669	2,349,842	3,290,827
Community Development Services:			
Planning and Code Enforcement:			
Salaries and employee benefits	-	1,020,469	-
Other operating expenditures	-	158,121	-
Reimbursement - proprietary funds	-	(404,910)	-
Total	972,222	773,680	198,542
Economic Development			
Salaried and employee benefits	-	210,048	-
Other operating expenditures	-	647,806	-
Reimbursement - proprietary funds	-	(823,258)	-
Total	368,475	34,596	333,879
Communications:			
Salaries and employee benefits	-	432,172	-
Other operating expenditures	-	143,470	-
Reimbursement - proprietary funds	-	(163,390)	-
Total	467,797	412,252	55,545

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, 2025

	2025		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
General Government: (Continued)			
Inspections:			
Salaries and employee benefits	-	1,022,289	-
Other operating expenditures	-	(4,299,548)	-
Capital outlay	-	-	-
Reimbursement - general fund	-	5,083,384	-
Total	<u>1,898,669</u>	<u>1,806,125</u>	<u>92,544</u>
Property Maintenance:			
Salaries and employee benefits	-	1,232,398	-
Utilities	-	504,289	-
Maintenance and repair	-	778,974	-
Contract services	-	535,659	-
Other operating expenditures	-	126,558	-
Capital outlay	-	218,352	-
Reimbursement - proprietary funds	-	(477,670)	-
Total	<u>3,648,516</u>	<u>2,918,560</u>	<u>729,956</u>
Engineering:			
Salaries and employee benefits	-	1,137,455	-
Contract services	-	948,653	-
Other operating expenditures	-	53,432	-
Reimbursement - proprietary funds	-	(1,302,344)	-
Total	<u>1,983,348</u>	<u>837,196</u>	<u>1,146,152</u>
Total General Government Operations	<u>27,996,756</u>	<u>17,085,465</u>	<u>10,911,291</u>
Law Enforcement:			
Police Administration:			
Salaries and employee benefits	-	1,374,348	-
Vehicle maintenance	-	1,155	-
Contract services	-	121,231	-
Insurance and bonds	-	81,338	-
Other operating expenditures	-	379,057	-
Total	<u>-</u>	<u>1,957,129</u>	<u>-</u>
Police Patrol:			
Salaries and employee benefits	-	3,493,915	-
Vehicle maintenance	-	77,105	-
Other operating expenditures	-	62,154	-
Total	<u>-</u>	<u>3,633,174</u>	<u>-</u>
Police Support Services			
Salaries and employee benefits	-	2,204,500	-
Vehicle maintenance	-	32,632	-
Other operating expenditures	-	60,827	-
Capital outlay	-	113,544	-
Total	<u>-</u>	<u>2,411,503</u>	<u>-</u>
Total Law Enforcement	<u>8,098,920</u>	<u>8,001,806</u>	<u>97,114</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, 2025

	2025		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Public Safety: (Continued)			
Fire Protection:			
Salaries and employee benefits	-	6,079,716	-
Vehicle maintenance and fuel	-	206,598	-
Contract services	-	194,377	-
Other operating expenditures	-	601,124	-
Capital outlay	-	219,845	-
Total	<u>7,516,849</u>	<u>7,301,660</u>	<u>215,189</u>
Total Public Safety	<u>15,615,769</u>	<u>15,303,466</u>	<u>312,303</u>
Public Works:			
Administration:			
Salaries and employee benefits	-	336,860	-
Other operating expenditures	-	8,012	-
Reimbursement - proprietary funds	-	(116,543)	-
Total	<u>-</u>	<u>228,329</u>	<u>-</u>
Vehicle Maintenance Shop:			
Salaries and employee benefits	-	210,360	-
Fuel	-	283,856	-
Maintenance and repair	-	166,288	-
Other operating expenditures	-	88,809	-
Capital outlay	-	1,253,341	-
Reimbursement - proprietary funds	-	(255,482)	-
Total	<u>-</u>	<u>1,747,172</u>	<u>-</u>
Streets:			
Salaries and employee benefits	-	334,560	-
Maintenance and repair	-	168,701	-
Street lights	-	163,186	-
Other operating expenditures	-	97,278	-
Capital outlay	-	4,435,042	-
Reimbursement - proprietary funds	-	(18,871)	-
Total	<u>-</u>	<u>5,179,896</u>	<u>-</u>
Sanitation:			
Yard waste services	-	669,543	-
Trash hauling fee	-	819,015	-
Landfill fees	-	527,710	-
Recycling efforts	-	709,066	-
Fuel surcharge	-	414,279	-
Miscellaneous activities	-	1,588	-
Total	<u>-</u>	<u>3,141,201</u>	<u>-</u>
Total Public Works	<u>12,260,117</u>	<u>10,296,598</u>	<u>1,963,519</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, 2025

Exhibit A-1
Page 6 of 6

	2025		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Parks & Recreation:			
Salaries and employee benefits	-	2,025,842	-
Maintenance and repair	-	165,308	-
Equipment and supplies	-	255,543	-
Programs	-	112,101	-
Contract services	-	210,195	-
Other operating expenditures	-	178,293	-
Capital outlay	-	57,678	-
Total Parks & Recreation	<u>3,225,373</u>	<u>3,004,960</u>	<u>220,413</u>
Cultural & Performing Arts:			
Salaries and employee benefits	-	610,848	-
Programs	-	158,705	-
Advertising	-	70,315	-
Other operating expenditures	-	42,755	-
Total Cultural & Performing Arts	<u>972,702</u>	<u>882,623</u>	<u>90,079</u>
Library Operations:			
Salaries and employee benefits	-	709,990	-
Programs	-	99,793	-
Other operating expenditures	-	71,150	-
Total Library Operations	<u>988,967</u>	<u>880,933</u>	<u>108,034</u>
Total Cultural and Recreational	<u>5,187,042</u>	<u>4,768,516</u>	<u>418,526</u>
Debt Service:			
Principal retirement	-	1,962,013	-
Interest and fees	-	735,298	-
Total Debt Service	<u>2,697,313</u>	<u>2,697,311</u>	<u>2</u>
Total Expenditures	<u>63,756,997</u>	<u>50,151,356</u>	<u>13,605,641</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,693,256)</u>	<u>2,112,723</u>	<u>17,805,979</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers (to) from other funds:			
Transfer (to) from Special Revenue Fund	-	-	-
Transfer (to) from Capital Project Fund	(250,000)	(248,143)	1,857
Debt issuance	2,680,000	-	(2,680,000)
Total other financing sources (uses)	<u>2,430,000</u>	<u>(248,143)</u>	<u>(2,678,143)</u>
Fund balance appropriated	<u>13,263,256</u>	-	<u>(13,263,256)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,864,580</u>	<u>\$ 1,864,580</u>
Fund balance, beginning		<u>37,939,732</u>	
Fund balance, ending		<u>\$ 39,804,312</u>	

TOWN OF CLAYTON, NORTH CAROLINA
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, 2025

Exhibit A-2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
Capital outlay:					
Construction	800,000	174,169	-	174,169	625,831
Design	200,000	22,659	-	22,659	177,341
Total expenditures	<u>1,000,000</u>	<u>196,828</u>	<u>-</u>	<u>196,828</u>	<u>803,172</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,000,000)</u>	<u>\$ (196,828)</u>	<u>\$ -</u>	<u>\$ (196,828)</u>	<u>\$ 803,172</u>
OTHER FINANCING SOURCES:					
Transfer from General Fund	1,000,000	1,000,000	-	1,000,000	-
Total other financing sources:	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 803,172</u>	<u>\$ -</u>	<u>\$ 803,172</u>	<u>\$ 803,172</u>
Fund balance, beginning			<u>803,172</u>		
Fund balance, ending			<u>\$ 803,172</u>		

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, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	322,695	322,696	-	322,696	1
Total revenues	322,695	322,696	-	322,696	1
EXPENDITURES:					
Capital outlay:					
Closing fees	218,114	218,114	-	218,114	-
Site improvements	11,514,833	11,514,833	-	11,514,833	-
Design	217,928	217,928	-	217,928	-
Total expenditures	11,950,875	11,950,875	-	11,950,875	-
REVENUES OVER (UNDER) EXPENDITURES					
	<u>\$(11,628,180)</u>	<u>\$(11,628,179)</u>	<u>\$ -</u>	<u>\$(11,628,179)</u>	<u>\$ 1</u>
OTHER FINANCING SOURCES:					
Bond issuance	13,500,000	13,500,000	-	13,500,000	-
Premium on bonds issued	1,680,156	1,680,156	-	1,680,156	-
Transfer to Capital Project Fund	(3,551,976)	(3,533,135)	(18,842)	(3,551,977)	(1)
Total other financing sources:	11,628,180	11,647,021	(18,842)	11,628,179	(1)
Net change in fund balance	<u>\$ -</u>	<u>\$ 18,842</u>	<u>\$ (18,842)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>18,842</u>		
Fund balance, ending			<u>\$ -</u>		

CAPITAL PROJECTS FUND

MAIN STREET LAPP PROJECT - HL-0129

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ 455,000	\$ -	\$ 192,424	\$ 192,424	\$ (262,576)
Miscellaneous	-	-	-	-	-
Total revenues	<u>455,000</u>	<u>-</u>	<u>192,424</u>	<u>192,424</u>	<u>(262,576)</u>
EXPENDITURES:					
Capital outlay:					
Construction	650,000	-	385,204	385,204	264,796
Design	-	-	-	-	-
Total expenditures	<u>650,000</u>	<u>-</u>	<u>385,204</u>	<u>385,204</u>	<u>264,796</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (195,000)</u>	<u>\$ -</u>	<u>\$ (192,780)</u>	<u>\$ (192,780)</u>	<u>\$ 2,220</u>
OTHER FINANCING SOURCES:					
Transfer from General Fund	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>-</u>
Total other financing sources:	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ (192,780)</u>	<u>\$ 2,220</u>	<u>\$ 2,220</u>
Fund balance, beginning			<u>195,000</u>		
Fund balance, ending			<u>\$ 2,220</u>		

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

Exhibit A-5

**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, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
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>
OTHER FINANCING SOURCES:					
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	375,000	-	-	-	(375,000)
Total other financing sources:	<u>1,250,000</u>	<u>875,000</u>	<u>-</u>	<u>875,000</u>	<u>(375,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ 875,000</u>
Fund balance, beginning			<u>875,000</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, 2025

	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	2,700	18,013	20,713	79,287
Construction	11,597,000	-	-	-	11,597,000
Design	1,553,000	-	23,235	23,235	1,529,765
Total expenditures	13,250,000	2,700	41,248	43,948	13,206,052
REVENUES OVER (UNDER) EXPENDITURES	<u>\$(13,250,000)</u>	<u>\$ (2,700)</u>	<u>\$ (41,248)</u>	<u>\$ (43,948)</u>	<u>\$ 13,206,052</u>
OTHER FINANCING SOURCES:					
Debt proceeds	12,400,000	-	-	-	(12,400,000)
Transfer from General Fund	850,000	850,000	-	850,000	-
Total other financing sources:	<u>13,250,000</u>	<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>(12,400,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 847,300</u>	<u>\$ (41,248)</u>	<u>\$ 806,052</u>	<u>\$ 806,052</u>
Fund balance, beginning			847,300		
Fund balance, ending			<u>\$ 806,052</u>		

CAPITAL PROJECTS FUND

2024 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, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grants and Donations	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000
Interest revenue	-	100,936	138,561	239,497	239,497
Total revenues	-	100,936	158,561	259,497	259,497
EXPENDITURES:					
Capital outlay:					
Professional services	25,000	14,850	250	15,100	9,900
Closing fees	169,035	169,035	-	169,035	-
Site improvements	5,424,806	2,168,930	2,892,403	5,061,333	363,473
Total expenditures	5,618,841	2,352,815	2,892,653	5,245,468	373,373
REVENUES OVER (UNDER) EXPENDITURES	\$ (5,618,841)	\$ (2,251,879)	\$ (2,734,092)	\$ (4,985,971)	\$ 632,870
OTHER FINANCING SOURCES:					
Bond issuance	4,500,000	4,500,000	-	4,500,000	-
Premium on bonds issued	-	532,797	-	532,797	532,797
Transfer from Capital Project Fund	1,118,841	1,533,135	18,842	1,551,977	433,136
Total other financing sources:	5,618,841	6,565,932	18,842	6,584,774	965,933
Net change in fund balance	\$ -	\$ 4,314,053	\$ (2,715,250)	\$ 1,598,803	\$ 1,598,803
Fund balance, beginning			4,314,053		
Fund balance, ending			\$ 1,598,803		

CAPITAL PROJECTS FUND

FIRE APPPARATUS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
Capital outlay:					
Closing fees	-	-	-	-	-
Heavy vehicles	2,000,000	-	-	-	2,000,000
Total expenditures	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>
OTHER FINANCING SOURCES:					
Debt proceeds	-	-	-	-	-
Transfer from General Fund	2,000,000	200,000	200,000	400,000	(1,600,000)
Total other financing sources:	<u>2,000,000</u>	<u>200,000</u>	<u>200,000</u>	<u>400,000</u>	<u>(1,600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 200,000</u>	\$ 200,000	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Fund balance, beginning			<u>200,000</u>		
Fund balance, ending			<u>\$ 400,000</u>		

CAPITAL PROJECTS FUND

LIBRARY RENOVATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Grant revenue	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Interest revenue	-	2,765	5,415	8,180	8,180
Total revenues	<u>250,000</u>	<u>252,765</u>	<u>5,415</u>	<u>258,180</u>	<u>8,180</u>
EXPENDITURES:					
Capital outlay:					
Professional services	141,410	-	7,045	7,045	134,365
Building improvements	2,108,590	-	54,485	54,485	2,054,105
Design	250,000	73,700	156,295	229,995	20,005
Total expenditures	<u>2,500,000</u>	<u>73,700</u>	<u>217,825</u>	<u>291,525</u>	<u>2,208,475</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,250,000)</u>	<u>\$ 179,065</u>	<u>\$ (212,410)</u>	<u>\$ (33,345)</u>	<u>\$ 2,216,655</u>
OTHER FINANCING SOURCES:					
Debt proceeds	2,000,000	-	-	-	(2,000,000)
Transfer from General Fund	250,000	250,000	48,143	298,143	48,143
Total other financing sources:	<u>2,250,000</u>	<u>250,000</u>	<u>48,143</u>	<u>298,143</u>	<u>(1,951,857)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 429,065</u>	<u>\$ (164,267)</u>	<u>\$ 264,798</u>	<u>\$ 264,798</u>
Fund balance, beginning			429,065		
Fund balance, ending			<u>\$ 264,798</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, 2025

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	\$ 3,249	\$ 3,249
Total assets	<u>\$ 3,249</u>	<u>\$ 3,249</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts payable and accrued liabilities	<u> -</u>	<u> -</u>
Fund balance		
Perpetual maintenance	<u> 3,249</u>	<u> 3,249</u>
Total fund balance	<u> 3,249</u>	<u> 3,249</u>
Total liabilities and fund balances	<u>\$ 3,249</u>	<u>\$ 3,249</u>

HORNE CEMETERY FUND

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

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2025

	<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>3,249</u>	
Fund balance, ending		<u>\$ 3,249</u>	

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ENTERPRISE FUNDS

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

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

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.

