



# **AGENDA**

## **REGULAR MEETING**

\* \* \*

## **CLAYTON CITY COUNCIL**

\* \* \*

**TUESDAY, February 15, 2022**

**7:00 P.M.**

### **\*\*\* NEW LOCATION\*\*\***

*This meeting is being held in accordance with AB 361, given the proclaimed state of emergency and the Contra Costa County Health Officer's recommendation for social distancing for public meetings, which is also consistent with Cal OSHA requirements for social distancing, the City Council will be participating in meetings via phone/video conferencing. The public is invited to watch and participate via the methods listed below:*

**Mayor:** Peter Cloven  
**Vice Mayor:** Holly Tillman

#### **Council Members**

Jim Diaz  
Jeff Wan  
Carl Wolfe

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review on the City's website at [www.claytonca.gov](http://www.claytonca.gov)
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at [www.claytonca.gov](http://www.claytonca.gov)
- Any writings or documents provided to a majority of the City Council after distribution of the Agenda Packet and regarding any public item on this Agenda is available for review on the City's website at [www.claytonca.gov](http://www.claytonca.gov)
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7300.

## Instructions for Virtual City Council Meeting – February 15

To protect our residents, officials, and staff, and aligned with the Governor’s executive order to Shelter-at-Home, this meeting is being conducted utilizing teleconferencing means consistent with State order that that allows the public to address the local legislative body electronically.

To follow or participate in the meeting:

1. **Videoconference:** to follow the meeting on-line, click here to register:

[https://us02web.zoom.us/webinar/register/WN\\_suxMeIgbQNWPgZIqaBNXFw](https://us02web.zoom.us/webinar/register/WN_suxMeIgbQNWPgZIqaBNXFw)

After clicking on the URL, please take a few seconds to submit your first and last name, and e-mail address then click “Register”, which will approve your registration and a new URL to join the meeting will appear.

**Phone-in:** Once registered, you will receive an e-mail with instructions to join the meeting telephonically, and then dial Telephone: 877 853 5257 (Toll Free)

2. using the *Webinar ID* and *Password* found in the e-mail.

**E-mail Public Comments:** If preferred, please e-mail public comments to the City Clerk, Ms. Calderon at [janetc@claytonca.gov](mailto:janetc@claytonca.gov) by 5 PM on the day of the City Council meeting. All E-mail Public Comments will be forwarded to the entire City Council.

For those who choose to attend the meeting via videoconferencing or telephone shall have 3 minutes for public comments.

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### Location:

Videoconferencing Meeting (this meeting via teleconferencing is open to the public)

To join this virtual meeting on-line click here:

[https://us02web.zoom.us/webinar/register/WN\\_suxMeIgbQNWPgZIqaBNXFw](https://us02web.zoom.us/webinar/register/WN_suxMeIgbQNWPgZIqaBNXFw)

To join on telephone, you must register in the URL above, which sends an e-mail to your inbox, and then dial (877) 853-5257 using the *Webinar ID* and *Password* found in the e-mail.

# **\* CITY COUNCIL \***

**February 15, 2022**

1. **CALL TO ORDER AND ROLL CALL** – Mayor Cloven.

2. **MEETING PROTOCOL VIDEO**– City Clerk

3. **PLEDGE OF ALLEGIANCE** – led by Councilmember Diaz.

4. **CONSENT CALENDAR**

*Consent Calendar items are typically routine in nature and are considered for approval by one single motion of the City Council. Members of the Council, Audience, or Staff wishing an item removed from the Consent Calendar for purpose of public comment, question, discussion or alternative action may request so through the Mayor.*

- (a) Approve the minutes of the City Council's regular meeting of February 1, 2022.  
(City Clerk) ([View Here](#))
- (b) Approve the Financial Demands and Obligations of the City. (Finance) ([View Here](#))
- (c) Adopt a Resolution of the City Council of the City of Clayton Allowing for Video and Teleconference Meetings during the COVID-19 State of Emergency Under AB 361. (City Manager) ([View Here](#))
- (d) Adopt a Resolution Accepting the Recommendation of the City Engineer Regarding Posting and Authorizing Enforcement of No Parking at Specified Locations to Provide for Improved Visibility and Safety.  
(City Engineer and City Manager) ([View Here](#))
- (e) Set March 21, 2022 for City Council Special Meeting: City Council Goal Setting.  
(City Manager) ([View Here](#))

5. **RECOGNITIONS AND PRESENTATIONS**

- (a) Proclamation declaring February as “Black and African American History Month”.  
(Mayor Cloven) ([View Here](#))

**6. REPORTS**

- (a) City Manager/Staff
- (b) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

**7. PUBLIC COMMENT ON NON - AGENDA ITEMS**

*Members of the public may address the City Council on items within the Council's jurisdiction, (which are not on the agenda) at this time. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Mayor's discretion. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Council may respond to statements made or questions asked, or may at its discretion request Staff to report back at a future meeting concerning the matter.*

*Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed when each item is considered by the City Council.*

**8. PUBLIC HEARINGS – None.**

**9. ACTION ITEMS**

- (a) Audited Annual Comprehensive Financial Report (ACFR) of the City of Clayton for the Fiscal Year Ended June 30, 2021. (Finance Director) ([View Here](#))
- (b) Adopt a Resolution Appropriating \$30,000 from the Rainy Day Fund in FY2021/22 to Engage Strategy Research Institute for Research Related to a Potential Tax Measure for the November 2022 Ballot. (City Manager) ([View Here](#))

**10. CLOSED SESSION – None.**

**11. COUNCIL ITEMS – limited to Council requests and directives for future meetings.**

**12. ADJOURNMENT - the next regularly scheduled City Council meeting will be March 1, 2022.**

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# MINUTES

## OF THE REGULAR MEETING CLAYTON CITY COUNCIL

**TUESDAY, February 1, 2022**

1. **CALL TO ORDER THE CITY COUNCIL** – The meeting was called to order at 7:00 p.m. by Mayor Cloven on a virtual web meeting and telephonically (877) 853-5257. Councilmembers present: Mayor Cloven, Vice Mayor Tillman, and Councilmembers Diaz, Wan, and Wolfe. Councilmembers absent: None. Staff present: City Manager Reina Schwartz, City Attorney Mala Subramanian, Finance Director Katherine Korsak, and City Clerk/HR Manager Janet Calderon.
  
2. **MEETING PROTOCOL VIDEO** – City Clerk.
  
3. **PLEDGE OF ALLEGIANCE** – led by Councilmember Diaz.
  
4. **CONSENT CALENDAR**  
  
It was moved by Councilmember Wolfe, seconded by Vice Mayor Tillman, to approve the Consent Calendar items 4(a) – 4(d) as submitted. (Passed 5-0).  
  
  - (a) Approved the minutes of the City Council’s regular meeting of January 18, 2022. (City Clerk)
  - (b) Approved the Financial Demands and Obligations of the City. (Finance)
  - (c) Adopted Resolution No. 09-2022 of the City Council of the City of Clayton Allowing for Video and Teleconference Meetings during the COVID-19 State of Emergency Under AB 361. (City Manager)
  - (d) Adopted Resolution No. 10-2022 Accepting the Curb Ramp Improvement Project (CIP 10453) Performed by JJR Construction, Inc. as Complete, Approving the Attached Notice of Completion, Directing the City Clerk to Record Same with the County Recorder and Authorizing the Payment of All Retained Funds to JJR Construction, Inc. Except for \$2,100 for Signal Loop Repair 35 Days After Recording the Notice of Completion. (City Engineer)
  
5. **RECOGNITIONS AND PRESENTATIONS** – None.
  
6. **REPORTS**  
  
  - (a) City Manager/Staff

City Manager Reina Schwartz provided a brief update regarding the Clayton Cares Program, an update regarding the Advance "Warning Signal Ahead" lighted sign installation on Clayton Road at Diablo View Middle School, advised the COVID numbers in Contra Costa County are dropping, and she is expecting to re-open City Hall to the public in the next few weeks.

- (b) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

Councilmember Diaz attended a Celebration of Life for Clayton Perrick longtime former manager of Skipolini's pizza, attended the Cal Cities East Bay Division meeting, the Clayton Business and Community Association (CBCA) General Membership meeting, the East Bay Regional Communication System Authority meeting, met with the City Manager, met with the Police Chief, and met with constituents.

Councilmember Wolfe emailed and called constituents, met with the City Manager, met with the Mayor, met with Planning Commissioner Miller, attended the Cal Cities East Bay Division meeting, attended the Clayton Business and Community Association (CBCA) General membership meeting, received a plaque from Senator Glazer for his term as Mayor, and was invited to join an advisory panel on digital equity.

Councilmember Wan attended the Budget/Audit Committee meeting.

Vice Mayor Tillman spoke to constituents about joining the Trails and Landscaping Committee, attended the Budget/Audit Committee meeting, the Clayton Business and Community Association (CBCA) General Membership meeting, met with the City Manager, received an inquiry from a constituent regarding the installation of signage on Marsh Creek Road, and coached the first St. Bonaventure CYO track and field practice.

Mayor Cloven attended the celebration of life for Clayton Perrick, met with Carlyn Obringer from the City of Concord, met with the City Manager, met with Vice Mayor Tillman, met with Councilmember Wolfe, attended the Clayton Business and Community Association (CBCA) General Membership meeting, corresponded with constituents regarding American Rescue Plan Fund Act increases, SB9, and street/sidewalk repair, and met with Keith Haydon regarding County Connection.

## **7. PUBLIC COMMENT ON NON - AGENDA ITEMS**

Keith Haydon provided a brief update regarding County Connection.

Rich Enea of the Clayton Police Officers Association thanked the City Council for their generosity and continued support.

Mayor Cloven closed public comment.

## **8. PUBLIC HEARINGS – None.**

**9. ACTION ITEMS**

- (a) Discussion and Potential Authorization to Send a Letter to the BART Board of Directors Regarding Upcoming Redistricting. (City Manager)

City Manager Schwartz presented the report.

Following questions by the City Council, Mayor Cloven opened the item to public comment; no comments were offered.

**It was moved by Vice Mayor Tillman, seconded by Councilmember Wolfe, to authorize a letter to be sent to the BART Board of Directors Regarding Upcoming Redistricting. (Passed 5-0).**

- (b) Discussion of Ten-Year General Fund Forecast. (City Manager)

City Manager Schwartz presented the report.

Following questions by the City Council, Mayor Cloven opened the item to public comment; no comments were offered.

- (c) Revenue Options and Potential Revenue Measure Next Steps.  
(City Manager and Finance Director)

City Manager Schwartz presented the report.

Following questions by the City Council, Mayor Cloven opened the item to public comment.

Dee Vieira suggested the City Council consider a potential revenue resource by requiring a business license for rental property owners in the city.

Mayor Cloven closed public comment.

Direction was provided to staff.

**10. CLOSED SESSION – None.**

**11. COUNCIL ITEMS**

Councilmember Diaz requested a future agenda item to consider additional premium pay for Clayton's two part-time employees.

12. **ADJOURNMENT**– on call by Mayor Cloven, the City Council adjourned its meeting at 9:21 p.m.

The next regularly scheduled meeting of the City Council will be February 15, 2022.

# # # # #

Respectfully submitted,

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Janet Calderon, City Clerk

APPROVED BY THE CLAYTON CITY COUNCIL

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Peter Cloven, Mayor

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# STAFF REPORT

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: JENNIFER GIANTVALLEY, ACCOUNTING TECHNICIAN**

**DATE: 02/15/2022**

**SUBJECT: FINANCIAL DEMANDS AND OBLIGATIONS OF THE CITY**

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**RECOMMENDATION:**

It is recommended the City Council, by minute action, approve the financial demands and obligations of the City for the purchase of services and goods in the ordinary course of operations.

Attached Report	Purpose	Date	Amount
Open Invoice Report	Accounts Payable	2/8/2022	\$ 199,474.61
Open Invoice Report (CalCard)	Accounts Payable	2/8/2022	\$ 12,050.90
Open Invoice Report (ARPA)	Accounts Payable	2/8/2022	\$ 70,000.00
Payroll Reconciliation Summary	Payroll, Taxes	1/28/2022	\$ 101,144.23
		Total Required	\$ 382,669.74

**Attachments:**

1. Open Invoice Report, dated 2/11/22 (4 pages)
2. Open Invoice Report for CalCard dated 2/8/22 (2 pages)
3. Open Invoice Report for ARPA, dated 2/8/22 (1 page)
4. Payroll Reconciliation Summary report PPE 01/23/22 (2 pages)

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Expires On	Net Amount Due
All City Management Services, Inc.								
All City Management Services, Inc.	2/15/2022	1/12/2022	74488	School crossing guard svcs 12/26/21-1/8/22	\$463.32	\$0.00		\$463.32
				Totals for All City Management Services, Inc.	\$463.32	\$0.00		\$463.32
Jesus Alvarez								
Jesus Alvarez	2/15/2022	1/27/2022	CAP0392	Deposit refund	\$2,024.00	\$0.00		\$2,024.00
Jesus Alvarez	2/15/2022	2/8/2022	CAP0412	Deposit refund	\$2,024.00	\$0.00		\$2,024.00
				Totals for Jesus Alvarez	\$4,048.00	\$0.00		\$4,048.00
American Fidelity Assurance Company								
American Fidelity Assurance Company	2/15/2022	2/4/2022	6044460	FSA PPE 2/6/22	\$115.00	\$0.00		\$115.00
American Fidelity Assurance Company	2/15/2022	1/31/2022	D405169	Supplemental insurance January 2022	\$844.92	\$0.00		\$844.92
American Fidelity Assurance Company	2/15/2022	1/23/2022	6043147	FSA PPE 1/23/22	\$115.00	\$0.00		\$115.00
				Totals for American Fidelity Assurance Company	\$1,074.92	\$0.00		\$1,074.92
Authorize.net								
Authorize.net	2/15/2022	1/31/2022	January2022	Online bankcard gateway fee January 2022	\$32.60	\$0.00		\$32.60
				Totals for Authorize.net	\$32.60	\$0.00		\$32.60
Axon Enterprise, Inc								
Axon Enterprise, Inc	2/15/2022	1/12/2022	INUS047231	PD Taser bundle	\$8,613.00	\$0.00		\$8,613.00
				Totals for Axon Enterprise, Inc	\$8,613.00	\$0.00		\$8,613.00
Bay Area Barricade Serv.								
Bay Area Barricade Serv.	2/15/2022	1/27/2022	28294	Street signs	\$148.17	\$0.00		\$148.17
				Totals for Bay Area Barricade Serv.	\$148.17	\$0.00		\$148.17
CalPERS Health								
CalPERS Health	2/15/2022	1/1/2022	16652031	Medical January 2022	\$35,660.98	\$0.00		\$35,660.98
				Totals for CalPERS Health	\$35,660.98	\$0.00		\$35,660.98
CalPERS Retirement								
CalPERS Retirement	2/15/2022	2/6/2022	020622	Retirement PPE 2/6/22	\$19,226.85	\$0.00		\$19,226.85
CalPERS Retirement	2/15/2022	1/23/2022	012322	Retirement PPE 1/23/22	\$19,251.02	\$0.00		\$19,251.02
				Totals for CalPERS Retirement	\$38,477.87	\$0.00		\$38,477.87
Cintas Corporation								
Cintas Corporation	2/15/2022	1/27/2022	4108996351	PW uniforms through 1/27/22	\$50.58	\$0.00		\$50.58
				Totals for Cintas Corporation	\$50.58	\$0.00		\$50.58
Clayton Police Officer's Assoc.								
Clayton Police Officer's Assoc.	2/15/2022	1/9/2022	010922	POA dues PPE 1/9/22	\$603.50	\$0.00		\$603.50
				Totals for Clayton Police Officer's Assoc.	\$603.50	\$0.00		\$603.50
Comcast Business								

# City of Clayton

## Open Invoice Report

### Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Comcast Business	2/15/2022	2/5/2022	020522	Internet 2/10/22-3/9/22	\$386.16	\$0.00		\$386.16
				<i>Totals for Comcast Business</i>	<i>\$386.16</i>	<i>\$0.00</i>		<i>\$386.16</i>
<b>Concord Uniforms</b>								
Concord Uniforms	2/15/2022	1/20/2022	19144	PD uniform	\$358.66	\$0.00		\$358.66
				<i>Totals for Concord Uniforms</i>	<i>\$358.66</i>	<i>\$0.00</i>		<i>\$358.66</i>
<b>Contra Costa County - Office of the Sheriff</b>								
Contra Costa County - Office of the She	2/15/2022	1/12/2022	CLPD-2112	Toxicology December 2021	\$950.00	\$0.00		\$950.00
Contra Costa County - Office of the She	2/15/2022	1/25/2022	CLPD-421	Blood withdrawals Q2FY22	\$426.93	\$0.00		\$426.93
				<i>Totals for Contra Costa County - Office of the Sherif</i>	<i>\$1,376.93</i>	<i>\$0.00</i>		<i>\$1,376.93</i>
<b>Contra Costa County Mayors' Conference</b>								
Contra Costa County Mayors' Conferenc	2/15/2022	2/7/2022	MC22	Annual assessment for Mayors Conference 20	\$384.00	\$0.00		\$384.00
				<i>Totals for Contra Costa County Mayors' Conference</i>	<i>\$384.00</i>	<i>\$0.00</i>		<i>\$384.00</i>
<b>Contra Costa County Public Works Dept</b>								
Contra Costa County Public Works Dept	2/15/2022	1/24/2022	704595	Traffic signal maintenance December 2021	\$1,420.40	\$0.00		\$1,420.40
				<i>Totals for Contra Costa County Public Works Dept</i>	<i>\$1,420.40</i>	<i>\$0.00</i>		<i>\$1,420.40</i>
<b>Cropper Rowe, LLP</b>								
Cropper Rowe, LLP	2/15/2022	1/31/2022	330,336,338,347	Audit services FY 2021	\$24,900.00	\$0.00		\$24,900.00
				<i>Totals for Cropper Rowe, LLP</i>	<i>\$24,900.00</i>	<i>\$0.00</i>		<i>\$24,900.00</i>
<b>Dig &amp; Demo</b>								
Dig & Demo	2/15/2022	2/1/2022	CAP0415	Deposit refund	\$1,443.25	\$0.00		\$1,443.25
				<i>Totals for Dig &amp; Demo</i>	<i>\$1,443.25</i>	<i>\$0.00</i>		<i>\$1,443.25</i>
<b>Digital Services</b>								
Digital Services	2/15/2022	2/2/2022	12029	IT services 12/2/21-2/1/22	\$3,422.60	\$0.00		\$3,422.60
				<i>Totals for Digital Services</i>	<i>\$3,422.60</i>	<i>\$0.00</i>		<i>\$3,422.60</i>
<b>Dillon Electric Inc</b>								
Dillon Electric Inc	2/15/2022	2/2/2022	4596	Street light repairs 2/2/22	\$1,162.93	\$0.00		\$1,162.93
Dillon Electric Inc	2/15/2022	1/23/2022	4586	Street light repairs 1/21/22	\$1,030.25	\$0.00		\$1,030.25
Dillon Electric Inc	2/15/2022	2/2/2022	4595	Street light repairs 2/1/22	\$1,044.16	\$0.00		\$1,044.16
				<i>Totals for Dillon Electric Inc</i>	<i>\$3,237.34</i>	<i>\$0.00</i>		<i>\$3,237.34</i>
<b>Mark Dodson</b>								
Mark Dodson	2/15/2022	1/25/2022	CAP0406	Deposit refund	\$2,024.00	\$0.00		\$2,024.00
				<i>Totals for Mark Dodson</i>	<i>\$2,024.00</i>	<i>\$0.00</i>		<i>\$2,024.00</i>
<b>Environtech Enterprises</b>								
Environtech Enterprises	2/15/2022	2/1/2022	A001B-2B-22	Weed abatement January 2022	\$9,500.00	\$0.00		\$9,500.00
Environtech Enterprises	2/15/2022	2/1/2022	A001-B1-22	Weed abatement November-December 2021	\$11,400.00	\$0.00		\$11,400.00

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Totals for Environtech Enterprises					\$20,900.00	\$0.00		\$20,900.00
Hammons Supply Company								
Hammons Supply Company	2/15/2022	1/24/2022	118850	The Grove Park janitorial supplies	\$79.97	\$0.00		\$79.97
Totals for Hammons Supply Company					\$79.97	\$0.00		\$79.97
HdL Coren & Cone								
HdL Coren & Cone	2/15/2022	2/1/2022	SIN014317	Contract svcs Property Tax Q3 FY 22	\$1,923.75	\$0.00		\$1,923.75
Totals for HdL Coren & Cone					\$1,923.75	\$0.00		\$1,923.75
Health Care Dental Trust								
Health Care Dental Trust	2/15/2022	2/2/2022	309062	Dental March 2022	\$1,839.93	\$0.00		\$1,839.93
Totals for Health Care Dental Trust					\$1,839.93	\$0.00		\$1,839.93
J&R Floor Services								
J&R Floor Services	2/15/2022	1/31/2022	One 2022	Janitorial svcs January 2022	\$4,988.00	\$0.00		\$4,988.00
Totals for J&R Floor Services					\$4,988.00	\$0.00		\$4,988.00
JAM Services								
JAM Services	2/15/2022	1/25/2022	153820	Streetlight (replace downed pole)	\$1,337.93	\$0.00		\$1,337.93
Totals for JAM Services					\$1,337.93	\$0.00		\$1,337.93
Ken Kuhn								
Ken Kuhn	2/15/2022	2/2/2022	020222	EH deposit refund	\$500.00	\$0.00		\$500.00
Totals for Ken Kuhn					\$500.00	\$0.00		\$500.00
Mission Square Retirement								
Mission Square Retirement	2/15/2022	2/6/2022	020622	457 Plan contributions PPE 2/6/22	\$2,263.46	\$0.00		\$2,263.46
Mission Square Retirement	2/15/2022	1/23/2022	01232022	457 Plan contributions PPE 1/23/22	\$2,367.30	\$0.00		\$2,367.30
Totals for Mission Square Retirement					\$4,630.76	\$0.00		\$4,630.76
Moore Iacofano Golstman, Inc								
Moore Iacofano Golstman, Inc	2/15/2022	12/27/2021	72948	Housing Element svcs November 2021	\$7,712.50	\$0.00		\$7,712.50
Moore Iacofano Golstman, Inc	2/15/2022	1/24/2022	73266	Housing Element svcs December 2021	\$7,832.50	\$0.00		\$7,832.50
Totals for Moore Iacofano Golstman, Inc					\$15,545.00	\$0.00		\$15,545.00
MPA								
MPA	2/15/2022	2/1/2022	918-26102	Life/Disability Ins February 2022	\$1,670.63	\$0.00		\$1,670.63
Totals for MPA.					\$1,670.63	\$0.00		\$1,670.63
Nationwide								
Nationwide	2/15/2022	2/6/2022	02062022	457 Plan contribution PPE 2/6/22	\$500.00	\$0.00		\$500.00
Nationwide	2/15/2022	1/23/2022	01232022	457 Plan contribution PPE 1/23/22	\$500.00	\$0.00		\$500.00
Totals for Nationwide					\$1,000.00	\$0.00		\$1,000.00
Neopost (add postage)								



