

**CITY OF CLINTON
NORTH CAROLINA**

Financial Statements and
Supplementary Information

Year Ended June 30, 2024

Governing Board

Lew Starling, Mayor
Marcus Becton, Mayor Pro-Tem
Daniel Ruggles
Neal Strickland
Wanda Corbett
Holden DuBose

City Officials

James Duncan, City Manager
Kristin Stafford, Finance Officer

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FINANCIAL SECTION



SHARPE
PATEL CPA

Independent Auditors' Report

To the Honorable Mayor
and Members of the City Council
City of Clinton
Clinton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clinton, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clinton, North Carolina as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Clinton Alcohol Beverage Control Board as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Clinton, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clinton, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Clinton, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clinton, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's discussion and Analysis, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement's Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll and the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards

Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Clinton, North Carolina. The combining and individual nonmajor fund statements, budgetary schedules, and other schedules are presented for 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. The 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements 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 February 11, 2025, on our consideration of the City of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clinton'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 City of Clinton's internal control over financial reporting and compliance.

Sharpe Patel PLLC

Raleigh, North Carolina
February 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Clinton, we offer readers of the City of Clinton's financial statements this narrative overview and analysis of the financial activities of the City of Clinton for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

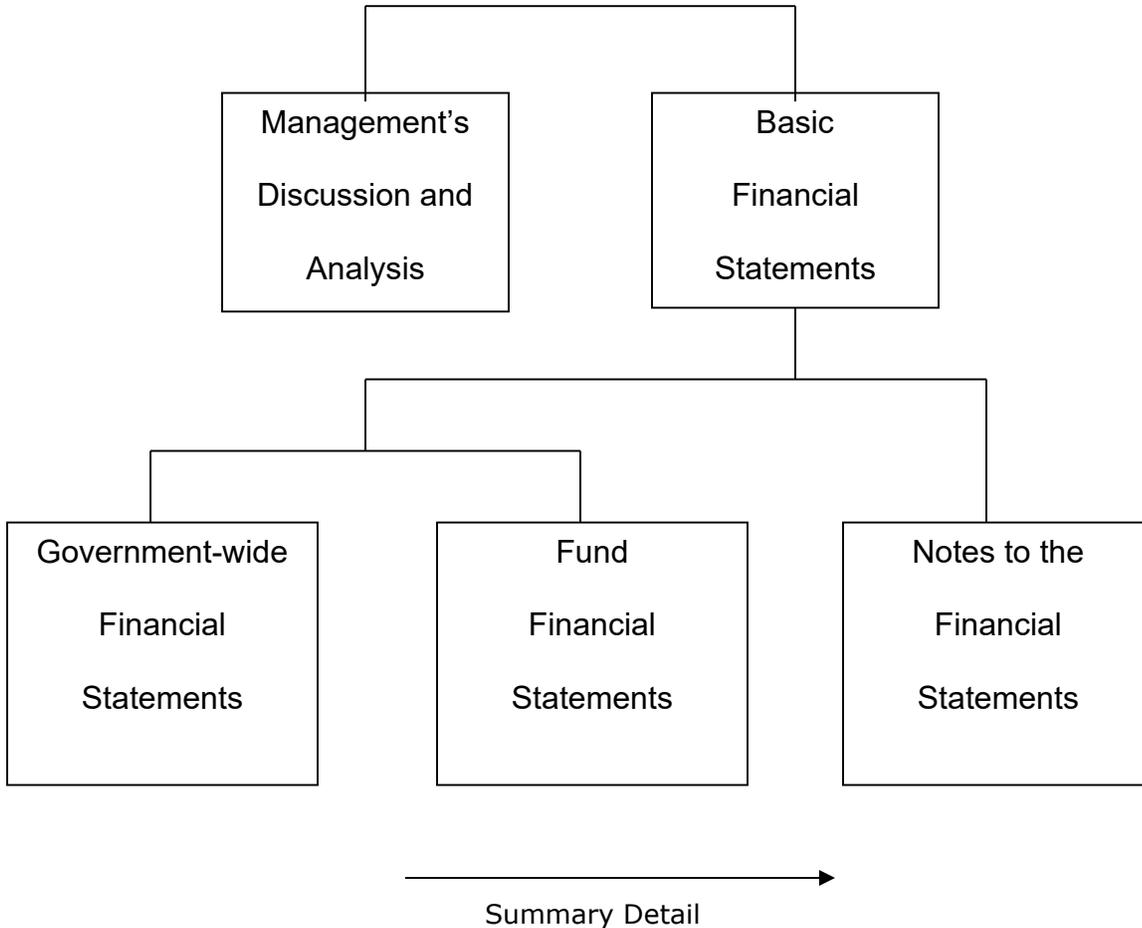
- The assets and deferred outflows of resources of the City of Clinton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,428,080 (*net position*). The assets and deferred outflows of resources of the governmental activities exceeded their liabilities and deferred inflows of resources by \$15,655,605. The assets and deferred inflows of resources of the business-type activities exceeded liabilities and deferred outflows of resources by \$22,772,475.
- The government's total net position decreased by \$181,162.
- Business-type net position increased by \$2,163,682.
- As of the close of Fiscal Year 2024, the City of Clinton's governmental funds reported combined ending fund balances of \$10,233,749 with a net change of -\$278,885 in fund balance. Approximately 51% of this total amount is non-spendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$5,048,544 or 40% of total general fund expenditures for the fiscal year. Total fund balance for the General Fund was \$9,559,130.
- The City of Clinton's total debt decreased by \$1,166,977 (6.8%) during the past fiscal year.
- Clinton currently does not have a bond rating as the City retired all bond-related debt during FY12-13. The City's most recent credit rating was A+ from Standard & Poor's and A3 from Moody's Investors and 82 from the North Carolina Municipal Council.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Clinton's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Clinton.

Required Components of Annual Financial Report

Figure 1



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 City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City'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 City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, sanitation, and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Clinton. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City. The City exercises control over the Board by appointing its members. The Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City'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 City of Clinton, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Clinton can be divided into two categories- governmental funds and proprietary 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 City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City'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 a part of the fund financial statements.

The City of Clinton 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 City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by Council; 2) the final budget as amended by 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 the actual resources and charges.

Proprietary Funds – The City of Clinton has one proprietary fund, an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer activities. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 begin on page 25 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Clinton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

(continued on next page)

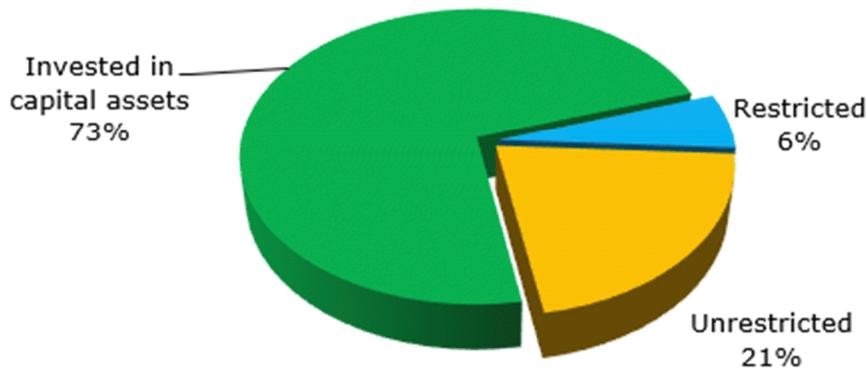
Government-Wide Financial Analysis

**Figure 2
City of Clinton’s Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 10,644,496	\$ 10,992,522	\$ 7,895,604	\$ 7,420,305	\$ 18,540,100	\$ 18,412,827
Capital assets	11,920,337	11,668,685	23,512,529	21,516,657	\$ 35,432,866	\$ 33,185,342
Deferred outflows of resources	2,750,040	2,645,188	851,697	\$ 792,354	\$ 3,601,737	\$ 3,437,542
Total assets & deferred outflows of resources	25,314,873	25,306,395	\$ 32,259,830	29,729,316	57,574,703	55,035,711
Long-term liabilities outstanding	8,319,403	7,946,057	8,312,484	8,280,849	16,631,887	16,226,906
Other liabilities	794,614	955,209	1,045,526	688,617	1,840,140	1,643,826
Deferred inflows of resources	545,251	593,512	129,345	125,907	674,596	719,419
Total liabilities & deferred inflows of resources	9,659,268	9,494,778	9,487,355	9,095,373	19,146,623	18,590,151
Net position:						
Invested in capital assets, net of related debt	10,746,609	10,093,013	17,153,162	14,786,989	27,899,771	24,880,002
Restricted	2,146,045	1,979,396	172,745	172,745	2,318,790	2,152,141
Unrestricted	2,762,951	3,739,208	5,446,568	5,674,209	8,209,519	9,413,417
Net position before restatement						
Total net position after restatement	\$ 15,655,605	\$15,811,617	\$ 22,772,475	\$ 20,633,943	\$ 38,428,080	\$ 36,445,560

Figure 3

**City of Clinton FY2024
Total Net Position by Type**



Management Discussion and Analysis
City of Clinton

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Clinton exceeded liabilities and deferred inflows by \$38,428,080 as of June 30, 2024. The City's net position increased by \$1,982,520 for the fiscal year ended June 30, 2024. The largest portion of net position (73%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Clinton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Clinton's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Clinton's net position, \$2,318,790 (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,209,519 is unrestricted.

Several aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

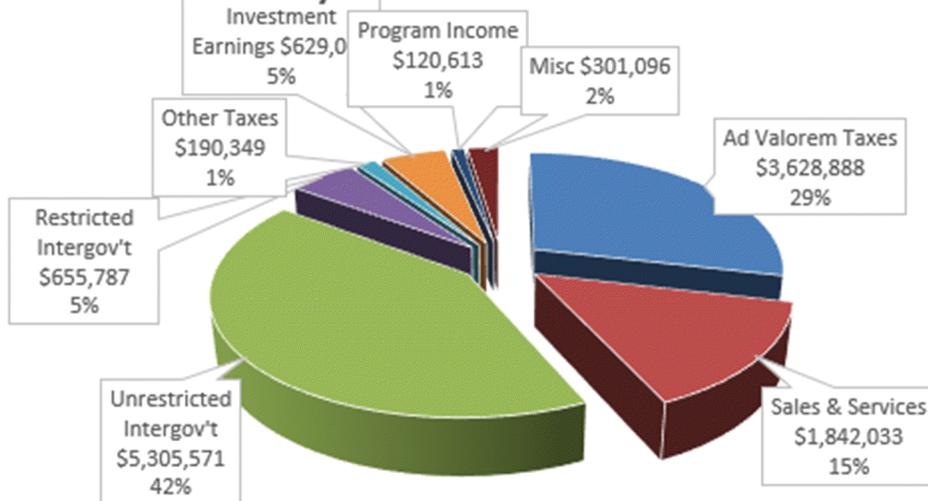
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage above 98%.
- Sales and services revenues increased 4.8%.
- Unrestricted intergovernmental revenues increased 3.4%.
- Investment earnings increased by \$308,856.
- Continued low cost of debt due to the City's strong financial position.

Figure 4
City of Clinton's Changes in Net Position

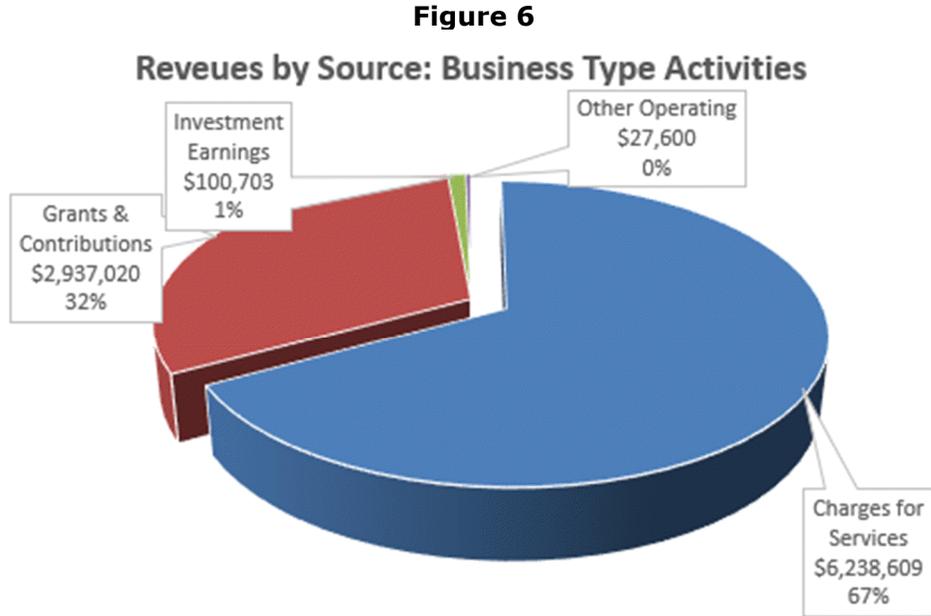
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,842,033	\$ 1,610,253	\$ 6,238,609	\$ 6,098,784	\$ 8,080,642	\$ 7,709,037
Operating grants and contributions	655,787	804,943	-	-	655,787	804,943
Capital grants and contributions	-	-	2,937,020	-	2,937,020	-
General revenues:						
Property taxes	3,628,888	3,498,858	-	-	3,628,888	3,498,858
Other taxes	190,349	185,706	-	-	190,349	185,706
Unrestricted intergovernmental revenues	5,305,571	5,132,846	-	-	5,305,571	5,132,846
Unrestricted investment earnings	629,000	319,976	100,703	100,871	729,703	420,847
Miscellaneous	301,096	342,689	27,600	22,413	328,696	365,102
Sale of surplus assets (loss)	120,613	1,602	-	1,801	120,613	3,403
Total revenues	12,673,337	11,896,873	9,303,932	6,223,869	21,977,269	18,120,742
Expenses:						
General Government	2,530,704	2,275,644	-	-	2,530,704	2,275,644
Public safety	5,379,466	5,250,460	-	-	5,379,466	5,250,460
Transportation	1,713,924	1,431,558	-	-	1,713,924	1,431,558
Economic and physical development	312,526	479,266	-	-	312,526	479,266
Environmental protection	1,653,065	1,239,552	-	-	1,653,065	1,239,552
Cultural and recreation	1,139,519	1,095,837	-	-	1,139,519	1,095,837
Interest on long-term debt	125,295	125,162	-	-	125,295	125,162
Water and Sewer	-	-	7,140,250	6,854,053	7,140,250	6,854,053
Total expenses	12,854,499	11,897,479	7,140,250	6,854,053	19,994,749	18,751,532
Change in net position	(181,162)	(606)	2,163,682	(630,184)	1,982,520	(630,790)
Net position, July 1 as originally stated	15,811,617	15,812,223	20,633,943	21,264,127	36,445,560	37,076,350
Prior period adjustment	-	-	-	-	-	-
Net position, beginning restated	-	-	-	-	-	-
Net position, June 30	\$ 15,630,455	\$ 15,811,617	\$ 22,797,625	\$ 20,633,943	\$ 38,428,080	\$ 36,445,560