Clayton to Raleigh Pump Station Improvements Fund – This fund is used to account for pump station improvements related to the construction of the Sam's Branch Water Reclamation Facility.

Starmount/Liberty/W. Main St. Pump Station Improvements Fund – This fund is used to account for improvements to major pump stations.

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
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2025

Exhibit C-1
Page 1 of 2

	2025		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Operating revenues:			
Water sales	\$ -	\$ 15,125,717	\$ -
Sewer charges	-	23,402,820	-
Connection and tap fees	-	66,175	-
Total	<u>39,446,500</u>	<u>38,594,712</u>	<u>(851,788)</u>
Other operating revenues	<u>564,320</u>	<u>2,341,222</u>	<u>1,776,902</u>
Total operating revenues	<u>40,010,820</u>	<u>40,935,934</u>	<u>925,114</u>
Nonoperating revenues:			
Investment earnings	-	61,811	-
Nutrient offset fees	-	264,100	-
System development fees	-	4,906,173	-
Miscellaneous	-	155,234	-
Total nonoperating revenues	<u>17,501,000</u>	<u>5,387,318</u>	<u>(12,113,682)</u>
Total revenues	<u>57,511,820</u>	<u>46,323,252</u>	<u>(11,188,568)</u>
EXPENDITURES:			
Water distribution operations:			
Water purchases	-	5,051,066	-
Salaries and employee benefits	-	1,304,512	-
Meter replacements	-	225,067	-
Bad debt expense	-	74,808	-
Other operating expenditures	-	1,436,053	-
Total water distribution	<u>10,337,678</u>	<u>8,091,506</u>	<u>2,246,172</u>
Preventative maintenance:			
Salaries and employee benefits	-	643,052	-
Chemicals	-	87,064	-
Lift stations	-	70,055	-
Other operating expenditures	-	493,396	-
Total preventative maintenance	<u>1,898,107</u>	<u>1,293,567</u>	<u>604,540</u>
Water treatment:			
Sewer capacity purchases	-	169,500	-
Salaries and employee benefits	-	832,572	-
Chemicals	-	111,446	-
Repairs and maintenance	-	350,050	-
Contract Services	-	6,113,258	-
Other operating expenditures	-	482,123	-
Total water treatment	<u>8,645,994</u>	<u>8,058,949</u>	<u>587,045</u>
Total water distribution and treatment	<u>20,881,779</u>	<u>17,444,022</u>	<u>3,437,757</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, 2025

Exhibit C-1
Page 2 of 2

	2025		Variance Positive (Negative)
	Budget	Actual	
EXPENDITURES: (Continued)			
Debt service:			
Principal	\$ -	\$ 964,542	\$ -
Interest	-	4,982,647	-
Total debt service	<u>5,947,189</u>	<u>5,947,189</u>	<u>-</u>
Capital outlay:			
Water distribution	-	1,165,122	
Water prevention	-	597,558	
Water treatment	-	1,180,000	-
Total capital outlay	<u>19,559,337</u>	<u>2,942,680</u>	<u>16,616,657</u>
Reimbursement - General Fund:			
Support services - General Fund	<u>4,622,930</u>	<u>4,482,792</u>	<u>140,138</u>
Total expenditures	<u>51,011,235</u>	<u>30,816,683</u>	<u>20,194,552</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,500,585</u>	<u>15,506,569</u>	<u>9,005,984</u>
Other financing sources (uses)			
Transfer (to) from Capital Project funds	(9,450,000)	(8,000,000)	1,450,000
Transfer (to) from General Fund	-	-	-
Special Item - Sale of Wastewater Pretreatment Facility	-	-	-
Total other financing sources	<u>(9,450,000)</u>	<u>(8,000,000)</u>	<u>1,450,000</u>
Fund balance appropriated	<u>2,949,415</u>	<u>-</u>	<u>(2,949,415)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>7,506,569</u>	<u>7,506,569</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 7,506,569	
Reconciling items:			
Capital outlay		2,942,680	
Principal retirement		964,542	
Capital lease obligations issued		-	
Amortize bond premium		331,507	
Increase in accrued vacation pay		11,810	
Decrease in deferred outflows of resources - pensions		38,787	
Increase in net pension liability		(249,249)	
Increase in deferred inflows of resources - pensions		(6,079)	
Decrease in deferred outflows of resources - OPEB		(2,467)	
Increase in deferred inflows of resources - OPEB		(618)	
Increase in OPEB liability		(4,766)	
Depreciation & Amortization		(2,491,182)	
Transfer to Capital Project Funds		8,000,000	
Disposition of trailer		(699)	
Capital contributions		561,759	
Interest income from capital project funds		<u>2,112,395</u>	
Total Reconciling items		<u>12,208,420</u>	
Change in net position		<u>\$ 19,714,989</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, 2025

Exhibit C-2

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES					
Grant revenue	\$ 50,159,500	\$ 43,586,671	\$ 561,759	\$ 44,148,430	\$ (6,011,070)
Interest earnings	-	6,806,849	1,874,365	8,681,214	8,681,214
Total revenues	<u>50,159,500</u>	<u>50,393,520</u>	<u>2,436,124</u>	<u>52,829,644</u>	<u>2,670,144</u>
EXPENDITURES:					
Professional services	35,000,000	17,855,558	3,103,667	20,959,225	14,040,775
Construction	238,585,000	135,627,022	57,760,168	193,387,190	45,197,810
Easement acquisition	1,250,000	1,105,815	5,424	1,111,239	138,761
Closing fees	2,700,000	2,465,859	-	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	11,714,818	-	-	-	11,714,818
Total expenditures	<u>305,408,400</u>	<u>170,953,891</u>	<u>60,869,259</u>	<u>231,823,150</u>	<u>73,585,250</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (255,248,900)</u>	<u>\$ (120,560,371)</u>	<u>\$ (58,433,135)</u>	<u>\$ (178,993,506)</u>	<u>\$ 76,255,394</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	33,550,000	33,550,000	-	33,550,000	-
Proceeds from revenue bond	221,698,900	122,586,017	21,117,098	143,703,115	(77,995,785)
Premium on revenue bonds issued	-	8,287,682	-	8,287,682	8,287,682
Total other financing sources	<u>255,248,900</u>	<u>164,423,699</u>	<u>21,117,098</u>	<u>185,540,797</u>	<u>(69,708,103)</u>
REVENUES AND OTHER FINANCING					
SOURCES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ 43,863,328</u>	<u>\$ (37,316,037)</u>	<u>\$ 6,547,291</u>	<u>\$ 6,547,291</u>
Fund balance, beginning			<u>43,863,328</u>		
Fund balance, ending			<u>\$ 6,547,291</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, 2025

Exhibit C-3

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
EXPENDITURES:					
Professional services	123,000	119,248	-	119,248	3,752
Sewer line improvements	1,420,000	1,173,150	-	1,173,150	246,850
Contingency	385,750	1,711	-	1,711	384,039
Total expenditures	1,928,750	1,294,109	-	1,294,109	634,641
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (1,928,750)</u>	<u>\$ (1,294,109)</u>	\$ -	<u>\$ (1,294,109)</u>	<u>\$ 634,641</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	1,928,750	1,928,750	(634,641)	1,294,109	(634,641)
Total other financing sources	<u>1,928,750</u>	<u>1,928,750</u>	<u>(634,641)</u>	<u>1,294,109</u>	<u>(634,641)</u>
REVENUES AND OTHER FINANCING					
SOURCES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ 634,641</u>	\$ (634,641)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			634,641		
Fund balance, ending			<u>\$ -</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, 2025**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Grant revenue	\$ 4,000,000	\$ -	\$ -	\$ -	\$ (4,000,000)
Interest earnings	-	399,043	238,030	637,073	637,073
Total revenues	4,000,000	399,043	238,030	637,073	(3,362,927)
EXPENDITURES:					
Professional services	250,000	33,268	34,186	67,454	182,546
Water line improvements	10,350,000	-	608,000	608,000	9,742,000
Sewer line improvements	4,000,000	-	-	-	4,000,000
Total expenditures	14,600,000	33,268	642,186	675,454	13,924,546
REVENUES OVER (UNDER) EXPENDITURES	\$ (10,600,000)	\$ 365,775	\$ (404,156)	\$ (38,381)	\$ 10,561,619
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	700,000	700,000	-	700,000	-
Capital contributions	2,900,000	-	-	-	(2,900,000)
Proceeds from revenue bond	7,000,000	7,000,000	-	7,000,000	-
Total other financing sources	10,600,000	7,700,000	-	7,700,000	(2,900,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ 8,065,775	\$ (404,156)	\$ 7,661,619	\$ 7,661,619
Fund balance, beginning			8,065,775		
Fund balance, ending			\$ 7,661,619		

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, 2025

Exhibit C-5

	Project Authorization	Prior Years	Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES:					
Easement acquisition	250,000	-	-	-	250,000
Water line improvements	1,917,000	-	-	-	1,917,000
Sewer line improvements	9,627,641	-	-	-	9,627,641
Total expenditures	11,794,641	-	-	-	11,794,641
REVENUES OVER (UNDER)					
EXPENDITURES	\$ (11,794,641)	\$ -	\$ -	\$ -	\$ 11,794,641
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	11,794,641	11,160,000	8,000,000	19,160,000	7,365,359
Transfer from Capital Project Fund	-	-	634,641	634,641	634,641
Total other financing sources	11,794,641	11,160,000	8,634,641	19,794,641	8,000,000
REVENUES AND OTHER FINANCING					
SOURCES OVER (UNDER)					
EXPENDITURES	\$ -	\$ 11,160,000	\$ 8,634,641	\$ 19,794,641	\$ 19,794,641
Fund balance, beginning			11,160,000		
Fund balance, ending			\$ 19,794,641		

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND -
CLAYTON TO RALEIGH PUMP STATION IMPROVEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2025

Exhibit C-6

	Project Authorization	Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Grant revenue	\$ 2,326,419	\$ -	\$ -	\$ -	\$ (2,326,419)
Interest earnings	-	-	-	-	-
Total revenues	<u>2,326,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,326,419)</u>
EXPENDITURES:					
Easement acquisition	-	-	-	-	-
Sewer line improvements	<u>2,326,419</u>	<u>-</u>	<u>2,209,334</u>	<u>2,209,334</u>	<u>117,085</u>
Total expenditures	<u>2,326,419</u>	<u>-</u>	<u>2,209,334</u>	<u>2,209,334</u>	<u>117,085</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,209,334)</u>	<u>\$ (2,209,334)</u>	<u>\$ (2,209,334)</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	-	-	-	-	-
Transfer from Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING					
SOURCES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,209,334)</u>	<u>\$ (2,209,334)</u>	<u>\$ (2,209,334)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (2,209,334)</u>		

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND -
STARMOUNT/LIBERTY/W. MAIN ST. PUMP STATION IMPROVEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2025

Exhibit C-7

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES					
Grant revenue	\$ 300,000	\$ -	\$ -	\$ -	\$ (300,000)
Interest earnings	-	-	-	-	-
Total revenues	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
EXPENDITURES:					
Professional services	210,995	-	1,625	1,625	209,370
Easement acquisition	42,500	-	7,265	7,265	35,235
Sewer line improvements	-	-	-	-	-
Contingency	<u>46,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,505</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>8,890</u>	<u>8,890</u>	<u>291,110</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,890)</u>	<u>\$ (8,890)</u>	<u>\$ (8,890)</u>
OTHER FINANCING SOURCES:					
Operating transfers (to) from:					
Water and Sewer fund	-	-	-	-	-
Transfer from Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING					
SOURCES OVER (UNDER)					
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,890)</u>	<u>\$ (8,890)</u>	<u>\$ (8,890)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (8,890)</u>		

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2025**

	2025		Variance Positive (Negative)
	Budget	Actual	
REVENUES:			
Operating revenues:			
Electricity sales	\$ -	\$ 19,616,959	\$ -
Connection fees	-	56,680	-
Penalties	-	441,069	-
Total	<u>20,110,000</u>	<u>20,114,708</u>	<u>4,708</u>
Other operating revenues	478,000	566,040	88,040
Total operating revenues	<u>20,588,000</u>	<u>20,680,748</u>	<u>92,748</u>
Nonoperating revenues:			
Investment earnings	-	293,346	-
Damage reimbursement	-	29,989	-
Miscellaneous	-	276,652	-
Total nonoperating revenues	<u>126,000</u>	<u>599,987</u>	<u>473,987</u>
Total revenues	<u>20,714,000</u>	<u>21,280,735</u>	<u>566,735</u>
EXPENDITURES:			
Electric operations:			
Electric power purchased	-	12,263,845	-
Salaries and employee benefits	-	1,628,605	-
System maintenance	-	422,616	-
Contracted services	-	336,834	-
Vehicle maintenance	-	57,350	-
Load control expense	-	3,560	-
Bad debt expense	-	91,157	-
Recurring program initiative	-	145,703	-
Other operating expenditures	-	283,674	-
Total electric operations	<u>16,177,848</u>	<u>15,233,344</u>	<u>944,504</u>
Debt service:			
Principal	-	459,769	-
Interest	-	89,949	-
Total debt service	<u>549,718</u>	<u>549,718</u>	<u>-</u>
Capital outlay	<u>2,541,797</u>	<u>2,490,387</u>	<u>51,410</u>
Reimbursement - General Fund:			
Taxes	110,819	110,819	-
Support services	1,634,555	1,507,318	-
Total reimbursement	<u>1,745,374</u>	<u>1,618,137</u>	<u>127,237</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2025