# City of Clayton

## Open Invoice Report

### Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
Neopost (add postage)	2/15/2022	1/28/2022	012822	Postage added	\$300.00	\$0.00		\$300.00
				<i>Totals for Neopost (add postage)</i>	<i>\$300.00</i>	<i>\$0.00</i>		<i>\$300.00</i>
<b>Pacific Telemanagement Svc</b>								
Pacific Telemanagement Svc	2/15/2022	1/27/2022	2091831	Courtyard pay phone February 2022	\$62.00	\$0.00		\$62.00
				<i>Totals for Pacific Telemanagement Svc</i>	<i>\$62.00</i>	<i>\$0.00</i>		<i>\$62.00</i>
<b>Rex Lock &amp; Safe, Inc.</b>								
Rex Lock & Safe, Inc.	2/15/2022	1/31/2022	132232	Door latch guards, closer for The Grove Park	\$940.34	\$0.00		\$940.34
Rex Lock & Safe, Inc.	2/15/2022	1/27/2022	130574	Change timer lock @ The Grove Park	\$240.00	\$0.00		\$240.00
Rex Lock & Safe, Inc.	2/15/2022	2/8/2022	130592	Repair restroom lock @ The Grove Park	\$841.19	\$0.00		\$841.19
				<i>Totals for Rex Lock &amp; Safe, Inc.</i>	<i>\$2,021.53</i>	<i>\$0.00</i>		<i>\$2,021.53</i>
<b>Rural Pig Management, Inc</b>								
Rural Pig Management, Inc	2/15/2022	2/1/2022	CC013122	Pig control maint February 2022	\$3,000.00	\$0.00		\$3,000.00
				<i>Totals for Rural Pig Management, Inc</i>	<i>\$3,000.00</i>	<i>\$0.00</i>		<i>\$3,000.00</i>
<b>Sprint Comm (PD)</b>								
Sprint Comm (PD)	2/15/2022	1/29/2022	703335311-242	PD cell phones 12/26/21-1/25/22	\$723.38	\$0.00		\$723.38
				<i>Totals for Sprint Comm (PD)</i>	<i>\$723.38</i>	<i>\$0.00</i>		<i>\$723.38</i>
<b>Staples Business Credit</b>								
Staples Business Credit	2/15/2022	1/25/2022	1640103773	Office supplies	\$747.02	\$0.00		\$747.02
				<i>Totals for Staples Business Credit</i>	<i>\$747.02</i>	<i>\$0.00</i>		<i>\$747.02</i>
<b>Stericycle Inc</b>								
Stericycle Inc	2/15/2022	2/1/2022	3005870119	Medical waste disposal	\$68.62	\$0.00		\$68.62
				<i>Totals for Stericycle Inc</i>	<i>\$68.62</i>	<i>\$0.00</i>		<i>\$68.62</i>
<b>Vision Service Plan (CA)</b>								
Vision Service Plan (CA)	2/15/2022	1/18/2022	814203115	Vision coverage- January, February 2022	\$152.14	\$0.00		\$152.14
				<i>Totals for Vision Service Plan (CA)</i>	<i>\$152.14</i>	<i>\$0.00</i>		<i>\$152.14</i>
<b>Wex Bank-Fleet Cards</b>								
Wex Bank-Fleet Cards	2/15/2022	1/25/2022	77879482	Fuel - stmt end 1/25/22	\$3,744.54	\$0.00		\$3,744.54
				<i>Totals for Wex Bank-Fleet Cards</i>	<i>\$3,744.54</i>	<i>\$0.00</i>		<i>\$3,744.54</i>
<b>Workers.com</b>								
Workers.com	2/15/2022	1/21/2022	131934	Seasonal workers week end 1/16/22	\$3,136.53	\$0.00		\$3,136.53
Workers.com	2/15/2022	1/28/2022	131979	Seasonal workers week end 1/23/22	\$2,976.60	\$0.00		\$2,976.60
				<i>Totals for Workers.com</i>	<i>\$6,113.13</i>	<i>\$0.00</i>		<i>\$6,113.13</i>
<b>GRAND TOTALS:</b>					<b>\$199,474.61</b>	<b>\$0.00</b>		<b>\$199,474.61</b>

# City of Clayton

## Open Invoice Report

### Cal Card Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
<b>US Bank CalCard</b>								
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Leather gear SAFARILAND, LLC	\$102.97	\$0.00		\$102.97
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	CARRY ACCES MOTOROLA SOLUTIONS	\$34.80	\$0.00		\$34.80
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	MICROPHONE, MOTOROLA SOLUTIONS O	\$925.59	\$0.00		\$925.59
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	CHARGER, MU MOTOROLA SOLUTIONS	\$1,297.05	\$0.00		\$1,297.05
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Annual dues IACP	\$190.00	\$0.00		\$190.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	COVID tests SAMSCLUB.COM	\$228.38	\$0.00		\$228.38
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	BYD CARE Single Use Dispos AMZN MKT	\$59.75	\$0.00		\$59.75
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Smog Check CLAYTON TREAT AUTOMOTIV	\$159.50	\$0.00		\$159.50
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Bungie cords for banners OUTDOOR SUPPL	\$50.46	\$0.00		\$50.46
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Heater for fountain vault LOWES #02604*	\$218.40	\$0.00		\$218.40
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Smog Check CLAYTON TREAT AUTOMOTIV	\$179.50	\$0.00		\$179.50
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Kerosene for heater OUTDOOR SUPPLY CLA	\$71.33	\$0.00		\$71.33
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	4x4 sign posts ASHBY LUMBER	\$1,158.86	\$0.00		\$1,158.86
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Management training PAYPAL *REGIONALGO	\$950.00	\$0.00		\$950.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Plumbing supply The Grove Park OUTDOOR	\$30.71	\$0.00		\$30.71
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	DURALAST GOLD BATTERY AUTOZON	\$211.66	\$0.00		\$211.66
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Smog Check CLAYTON TREAT AUTOMOTIV	\$79.75	\$0.00		\$79.75
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Bulb for library OUTDOOR SUPPLY CLAYTO	\$7.12	\$0.00		\$7.12
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Pesticide CEUs A&K,TKIOSK,PESTSCHOO	\$20.00	\$0.00		\$20.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Data storage APPLE.COM/BILL	\$0.99	\$0.00		\$0.99
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	IT MSFT * E0200GJD9E	\$148.52	\$0.00		\$148.52
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	IT MSFT * E0200GJEY9	\$5.00	\$0.00		\$5.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Storage unit rent CENTRAL SELF STORAG	\$190.00	\$0.00		\$190.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	IT AMAZON WEB SERVICES	\$531.62	\$0.00		\$531.62
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Cloud Recording 100 GB Audio Conferencin	\$180.00	\$0.00		\$180.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	9255229137,PAUL JACOBSON VZWRLSS*AP	\$120.24	\$0.00		\$120.24
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	QB 8.5X11 RCOPY 20 92 1RM QUILL CORP	\$146.16	\$0.00		\$146.16
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	PAC interview lunch ED'S MUDVILLE GRIL	\$51.32	\$0.00		\$51.32
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Standard Pro Monthly ZOOM.US 888-799-966	\$14.99	\$0.00		\$14.99
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	COVID tests CVS/PHARMACY #06526	\$260.89	\$0.00		\$260.89
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	COVID tests SAMSCLUB.COM	\$228.38	\$0.00		\$228.38
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Name Plate ALPINE AWARDS	\$24.15	\$0.00		\$24.15
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	IT ADOBE CREATIVE CLOUD	\$599.88	\$0.00		\$599.88
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Fuel F & T VALERO CONCORD	\$10.95	\$0.00		\$10.95
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	ARPA - E-sig setup DOCUSIGN	\$432.00	\$0.00		\$432.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Internet service COMCAST CALIFORNIA	\$386.16	\$0.00		\$386.16
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Chair for Finance Director SQ *BERKELEY O	\$385.88	\$0.00		\$385.88
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Decals for new vehicles FAST SIGNS OF PLE	\$786.29	\$0.00		\$786.29
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	(2 pack) Falttoo Restrict/SmartSign "Employee	\$36.02	\$0.00		\$36.02
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Camera hardware OUTDOOR SUPPLY CLA	\$4.06	\$0.00		\$4.06
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	ID card IMAGE SALES	\$26.59	\$0.00		\$26.59
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	Monthly fee TLO TRANSUNION	\$75.00	\$0.00		\$75.00

# City of Clayton

## Open Invoice Report

### Cal Card Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	ID card IMAGE SALES	\$26.59	\$0.00		\$26.59
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	MICROPHONE, MOTOROLA SOLUTIONS O	\$925.59	\$0.00		\$925.59
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	HP 508X HY LASERJET TONER STAPLS73	\$302.67	\$0.00		\$302.67
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	SIGN,METAL BASE,ENGRVD,2 OFFICE DE	\$17.55	\$0.00		\$17.55
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	BROTHER TN420 BLACK TONER STAPL	\$35.76	\$0.00		\$35.76
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	BAG, SHREDDER OFFICE DEPOT 1135	\$29.70	\$0.00		\$29.70
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	32OZ HS SHREDDER OIL STAPLS734573	\$25.00	\$0.00		\$25.00
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	BATTERY,AA,ALKALINE,24/P OFFICE D	\$26.89	\$0.00		\$26.89
US Bank CalCard	1/1/2022	12/22/2021	Stmt end 12/22/21	PAPER,X-9,8.5"X11",20LB, OFFICE DEPO	\$40.23	\$0.00		\$40.23
<i>Totals for US Bank CalCard</i>					<i>\$12,050.90</i>	<i>\$0.00</i>		<i>\$12,050.90</i>
<b>GRAND TOTALS:</b>					<b>\$12,050.90</b>	<b>\$0.00</b>		<b>\$12,050.90</b>

# City of Clayton

## Open Invoice Report

### ARPA Obligations

Vendor Name	Due Date	Invoice Date	Invoice Number	Invoice Description	Invoice Balance	Potential Discount	Discount Expires On	Net Amount Due
<b>Brenda the Braider</b>								
Brenda the Braider	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Brenda the Braider</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Anthony Chippero</b>								
Anthony Chippero	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Anthony Chippero</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Dana Hills Swim Team</b>								
Dana Hills Swim Team	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Dana Hills Swim Team</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Diablo Lawnscape</b>								
Diablo Lawnscape	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Diablo Lawnscape</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Darryl Gomez</b>								
Darryl Gomez	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Darryl Gomez</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Alana Laux</b>								
Alana Laux	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Alana Laux</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>Mt Diablo Elementary PFC</b>								
Mt Diablo Elementary PFC	2/11/2022	2/8/2022	ARPA	Clayton Cares Program	\$10,000.00	\$0.00		\$10,000.00
				<i>Totals for Mt Diablo Elementary PFC</i>	<u>\$10,000.00</u>	<u>\$0.00</u>		<u>\$10,000.00</u>
<b>GRAND TOTALS:</b>					<b>\$70,000.00</b>	<b>\$0.00</b>		<b>\$70,000.00</b>

# Payroll Summary

City of Clayton

Check Dates: 01/21/2022 to 01/28/2022

Processes: 2022012101 - 2022012801

Pay Periods: 01/10/2022 to 01/23/2022

Page 1 of 2

## Payroll Totals

Payroll Checks	Check Type	Count	Net Check	Dir Dep Amount	Net Amount	
	Regular	27	0.00	71,365.31	71,365.31	
	Regular	2	2,638.74	0.00	2,638.74	
<b>Totals</b>		<b>29</b>	<b>2,638.74</b>	<b>71,365.31</b>	<b>74,004.05</b>	→ <b>74,004.05</b>

Payroll Checks	Check Type	Agency Type	Count	Net Check	Dir Dep Amount	Net Amount	
	Agency	EFSDU	1	0.00	9.23	9.23	
	Agency	Regular	1	0.00	663.50	663.50	
<b>Totals</b>			<b>2</b>	<b>0.00</b>	<b>672.73</b>	<b>672.73</b>	→ <b>672.73</b>

<b>Total Net Payroll Liability</b>				<b>2,638.74</b>	<b>72,038.04</b>	<b>74,676.78</b>	→ <b>74,676.78</b>
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## Tax Liability

CA and Related Taxes	Tax Id	Rate	Frequency	Wage	Cap Wages	EE Amount	ER Amount	
CA SDI - Employee			Semi-Weekly	109,174.70	109,174.70			
California SITW			Semi-Weekly	106,822.78	106,822.78	5,896.47		
<b>Totals</b>						<b>5,896.47</b>	<b>0.00</b>	→ <b>5,896.47</b>

CASUI and Related Taxes	Tax Id	Rate	Frequency	Wage	Cap Wages	EE Amount	ER Amount	
CA Edu & Training		0.001000	Quarterly	109,174.70	57,116.13		57.12	
California SUI		0.020000	Quarterly	109,174.70	57,116.13		1,142.32	
<b>Totals</b>						<b>0.00</b>	<b>1,199.44</b>	→ <b>1,199.44</b>

FITW and Related Taxes	Tax Id	Rate	Frequency	Wage	Cap Wages	EE Amount	ER Amount	
Federal Income Tax			Semi-Weekly	106,822.78	106,822.78	15,829.60		
Medicare			Semi-Weekly	109,174.70	109,174.70	1,583.01		
Medicare - Employer			Semi-Weekly	109,174.70	109,174.70		1,583.03	
OASDI			Semi-Weekly	267.75	267.75	16.60		
OASDI - Employer			Semi-Weekly	267.75	267.75		16.60	
<b>Totals</b>						<b>17,429.21</b>	<b>1,599.63</b>	→ <b>19,028.84</b>

FUTA and Related Taxes	Tax Id	Rate	Frequency	Wage	Cap Wages	EE Amount	ER Amount	
Fed Unemployment			Quarterly	109,174.70	57,116.13		342.70	
<b>Totals</b>						<b>0.00</b>	<b>342.70</b>	→ <b>342.70</b>

<b>Total Tax Liability</b>						<b>23,325.68</b>	<b>3,141.77</b>	→ <b>26,467.45</b>
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<b>Total Payroll Liability</b>						<b>101,144.23</b>		→ <b>101,144.23</b>
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Paylocity Corporation  
(888) 873-8205

User: JGiantvalley

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## Payroll Summary

City of Clayton

Check Dates: 01/21/2022 to 01/28/2022

Processes: 2022012101 - 2022012801

Pay Periods: 01/10/2022 to 01/23/2022

Page 2 of 2

### Billing

Invoice	Date	Gross	Discount	Tax	Adjustment	Amount
109627927	1/28/2022	516.00				516.00
<b>Totals</b>		<b>516.00</b>		<b>0.00</b>		<b>516.00</b> → <b>516.00</b>

### Transfers

Type	Date	Source Account	Amount
Billing	1/28/2022		516.00
Dir Dep	1/20/2022		71,365.31
Tax	1/20/2022		26,467.45
Trust	1/27/2022		2,638.74
Trust Agency	1/27/2022		672.73
<b>Totals Transfers</b>			<b>101,660.23</b> → <b>101,660.23</b>

### Tax Deposits

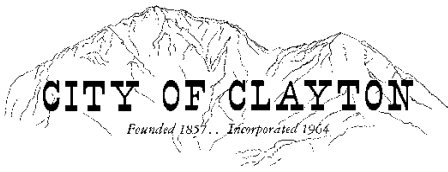
Required Tax Deposits	Tax	Due On	Amount
( Deposit made by Service Bureau )	California SITW	1/26/2022	1,059.28
( Deposit made by Service Bureau )	Federal Income Tax	1/26/2022	3,248.00
( Deposit made by Service Bureau )	California SITW	2/2/2022	4,837.19
( Deposit made by Service Bureau )	Federal Income Tax	2/2/2022	15,780.84
( Deposit made by Service Bureau )	California SUI	5/2/2022	1,199.44
( Deposit made by Service Bureau )	Fed Unemployment	5/2/2022	342.70
<b>Total Tax Deposits</b>			<b>26,467.45</b>



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User: JGiantvalley

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# AGENDA REPORT

**TO: HONORABLE MAYOR AND COUNCIL MEMBERS**

**FROM: CITY MANAGER**

**DATE: February 15, 2022**

**SUBJECT: Adopt a Resolution of the City Council of the City of Clayton Allowing for Video and Teleconference Meetings during the COVID-19 State of Emergency Under AB 361**

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## **RECOMMENDATION**

Adopt a Resolution of the City Council allowing for video and teleconference meetings during the COVID-19 state of emergency under AB 361.

## **BACKGROUND**

Last year, the State Legislature passed and Governor Newsom signed AB 361 which continues many of the provisions related to the Brown Act that were in place under Executive Orders, which expired September 30, 2021 that allowed for video and teleconferencing during the state of emergency. Since AB 361 has been signed into law, the City can continue to meet virtually until such time as the Governor declares the State of Emergency due to COVID-19 over and measures to promote social distancing are no longer recommended.

On September 20, 2021, the Contra Costa County Health Officer issued recommendations for safely holding public meetings and strongly recommends on-line meetings. If in-person meetings need to occur, the County Health Officer recommends social distancing of six feet of separation between all attendees. The proposed resolution provides that the City Council and all subsidiary City boards and commissions may continue to hold video and teleconference meetings while the state of emergency is still in effect and physical distancing is recommended.

In order to continue to hold video and teleconference meetings, the City Council will need to review and make findings every thirty days that the state of emergency continues to directly impact the ability of the members to meet safely in person and that state or local officials continue to impose or recommend measures to promote physical distancing.

Subject: Resolution Allowing for Video and Teleconference Meetings during the COVID-19 State of Emergency Under AB 361

Date: February 15, 2022

Page 2 of 2

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**FISCAL IMPACT**

None.

**Attachment:**

Resolution of the City Council Allowing for Video and Teleconference Meetings during the COVID-19 State of Emergency Under AB 361



**RESOLUTION NO. ##-2022**  
**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON**  
**ALLOWING FOR VIDEO AND TELECONFERENCE MEETINGS DURING THE**  
**COVID-19 STATE OF EMERGENCY UNDER AB 361**

**WHEREAS**, on March 4, 2020, the Governor of the State of California proclaimed a State of Emergency for COVID-19;

**WHEREAS**, AB 361 was recently passed by the State Legislature and signed by Governor Newsom and went into effect immediately and allows the City to continue to meet virtually until such time as the Governor declares the State of Emergency due to COVID-19 over and measures to promote physical distancing are no longer recommended;

**WHEREAS**, on September 20, 2021 the Contra Costa County Health Officer issued recommendations for safely holding public meetings and strongly recommends on-line meetings and if in person meetings occur then recommends physical distancing of six feet of separation between all attendees;

**WHEREAS**, in light of this recommendation, the City Council desires for itself and for all other City legislative bodies that are subject to the Brown Act to continue to meet via video and/or teleconference; and

**WHEREAS**, pursuant to AB 361 the City Council will review the findings required to be made every 30 days.

**NOW THEREFORE BE IT RESOLVED** the City Council hereby finds on behalf of itself and all other City legislative bodies: (1) a state of emergency has been proclaimed by the Governor; (2) the state of emergency continues to directly impact the ability of the City's legislative bodies to meet safely in person; and (3) local officials continue to recommend measures to promote physical distancing.

**BE IT FURTHER RESOLVED** that the City Council and all other City legislative bodies will continue to meet via video and/or teleconference during the COVID-19 emergency.

**PASSED AND ADOPTED** by the Clayton City Council, State of California, on this 15<sup>th</sup> day of February 2022, by the following vote.

AYES:

NOES:

ABSENT:

ABSTAIN:

**THE CITY COUNCIL OF CLAYTON,  
CA**

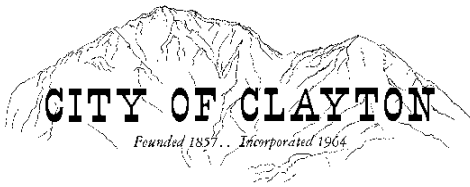
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Peter Cloven, Mayor

**ATTEST:**

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Janet Calderon, City Clerk



# AGENDA REPORT

**TO:** HONORABLE MAYOR AND COUNCIL MEMBERS

**FROM:** Mark Nassar, City Engineer  
Reina J. Schwartz, City Manager

**DATE:** February 15, 2022

**SUBJECT:** Adopt a Resolution Accepting the Recommendation of the City Engineer Regarding Posting and Authorizing Enforcement of No Parking at Specified Locations to Provide for Improved Visibility and Safety

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## **RECOMMENDATION**

Staff recommends City Council adopt the attached Resolution accepting the recommendation of the City Engineer regarding posting and authorizing enforcement of No Parking at specified locations on Center Street and on Kelok Way to provide for improved visibility and safety.

## **BACKGROUND**

It has been brought to the City's attention that the cars parking on Center Street adjacent to the driveway to enter/exit the CVS Pharmacy parking lot may be creating a hazard by blocking visibility given the curve in the road at that location. Under the Clayton Municipal Code, the City Engineer is authorized to determine areas that should be signed or painted indicating no stopping or parking where the parking or stopping of any vehicle would constitute a traffic hazard or would endanger life or property. Under California Vehicle Code, in order to allow for enforcement of no parking signs/red curbs, the City Council must authorize such enforcement via resolution.

## **DISCUSSION**

The City Engineer has evaluated the concern regarding visibility exiting the CVS parking lot turning either right or left onto Center Street. The specifics of that evaluation are shown in Attachment 2. According to the analysis and based on recommended sight distances for cars entering a two-lane roadway from the American Association of State Highway and Transportation Officials, the City Engineer recommends that the curbs adjacent to the CVS driveway on the south side of Center Street, from the driveway to the light at Clayton Road and from the CVS driveway to the next driveway be painted red and posted as No Parking zones.

While the authority to designate where situations may require no parking for safety reasons is delegated to the City Engineer, in order for the Clayton Police Department to enforce the No Parking restrictions, the City Council must adopt the locations of the red curbs via Resolution.

The attached resolution also corrects an administrative oversight regarding a curb that was painted red in November 2020 in front of the vista point on Kelok Way due to safety and neighborhood concerns. The attached resolution memorializes the City Council direction to paint the curb red and authorize enforcement of no parking in that cul-de-sac.

### **FISCAL IMPACT**

There is little direct fiscal impact from painting these curb areas red and allowing for enforcement of no parking to occur.