Governmental Activities. Governmental activities decreased the City's net position by \$181,162.

Figure 5
Revenues by Source: Governmental Activities



Business-type Activities. Business-type activities increased the City of Clinton’s net position by \$2,163,682.



Financial Analysis of the City’s Funds

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

Governmental Funds. The focus of the City of Clinton’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Clinton’s financing requirements.

The General Fund is the main operating fund of the City of Clinton. At the end of the current fiscal year, Clinton’s fund balance unassigned in the General Fund was \$5,048,544 while total fund balance was \$9,559,130. The Clinton City Council has determined that the City should maintain an available fund balance between 35% and 40% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available (unassigned and assigned) fund balance of 53% of General Fund expenditures, while total fund balance represents 76% of the same amount. The City considers any available fund balance over 40% assigned for capital expenditures.

At June 30, 2024, the governmental funds of City of Clinton reported a combined fund balance of \$10,233,749 with a net decrease in fund balance of \$278,885. Included in this change in fund balance is a \$221,377 increase in fund balance in the General Fund and a \$500,262 decrease in Non-major Funds.

General Fund Budgetary Highlights. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is

available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Amendments to the FY2023-2024 budget represent increases in intergovernmental and miscellaneous revenues resulting primarily from grants, debt proceeds, and capital opportunities. Expenditure amendments comply with statutory budget requirements and most increases are representative of projects associated with grants and purchase of new equipment. General Fund Revenues were \$513,558 (4.3%) over the amended budget amounts. The General Fund expenditures were \$527,240 or 4% less than the amended budget amount.

Proprietary Funds. The City’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,446,568. The total net position was increased by \$2,163,682.

Capital Asset and Debt Administration

Capital Assets. The City of Clinton’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$35,672,624 (net of accumulated depreciation and amortization). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and infrastructure.

Major capital asset transactions during the year include the following:

- Various police, fire and general government equipment, and motor vehicles increased governmental capital assets by \$1,066,504.
- Various equipment, vehicle, and infrastructure additions to business-type activities increased capital assets by \$3,397,893. Of this amount, \$2,974,721 represents construction in progress for various ongoing grant projects.

The disposal and surplus of major capital assets during the year include the following:

- Various equipment and vehicles decreased governmental capital assets by \$525,038.

**Figure 7
 City of Clinton’s Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,599,161	\$ 1,599,161	\$ 357,059	\$ 261,439	\$ 1,956,220	\$ 1,825,600
Buildings and other improvements	\$ 8,911,477	\$ 8,911,477	\$ 22,007,700	\$ 22,007,700	\$ 30,919,177	\$ 30,818,099
Intangible asset-brand	\$ 18,000	\$ 18,000		\$ -	\$ 18,000	\$ 18,000
Construction in progress	\$ 328,965	\$ 112,465	\$ 3,417,339	\$ 442,618	\$ 3,746,304	\$ 447,589
Equipment	\$ 2,850,119	\$ 2,690,634	\$ 3,563,261	\$ 3,235,709	\$ 6,413,380	\$ 5,665,499
Vehicles and motorized equipment	\$ 8,563,478	\$ 7,872,959	\$ 1,013,910	\$ 1,013,910	\$ 9,577,388	\$ 8,787,830
Infrastructure	\$ 9,026,809	\$ 9,026,809	\$ 26,606,332	\$ 26,606,332	\$ 35,633,141	\$ 35,334,551
Subtotal	\$ 31,298,009	\$ 30,231,505	\$ 56,965,601	\$ 53,567,708	\$ 88,263,610	\$ 82,897,168
Less accumulated depreciation and amortization	\$ 19,137,914	\$ 18,562,820	\$ 33,453,072	\$ 32,051,051	\$ 52,590,986	\$ 50,613,871
Total Net Capital Assets	\$ 12,160,095	\$ 11,668,685	\$ 23,512,529	\$ 21,516,657	\$ 35,672,624	\$ 32,283,297

Additional information on the City’s capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2024, the City’s debt is comprised of Water and Sewer System Bonds, State Revolving loans, USDA loans, and installment purchases.

**Figure 8
 City of Clinton’s Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment notes	1,173,728	1,575,672	1,017,367	1,286,668	2,191,095	3,361,581
Revenue Bonds			5,342,000	5,443,000	5,342,000	5,541,000
Total	\$ 1,173,728	\$ 1,575,672	\$ 6,359,367	\$ 6,729,668	\$ 7,533,095	\$ 8,902,581

City of Clinton’s Outstanding Debt

The City of Clinton’s total debt decreased by \$1,369,486 (15.38%) during the past fiscal year. Governmental activity debt decreased by \$401,944 (25.5%). Business-type activity debt decreased by \$370,301 (5.5%).

As mentioned in the financial highlights section of this document, the City of Clinton currently does not have a bond rating as the City retired all bond-related debt during FY12-13. The City’s most recent credit rating was A+ from Standard & Poor’s and A3 from Moody’s Investors and 82 from the North Carolina Municipal Council. This bond rating is a clear indication of the sound financial condition of City of Clinton. The City of Clinton maintains some of the highest financial ratings from all major rating agencies within its peer group. This achievement is a primary factor in keeping interest costs low on the City’s outstanding debt. In April 2013, the City amortized its outstanding general obligation bonds.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for City of Clinton is \$64,763,665. The City has no bonds authorized but unissued as of June 30, 2024.

Additional information regarding the City of Clinton’s long-term debt can be found in Note III.B.5 of this report.

Economic Factors and Next Year’s Budgets and Rates

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

- The City has started construction on major improvements at the Wastewater Plant.
- The City of Clinton is the commercial center of Sampson County and its strong agriculturally based economy, which traditionally remains stable relative to economic trends. The agriculture industry contributes over one billion dollars annually in the Sampson County economy.
- Sampson County has an unemployment rate of 3.7% as of June 2024.
- The City of Clinton is located in close proximity to Fort Liberty Army Base, Camp Lejeune Marine Base, and Seymour Johnson Air Force Base. Sampson County is part of the All-American corridor.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: Ad valorem and sales tax revenues represent the largest portion of revenue resources for governmental activities. Sales tax revenues continued to increase in FY2023-2024 and the trend is expected to continue in the FY24-25 budget. Total General Fund revenues budgeted for the fiscal year ending June 30, 2025 are \$12,343,500.

Budgeted expenditures in the General Fund are equal to budgeted revenues and are approximately 1% less than the amended FY23-24 budget. The largest expenditure function is public safety and the largest component is employee compensation and benefits.

Some key FY24-25 governmental budget highlights include:

- The property tax rate was reduced to \$.34 per \$100 valuation in this revaluation year. The expected revenue is \$3,918,000 on a 98 percent collection rate.
- Sales Tax revenues account for \$3,495,800.
- The residential garbage collection rate for FY24-25 remains at \$19.50. Residential garbage collection accounts for \$745,000 and commercial collection accounts for \$845,000.
- The commercial collection cubic yard rate remains the same at \$5.25.
- The cost of employee benefits, particularly health insurance, continues to be a factor in the cost of personnel management. The City is experiencing an increase of approximately 4% in FY24-25.
- The City expects to spend approximately \$250,000 on street paving and resurfacing and \$50,000 on storm drainage.
- Major capital expenditures planned for FY24-25 include police vehicles as part of the City's vehicle rotation program.

Business-type Activities: The City estimates revenues of \$6,749,600 from water and sewer enterprise operations in FY24-25, a 4 percent increase from FY23-24.

Some key FY24-25 business-type activity budget highlights include:

- Water and sewer charges, including bulk rate fees, account for \$5,555,100 (82%) in the FY24-25 Water and Sewer Fund budget.
- Sewer surcharges charges based on the pounds of pollutants in excess of the normal amount account for \$750,000.
- Direct department capital costs for Water & Sewer operations amount to \$325,000.
- Budgeted debt service is at \$347,300.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Clinton, PO Box 199, Clinton, NC 28329-0199. The Clinton Finance Director can also be contacted by phone at 910-299-4900 or by email at rsommer@cityofclintonnc.com. More information is available on the City of Clinton website www.cityofclintonnc.com.

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON, NORTH CAROLINA
Statement of Net Position
June 30, 2024

Exhibit 1

	Primary Government			City of Clinton ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,501,203	\$ 6,264,226	\$ 14,765,429	\$ 1,283,013
Taxes receivables (net)	111,460	-	111,460	-
Accounts receivable	355,911	719,520	1,075,431	-
Due from other governments	1,366,086	551,718	1,917,804	-
Due from component unit	172,933	-	172,933	-
Inventories	17,510	56,940	74,450	380,125
Prepaid items	-	-	-	17,180
Restricted cash	119,393	303,200	422,593	-
Total current assets	<u>10,644,496</u>	<u>7,895,604</u>	<u>18,540,100</u>	<u>1,680,318</u>
Non-current assets:				
Capital assets:				
Land, non-depreciable improvements and construction in progress	1,928,126	3,774,398	5,702,524	36,795
Other capital assets, net of depreciation	9,992,211	19,738,131	29,730,342	97,108
Total capital assets	<u>11,920,337</u>	<u>23,512,529</u>	<u>35,432,866</u>	<u>133,903</u>
Total assets	<u>22,564,833</u>	<u>31,408,133</u>	<u>53,972,966</u>	<u>1,814,221</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,750,040</u>	<u>851,697</u>	<u>3,601,737</u>	<u>68,141</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	294,906	642,335	937,241	190,096
Distributions payable	-	-	-	262,073
Accrued interest payable	-	9,770	9,770	-
Due to other governments	-	-	-	56,964
Current portion of long-term liabilities	458,138	254,083	712,221	-
Liabilities payable from restricted assets:				
Customer deposits	-	130,455	130,455	-
Total current liabilities	<u>753,044</u>	<u>1,036,643</u>	<u>1,789,687</u>	<u>509,133</u>
Long-term liabilities:				
Due in more than one year	8,360,973	8,321,367	16,682,340	104,976
Total liabilities	<u>9,114,017</u>	<u>9,358,010</u>	<u>18,472,027</u>	<u>614,109</u>
DEFERRED INFLOWS OF RESOURCES	<u>545,251</u>	<u>129,345</u>	<u>674,596</u>	<u>3,776</u>
NET POSITION				
Net investment in capital assets	10,746,609	17,153,162	27,899,771	133,903
Restricted for:				
Capital projects	-	-	-	503,491
Pursuant to loan requirements	70,370	172,745	243,115	-
Stabilization by State Statute	1,948,426	-	1,948,426	-
Economic development	78,226	-	78,226	-
Public safety	49,023	-	49,023	-
Working capital	-	-	-	100,079
Unrestricted	2,762,951	5,446,568	8,209,519	527,004
Total net position	<u>\$ 15,655,605</u>	<u>\$ 22,772,475</u>	<u>\$ 38,428,080</u>	<u>\$ 1,264,477</u>