	2025		Variance Positive (Negative)
	Budget	Actual	
Total expenditures	<u>21,014,737</u>	<u>19,891,586</u>	<u>1,123,151</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (300,737)</u>	<u>\$ 1,389,149</u>	<u>\$ 1,689,886</u>
Other financing sources (uses)			
Transfer (to) from Capital Project Fund	-	-	-
Transfer (to) from General Fund - Project Cost Share	-	-	-
Debt issuance	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	<u>300,737</u>	<u>-</u>	<u>(300,737)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,389,149</u>	<u>1,389,149</u>
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 1,389,149	
Reconciling items:			
Capital outlay		2,490,387	
Principal retirement		459,769	
Increase in accrued vacation pay		20,060	
Increase in deferred outflows of resources - pensions		33,383	
Increase in net pension liability		(183,316)	
Increase in deferred inflows of resources - pensions		(4,285)	
Decrease in deferred outflows of resources - OPEB		(3,456)	
Increase in deferred inflows of resources - OPEB		(694)	
Increase in OPEB liability		(5,653)	
Depreciation		(1,150,973)	
Disposition of bucket truck		(56,312)	
Interest income from capital project funds		-	
Debt proceeds		<u>-</u>	
Total Reconciling items		<u>1,598,910</u>	
Change in net position		<u>\$ 2,988,059</u>	

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, 2025

	<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

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

Custodial Fund

Claytex Fire District – This fund accounts for taxes assessed from taxpayers in a special area for fire services for that area. This fund is closed due to the creation of a countywide fire protection services district by Johnston County.

TOWN OF CLAYTON, NORTH CAROLINA
CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2025

Exhibit D-1

	<u>Claytex Fire District Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS		
Property taxes collected for other governments	<u>\$ 2,883,390</u>	<u>\$ 2,883,390</u>
Total additions	<u>2,883,390</u>	<u>2,883,390</u>
DEDUCTIONS		
Property taxes distributed to other governments	<u>2,908,096</u>	<u>2,908,096</u>
Net increase (decrease) in fiduciary net position	<u>(24,706)</u>	<u>(24,706)</u>
Net position, beginning	<u>24,706</u>	<u>24,706</u>
Net position, ending	<u>\$ -</u>	<u>\$ -</u>

Other Schedules

This section contains additional information on property taxes.

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

TOWN OF CLAYTON, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2025

Exhibit E-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 22,759,740	\$ 22,751,336	\$ 8,404
2023-2024	5,146	-	2,168	2,978
2022-2023	1,739	-	308	1,432
2021-2022	1,286	-	-	1,286
2020-2021	973	-	15	958
2019-2020	2,716	-	27	2,690
2018-2019	649	-	-	649
2017-2018	342	-	-	342
2016-2017	539	-	76	463
2015-2016	132	-	-	132
2014-2015	190	-	190	-
	<u>\$ 13,712</u>	<u>\$ 22,759,740</u>	<u>\$ 22,754,119</u>	<u>\$ 19,333</u>
Less: Allowance for uncollectible accounts General Fund				<u>6,800</u>
Ad valorem taxes receivable - net				<u>\$ 12,533</u>
Reconcilement with revenues				
Ad valorem taxes - General Fund				<u>\$ 22,790,198</u>
Reconciling items:				
Interest collected				(59,343)
EDIG rebate				-
Releases/adjustments				<u>23,264</u>
Subtotal				<u>(36,079)</u>
Total collections and credits				<u>\$ 22,754,119</u>

TOWN OF CLAYTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2025

Exhibit E-2

	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$3,454,106,315	\$ 0.600	\$22,451,719	\$20,397,682	\$2,054,037
Penalties	-		-	-	-
Total	<u>3,454,106,315</u>		<u>22,451,719</u>	<u>20,397,682</u>	<u>2,054,037</u>
Discoveries:					
Current year's taxes	42,135,774	0.65	273,883	273,883	-
Prior year taxes	5,717,980	0.60	34,138	34,138	-
Total	<u>47,853,754</u>		<u>308,020</u>	<u>308,020</u>	<u>-</u>
Abatements:					
Current year's taxes	(3,321,107)		(21,585)	(10,623)	(10,961)
Total	<u>(3,321,107)</u>		<u>(21,585)</u>	<u>(10,623)</u>	<u>(10,961)</u>
Total property valuation	<u><u>\$3,498,638,962</u></u>				
Net levy			22,738,155	20,695,079	2,043,076
Uncollected taxes at June 30, 2025			<u>8,404</u>	<u>8,404</u>	<u>-</u>
Current year's taxes collected			<u>\$22,729,751</u>	<u>\$20,686,676</u>	<u>\$2,043,076</u>
Current levy collection percentage			<u>99.96%</u>	<u>99.96%</u>	<u>100.00%</u>

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STATISTICAL SECTION

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

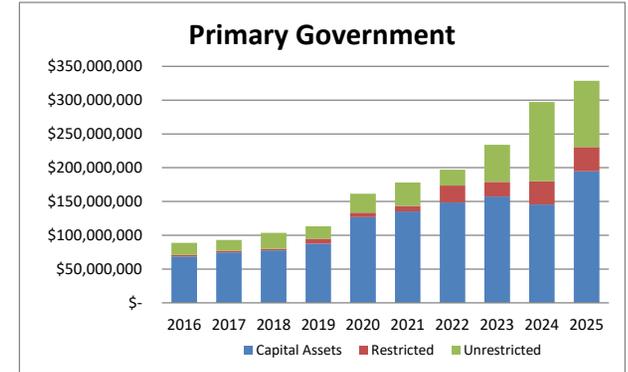
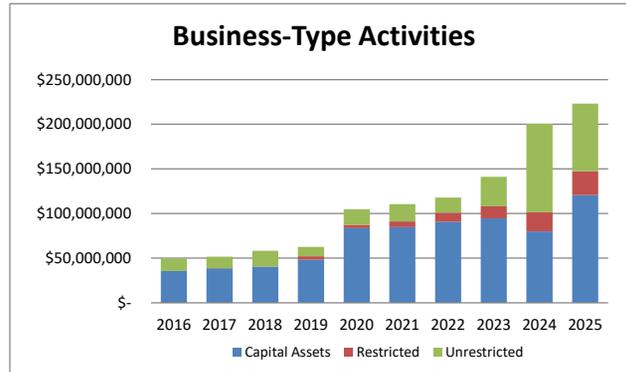
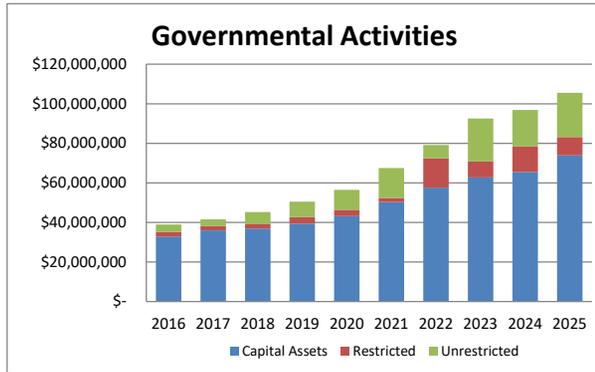
Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	96
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	105
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	109
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	114
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	116

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



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

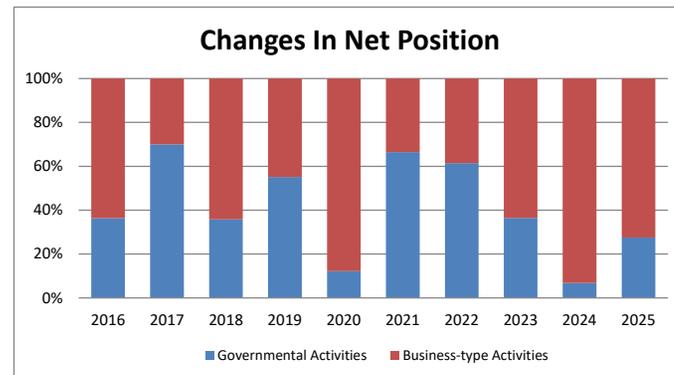
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 73,876,485	\$ 65,585,508	\$ 62,792,021	\$ 57,609,339	\$ 50,317,920	\$ 43,201,046	\$ 39,351,889	\$ 36,938,149	\$ 35,973,550	\$ 32,865,035
Restricted	9,309,515	12,942,938	7,965,569	14,815,825	2,000,914	3,153,270	3,328,835	2,144,165	2,302,440	2,290,128
Unrestricted	22,327,493	18,363,172	21,823,151	6,741,544	15,205,881	10,085,971	7,853,848	6,203,099	3,239,392	3,822,365
Total governmental activities net position	\$ 105,513,493	\$ 96,891,618	\$ 92,580,741	\$ 79,166,708	\$ 67,524,715	\$ 56,440,287	\$ 50,534,572	\$ 45,285,413	\$ 41,515,382	\$ 38,977,528
Business-type activities										
Net investment in capital assets	\$ 120,686,206	\$ 79,911,965	\$ 94,584,765	\$ 90,842,773	\$ 84,797,913	\$ 83,545,549	\$ 48,166,815	\$ 40,578,593	\$ 38,690,806	\$ 35,725,111
Restricted	26,742,394	21,459,094	13,538,865	10,235,468	6,377,501	3,668,433	3,887,548	60,512	28,796	21,284
Unrestricted	75,742,156	99,096,649	33,180,906	16,814,900	19,406,148	17,775,810	10,623,171	17,764,225	12,915,471	13,970,056
Total business-type activities net position	\$ 223,170,756	\$ 200,467,708	\$ 141,304,536	\$ 117,893,141	\$ 110,581,562	\$ 104,989,792	\$ 62,677,534	\$ 58,403,330	\$ 51,635,073	\$ 49,716,451
Primary government										
Net investment in capital assets	\$ 194,562,691	\$ 145,497,473	\$ 157,376,786	\$ 148,452,112	\$ 135,115,833	\$ 126,746,595	\$ 87,518,704	\$ 77,516,742	\$ 74,664,356	\$ 68,590,146
Restricted	36,051,909	34,402,032	21,504,434	25,051,293	8,378,415	6,821,703	7,216,383	2,204,677	2,331,236	2,311,412
Unrestricted	98,069,649	117,459,821	55,004,057	23,556,444	34,612,029	27,861,781	18,477,019	23,967,324	16,154,863	17,792,421
Total primary government net position	\$ 328,684,249	\$ 297,359,326	\$ 233,885,277	\$ 197,059,849	\$ 178,106,277	\$ 161,430,079	\$ 113,212,106	\$ 103,688,743	\$ 93,150,455	\$ 88,693,979