Attachments:    1. Resolution  
                      2. Center Street Curb Visibility Assessment

**RESOLUTION NO. ##-2022**

**A RESOLUTION ACCEPTING THE RECOMMENDATION BY THE CITY ENGINEER  
REGARDING POSTING AND AUTHORIZING ENFORCEMENT OF NO PARKING AT  
SPECIFIED LOCATIONS FOR IMPROVED VISIBILITY AND SAFETY**

**THE CITY COUNCIL  
City of Clayton, California**

**WHEREAS**, Clayton Municipal Code delegates to the City Engineer the authority to determine areas that should be signed or painted indicating no stopping or parking where the parking or stopping of any vehicle would constitute a traffic hazard or would endanger life or property;

**WHEREAS**, the City Engineer has evaluated potential visibility concerns related to exiting the driveway to the CVS Pharmacy onto Center Street and determined that parking should be removed in specified areas adjacent to that driveway;

**WHEREAS**, the City had previously established a no parking zone in front of the vista point on Kelok Way; and

**WHEREAS**, under California Vehicle Code, in order to allow for enforcement of no parking signs/red curbs, the City Council must authorize such enforcement via resolution.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Clayton, California does hereby:

1. Accept the recommendation of the City Engineer regarding Posting of No Parking/painting red curb at specified locations on Center Street adjacent to the CVS Pharmacy Parking Lot for adequate and safe visibility;
2. Confirm authority to enforce No Parking restrictions at the vista point on Kelok Way.

**PASSED, APPROVED and ADOPTED** by the City Council of Clayton, California at a regular public meeting thereof held on the 15th day of February 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

THE CITY COUNCIL OF CLAYTON, CA

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Peter Cloven, Mayor

ATTEST:

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Janet Calderon, City Clerk

# Clayton Center Ave Red Curb at CVS Recommendations



Date: 12/3/2021



## Sight Distance

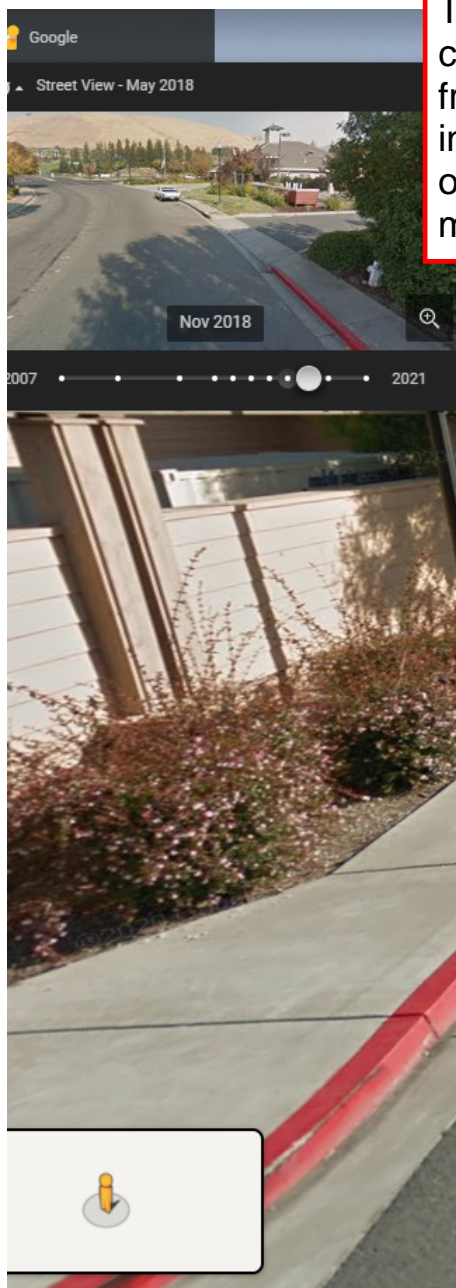
Properly located and designed driveways allow drivers to see oncoming traffic clearly from the point where the driveway meets the roadway. A turnaround within the driveway is useful in providing vehicles an opportunity to avoid backing onto the roadway. Vegetation such as tree limbs and bushes along both the roadway and the driveway should be trimmed to maintain adequate visibility. The table below provides guidance on recommended sight distances.

Suggested Sight Distances for Passenger Cars Entering Two Lane Roadways from Stop with Various Speed Limits

Operating Speed on Roadway (Mph)	Safe Sight Distance Looking Left from Driveway (ft.)	Safe Sight Distance Looking Right from Driveway (ft.)
20	225	195
30	335	290
40	445	385
50	555	480
60	665	575

Source: American Association of State Highway and Transportation Officials (AASHTO), *A Policy on Geometric Design of Highways and Streets 2011* (AASHTO: Washington, DC, 2011).





This image from Google Streetview clearly illustrates how any vehicle parked from the start of the red curb to the intersection causes an unsafe obstruction to sight distance when making a left turn from the CVS driveway



The curve of the road also decreases sight distance. The recommendation based on suggested sight distances for passenger cars entering two lane roadways from stop is to remove all parking - to paint curb red from existing limit to the intersection. Clayton Muni Code requires new red curb locations to be approved in City Council.





# AGENDA REPORT

**TO:** HONORABLE MAYOR AND COUNCIL MEMBERS

**FROM:** Reina J. Schwartz, City Manager

**DATE:** February 15, 2022

**SUBJECT:** Set March 21, 2022 for City Council Special Meeting: City Council Goal Setting

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## **RECOMMENDATION**

Staff recommends the City Council discuss and by motion order direct staff to set a Special City Council meeting for March 21, 2022 at 4pm for the purpose of discussing current and future Goals.

## **BACKGROUND**

Typically, the Clayton City Council meets at least once per year with its City Manager to discuss progress on prior City Council goals and to establish new and/or modified goals for the upcoming year. The last goal-setting session was March 22, 2021.

## **DISCUSSION**

While this session has often taken place in January or February and been focused on a calendar year basis, funding for goals will generally be aligned on a fiscal year basis. This year the focus will be on setting up goals for FY2022/23 and beyond.

Based on a survey regarding potential available dates for this session, the City Manager is recommending that the Special Meeting be scheduled for 4pm on Monday March 21, 2022.

## **FISCAL IMPACTS**

There is no direct fiscal impact from conducting the Goal Setting session, although session outcomes will inform the budget for FY2022/23. The session will be facilitated by the City Manager.

## **Attachments**

FY2021/22 Council Priority Areas – Status as of February 15, 2022  
Council Guidelines and Procedures (May 2019)

## **FY2021/22 COUNCIL PRIORITY AREAS**

**(STATUS AS OF FEBRUARY 15, 2022)**

### **Land Use and Housing**

1. Complete a state required Housing Element Update (Mandated; \$) - **in process/on track for completion by the state deadline of January 2023.**
2. ADU Ordinance (2020; \$) – **work has begun in 1<sup>st</sup> quarter 2022**
3. General Plan Safety and Circulation Element Updates (New; \$) – **evaluating timing; will need to incorporate Local Hazard Mitigation Plan now that it is complete.**

### **Public Safety**

1. Update Local Hazard Mitigation Plan (2020; \$) – **Completed and approved by FEMA.**
2. Update Emergency Operations Plan (New; \$) – **No progress has been made; need to determine if this is a high citywide priority.**
3. Implement Nixle – for improved emergency communication with the community (New; \$) – **Implemented in December 2021.**
4. Improve pedestrian/traffic safety (2020; \$) – **Advance Warning “Signal Ahead” signs approaching Diablo View Middle School have been installed (February 2022). Other improvements being evaluated on an ad hoc/ongoing basis.**

### **Financial Stability**

1. Develop long-term financial plan (2020) – **Revenue options and timeline for ballot measure presented to City Council February 2022.**
2. Adopt a Financial Reserve policy (2020) – **draft completed; delayed for final draft to allow new Finance Director to come on board and complete audit in a timely manner. Goal to complete in advance of FY2022/23 Budget.**
3. Improve Capital Improvement Project (CIP) information and planning (2020) – **plan to address with FY2022/23 CIP budget.**

### **Quality of Life**

1. Consider joint fireworks event in conjunction with Concord/in Concord (New; \$) **Concord held event.**
2. Consider a Community Survey (New; \$) – **No progress made on a general citywide community satisfaction type survey; specific surveys have been completed related to the Housing Element Update and ARPA funding.**
3. Review Cannabis Ordinance (2021) – **Council considered in May 2021 with direction to amend the City’s Ordinance; Planning Commission recommended approval to allow outdoor cultivation in October; final Council approval to allow outdoor cultivation for personal use was approved in December 2021.**

## Good Governance

1. Install technology to provide Closed Captioning of Council Meetings (2020; \$) **In process, funding needed. Planned for 1<sup>st</sup> quarter 2022.**
2. Update Purchasing Policy (2020) – **Completed January 2022.**
3. Update Employee Handbook (New) **in process through Lexipol (automated, updated, includes tracking of policy acknowledgement and annual refresher); goal for completion prior to June 30, 2022.**
4. Update City IT infrastructure (including continued digitizing of records) (2020; \$) – **slow progress; still need to identify funding for improvements.**
5. Create annual City Manager contingency for small unforeseen events/needs (New; \$) – **to be addressed in FY2022/23 operating budget.**
6. Improve employee recruitment and retention (2020; \$) – **new MOU for Police effective July 1, 2021 addressed some compensation issues; Miscellaneous compensation to be reviewed prior to June 30, 2022 per Terms & Conditions of Employment for that group. Will need to be addressed in the context of the FY2022/23 operating budget.**

# **COUNCIL GUIDELINES AND PROCEDURES**

## **\* CITY OF CLAYTON \***

In order to maximize the effectiveness of the Clayton City Council, the following guidelines have been adopted.

### **A. GENERAL**

1. The Council takes courageous action when necessary to keep Clayton on the cutting edge of well-run, well-managed, innovative cities.
2. The Council provides leadership and participates in regional, state and national programs and meetings.
3. The Council looks to its Commissions and Committees for independent advice and some legislative actions.
4. There is extensive citizen participation and work on City programs and documents.
5. There are numerous meetings other than regular Council meetings.
6. There is a commitment to training for staff, Council and Commission members.
7. Council Members will inform the City Clerk when they will be out of town as early as possible so absences can be calendared.
8. Council Members receive the same information as much as possible: Citizen complaints, letters, background, etc. [All Members receive copies of everything].
9. Technology is used to create efficiencies.
10. Unwanted reports and documents are returned to staff for distribution to the public or for recycling.

### **B. COUNCIL VALUES**

1. Each Councilperson is elected to and encouraged to represent his or her opinion and to work to carry out what he or she believes is in the best interests of Clayton and its citizens.
2. The Council and the City Manager are a participatory team.
3. The Council is high energy and achievement oriented.

4. Council Members exhibit care and respect for each other as persons.
5. Council Members promote care and respect for each other's point of view. Each Member has a right to be heard.
6. Opinions are expressed honestly, openly, civilly and with integrity.
7. Humor is an important tool.
8. Traditions are respected but not always binding.

C. COUNCIL INTERACTION AND COMMUNICATION

1. The Mayor makes Council sub-committee appointments annually in December; the Mayor is encouraged to seek input from Council regarding appointment preferences.
2. Members will take seriously the responsibility of reporting to Council on sub-committees and other regional, state and national board/agency/group activities in which they are involved.
3. Each Council Member has the responsibility to initiate resolution of problems as soon as possible.
4. Members shall recall and abide by the Brown Act when giving information to each other outside of public meetings.
5. Cheap shots at each other are not allowed by Members during public meetings, in the media, or at any other time.
6. Relationships are informal, but Council Members need to be aware of impact on and perception of the public.
7. Council Members will be flexible in covering Council responsibilities for each other.
8. Council Sub-Committees.
  - a. Sub-committee areas belong to the Council as a whole; they are not seen as territorial.
  - b. Sub-committees shall keep the rest of the Council fully informed. The rest of the Council is responsible for letting a sub-committee know if they want more information or to give input.
  - c. Before sub-committees start moving in new directions, they will obtain direction from the rest of the Council.

- d. Sub-committee reports will be made under “Council Reports” at Council meetings, when appropriate.
- e. Sub-committee memos will be sent on an interim basis to update other Council Members on:
  - 1). Issues being discussed.
  - 2). Options being considered.
  - 3). Progress.
- f. Appropriate reports will also be included in the City Manager’s “Weekly Report”.
- g. Council may contact Department Heads or the City Manager to be briefed on any sub-committee work.
- h. Council shall review the performance of citizen committees no less frequently than every six months.
- i. Sub-committees are task oriented with scheduled dates of completion.

D. COUNCIL INTERACTION AND COMMUNICATION WITH STAFF

- 1. City Manager.
  - a. Council Members should always feel free to communicate with the City Manager.
  - b. When a Council Member is unhappy about the performance of a Department, he/she should discuss this with the City Manager, not any other employee [the City Manager will inform the Mayor of any serious violations of this norm].
  - c. Concerns about the performance of Department Heads must be taken to the City Manager and/or Mayor first for resolution through proper channels.
  - d. In passing along critical information, the City Manager will inform all Council Members.
  - e. Council will provide ongoing feedback, information and perceptions to the City Manager, including some response to the “Weekly Report”.
  - f. Council will page the City Manager if there is an emergency and he/she cannot be reached by phone.

2. Staff in General.

- a. Council may make reasonable requests for information directly from Department Heads.
- b. An informal system of direct communication with staff is used but not abused by Council.
- c. Staff will inform Council immediately when an unusual event occurs that the public would be concerned about [e.g., major vehicular accidents; major police activities; areas cordoned off by police or fire, etc.].
- d. The Council and staff will not intentionally blind side each other in public; if there is an issue or a question a Council Member has regarding an agenda item, that Member will contact staff prior to the meeting.

E. COUNCIL RESPONSIBILITIES FOR KEEPING INFORMED

1. Read Commission minutes and staff reports to find out issues being addressed.
2. Read documents on planning items.
3. Read City Manager “goal updates” list for Council.
4. Do homework diligently and thoroughly.

F. MAYOR SELECTION

1. Election to Vice Mayor and Mayor requires supporting votes of three (3) Council Members, but in the interest of harmony unanimous consensus is to be sought and encouraged.
2. Any Council Member wanting or not wanting a role has a responsibility to tell all other Members.
3. As far as possible and until otherwise decided, Council Members will take turns as Mayor.
4. Mayorship will be a one-year term, commencing with the first meeting in December.
5. Selection of a Mayor is not a lock-step system. The Vice Mayor is generally expected to ascend to Mayor.
6. All Council Members are peers, and the Mayor and Vice Mayor serve at the pleasure of the Council.

G. MAYOR'S ROLE

1. Each Mayor operates somewhat uniquely from past Mayors; the role is largely defined by the person based on style.
2. The elected Mayor is to chair the meetings with proper decorum and to treat all Council Members and the public with respect.
3. The Mayor will inform the Council of any correspondence received or sent in relation to City business. This will be done within reason so as not to create a paper-trail overload. (Use of voice mail is encouraged, whenever possible).
4. The Mayor will forward pertinent information to other Council Members.

H. CITIZEN COMPLAINTS

1. City residents are considered “customers” and will be treated with courtesy and respect.
2. Council Members will receive copies of citizen written complaints, as received.
3. Council Members will be informed on telephone complaints, as appropriate.
4. Staff will inform Council of their response to complaints; copies of written responses should be included in Council packets.
5. Responses to citizens are personalized and professional.
6. Written responses will be selective. Responses will be made to all complaints.
7. Staff will draft a copy of responses for Council to use; letters over Council signatures checked out with signatory.
8. Council should not go to a hands-on mode when complaints occur. Issues will be referred to appropriate staff who will be given adequate time to respond.
9. If a Council Member wants action based on a citizen complaint, he/she should go through the City Manager's office to insure proper handling.



## I. PUBLIC MEETINGS

### 1. Agendas.

#### a. Formation.

- 1). The City Manager and the City Clerk will prepare a draft agenda and review it with the Mayor for finalization.
- 2). Any member of the Council may request that an item be placed on the agenda by contacting the Mayor. It is the Mayor's discretion as to which regularly scheduled meeting the requested agenda item will appear, after consultation with the City Manager regarding availability of staff time to prepare necessary reports and the extent and number of items already scheduled for each upcoming Council meeting.

#### b. Council may move to table any agenda item for future study.

#### c. Council Members will feel free to ask for continuance if enough time has not been available for the Council to prepare.

#### d. If a Member is ill or away for any big or "personal" agenda item, the item may be tabled at the Member's request.

#### e. Council may refuse to act on items where critical materials were not available in the Friday agenda packet.

#### f. Agenda packets are available by 5:00 PM on the Friday preceding the Tuesday meeting.

#### g. No item on the agenda will be taken up after 11:00 PM without the unanimous consent of the Council Members present.

### 2. Consent Calendar.

#### a. Items placed on the Consent Calendar are those considered by the Mayor or the City Manager to be routine in nature; they are enacted in one motion. There is normally no separate discussion of these items, unless requested.

#### b. The Consent Calendar is used judiciously for items such as minutes, routine City business, some appeals, items already approved in the Budget, etc.

#### c. The Mayor will inquire of the public, "Is there anyone who wishes to speak to anything on the Consent Calendar?" [to be in bold type on the agenda]. If so, the item is pulled off the Calendar for separate discussion.

- d. If a Council Member has a question on a Consent Calendar item for their information only, they are encouraged to ask staff ahead of time, rather than having it pulled off for discussion during the meeting.
  - e. If there is time before the meeting, Council Members will inform staff of items they wish to pull from the Consent Calendar.
  - f. If additional information is requested by a Council Member, staff will provide back-up material to all Council Members.
- 3. It is reasonable to expect that staff be prepared to give an oral report on every agenda item.
- 4. The Mayor works with the City Manager to decide how much information needs to be disseminated at the meeting based on the item, and Council and audience needs.
- 5. There will be no packing of the audience by individual Council Members for specific agenda items.
- 6. Corrections to minutes should be passed to the City Clerk before the meeting, if possible.
- 7. Public Comment.
  - a. As required by law.
  - b. To be directed to the Mayor and Council, not staff or the audience.
  - c. Has a three (3) minute time limit enforced at the Mayor's discretion; is announced in advance and consistently applied.
  - d. Is addressed early in the meeting.
  - e. A Council Member may ask staff to put an item on a future agenda.
  - f. Council may ask staff to respond, when appropriate.
  - g. The following options may be considered by the Mayor during times of high controversy:
    - 1). The Mayor designates a block of time early in the meeting (20 minutes) and any comments beyond this limit will be held until the end of the meeting.

- 2). The Mayor polls the audience for an indication of the number of people wishing to speak, then calls on individuals to speak.
8. The Mayor should survey the audience, as appropriate, to move agenda items up or back to address audience items of concern.
9. Public participation is encouraged on all public agenda items.
10. Council and staff will treat participants and each other with courtesy. Derogatory or sarcastic comments are inappropriate.
11. The public will likewise be encouraged by the Mayor to maintain meeting decorum.
12. Council and staff will treat the public with respect; refer to citizens by surnames, as appropriate.
13. In Council meetings when citizens are agitated, the Mayor may call a short recess to calm the situation.
14. The portion of a regular Council meeting before 7:00 PM, in addition to the present items, should include Council and City Manager reports; action items are discussed first and reports second; Council will ask staff for a summary, if appropriate.
15. The Mayor allows other Members to speak first, then gives his/her views and afterward summarizes the discussion. Council Members should not be redundant if they concur with what has already been said.
16. Voting.
  - a. Each Council Member is given an opportunity to speak before a motion.
  - b. Attempts are always made to reach consensus on significant issues.
  - c. On split votes, each Member shares his/her views about the issue and the reasons for his/her vote.
  - d. Once a vote is final, Council Members will support the action taken. If a Council Member wants a vote to be reconsidered, he/she will follow The Standard Code of Parliamentary Procedure.
  - e. Any Council Member may request a roll call vote on any given issue.
17. When any Council Member believes something would be helpful during a meeting, he/she is free to suggest change in the procedure.

18. Department Head attendance is encouraged at every Council meeting when there is a pertinent issue relative to that Department on the agenda; other staff attendance at Council meetings is at the City Manager's discretion.
19. Written documents, written statements, citizen petitions, references, newspaper articles or other materials submitted at or read by a council member or a member of the public at a City Council meeting become part of the Agenda Packet retained for that meeting, not an attachment to the official minutes prepared by the City Clerk of said meeting.
20. Council Members shall not use or receive digital or electronic communications (such as electronic text or visual communications and attachments distributed via email, instant messaging, twitter or comparable services) regarding an agenda item at any time during the meeting of the City Council at which he or she is in attendance.

J. EXECUTIVE SESSION IN GENERAL

1. Council will receive written reports for Closed Session items, as appropriate; these reports are to be returned to staff at the end of the meeting.
2. The City Manager will schedule pre-meeting Closed Sessions if it will save the City money [due to consultant or legal fees, etc.].
3. There is to be no violation of Executive Session confidentiality. Council Members will not talk to affected/opposing parties or anyone else (press, etc.) regarding Executive Session items without Council direction and concurrence.
4. The Mayor will make a public report after every Closed Session in the same meeting.

K. REDEVELOPMENT, GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD), AND CLAYTON FINANCING AUTHORITY MEETINGS

1. All general procedural rules apply as related to normal agenda, consent calendar, etc. These meetings generally follow the Council meeting.

L. SPECIAL MEETINGS

1. Any member may request the Mayor to call a Special Meeting and the Mayor will call it unless there are extenuating circumstances. Special Meetings will be called as specified in the California Government Code.

M. CITY ELECTION YEAR

1. Election year politics should be conducted in such a fashion that the business of Clayton can carry on as usual.
2. Council Candidates will be introduced at Council meetings as candidates only after they have filed their nomination papers.

N. MEMBERS OF COMMISSIONS AND COMMITTEES

1. Commissions and Committees are appointed by the Council as advisory bodies.
2. Commissions and Committees need to:
  - a. Consider Council vision.
  - b. Understand their roles, authority, limitations, etc.
  - c. Know annual priorities.
  - d. Work within established process and parameters [e.g., citizen involvement].
  - e. Have a Council Member serve as liaison.
3. Criteria to be considered in the selection and re-appointment of Commissions. \*
  - a. Lack of conflicts of interest.
  - b. Attendance [may not miss two consecutive meetings without an excuse].
  - c. Level of participation and preparation.
  - d. Support of community vision and values.
  - e. Respect for staff and public.
  - f. Work for community versus personal purposes.
  - g. Perform as a team player.
  - h. Be a resident [unless there is exceptional need].

- i. Be competent.
- j. Representative of community as a group [e.g., differing points of view, area of residence, aspects of community, backgrounds, experts versus generalists, etc.].
- k. Appointments are to be made by Council as a whole, not on promises by individual Council Members or Mayor.
- \* [A Commissioner may be removed if he/she is in violation of criteria under this section].