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

CITY OF CLINTON, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			City of Clinton ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,530,704	\$ 131,335	\$ 19,355	\$ -	\$ (2,380,014)	\$ -	\$ (2,380,014)	\$ -
Public safety	5,379,466	-	339,592	-	(5,039,874)	-	(5,039,874)	-
Transportation	1,713,924	-	290,328	-	(1,423,596)	-	(1,423,596)	-
Economic and physical development	312,526	-	-	-	(312,526)	-	(312,526)	-
Environmental protection	1,653,065	1,664,639	6,512	-	18,086	-	18,086	-
Cultural and recreation	1,139,519	46,059	-	-	(1,093,460)	-	(1,093,460)	-
Interest on long-term debt	125,295	-	-	-	(125,295)	-	(125,295)	-
Total governmental activities	<u>12,854,499</u>	<u>1,842,033</u>	<u>655,787</u>	<u>-</u>	<u>(10,356,679)</u>	<u>-</u>	<u>(10,356,679)</u>	<u>-</u>
Business-type activities:								
Water and sewer	<u>7,140,250</u>	<u>6,238,609</u>	<u>-</u>	<u>2,937,020</u>	<u>-</u>	<u>2,035,379</u>	<u>2,035,379</u>	<u>-</u>
Total primary government	<u>\$ 19,994,749</u>	<u>\$ 8,080,642</u>	<u>\$ 655,787</u>	<u>\$ 2,937,020</u>	<u>(10,356,679)</u>	<u>2,035,379</u>	<u>(8,321,300)</u>	<u>-</u>
Component unit								
ABC Board	<u>\$ 2,410,095</u>	<u>\$ 2,616,318</u>	<u>\$ -</u>	<u>\$ -</u>				<u>206,223</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					3,628,888	-	3,628,888	-
Other taxes					190,349	-	190,349	-
Unrestricted intergovernmental revenues					5,305,571	-	5,305,571	-
Unrestricted investment earnings					629,000	100,703	729,703	10,630
Gain (loss) on sale of assets					120,613	-	120,613	-
Miscellaneous					301,096	27,600	328,696	-
Transfers					-	-	-	-
Total general revenues and transfers					<u>10,175,517</u>	<u>128,303</u>	<u>10,303,820</u>	<u>10,630</u>
Change in net position					(181,162)	2,163,682	1,982,520	216,853
Net position, beginning					<u>15,836,767</u>	<u>20,608,793</u>	<u>36,445,560</u>	<u>1,047,624</u>
Net position, ending					<u>\$ 15,655,605</u>	<u>\$ 22,772,475</u>	<u>\$ 38,428,080</u>	<u>\$ 1,264,477</u>

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

CITY OF CLINTON, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,811,126	\$ 690,076	\$ 8,501,202
Taxes receivable - net	111,460	230	111,690
Accounts receivable	355,911	-	355,911
Due from other governments	1,359,936	6,150	1,366,086
Due from component unit	172,933	-	172,933
Inventory	17,510	-	17,510
Restricted cash and cash equivalents	119,393	-	119,393
Total assets	<u>\$ 9,948,269</u>	<u>\$ 696,456</u>	<u>\$ 10,644,725</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 273,299	\$ 21,607	\$ 294,906
Total liabilities	<u>273,299</u>	<u>21,607</u>	<u>294,906</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	111,460	230	111,690
Accounts receivable	4,380	-	4,380
Total deferred inflows of resources	<u>115,840</u>	<u>230</u>	<u>116,070</u>
FUND BALANCES			
Nonspendable:			
Inventories	17,510	-	17,510
Restricted:			
Stabilization by State Statute	1,948,426	-	1,948,426
Economic development in the Downtown Tax District	-	78,228	78,228
ARPA	-	599,305	599,305
USDA reserve	70,370	-	70,370
Public safety	49,023	-	49,023
Committed:			
Public safety	364,224	217	364,441
Cemetery fund	363,862	-	363,862
Capital projects	-	(35,878)	(35,878)
Assigned:			
Community development	-	32,749	32,749
Capital use policy	1,552,271	-	1,552,271
Subsequent year's expenditures	144,900	-	144,900
Unassigned	5,048,544	(2)	5,048,542
Total fund balances	<u>9,559,130</u>	<u>674,619</u>	<u>10,233,749</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,948,269</u>	<u>\$ 696,456</u>	<u>\$ 10,644,725</u>

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

CITY OF CLINTON, NORTH CAROLINA
Reconciliation of the Balance Sheet - Governmental Funds to the
Statement of Net Position
June 30, 2024

Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 10,233,749
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	31,298,009	
Accumulated depreciation	<u>(19,377,672)</u>	11,920,337
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
		2,633,813
Deferred outflows of resources related to OPEB are not reported in the funds		
		116,227
Earned revenues considered deferred inflows of resources in fund		
		115,840
Deferred inflows of resources related to OPEB are not reported in the		
		(326,508)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).		(1,173,728)
Compensated absences		(323,703)
Pension related deferrals		(218,742)
Total pension liability		(5,242,410)
OPEB liability		<u>(2,079,270)</u>
Net position of governmental activities		<u>\$ 15,655,605</u>

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

CITY OF CLINTON, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 3,505,842	\$ 56,284	\$ 3,562,126
Other taxes and licenses	190,348	-	190,348
Unrestricted intergovernmental	5,315,653	-	5,315,653
Restricted intergovernmental	655,787	-	655,787
Sales and services	1,945,544	-	1,945,544
Investment earnings	625,142	3,857	628,999
Miscellaneous	279,941	21,253	301,194
Total revenues	<u>12,518,257</u>	<u>81,394</u>	<u>12,599,651</u>
EXPENDITURES			
Current:			
General government	1,731,893	216,500	1,948,393
Public safety	4,980,121	283,923	5,264,044
Transportation	1,275,612	-	1,275,612
Economic and physical development	-	73,408	73,408
Environmental protection	1,280,191	-	1,280,191
Cultural and recreational	1,026,337	-	1,026,337
Miscellaneous	-	7,825	7,825
Debt service:			
Principal	477,775	-	477,775
Interest	49,465	-	49,465
Capital outlay	1,799,965	-	1,799,965
Total expenditures	<u>12,621,359</u>	<u>581,656</u>	<u>13,203,015</u>
Excess (deficiency) of revenues over expenditures	<u>(103,102)</u>	<u>(500,262)</u>	<u>(603,364)</u>
OTHER FINANCING SOURCES (USES)			
Transfer to / from other funds	-	-	-
Sales of capital assets	324,479	-	324,479
Total other financing sources (uses)	<u>324,479</u>	<u>-</u>	<u>324,479</u>
Net change in fund balance	221,377	(500,262)	(278,885)
Fund balances, beginning	<u>9,337,753</u>	<u>1,174,881</u>	<u>10,512,634</u>
Fund balances, ending	<u>\$ 9,559,130</u>	<u>\$ 674,619</u>	<u>\$ 10,233,749</u>

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

CITY OF CLINTON, 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, 2024

Exhibit 4

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances- total governmental funds		\$ (278,885)
--	--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 1,591,542	
Depreciation expense for governmental assets	<u>(1,136,024)</u>	455,518

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		612,650
--	--	---------

OPEB and LEO benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		267,646
--	--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issues	-	
Principal payments on long-term debt	<u>401,944</u>	401,944

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		(46,835)
--	--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(24,433)	
Gain on disposal of assets	(203,866)	
Pension expense	(1,307,323)	
OPEB plan expense	<u>(57,578)</u>	<u>(1,593,200)</u>
Total changes in net position of governmental activities		<u>\$ (181,162)</u>

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

**CITY OF CLINTON, NORTH CAROLINA
General Fund**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2024**

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 3,385,000	\$ 3,407,800	\$ 3,505,842	\$ 98,042
Other taxes and licenses	160,500	170,400	190,348	19,948
Unrestricted intergovernmental	5,352,500	5,352,500	5,315,653	(36,847)
Restricted intergovernmental	590,700	630,500	655,787	25,287
Sales and services	1,730,200	1,760,200	1,945,544	185,344
Investment earnings	102,000	427,000	625,142	198,142
Miscellaneous	175,500	256,299	279,941	23,642
Total revenues	<u>11,496,400</u>	<u>12,004,699</u>	<u>12,518,257</u>	<u>513,558</u>
Expenditures:				
Current:				
General government	1,615,200	1,741,799	1,731,893	9,906
Public safety	5,014,100	5,089,800	4,980,121	109,679
Transportation	1,307,600	1,324,000	1,275,612	48,388
Environmental protection	1,259,300	1,400,600	1,280,191	120,409
Cultural and recreational	1,087,000	1,101,400	1,026,337	75,063
Debt Service:				
Principal	477,800	477,800	477,775	25
Interest	49,400	49,400	49,465	(65)
Capital outlay	796,000	1,963,800	1,799,965	163,835
Total expenditures	<u>11,606,400</u>	<u>13,148,599</u>	<u>12,621,359</u>	<u>527,240</u>
Revenues over (under) expenditures	<u>(110,000)</u>	<u>(1,143,900)</u>	<u>(103,102)</u>	<u>1,040,798</u>
Other financing sources (uses):				
Transfers to (from) other funds	-	-	-	-
Sale of capital assets	10,000	10,000	324,479	314,479
Proceeds from loan	-	530,000	-	(530,000)
Fund balance appropriated	100,000	603,900	-	(603,900)
Total other financing sources (uses)	<u>110,000</u>	<u>1,143,900</u>	<u>324,479</u>	<u>(819,421)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	221,377	<u>\$ 221,377</u>
Fund balance, beginning			<u>9,337,753</u>	
Fund balance, ending			<u>\$ 9,559,130</u>	

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

CITY OF CLINTON, NORTH CAROLINA
Statement of Net Position
Water Sewer Fund
June 30, 2024

Exhibit 6

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,264,226
Accounts receivable (net) - billed	386,036
Accounts receivable (net) - unbilled	333,484
Due from other governments	551,718
Inventories	56,940
Restricted cash and cash equivalents	303,200
Total current assets	7,895,604
Noncurrent assets:	
Capital assets:	
Land	357,059
Construction in progress	3,417,339
Other capital assets, net of depreciation	19,738,131
Total capital assets	23,512,529
Total noncurrent assets	23,512,529
Total assets	\$ 31,408,133
DEFERRED OUTFLOWS OF RESOURCES	\$ 851,697
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 642,335
Compensated absences	50,117
Accrued interest payable	9,770
Bonds and notes payable	203,966
Liabilities payable from restricted assets:	
Customer deposits	130,455
Total current liabilities	1,036,643
Noncurrent liabilities:	
Compensated absences	43,765
Total OPEB liability	682,369
Net pension liability	1,439,832
Bonds and notes payable	6,155,401
Total noncurrent liabilities	8,321,367
Total liabilities	9,358,010
DEFERRED INFLOWS OF RESOURCES	\$ 129,345
NET POSITION	
Net investment in capital assets	17,153,162
Restricted pursuant to loan requirements	172,745
Unrestricted	5,446,568
Total net position	\$ 22,772,475

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

CITY OF CLINTON, NORTH CAROLINA
Statement of Revenues, Expenses, and Change in Fund Net Position
Water Sewer Fund
For the Year Ended June 30, 2024

Exhibit 7

	Major Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 6,238,609
Other operating revenues	27,600
Total operating revenues	6,266,209
OPERATING EXPENSES	
Water department	3,155,417
Waste treatment	2,424,168
Depreciation	1,402,021
Other	8,950
Total operating expenses	6,990,556
Operating income (loss)	(724,347)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	100,703
Interest and other charges	(149,694)
Total nonoperating revenues (expenses)	(48,991)
Income (loss) before contributions and transfers	(773,338)
Capital contributions	2,937,020
Change in net position	2,163,682
Total net position, beginning	20,608,793
Total net position, ending	\$ 22,772,475

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

CITY OF CLINTON, NORTH CAROLINA
Statement of Cash Flows
Water Sewer Fund
For the Year Ended June 30, 2024

Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 5,873,914
Cash paid for goods and services	(2,802,437)
Cash paid to or on behalf of employees for services	(2,089,337)
Customer deposits received	7,553
Net cash provided (used) by operating activities	989,693
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	2,937,020
Principal paid on bonds/loans	(370,301)
Interest paid on bonds/loans	(149,694)
Acquisition and construction of capital assets	(3,423,043)
Net cash provided (used) by capital and related financing activities	(1,006,018)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	100,703
Net increase (decrease) in cash and cash equivalents	84,378
Balances, beginning	6,483,048
Balances, ending	\$ 6,567,426
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (724,347)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,402,021
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	69,049
Decrease (increase) in due from other governments	(461,344)
Decrease (increase) in inventories	1,374
Increase (decrease) in accounts payable and accrued liabilities	512,690
Increase (decrease) in net pension liability	314,209
Increase (decrease) in customer deposits	7,553
Increase (decrease) in accrued vacation	7,999
(Increase) decrease in deferred outflows of resources for pensions	(59,343)
Increase (decrease) in deferred inflows of resources for pensions	3,438
Increase (decrease) in OPEB liability	(83,606)
Total adjustments	1,714,040
Net cash provided (used) by operating activities	\$ 989,693

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies

The accounting policies of the City of Clinton (“the City”) and its discretely presented component unit, the City of Clinton ABC Board, 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 City of Clinton is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City’s financial statements in order to emphasize that it is legally separate from the City.

City of Clinton ABC Board

The members of the ABC Board’s governing board are appointed by the City. In addition, the ABC Board is required by State Statute to distribute its surpluses, if any, to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity’s administrative offices at the City of Clinton ABC Board, 414 Southeast Boulevard, Clinton, NC 28328.