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

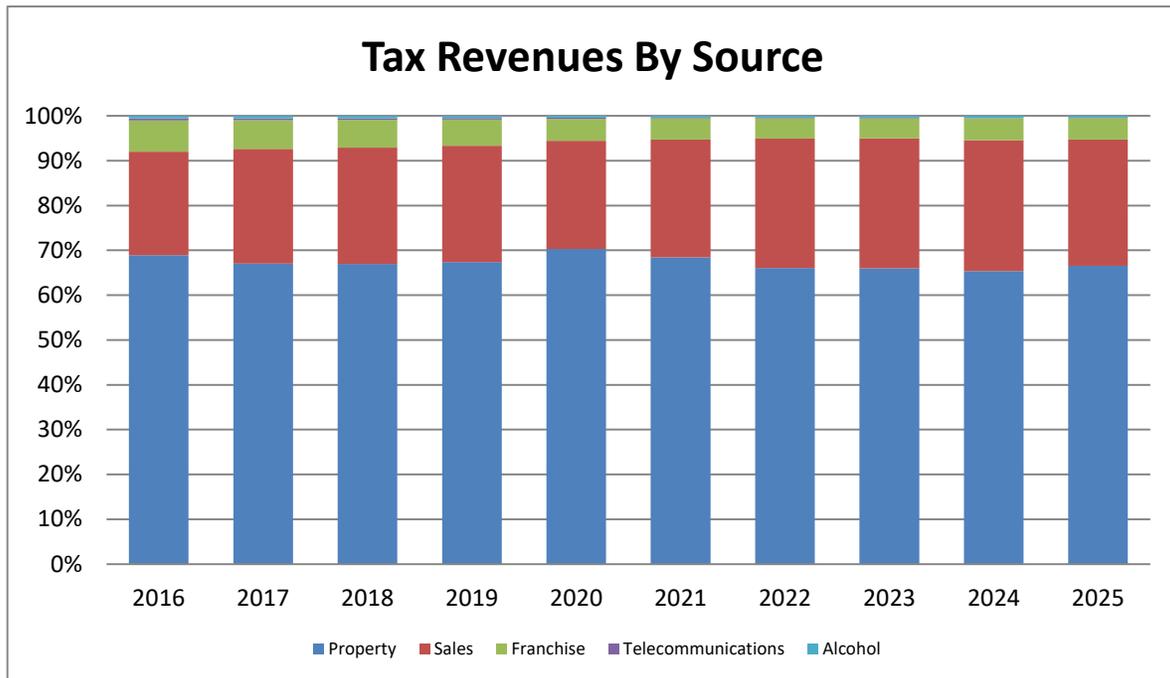
Expenses	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
General government	\$ 15,379,834	\$ 18,190,132	\$ 10,040,604	\$ 4,984,221	\$ 5,976,154	\$ 5,387,470	\$ 4,367,920	\$ 3,364,206	\$ 3,073,268	\$ 3,444,798
Public safety	16,283,015	14,085,829	11,916,599	10,777,094	9,635,098	9,067,727	8,316,755	7,598,194	7,182,282	6,688,430
Public works	5,514,861	5,060,019	7,275,518	5,955,153	6,796,621	6,363,541	5,571,092	4,566,117	4,147,262	4,230,893
Culture and recreation	6,215,477	5,120,087	4,608,646	4,755,756	3,814,011	3,625,066	3,246,162	2,880,502	2,957,396	2,793,931
Interest on long-term debt	606,436	589,430	706,470	280,480	300,165	332,641	365,056	396,619	420,924	810,830
Total governmental activities expenses	<u>43,999,623</u>	<u>43,045,497</u>	<u>34,547,837</u>	<u>26,752,704</u>	<u>26,522,049</u>	<u>24,776,445</u>	<u>21,866,985</u>	<u>18,805,638</u>	<u>17,781,132</u>	<u>17,968,882</u>
Business-type activities:										
Water and sewer	29,281,718	31,100,052	22,375,939	21,137,725	20,457,981	17,004,328	17,037,703	15,346,202	10,498,489	9,356,037
Electric	18,236,364	16,692,682	15,358,385	14,900,415	13,469,021	13,561,134	13,377,331	12,410,909	12,530,970	11,497,617
Total business-type activities expenses	<u>47,518,082</u>	<u>47,792,734</u>	<u>37,734,324</u>	<u>36,038,140</u>	<u>33,927,002</u>	<u>30,565,462</u>	<u>30,415,034</u>	<u>27,757,111</u>	<u>23,029,459</u>	<u>20,853,654</u>
Total primary government expenses	<u>\$ 91,517,705</u>	<u>\$ 90,838,231</u>	<u>\$ 72,282,161</u>	<u>\$ 62,790,844</u>	<u>\$ 60,449,051</u>	<u>\$ 55,341,907</u>	<u>\$ 52,282,019</u>	<u>\$ 46,562,749</u>	<u>\$ 40,810,591</u>	<u>\$ 38,822,536</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,068,259	\$ 2,697,183	\$ 1,105,475	\$ 824,813	\$ 1,642,259	\$ 1,591,581	\$ 1,641,798	\$ 1,250,252	\$ 1,266,885	\$ 900,372
Public safety	43,564	27,366	30,813	17,746	17,213	20,904	21,476	20,247	17,580	20,917
Public works	3,016,384	2,888,678	3,566,305	3,657,065	2,360,439	2,150,029	1,823,865	1,676,710	1,617,747	1,543,930
Culture and recreation	1,303,201	1,510,890	1,789,196	1,424,653	841,669	805,908	1,055,759	912,104	924,783	900,797
Operating grants and contributions	4,511,948	3,714,723	11,199,156	3,923,294	4,113,936	2,423,920	2,517,987	1,412,842	1,796,504	1,782,270
Capital grants and contributions	1,162,244	1,114,017	812,931	1,054,584	3,634,970	646,107	1,001,654	530,084	1,166,222	595,913
Total governmental activities program revenues	<u>13,105,600</u>	<u>11,952,857</u>	<u>18,503,876</u>	<u>10,902,155</u>	<u>12,610,486</u>	<u>7,638,449</u>	<u>8,062,539</u>	<u>5,802,239</u>	<u>6,789,721</u>	<u>5,744,199</u>
Business-type activities:										
Charges for services:										
Water and sewer	38,594,712	31,897,088	26,191,023	21,969,262	20,183,707	16,583,956	12,155,613	10,698,487	9,555,071	8,915,619
Electric	20,114,708	18,205,427	16,439,998	15,315,675	14,814,990	13,822,889	14,260,363	13,408,809	12,808,389	12,257,935
Operating grants and contributions	2,907,262	2,011,510	1,729,931	1,546,737	1,309,629	1,515,994	1,119,517	955,519	794,406	707,079
Capital grants and contributions	561,759	41,429,704	2,156,967	-	-	657,708	2,242,865	312,696	-	941,142
Total business-type activities program revenues	<u>62,178,441</u>	<u>93,543,729</u>	<u>46,517,919</u>	<u>38,831,674</u>	<u>36,308,326</u>	<u>32,580,547</u>	<u>29,778,358</u>	<u>25,375,511</u>	<u>23,157,866</u>	<u>22,821,775</u>
Total primary government program revenues	<u>\$ 75,284,041</u>	<u>\$ 105,496,586</u>	<u>\$ 65,021,795</u>	<u>\$ 49,733,829</u>	<u>\$ 48,918,812</u>	<u>\$ 40,218,996</u>	<u>\$ 37,840,897</u>	<u>\$ 31,177,750</u>	<u>\$ 29,947,587</u>	<u>\$ 28,565,974</u>

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense) revenue										
Governmental activities	\$ (30,894,023)	\$ (31,092,640)	\$ (16,043,961)	\$ (15,850,549)	\$ (13,911,563)	\$ (17,137,996)	\$ (13,804,446)	\$ (13,003,399)	\$ (10,991,411)	\$ (12,224,683)
Business-type activities	14,660,359	45,750,995	8,783,595	2,793,534	2,381,324	2,015,085	(636,676)	(2,381,600)	128,407	1,968,121
Total primary government net (expense) revenue	<u>\$ (16,233,664)</u>	<u>\$ 14,658,355</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 23,373,782	\$ 20,557,357	\$ 19,576,421	\$ 17,855,250	\$ 16,904,303	\$ 15,595,683	\$ 12,335,657	\$ 10,713,528	\$ 10,160,122	\$ 9,722,227
Other taxes	11,367,837	10,493,109	9,710,327	8,819,889	7,524,950	6,248,790	5,721,185	5,208,184	4,904,578	4,281,555
Unrestricted intergovernmental revenues	546,849	537,458	521,107	488,947	418,523	422,305	391,933	392,041	388,786	397,071
Investment earnings	2,980,597	2,763,702	1,692,040	76,714	7,992	284,346	416,160	199,182	67,863	32,758
Miscellaneous	1,249,736	1,184,482	333,099	251,742	140,223	242,587	188,670	260,495	168,172	312,878
Transfers	-	-	(2,375,000)	-	-	250,000	-	-	-	-
Special items	(2,903)	(132,591)	-	-	-	-	-	-	-	-
Total governmental activities	<u>39,515,898</u>	<u>35,403,517</u>	<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>
Business-type activities										
Investment earnings	2,467,552	4,570,548	2,954,275	11,052	9,601	119,849	74,930	48,381	26,916	14,362
Miscellaneous	5,632,148	8,841,629	4,023,683	4,506,993	3,200,845	7,469,798	4,835,950	9,101,476	1,856,607	2,419,542
Special items	(57,011)	-	5,274,842	-	-	32,957,526	-	-	-	-
Transfers	-	-	2,375,000	-	-	(250,000)	-	-	-	-
Total business-type activities	<u>8,042,689</u>	<u>13,412,177</u>	<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>
Total primary government	<u>\$ 47,558,587</u>	<u>\$ 48,815,694</u>	<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>
Changes in Net Position										
Governmental activities	\$ 8,621,875	\$ 4,310,877	\$ 13,414,033	\$ 11,641,993	\$ 11,084,428	\$ 5,905,715	\$ 5,249,159	\$ 3,770,031	\$ 4,698,110	\$ 2,521,806
Business-type activities	22,703,048	59,163,172	23,411,395	7,311,579	5,591,770	42,312,258	4,274,204	6,768,257	2,011,930	4,402,025
Total primary government	<u>\$ 31,324,923</u>	<u>\$ 63,474,049</u>	<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>



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

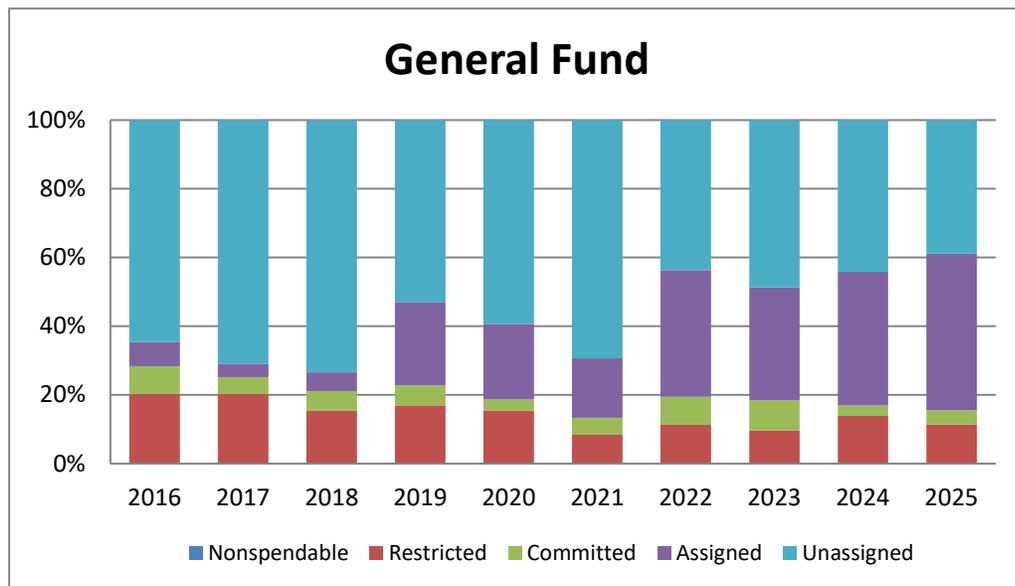
Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Telecommunications Tax
2025	\$ 22,789,871	\$ 9,646,841	\$ 1,630,856	\$ 142,010	\$ 28,036
2024	19,937,388	8,922,538	1,483,654	142,010	29,317
2023	18,968,732	8,339,892	1,272,611	127,757	30,670
2022	17,277,659	7,552,625	1,177,559	105,241	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



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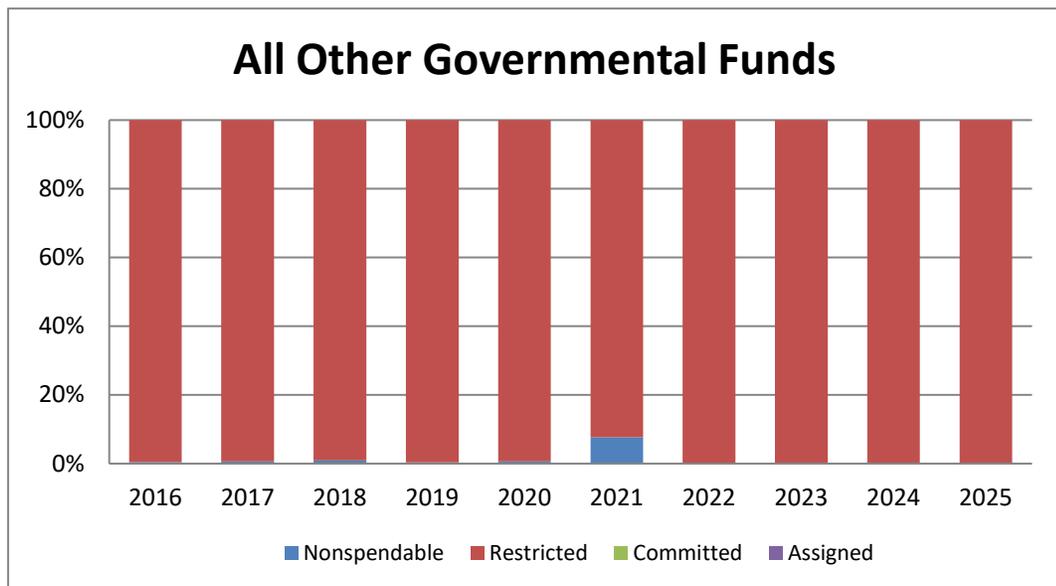
Town of Clayton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2025	2024	2023	2022
General Fund				
Nonspendable	\$ 15,811	\$ 19,888	\$ 23,224	\$ 36,200
Restricted	4,540,410	5,237,369	3,318,068	2,839,395
Committed	1,638,118	1,187,617	3,062,521	2,080,522
Assigned	18,140,677	14,741,561	11,451,056	9,371,041
Unassigned	15,469,296	16,753,297	16,944,446	11,110,765
Total general fund	\$ 39,804,312	\$ 37,939,732	\$ 34,799,315	\$ 25,437,923
All Other Governmental Funds				
Nonspendable	\$ 3,249	\$ 3,249	\$ 3,248	\$ 3,248
Restricted	4,750,045	7,682,432	4,644,253	12,452,886
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	\$ 4,753,294	\$ 7,685,681	\$ 4,647,501	\$ 12,456,134



Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 20,051	\$ 3,811	\$ 6,244	\$ 19,513	\$ 8,961	\$ 12,448
1,958,779	2,631,868	2,441,536	1,787,532	1,833,924	1,548,805
1,159,469	551,053	844,401	666,673	449,090	626,954
4,068,519	3,725,054	3,516,728	642,777	349,852	538,443
<u>16,270,223</u>	<u>10,078,366</u>	<u>7,646,406</u>	<u>8,603,469</u>	<u>6,440,869</u>	<u>4,979,718</u>
<u>\$ 23,477,041</u>	<u>\$ 16,990,152</u>	<u>\$ 14,455,315</u>	<u>\$ 11,719,964</u>	<u>\$ 9,082,696</u>	<u>\$ 7,706,368</u>

\$ 3,248	\$ 3,247	\$ 3,247	\$ 3,246	\$ 3,245	\$ 3,244
38,887	518,155	884,052	353,387	465,271	738,079
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 42,135</u>	<u>\$ 521,402</u>	<u>\$ 887,299</u>	<u>\$ 356,633</u>	<u>\$ 468,516</u>	<u>\$ 741,323</u>