4. Selection Process.

- a. Commission candidate application information is to include: Council vision statement, expectations, Brown Act requirements, suggestion to attend a Commission meeting, problem-solving model, etc.
- b. City Council reviews applications, giving input to the Ad-Hoc Committee regarding ranking; Council may request input from Department Heads and City Manager.
- c. Ad-Hoc Committee conducts interviews and makes recommendations to Council [let Council Members know before the meeting who is being recommended in time for individual review].
- d. Council appoints Commissioners [goal is 5-0 consensus vote].
- e. Information packet (including Brown Act, Minutes, Ordinance forming Commission, Calendar of League of California Cities events) is provided to Commissioners by staff.

5. Commissions encouraged to be representative of and involve the entire community.

6. Planning Commissioners shall not use or receive digital or electronic communications (such as electronic text or visual communications and attachments distributed via email, instant messaging, twitter or comparable services) regarding an agenda item at any time during the meeting of the Planning Commission at which he or she is in attendance.

\* \* \* \* \*

Revised: 21 May 2019  
 Revised: 20 February 2007  
 Revised: 20 August 2002  
 Adopted: 05 May 1998

**declaring**

**February as**

**"Black and African American History Month"**

**WHEREAS**, in 1926, famous historian Dr. Carter G. Woodson, established what would become Black History Month to bring special awareness of African American accomplishments and contributions to American history; and

**WHEREAS**, African Americans have contributed to the rich fabric and diversity of America and have made significant strides in civil rights, law, medicine, technology, business, food, music, literature, education, sports, entertainment, journalism and the arts; and

**WHEREAS**, in 1619, the first documented enslaved Africans arrived at the English colonies at Old Point Comfort, Virginia, on the English ships *White Lion* and *Treasurer*, and these individuals were sold in exchange for provisions, while others were transported to Jamestown, where they were sold; and

**WHEREAS**, between 1863 and 1865, hundreds of Black men fought in the American Civil War and died as enlisted men in the United States Colored Troops, seeking life, liberty, and the pursuit of happiness as a free people; and

**WHEREAS**, after 1865, and the ratification of the Thirteenth, Fourteenth, and Fifteenth Amendments to the United States Constitution, the complete freedom and civil rights granted to previously enslaved men, women, and children was subverted by brutal Jim Crow laws, preventing their ability to live as fully free citizens and pursue life, liberty and happiness as guaranteed to white citizens; and

**WHEREAS**, between 1954 and 1968, African American activists, in particular women, spearheaded the Civil Rights Movement, fought for social justice, constitutional rights, organized sit-ins, workshops, boycotts, and grassroots campaigns; and

**WHEREAS**, attacks on the Fourteenth and Fifteenth Amendments continue to persist in the 21st century for African Americans, and the City of Clayton devotes its resources to fulfilling the promises of the Emancipation Proclamation and the U.S. Constitution; and

**WHEREAS**, today, African Americans continue to make gains in public office, education, and professional fields, and as entrepreneurs, as well as fight for an inclusive vision of liberty, justice, and equality for all; and

**WHEREAS**, the City of Clayton, CA will join with the nation in celebrating National Black History Month by honoring the essential contributions, sacrifices and accomplishments African American and Black people have made to the U.S. as part of American history.

**Now, Therefore**, I, Peter Cloven, Mayor, and on behalf of the entire Clayton City Council, proclaim February as Black and African American History Month in Clayton, CA and I call this observance to the attention of all of our citizens.



# STAFF REPORT

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: REINA SCHWARTZ, CITY MANAGER  
KATHERINE KORSAK, FINANCE DIRECTOR  
BRYCE ROJAS, CPA, AUDITOR**

**DATE: FEBRARY 15, 2022**

**SUBJECT: AUDITED ANNUAL COMPREHENSIVE FINANCIAL REPO0RT (ACFR) OF THE  
CITY OF CLAYTON FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## **RECOMMENDATION**

By minute order, accept the City of Clayton's Annual Comprehensive Financial Report (ACFR), including the unmodified opinion of the Independent Auditors Report, issued by Cropper Accountancy Corporation for the fiscal year ended June 30, 2021.

## **BACKGROUND**

The Budget and Audit Committee met on January 31, 2022 to review the Annual Comprehensive Financial Report (ACFR) and the Auditors' Required Communication to Those Charged with Governance (SAS 114 Letter). The City's independent audit firm, Cropper Accountancy Corporation, has issued their opinion on the City of Clayton's financial statements for the fiscal year ended June 30, 2021 (FY 2020/21). In their 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, each major fund, and the aggregate remaining fund information of the City of Clayton, California as of June 30, 2021, 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."



It is the responsibility of City management to ensure the financial statements are presented fairly in accordance with GAAP (generally accepted accounting principles). City management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error. The responsibility of the City's independent auditors is to express opinions on the City's financial statements based on its audit performed in accordance with generally accepted audit standards (GAAS) issued by the American Institute of Certified Public Accountants (AICPA) as well as generally accepted government auditing standards (GAGAS), or "yellow book" standards, issued by the Comptroller General of the United States.

## **DISCUSSION**

### ***Fund Financial Statements***

#### **General Fund**

The audited financials show a decrease in General Fund Balance of \$55,589 for the year ended June 30, 2021. This is due to lower-than-expected investment results and a decrease in revenues from business licenses, permits and fees, and fines, forfeitures and closures.

This results in a total General Fund reserve balance of \$6,108,981 as of June 30, 2021, of which \$5,810,862 (95%) is reported as unassigned and available for appropriation. This unassigned fund balance is 1.12 times the size of the General Fund's adopted operating expenditure budget of \$5,177,482 for the current fiscal year ending June 30, 2022. Per governmental accounting standards, government funds, such as the general fund, are a report of current financial resources based on a modified accrual basis.

#### **Non-major Governmental Funds**

In the aggregate, the other non-major governmental funds of the City reported a net increase in fund balance totaling \$165,980 for the year ending June 30, 2021.

- **HUTA Gas Tax Fund (No. 201)** – The Highway Users Tax Account (HUTA) gas tax fund reported a net increase in fund balance of \$114,485 to a total ending fund balance of \$509,772.
- **RMRA Gas Tax Fund (No. 202)** – The Road Maintenance and Rehabilitation Account (RMRA) gas tax fund was established in FY 2017/18 as a result of the State legislature's passing of the Road Repair and Accountability Act of 2017, also known as Senate Bill 1 (SB1). This fund reported an ending fund balance of \$620,917 as of June 30, 2021, a net increase of \$192,418.
- **Landscape Maintenance District Fund (No. 210)** – This fund reported a net increase in fund balance of \$22,299 to a total fund balance of \$1,085,886 as of June 30, 2021. Pursuant to the adopted FY 2021/22 budget, \$895,531 of this available fund balance has been assigned for upcoming Landscape Maintenance Fund operating and CIP expenditures.
- **The Grove Park Fund (No. 211)** – This fund reported a net increase of \$58,589 in fund balance to a total positive ending fund balance of \$465,045.

- Measure J Fund (No. 220) – This fund reported a net decrease in fund balance of \$2,048 to a total ending fund balance of \$86,243.

#### Endeavor Hall Enterprise Fund

Consistent with the prior year, the Endeavor Hall rental facility is the City's only "business-type" enterprise fund reported in the ACFR. The Endeavor Hall fund reported a decrease in net position of \$74,938. Two main factors are to blame for the decrease in net position – 1) there was no rental income due to the closures during the COVID-19 pandemic and 2) the depreciation expense of \$35,667 had nothing to offset it. Additionally, we have had pandemic related staffing challenges for the building attendant position. Overall, this fund reported a positive net position balance of \$923,986 primarily due to capital investment in the rental facility land, property and equipment. However, as of June 30, 2021, Endeavor Hall continued to report a deficit unrestricted net position arising from several years of deficit operations covered temporarily by short-term General Fund cash flow loans. Going forward, the City must analyze the business model of Enterprise Hall including but not limited to: reviewing the current fee structure, finding adequate staff to be able to operate, and looking for other possible on-going community rental uses of this building. The end goal for Endeavor Hall is to operate at a break-even operational level.

#### Rainy Day Fund

The Rainy Day Fund (Fund 110) was established during the FY2020/21 fiscal year with the goal of appropriating money to set aside funds to capture any annual surplus identified through the annual audit for the City to earmark towards one time unexpected costs that may arise throughout a budgetary year. Per GASB 54, the Rain Day funds are presented in the financial statements as part of the general fund (reference page 99 of the ACFR). As of June 30, 2021, the Rainy Day Fund has an ending committed balance of \$177,496.

#### ***Government-Wide Financial Statements***

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, and unlike the "modified accrual" governmental fund financial statements discussed previously, the government-wide statements report long-term assets and liabilities in the Statement of Net Position. In the long-run, increases or decreases in net position serve as a useful indicator of whether the financial position of the City of Clayton is improving or deteriorating. For the fiscal year ended June 30, 2021, the total government-wide net position decreased by \$892,149 with governmental activities net position decreasing by \$817,211 and business activities net position decreasing by \$74,938. This total decrease of \$892,149 is primarily due to two things: a decrease in depreciable assets (there was less than \$100,000 in additions to our fixed assets which would typically offset regular annual depreciation expenses) and there was an increase in the pension liability of \$453,449.

As of June 30, 2021, the City reported total government-wide ending net position of \$45,367,092 of which the largest portion totaling \$29,831,761 (65.8%), is classified as "net investment in capital assets" and is not in liquid form. \$13,156,670 (29%) of total government-wide net position is classified as "restricted" representing resources that are subject to external restrictions on how it

may be used such as restricted special parcel taxes (i.e., The Grove Park and the Landscape Maintenance District), restricted transportation taxes (HUTA, RMRA, Measure J, etc.), and other restricted-use funds. The remaining governmental net position of \$2,378,661 (5.2%) is reported as “unrestricted” and may be used to meet the ongoing obligations to citizens and creditors. The net position is a good indicator of the long-term financial health of the City. As stated previously, it is reported on a full accrual basis and includes all in-flows and out-flows of economic resources, which include the long-term pension liabilities, depreciation and other long-term assets and liabilities. The net position from year ending June 30, 2020 was \$3,358,419. There was a decrease of \$979,758 from FY 2020 to FY 2021 primarily due to increased pension liabilities and depreciation expenses.

### **FISCAL IMPACT**

The acceptance of the audited financial statements for the year ended June 30, 2021 does not have any direct fiscal impact on the City but reflects the overall financial health of the City.

The findings of the 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 Governmental Auditing Standards (pages 174-176) provide the City a framework and necessitate the City investing in certain improvements. The material weaknesses identified were as follows: 1) continuity of personnel/developing a solid succession plan in the event that the Finance Director cannot perform their duties; 2) a general ledger closing procedure that includes locking of the accounting records and a quarterly close; 3) documentation and defining the more complex journal entries to record the movement of funds correctly, and 4) ensuring a solid accounting process around recording of fixed assets in the fixed asset module. A significant deficiency was also found around the city’s IT systems and cybersecurity.

The goal is to rectify the auditors’ findings by the end of this fiscal year to become compliant with internal control best practices. The City will need to invest in this accounting “cleanup” project. There are three components of this plan:

- The first is working with a technologies firm that are experts in the fund accounting software which the City uses. There are some very specific long-standing issues with the accounting software that need to be resolved in order to be able to close and lock the accounting records on a timely basis.
- The second component includes engaging with an outside CPA firm to get the City caught up and to help develop a long-term plan for a timely quarterly close, quarterly financial reporting to the City Council and a plan for succession focusing on the long-term success of the Finance Department which contributes to the overall financial health and stability of the City.
- The last component of this plan is to address the significant deficiency finding of the IT Review. This finding includes working with our current IT provider to assess the system and identify opportunities to strengthen and improve cybersecurity. We will need to obtain an IT

health systems check-up from an outside service provider, this will be an out-of-pocket expense.

The Finance Director is working on getting a succinct plan together to remedy all of the above internal control findings and will be reporting back to the City Council within approximately 30 days as to scope and cost.

Attachments:

1. Comprehensive Annual Financial Report and Independent Auditors' Report for the Year Ended June 30, 2021
2. Auditors' Required Communication to Those Charged with Governance (SAS 114 Letter - AU-C 260)
3. PowerPoint Presentation from auditor, Bryce Rojas, CPA

**CROPPER ROWE, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**City of Clayton, California**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2021**

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# INTRODUCTORY SECTION

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City of Clayton  
Annual Comprehensive Financial  
Report For the year ended June 30, 2021  
Table of Contents

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	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Table of Contents.....	1
Letter of Transmittal.....	4
Mission Statement.....	9
Organizational Chart.....	10
Principal Officers, Department Heads and Advisory Bodies	11
Regional Map of Clayton and Nearby Cities	12
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report.....	17
Management's Discussion and Analysis.....	21
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position.....	33
Statement of Activities and Changes in Net Position.....	34
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	39
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	42
Statement of Revenues, Expenditures and Changes in Fund Balances.....	43
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position.....	46
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position.....	49
Statement of Revenues, Expenses and Changes in Net Position.....	50
Statement of Cash Flows.....	51
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	53
Statement of Changes in Fiduciary Net Position.....	54
Notes to Basic Financial Statements.....	57



**City of Clayton**  
**Annual Comprehensive Financial**  
**Report For the year ended June 30, 2021**  
**Table of Contents**

---

**FINANCIAL SECTION (Continued)**

**Required Supplementary Information**

*Budgetary Comparison Schedules*

General Fund.....	103
Landscape Maintenance District .....	104
Successor Housing Agency.....	105

*Pension Plan Funding Status*

Schedule of Proportionate Share of Net Pension Liability.....	106
Schedule of Pension Plan Contributions.....	107

*Other Postemployment Benefits Plan Funding Status*

Schedule of Changes in the Net OPEB Liability and Related Ratios. ....	108
Schedule of OPEB Plan Contributions.....	109

Notes to the Required Supplementary Information.....	110
--	-----

**Supplementary Information**

*Major Funds*

Budgetary Comparison Schedules. ....	114
--------------------------------------	-----

*Non-Major Governmental Funds Financial Statements:*

Combining Balance Sheet.....	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	119
Budgetary Comparison Schedules.....	121

*Internal Service Funds:*

Combining Statement of Net Position. ....	133
Combining Statement of Revenues, Expenses and Changes in Net Position.....	134
Combining Statement of Cash Flows.....	135

*Agency Funds:*

Combining Statement of Changes in Assets and Liabilities.....	137
---	-----

City of Clayton  
Annual Comprehensive Financial  
Report For the year ended June 30, 2021  
Table of Contents

---

**STATISTICAL SECTION (UNAUDITED)**

<b>Statistical Section Table of Contents.....</b>	<b>142</b>
<b>Financial Trends</b>	
<i>Net Position by Component.....</i>	143
<i>Changes in Net Position.....</i>	145
<i>Fund Balances of Governmental Funds.....</i>	147
<i>Changes in Fund Balances of Governmental Funds.....</i>	149
<b>Revenue Capacity</b>	
<i>Property Tax Levies and Collections.....</i>	151
<i>Assessed Value and Estimated Actual Value of Taxable Property.....</i>	152
<i>Taxable Assessed Value by Source.....</i>	153
<i>Property Tax Rates.....</i>	155
<i>Principal Property Tax Payers.....</i>	157
<b>Debt Capacity</b>	
<i>Ratios of Debt Outstanding.....</i>	159
<i>Computation of Direct and Overlapping Debt.....</i>	160
<i>Legal Debt Margin.....</i>	161
<i>Bonded Debt Pledged Revenue Coverage.....</i>	163
<b>Demographic and Economic Information</b>	
<i>Demographic and Economic Statistics.....</i>	164
<b>Operating Information</b>	
<i>Full-time Equivalent City Employees by Function.....</i>	165
<i>Operating Indicators by Function.....</i>	167
<i>Capital Asset Statistics by Function.....</i>	169
<i>General Information.....</i>	171

**ADDITIONAL REPORTS**

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.....	174T
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6000 HERITAGE TRAIL CLAYTON, CALIFORNIA 94517-1250  
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CITY COUNCIL  
CARL "CW" WOLFE, MAYOR  
PETER CLOVEN, VICE MAYOR  
JEFF WAN, COUNCILMEMBER  
JIM DIAZ, COUNCILMEMBER  
HOLLY TILLMAN, COUNCILMEMBER

January 24<sup>th</sup>, 2022

Honorable Mayor and Members of the City Council  
City of Clayton

We are pleased to submit the City of Clayton's Annual Comprehensive Financial Report (ACFR) for the Fiscal year ended June 30, 2021. Since its incorporation, the City has submitted an annual audited Financial Report to the City Council and its citizens in accordance with *California Government Code* section 25253. The ACFR provides the public, businesses, property owners, investors and all interested parties with an overview of the City's finances. It is important to note the acronym for this report has changed from CAFR to ACFR as the prior acronym can be considered an offensive racial slur and is no longer used. The information in this ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an "unmodified opinion" (the highest rating) on the report by an independent certified public accounting firm, Cropper Rowe, LLP.

Although we rely on the standards and expertise of these independent auditors, the responsibility for the accuracy and fair representation of the ACFR ultimately rests with City management. We believe the data presented in this Report is accurate in all material respects and all statements and disclosures have been included necessary for the reader to obtain a thorough understanding of the City's financial activities. Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile reliable and timely information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that its financial statements will be free from material misstatements.

For readers interested in a more detailed review of the City's financial statements, a section in the ACFR called "Management Discussion and Analysis" (MD&A) has been included in accordance with Government Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments*. The MD&A recounts the financial highlights of the City and provides additional analyses on the variances and trends reported as part of the financial statements. The MD&A further discloses significant items impacting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal.

### ***City Profile***

The City of Clayton was incorporated in 1964 and is located in Contra Costa County, a suburban region in the eastern portion of the San Francisco-Bay Area. Pursuant to its adopted budget for the fiscal year ending June 30, 2021, the City has a permanent staff of 26.2 full-time equivalent employees which serves approximately 11,700 residents in a land area of approximately 4 square miles. Nestled in a small valley at the northern base of Mt. Diablo, the boundaries of the City are mostly developed with a

**City of Clayton**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2021**  
**Letter of Transmittal**

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***City Profile, continued***

strong community emphasis on open space preservation and maintenance of an extensive network of trails. The City continues to show strength as a safe community with attractive residential neighborhoods as a gateway to the fast paced and robust Bay Area economy.

The City operates under a Council-Manager form of government and provides many essential public services to the community. The City is governed by a five-member City Council elected at large, serving staggered terms of four years. The Mayor and Vice Mayor are selected by the City Council each year from its membership and serve one-year terms. The City Council is responsible for setting policies, adopting City ordinances, resolutions, the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney, among other key duties. The City Manager is responsible for implementing the City Council's policies, ordinances and directives, overseeing the daily operations of the City, and appointing all department heads and through them all other employees of the City.

As presented in the City's government-wide statement of activities, pursuant to GASBS 34, the City's numerous departments and restricted-use funds accounting for public services are consolidated into higher-level *programs*, which include: public safety, public works, parks and recreation services, community and economic development, and general government. The public safety program is composed of an in-house police department, staffed with eleven (11) full-time sworn police officers and two (2) administrative personnel dedicated to the function of police services. Public works tracks the maintenance of public landscaping (i.e. street medians and shoulders, sub-division entryways, etc.), facilities, transportation infrastructure (i.e. streets, lighting, traffic signals, etc.), as well as contract City engineering services for management of the City's Capital Improvement Program as well as land development regulatory needs. In their capacity of providing parks and recreation services, the City's in-house maintenance department oversees the maintenance of the Clayton Community Library, the Clayton Community Park, The Grove Park, various neighborhood parks, and the historic Endeavor Hall rental facility. The community and economic development program consists of two (2) in-house staff providing planning and land-use regulatory services as well as the functions of economic development and affordable housing. Finally, the general government program reports legislative and support costs indispensable in providing in-house public services and maintains compliance an ever-expanding list of legal, fiscal and other statutory requirements imposed by the State of California.

The City's fiscal year runs from July 1<sup>st</sup> through June 30<sup>th</sup>. Each year, the City Manager presents an annual budget to the City Council for adoption by Resolution on or before June 30<sup>th</sup> in accordance with *Clayton Municipal Code* section 3.02.040. On an interim basis the budget is monitored continually with the budgetary level of control maintained at the fund level.

***Economic Condition and Outlook***

Essentially a cul-de-sac hugging the base of acclaimed Mt. Diablo, Clayton maintains a small-town atmosphere while its relative proximity to California State Highway 24 and neighboring city BART stations make it ideal for commuters. In addition, the semi-rural setting, low crime rate and excellent middle and elementary public schools make Clayton attractive to families of all types.