B. Basis of Presentation

Government-wide Financial 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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. 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 City and for each function of the City’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 City’s funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. 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, grants and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation, parks and recreation and general government services.

The City reports the following non-major governmental funds:

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are either legally or contractually restricted to expenditures for specified purposes. The City has five Special Revenue Funds: Community Development Fund, Downtown Tax District Fund, the Fire Department Grant Fund, the American Rescue Plan Fund, and the Open Space Fund. These funds have been combined in the accompanying financial statements.

Capital Project Funds – Various Capital Project funds are used to account for financial resources to be used for non-major acquisitions or construction. The City has five Capital Project Funds: City Facility Renovations Fund, Beaman Street Fire Station Fund, Royal Lane Tennis Court, Phase 1A Part F fund and Bicentennial Clock Fund. These funds have been combined in the accompanying financial statements.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City’s water and sewer operations.

C. Measurement Focus and Basis of Accounting

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

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 City's enterprise fund are charges to customers for sales and services. The City 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 the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City 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 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 for the fiscal year in which they are received. Uncollected taxes that were billed during this period 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.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

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 City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Clinton because the tax is levied by Sampson 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. Under the terms of grant agreements, the City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Capital Projects Funds. All enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The City Manager is authorized by the Council to transfer appropriations within a fund.

Budget amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the Council. If necessary, the Council must adopt an interim budget that covers the period of time from July 1 until the annual budget ordinance can be adopted. The Cemetery Fund is not required to be budgeted.

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

1. Deposits and Investments

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and ABC Board 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 City and the ABC Board to invest in obligations of the United State or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The City's and ABC Board's investments are generally reported at fair value.

The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2024, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

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

2. Cash and Cash Equivalents

The City 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. The City and ABC Board consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Funds are restricted to meet USDA requirements to maintain funds for repayment of debt in both the Governmental and Business type funds. In addition, funds are restricted for various public safety amounts. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintain, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The City had expended all Powell Bill funds as of June 30, 2024.

City of Clinton Restricted Cash

Governmental Activities

General Fund

USDA Reserve	\$	70,370
Police Grants		40,662
Fire Department Grant Fund		<u>8,361</u>

Total Governmental Activities		<u>119,393</u>
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Business-type Activities

Water and Sewer Fund

Customer deposits		130,455
USDA Reserve		<u>172,745</u>

Total Business-type Activities		<u>303,200</u>
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Total Restricted Cash	\$	<u>422,593</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

5. 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.

6. Inventory and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the ABC Board consist of materials and supplies held for subsequent use. The City’s General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the City’s enterprise funds and those of the ABC Board 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 the inventory is purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. There were no items that meet this classification at June 30, 2024.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$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, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	15 - 40 years
Improvements	20-25 years
Furniture and equipment	10 - 15 years
Infrastructure	20 - 40 years
Vehicles	5 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Paving	10 years
Buildings	25 years
Office equipment	10 years
Store equipment	10 years

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

8. 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 position that applies to a future period and so will not be recognized as an expenditure until then. The City has two items that meet this criterion, pension deferrals and other post-employment benefit deferrals. 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 position that applies to a future period and so will not be recognized as revenue until then. The City has several items that met this criterion for this category – miscellaneous items, pension deferrals and other post-employment benefits deferrals

9. Long-Term Obligations

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

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to forty days earned vacation leave with such leave (based on length of service) being fully vested when earned. For the City'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 City 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 ABC Board employees may accumulate vacation and such leave must be taken in the year earned or forfeited. However, terminated ABC Board employees are entitled to be compensated for unused vacation at the time of termination. The amount of this liability is not readily determinable and is not considered to be material. Therefore, the ABC Board did not accrue a liability or expense for unused vacation.

Both the City and the ABC Board's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, 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:

Nonspendable 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 an available resource because it represents the year-end balance of inventories, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute ("RSS"), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as 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. There were no unexpended funds at June 30, 2024.

Restricted for Economic Development in the Downtown Tax District – portion of fund balance restricted by revenue source for use for economic development specifically in the Downtown Tax District.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

11. Net Position/Fund Balances (Continued)

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety.

Restricted for USDA Reserve – portion of fund balance that it restricted by the USDA as a reserve for repayment of long-term debt.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Clinton’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 Safety – portion of fund balance committed by the Council for Fire Department expenditures.

Committed for the Cemetery Fund – portion of fund balance committed by the Council for use in maintaining cemetery property.

Capital Projects – portion of fund balance that has been committed by the Council for various governmental capital improvements.

Assigned Fund Balance – portion of fund balance that the City of Clinton intends to use for specific purposes.

Assigned for Community Development – portion of fund balance assigned by the Board for use in on-going community development needs.

Capital Use Policy – All revenue in excess of expenditures realized at the end of any given fiscal year will be credited to unrestricted available fund balance until a minimum goal of 40% is realized. All revenue in excess of expenditures over and above this goal will be credited to assigned fund balance.

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.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Clinton has an informal revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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 Officer has the authority to deviate from this policy if it is in the best interest of the City.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (Continued)

11. Net Position/Fund Balances (Continued)

The City of Clinton has also adopted a minimum fund balance policy for the General Fund which instructs management to credit all revenue in excess of expenditures realized at the end of any given fiscal year to unassigned available fund balance until a minimum goal of thirty-five to forty percent (35-40%) is realized. The City will adjust this minimum as appropriate based upon recommendation from the Local Government Commission and the current financial outlook.

Once the forty percent (40%) goal is realized, all revenue in excess of expenditures realized at the end of any given fiscal year will be credited as capital reserves.

12. Pensions

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 City of Clinton's employer contributions are recognized when due and the City of Clinton 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.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City and the ABC Board 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 City's or the ABC Board's agents in these units' 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 for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest 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 City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization. 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 City and ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City and the ABC Board comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

At June 30, 2024, the City's deposits had a carrying amount of \$10,305,046 and a bank balance of \$10,650,140. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$1,071,402 and the bank balance was \$1,045,758. The entire bank balance was covered by federal depository insurance. At June 30, 2024, the City's petty cash fund totaled \$350 and the ABC Board's petty cash fund totaled \$2,900.

2. Investments

At June 30, 2024, the City had \$4,882,626 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has an investment policy which covers the type and necessary diversification required to reduce credit risk to acceptable levels for the City.

At June 30, 2024, the ABC Board had \$208,711 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The ABC Board has no formal policy regarding credit risk of its investments.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 64,262
Accounts receivable	<u>263,189</u>
Total General Fund	327,451
Water and Sewer Fund:	
Accounts receivable	<u>75,727</u>
Total	<u>\$ 403,178</u>

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,599,161	\$ -	\$ -	\$ 1,599,161
Construction in progress	112,465	216,500	-	328,965
Total capital assets not being depreciated:	<u>1,711,626</u>	<u>216,500</u>	<u>-</u>	<u>1,928,126</u>
Capital assets being depreciated:				
Buildings and other improvements	8,911,477	-	-	8,911,477
Intangible asset-brand	18,000	-	-	18,000
Equipment	2,690,634	159,485	-	2,850,119
Vehicles and motorized equipment	7,872,959	1,215,557	525,038	8,563,478
Infrastructure	9,026,809	-	-	9,026,809
Total capital assets being depreciated:	<u>28,519,879</u>	<u>1,375,042</u>	<u>525,038</u>	<u>29,369,883</u>
Less accumulated depreciation:				
Buildings and other improvements	4,026,572	296,643	-	4,323,215
Intangible asset-brand	5,152	602	-	5,754
Equipment	2,163,321	216,417	-	2,379,738
Vehicles and motorized equipment	5,448,432	135,993	321,172	5,263,253
Infrastructure	6,919,343	486,369	-	7,405,712
Total accumulated depreciation	<u>18,562,820</u>	<u>1,136,024</u>	<u>321,172</u>	<u>19,377,672</u>
Total capital assets being depreciated, net	<u>9,957,059</u>			<u>9,992,211</u>
Governmental activities capital assets, net	<u>\$ 11,668,685</u>			<u>\$ 11,920,337</u>

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

General government	\$ 291,837
Public safety	364,841
Transportation	248,440
Environmental protection	119,683
Cultural and recreation	111,223
	<u>\$ 1,136,024</u>

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

4. Capital Assets (Continued)

<i>Business-type activities:</i>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 261,439	\$ 95,620	\$ -	\$ 357,059
Construction in progress	442,618	2,974,721	-	3,417,339
Total capital assets not being depreciated:	<u>704,057</u>	<u>3,070,341</u>	<u>-</u>	<u>3,774,398</u>
Capital assets being depreciated:				
Land improvements	14,579,305	-	-	14,579,305
Equipment	3,235,709	327,552	-	3,563,261
Vehicles	1,013,910	-	-	1,013,910
Buildings	7,428,395	-	-	7,428,395
Infrastructure	26,606,332	-	-	26,606,332
Total capital assets being depreciated:	<u>52,863,651</u>	<u>327,552</u>	<u>-</u>	<u>53,191,203</u>
Less accumulated depreciation:				
Land improvements	10,026,531	406,224	-	10,432,755
Equipment	2,322,052	163,963	-	2,486,015
Vehicles	671,978	78,753	-	750,731
Buildings	7,391,860	-	-	7,391,860
Infrastructure	11,638,630	753,081	-	12,391,711
Total accumulated depreciation	<u>32,051,051</u>	<u>1,402,021</u>	<u>-</u>	<u>33,453,072</u>
Total capital assets being depreciated, net	<u>20,812,600</u>			<u>19,738,131</u>
Business-type activities capital assets, net	<u>\$ 21,516,657</u>			<u>\$23,512,529</u>

Construction Commitments and Construction in Progress

The City has active construction commitments as of June 30, 2024. At year-end, the City's commitments with contractors are as follows:

The City has entered into a contract regarding improvements for its waste water treatment plan. They total commitment is \$5,283,828, of which \$2,699,163 remains at June 30, 2024.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

4. Capital Assets (Continued)

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 36,795	\$ -	\$ -	\$ 36,795
Capital assets being depreciated:				
Other improvements	3,270	-	-	3,270
Buildings	214,609	-	-	214,609
Equipment	114,834	-	-	114,834
Total capital assets being depreciated:	332,713	-	-	332,713
Less accumulated depreciation:				
Total accumulated depreciation	223,437	12,168		235,605
Total capital assets being depreciated, net	109,276			97,108
Business-type activities capital assets, net	\$ 146,071			\$ 133,903

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City 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 or 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 for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life 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. City of Clinton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Clinton's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Clinton were \$819,928 for the year ended June 30, 2024.

Refunds of Contributions – City 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.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

At June 30, 2024, the City reported a liability of \$5,827,191 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City'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 City's proportion was 0.08798%, which was an increase of 0.00576% from its proportion as of June 30, 2023.

For the year ended June 30, 2024, the City recognized pension expense of \$1,618,729. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 649,322	\$ 13,979
Changes of assumptions	247,622	-
Net difference between projected and actual earnings on pension plan investments	1,559,611	-
Changes in proportion and differences between City contributions and proportionate share of contributions	16,076	75,838
City contributions subsequent to the measurement date	819,928	-
Total	\$ 3,292,559	\$ 89,817

\$819,928 was reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2025	\$	842,943	
2026		426,320	
2027		1,047,603	
2028		65,949	
2029		-	
Thereafter		-	

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

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

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

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 City’s proportionate share of the net pension asset to changes in the discount rate. The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the City’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's proportionate share of the net pension liability (asset)	\$ 10,095,379	\$ 5,827,191	\$ 2,313,218

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 for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of Clinton administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

Retirees receiving benefits	5
Active plan members	30
Total	35

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index determined at the end of each month.

Mortality rates are based on the Pub-2010 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The City 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. For the current year, the City paid \$74,127 in benefits. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

At June 30, 2024, the City reported a total pension liability of \$855,051. The total pension liability was measured as of December 31, 2023 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$116,464.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,157	\$ 40,992
Changes of assumptions and other inputs	95,651	110,127
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 154,808	\$ 151,119

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 41,025
2026	39,897
2027	35,553
2028	32,379
2029	2,265
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 4.00 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
City's proportionate share of the net pension liability (asset)	\$ 938,069	\$ 855,051	\$ 780,919

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

Beginning balance	\$	780,904
Service Cost		48,167
Interest on the total pension liability		32,060
Changes of benefit terms		-
Differences between expected and actual experience in the measurement of the total pension liability		45,975
Changes of assumptions or other inputs		22,072
Benefit payments		(74,127)
Other changes		-
Total	\$	855,051

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,618,729	\$ 116,464	\$ 1,735,193
Pension Liability	5,827,191	855,051	6,682,242
Proportionate share of the net pension liability	0.08798%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	649,322	59,157	708,479
Changes of assumptions	247,622	95,651	343,273
Net difference between projected and actual earnings on plan investments	1,559,611	-	1,559,611
Changes in proportion and differences between City contributions and proportionate share of contributions	16,076	-	16,076
City benefit payments and plan administrative expense made subsequent to the measurement date	819,928	-	819,928
 Deferred Inflows of Resources			
Differences between expected and actual experience	13,979	40,992	54,971
Changes of assumptions	-	110,127	110,127
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,838	-	75,838

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City 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 City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (“ACFR”) for the State of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2024 were \$95,475, which consisted of \$78,554 from the City and \$16,921 from the law enforcement officers. No amounts were forfeited.