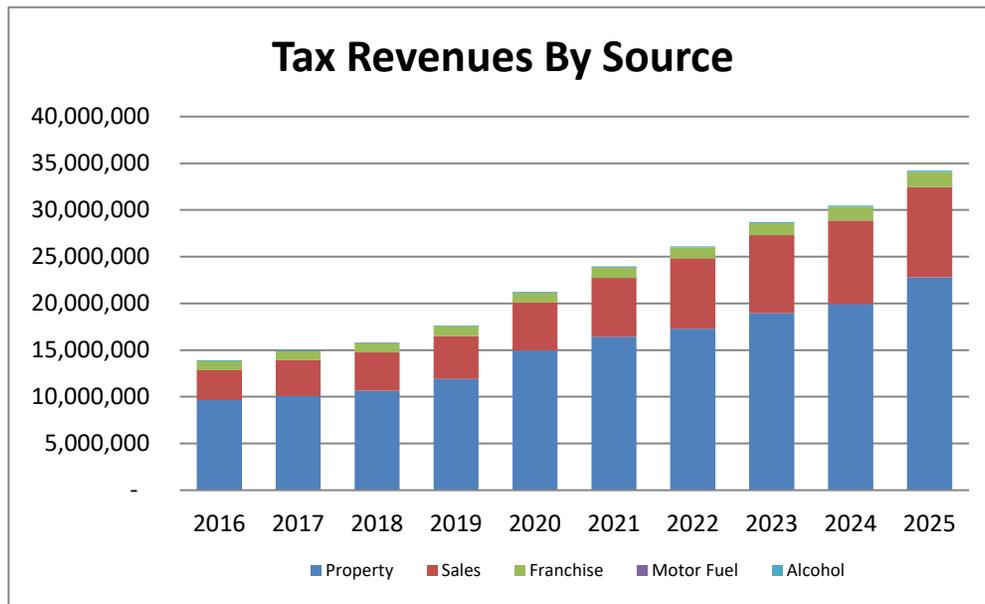
Town of Clayton
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2025	2024	2023	2022
Revenues				
Taxes	\$ 22,789,871	\$ 19,937,388	\$ 18,968,732	\$ 17,277,659
Licenses and permits	4,006,210	3,850,771	3,579,387	3,611,962
Intergovernmental	17,511,752	15,835,167	22,220,281	14,237,877
Charges for services	4,062,314	3,923,021	3,550,842	2,946,467
Investment earnings	2,980,597	2,763,702	1,692,040	76,714
Miscellaneous	1,269,736	1,184,482	333,099	251,742
Total revenues	<u>52,620,480</u>	<u>47,494,531</u>	<u>50,344,381</u>	<u>38,402,421</u>
Expenditures				
General government	12,836,293	13,873,092	8,094,740	6,343,767
Public safety	14,970,077	13,050,435	11,251,049	9,979,156
Public works	4,608,215	4,155,172	6,486,869	5,224,365
Culture and recreation	4,710,838	4,209,078	4,038,359	4,203,649
Capital outlay	13,865,553	8,778,427	14,105,911	9,796,884
Debt Service				
Principal	1,962,013	1,693,097	1,733,224	3,379,394
Interest and other fees	735,298	589,430	706,470	280,480
Total expenditures	<u>53,688,287</u>	<u>46,348,731</u>	<u>46,416,622</u>	<u>39,207,695</u>
Excess of revenues over (under) expenditures	(1,067,807)	1,145,800	3,927,759	(805,274)
Other financing sources (uses)				
Transfers In (Out)	-	-	(2,375,000)	-
Proceeds from borrowings	-	-	-	-
Bonds issued	-	4,500,000	-	13,500,000
Premium on bonds issued	-	532,797	-	1,680,156
Capital leases	-	-	-	-
Fair market value of purchased property	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,032,797</u>	<u>(2,375,000)</u>	<u>15,180,156</u>
Net changes in fund balances	<u>\$ (1,067,807)</u>	<u>\$ 6,178,597</u>	<u>\$ 1,552,759</u>	<u>\$ 14,374,882</u>
Fund balances, beginning	45,625,413	39,446,816	37,894,057	23,519,176
Change in accounting principle	-	-	-	-
Prior period adjustment	-	-	-	-
Fund balances, beginning as restated	<u>45,625,413</u>	<u>39,446,816</u>	<u>37,894,057</u>	<u>23,519,176</u>
Fund balances, ending	<u>\$ 44,557,606</u>	<u>\$ 45,625,413</u>	<u>\$ 39,446,816</u>	<u>\$ 37,894,058</u>
Debt service as a percentage of noncapital expenditures	6.77%	6.08%	7.55%	12.44%

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 16,428,297	\$ 14,957,537	\$ 11,920,879	\$ 10,636,590	\$ 10,084,003	\$ 9,633,212
2,855,898	2,539,375	2,343,627	1,580,226	1,678,714	1,268,508
15,574,258	9,650,691	9,560,774	7,503,648	8,241,150	7,012,885
2,712,023	2,641,797	2,686,465	2,399,478	2,241,345	2,214,357
7,992	284,346	416,160	199,182	67,863	32,758
140,222	242,587	188,670	260,495	168,172	312,878
<u>37,718,690</u>	<u>30,316,333</u>	<u>27,116,575</u>	<u>22,579,619</u>	<u>22,481,247</u>	<u>20,474,598</u>
4,501,701	3,987,376	3,700,891	3,486,515	3,254,628	3,329,772
8,922,644	8,432,002	7,788,507	7,031,582	6,715,156	6,214,778
6,153,643	5,780,917	5,015,247	4,019,546	3,628,355	3,746,085
3,377,330	3,160,689	2,764,963	2,495,244	2,584,627	2,422,091
8,023,206	5,399,768	2,875,337	1,082,159	3,258,335	2,173,397
1,304,000	1,304,000	1,340,557	1,542,569	1,515,701	1,423,505
300,165	332,641	365,056	396,619	420,924	810,830
<u>32,582,689</u>	<u>28,397,393</u>	<u>23,850,558</u>	<u>20,054,234</u>	<u>21,377,726</u>	<u>20,120,458</u>
5,136,001	1,918,940	3,266,017	2,525,385	1,103,521	354,140
-	250,000	-	-	-	-
871,621	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	217,214
-	-	-	-	-	-
<u>871,621</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,214</u>
<u>\$ 6,007,622</u>	<u>\$ 2,168,940</u>	<u>\$ 3,266,017</u>	<u>\$ 2,525,385</u>	<u>\$ 1,103,521</u>	<u>\$ 571,354</u>
17,511,554	15,342,614	12,076,597	9,551,212	8,447,691	7,876,337
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,511,554</u>	<u>15,342,614</u>	<u>12,076,597</u>	<u>9,551,212</u>	<u>8,447,691</u>	<u>7,876,337</u>
<u><u>\$ 23,519,176</u></u>	<u><u>\$ 17,511,554</u></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>
6.53%	7.12%	8.13%	10.22%	10.69%	12.45%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax ¹	Alcoholic Beverage Tax	Total
2025	\$ 22,789,871	\$ 9,646,841	\$ 1,630,856	\$ -	\$ 142,010	34,209,578
2024	19,937,388	8,922,538	1,483,654	-	142,010	30,485,590
2023	18,968,732	8,339,892	1,272,611	-	127,757	28,708,992
2022	17,277,659	7,552,625	1,177,559	-	105,241	26,113,084
2021	16,428,297	6,312,013	1,121,733	362	99,297	23,961,702
2020	14,957,537 ²	5,122,598	1,046,673	396	91,002	21,218,206
2019	11,920,879	4,585,262	1,038,688	186	86,900	17,631,915
2018	10,636,590	4,125,965	977,539	841	84,144	15,825,079
2017	10,084,003	3,845,911	959,773	103	84,946	14,974,736
2016	9,633,212	3,227,971	968,093	88	76,300	13,905,664

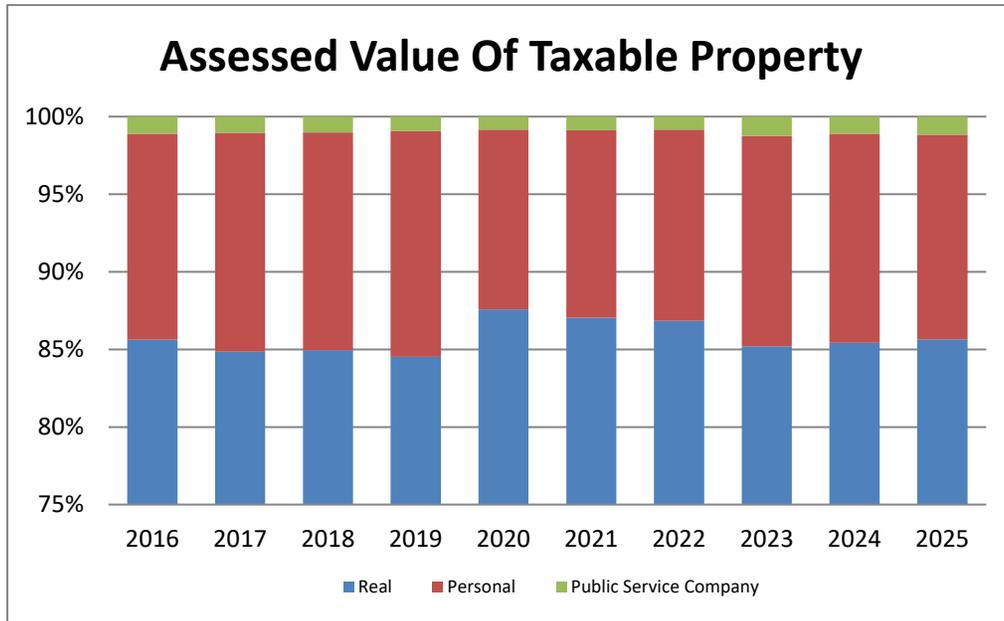


¹ Motor fuel tax repealed in 2003. Subsequent year revenues attributable to retail purchases.

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

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

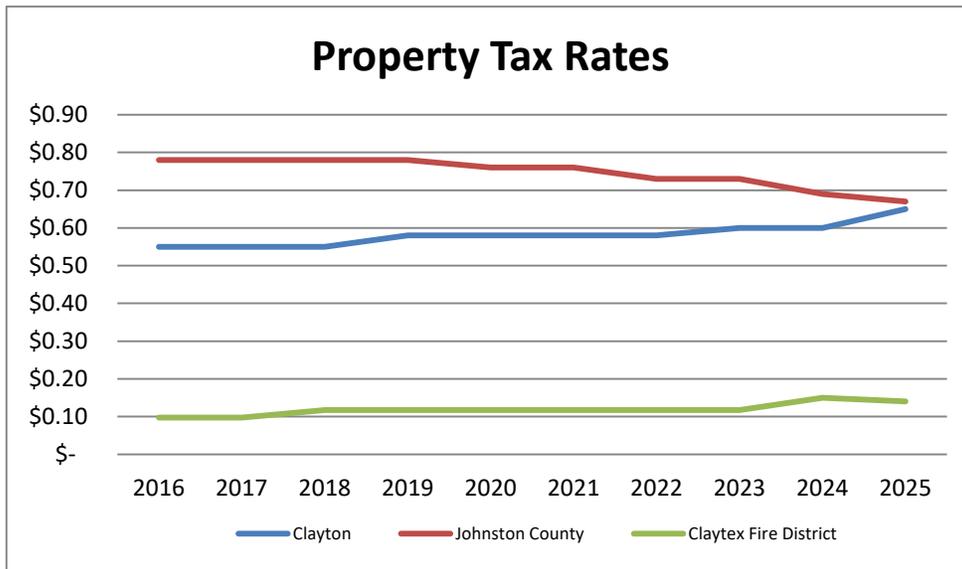
Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	Total Direct Tax Rate
2025	2,996,294,270	461,804,461	40,540,231	3,498,638,962	0.60
2024	2,831,057,961	446,682,201	36,405,840	3,314,146,002	0.60
2023	2,686,298,500	427,713,628	39,285,583	3,153,297,711	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



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.

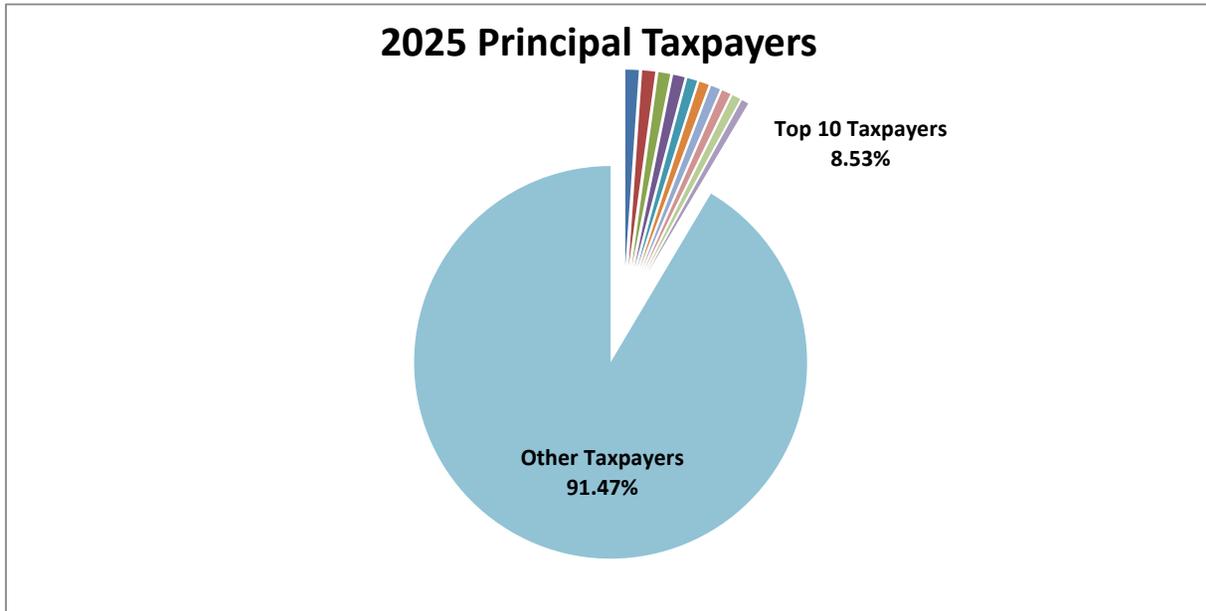
Town of Clayton
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