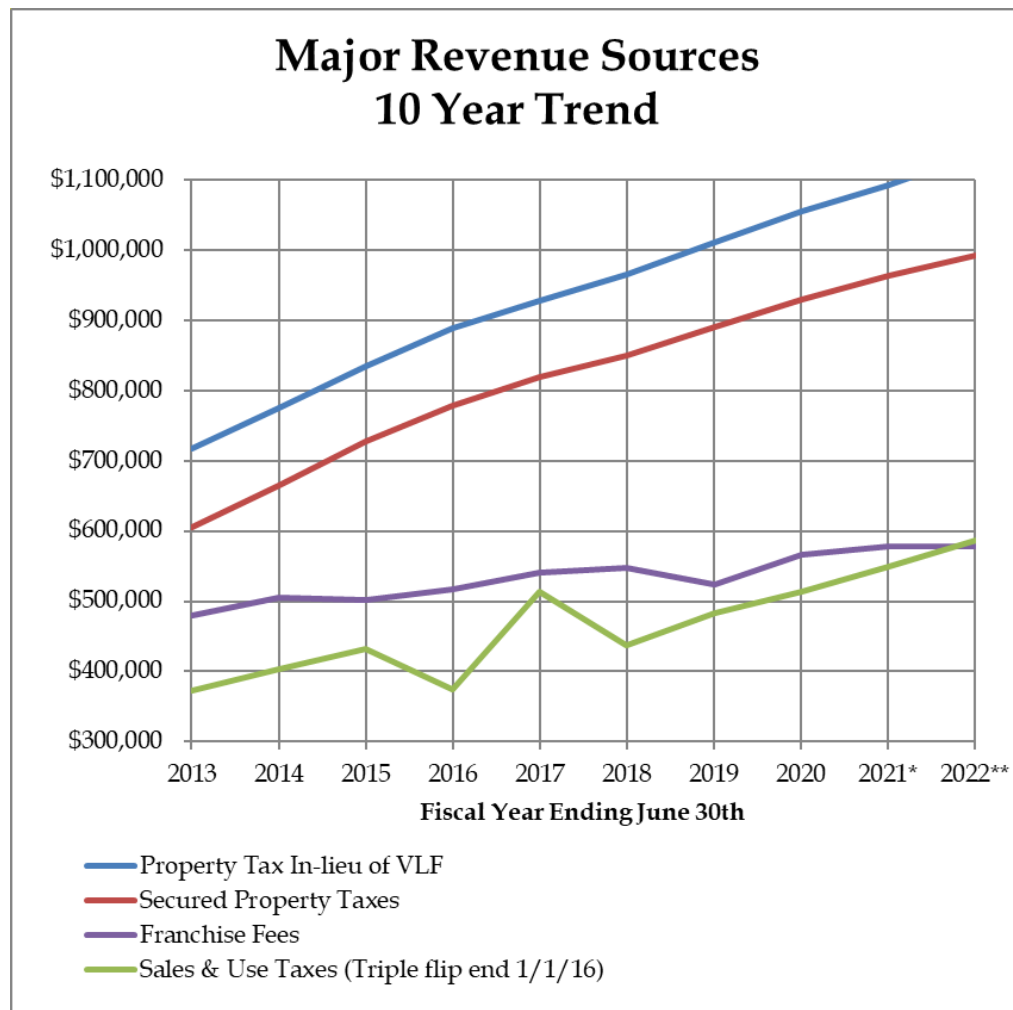
**City of Clayton**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2021**  
**Letter of Transmittal**

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***Economic Condition and Outlook, continued***

Its residents are generally highly educated with approximately 57.8% of adults greater than age 25 having a bachelor's degree or higher. In June of 2021, the unemployment rate of the City was 6.5%, compared to 7.0% and 7.6% for Contra Costa County and the State of California, respectively. In 2019 the median household income in the City was \$157,768 compared to \$87,100 for the state. The median age of Clayton residents is 45.9 as of the 2020 calendar year. The median sales price of homes in Clayton at June 30, 2021 was \$1,150,000, a 26.4% year over year increase. These factors bode well for the City's major sources of revenue, as property and sales & use taxes maintain all-time high levels.

In order, the City General Fund's top revenue sources are: in-lieu vehicle license fees (VLF – paid from the state's portion of property taxes); secured property taxes; franchise fees; and sales & use taxes (including the state-allocated "triple flip" prior to the fiscal year ending June 30, 2017). The following chart illustrates the ten-year trend of these four major revenue sources for the City taken from the 2020-2021 Adopted Budget:



**City of Clayton**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2021**  
**Letter of Transmittal**

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Altogether, these four primary revenue sources (Property Tax In-Lieu 21.9%, Property Taxes 20.4%, Franchise Fees 11.1%, Sales and Use Taxes 11.3%) comprise 64.7% of General Fund revenues per the adopted budget for the fiscal year ending June 30, 2022. A non-recurring spike was realized in sales and use taxes four years ago in the year ended June 30, 2017 attributable to the City receiving a final true-up Triple Flip allocation from the state following the statutory dissolution of this process effective January 1, 2017. Accordingly, the following year realized a dip back to “normal” sales & use tax trend levels. In the long-run however, given the suburban composition of the City and its geographic boundaries limiting future development, management anticipates slow growth for the next ten years in sales & use taxes and franchise fees and moderate growth in property tax revenue (including in-lieu VLF property taxes received from the state). With increasing telecommunications technologies, cable-based franchise fees could be a declining or at-risk revenue, while other factors such as weather patterns and sustainable energy trends could impact similar franchise fee revenue. Given the recent U.S. Supreme Court *South Dakota v. Wayfair* ruling, it is reasonably possible the City will see an increase in sales & use tax revenue in forthcoming years with the definition of eligible taxable sales transactions now potentially including all online sales where “substantial nexus” requirements exist with online sellers in California.

***Long-Term Financial Planning***

As of the year ended June 30, 2021, the City of Clayton’s financial condition remains sound. An indicator of financial condition is the level of fund balances, both reserved and unreserved, in the City’s General Fund. The City Council has directed an absolute minimum reserve of \$250,000 as its never-to-be- expended “catastrophic reserve.” In practice, due to the effectiveness in fiscal management, this policy has been easily achieved, indicating perhaps this floor requirement should be elevated in the future. However, the standing Policy Goal of the City Council is to establish and retain an undesignated reserve of 50% the annual General Fund operating budget. At June 30, 2021, the total unassigned General Fund reserve balance is \$5,810,862 or 1.12 times the size of the adopted General Fund operating budget for the fiscal year ending June 30, 2022. This means in an emergency scenario, the City could operate over an entire year on reserves alone.

The City of Clayton maintains a five-year Capital Improvement Program (CIP), which serves as its planning document to ensure its infrastructure is well maintained. The City prioritizes roads for maintenance and reconstruction based on the relative pavement condition index, with other infrastructure and facility improvement projects prioritized at the discretion of the City Council. Over the course of the last 10 years the City has invested approximately \$9.7 million into facility and infrastructure capital improvements, funded by Highway User Tax Apportionments (i.e. HUTA or “gas taxes”), local Measure J taxes, redevelopment property tax increment allocations (prior to the dissolution of the Clayton Redevelopment Agency in 2012), and other state and federal grants. For the upcoming fiscal year ending June 30, 2022, the City’s CIP is expected to invest an additional \$2.296 million into transportation and general infrastructure maintenance and improvement needs of the community.

**City of Clayton**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2021**  
**Letter of Transmittal**

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***Acknowledgements***

The preparation of an ACFR cannot be accomplished without the professional, efficient and dedicated services of the Admin/Finance/Legal Department staff (in particular, Accounting Technician Jennifer Giantvalley), and the independent accounting firm of Cropper Rowe, LLP. We also thank the honorable members of the City Council and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,



Reina J. Schwartz  
City Manager



Katherine Korsak  
Finance Director

# OUR MISSION

To be of exemplary service to the Clayton community with an emphasis on:

- Health and safety
- Responsive customer service
- Highly trained team of employees
- A cooperative work environment

# OUR VALUES

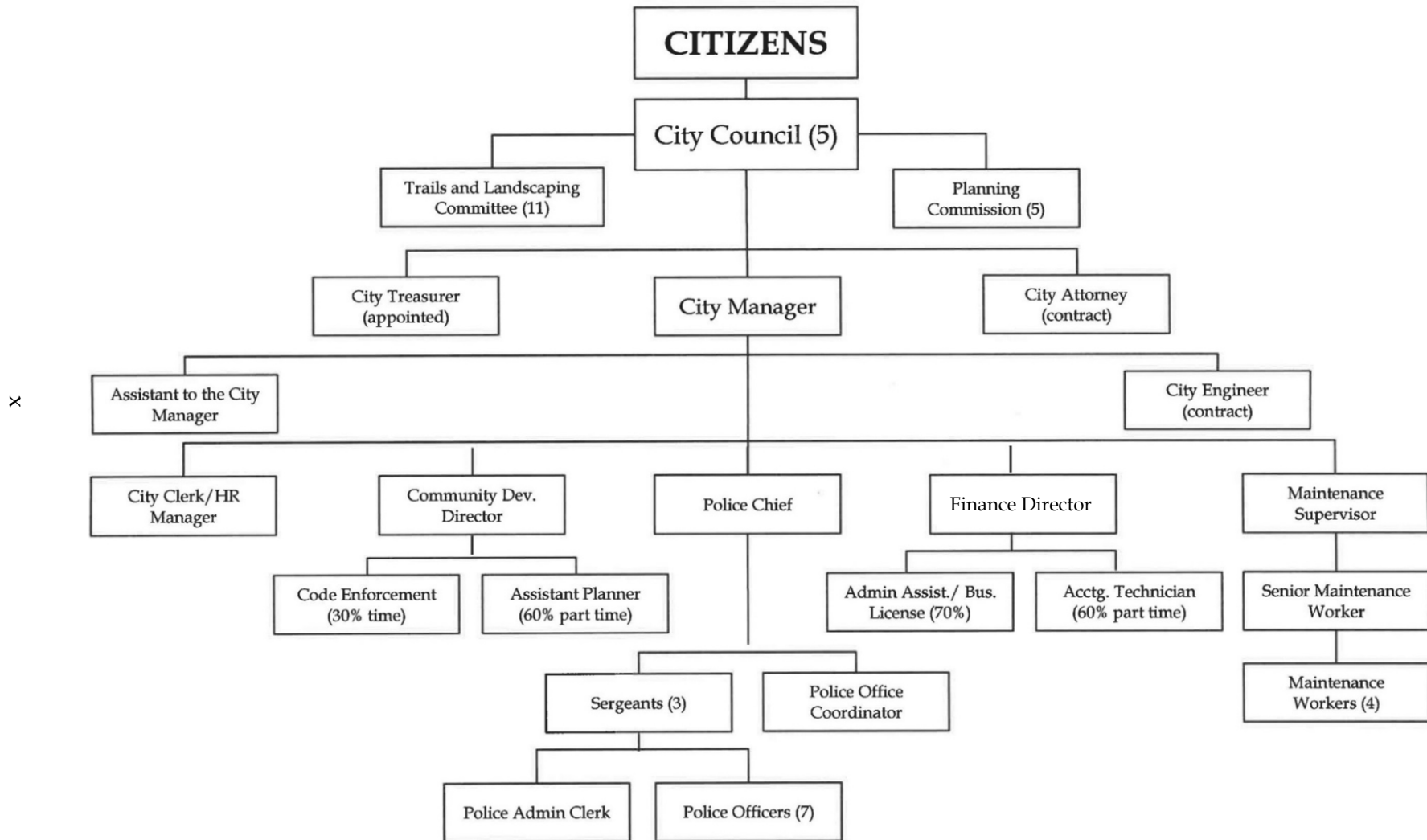
- |                          |                        |
|--------------------------|------------------------|
| ➤ Courtesy               | ➤ Inclusiveness        |
| ➤ Creativity             | ➤ Informed risk taking |
| ➤ Diversity              | ➤ Open communication   |
| ➤ Employee participation | ➤ Professionalism      |
| ➤ Ethical behavior       | ➤ Trustworthiness      |
| ➤ Fiscal responsibility  |                        |

# OUR VISION

The City of Clayton organization will be recognized as a premier small city. Customer service will be our hallmark; organizational processes will be a model of efficiency and effectiveness; innovation will be common place; and excellence of work product will be the norm. The employees will enjoy their work environment, and each will be a valued and respected member in his or her field of work. All residents and the City Council will be proud of their City government.



## City of Clayton Organizational Chart



# **DIRECTORY OF PRINCIPAL OFFICIALS AND ADVISORY BODIES**

**As of report issuance**

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## **CITY COUNCIL**

Peter Cloven, Mayor  
Holly Tillman, Vice Mayor  
Jim Diaz, Councilmember  
Jeff Wan, Councilmember  
Carl Wolfe, Councilmember

## **COMMISSIONS**

Planning Commission

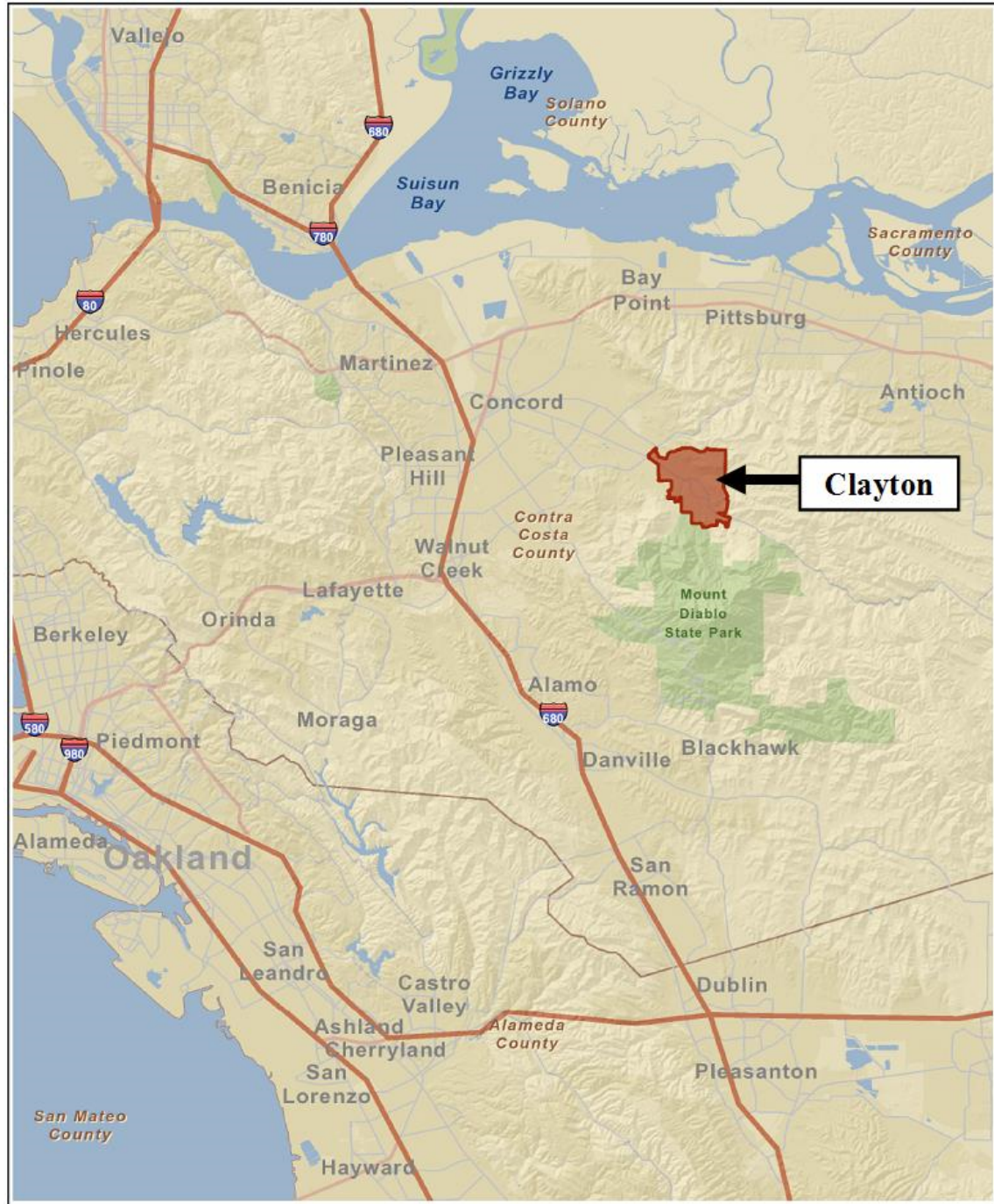
## **COMMITTEES**

Trails and Landscaping Committee

## **APPOINTED OFFICIALS AND DEPARTMENT HEADS**

Reina Schwartz	City Manager
Laura Hoffmeister	Assistant to the City Manager
Hank Stratford	City Treasurer
Katherine Korsak	Finance Director
Elise Warren	Chief of Police
Janet Calderon	City Clerk / HR Manager
Dana Ayers	Community Development Director
Jim Warburton	Maintenance Supervisor
Malathy Subramanian	City Attorney (contract)
Mark Nassar	City Engineer (contract)

# Regional Map of Clayton, California And Nearby Cities



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## **FINANCIAL SECTION**

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# **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Clayton, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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, each major fund, and the aggregate remaining fund information of the City of Clayton as of June 30, 2021, 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.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21-31, budgetary comparison information on pages 103-105,



Schedule of Proportionate Share of Net Pension Liability on page 106, Schedule of Pension Plan Contributions on page 107, Schedule of Changes in Net OPEB Liability and Related Ratios on page 108, and Schedule of OPEB Plan Contributions on page 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

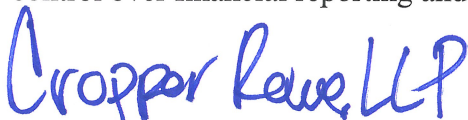
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clayton's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of City of Clayton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance on the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clayton's internal control over financial reporting and compliance.



CROPPER ROWE, LLP  
Walnut Creek, California  
January 26, 2022

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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Management of the City of Clayton (the "City") provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for its fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the additional information that is furnished with the City's financial statements, which follow.

**FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT**

*Government -Wide Highlights*

*Net Position* - The assets of the City of Clayton exceeded its liabilities at the close of the year ended June 30, 2021 by \$45,367,092. Of this amount, \$2,378,661 was reported as "unrestricted net position" and may be used to meet the ongoing obligations to citizens and creditors.

*Changes in Net Position* - The City's total net position decreased by \$892,149 in the fiscal year ending June 30, 2021. Net position of governmental activities decreased by \$817,211, while net position of business-type activities decreased by \$74,938.

*Major Fund Highlights*

*Governmental Funds* - As of the year ended June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$17,297,680. Of this amount \$5,810,862 represents "unassigned fund balances" available for appropriation.

*General Fund* - The unassigned fund balance of the General Fund on June 30, 2021 was \$5,810,862, while the non-spendable and assigned fund balances were \$120,623 and \$0 respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Clayton's basic financial statements. The City of Clayton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and supplemental information in addition to the basic financial statements themselves.

***Government-wide Financial Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Clayton's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Clayton's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Clayton is improving or deteriorating.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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## **OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

### ***Government-wide Financial Statements, Continued***

The *statement of activities* presents information showing how the City's *net position* changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Clayton that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clayton include general government, public safety, public works, community and economic development, and parks and recreation services. The business-type activities of the City of Clayton include the activities of the Endeavor Hall enterprise fund.

### ***Fund Financial Statements***

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 Clayton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Clayton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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## **OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

### ***Fund Financial Statements, Continued***

The City of Clayton maintains fifteen individual governmental funds. Information is presented separately in the government funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Landscape Maintenance District, Housing Successor Agency, and Capital Improvement Program, all of which are reported as major funds.

### **Proprietary Funds**

The City of Clayton maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Clayton uses an enterprise fund to account for its Endeavor Hall activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Clayton various functions. City of Clayton uses three internal service funds to account for its capital equipment replacement program, self-insurance activities, and extraordinary employer pension contribution fluctuations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's sole enterprise fund is considered to be a major fund. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

### **Fiduciary Funds**

The City is the fiscal agent for benefit assessment districts and other parties holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate statement of fiduciary net position and the agency funds statement of assets and liabilities. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include a private-purpose trust fund to account for the activities of the City of Clayton Redevelopment Successor Agency.

### ***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 can be found on pages 57 – 100 of this report.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees as well as budgetary information for the General Fund and each of the major governmental funds.

**FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS**

***Analysis of Overall Net Position and Results of Operations***

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The City's total net position was \$45,367,092 at June 30, 2021, which is a decrease of \$892,149 (1.9%) from the prior year's net position at June 30, 2020.

The largest portion of the City's net position reflects its investment in capital assets (e. g. land, buildings, etc. ) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is condensed comparative Statements of Net Position for the fiscal years ended June 30, 2021 and June 30, 2020:

	Governmental Activities 2021	Governmental Activities 2020	Business- Type Activities 2021	Business- Type Activities 2020	Total 2021	Total 2020
<b>Assets</b>						
Current Assets	\$ 14,812,813	\$ 14,388,102	\$ (112,174)	\$ (69,042)	\$ 14,700,639	\$ 14,319,060
Noncurrent Assets	6,462,021	6,359,697	-	-	6,462,021	6,359,697
Capital Assets	28,793,685	29,780,115	1,038,076	1,073,743	29,831,761	30,853,858
<b>Total Assets</b>	<u>50,068,519</u>	<u>50,527,914</u>	<u>925,902</u>	<u>1,004,701</u>	<u>50,994,421</u>	<u>51,532,615</u>
<b>Deferred outflows</b>	<u>1,051,589</u>	<u>1,182,093</u>	<u>-</u>	<u>-</u>	<u>1,051,589</u>	<u>1,182,093</u>
<b>Liabilities</b>						
Current Liabilities	362,937	606,265	1,916	5,777	364,853	612,042
Noncurrent Liabilities	5,944,104	5,484,655	-	-	5,944,104	5,484,655
<b>Total Liabilities</b>	<u>6,307,041</u>	<u>6,090,920</u>	<u>1,916</u>	<u>5,777</u>	<u>6,308,957</u>	<u>6,096,697</u>
<b>Deferred inflows</b>	<u>369,961</u>	<u>358,770</u>	<u>-</u>	<u>-</u>	<u>369,961</u>	<u>358,770</u>
<b>Net Position</b>						
Net investment in capital assets	28,793,685	29,780,115	1,038,076	1,073,743	29,831,761	30,853,858
Restricted	13,156,670	12,046,964	-	-	13,156,670	12,046,964
Unrestricted	2,492,751	3,433,238	(114,090)	(74,819)	2,378,661	3,358,419
<b>Total net position</b>	<u>\$ 44,443,106</u>	<u>\$ 45,260,317</u>	<u>\$ 923,986</u>	<u>\$ 998,924</u>	<u>\$ 45,367,092</u>	<u>\$ 46,259,241</u>

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

**FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued**

***Analysis of Overall Net Position and Results of Operations, Continued***

Of the City's total net position, \$13,156,670 (29.0%) represents resources that are subject to external restrictions on how they may be used. The balance of the *unrestricted net position* of \$2,378,661 (5.2%) may be used to meet the City's ongoing obligations to citizens and creditors. City revenues for the year, including both governmental and business-type activities, were \$7,816,698, while expenses totaled \$8,708,847, resulting in a net decrease in net position of \$892,149 excluding transfers, extraordinary and special items. This net decrease was primarily attributable to a decrease in net position of governmental activities, which is discussed in greater detail in the following section.