Effective July 1, 2020, the City discontinued the voluntary contribution of 0.5% made by the City to the plan for all employees who are not certified law enforcement personnel. Employees continue to be able to make voluntary contributions to the plan and the amounts contributed are fully vested when contributed. The contributions for the year ended June 30, 2024 totaled \$165,345, which consisted of \$24,707 from the City and \$140,638 from City employees.

d. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System") and have at least twenty years of creditable service with the City. Employees hired as of July 1, 2010 are not eligible for this benefit. The City pays the full cost of coverage for these benefits until the retiree reaches age 65.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	15	4
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	21	2
Total	36	6

Total OPEB Liability

The City's total OPEB liability of \$2,761,639 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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	2.5 percent
Salary increases	3.25 – 8.41% percent, average, including inflation
Discount rate	3.65 percent
Healthcare cost trend rates	Pre-Medicare – 7.0%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

Beginning balance	\$ 3,156,371
Service Cost	50,931
Interest	108,994
Changes of benefit terms	-
Differences between expected and actual experience	(352,881)
Changes of assumptions or other inputs	57,216
Benefit payments	<u>(258,992)</u>
Total	<u>\$ 2,761,639</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the Pub-2010 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 2,958,659	\$ 2,761,639	\$ 2,581,186

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 2,562,806	\$ 2,761,639	\$ 2,984,483

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$77,058. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,574	\$ 280,872
Changes of assumptions and other inputs	146,796	152,788
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 154,370	\$ 433,660

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$	(101,903)
2026		(152,976)
2027		(24,411)
2028		-
2029		-
Thereafter		-

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

2. Other Employment Benefits

The City 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 City 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. The City considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

LGERS Pension	
Contributions to pension plan in current fiscal year	\$ 819,928
Differences between expected and actual experience	649,322
Changes of assumptions	247,622
Net difference between projected and actual earnings	1,559,611
Changes in proportion and differences between City contributions and proportionate share of contributions	16,076
LEO Pension	
Differences between expected and actual experience	59,157
Changes of assumptions	95,651
OPEB	
Differences between expected and actual experience	7,574
Changes of assumptions	146,796
Total Deferred Outflows of Resources	\$ 3,601,737

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable	\$ -	\$ 4,380
Other accounts receivable	-	111,690
LGERS Pension		
Differences between expected and actual experience	13,979	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,838	-
LEO Pension		
Differences between expected and actual experience	40,992	-
Changes of assumptions	110,127	-
OPEB		
Differences between expected and actual experience	280,872	-
Changes of assumptions	152,788	-
Total	\$ 674,596	\$ 116,070

4. Risk Management

The City 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 City participates in two (2) self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1,000,000 and \$2,000,000, respectively, per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professionals liability and public officials liability in excess of \$1,000,000, property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The City carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City carries flood insurance at certain locations at the waste treatment facility. Flood insurance is carried on the lift-station, lab building and digester facility. The City carries flood insurance through the National Flood Insurance Plan ("NFIP"). In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond.

The finance officer is individually bonded for \$1,000,000.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Purchase

Serviced by the General Fund:

<p>\$425,000 installment note issued August 2004 plus additional \$750,000 note issued February 2008 used to finance downtown revitalization projects. These notes were refinanced with Truist Bank in August 2012 to a remaining term of twelve years. Due in annual installments of \$83,997 including interest at 2.19% through August 1, 2024. This note was paid off during the current year.</p>	<p>\$ -</p>
<p>\$1,000,000 installment note issued May 21, 2013 with the US Department of Agriculture, Rural Development, due in annual payments of \$70,370 including interest at 3.5% to finance downtown revitalization.</p>	<p>542,711</p>
<p>\$415,000 installment note issued March 13, 2020 with BCI Capital, due in annual payments of \$46,431 including interest at 2.095% secured by a fire truck.</p>	<p>259,246</p>
<p>\$476,000 installment note issued August 14, 2019 with FCB due in annual payments of \$126,103 including interest at 2.36% secured by vehicles. This note was paid off during the current year.</p>	<p>-</p>
<p>\$233,000 installment note issued August 26, 2021 with Truist Bank, due in annual payments of \$60,082 including interest at 1.25%, secured by equipment.</p>	<p>117,947</p>
<p>\$893,066 installment note issued May 13, 2024 with Truist Bank, due in annual payments of \$83,997 including interest at 2.19%, secured by equipment.</p>	<p>82,197</p>
<p>\$225,000 installment note issued October 3, 2022 with Truist Bank, due in annual payments of \$61,271 including interest at 3.51%, secured by equipment.</p>	<p><u>171,627</u></p>
	<p><u>\$ 1,173,728</u></p>

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

Serviced by the Water and Sewer Fund:

\$230,135 unsecured installment note issued June 8, 2010 with NCDEQ for utility improvements, due in annual installments of \$11,507 plus interest at 2.1% 69,040

\$142,850 unsecured installment note issued July 27, 2010 with NCDEQ for utility improvements, due in annual installments of \$7,143 with no interest 42,856

\$1,646,334 installment note issued December 31, 2015 with the Environmental Protection Agency for utility improvements, due in annual installments of \$82,317 with no interest 905,484

\$ 1,017,380

Annual debt service requirements to maturity for long-term obligations are as follows:

Year ended June 30:	Governmental Activities		Business-type Activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 288,708	\$ 33,443	\$ 100,966	\$ 1,450
2026	211,946	26,208	100,966	1,208
2027	157,464	20,608	100,966	967
2028	101,214	15,588	100,966	725
2029	104,250	12,551	100,966	725
2030-2034	310,146	20,777	430,233	-
2035-2036	-	-	82,317	-
	<u>\$ 1,173,728</u>	<u>\$ 129,175</u>	<u>\$ 1,017,380</u>	<u>\$ 5,075</u>

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

b. Revenue Bond

\$4,836,000 Water and Sewer System Revenue Bonds, Series 2017A, issued for water and sewer system improvements, due in annual installments varying from \$66,000 to \$190,000 plus interest at 2.75% \$ 4,320,000

\$1,158,000 Water and Sewer System Revenue Bonds, Series 2017B, issued for water and sewer system improvements, due in annual installments varying from \$18,000 to \$42,000 plus interest at 2.25% 1,022,000
 Total revenue bonds \$ 5,342,000

The City has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5 of the Bond Order, authorizing the issuance of Water and Sewer System Revenue Bonds, Series 2017, since its adoption in 2017. Section 5 of the Bond Order requires Net Revenues for each fiscal year be not less than 110% of the debt service requirement for these bonds for the current fiscal year and not less than 100% of the amount necessary to meet all annual debt service requirement for the coming fiscal year.

The debt service requirement coverage ratio calculation for the year ended June 30, 2024 is as follows:

Current revenues	\$ 6,266,209
Current expenses	<u>5,588,535</u>
Subtotal	<u><u>677,674</u></u>
Debt service, principal and interest Paid (Revenue Bond only)	<u>244,795</u>
Debt Service Coverage Ratio	<u><u>277%</u></u>

Per rate covenants, net revenues include revenues of the water and sewer fund less operating expenses. Operating expenses do not include depreciation, amortization, interest and similar charges totaling \$1,551,715 in the current year.

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$5,994,000 in water and sewer system revenue bonds issued in December 2017. Proceeds from the bonds provided financing for water and sewer system improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2056. The total principal and interest remaining to be paid on the bonds is \$8,082,333. Principal and interest paid for the current year and the income available for debt service was \$245,468 and \$677,674, respectively.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

Annual debt service requirements to maturity for the revenue bond at June 30, 2024 are as follows:

Year ended June 30:	Business-type Activities Revenue Bond	
	Principal	Interest
2025	\$ 103,000	\$ 141,795
2026	106,000	139,068
2027	109,000	136,263
2028	112,000	133,375
2029	114,000	130,410
2030-2034	621,000	604,890
2035-2039	709,000	517,995
2040-2044	806,000	415,481
2045-2049	918,000	306,198
2050-2054	1,048,000	177,518
2055-2057	696,000	37,340
	<u>\$ 5,342,000</u>	<u>\$ 2,740,333</u>

c. Change in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<i>Governmental activities:</i>					
Installment notes	\$ 1,575,672	\$ -	\$ 401,944	\$ 1,173,728	\$ 288,708
Compensated absences	299,270	24,433	-	323,703	169,430
Total OPEB liability	2,390,396	-	311,126	2,079,270	-
Total pension liability (LEO)	780,904	74,147	-	855,051	-
Net pension liability (LGERS)	3,512,759	874,600	-	4,387,359	-
Governmental activity long-term liabilities	<u>\$ 8,559,001</u>	<u>\$ 973,180</u>	<u>\$ 713,070</u>	<u>\$ 8,819,111</u>	<u>\$ 458,138</u>
<i>Business-type activities:</i>					
<u>Water and Sewer Fund</u>					
Installment notes	\$ 1,286,668	\$ -	\$ 269,301	\$ 1,017,367	\$ 100,966
Revenue bonds	5,443,000	-	101,000	5,342,000	103,000
Compensated absences	85,883	7,999	-	93,882	50,117
Total OPEB liability	765,975	-	83,606	682,369	-
Net pension liability (LGERS)	1,125,623	314,209	-	1,439,832	-
Water and Sewer Fund long-term liabilities	<u>\$ 8,707,149</u>	<u>\$ 322,208</u>	<u>\$ 453,907</u>	<u>\$ 8,575,450</u>	<u>\$ 254,083</u>
Business activity long-term liabilities	<u>\$ 8,707,149</u>	<u>\$ 322,208</u>	<u>\$ 453,907</u>	<u>\$ 8,575,450</u>	<u>\$ 254,083</u>

The City has a legal debt margin of \$68,932,873 at June 30, 2024.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Detail Notes on All Funds (Continued)

6. Net Investment in Capital Assets

Governmental activities:	
Total capital assets	\$ 11,920,337
Less: Notes payable	<u>1,173,728</u>
	<u>\$ 10,746,609</u>

Business-type activities:	
Total capital assets	\$ 23,512,529
Less: Bonds payable	5,342,000
Notes payable	<u>1,017,367</u>
	<u>\$ 17,153,162</u>

III. Interfund Activity

Transfers to/from other funds at June 30, 2024, consist of the following:

- Transfer from the Cemetery fund to the general fund for operating expenses \$61,365

IV. 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	\$ 9,559,130
Less:	
Inventories	17,510
Stabilization by State Statute	1,948,426
USDA Reserve	70,370
Public Safety	413,247
Cemetery Fund	363,862
Assigned Funds	<u>1,697,171</u>
Remaining Fund Balance	<u>\$ 5,048,544</u>

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

IV. Fund Balance (Continued)

The City of Clinton has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 35-40% of budgeted expenditures.

V. Joint Ventures

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the fund for the on-behalf payments for retirement benefits made to eligible members of the City's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

VI. Jointly Governed Organization

The City, in conjunction with three counties and nineteen municipalities, established the Mid-Carolina Area Council of Governments ("Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$.24 per citizen which totaled \$2,010 during the fiscal year ended June 30, 2024.

VII. Related Organization

The City, in conjunction with Sampson County contributes financial support for a regional airport. The City of Clinton's Mayor and two other appointees from the City along with a County Commissioner and two appointees from the County make up the airport board. The Airport has been established to facilitate economic expansion within the City of Clinton and Sampson County and improve the quality of life for its citizens. The Airport is an agency of Sampson County who is responsible for the operation and owns the facilities.

The City of Clinton does not have an equity interest in the airport, so no equity interest has been reflected in the financial statements at June 30, 2024. The City of Clinton pays one half of the operating costs and one half of any required match for grants. The City of Clinton is not under any contractual obligation to continue support of the airport.

VIII. Commitments

In 2017 the City entered into a year agreement to dispose of liquid and dried waste from the waste-treatment facility. The total amount paid under the contract for the year ended June 30, 2024 was approximately \$477,343.

For the year ended June 30, 2024 the City of Clinton received from Sampson County \$6,900 as a Fire Department contribution.

CITY OF CLINTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

IX. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

X. Significant Effects of Subsequent Events

Subsequent events have been evaluated through January 27, 2025, the date which the financial statements were available to be issued. There were no recognized events meriting disclosure.