<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>Johnston Co. Fire Svc. District Direct Rate</u>	
2025	2024	0.65	0.67	0.14	1.46
2024	2023	0.60	0.69	0.15	1.44
2023	2022	0.60	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



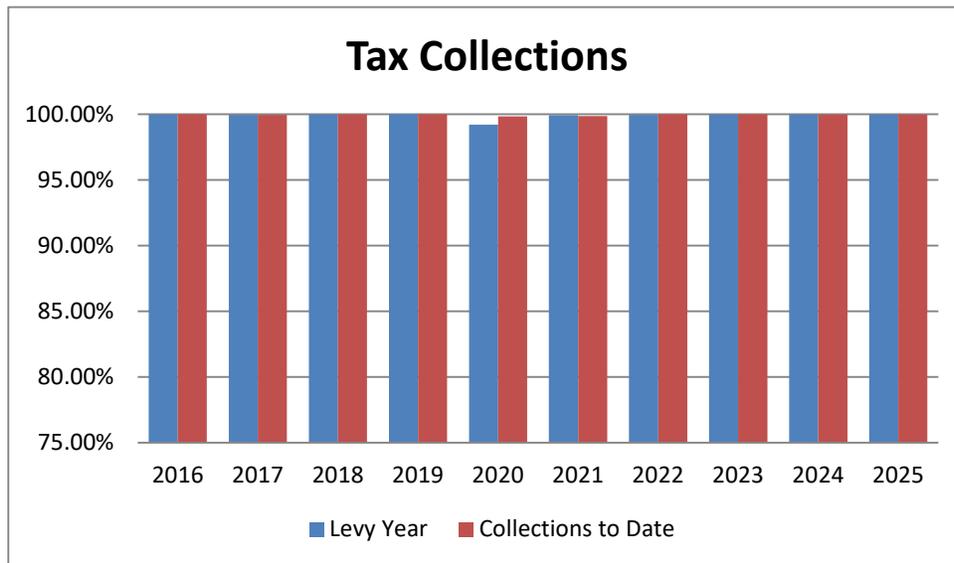
**Town of Clayton
Principal Property Taxpayers
June 30, 2025**

Taxpayer	2025			2016		
	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	1.10%			
LWB Clayton Apartments, LLC	37,392,860	2	1.07%			
Amelia Station, LLC	33,850,870	3	0.97%			
Pulte Home Company, LLC	33,573,230	4	0.96%			
KSIP I CDC, LLC	28,802,910	5	0.82%			
Walton Farms, LLC	27,993,780	6	0.80%			
Spinning Mill Investments, LLC	27,202,340	7	0.78%			
Clayton Multi-Family Investments, LLC	25,880,940	8	0.74%			
Automatic Rolls of NC, LLC	24,766,715	9	0.71%			
3C Packaging & Elphick Properties	20,156,811	10	0.58%			
Crown Raleigh III & IV, LLC				47,885,770	1	2.67%
Automatic Rolls of NC, LLC				32,769,206	2	1.83%
Fred Smith Companies				23,243,485	3	1.30%
Amelia Station LLC				19,898,480	4	1.11%
Clayton Multi-Family Investments, LLC				17,432,610	5	0.97%
Wal-Mart				13,440,820	6	0.75%
3C Packaging & Elphick Properties				13,104,830	7	0.73%
DDRM Clayton Corners, LLC				12,380,430	8	0.69%
Amelia Village, LLC				11,450,000	9	0.64%
Caterpillar				10,350,920	10	0.58%
Totals	\$ 298,232,516		8.53%	\$ 201,956,551		11.27%
Total Assessed Value	\$ 3,498,638,962			\$ 1,791,480,793		



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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 22,738,155	\$ 22,729,751	99.96%	\$ -	\$ 22,729,751	99.96%
2024	19,884,549	19,879,403	99.97%	715	19,880,118	99.98%
2023	18,919,358	18,914,422	99.97%	3,504	18,917,926	99.99%
2022	17,290,461	17,283,827	99.96%	5,348	17,289,175	99.99%
2021	16,268,199	16,258,179	99.94%	(12,964)	16,245,215	99.86%
2020	15,056,778	14,936,680	99.20%	95,489	15,032,169	99.84%
2019	11,990,375	11,989,044	99.99%	397	11,989,441	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%	(233)	10,215,632	99.95%
2016	9,850,359	9,848,249	99.98%	2,226	9,850,475	100.00%



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

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation	Direct Placement	General Obligation	Revenue	Direct Placement			
	Bonds	Installments	Bonds	Bonds	Installments			
2025	\$17,999,091	\$ 4,954,893	\$ -	\$ 124,747,335	\$ 44,445,044	\$ 192,146,363	N/A	769.22
2024	19,222,953	5,821,906	-	125,904,508	23,926,591	174,875,958	N/A	722.76
2023	13,305,000	6,720,003	-	121,048,682	24,513,291	165,586,976	N/A	705.29
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

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

¹ See Schedule of Demographic and Economic Statistics on page 114.

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

Fiscal Year	General Obligation Bonds	Assessed Valuation ¹	Percent of Taxable Property	Per Capita ²
2025	\$17,999,091	\$3,498,638,962	0.51%	72.06
2024	19,222,953	3,314,146,002	0.58%	79.45
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

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

¹ See Assessed Value of Taxable Property on page 105.

² See Demographic and Economic Statistics on page 114.

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

Fiscal Year	Clayton			Johnston County			Town's Share of Debt
	Governmental Activities Debt Outstanding	Assessed Valuation	Percent Applicable to Town	General Obligation Bonds Outstanding ¹	Assessed Valuation ¹	Percentage Applicable to Town ²	
2025	\$22,953,984	\$3,498,638,962	100%	\$259,380,000	\$29,350,260,472	10.65%	\$50,579,779
2024	25,044,859	3,314,146,002	100%	183,900,000	27,991,770,183	10.59%	44,513,111
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

¹ Provided by Johnston County Finance Department.

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

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

	2025	2024	2023	2022
Debt limit	\$ 279,891,117	\$ 265,131,680	\$ 252,263,817	\$ 238,491,552
Total net debt applicable to limit	20,869,893	20,025,003	21,758,227	11,637,621
Legal debt margin	\$ 259,021,224	\$ 245,106,677	\$ 230,505,590	\$ 226,853,931
Total net debt applicable to the limit as a percentge of debt limit	7.46%	7.55%	8.63%	4.88%

Legal Debt Margin Calculation for Fiscal Year 2025

Total assessed value	\$ 3,498,638,962
Debt limit (8% of total assessed value)	279,891,117
Less general obligation debt	<u>(20,869,893)</u>
Legal debt margin	<u>\$ 259,021,224</u>

Fiscal Year

2021	2020	2019	2018	2017	2016
\$ 224,394,961	\$ 207,795,210	\$ 165,390,165	\$ 156,139,255	\$ 148,673,663	\$ 143,318,464
12,070,000	13,374,000	14,714,557	16,257,127	17,772,828	18,979,118
\$ 212,324,961	\$ 194,421,210	\$ 150,675,608	\$ 139,882,128	\$ 130,900,835	\$ 124,339,346

5.38%

6.44%

8.90%

10.41%

11.95%

13.24%

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

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income	Median Age ¹	School Enrollment ²	Unemployment Rate ³
2025	249,794	N/A	N/A	38.30	37,592	3.4
2024	241,955	N/A	N/A	38.60	37,592	3.7
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

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

¹ US Census Bureau

² Johnston County School System

³ NC Department of Commerce

**Town of Clayton
Principal Employers
Current Year**

Rank	Top Employers - Johnston County	Industry	Employees	Percentage of County Employment ¹
1	Johnston County School System	Education	5,000 +	N/A
2	Novo Nordisk Pharmaceutical	Manufacturing	2,000 +	N/A
3	Grifols Therapeutics Inc	Manufacturing	1,500 +	N/A
4	Johnston Health	Health Services	1,500 +	N/A
5	Johnston County Government	Public Administration	1,000 +	N/A
6	Asplundh Tree Expert Co.	Professional & Business	1,000 +	N/A
7	Food Lion	Trade	500-999	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			124,269 ²	

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

² Source: North Carolina Department of Commerce.

Note: Nine year historical data unavailable.

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

Function	Full-time Equivalent Employees as of June 30									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General government	71	75	74	64	44	42	41	41	43	39
Public safety										
Police										
Officers	64	66	60	54	49	46	46	42	43	43
Civilians	4	4	3	3	3	3	3	3	3	3
Fire										
Firefighters and officers	57	54	49	52	43	39	27	25	23	16
Civilians	1	1	2	2	2	1	1	1	0	1
Public works*	16	15	26	31	40	41	41	40	37	34
Culture and recreation	21	29	20	17	18	18	14	13	13	13
Water/Sewer	31	29	24	26	23	22	21	18	18	16
Electric	15	14	14	12	12	14	14	12	13	11
Total	<u>280</u>	<u>287</u>	<u>272</u>	<u>261</u>	<u>234</u>	<u>226</u>	<u>208</u>	<u>195</u>	<u>193</u>	<u>176</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**

Function	2025	2024	2023	2022
Police				
Physical arrests	725	730	679	626
Traffic citations	4,908	3,945	2,829	1,813
Fire				
Number of fire calls answered	1,191	1,024	989	970
Number of EMS calls answered	2,601	2,357	2,313	2,092
EMT certifications	62	54	54	51
Inspections	980	601	656	346
Streets				
Street resurfacing (feet)	79,200	80,800	-	13,328
Pavement repairs	86	110	95	97
Sanitation				
Refuse collected (tons)	11,213	8,988	8,432	8,267
Recyclables collected (tons)	3,519	1,820	1,974	1,961
Culture and recreation				
Athletic field permits issued	1,653	1,093	1,025	670
Cultural arts center event rentals	266	453	503	387
Water				
New connections	461	408	569	470
Leak repairs	78	78	85	10
Average daily consumption	3,726,787	3,909,456	4,204,000	3,683,758
Wastewater				
Average daily sewage treatment (in thousands of gallons)	3,435	3,326	3,331	3,085

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

Fiscal Year					
2021	2020	2019	2018	2017	2016
553	641	425	380	439	531
2,178	2,963	2,664	2,228	2,974	4,303
749	798	1,040	934	1,459	749
1,876	1,649	1,404	1,406	728	1,257
43	44	34	38	37	36
423	441	330	470	541	293
13,076	8,622	1,440	-	281	3,368
92	84	99	63	62	67
8,111	6,932	6,405	5,921	5,691	5,371
1,986	1,626	1,465	1,407	1,020	1,056
845	578	780	710	686	647
56	656	980	914	852	795
775	546	528	550	512	343
5	14	110	87	71	54
3,662,638	4,291,468	3,222,776	3,027,786	2,805,204	2,569,231
3,624	3,127	2,810	2,451	2,254	1,991

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

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	82	80	74	67	60	60	54	52	54	57
K-9 units	4	4	3	3	3	3	3	3	2	2
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	94	94	92	92	90	88	86	81	80	78
Culture and recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Libraries	1	1	1	1	1	1	1	1	1	1
Cultural arts centers	1	1	1	1	1	1	1	1	1	1
Sewer										
Wastewater treatment facilities	1	1	1	1	1	1	1	1	1	1
Industrial wastewater pretreatment facilities	-	-	-	1	1	1	-	-	-	-
Electric										
Distribution stations	2	2	2	2	2	2	2	2	1	1
Street lights	1,930	1,850	1,786	1,725	1,660	1,649	1,552	1,488	1,454	1,430

Sources: Various town departments.

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

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

Fiscal Year Ended June 30	Commercial Construction ¹		Residential Construction ¹		Total		Bank Deposits ²
	Number of Units	Value	Number of Units	Value	Number of Units	Value	
2025	61	\$ 66,782,736	442	\$ 103,993,555	503	\$ 170,776,291	\$ 927,969,000
2024	55	50,570,629	486	115,940,632	541	166,511,261	857,333,000
2023	50	37,728,421	363	81,433,460	413	119,161,881	778,037,000
2022	74	94,993,729 ³	446	75,590,255	520	170,583,984	767,165,000
2021	66	39,309,448	528	86,324,339	594	125,633,787	677,637,000
2020	71	70,826,445	585	83,301,934	656	154,128,379	605,149,000
2019	58	76,329,474	572	86,339,865	630	162,669,339	491,995,000
2018	200	133,255,855 ⁴	603	82,956,205	803	216,212,060	461,618,000
2017	315	90,967,827 ⁵	596	70,267,241	911	161,235,068	406,960,000
2016	266	44,723,908	368	53,670,828	634	98,394,736	373,098,000

¹ Compiled by Town of Clayton Inspections.

² Federal Deposit Insurance Corporation Summary of Deposits.