The following is a recap of the City's Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2021 and June 30, 2020:

	Governmental Activities 2021	Governmental Activities 2020	Business- Type Activities 2021	Business- Type Activities 2020	Total 2021	Total 2020
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 961,910	\$ 1,000,692	\$ (1,442)	\$ 24,702	\$ 960,468	\$ 1,025,394
Operating grants and contributions	893,718	1,024,732	-	-	893,718	1,024,732
Capital grants and contributions	42,363	559,220	-	-	42,363	559,220
Total program revenues	<u>1,897,991</u>	<u>2,584,644</u>	<u>(1,442)</u>	<u>24,702</u>	<u>1,896,549</u>	<u>2,609,346</u>
General revenues:						
Property taxes	2,722,906	2,587,812	-	-	2,722,906	2,587,812
Special parcel taxes	1,309,373	1,295,034	-	-	1,309,373	1,295,034
Sales and use taxes	510,029	512,868	-	-	510,029	512,868
Business license taxes	90,872	140,620	-	-	90,872	140,620
Franchise fees	567,350	565,893	-	-	567,350	565,893
Payments in lieu of taxes	171,029	167,677	-	-	171,029	167,677
Investment income	508,256	684,244	(379)	121	507,877	684,365
Miscellaneous	38,972	40,516	-	-	38,972	40,516
Gain (loss) on sale of assets	1,741	5,760	-	-	1,741	5,760
Total general revenues	<u>5,920,528</u>	<u>6,000,424</u>	<u>(379)</u>	<u>121</u>	<u>5,920,149</u>	<u>6,000,545</u>
Total revenues	<u>7,818,519</u>	<u>8,625,068</u>	<u>(1,821)</u>	<u>24,823</u>	<u>7,816,698</u>	<u>8,609,891</u>
<b>Expenses:</b>						
General government	1,796,454	1,516,739	-	-	1,796,454	1,516,739
Public works	2,909,710	2,735,012	-	-	2,909,710	2,735,012
Public safety	2,980,000	2,768,030	-	-	2,980,000	2,768,030
Community and economic development	357,133	296,372	-	-	357,133	296,372
Parks and recreation services	592,433	724,733	-	-	592,433	724,733
Endeavor Hall	-	-	73,117	63,631	73,117	63,631
Total expenses	<u>8,635,730</u>	<u>8,040,886</u>	<u>73,117</u>	<u>63,631</u>	<u>8,708,847</u>	<u>8,104,517</u>
Change in Net Position	<u>(817,211)</u>	<u>544,182</u>	<u>(74,938)</u>	<u>(38,808)</u>	<u>(892,149)</u>	<u>505,374</u>
Net Position - Beginning	<u>45,260,317</u>	<u>44,716,135</u>	<u>998,924</u>	<u>1,037,732</u>	<u>46,259,241</u>	<u>45,753,867</u>
Net Position - ending	<u>\$ 44,443,106</u>	<u>\$ 45,260,317</u>	<u>\$ 923,986</u>	<u>\$ 998,924</u>	<u>\$ 45,367,092</u>	<u>\$ 46,259,241</u>



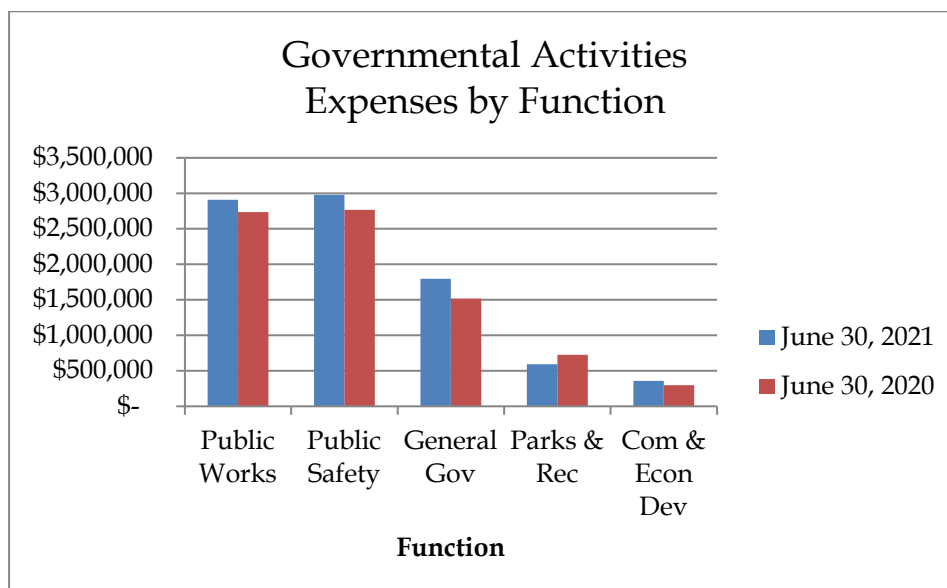
**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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**FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued**

*Analysis of Governmental Activities*

The decrease in net position of the governmental activities over the prior year was primarily attributable to a decrease in both operating and capital grants and contributions. Total expenses were \$8,635,730 in the current year compared to \$8,040,886 in the prior year. The following chart depicts the relative size of expenses by function for the fiscal years ending June 30, 2021 and 2020:



Total program revenues from governmental activities were \$1,897,991 in the current year compared to \$2,584,644 in the prior year. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from government's general revenues. Of the governmental program revenues, 50.7% were derived from charges for services, which includes park use fees, rental fees, licenses and permits, planning services fees, engineering plan check fees, police service fees, and other revenues. The remaining 49.3% of the governmental program revenues came from operating and capital grants and contributions. General revenues are all other revenues not categorized as program revenues such as property taxes, special parcel taxes, sales and use taxes, motor vehicle fees, investment earnings, franchise fees, use of money and property, service charges, and miscellaneous revenues.

City of Clayton  
Management's Discussion and Analysis  
For the year ended June 30, 2021

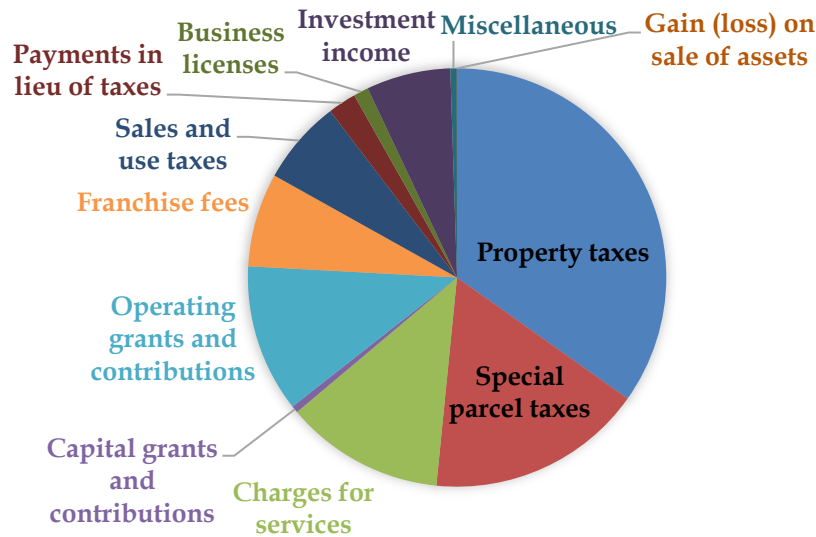
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FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

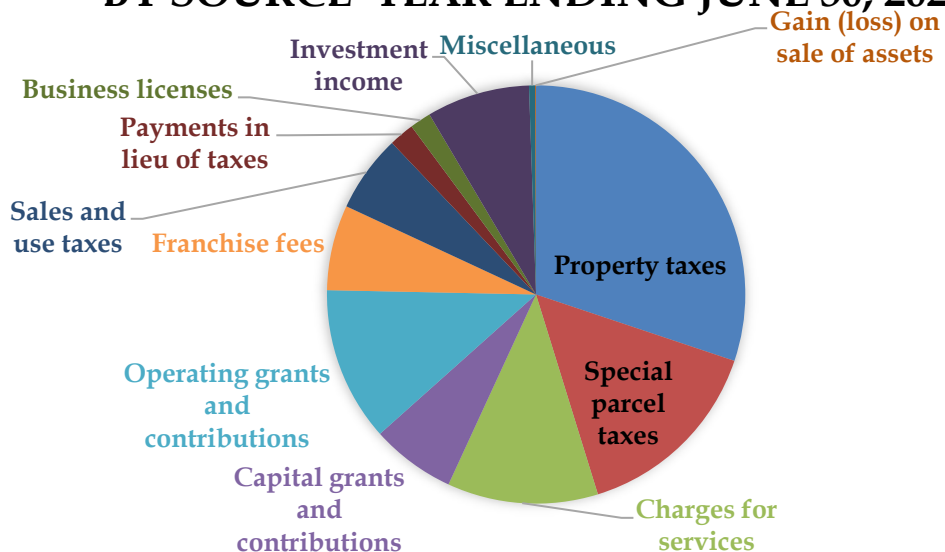
*Analysis of Governmental Activities, Continued*

Total general revenues from governmental activities decreased by \$686,653 (25.6%) over the prior year. The following pie charts depict the relative size of governmental activities program and general revenues by source for the fiscal years ending June 30, 2021 and 2020:

**GOVERNMENTAL ACTIVITIES REVENUES  
BY SOURCE YEAR ENDING JUNE 30, 2021**



**GOVERNMENTAL ACTIVITIES REVENUES  
BY SOURCE YEAR ENDING JUNE 30, 2020**



**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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**FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued**

*Analysis of Business-Type Activities*

Total business-type expenses increased 14.9% from \$63,631 in the prior year to \$73,117 in the current year. This increase is largely attributable to the increase in operating costs of the Endeavor Hall rental facility. Total services revenue decreased as well by 105.8%, from \$24,702 in the prior year to \$(1,442) in the current year due to the effects from the COVID-19 pandemic. Net position of business-type activities declined \$74,938 to a total of \$923,986 at June 30, 2021 due to charges for services being insufficient to cover the annual depreciation expense of underlying Endeavor Hall rental facility assets.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUND STATEMENTS**

*Analysis of Governmental Funds*

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,297,680. Of this amount, \$5,810,862 (33.6%) is unassigned; \$120,623 (0.7%) is in non-spendable form; \$3,261,239 (18.9%) is assigned for specific purposes; \$7,283,999 (42.1%) is restricted by law, regulation, or other outside contractual agreements; and \$820,957 (4.7%) is committed for specific expenditures in the future.

General Fund

The City's General Fund reported a decrease in fund balance of \$55,589 (0.9%) in the current fiscal year. This modest decrease is mostly attributable to lower than expected investment results and a decrease in business licenses, permits and fees, and fines, forfeitures, and closures. Total fund balance of the General Fund is \$6,108,981 as of June 30, 2021, of which \$5,810,862 (95.1%) is reported as unassigned and available for appropriation. This unassigned fund balance is 1.12 times the size of the General Fund's adopted operating budget for the upcoming fiscal year ending June 30, 2021.

Landscape Maintenance District

Community Facilities District No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, reported an increase in fund balance of \$22,299 (2.1%) in the current fiscal year. This increase in fund balance is largely attributable to decreases in operating costs such as water service and weed abatement, as well as a decrease in project costs. Total fund balance of the Landscape Maintenance District is \$1,085,886 as of June 30, 2021, of which \$895,531 (82.5%) is reported as assigned for the following year's operating budget.

**City of Clayton  
Management's Discussion and Analysis  
For the year ended June 30, 2021**

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**FINANCIAL ANALYSIS OF INDIVIDUAL FUND STATEMENTS, Continued**

***Analysis of Governmental Funds, Continued***

**Successor Housing Agency**

The Successor Housing Agency special revenue fund reported a increase in fund balance of \$472,291 (9.5%) in the current fiscal year. This increase in fund balance resulted primarily from unspent program revenue on housing loan repayments as well as unrealized gains on the inventory of affordable income housing. Total fund balance of the Successor Housing Agency is \$5,430,243 as of June 30, 2021, which is classified entirely as restricted.

**Capital Improvement Program**

The Capital Improvement Program capital projects fund reported an increase in fund balance of \$261,379 (15.7%) in the current fiscal year. This increase in fund balance primarily arose from timing differences between project execution and funding. Total fund balance of the Capital Improvement Program fund is \$1,924,746 and is reported entirely as assigned for capital projects as of June 30, 2021.

***Analysis of Proprietary Funds***

The City of Clayton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the City's only major enterprise fund, Endeavor Hall, at the end of the year was \$923,986, and total net position for the internal service funds amounted to \$1,005,542.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund actual revenues and transfers exceeded total revenues and transfers of the final budget by \$131,758 (1.7%), which exceeds the adopted fiscal year 2021 budget projection of a \$440,558 planned decrease in fund balance. The remainder of the increase was from better than expected investment results and an unrealized investment gain. The unrealized investment gain was reported as a direct result of the City's investment portfolio being largely made up of fixed instrument securities during a time of declining interest rates. As noted in recent quarterly investment portfolio reports presented to the City Council, the City's investment policy is designed to reduce volatility and generate consistent returns in the long run in order to protect public funds. Actual property tax revenues exceeded somewhat conservative adopted budgetary growth projections by 4.3%, which was largely offset by lower than expected revenue from permits, licenses and fees.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

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**GENERAL FUND BUDGETARY HIGHLIGHTS, Continued**

Actual General Fund expenditures of \$4,666,962 were less than the final adjusted budget by \$253,211 (5.1%) for the year ended June 30, 2021. The positive variance is a result of actual expenditures being less than budgeted in Parks and Recreation, Community and Economic Development, and Public Safety.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$29,831,761 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, corporate yard building, and roads. Total depreciation expense on governmental assets totaled \$1,080,713, versus \$1,068,773 in the prior year. The increase in depreciation is attributable to the completion of significant capital projects during the prior and current fiscal years. Additional information on the City of Clayton's capital assets can be found in Note 5 of this report.

***Debt Administration***

The remaining debt of the former Clayton Redevelopment Agency (RDA) of \$5,835,000 was transferred to the Successor Agency on February 1, 2012 (fiscal year ending June 30, 2012). The City has no outstanding general obligation debt. The Successor Agency has maintained its "AAA" credit rating (S&P) on outstanding Tax Allocation Bonds. Additional information on the Successor Agency's long-term debt can be found in Note 12 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

As the City of Clayton is largely a residential community the annual General Fund operating budget relies heavily on property taxes to finance annual operating appropriations rather than other sources of revenue larger and more commercially and industrial developed municipalities have access to (i. e. sales and transient occupancy taxes). The City strives to meet the ever evolving needs of local residents and businesses within the constraints of limited and sometimes restrictive revenue sources.

There was an increase in adopted General Fund operating appropriations for the upcoming fiscal year ending June 30, 2022 of \$333,679 (6.9%). The increase in appropriations is attributable primarily to labor wage and benefit costs of various City departments. The annual June 2020 to June 2021 consumer price index inflationary factor is 3.2% as published by the U. S. Bureau of Labor and Statistics for the San Francisco-Oakland-Hayward region. In addition, there are projected decreases in the annual CalPERS unfunded accrued liabilities and normal costs, primarily due to Classic Tier employees retiring and new employees being hired in the PEPRA tier. The adopted budget for the fiscal year ending June 30, 2022 projects total General Fund revenues of \$5,185,450, an increase of approximately

**City of Clayton  
Management's Discussion and Analysis  
For the year ended June 30, 2021**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, Continued**

\$341,219 (7.0%) over the prior year adopted budget. The projected revenue growth reflects continued growth in property tax and sales and use taxes supported by actual results reported in the fiscal year ending June 30, 2021.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Clayton's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Office of the Finance Manager, 6000 Heritage Trail, Clayton, California 94517.

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Clayton**  
**Government-Wide**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-Type Activites	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 14,067,857	\$ -	\$ 14,067,857
Accounts receivable (net of allowances)	600,469	-	600,469
Interest receivable	23,864	-	23,864
Internal balances	112,174	(112,174)	-
Prepaid expenses	8,449	-	8,449
Total Current Assets	14,812,813	(112,174)	14,700,639
Noncurrent Assets:			
Investment in affordable housing	3,039,071	-	3,039,071
Notes receivable	3,422,950	-	3,422,950
Nondepreciable assets	3,196,235	167,738	3,363,973
Depreciable assets, net	25,597,450	870,338	26,467,788
Total Noncurrent Assets	35,255,706	1,038,076	36,293,782
<b>Total Assets</b>	<b>50,068,519</b>	<b>925,902</b>	<b>50,994,421</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	996,699	-	996,699
Deferred outflows related to OPEB	54,890	-	54,890
<b>Total Deferred Outflows of Resources</b>	<b>1,051,589</b>	<b>-</b>	<b>1,051,589</b>
<b>LIABILITIES</b>			
Current Liabilites:			
Accounts payable	247,660	416	248,076
Deposits payable	-	1,500	1,500
Accrued payroll	14	-	14
Unearned revenue	26,754	-	26,754
Compensated absences payable	82,847	-	82,847
Other liabilities	5,662	-	5,662
Total Current Liabilities	362,937	1,916	364,853
Noncurrent Liabilites:			
Compensated absences payable	82,900	-	82,900
Net OPEB liability	532,528	-	532,528
Net pension liability	5,328,676	-	5,328,676
Total Noncurrent Liabilities	5,944,104	-	5,944,104
<b>Total Liabilities</b>	<b>6,307,041</b>	<b>1,916</b>	<b>6,308,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	344,226	-	344,226
Deferred inflows related to OPEB	25,735	-	25,735
<b>Total Deferred Inflows of Resources</b>	<b>369,961</b>	<b>-</b>	<b>369,961</b>
<b>NET POSITION</b>			
Net investment in capital assets	28,793,685	1,038,076	29,831,761
Restricted for special projects and programs	13,156,670	-	13,156,670
Unrestricted	2,492,751	(114,090)	2,378,661
<b>Total Net Position</b>	<b>\$ 44,443,106</b>	<b>\$ 923,986</b>	<b>\$ 45,367,092</b>

*The accompanying notes are an integral part of the financial statements*



**City of Clayton**  
**Government-Wide**  
**Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
General government	\$ 1,796,454	\$ 430,894	\$ 14,449	\$ -	\$ (1,351,111)	\$ -	\$ (1,351,111)
Public safety	2,980,000	51,259	396,672	-	(2,532,069)	-	(2,532,069)
Public works	2,909,710	328,731	482,597	58,752	(2,039,630)	-	(2,039,630)
Community and economic development	357,133	133,404	-	(16,389)	(240,118)	-	(240,118)
Parks and recreation services	592,433	17,622	-	-	(574,811)	-	(574,811)
Total Governmental Activities	8,635,730	961,910	893,718	42,363	(6,737,739)	-	(6,737,739)
Business-Type Activities							
Endeavor Hall	73,117	(1,442)	-	-	-	(74,559)	(74,559)
<b>Total Business-Type Activities</b>	73,117	(1,442)	-	-	-	(74,559)	(74,559)
Total Primary Government	<u>\$ 8,708,847</u>	<u>\$ 960,468</u>	<u>\$ 893,718</u>	<u>\$ 42,363</u>	<u>(6,737,739)</u>	<u>(74,559)</u>	<u>(6,812,298)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes					2,722,906	-	2,722,906
Special parcel taxes					1,309,373	-	1,309,373
Sales and use taxes					510,029	-	510,029
Business license taxes					90,872	-	90,872
<b>Total Taxes</b>					4,633,180	-	4,633,180
Franchise fees					567,350	-	567,350
Payments in lieu of taxes					171,029	-	171,029
Investment income (loss)					508,256	(379)	507,877
Other miscellaneous general revenues					38,972	-	38,972
Gain (loss) on disposal of fixed assets					1,741	-	1,741
<b>Total general revenues and transfers</b>					5,920,528	(379)	5,920,149
<b>Change in net position</b>					(817,211)	(74,938)	(892,149)
<b>Net position - beginning</b>					45,260,317	998,924	46,259,241
<b>Net position - ending</b>					<u>\$ 44,443,106</u>	<u>\$ 923,986</u>	<u>\$ 45,367,092</u>

*The accompanying notes are an integral part of the financial statements*

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## **FUND FINANCIAL STATEMENTS**

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# GOVERNMENTAL FUNDS

Governmental Funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. All governmental funds can be classified into one of five fund types: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

## **General Fund:**

The General Fund is the main operating fund of the City and is presented as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

## **Special Revenue Funds:**

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following are reported as major special revenue funds:

*Landscape Maintenance District* - Community Facilities District (CFD) No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, accounts for real property voter-approved special parcel taxes collected to maintain arterial landscaping and open space within the City (CFD No. 2007-1 sunsets in 2027).

*Successor Housing Agency* - Accounts for the activities related to the assets assumed by the City of Clayton as the Housing Successor to the housing activities of the former Redevelopment Agency of the City of Clayton.

## **Capital Projects Funds:**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The following is the City's sole major capital projects fund:

*Capital Improvement Program* - Accounts for the projects identified in the capital improvement program funded by various federal and state grants as well as through transfers from the General Fund.

## **Non-major Governmental Funds:**

All non-major governmental funds of the City are aggregated and presented on the face of the basic financial statements in one column.

**City of Clayton**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

		Special Revenue	
	General Fund	Landscape Maintenance District	Successor Housing Agency
<b>ASSETS</b>			
Cash and investments	\$ 5,878,530	\$ 1,149,606	\$ 1,798,822
Accounts receivable	555,622	-	3,000
Interest receivable	23,864	-	-
Investment in affordable housing	-	-	3,039,071
Notes receivable	-	-	3,422,950
Prepaid items	8,449	-	-
Due from other funds	112,174	-	-
Advance to other funds	-	-	-
<b>Total Assets</b>	<b>\$ 6,578,639</b>	<b>\$ 1,149,606</b>	<b>\$ 8,263,843</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 91,455	\$ 63,720	\$ -
Other payables	5,662	-	-
Accrued payroll	14	-	-
Compensated absences	82,847	-	-
Unearned revenue	26,754	-	-
<b>Total Liabilities</b>	<b>206,732</b>	<b>63,720</b>	<b>-</b>
Deferred Inflows of Resources:			
Deferred revenue	262,926	-	2,833,600
<b>Total Deferred Inflows of Resources</b>	<b>262,926</b>	<b>-</b>	<b>2,833,600</b>
Fund Balance:			
Non-spendable	120,623	-	-
Restricted	-	190,355	5,430,243
Committed	177,496	-	-
Assigned	-	895,531	-
Unassigned	5,810,862	-	-
<b>Total Fund Balance</b>	<b>6,108,981</b>	<b>1,085,886</b>	<b>5,430,243</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,578,639</b>	<b>\$ 1,149,606</b>	<b>\$ 8,263,843</b>

*The accompanying notes are an integral part of the financial statements*

**City of Clayton**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

<u>Capital Project</u>		
<u>Capital Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,951,959	\$ 2,771,069	\$ 13,549,986
-	41,847	600,469
-	-	23,864
-	-	3,039,071
-	-	3,422,950
-	-	8,449
-	-	112,174
-	-	-
<u>\$ 1,951,959</u>	<u>\$ 2,812,916</u>	<u>\$ 20,756,963</u>
\$ 27,213	\$ 65,092	\$ 247,480
-	-	5,662
-	-	14
-	-	82,847
-	-	26,754
<u>27,213</u>	<u>65,092</u>	<u>362,757</u>
-	-	3,096,526
-	-	3,096,526
-	-	120,623
-	1,663,401	7,283,999
-	643,461	820,957
1,924,746	440,962	3,261,239
-	-	5,810,862
<u>1,924,746</u>	<u>2,747,824</u>	<u>17,297,680</u>
<u>\$ 1,951,959</u>	<u>\$ 2,812,916</u>	<u>\$ 20,756,963</u>

*The accompanying notes are an integral part of the financial statements*

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**City of Clayton**  
**Reconciliation of Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2021**

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<b>Total Fund Balances - Governmental Funds</b>	\$	17,297,680
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Amounts reported for governmental activities in the Statement of Net Position are different because:

**CAPITAL ASSETS**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Non-depreciable capital assets		3,196,235
Depreciable capital assets (net of internal service fund assets of \$493,547)		25,109,599

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Unavailable revenue which are deferred inflows of resources in the Governmental Funds because they are not available currently, but are taken into revenue in the statement of activities.		3,096,526
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**LONG-TERM ASSETS AND LIABILITIES**

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Net OPEB liability not reported on the Governmental Funds Balance Sheet		(532,528)
Compensated absences payable		(82,900)
Net pension liability not reported on the Governmental Funds Balance Sheet		(5,328,676)

**DEFERRED INFLOWS AND OUTFLOWS**

Deferred inflows/(outflows) of resources for not reported on the Governmental Funds Balance Sheet

Deferred outflows of resources for net pension liability		996,699
Deferred inflows of resources for net pension liability		(344,226)
Deferred outflows of resources for net OPEB liability		54,890
Deferred inflows of resources for net OPEB liability		(25,735)

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Government-wide Statement of Net Position.