XI. Other Agreements

The City owns property that it leases other businesses. The total amount received by the City in the lease payments during the year was \$88,805.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

CITY OF CLINTON, NORTH CAROLINA
City of Clinton's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*

Schedule 1

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Clinton's proportion of the net pension liability (asset) (%)	0.08798%	0.08222%	0.08513%	0.08869%	0.09040%
Clinton's proportion of the net pension liability (asset) (\$)	\$ 5,827,191	\$ 4,638,382	\$ 1,305,550	\$ 3,169,272	\$ 2,468,753
Clinton's covered-employee payroll	\$ 6,282,445	\$ 5,802,442	\$ 5,917,053	\$ 5,615,066	\$ 5,801,157
Clinton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	92.75%	79.94%	22.06%	56.44%	42.56%
Plan fiduciary net position as a percentage of the total pension liability **	82.49%	84.14%	95.51%	91.63%	94.18%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Clinton's proportion of the net pension liability (asset) (%)	0.08547%	0.08669%	0.09161%	0.09473%	-0.09690%
Clinton's proportion of the net pension liability (asset) (\$)	\$ 2,027,641	\$ 1,324,383	\$ 1,944,271	\$ 425,144	\$ (571,287)
Clinton's covered-employee payroll	\$ 5,209,917	\$ 4,957,515	\$ 4,699,383	\$ 4,874,305	\$ 4,734,391
Clinton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.92%	26.71%	41.37%	8.72%	-12.07%
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

CITY OF CLINTON, NORTH CAROLINA
City of Clinton's Contributions
Required Supplementary Information
Last Ten Fiscal Years*

Schedule 2

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 819,928	\$ 776,406	\$ 669,558	\$ 612,641	\$ 515,037
Contributions in relation to the contractually required contribution	819,928	776,406	669,558	612,641	515,037
Contribution deficiency (excess)	<u>\$ -</u>				
Clinton's covered-employee payroll	\$ 6,222,969	\$ 6,282,445	\$ 5,802,442	\$ 5,917,053	\$ 5,615,066
Contribution as a percentage of covered-employee payroll	13.18%	12.36%	11.54%	10.35%	9.17%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 462,561	\$ 402,594	\$ 370,691	\$ 335,856	\$ 346,633
Contributions in relation to the contractually required contribution	462,561	402,596	370,691	335,856	346,633
Contribution deficiency (excess)	<u>\$ -</u>				
Clinton's covered-employee payroll	\$ 5,801,157	\$ 5,209,917	\$ 4,957,515	\$ 4,699,383	\$ 4,874,305
Contribution as a percentage of covered-employee payroll	7.97%	7.73%	7.48%	7.15%	7.11%

CITY OF CLINTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2024

Schedule 3

Law Enforcement Officers' Special Separation Allowance

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 780,904	\$ 978,025	\$ 1,000,119	\$ 799,144	\$ 646,796
Service Cost	48,167	52,373	57,500	35,995	34,987
Interest on the total pension liability	32,060	21,172	18,584	24,711	22,015
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	45,975	(50,358)	1,729	(23,934)	157,510
Changes of assumptions or other inputs	22,072	(146,181)	(25,519)	246,476	21,796
Benefit payments	(74,127)	(74,127)	(74,388)	(82,273)	(83,960)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 855,051</u>	<u>\$ 780,904</u>	<u>\$ 978,025</u>	<u>\$ 1,000,119</u>	<u>\$ 799,144</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Beginning balance	\$ 753,342	\$ 754,632	\$ 799,935		
Service Cost	33,495	27,533	27,533		
Interest on the total pension liability	22,416	29,129	27,034		
Changes of benefit terms	-	-	-		
Differences between expected and actual experience in the measurement of the total pension liability	-	-	-		
Changes of assumptions or other inputs	(74,759)	27,198	(14,501)		
Benefit payments	(87,698)	(85,150)	(85,369)		
Other changes	-	-	-		
Ending balance of the total pension liability	<u>\$ 646,796</u>	<u>\$ 753,342</u>	<u>\$ 754,632</u>		

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

CITY OF CLINTON, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officer's Special Separation Allowance
June 30, 2024

Schedule 4

Law Enforcement Officers' Special Separation Allowance

	2024	2023	2022	2021	2020
Total pension liability	\$ 855,051	\$ 780,904	\$ 978,025	\$ 1,000,119	\$ 799,144
Covered payroll	1,592,145	1,200,275	1,190,131	1,199,961	1,292,843
Total pension liability as a percentage of covered payroll	53.70%	65.06%	82.18%	83.35%	61.81%
	2019	2018	2017		
Total pension liability	\$ 646,796	\$ 753,342	\$ 754,632		
Covered payroll	1,098,880	1,010,661	1,056,068		
Total pension liability as a percentage of covered payroll	58.86%	74.54%	71.46%		

Notes to the schedules:

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

CITY OF CLINTON, NORTH CAROLINA
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2024

Schedule 5

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 50,931	\$ 67,015	\$ 91,649	\$ 67,103
Interest	108,994	76,188	76,961	110,539
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(352,881)	9,773	(183,467)	21,185
Changes of assumptions	57,216	(329,422)	316,913	314,029
Benefit payments	(258,992)	(253,411)	(212,025)	(213,740)
Net change in total OPEB liability	<u>(394,732)</u>	<u>(429,857)</u>	<u>90,031</u>	<u>299,116</u>
Total OPEB liability - beginning	<u>3,156,371</u>	<u>3,586,228</u>	<u>3,496,197</u>	<u>3,197,081</u>
Total OPEB liability - ending	<u>\$ 2,761,639</u>	<u>\$ 3,156,371</u>	<u>\$ 3,586,228</u>	<u>\$ 3,496,197</u>
Covered payroll	1,362,348	1,492,153	1,492,153	1,964,251
Total OPEB liability as a percentage of covered payroll	202.71%	211.53%	240.34%	177.99%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 82,740	\$ 85,590	\$ 92,591
Interest	120,850	112,095	97,873
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(102,367)	9,909	886
Changes of assumptions	78,069	(84,401)	(149,152)
Benefit payments	(176,110)	(154,711)	(135,733)
Net change in total OPEB liability	<u>3,182</u>	<u>(31,518)</u>	<u>(93,535)</u>
Total OPEB liability - beginning	<u>3,193,899</u>	<u>3,225,417</u>	<u>3,318,952</u>
Total OPEB liability - ending	<u>\$ 3,197,081</u>	<u>\$ 3,193,899</u>	<u>\$ 3,225,417</u>
Covered payroll	1,964,251	2,336,520	2,336,520
Total OPEB liability as a percentage of covered payroll	162.76%	136.69%	138.04%

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>
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF CLINTON, NORTH CAROLINA
General Fund**

Schedule 6

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes:			
Current year		\$ 3,441,614	
Prior years levies		46,576	
Interest and penalties		17,652	
Total	\$ 3,407,800	3,505,842	\$ 98,042
Other taxes and licenses:			
Auto licenses		164,894	
Vehicle rental taxes		24,804	
Privilege licenses		650	
Total	170,400	190,348	19,948
Unrestricted intergovernmental:			
Local option sales tax		3,583,858	
Utility franchise tax		820,440	
Fire district tax		614,510	
ABC profit distribution		172,933	
Telecommunications sales tax		34,521	
Excise tax on piped gas		39,900	
Beer and wine tax		22,946	
CATV franchise fee		20,011	
Sales tax reimbursements		6,534	
Total	5,352,500	5,315,653	(36,847)
Restricted intergovernmental:			
Powell bill allocation		290,328	
Sampson County contribution		6,900	
City schools - police		231,292	
Federal and state grants		77,732	
Rescue technical assistance		12,000	
ABC revenue for law enforcement		22,606	
Solid waste disposal tax		6,512	
Local fire protection service		5,483	
Federal drug forfeiture		617	
State reimbursement		455	
State substance abuse tax		1,862	
Total	630,500	655,787	25,287
Sales and services:			
Garbage collections fees		1,768,152	
Recreation department fees		46,059	
Cemetery lot sales and maintenance		62,020	
Other services and materials		24,181	
Lot cleaning		45,132	
Total	1,760,200	1,945,544	185,344

**CITY OF CLINTON, NORTH CAROLINA
General Fund**

Schedule 6

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
Investment earnings:			
General fund		\$ 616,392	
Cemetery trust fund		8,750	
Total	\$ 427,000	625,142	\$ 198,142
Miscellaneous:			
Other		24,413	
Rent industrial buildings		90,150	
Sale of recyclables		34,745	
Insurance revenue		59,479	
Fire department special fees		45,513	
Officer arrest fees		7,641	
Donations		18,000	
Total	256,299	279,941	23,642
Total revenues	12,004,699	12,518,257	513,558
Expenditures:			
General government:			
Governing body:			
Mayor and council salaries and benefits		67,760	
Mayor and council expenses		36,972	
Total	106,600	104,732	1,868
Administrative:			
Salaries and employee benefits		126,233	
Operating expenses		50,444	
Total	177,300	176,677	623
Human resources:			
Salaries and employee benefits		110,204	
Operating expenses		44,644	
Total	162,000	154,848	7,152
Financing:			
Salaries and employee benefits		118,468	
Operating expenses		61,265	
Total	179,900	179,733	167
Planning and zoning:			
Salaries and employee benefits		340,344	
Operating expenses		57,171	
Total	396,300	397,515	(1,215)
Cemetery and public grounds:			
Salaries and employee benefits		212,843	
Operating expenses		111,447	
Total	355,300	324,290	31,010

**CITY OF CLINTON, NORTH CAROLINA
General Fund**

Schedule 6

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
Non-departmental:			
Various operating expenses		\$ 41,912	
Contract services		75,377	
Retirees medical insurance		122,841	
Insurance		74,963	
Professional services		18,582	
Utilities		15,056	
Other agency contributions		11,000	
Economic development		20,000	
Capital outlay		48,927	
Total	\$ 489,199	\$ 428,851	\$ 60,348
Total general government	1,866,599	1,766,646	32,453
Public safety:			
Police:			
Salaries and employee benefits		2,413,959	
Operating expenses		578,988	
Capital outlay		442,562	
Total	3,511,500	3,435,509	75,991
Fire:			
Salaries and employee benefits		1,587,355	
Operating expenses		395,210	
Capital outlay		143,107	
Total	2,242,500	2,125,672	116,828
Total public safety	5,754,000	5,561,181	192,819
Transportation:			
Street administration:			
Salaries and employee benefits		580,867	
Operating expenses		37,022	
Total	627,500	617,889	9,611
Materials and supplies:			
Signs, signals, paints and supplies		38,442	
Operating expenses		43,050	
Total	80,100	81,492	(1,392)
Equipment expenses:			
Automotive supplies		32,822	
Equipment rental and maintenance		33,399	
Small tools and equipment		7,883	
Total	88,400	74,104	14,296

**CITY OF CLINTON, NORTH CAROLINA
General Fund**

Schedule 6

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
Other costs and services:			
Street lighting contract		\$ 272,407	
Capital outlay		203,248	
Total	\$ 752,300	475,655	\$ 276,645
Garage:			
Salaries and employee benefits		141,268	
Operating expenses		88,452	
Capital outlay		59,940	
Total	313,000	289,660	23,340
Total transportation	1,861,300	1,538,800	8,219
Environmental protection:			
Sanitation:			
Salaries and employee benefits		479,162	
Operating expenses		801,029	
Capital outlay		844,986	
Total environmental protection	1,935,600	2,125,177	(189,577)
Cultural and recreational:			
Salaries and employee benefits		637,447	
Operating expenses		388,890	
Capital outlay		75,978	
Total cultural and recreational	1,203,900	1,102,315	101,585
Debt service:			
Principal retirement		477,775	
Interest expense		49,465	
Total debt service	527,200	527,240	(40)
Total expenditures	13,148,599	12,621,359	527,240
Revenues over (under) expenditures	(1,143,900)	(103,102)	1,040,798
Other financing sources (uses):			
Sale of surplus assets	10,000	324,479	314,479
Debt issuance	530,000	-	(530,000)
Transfers out	(50,000)	(61,365)	(11,365)
Transfer from other funds	50,000	61,365	11,365
Fund balance appropriated	603,900	-	(603,900)
Total other financing sources	1,143,900	324,479	(819,421)
Net change in fund balance	\$ -	221,377	\$ 221,377
Fund balance, beginning		9,337,753	
Fund balance, ending		\$ 9,559,130	

CITY OF CLINTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2024

Schedule 7

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 727,649	\$ (37,573)	\$ 690,076
Taxes receivable, net	230	-	230
Due from other governments	4,455	1,695	6,150
Total assets	\$ 732,334	\$ (35,878)	\$ 696,456
LIABILITIES			
Accounts payable	\$ 21,607	\$ -	\$ 21,607
Total liabilities	21,607	-	21,607
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	230	-	230
Total deferred inflows of resources	230	-	230
FUND BALANCES			
Assigned - Community Development	32,749	-	32,749
Restricted - Economic Development	78,226	-	78,226
Restricted - ARPA	599,305	-	599,305
Committed - Public Safety	217	-	217
Committed - Capital Projects	-	(35,878)	(35,878)
Total fund balances	710,497	(35,878)	674,619
Total liabilities, deferred inflows of resources and fund balances	\$ 732,334	\$ (35,878)	\$ 696,456

CITY OF CLINTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
From Inception and For the Year Ended June 30, 2024

Schedule 8

	Special Revenue Funds	Capital Project Funds	Total Non- Major Governmental Funds
REVENUES			
Ad valorem taxes - net	\$ 56,284	\$ -	\$ 56,284
Investment earnings	3,857	-	3,857
Miscellaneous	21,253	-	21,253
Total revenues	81,394	-	81,394
EXPENDITURES			
General government	-	216,500	216,500
Economic and physical development	73,408	-	73,408
Public safety	283,923	-	283,923
Miscellaneous	7,825	-	7,825
Total expenditures	365,156	216,500	581,656
Excess (deficiency) of revenues over expenditures	(283,762)	(216,500)	(500,262)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds			
General Fund	-	-	-
Transfers to other funds:			
Water Sewer Fund	-	-	-
General Fund	-	-	-
Net change in fund balance	(283,762)	(216,500)	(500,262)
Fund balances, beginning	994,259	180,622	1,174,881
Fund balances, ending	\$ 710,497	\$ (35,878)	\$ 674,619