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

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

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

Town of Clayton, North Carolina
Schedule of Insurance in Force
 June 30, 2025

Type of Coverage	Details of Coverage	
Health Insurance		70/30 Plan: \$0-\$337 per event; 30% coinsurance; \$5,900 maximum out-of-pocket
State Health Plan		80/20 Plan: \$0-\$300 per event; 20% coinsurance; \$4,890 maximum out-of-pocket
Life Insurance	Varied	One times yearly salary per employee up to \$100,000
Workman's Compensation		Bodily injury by accident - Each accident Bodily injury by disease - Each employee Bodily injury by disease - Coverage limit
General Liability	5,000,000	Each occurrence
	2,500	Deductible
Police Professional Liability	5,000,000	Each occurrence and annual
	5,000,000	Annual aggregate
	2,500	Deductible
Public Officials Liability/ Employment Practices Liability	5,000,000	Each claim and annual
	5,000,000	Annual aggregate
	10,000	Deductible
Public Employees Blanket Bond	75,000	Indemnification
	250	Deductible
Public Officials Bond Finance Director	1,000,000	Liability
	0	Deductible
Automobile Liability	5,000,000	Per occurrence
	2,500	Deductible
Automobile Comprehensive	9,343,368	Actual cash value or cost of repair, whichever is less
	2,500	deductible - private passenger & light trucks
	2,500	deductible - all others
Automobile Collision	9,343,368	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	120,461,265	Cause of loss
	2,500	Deductible per occurrence
		includes boiler & machinery
Municipal Equipment	3,389,493	All risk coverage
	2,500	Deductible per occurrence
Computer Equipment/Media	1,736,706	Limits of coverage
	2,500	Deductible
Fine Arts	232,700	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

Effective July 1, 2024 (Adopted 5/20/24)



Taxes & Fees

Town of Clayton Tax Rate	\$0.65 / \$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	\$1,200
Interment - Monday through Saturday	\$900
Interment - Sundays and Holidays*	\$1,200
Footstone Marker and Installation	\$200
Cremaains Interment - Monday through Saturday	\$600
Cremaains Interment - Sundays and Holidays*	\$900

*Excludes New Year's Day, Good Friday, Easter Sunday, Thanksgiving Day, Christmas Eve, and Christmas Day

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
Electric Meter Test Fee	\$100 if no issues found with the meter

Solid Waste Fees

Solid Waste Collection	\$24.00 per month
Extra Garbage Cart	\$4.18 / month
Extra Recycling Cart	\$3.17 / month

Water & Sewer Utility Rates

Water

Base Rates			
Meter Size:	In Town	Out of Town	
5/8' Meter	\$23.32	\$28.59	
3/4" Meter	\$33.88	\$41.78	
1" Meter	\$54.99	\$68.18	

1.5" Meter	\$107.74	\$134.12
2" Meter	\$171.05	\$213.25
3" Meter	\$318.78	\$397.91
4" Meter	\$529.80	\$661.69
6" Meter	\$1,057.39	\$1,321.18
8" Meter	\$1,690.47	\$2,112.54
10" Meter	\$2,429.09	\$3,035.81

Non-Irrigation

Commodity Rates		
Residential:	In Town	Out of Town
Block 1: 0 - 2,000 Gallons	\$5.49	\$6.88
Block 2: 2,001 - 4,000 Gallons	\$5.78	\$7.23
Block 3: 4,001 - 6,000 Gallons	\$6.06	\$7.57
Block 4: All Gallons > 6,000	\$6.62	\$8.26
Commercial:		
Block 1: 0 - 100,000 Gallons	\$6.15	\$7.69
Block 2: All Gallons > 100,000	\$7.07	\$8.84
Industrial:		
Block 1: 0 - 100,000 Gallons	\$6.25	\$7.79
Block 2: All Gallons > 100,000	\$7.18	\$8.97

Irrigation

Commodity Rates		
Residential:	In Town	Out of Town
Block 1: 0 - 8,000 Gallons	\$8.55	\$8.55
Block 2: 8,001 - 16,000 Gallons	\$10.66	\$10.66
Block 3: All Gallons > 16,000	\$13.11	\$13.11
Non-Residential		
Block 1: 0 - 50,000 Gallons	\$6.94	\$6.94
Block 2: 50,001 to 100,000 Gallons	\$9.57	\$9.57
Block 3: All Gallons > 100,000	\$11.26	\$11.26

Sewer

Base Rates		
Meter Size:	In Town	Out of Town
5/8" Meter	\$38.70	\$48.39
3/4" Meter	\$58.07	\$72.58
1" Meter	\$96.76	\$120.97
1.5" Meter	\$193.55	\$241.93
2" Meter	\$309.69	\$387.13
3" Meter	\$580.67	\$725.82
4" Meter	\$967.75	\$1,209.71
6" Meter	\$1,935.55	\$2,419.44
8" Meter	\$3,096.87	\$3,871.10
10" Meter	\$4,451.75	\$5,564.67
12" Meter	\$10,256.63	\$12,821.70
Commodity Rates:		
All usage (per 1,000 gallons)	\$12.45	\$15.58
Flat Rate Sewer - No Meter:	\$76.18	\$95.24

Water & Sewer - Bulk

Monthly Commodity Rates (Water):	\$6.00 / 1,000 gallons
High Strength Surcharge (Sewer):	
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 20 mg/liter
Total Dissolved Solids	\$0.60 / pound for all flow in excess of 3,500 mg/liter
Industrial High Strength Surcharge	\$4.00 / 1,000 gallons

Bulk Water Filling Station Usage:	
Base rate	\$10
Minimum charge (less than 1,000 gallons)	\$5.25
Above 1,000 gallons	\$6.00 / 1,000 gallons
Hydrant Meter Assemble Rental:	
Deposit	\$1,500 (Refundable: Deposit refunds can take up to 30 days for processing pending damages)
Rental Fee	\$350 / month
Hydrant Meter Set-Up Fee (initial or relocation)	\$75
Hydrant Meter Reading Fee	\$35
Town Adaptation/modificaion visit fee	\$15
Hydrant Meter Damage Fee	\$55 (in addition to replacement parts)
Hydrant Meter Bill Late Payment Charge	5%
Consumption Rate	\$15 + \$8.00 / 1,000 gallons
Adapter Fee	\$25 / month

Electric Utility Rates

Residential

Monthly Base Charges:	
Single Phase Service	\$21.00
Three Phase Service	\$24.00
Monthly Energy Charge:	\$0.13450 / kWh

Institutional

Monthly Base Charge:	\$45.00
Monthly Energy Charge:	\$0.15440 / kWh for first 600 kWh
	\$0.13460 / kWh for next 1,900 kWh
	\$0.11780 / kWh for all additional kWh

Small General Service

Monthly Base Charge:	\$33.00
Monthly Demand Charge:	\$0.15000 / kWh for the first 750 kWh*
	\$0.15000 / kWh for the next 2,000 kWh
	\$0.09950 / 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

Monthly Base Charges:	\$45.00
Monthly Demand Charges:	\$12.50 / kWh
Monthly Energy Charge:	\$0.08220 / kWh

Large General Service*

Monthly Base Charge:	\$250.00
Monthly Demand Charge:	
CP Demand	\$21.20 / CP kW
Excess Demand	\$1.736 / kW
Monthly Energy Charge:	\$0.06100 / kWh

*No existing customers

Coincident Peak (CP)

Monthly Base Charge:	\$250.00
Monthly Demand Charge:	
CP Demand	\$22.00 / CP kW
Excess Demand	\$5.39/ kW
Monthly Energy Charge:	\$0.05900 / kWh

Town Facilities

Monthly Base Charge:	\$15.50
Monthly Energy Charge:	\$0.09650 / kWh

Time Of Use	
Monthly Base Charge:	\$250.00
Monthly Demand Charge:	\$21.20 / kW
Monthly Energy Charge:	\$0.06100 / kWh

Area Lighting	
Monthly Rate Per Lighting Unit:	
Residential Unit	\$13.83
Small Commercial Unit	\$18.34
Large Commercial Unit	\$41.86
Underground Charge	\$5.56
Monthly Rate Per Pole Type:	
Wooden	\$3.47
Decorative	\$7.63
Monthly Energy Charge:	\$0.09680 / 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	\$1,000 + \$5.00 per foot > 120 feet
Solar Panel Permit Application	\$250
Temporary Electrical Service Install	\$175

Public Works					
Water & Sewer Taps & Water & Sewer / Electric Meter Fees					
** Cost for an applicable boring or non-typical installation requirements (Actual Cost + 10%)					
Single Residential Lots Only (Not Part of a Subdivision Plan)					
Service/Meter	Base Cost	Street Cut	Concrete Cut	Meter Only	Permit Fee
3/4 & 5/8 Inch Water	\$2,500	\$1,000	\$1,000	Cost of Meter + End Point + 10%	N/A
1 Inch Water	\$3,000	\$1,000	\$1,000	Cost of Meter + End Point + 10%	N/A
1/2 & 2 inch Water	\$3,600	\$1,000	\$1,000	Cost of Meter + End Point + 10%	N/A
4 Inch Sewer	\$4,800	\$1,000	\$1,000	N/A	N/A
Irrigation Split	\$750	N/A	N/A	N/A	N/A
Relocate Meter Box service adjustments within 30" of tap location. Greater than 30" will require a new tap.	\$750	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					
Water Meter Testing:	Labor Cost + 10%				
Water Quality Sampling:	Labor Cost + Lab Fee + 10%				
Hydrant Flow Test Witness Fee:	\$150 per hydrant				
FOG Inspection:	\$25				
Service/Meter Size	Water	Sewer	Total	New & Existing users expanding usage requiring meters greater than 2.0 inch require a Developer's Agreement.	
5/8 inch	\$3,265	\$5,935	\$9,200		
3/4 inch	\$4,898	\$8,903	\$13,800		
1.0 inch	\$8,163	\$14,838	\$23,000		
1.5 inch	\$16,325	\$29,675	\$46,000		
2.0 inch	\$26,120	\$47,480	\$73,600	Water = \$8.00 per gallon per day (GPD) Sewer = \$20.00 per gallon per day (GPD)	

Nutrient Offset Fees	
Residential Tap	\$450/ Tap
Non Residential Tap	\$0.005 / gallon of annual wastewater capacity
Planning Department	
Public Notices Fees	
Mailed Notice	\$1.00 per Mailed Notice
Public Notice Signs	\$20 per Posted Sign
Development Submittal Fees	
Determination	\$200
Development Agreement	\$1,000
Fee-in-Lieu Request (By Applicant)	\$300
Limited Subdivision	\$250
Street Renaming/Closure	\$300
Temporary Permit	\$100
After-the-Fact Temporary Permit	\$200
Vested Rights Certificate	\$300
Administrative Adjustment	\$150/Adjustment
Uniform Sign Plan	\$150
Re-Advertisement	\$200
Appeal	\$350
Annexation	\$300
Urban Archery Hunting Permit	\$50
Major Subdivision/Conservation Subdivision	\$500 + \$15 / acre
Minor Subdivision (<5 lots)	\$300 + \$15 / acre
Conditional Zoning, Unlimited with Associated Concept 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 and each subsequent submittal - 1/2 the cost of the original submittal fee
Exempt Subdivision	\$150
Final Plat Review	\$300 + \$15 / acre
Rezoning	\$750 + \$10 / acre
Conditional Rezoning, Limited Use and Limited Standard	\$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
Minor Modification	\$250
Site Plan	\$500 + \$15 / acre
Special Use Permit	\$750
Temporary Use / Special Event	\$100
After-the-Fact Temporary Use/Special Event Permit	\$200
Tree Clearing Certificate	\$250
Variance Application	\$500 (\$1,000 after the fact)
Zoning Compliance	\$100
Zoning Verification	\$100
Family Health Care Structure	Initial Permit (Good for 1 Year): \$100 Annual Renewal Fee (Due every year starting with Year 2): \$50
Code Enforcement	
Civil Penalty for Violations of Unified Development Ordinance	First Notice of Violation \$50; Second and Subsequent Notices of Violation - \$100 (each day violation continues)
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

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 Assessment	\$350

Recreation & Open Space Fees	
Land Development Projects Subject to U.D.O. Section 6.7.2	(Number of residential lot or principal dwelling units) x (1,244 square feet of land/43,560) x (Pre-Development cost per acre based on County Assessor Data)

Building Inspections	
Plan Review Fee - Initial Review	Commercial Projects 0-25,000' = \$250, over 25,000' = \$500
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	\$75
Mechanical Permit Fee	\$75
Electrical Permit Fee	\$75
Plumbing Permit Fee	\$75

Dwelling Moved On	
Fee	\$250

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

Trade Inspections	
Building, Electrical, Plumbing and Mechanical	\$75

Farm Buildings	
Qualified Farm Building	\$0
Electrical Permit Fee	\$75

Permit Fee for Commercial Buildings (Based on cost per trade)	
\$0 - \$2,500	Trade fee (Minimum \$75)
\$2,501 - \$25,000	\$375
\$25,001 - \$50,000	\$675
\$50,001 - \$100,000	\$1,275
\$100,001 - \$200,000	\$2,175
\$200,001 - \$350,000	\$3,750
\$350,001 - \$500,000	\$4,750
\$500,001 - \$750,000	\$6,750
\$750,001 - \$1,000,000	\$8,750
>\$1,000,000	\$8,750 + 0.2% for every dollar over \$1,000,000

Re-Inspection Fees	
First Re-Inspection	\$100 (per trade)
Additional Re-Inspection of Same Item	\$200 2nd trip, \$300 3rd trip, \$400 4th trip (+\$100 each additional trip thereafter)
Same Day Inspection Cancellation (Non Weather Related)	\$200
Not Ready at Time of Inspection (No Inspection)	\$200
Commercial After Hours (Requires Special Approval)	\$200/hour (3 hour minimum)
Residential After Hours (Requires Special Approval)	\$100/hour (3 hour minimum)
Day Care Re-Certification	\$100
ABC Permit Form	\$150

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

Service Pole Inspections	
Electrical (\$1 Building if no permit exists)	\$75

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

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

Sign	
Building	\$75

Electrical	\$75
Swimming Pools	
Building	\$75
Electrical	\$75
Pedestals	
Building	\$1
Electrical	\$75
LP Gas Tanks	
Building	\$50
Electrical	\$75
Tents (Per Building over 240 sq. ft.)	\$75
ATM	Commercial Rate
Conditional Power/Gas - Single Family	\$75 each
90 Day Temp Power - New Construction Residential	\$75 each
Conditional Power/Gas - Multi Family	\$75 first meter, \$50 each additional
90 Day Temp Power - Commercial	\$150
Reconnect Power - Building	\$1
Reconnect Power - Electrical	\$75
Demolition - Residential	\$50 + asbestos report
Demolition - Commercial	\$150
Sprinkler System	Commercial Rate
Penalty	
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.	
Irrigation of New Landscape	\$75
One Time Extension - Irrigation New Landscape	\$50