		1,005,542
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<b>Net Position of Governmental Activities</b>	\$	<u>44,443,106</u>
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*The accompanying notes are an integral part of the financial statements*

**City of Clayton**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2021**

		Special Revenue	
	General Fund	Landscape Maintenance District	Successor Housing Agency
<b>REVENUES</b>			
Property taxes	\$ 2,722,905	\$ -	\$ -
Program income	-	-	106,400
Special parcel taxes and assessments	-	1,169,764	-
Sales and use taxes	510,029	-	-
Business licenses	90,872	-	-
Permits, licenses and fees	112,867	-	-
Fines, forfeitures and penalties	118,766	-	-
Intergovernmental	117,286	-	-
Motor vehicle in-lieu fees	-	-	-
Other in-lieu fees	171,029	-	-
Franchise fees	567,350	-	-
Service charges	297,393	-	-
Use of money and property	66,374	14,054	23,567
Other revenue	30,657	-	-
<b>Total Revenues</b>	<b>4,805,528</b>	<b>1,183,818</b>	<b>129,967</b>
<b>EXPENDITURES</b>			
Current:			
General government	1,397,917	-	-
Public safety	2,374,819	-	-
Public works	330,983	1,067,386	-
Community and economic development	290,222	-	27,951
Parks and recreation services	273,021	-	-
Capital outlay	-	53,813	-
<b>Total Expenditures</b>	<b>4,666,962</b>	<b>1,121,199</b>	<b>27,951</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>138,566</b>	<b>62,619</b>	<b>102,016</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Unrealized gains (losses)	-	-	370,275
Transfers in	135,845	-	-
Transfers out	(330,000)	(40,320)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(194,155)</b>	<b>(40,320)</b>	<b>370,275</b>
<b>Net Change in Fund Balances</b>	<b>(55,589)</b>	<b>22,299</b>	<b>472,291</b>
<b>FUND BALANCES</b>			
Beginning of year	6,164,570	1,063,587	4,957,952
End of fiscal year	\$ 6,108,981	\$ 1,085,886	\$ 5,430,243

*The accompanying notes are an integral part of the financial statements*

**City of Clayton**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2021**

<u>Capital Project Capital Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,722,905
-	-	106,400
-	436,942	1,606,706
-	-	510,029
-	-	90,872
-	59,430	172,297
-	-	118,766
201	793,753	911,240
-	-	-
-	-	171,029
-	-	567,350
-	-	297,393
14,921	13,875	132,791
-	-	30,657
<u>15,122</u>	<u>1,304,000</u>	<u>7,438,435</u>
-	149,402	1,547,319
-	230,284	2,605,103
-	509,922	1,908,291
-	-	318,173
-	76,833	349,854
110,915	48,882	213,610
<u>110,915</u>	<u>1,015,323</u>	<u>6,942,350</u>
<u>(95,793)</u>	<u>288,677</u>	<u>496,085</u>
-	-	370,275
357,172	1,130	494,147
-	(123,827)	(494,147)
<u>357,172</u>	<u>(122,697)</u>	<u>370,275</u>
261,379	165,980	866,360
<u>1,663,367</u>	<u>2,581,844</u>	<u>16,431,320</u>
<u>\$ 1,924,746</u>	<u>\$ 2,747,824</u>	<u>\$ 17,297,680</u>

*The accompanying notes are an integral part of the financial statements*

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**City of Clayton**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2021**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	866,360
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Amounts reported for governmental activities in the Statement of Activities are different because:

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the Governmental Funds (net change).

Net change in post-employment benefits (OPEB) liability and deferred inflows (outflows)	17,863
Long-term compensated absences payable	(9,053)
Net change in pension liability and deferred inflows (outflows).	(609,954)
Unavailable revenues	(109,020)

CAPITAL ASSET TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital asset acquisition, excluding internal service fund asset acquisitions.	-
Depreciation expense is deducted from the fund balance (Net of internal service fund depreciation of \$99,979).	(980,734)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net gain or loss of the internal service funds is reported with governmental activities.

	7,327
<b>Change in Net Position of Governmental Activities on Statement of Activities</b>	<b>\$ (817,211)</b>

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*The accompanying notes are an integral part of the financial statements*

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# PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City's proprietary funds can be classified into two fund types: enterprise and internal service funds.

## **Enterprise Funds:**

Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. The following is the City's sole major enterprise fund:

***Endeavor Hall*** – Accounts for all rental activities related to operation of the underlying rental facility asset. The primary use of the rental facility has been for wedding receptions and other formal special events.

## **Internal Service Funds:**

The City's internal service funds account for activities that provide goods or services to other City funds, departments, or agencies on a cost reimbursement basis. All internal service funds of the City are aggregated and presented on the face of the proprietary fund financial statements in one column.

**City of Clayton**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2021**

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$           -	\$       517,871
Noncurrent assets		
Land	167,738	-
Depreciable assets, net	870,338	487,851
<b>Total Assets</b>	<u>1,038,076</u>	<u>1,005,722</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	416	180
Other payables	-	-
Deposits payable	1,500	-
Due to other funds	112,174	-
<b>Total Liabilities</b>	<u>114,090</u>	<u>180</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,038,076	487,851
Unrestricted	(114,090)	517,691
<b>Total Net Position</b>	<u>\$       923,986</u>	<u>\$       1,005,542</u>

*The accompanying notes are an integral part of the financial statements*



City of Clayton  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the year ended June 30, 2021

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for current services	\$ (1,442)	\$ 111,900
<b>Total Operating Revenues</b>	<u>(1,442)</u>	<u>111,900</u>
<b>OPERATING EXPENSES</b>		
Personnel	3,698	-
General and administrative	33,752	11,523
Depreciation and amortization	35,667	99,979
<b>Total Operating Expenses</b>	<u>73,117</u>	<u>111,502</u>
<b>Operating Income (Loss)</b>	<u>(74,559)</u>	<u>398</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on disposal of assets	-	1,741
Investment income	(379)	5,188
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(379)</u>	<u>6,929</u>
<b>Net (loss) Before Contributions and Operating Transfers</b>	<u>(74,938)</u>	<u>7,327</u>
Capital contributions	-	-
Transfers in / (out)	-	-
<b>Change in Net Position</b>	<u>(74,938)</u>	<u>7,327</u>
<b>NET POSITION:</b>		
Beginning of fiscal year	<u>998,924</u>	<u>998,215</u>
End of fiscal year	<u>\$ 923,986</u>	<u>\$ 1,005,542</u>

*The accompanying notes are an integral part of the financial statements*

**City of Clayton**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended June 30, 2021**

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ (2,942)	\$ 111,900
Payments to suppliers	(36,113)	(8,851)
Payments to employees	(3,698)	-
Claims paid	-	(2,492)
Net cash provided (used) by operating activities	<u>(42,753)</u>	<u>100,557</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers in / (out)	<u>42,922</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>42,922</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of fixed assets	-	(94,283)
Proceeds from the sale of capital assets	-	1,741
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(92,542)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	<u>(379)</u>	<u>5,188</u>
Net Cash provided by investing activities	<u>(379)</u>	<u>5,188</u>
Net increase (decrease) in cash and cash equivalents	<u>(210)</u>	<u>13,203</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of fiscal year	<u>210</u>	<u>504,668</u>
End of fiscal year	<u>\$ -</u>	<u>\$ 517,871</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (74,559)	\$ 398
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	35,667	99,979
Changes in current assets and liabilities:		
Increase (decrease) in accounts payable	(2,361)	180
Increase (decrease) in deposits payable	(1,500)	-
Increase (decrease) in interfund payables	-	-
Net cash provided (used) by operating activities	<u>\$ (42,753)</u>	<u>\$ 100,557</u>

*The accompanying notes are an integral part of the financial statements*

# FIDUCIARY FUNDS

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City's fiduciary funds can be classified into two fund types: agency and private purpose trust funds.

## **Agency Funds:**

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's program. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

## **Private Purpose Trust Funds**

Private purpose trust funds account for resources held by the City as trustee for third party beneficiaries, and are used to report both the Fiduciary Net Position and Changes in Fiduciary Net Position for the Successor Agency for the former Redevelopment Agency. Private Purpose Trust Funds are accounted for under the full accrual basis of accounting.

**City of Clayton**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2021**

	Private Purpose Trust Fund Redevelopment Successor Agency	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 180,568	\$ 1,751,167
Cash and investments with fiscal agents	-	332,880
Accounts receivable	-	19,600
Prepaid expenses	-	-
Assessments receivable	-	1,109,029
Notes receivable	61,705	-
Investment in bonds	-	904,000
<b>Total Assets</b>	<u>242,273</u>	<u>4,116,676</u>
<b>LIABILITIES</b>		
Accounts payable	3,000	27,200
Other liabilities	-	1,576,305
Deposits payable	-	582,355
Accrued interest payable	-	-
Advance from Successor Housing Agency	-	-
Notes payable	-	61,704
Bonds payable	1,145,000	1,869,112
<b>Total Liabilities</b>	<u>1,148,000</u>	<u>\$ 4,116,676</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred notes receivables	-	
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	
<b>NET POSITION</b>		
Held in trust for others	(905,727)	
<b>Total Net Position</b>	<u>\$ (905,727)</u>	

*The accompanying notes are an integral part of the financial statements*

**City of Clayton**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2021**

	Private Purpose Trust Fund Redevelopment Successor Agency
<b>ADDITIONS</b>	
Tax increment revenue	\$ 646,816
Program revenue	1,827
Investment gain (loss)	(9,308)
<b>Total Additions</b>	<u>639,335</u>
<b>DEDUCTIONS</b>	
Interest expense	38,302
Administrative costs	250,864
Other expenses	2,178
<b>Total Deductions</b>	<u>291,344</u>
<b>Changes in Net Position</b>	347,991
<b>NET POSITION</b>	
Beginning of Year	<u>(1,253,718)</u>
End of Year	<u>\$ (905,727)</u>

*The accompanying notes are an integral part of the financial statements*

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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Clayton, California (City) have been prepared in conformity with generally accepted accounting principles (US GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***Reporting Entity***

The City of Clayton (City) is primarily a residential community nestled in the foothills of Mount Diablo in Contra Costa County, California. The City was incorporated on March 3, 1964 under the laws of the State of California, and encompasses approximately four square miles with a population of 11,700. The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager totaling a staff of twenty-six and a fifth (26.2) full-time equivalent employees providing the following services: public works, parks and recreation services, community and economic development, public safety, and general government. The City's public safety program is served by an in-house police force of eleven (11) full-time sworn police officers supported by two (2) full-time administrative personnel.

The basic financial statements include the financial activities of the City, Successor Agency to the Clayton Redevelopment Agency (Successor Agency) and the Clayton Financing Authority (Authority).

The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Clayton Redevelopment Agency ("RDA"), which was dissolved as of February 1, 2012 was accounted for as a "blended" component unit of the City. Despite being legally separate, this entity was so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of this component unit were reported within the funds of the City. Upon the dissolution of the RDA, the RDA ceased to be reported as a blended component unit and was replaced by the Successor Agency, which is reported as a private purpose trust fund in the fiduciary fund section of the financial statements.

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City and the former RDA of the City of Clayton with the City Council serving as the Board of Directors. It was created by the City of Clayton City Council in 1990 with the primary purpose of issuing bonded obligations to finance capital projects within the community for which repayment is secured by pledges of revenue from legally separate and distinct districts. The activities of the Authority are reported in the fiduciary fund financial statement section as the Authority's debt is secured entirely by third parties that are not part of the primary government of the City and the City has no obligation for such debt. Separate financial statements of the Authority are available at the City's website at [www.ci.clayton.ca.gov](http://www.ci.clayton.ca.gov).



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Accounting and Measurement Focus*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business type activities for the City, the primary government. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to inter-fund activities, payables and receivables. All internal balances in the statement of net position have been eliminated in the statement of activities; internal service fund transactions have been eliminated. However, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Advances to/from other funds
- Due to/from other funds
- Transfers in/out

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Accounting and Measurement Focus, Continued***

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position as presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

**Governmental Fund Financial Statements**

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally sixty [60] days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Revenues from other governmental agencies (excluding property taxes) are deemed to be available if received within one hundred eighty (180) days after fiscal year end. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of *GASB Statement No. 34*. The City has the following major governmental funds:

*General Fund* - This fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Accounting and Measurement Focus, Continued***

Landscape Maintenance District - This special revenue fund accounts for the Community Facility District No. 2007-1 restricted special parcel tax approved over two-thirds the local electorate in the June 2016 election through the passing of "Measure H. " This special parcel tax is restricted to fund the operation, maintenance, and improvement of specific city-wide public landscaped areas.

Successor Housing Agency - This special revenue fund accounts for the City's low and moderate housing program, which was assumed by the City Council action upon dissolution of the former redevelopment agency. Program revenue of this fund is primarily generated through the repayment on low-moderate income housing loans.

Capital Improvement Program - This capital projects fund accounts for the projects identified in the capital improvement program funded by various federal and state grants as well as through transfers from the General Fund.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and change in fund net position, and a statement of cash flows for all proprietary funds. Internal service funds are presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City has the following major enterprise fund:

Endeavor Hall - This fund accounts for all activities related to use of the facility. The primary use has been for wedding receptions.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Accounting and Measurement Focus, Continued***

The City has the following internal service funds:

Capital Equipment Replacement Fund - This fund accounts for the operation, maintenance, and replacement of the City vehicles and equipment.

Self-Insurance Fund - This fund accounts for the administration of the City's self-insurance programs, payment of Employee Assistance Programs, and self-insured liability claim deductibles.

Pension Rate Stabilization Fund - This fund stabilizes major fluctuations in annual employer pension costs driven by market factors and actuarial changes.

**Fiduciary Fund Financial Statements**

The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, therefore only a statement of fiduciary net position is presented. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Reclassifications were recorded to prior year amounts reported for various assets and liabilities for agency funds in order to be consistent with the current year's presentation.

Private purpose trust funds account for resources held by the City as trustee for third party beneficiaries, and are used to report both the fiduciary net position and changes in fiduciary net position of the Successor Agency to the former Redevelopment Agency. Private purpose trust funds are accounted for under the full accrual basis of accounting.

***Use of Restricted and Unrestricted Net Position***

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

***Cash Equivalents***

For purposes of reporting cash flows for the City's proprietary funds, pooled cash and investments held by the City are considered cash equivalents as the proprietary fund can access pooled cash and investments in a manner similar to a demand deposit.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Cash and Investments***

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Interest income on investments is allocated to the funds on the basis of average month-end cash and investment balances. Investments are carried at fair value. Fair value is based on quoted market price if applicable. Otherwise the fair value hierarchy is as follows:

Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liabilities at the measurement date.

Level 3 – Certain inputs are unobservable inputs (supported by little or no market activity, such as the City's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date).

Local Agency Investment Fund (LAIF) determines fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The City's investment policy (Policy) states that the primary investment objective is safety with investments being legally permitted and sufficiently liquid to meet forecasted needs. Maximization of interest earnings is a secondary objective. Further, the Policy states that the City Treasurer has the ultimate responsibility to protect, preserve and maintain cash and investments. The Policy also established internal controls and reporting requirements. The Policy stipulates "Permitted Investments and Limitation on Investments. " The City invests in the California LAIF, which is part of the Pooled Money Investment Account operated by the California State Treasurer. LAIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio. A portion of LAIF's investments are in structured notes and asset-backed securities.

Investments held with CAMP are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Agency participates in the California Asset Management Program (CAMP) which is a voluntary investment alternative authorized by Section 53601(p) of the California Government Code. CAMP is managed by a seven-member Board of Trustees comprised of California public agency finance officials. Investments are transacted by an investment advisor and all securities are held by a third-party custodian. All securities in CAMP are purchased under the authority of Section 53601, subdivisions (a) to (n) of the California Government Code.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Cash and Investments, Continued***

Certain disclosure requirements, if applicable, for deposits and investment risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by amounts included nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net position. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Investment in Affordable Housing***

This City Successor Housing Agency special revenue fund has purchased and re-sold several housing properties located in Stranahan Circle to low and moderate income households. The City carries the difference between the cost and sale on these properties as an investment in affordable housing until the property is either bought back by the City or sold on the open market. The City participates in the profits on any sales of these properties to an outside party in the same proportion as what the low and moderate income purchaser acquired the property from the City at the below market subsidized value. The City reports the investment in affordable housing at its proportionate equity share of the fair market value of the underlying properties at year-end. Stranahan Circle properties are considered “level 2” investments. The City values their interest in the properties annually using third party published market inputs. At June 30, 2021 the fair value was \$3,039,071, which includes an increase of \$384,778 for the year then ended.

***Capital Assets***

Capital assets are valued at cost or, during the initial implementation, estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. City policy has set the capitalization threshold for reporting infrastructure at \$100,000; all other capital assets

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Capital Assets, Continued***

are set at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements other than buildings	20 - 75 years
Vehicles, machinery and equipment	5 - 10 years
Infrastructure	20 - 75 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current basic financial statements. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost. For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2003. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

***Long-Term Liabilities***

In the government-wide financial statements, long-term debt and other financial obligations are reported as liabilities in the appropriate activities columns. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Long-Term Liabilities, Continued***

The governmental fund financial statements do not present long-term debt, which are shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position. Governmental funds 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 financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Compensated Absences***

In the government-wide financial statements compensated absences are recorded as incurred and related expenses and liabilities are reported by activity. The long-term portion of governmental activities is liquidated primarily by the General Fund. In the governmental funds compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30<sup>th</sup> from future resources, rather than currently available financial resources. Compensated absences include vacation as well as compensated leave hours earned in-lieu of overtime. It is the policy of the City to pay up to and capped at a maximum of eighteen (18) times an employee's capped monthly vacation accrual upon retirement or termination.

***Pensions***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

***Other Post-Employment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Other Post-Employment Benefits (OPEB), Continued***

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020

***Net Position / Fund Balances***

**Government-Wide Financial Statements**

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position. " Nonspendable governmental funds balances are categorized as unrestricted net position on the government-wide financial statements.

**Fund Balance Reporting**

Equity of governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City Council, as the highest level of decision-making authority, commits and assigns fund balances through the passing of resolutions and ordinances, requiring an equal action for modification or rescinding thereof. It is the policy of the City to spend funds in order from restricted to unassigned, as listed below.

Fund balances for the governmental funds are made up of the following:

- *Non-spendable* – Includes amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Net Position / Fund Balances, Continued***

- *Restricted* – Includes amounts that should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed* – Includes amounts that cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned* – Includes amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
- *Unassigned* – The residual funds that have not been assigned to other funds, are not non-spendable, restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance.

The City Council has formally adopted a policy requiring a minimum General Fund reserve contingency of \$250,000.

Property tax revenues are recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa (County) levies, bills, and collects property taxes and special assessments for the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties (under the Teeter Plan). Secured and unsecured property taxes are levied on July 1 based on January 1 assessed valuation and are payable in two installments, becoming delinquent on December 10<sup>th</sup> and April 10<sup>th</sup>.

***Reclassifications***

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net position.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Inter-fund Balances/Internal Balances*

Outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

*New Accounting Pronouncements*

The following Governmental Accounting Standards Board Statements have been implemented in the current financial statements:

- GASB Statement No. 84, *"Fiduciary Activities"*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The implementation of this pronouncement did not have a material impact on the City's financials.

- GASB Statement No. 90 *"Majority Equity Interests – an amendment of GASB Statements No. 14 and 61"*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

The implementation of this pronouncement did not have a material impact on the City's financials..

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Future Accounting Pronouncements*

The following Governmental Accounting Standards Board Statements are effective in future years subsequent to the current financial reporting period:

- GASB Statement No. 87, *"Leases"*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model.

This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (fiscal 2023). Earlier application is encouraged. The City is currently evaluating the potential impact on the City's financials.

- GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (fiscal 2022). Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City is currently evaluating the potential impact on the City's financials.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Future Accounting Pronouncements, Continued*

- GASB Statement No. 91 *“Conduit Debt Obligations”*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That

information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers’ roles in conduit debt obligations.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (fiscal 2023). Earlier application is encouraged. The City is currently evaluating the potential impact on the City’s financials.

- GASB Statement No. 92 *“Omnibus 2020”*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (fiscal 2022). The City is currently evaluating the potential impact on the City’s financials.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### *Future Accounting Pronouncements, Continued*

- GASB Statement No. 93 *“Replacement of Interbank Offered Rates”*

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended.

The removal of London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). The City is currently evaluating the potential impact on the City’s financials.

All other requirements of this Statement are effective for the current fiscal year, and did not have a material impact on the financial statements.

- GASB Statement No. 94 *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Future Accounting Pronouncements, Continued*

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The City is currently evaluating the potential impact on the City's financials.

- GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*"

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Future Accounting Pronouncements, Continued*

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The City is currently evaluating the potential impact on the City's financials.

- GASB Statement No. 97 *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22). The City is currently evaluating the potential impact on the City's financials.