CITY OF CLINTON, NORTH CAROLINA
Combining Balance Sheet
Special Revenue Funds - Non-Major Governmental Funds
June 30, 2024

Schedule 9

	Community Development Fund	Downtown Tax District Fund	Fire Department Grant Fund	Open Space Fund	American Rescue Plan Fund	General American Rescue Plan Fund	Total Special Revenue Funds
ASSETS							
Cash and investments	\$ 29,959	\$ 79,395	\$ 217	\$ 2,790	\$ 136	\$ 615,152	\$ 727,649
Taxes receivable, net	-	230	-	-	-	-	230
Due from other governments	-	1,368	-	-	-	3,087	4,455
Total assets	<u>\$ 29,959</u>	<u>\$ 80,993</u>	<u>\$ 217</u>	<u>\$ 2,790</u>	<u>\$ 136</u>	<u>\$ 618,239</u>	<u>\$ 732,334</u>
LIABILITIES							
Accounts payable	\$ -	\$ 2,537	\$ -	\$ -	\$ -	\$ 19,070	\$ 21,607
Total liabilities	<u>-</u>	<u>2,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,070</u>	<u>21,607</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes receivable	-	230	-	-	-	-	230
Total deferred inflows of resources	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230</u>
FUND BALANCES							
Assigned - Community Development	29,959	-	-	2,790	-	-	32,749
Restricted - Economic Development	-	78,226	-	-	-	-	78,226
Restricted - ARPA	-	-	-	-	136	599,169	599,305
Committed - Public Safety	-	-	217	-	-	-	217
Total fund balances	<u>29,959</u>	<u>78,226</u>	<u>217</u>	<u>2,790</u>	<u>136</u>	<u>599,169</u>	<u>710,497</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,959</u>	<u>\$ 80,993</u>	<u>\$ 217</u>	<u>\$ 2,790</u>	<u>\$ 136</u>	<u>\$ 618,239</u>	<u>\$ 732,334</u>

CITY OF CLINTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - Non-Major Governmental Funds
From Inception and For the Year Ended June 30, 2024

Schedule 10

	Community Development Fund	Downtown Tax District Fund	Fire Department Grant Fund	Open Space Fund	American Rescue Plan Fund	General American Rescue Plan Fund	Total Special Revenue Funds
REVENUES							
Ad valorem taxes - net	\$ -	\$ 56,284	\$ -	\$ -	\$ -	\$ -	\$ 56,284
Investment earnings	-	3,857	-	-	-	-	3,857
Miscellaneous	-	21,253	-	-	-	-	21,253
Total revenues	<u>-</u>	<u>81,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,394</u>
EXPENDITURES							
Economic and physical development	-	73,408	-	-	-	-	73,408
Public safety	-	-	-	-	-	283,923	283,923
Miscellaneous	7,825	-	-	-	-	-	7,825
Total expenditures	<u>7,825</u>	<u>73,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,923</u>	<u>365,156</u>
Excess (deficiency) of revenues over expenditures	<u>(7,825)</u>	<u>7,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,923)</u>	<u>(283,762)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds							
General Fund	-	-	-	-	-	-	-
Transfers to other funds:							
General Fund	-	-	-	-	-	-	-
Water Sewer Fund	-	-	-	-	-	-	-
Net change in fund balance	<u>(7,825)</u>	<u>7,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,923)</u>	<u>(283,762)</u>
Fund balances, beginning	<u>37,784</u>	<u>70,240</u>	<u>217</u>	<u>2,790</u>	<u>136</u>	<u>883,092</u>	<u>994,259</u>
Fund balances, ending	<u>\$ 29,959</u>	<u>\$ 78,226</u>	<u>\$ 217</u>	<u>\$ 2,790</u>	<u>\$ 136</u>	<u>\$ 599,169</u>	<u>\$ 710,497</u>

CITY OF CLINTON, NORTH CAROLINA
Special Revenue Funds – Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024

Schedule 11

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ 500	\$ -	\$ (500)
Expenditures			
Professional services	500	7,825	7,325
Revenues over (under) expenditures	-	(7,825)	(7,825)
Other Financing Sources (Uses)			
Fund balance appropriated		-	-
Net change in fund balance	\$ -	(7,825)	\$ (7,825)
Fund balance, beginning		37,784	
Fund balance, ending		\$ 29,959	

CITY OF CLINTON, NORTH CAROLINA
Special Revenue Funds – Downtown Tax District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2024

Schedule 12

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes - net	\$ 60,800	\$ 56,284	\$ (4,516)
Investment earnings	2,500	3,857	1,357
Miscellaneous	17,200	21,253	4,053
Total revenues	80,500	81,394	894
Expenditures			
Special events	27,500	18,839	(8,661)
Downtown Façade grant program	12,000	4,598	(7,402)
Projects	13,900	12,920	(980)
Advertising	10,000	9,083	(917)
Supplies and materials	2,000	2,017	17
Other	15,100	25,951	10,851
Total expenditures	80,500	73,408	(7,092)
Revenues over (under) expenditures	-	7,986	7,986
Other Financing Sources (Uses)			
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	7,986	\$ 7,986
Fund balance, beginning		70,240	
Fund balance, ending		\$ 78,226	

CITY OF CLINTON, NORTH CAROLINA
Special Revenue Funds – Fire Department Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 13

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Grant revenue	\$ 5,000	\$ 6,850	\$ -	\$ 6,850	\$ 1,850
Expenditures					
Grant expenditures	11,845	13,478	-	13,478	1,633
Revenues over (under) expenditures	<u>(6,845)</u>	<u>(6,628)</u>	<u>-</u>	<u>(6,628)</u>	<u>217</u>
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	6,845	6,845	-	6,845	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 217</u>	<u>-</u>	<u>\$ 217</u>	<u>\$ 217</u>
Fund balance, beginning			<u>217</u>		
Fund balance, ending			<u>\$ 217</u>		

CITY OF CLINTON, NORTH CAROLINA

Schedule 14

Special Revenue Funds – Open Space Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$ -	\$ 2,790	\$ -	\$ 2,790	\$ 2,790
Expenditures	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,790</u>	-	<u>\$ 2,790</u>	<u>\$ 2,790</u>
Fund balance, beginning			<u>2,790</u>		
Fund balance, ending			<u>\$ 2,790</u>		

CITY OF CLINTON, NORTH CAROLINA
Special Revenue Funds – American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 15

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
American Rescue Plan Grant	\$ 2,694,200	\$ 2,694,268	\$ -	\$ 2,694,268	\$ 68
Total revenues	2,694,200	2,694,268	-	2,694,268	68
Revenues over (under) expenditures	2,694,200	2,694,268	-	2,694,268	68
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	(1,741,800)	(1,741,800)	-	(1,741,800)	-
Water and Sewer Fund	(952,400)	(952,332)	-	(952,332)	68
Total other financing sources (uses)	(2,694,200)	(2,694,132)	-	(2,694,132)	68
Revenues and other financing sources over expenditures	\$ -	\$ 136	\$ -	\$ 136	\$ 136

CITY OF CLINTON, NORTH CAROLINA **Schedule 16**
Special Revenue Funds – General American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Expenditures					
Police car expenditures	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Fire equipment	75,000	15,808	56,466	72,274	2,726
Fire department generator	40,000	29,504	-	29,504	10,496
Community theater façade	100,000	9,295	-	9,295	90,705
Royal lane field turf	11,500	-	18,663	18,663	(7,163)
Park fence improvement	20,000	-	11,933	11,933	8,067
Disc golf course	16,000	-	-	-	16,000
Bellamy center office renovations	80,000	-	39,570	39,570	40,430
Downtown façade grant	100,000	20,000	40,000	60,000	40,000
Royal lane field fence	35,000	-	40,127	40,127	(5,127)
Playgrounds	62,500	-	5,750	5,750	56,750
FY22 employee bonus	104,500	-	-	-	104,500
FY23 employee bonus	118,400	121,500	-	121,500	(3,100)
Pay and compensation study	10,000	9,800	-	9,800	200
Stormwater	280,000	38,300	-	38,300	241,700
Knuckleboom truck	210,000	-	-	-	210,000
Police ARP salaries	173,200	32,049	50,970	83,019	90,181
FICA	12,500	1,892	3,732	5,624	6,876
Group insurance	30,300	2,629	7,303	9,932	20,368
Vision insurance	400	19	52	71	329
Retirement	24,900	3,212	6,900	10,112	14,788
401k	8,700	806	2,457	3,263	5,437
Total expenditures	1,662,900	284,814	283,923	568,737	1,094,163
Revenues over (under) expenditures	(1,662,900)	(284,814)	(283,923)	(568,737)	1,094,163
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	1,662,900	(78,900)	-	(78,900)	(1,741,800)
Total other financing sources (uses)	1,662,900	(78,900)	-	(78,900)	(1,741,800)
Revenues and other financing sources over expenditures	\$ -	\$ (363,714)	\$ (283,923)	\$ (647,637)	\$ (647,637)

CITY OF CLINTON, NORTH CAROLINA
Combining Balance Sheets
Capital Project Funds
June 30, 2024

Schedule 17

	<u>Beaman Street Fire Station</u>	<u>City Facility Renovations</u>	<u>Bicentennial Clock</u>	<u>Royal Lane Tennis Court</u>	<u>Phase 1A PartF</u>	<u>Total Capital Project Funds</u>
ASSETS						
Cash and investments	\$ 6	\$ -	\$ -	\$ (29,134)	\$ (8,445)	\$ (37,573)
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,695</u>	<u>-</u>	<u>1,695</u>
Total assets	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,439)</u>	<u>\$ (8,445.00)</u>	<u>\$ (35,878)</u>
LIABILITIES						
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Committed - Capital Projects	<u>6</u>	<u>-</u>	<u>-</u>	<u>(27,439)</u>	<u>(8,445)</u>	<u>(35,878)</u>
Total liabilities and fund balances	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,439)</u>	<u>\$ (8,445)</u>	<u>\$ (35,878)</u>

CITY OF CLINTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Project Funds
From Inception and For the Year Ended June 30, 2024

Schedule 18

	<u>Beaman Street Fire Station</u>	<u>City Facility Renovations</u>	<u>Bicentennial Clock</u>	<u>Royal Lane Tennis Court</u>	<u>Phase 1A PartF</u>	<u>Total Capital Project Funds</u>
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
Capital outlay	-	16,449	-	191,606	8,445	216,500
Total expenditures	-	16,449	-	191,606	8,445	216,500
Excess (deficiency) of revenues over expenditures	-	(16,449)	-	(191,606)	(8,445)	(216,500)
OTHER FINANCING SOURCES (USES)						
Transfers to other funds						
General Fund	-	-	-	-	-	-
Net change in fund balance	-	(16,449)	-	(191,606)	(8,445)	(216,500)
Fund balances, beginning	6	16,449	-	164,167	-	180,622
Fund balances, ending	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,439)</u>	<u>\$ (8,445)</u>	<u>\$ (35,878)</u>

CITY OF CLINTON, NORTH CAROLINA **Schedule 19**
Capital Projects Fund – Beaman Street Fire Station Addition
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures					
Construction and furniture	\$ 95,200	\$ 95,194	\$ -	\$ 95,194	\$ 6
Total expenditures	95,200	95,194	-	95,194	6
Revenues over (under) expenditures	(95,200)	(95,194)	-	(95,194)	6
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	95,200	95,200	-	95,200	-
Total other financing sources (uses)	95,200	95,200	-	95,200	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 6</u>	-	<u>\$ 6</u>	<u>\$ 6</u>
Fund balance, beginning			<u>6</u>		
Fund balance, ending			<u>\$ 6</u>		

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – City Facility Renovations
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 20

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Private contribution	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Expenditures					
Renovations	75,000	58,551	16,449	75,000	-
Revenues over (under) expenditures	<u>(25,000)</u>	<u>(8,551)</u>	<u>(16,449)</u>	<u>(25,000)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	25,000	25,000	-	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,449</u>	<u>(16,449)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>16,449</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF CLINTON, NORTH CAROLINA

Schedule 21

Capital Projects Fund – Bicentennial Clock

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Private contribution	<u>\$ 21,000</u>	<u>\$ 21,081</u>	<u>\$ -</u>	<u>\$ 21,081</u>	<u>\$ 81</u>
Expenditures					
Renovations	<u>21,000</u>	<u>21,081</u>	<u>-</u>	<u>21,081</u>	<u>(81)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u><u>\$ -</u></u>		

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – Royal Lane Tennis Court
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 22

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Private contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Construction	195,700	31,533	191,606	223,139	(27,439)
Revenues over (under) expenditures	(195,700)	(31,533)	(191,606)	(223,139)	(27,439)
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	195,700	195,700	-	195,700	-
Total other financing sources (uses)	195,700	195,700	-	195,700	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 164,167</u>	(191,606)	<u>\$ (27,439)</u>	<u>\$ (27,439)</u>
Fund balance, beginning			<u>164,167</u>		
Fund balance, ending			<u>\$ (27,439)</u>		