Engineering Department	
Review Fees	
Construction Plan (Subdivision)	\$750 + \$35 per lot
Construction Plan Resubmittal	\$625
Construction Plan (Sites)	\$750 + \$40 per acre
Planning & Engineering Combo Review Fee (Subdivision) – 4 Reviews	\$1,800 + \$35 per lot
Planning & Engineering Combo Review Fee (Sites) – 4 Reviews	\$1,800 + \$20/lot + \$40/acre
Construction Plan (Infrastructure Only)	\$750 + \$40/acre
Alternative Standard Request	\$625
Construction Plan Revisions	\$500 + \$10 per sheet
Pump Station CD Review	\$350 plus cost of third party consultant review fee
Pump Station Review – Resubmittal	\$200 plus cost of third party review consultant
Special Study (Flood, Traffic Calming, etc.)	\$350 + Cost of Consultant
Floodplain MGMT Document Review (LOMR, CLOMR, etc.)	\$300 per form
Record Drawing (Infrastructure/Stormwater)	\$625
Record Drawing Resubmittal	\$350
Bond Administration Fee (Surety/Letter of Credit)	\$250

Bond Administration Fee (Cash/Check)	\$250
Bond Administration Fee (Amendment/Reduction)	\$125
Encroachment Agreement Application	\$500
Water Extension Permit Application (all forms)	\$325
Sewer Extension Permit Application (all forms)	\$325
Water and/or Sewer Extension Permit Amendment	\$175
Wastewater Allocation Requests	\$500
Right-of-Way Closure Application / Processing Fee	\$250/\$350
Planning & Engineering Combo Resubmittal Fee	\$750
Planning/Engineering Development Submittal Technology Fee Surcharge	\$4.00 per application for inspection \$10.00 per application for planning and engineering

Inspection Fees	
New Public Streets	\$2.00 per linear foot
Curb and Gutter (new and replacement)	\$1.00 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	\$1.50 per linear foot
Pump Station	\$1,500
Stormwater SCM Inspection	\$500
Sanitary Sewer System Extensions	\$1.50 per linear foot
Storm Drainage (Public and Private)	\$1.00 per linear foot
Greenways & Sidewalks	\$1.00 per linear foot
Residential Driveway – Initial	\$100
Residential Driveway – Reinspection	\$75
Fire Lanes	\$2.00 per linear foot
Sanitary Sewer Taps (not performed by Town)	\$150
Water Taps (not performed by Town)	\$150
Fee-in-lieu Admin Fee	\$150
Reinspection Fee-Linear Footage Inspections	\$100
Major Encroachment Inspection	\$1.00 per linear feet of right of way impacted

Stormwater/Erosion Control	
All Stormwater and Erosion Control Fees include 2 Reviews, unless otherwise noted	
All Erosion Control Fees are rounded up to the next acre	
Erosion Control Plan Review	\$300 per acre
Erosion Control Plan Review Resubmittal	\$200 per acre
Erosion Control Plan Review Revision	\$150 per acre
Land Disturbance Permit – Initial (valid for 2 years)	\$200 per acre
Land Disturbance Permit Renewal (valid for 1 year)	\$150 per acre
Erosion Control Permit – Single lot	\$200
Stormwater Plan Review - up to 7 acres	\$600 per acre
Stormwater Plan Review - greater than 7 acres	\$4,200 + \$150 per acre
Stormwater Plan Review Plan Review Resubmittal	\$500 + \$100 per acre
Stormwater Plan Review Revision	\$500 + \$10 per sheet
Stormwater Permit	\$500 per acre

Stormwater Permit Revision	\$500 + \$10 per sheet
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Police Department	
Accident Report	\$3*
Incident Report - Public Copies Only	\$3*
*If more than one copy of a report is needed, the first copy will be \$3.00, and any additional copies will be \$1.00	
Fingerprinting	\$17**
**Payment must be made online when appointment is scheduled	
Burglary False Alarms (Residential and Commercial)	\$50 per occurrence***
***No charge for 1st false alarm per month if alarm is registered	
Animal Service Penalty Fees:	
Animal Cruelty	\$500 per offense, per animal
Dangerous Dogs	\$500 per offense, per animal
All Other Violations, including leash law violations:	
-First Notice of Violation	\$100
-Second Notice of Violation	\$200
-Third and Subsequent Notice of Violation(s)	\$300

Fire Department	
Fire Inspection Fees	
Up to 3,000 sq. ft.	no fee
3,001 - 5,000 sq. ft.	\$75
5,001 - 10,000 sq. ft.	\$150
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
500,001 sq. ft. or greater	\$0.15 per sq. ft.
Re-Inspection Fees	
First Re-Inspection	\$75
Second Reinspection	\$150
Third Reinspection	\$225
Fourth Reinspection, etc.	\$300

Miscellaneous	
Blasting Permit Application	\$200
Special Standby Operations	
Engine	\$100 / hour (one hour minimum)
Personnel	\$22.50 / hour (one hour minimum)
Hazmat Emergency Response Charges	
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 Damaged	Replacement cost + 10%
First False Alarm in Month	\$0
Subsequent False Alarms in Month	\$100 each

Recreation Department		
Athletics		
(Base fees listed below are calculated using market comparisons)		
Youth Sports (Officiated - O, and Unofficiated - U)	Resident Fee	Non-Resident Fee
Winter Basketball (O)	Range \$30-\$80	Range \$30-\$80 plus 50%
Spring Baseball (O)	Range \$30-\$80	Range \$30-\$80 plus 50%
Spring Softball (O)	Range \$30-\$80	Range \$30-\$80 plus 50%

Fall Volleyball (O)	Range \$30-\$80	Range \$30-\$80 plus 50%
Fall Softball (O)	Range \$30-\$80	Range \$30-\$80 plus 50%
Spring T-Ball (U)	Range \$30-\$80	Range \$30-\$80 plus 50%
Fall Soccer (U)	Range \$30-\$80	Range \$30-\$80 plus 50%

Adult Sports	Team Fee	Non-Resident Fee
Softball	\$600	\$25
Soccer	\$600	\$25
Basketball	\$600	\$25
Volleyball	\$600	\$25
Flag Football	\$600	\$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	Range \$2-\$150	Range \$2-\$150 plus 50%

Facility Rentals*		
Community Center Gym	Resident Fee	Non-Resident Fee
Full Court	\$60 / hour	\$120 / hour
Half Court	\$35 / hour	\$70 / hour
Scoreboard	\$10 / hour	\$20 / hour
Tennis Courts	\$5 / hour	\$10 / hour
Ballfields		
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
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)	\$200
Football Field Paint	\$350
Seven vs. Seven Soccer or Smaller	\$150

Tournament Field Rentals & Add Ons	
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

Picnic Shelters (Per 4-hour block)	Resident Fee	Non-Resident Fee
All Star Park	\$32	\$64
Community Park	\$40	\$80
East Clayton Community Park	\$40	\$80
Municipal Park - Cypress	\$50	\$100
Municipal Park - Birch	\$40	\$80
Municipal Park - Maple	\$40	\$80
Municipal Park Stage (Per 4-hour block)	Resident Fee	Non-Resident Fee
Up to 50 - includes shelter	\$180	\$360
51 to 150 - includes 2 shelters	\$260	\$520
151 to 499 - includes 3 shelters	\$340	\$680

Community Center Memberships - Calendar Year Basis		
Annual Memberships - Calendar Year Basis		
Individual	\$0	\$50
Family with Dependents	\$0	\$100
Daily Memberships	N/A	\$5
Lost Cards	\$5	\$5

*Johnston County non-profits are eligible to receive the Resident Fee for Facility Rentals. Does not impact tournament rentals or program registrations.

Commercial Use Permit	\$25	\$25
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Hocutt Ellington Memorial Library		
Library Cards	Johnston County Resident	Non-Johnston County Residents
Individual - Annual	\$0	\$25
Individual - Semi-Annual	\$0	\$15
Individual - Quarterly	\$0	\$10
Family - Annual	\$0	\$50
Education Employee (All Johnston County with ID)	\$0	\$0
Internet Usage		
With Valid Library Card	\$0	\$0
Without Valid Library Card	\$0	\$5 per hour
Library Fees		
Copy Machine or Computer Printouts	\$0.20/page B&W; \$0.25/page Color	\$0.20/page B&W; \$0.25/page Color
Lost Book	Replacement Cost	Replacement Cost
Library Card Replacement	\$5	\$5
IT Technology Lending		
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

Special Events		
Special Event Fees	Resident Fee	Non-Resident Fee
Application Review	\$100	\$200
Sanitation Deposit	\$250	\$250

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
Utility Fees (Water and Electricity)		
Events longer than one day	\$10 / utility	\$20 / utility
Town/Horne Square Rental with Road Closure: (Special Event Application Fee, 8 Trash Cans, Road Closure Fee, 10 No Parking Signs, Water Barricades, and Town Square Rental)	\$500	\$750
Town/Horne Square Rental with No Road Closure: (Special Event Application Fee, 6 Trash Cans, and Horne Square Rental)	\$250	\$400

Non-Departmental Equipment Usage

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

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

The Clayton Center

Rental Fees - Location, Staffing, Miscellaneous

Location Space	Individual/Corporate/Promoter	Community Based Group	Non-Profit
Auditorium	\$150/hr.	\$115/hr.	\$100/hr
Council Chambers	\$125/hr.	\$115/hr.	\$100/hr
Lobby Gallery	\$150/hr.	\$115/hr.	\$100/hr
Large Classroom	\$70/hr.	\$60/hr.	\$60/hr
Small Classrooms	\$40/hr.	\$35/hr.	\$35/hr

*All spaces rented for a 2-hour minimum during the week. A 4-hour minimum applies to Friday evening, Saturday, and Sunday rentals. In order to qualify for non-profit rates, clients may be asked to provide a valid 501-C3 identification number. Security deposit of 50% of the estimated event fee (including space rental fees, staffing, and other value-added services) is due to guarantee space and date.

Additional Charges/Services

Lead Staff/House Manager	\$30/hr. per staff person	Required for evening and weekend events and as determined by TCC management for other events
Support Staff/Usher	\$25/hr. per staff person	As determined by TCC management
Custodian	\$135 flat fee	Additional fees may apply for rentals over 6 hours and/or events with large numbers of people in attendance
Box Office Clerk	\$30/hr. per technician	Required for Auditorium rentals using house ticketing
Technical Lead Staff	\$35/hr. per technician	Required for Auditorium rentals using house sound/lights/equipment and for events in other spaces requiring extensive IT support
AV/IT Technician	\$30/hr. per technician	Required for Auditorium rentals using house sound/lights/equipment and for events in other spaces requiring extensive IT support
Stage Crew/Spot Operator/Support	\$25/hr. per technician	Required for Auditorium rentals using house sound/lights/equipment and for events in other spaces
Box Office Ticketing Setup	\$75 flat fee	Box Office hours subject to change. Day of Box Office opens 1 hour before performance start time
Piano Tuning	\$225 flat fee	Arranged directly through TCC management with approved preferred vendor
Dance Floor	\$450 flat fee	(Any size up to 18' x 21')
	\$275 flat fee	(Any size up to 12' x 15')
Chambers Upgrades	\$250 flat fee for staging	(Any size up to 8' x 12')
	\$350 flat fee for simple audio	(up to two mics & single input – no instruments or subs)
	\$550 flat fee for full package + Technician Staffing hourly charges	(up to five mics & 8 total inputs including instruments & subs, includes basic lighting)
	\$175 flat fee for armless banquet chairs	(not available last minute)
Damage Deposit	\$300 flat fee (refundable)	May be required for any rental as determined by TCC management. Deposit is refundable after the event date provided rental time frame is not exceeded and facility suffers no damage as a result of the event.

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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
Huntersville, North Carolina

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Clayton, North Carolina, as of and for the year ended June 30, 2025, 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 December 30, 2025.

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
December 30, 2025

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
Huntersville, 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, 2025. 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, 2025.

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 provide 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
December 30, 2025

**Report on Compliance for Each Major State 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 State Program***Opinion on Each Major State 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 State programs for the year ended June 30, 2025. The Town of Clayton's major State 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 State programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State 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 State 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 State 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

Auditors' Responsibilities for the Audit of Compliance

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 State 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 State 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 State 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 State 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

December 30, 2025

**TOWN OF CLAYTON, NORTH CAROLINA
 SCHEDULE FO FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED June 30, 2025
 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>ALN Number</u>	<u>Name of Federal Program</u>
11.307	U.S. Department of Commerce – U.S. Economic Development Administration

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

Auditee qualified a low-risk auditee? *Yes*

State Awards

Internal control over major State 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 State programs: *Unmodified*

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

Identification of major State programs:

Powell Bill

Section II – Financial Statement Findings

None

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**TOWN OF CLAYTON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Direct & - Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of the Treasury</u>					
Passed-through the General Assembly of NC Session 2021-180: NC Department of Environmental Quality - Division of Water Infrastructure Coronavirus State Local Fiscal Recovery Funds					
	21.027	SRP-SW-ARP-0068	297,645		
<u>U.S. Department of Commerce</u>					
Direct Program: U.S. Economic Development Administration					
	11.307		561,759	-	3,423,978
<u>U.S. Department of Homeland Security</u>					
Direct Program: FEMA					
Staffing for Adequate Fire and Emergency Response Grant					
	97.083	EMW-2023-FF-00285	118,254	-	-
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation Highway Planning and Construction					
East Main Street Sidewalk Connector Project BL-0050					
	20.205	50269.2.1	59,955	-	25,120
Passed through N.C. Department of Transportation Highway Planning and Construction					
Robertson/Main Street Sidewalk Connector Project HL-0129					
	20.205	51268.1.1	192,424	-	82,467
Total U.S. Department of Transportation			<u>252,379</u>	<u>-</u>	<u>107,587</u>
Total assistance federal programs			<u>1,230,037</u>	<u>-</u>	<u>3,531,565</u>
STATE GRANTS					
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid Library Grant					
			-	26,058	-
<u>N.C. Department of Transportation</u>					
Powell Bill					
		32570	-	1,225,567	-
<u>N.C. Office of State Budget and Management</u>					
General Assembly of NC Session 2023-134					
		12501	-	156,295	-
Total assistance state programs			<u>-</u>	<u>1,407,920</u>	<u>-</u>
Total assistance			<u>\$ 1,230,037</u>	<u>\$ 1,407,920</u>	<u>\$ 3,531,565</u>

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, 2025. 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.