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – Phase 1A PartF Project
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 23

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant revenues	\$ 250,000	\$ -	\$ -	\$ -	\$ (250,000)
Expenditures					
Engineering/design	99,300	-	-	-	99,300
Playground equipment	79,700	-	-	-	79,700
Miscellaneous	37,400	-	-	-	37,400
Construction	532,500	-	8,445	8,445	524,055
Total expenditures	748,900	-	8,445	8,445	740,455
Revenues over (under) expenditures	(498,900)	-	(8,445)	(8,445)	490,455
Other Financing Sources (Uses)					
Transfers in (out)					
General Fund	498,900	-	-	-	(498,900)
Total other financing sources (uses)	498,900	-	-	-	(498,900)
Net change in fund balance	\$ -	\$ -	(8,445)	\$ (8,445)	\$ (8,445)
Fund balance, beginning			-		
Fund balance, ending			\$ (8,445)		

CITY OF CLINTON, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non – GAAP)
For the Year Ended June 30, 2024

Schedule 24

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services:			
Water and sewer charges	\$ 5,636,500	\$ 5,341,336	\$ (295,164)
Sewer surcharge	700,000	730,969	30,969
Water and sewer tap fees	30,000	69,949	39,949
Service fees	45,000	48,863	3,863
Fireline fees	50,000	47,492	(2,508)
Total charges for services	6,461,500	6,238,609	(222,891)
Miscellaneous	22,500	27,601	5,101
Total operating revenues	6,484,000	6,266,210	(217,790)
Nonoperating revenues:			
Interest earnings	10,000	68,313	58,313
Total revenues	6,494,000	6,334,523	(159,477)
Expenditures			
Operating expenditures:			
Water department:			
Salaries and employee benefits		1,562,514	
Operating expenditures		938,791	
Repairs and maintenance		471,416	
Total water department	3,480,800	2,972,721	508,079
Waste treatment department:			
Salaries and employee benefits		728,350	
Operating expenditures		1,280,911	
Repairs and maintenance		217,300	
Total waste treatment department	2,379,700	2,226,561	153,139
Total operating expenditures	5,860,500	5,199,282	661,218
Debt service:			
Interest and other charges	149,800	149,694	106
Principal	370,300	370,301	(1)
Total	520,100	519,995	105
Capital outlay	113,400	3,181,278	(3,067,878)
Total expenditures	6,494,000	8,900,555	(2,406,555)

CITY OF CLINTON, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non – GAAP)
For the Year Ended June 30, 2024
(Continued)

Schedule 24

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	\$ -	\$ (2,566,032)	\$ (2,566,032)
Other financing sources (uses):			
Gain on sale of capital assets	-	-	-
Transfers from other funds	-	-	-
Total	-	-	-
Fund balance appropriated	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(2,566,032)	\$ (2,566,032)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources under expenditures and other uses		\$ (2,566,032)	
Reconciling items:			
Principal retirement		370,301	
Capital outlay		2,974,721	
(Increase) decrease in accrued vacation pay		(7,999)	
(Increase) decrease in net pension liability		(314,209)	
Increase (decrease) in deferred outflows		59,343	
(Increase) decrease in deferred inflows		(3,438)	
(Increase) decrease in OPEB liability		83,606	
Depreciation		(1,402,021)	
Interest income		32,390	
ASADRA WWTP Capital Project Fund:			
Grant revenues		-	
Total reconciling items		1,792,694	
Change in net position		\$ (773,338)	

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – Water Production Expansion
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 25

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
USDA grant	\$ 200,000	\$ 182,607	\$ -	\$ 182,607	\$ (17,393)
Investment earnings	-	1,454	-	1,454	1,454
Total revenues	<u>200,000</u>	<u>184,061</u>	<u>-</u>	<u>184,061</u>	<u>(15,939)</u>
Expenditures					
Engineering and design	562,643	530,065	-	530,065	32,578
Legal	50,000	20,910	-	20,910	29,090
Construction	5,612,857	5,457,158	-	5,457,158	155,699
Miscellaneous	26,000	124,317	-	124,317	(98,317)
Interest	-	82,910	-	82,910	(82,910)
Property acquisition	90,000	86,976	-	86,976	3,024
Total expenditures	<u>6,341,500</u>	<u>6,302,336</u>	<u>-</u>	<u>6,302,336</u>	<u>39,164</u>
Revenues over (under) expenditures	<u>(6,141,500)</u>	<u>(6,118,275)</u>	<u>-</u>	<u>(6,118,275)</u>	<u>23,225</u>
Other Financing Sources (Uses)					
Loan proceeds - USDA	5,994,000	5,994,000	-	5,994,000	-
Principal repayment	-	(5,994,000)	-	(5,994,000)	-
Bond issuance	-	5,994,000	-	5,994,000	-
Transfers in (out)					
Water and Sewer Fund	147,500	207,500	-	207,500	-
Total other financing sources (uses)	<u>6,141,500</u>	<u>6,201,500</u>	<u>-</u>	<u>6,201,500</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 83,225</u>	<u>\$ -</u>	<u>\$ 83,225</u>	<u>\$ 23,225</u>

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – WWTP Levee Outfall

Schedule 26

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Golden Leaf grant	\$ 200,000	\$ 193,000	\$ -	\$ 193,000	\$ (7,000)
Expenditures					
Construction	167,300	165,536	-	165,536	1,764
Professional services	26,700	31,500	-	31,500	(4,800)
Contingency	23,300	-	-	-	23,300
Total expenditures	217,300	197,036	-	197,036	20,264
Revenues over (under) expenditures	(17,300)	(4,036)	-	(4,036)	13,264
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Fund	-	(210,300)	-	(210,300)	(210,300)
General Fund	17,300	17,300	-	17,300	-
Total other financing sources (uses)	17,300	(193,000)	-	(193,000)	(210,300)
Net change in fund balance	\$ -	\$ (197,036)	-	\$ (197,036)	\$ (197,036)
Fund balance, beginning			(197,036)		
Fund balance, ending			\$ (197,036)		

CITY OF CLINTON, NORTH CAROLINA **Schedule 27**
Capital Projects Fund – HWY 24 Infrastructure Relocation
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
NCDOT reimbursement	2,500,000	-	-	-	2,500,000
Professional services	99,000	98,955	-	98,955	45
Equipment	70,000	69,334	-	69,334	666
Total expenditures	2,669,000	168,289	-	168,289	2,500,711
Revenues over (under) expenditures	(2,669,000)	(168,289)	-	(168,289)	2,500,711
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Fund	2,669,000	2,669,000	-	2,669,000	-
Revenues and other financing sources over expenditures	\$ -	\$2,500,711	\$ -	\$2,500,711	\$2,500,711

CITY OF CLINTON, NORTH CAROLINA **Schedule 28**
Capital Projects Fund – Water & Sewer Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ -	\$ 84,646	\$ 32,390	\$ 117,036	\$ 117,036
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Fund	6,546,500	7,715,466	-	7,715,466	1,168,966
Utility Lines Maintenance Project	(6,546,500)	(3,150,800)	-	(3,150,800)	3,395,700
Total other financing sources (uses)	-	4,564,666	-	4,564,666	4,564,666
Revenues and other financing sources over expenditures	\$ -	\$4,649,312	\$ 32,390	\$4,681,702	\$4,681,702

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – Water & Sewer ARPA Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 29

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Expenditures					
Soft start motors	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Sewer line replacements	450,000	-	-	-	450,000
Dogwood sewer reline	350,000	-	-	-	350,000
Infrastructure miscellaneous	71,400	-	-	-	71,400
FY22 employee bonus	30,000	30,000	-	30,000	-
FY23 employee bonus	16,000	15,250	-	15,250	750
WWTP study	-	34,800	-	34,800	(34,800)
Pay and compensation survey	10,000	9,800	-	9,800	200
Total expenditures	<u>952,400</u>	<u>89,850</u>	<u>-</u>	<u>89,850</u>	<u>862,550</u>
Revenues over (under) expenditures	<u>(952,400)</u>	<u>(89,850)</u>	<u>-</u>	<u>(89,850)</u>	<u>862,550</u>
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Fund	<u>952,400</u>	<u>941,332</u>	<u>-</u>	<u>941,332</u>	<u>(11,068)</u>
Total other financing sources (uses)	<u>952,400</u>	<u>941,332</u>	<u>-</u>	<u>941,332</u>	<u>(11,068)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 851,482</u>	<u>\$ -</u>	<u>\$ 851,482</u>	<u>\$ 851,482</u>

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – ASADRA WWTP Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 30

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
revenues					
State ARP Revenue	\$ 3,000,000	\$ -	\$2,937,020	\$2,937,020	\$ (62,980)
ASADRA reimbursement	2,558,000	-	-	-	(2,558,000)
total revenues	5,558,000	-	2,937,020	2,937,020	(2,620,980)
expenditures					
Professional fees	525,000	274,329	147,000	421,329	103,671
Construction	5,283,900	-	2,515,691	2,515,691	2,768,209
Contingency	528,400	-	-	-	528,400
Legal fees	3,000	-	-	-	3,000
Loan fee	60,000	60,000	-	60,000	-
total expenditures	6,400,300	334,329	2,662,691	2,997,020	3,403,280
revenues over (under) expenditures	(842,300)	(334,329)	274,329	(60,000)	782,300
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Capital Reserve Fund	842,300	842,300	-	842,300	-
total other financing sources (uses)	842,300	842,300	-	842,300	-
revenues and other financing sources over expenditures	\$ -	\$ 507,971	\$ 274,329	\$ 782,300	\$ 782,300

CITY OF CLINTON, NORTH CAROLINA
Capital Projects Fund – Stormwater Mapping Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

Schedule 31

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant revenues	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)
Expenditures					
Professional service	400,000	-	197,607	197,607	202,393
Total expenditures	400,000	-	197,607	197,607	202,393
Revenues over (under) expenditures	-	-	(197,607)	(197,607)	(197,607)
Other Financing Sources (Uses)					
Transfers in (out)					
Water and Sewer Capital Reserve Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ (197,607)	\$ (197,607)	\$ (197,607)

CITY OF CLINTON, NORTH CAROLINA **Schedule 32**
Capital Projects Fund – WWTP Electrical Resiliency Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
State ARP Revenue	\$ 2,442,000	\$ -	\$ -	\$ -	\$(2,442,000)
Expenditures					
Professional fees	720,000	25,050	312,030	337,080	382,920
Construction	2,901,000	-	-	-	2,901,000
Closing fees	23,580	-	-	-	23,580
Total expenditures	3,644,580	25,050	312,030	337,080	3,307,500
Revenues over (under) expenditures	(1,202,580)	(25,050)	(312,030)	(337,080)	865,500
Other Financing Sources (Uses)					
Loan proceeds	1,179,000	-	-	-	(1,179,000)
Transfers in (out) Water and Sewer Fund	23,580	-	-	-	(23,580)
Total other financing sources (uses)	1,202,580	-	-	-	(1,202,580)
Revenues and other financing sources over expenditures	\$ -	\$ (25,050)	\$ (312,030)	\$ (337,080)	\$ (337,080)

OTHER SCHEDULES

CITY OF CLINTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

Schedule 33

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections And Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 3,660,613	\$ 3,527,512	\$ 133,101
2022-2023	47,378	-	25,420	21,958
2021-2022	10,914	-	6,929	3,985
2020 & prior	33,660	-	16,752	16,908
	\$ 91,952	\$ 3,660,613	\$ 3,576,613	175,952
Less: allowance for uncollectible ad valorem taxes receivable				(64,262)
Ad valorem taxes receivable - net				\$ 111,690
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 3,505,842
Collection fee				82,909
Taxes written off and other adjustments				5,514
Subtotal				3,594,265
Less interest and penalties collected				(17,652)
Total collections and credits				\$ 3,576,613

CITY OF CLINTON, NORTH CAROLINA
Analysis of Current Tax Levy
For the Year Ended June 30, 2024

Schedule 34

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 889,049,750	0.40	\$ 3,556,199	\$ 3,207,827	\$ 348,372
Utilities	17,060,500	0.40	68,242	68,242	-
Penalties			2,298	2,298	-
Abatements and discoveries	8,468,500	0.40	33,874	33,874	-
Total Property Valuation	<u>\$ 914,578,750</u>				
Net levy			3,660,613	3,312,241	348,372
Uncollected taxes at June 30, 2024			<u>(133,101)</u>	<u>(133,010)</u>	<u>(91)</u>
Current year's taxes collected			<u>\$ 3,527,512</u>	<u>\$ 3,179,231</u>	<u>\$ 348,281</u>
Current levy collection percentage			<u>96.36%</u>	<u>95.98%</u>	<u>99.97%</u>

COMPLIANCE SECTION



SHARPE
PATEL CPA

Independent Auditors' Report On Internal Controls Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Honorable Mayor
And Members of the City Council
City of Clinton
Clinton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 12, 2025.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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.

Purpose of this Report

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

Sharpe Patel PLLC

Raleigh, North Carolina
February 12, 2025

CITY OF CLINTON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

No findings noted in the prior year.