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

## 2. CASH AND INVESTMENTS

### *Classification*

The City's total cash and investments, at fair value, are presented on the accompanying financial statements in the following allocation:

Government-Wide Statement of Net Position	
Governmental Activities	
Cash and investments	\$ 14,067,857
Statements of Fiduciary Net Position	
Private Purpose Trust Fund	
Cash and investments	180,568
Agency Funds	
Cash and investments	1,751,167
Cash and investments with fiscal agents	332,880
Investments in bonds	904,000
Total	<u>\$ 17,236,472</u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	3,233,675
Investments	14,001,797
Total	<u>\$ 17,236,472</u>

### *Policy*

#### Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City of Clayton by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Agency's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Percentage of One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	\$40 million
CAMP	N/A	None	None
Money Market Funds	N/A	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Government Agency Issues	5 years	20%	None
Bank Deposits	N/A	None	None
Negotiable Time Certificates of Deposit	5 years	None	None
Medium Term Corporate Bonds	5 years	20%	None

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

## 2. CASH AND INVESTMENTS, Continued

### *Policy, Continued*

#### Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money Market Mutual Funds	N/A	N/A	N/A
U. S. Government Agency Issues	5 years	20%	None
Federal Housing Administration Debentures	N/A	N/A	N/A
Commercial paper	92 days	N/A	N/A
Demand or time deposits	366 days	N/A	N/A

### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Usually, the later the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>				
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>
Pooled Investments:						
Local Agency Investment Fund (LAIF)	\$ 1,494,635	\$ 1,494,635	\$ -	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	890,812	890,812	-	-	-	-
Certificates of Deposit	9,931,642	2,650,332	3,363,809	1,135,024	964,588	1,817,889
Government Securities	780,708	-	-	-	-	780,708
Held by Bond Trustees:						
U. S. Treasury Note	-	-	-	-	-	-
Municipal Bonds	904,000	434,000	470,000	-	-	-
Total Investments	<u>\$ 14,001,797</u>	<u>\$ 5,469,779</u>	<u>\$ 3,833,809</u>	<u>\$ 1,135,024</u>	<u>\$ 964,588</u>	<u>\$ 2,598,597</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

## **2. CASH AND INVESTMENTS, Continued**

### ***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	AAA	AA+	A	Unrated	Total
Pooled Investments:					
Local Agency Investment Fund (LAIF)	\$ -	\$ -	\$ -	\$ 1,494,635	\$ 1,494,635
California Asset Management Program (CAMP)	890,812	-	-	-	890,812
Certificates of Deposit	-	-	-	9,931,642	9,931,642
Government securities	780,708	-	-	-	780,708
Held by Bond Trustees:					
Municipal Bonds	-	-	-	904,000	904,000
Total Investments	<u>\$ 1,671,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,330,277</u>	<u>\$ 14,001,797</u>

### ***Concentration of Credit Risk***

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Accordingly, the notes to the financial statements should disclose if the government has five (5) percent or more of its total investments in a single issuer. More than five percent of the City's investments are with the "Middle School" Community Facilities District No. 1990-1.

### ***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e. g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

## **2. CASH AND INVESTMENTS, Continued**

### ***Investment Fair Value***

The City has the following recurring fair value measurements as of June 30, 2021:

- U. S. government agency note, certificates of deposit, Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP) values are based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date [Level 1 inputs].
- Municipal bonds are valued based on unobservable inputs (supported by little or no market activity, such as the City's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date) [Level 3 inputs].

The City is a voluntary participant in the LAIF and the CAMP that are regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF and CAMP for the entire respective portfolios (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and CAMP, which are recorded on an amortized cost basis.

## **3. LOANS AND NOTES RECEIVABLE**

The following is a summary of loans and notes receivable of the City for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Successor Housing Agency:				
Diamond Terrace P. A. M. Note	\$ 2,940,000	\$ -	\$ (106,400)	\$ 2,833,600
Eden Affordable Housing Note	567,000	-	-	567,000
Stranahan Affordable Housing Notes	50,301	-	(27,951)	22,350
Successor Agency SERAF Loan	148,103	-	(148,103)	-
Total Successor Housing Agency	<u>3,705,404</u>	<u>-</u>	<u>(282,454)</u>	<u>3,422,950</u>
Total Notes Receivable	<u>\$ 3,705,404</u>	<u>\$ -</u>	<u>\$ (282,454)</u>	<u>\$ 3,422,950</u>

### **Diamond Terrace Note**

On September 21, 1999, the former RDA low-moderate housing fund made a loan to the Professional Apartment Management, Inc. ("PAM") in the amount of \$750,000, at a non-interest bearing rate, to construct and develop an affordable senior assisted living center on the site known as "Diamond Terrace." The note is secured by the Deed of Trust. The former RDA loaned an additional \$1,286,000 on October 24, 2001. On December 1, 2003, PAM began drawing on a \$2,000,000 loan from the former RDA in the amount of \$200,000 annually. The principal balance is payable commencing on October 1, 2005 through October 1, 2030. The balance of the loan due to the Successor Housing Agency was \$2,833,600 at June 30, 2021.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**3. LOANS AND NOTES RECEIVABLE, Continued**

Eden Housing Loan

On October 13, 1992, the former RDA low-moderate housing fund made a loan to the Peace Grove, Inc. in the amount of \$567,000, at a non-interest bearing rate, for the purchase of land for a redevelopment and housing project for low-income mental health system clients. The loan is secured by the Deed of Trust. The principal balance is payable on December 18, 2052. As of June 30, 2021, the outstanding balance of the loan due to the Successor Housing Agency was \$567,000.

Stranahan Affordable Housing Loans

The former RDA low-moderate housing fund participated in a second mortgage assistance program, whereby qualified applicants are loaned money for a "silent second" down payment to purchase a home in the Stranahan Development within the City. There are five individual loans outstanding. Interest is accrued on the principal for the first 15-35 years and then the total of accrued interest and principal is forgiven over the last 10 years of the term of the lease. As of June 30, 2021, the outstanding balance of the loans due to the Successor Agency was \$22,350 of principal. The collectability of the accrued interest on these notes (\$28,877) is doubtful and an allowance has been recorded to offset the full amount.

SERAF Loan

On May 10, 2011, the former RDA received a loan from the low-moderate housing fund in the amount of \$592,412 to partially cover a demand from the California Department of Finance for property tax revenues to K-12 schools during the 2011-12 fiscal year via the Supplemental Educational Revenue Augmentation Funds (SERAF). Pursuant to the California Department of Finance determination letter approving the 2017-18 Recognized Obligation Payment Schedule (ROPS) dated March 17, 2017, the loan will be repaid by the Successor Agency through the ROPS process in four (4) installments and matured in the current fiscal year. The loan is non-interest bearing. The outstanding balance was paid in full during the year ended June 30, 2021.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**4. INTERFUND TRANSACTIONS**

*Due To, Due From*

At June 30, 2021, the City had the following short-term interfund receivables and payables:

<b>Due to</b>	<b>Due from</b>		<b>Total</b>
	Non-major Governmental Funds	Endeavor Hall	
General Fund	\$ -	\$ 112,174	\$ 112,174
Total	\$ -	\$ 112,174	\$ 112,174

General Fund cash flow loans totaling \$112,174 were made to Endeavor Hall. The balance of the Endeavor Hall receivable is expected to be repaid from future facility rental fees.

*Interfund Transfers*

The following is a summary of the City's interfund transfers for the year ended June 30, 2021:

<b>Transfers out</b>	<b>Transfers in</b>			<b>Total</b>
	General Fund	Capital Improvement Program	Non-major Governmental Funds	
General Fund	\$ -	\$ 330,000	\$ -	\$ 330,000
Landscape Maintenance	39,190	-	1,130	40,320
Non-major governmental funds	96,655	27,172	-	123,827
Total	\$ 135,845	\$ 357,172	\$ 1,130	\$ 494,147

The City transferred money into the General Fund from the following funds: Landscape Maintenance, Gas Tax HUTA, the Grove Park District, Oakhurst Geological Hazard Abatement District, Neighborhood Street Lighting District, Measure J Grants, and Stormwater Treatment Assessment District to reimburse the City for administrative support activities. In addition, the City transferred money from the General fund into the Capital Improvement Program to fund project costs associated with the Stormwater Treatment Assessment District.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS**

*Government-Wide Financial Statements*

As of June 30, 2021 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<i>Net depreciable Assets:</i>			
Construction in progress	\$ 1,109,270	\$ -	\$ 1,109,270
Land	2,086,965	167,738	2,254,703
Total non depreciable assets	<u>3,196,235</u>	<u>167,738</u>	<u>3,363,973</u>
<i>Depreciable Assets:</i>			
Buildings	5,937,106	1,400,744	7,337,850
Improvements	6,635,295	159,579	6,794,874
Machinery and equipment	1,773,780	5,024	1,778,804
Infrastructure	33,239,930	-	33,239,930
Total depreciable assets	47,586,111	1,565,347	49,151,458
Total accumulated depreciation	<u>(21,988,661)</u>	<u>(695,009)</u>	<u>(22,683,670)</u>
Depreciable assets, net	25,597,450	870,338	26,467,788
Total governmental activities capital assets, net	<u>\$ 28,793,685</u>	<u>\$ 1,038,076</u>	<u>\$ 29,831,761</u>

The following is a summary of governmental activities capital assets transactions for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Non depreciable Assets:</i>				
Construction in progress	\$ 1,109,270	\$ -	\$ -	\$ 1,109,270
Land	2,086,965	-	-	2,086,965
Total non depreciable assets	<u>3,196,235</u>	<u>-</u>	<u>-</u>	<u>3,196,235</u>
<i>Depreciable Assets:</i>				
Machinery and equipment	1,679,497	94,283	-	1,773,780
Buildings	5,937,106	-	-	5,937,106
Improvements	6,635,295	-	-	6,635,295
Infrastructure	33,239,930	-	-	33,239,930
Total depreciable assets	<u>47,491,828</u>	<u>94,283</u>	<u>-</u>	<u>47,586,111</u>
Accumulated depreciation:				
Machinery and equipment	(1,185,949)	(99,979)	-	(1,285,928)
Buildings	(2,957,177)	(118,557)	-	(3,075,734)
Improvements	(3,015,810)	(223,543)	-	(3,239,353)
Infrastructure	(13,749,012)	(638,634)	-	(14,387,646)
Total accumulated depreciation	<u>(20,907,948)</u>	<u>(1,080,713)</u>	<u>-</u>	<u>(21,988,661)</u>
Depreciable assets, net	26,583,880	(986,430)	-	25,597,450
<b>Total governmental activities capital assets, net</b>	<u>\$ 29,780,115</u>	<u>\$ (986,430)</u>	<u>\$ -</u>	<u>\$ 28,793,685</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS, Continued**

*Government-Wide Financial Statements, Continued*

For the year ending June 30, 2021 depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 69,812
Parks and recreation	246,613
Public safety	69,496
Public works	<u>694,791</u>
Total depreciation expense	<u>\$ 1,080,712</u>

The following is a summary of business-type activities capital assets transactions for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Non depreciable Assets:</i>				
Land	\$ 167,738	\$ -	\$ -	\$ 167,738
Total non depreciable assets	<u>167,738</u>	<u>-</u>	<u>-</u>	<u>167,738</u>
<i>Depreciable Assets:</i>				
Machinery and equipment	5,024	-	-	5,024
Improvements	159,579	-	-	159,579
Buildings	<u>1,400,744</u>	<u>-</u>	<u>-</u>	<u>1,400,744</u>
Total depreciable assets	<u>1,565,347</u>	<u>-</u>	<u>-</u>	<u>1,565,347</u>
Accumulated depreciation:				
Machinery and equipment	(9,312)	-	-	(9,312)
Buildings	(508,202)	(28,335)	-	(536,537)
Improvements	<u>(141,828)</u>	<u>(7,332)</u>	<u>-</u>	<u>(149,160)</u>
Total accumulated depreciation	<u>(659,342)</u>	<u>(35,667)</u>	<u>-</u>	<u>(695,009)</u>
Depreciable assets, net	<u>906,005</u>	<u>(35,667)</u>	<u>-</u>	<u>870,338</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 1,073,743</u>	<u>\$ (35,667)</u>	<u>\$ -</u>	<u>\$ 1,038,076</u>

For the year ending June 30, 2021 depreciation expense was charged to functions/programs of the business-type activities as follows:

Endeavor Hall	<u>\$ 35,667</u>
Total depreciation expense	<u>\$ 35,667</u>



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**5. CAPITAL ASSETS, Continued**

*Fund Financial Statements*

The governmental fund financial statements do not present general government capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

**6. COMPENSATED ABSENCES**

Compensated absences include vacation and sick leave. It is the policy of the City to pay 100% of the capped accumulated vacation leave when a public safety employee retires or terminates, and up to 18 months of a general employee's maximum annual accrual allowed upon the same leave of employment action. The City recognizes the liability for its compensated absences in the governmental activities. The following is a summary of compensated absences transactions during the year ended June 30, 2021:

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021	Amount Due in One Year
Compensated absences	\$ 147,694	\$ 37,363	\$ 19,310	\$ 165,747	\$ 82,847

**7. CONDUIT DEBT**

The following debt issuances were issued by the City for the express purpose of providing capital financing for third parties that are not part of the primary government of the City. Although these conduit debt obligations may bear the name of the City, the City has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

Middle School Community Facilities District- Original Issue \$6,400,000

Middle School Community Facilities District (CFD) Bonds in the principal amount of \$6,400,000 were issued on September 2, 1990 by the City under the Mello-Roos Community Facilities Act of 1982. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non-city obligations and are secured solely by special assessment revenue from CFD No. 1990-1. As of June 30, 2021, the outstanding balance of the non-city bond obligation was \$904,000.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CONDUIT DEBT, Continued**

Lydia Lane Sewer Assessment District-Original Issue \$228,325

Lydia Lane Sewer Assessment District Bonds in the principal amount of \$228,325 were issued on August 5, 2002 by the City. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non city obligations and are secured by sewer assessment district revenue. As of June 30, 2021, the outstanding balance of the non-city bond obligation was \$143,325.

Clayton Financing Authority 2007 Special Tax Revenue Refunding Bonds-Original Issue \$5,060,000

Refunding bonds were issued on May 17, 2007 by the Clayton Financing Authority in the principal amount of \$5,060,000 to refund the Authority's 1997 Special Tax Revenue Refunding Bonds (the "1997 Bonds"), finance the acquisition and construction of certain public capital improvements (the Project), establish a reserve fund for the Bonds (funded part in cash and part from a reserve fund surety bond), and to pay the costs of issuance of the Bonds. The 1997 Bonds were issued to purchase the CFD 1990-1 local obligations, which are recovered by special assessment revenues from CFD 1990-1. Principal payments are payable on September 2 of each year. Interest payments are payable semi-annually on March 2 and September 2. The bonds are non city obligations and are secured by revenues received by the Authority as the result of the payment of debt service on the CFD 1990-1 Local Obligations. As of June 30, 2021, the outstanding balance of the non-city bond obligation was \$815,000.

**8. UNEARNED AND DEFERRED REVENUE**

*Deferred Revenue*

Deferred inflows of resources were recorded in the fund financial statements because the funds were not available to finance expenditures of the current period. At June 30, 2021, deferred inflows of resources in the fund financial statements were as follows.

	General Fund	Successor Housing Agency	Total Governmental Funds
Deferred revenue			
Unavailable state-mandated program reimbursements	\$ 262,926	\$ -	\$ 262,926
Unavailable loans receivable	-	2,833,600	2,833,600
Total deferred revenue	<u>\$ 262,926</u>	<u>\$ 2,833,600</u>	<u>\$ 3,096,526</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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## **9. RISK MANAGEMENT**

The City participates in the Municipal Pooling Authority of Northern California (MPA), a joint powers agreement between twenty cities, which provides insurance coverage for liability, auto, property, and workers' compensation claims. Claims liabilities are accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The MPA covers claims in an amount up to \$29,000,000. The City has a deductible of \$5,000 per claim for liability cases and no deductible for workers' compensation claims. Once the City's deductible is met, the MPA becomes responsible for payment of all claims and legal defense. The MPA is governed by a board consisting of one voting representative from each member municipality. The Board controls the operations of the MPA including selection of management, approval of operating budgets, and is independent of any influence by member municipalities beyond their representation on the Board. The City's general liability and workers' compensation premium payments made to MPA for the fiscal year ending June 30, 2021 are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. The City has had no settlements which exceeded insurance coverage during fiscal year ending June 30, 2021. Estimates of incurred, but not reported, liability claims are included in the City's claims estimates and based upon historical experiences as calculated by the MPA.

## **10. DEFINED BENEFIT PENSION PLAN**

### ***Plan Description***

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes (not accounting purposes) and membership information is listed in the latest Annual Actuarial Valuation Report as of June 30, 2018. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the City's separate Public Safety (police) and Miscellaneous (all other) defined benefit pension plans. Both the Public Safety and Miscellaneous plans are part of the public agency cost-sharing multiple employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a Safety and Miscellaneous pool (also referred to as "risk pools"), which are comprised of individual employer safety and miscellaneous rate plans, respectively. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be obtained from CalPERS at 400 Q Street, Sacramento, CA 95811.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service become vested and are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

<b>Miscellaneous Pension Plan</b>			
	<b>Tier I</b>	<b>Tier II</b>	<b>Tier III (PEPRA)*</b>
Hire Date	Before 7/1/2010	On or after 7/1/2020 but Before 1/1/2013	On or after 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	52
Monthly benefits, as % of eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1.0% - 2.5%
<b>Safety Pension Plan</b>			
	<b>Tier I</b>	<b>Tier II</b>	<b>Tier III (PEPRA)*</b>
Hire Date	Before 7/1/2010	On or after 7/1/2010 but Before 1/1/2013	On or after 1/1/2013
Benefit formula	3% @ 55	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	50
Monthly benefits, as % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%

\*The California Public Employees' Reform Act (PEPRA) was enacted in 2012 and became effective January 1, 2013.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

*Employees Covered*

At June 30, 2021 the following employees were covered by the benefit terms for each plan:

	Miscellaneous			Public Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Inactive employees (or their beneficiaries) currently receiving benefits	33	1	-	27	1	1
Inactive employees entitled to but not yet receiving benefits	6	1	2	3	2	2
Active employees	<u>4</u>	<u>3</u>	<u>10</u>	<u>4</u>	<u>-</u>	<u>7</u>
Total	<u>43</u>	<u>5</u>	<u>12</u>	<u>34</u>	<u>3</u>	<u>10</u>

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the City's contractually required contributions, which are actuarially determined, were as follows:

Pension Plan	Employer Contributions		
	Normal Cost Percentage of Payroll	Unfunded Actuarial Liability	Total
Miscellaneous Tier I	\$ 2,905	\$ 156,440	\$ 159,345
Miscellaneous Tier II	3,518	2,371	5,889
Miscellaneous PEPRA	3,871	2,749	6,620
Public Safety Tier I	9,053	214,242	223,295
Public Safety Tier II	-	1,729	1,729
Public Safety PEPRA	<u>11,450</u>	<u>4,644</u>	<u>16,094</u>
Total	<u>\$ 30,797</u>	<u>\$ 382,175</u>	<u>\$ 412,972</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

*Contributions, Continued*

The following is a summary of actuarially determined employer and contractually determined employee pension contribution rates as a percentage of payroll for the year ended June 30, 2021:

<u>Pension Plan</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
Miscellaneous Tier I	10.484	7.000 <sup>1</sup>
Miscellaneous Tier II	8.794	7.000
Miscellaneous PEPRA	7.732	6.750
Public Safety Tier I	20.585	9.000
Public Safety Tier II	18.152	9.000
Public Safety PEPRA	13.044	13.000

<sup>1</sup> Paid on behalf of employee per labor agreement referred to as "Employee Paid Member Contribution" (EPMC) by CalPERS.

*Net Pension Liability*

At June 30, 2021, the City reported total net pension liabilities for its proportionate share in both the Miscellaneous and Safety plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability (Asset)</u>	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,286,792	0.05421%
Public Safety	3,041,884	0.04566%
Total	<u>\$ 5,328,676</u>	<u>\$ 0.04897%</u>

The City's net pension liability was based on the proportionate shares (in dollars) determined by CalPERS based on individual actuarial measurement specific to each rate plan in the Miscellaneous Pool and the Safety Pool. The City's total proportionate share of the cost-sharing plan pension amounts is the sum of the pension amounts allocated to each of the City's Miscellaneous and Safety rate plans. The City's net pension liability is measured as of June 30, 2020, using annual actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ending June 30, 2021 the City recognized a total pension expense of \$609,954. At June 30, 2021 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	Net Deferred Outflows / (Inflows) of Resources
Pension contributions subsequent to measurement date	\$ 412,971	\$ -	\$ 412,971
Net difference between projected and actual earnings on pension plan investments	134,046	-	134,046
Change in employer's proportion	94,452	46,691	47,761
Changes in assumptions	-	26,443	(26,443)
Differences between actual and expected experiences	353,727	-	353,727
Differences between the employer's contributions and the employer's proportion share of contributions	1,503	271,092	(269,589)
Total	<u>\$ 996,699</u>	<u>\$ 344,226</u>	<u>\$ 652,473</u>

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources, Continued*

Of the reported deferred outflows of resources, \$412,971 is related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 (measurement period ended June 30, 2021). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year End	Miscellaneous Risk Pool	Safety Risk Pool	Employer Specific Amounts			Total
			Change in Proportion	Difference Between Actual and Proportionate Share of Contributions		
2022	\$ 26,204	\$ 70,862	\$ 3,674	\$ (109,658)	\$ (8,918)	
2023	61,597	110,988	17,099	(103,127)	86,557	
2024	49,084	76,887	26,988	(56,804)	96,155	
2025	32,582	33,126	-	-	65,708	
Thereafter	-	-	-	-	-	

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the PERF C. The stress test results are presented in a detailed report that can be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100.00%		

<sup>2</sup>An expected inflation of 2.00% is used for this period

<sup>3</sup>An expected inflation of 2.92% is used for this period.



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. DEFINED BENEFIT PENSION PLAN, Continued**

*Actuarial Methods and Assumptions*

The following actuarial assumptions and methods were used to calculate the total pension liability as of June 30, 2021:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality	Derived using specific CalPERS Membership Data for all Funds. The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

All other actuarial assumptions used in the June 30, 2019 valuation can be obtained from CalPERS at their website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Miscellaneous	Safety	Total
1% decrease	6.15%	6.15%	6.15%
Net pension liability	\$ 3,555,285	\$ 4,829,330	\$ 8,384,615
Current discount rate	7.15%	7.15%	7.15%
Net pension liability	\$ 2,286,792	\$ 3,041,884	\$ 5,328,676
1% increase	8.15%	8.15%	8.15%
Net pension liability	\$ 1,238,677	\$ 1,575,116	\$ 2,813,793

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. DEFINED BENEFIT PENSION PLAN, Continued**

*Pension Plan Fiduciary Net Position*

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The plan's fiduciary net position disclosed per the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the City's funding actuarial valuation. In addition, differences may result from early financial statement closing and final reconciled reserves.

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

The City of Clayton Retired Employee Health Care Program is a single-employer defined benefit healthcare program administered by the City of Clayton. The program offers medical only (no dental) insurance benefits to eligible retirees and their families through the same self-insured program coverage to active City employees. In connection with this, the City has established a plan to provide post-employment benefits other than pensions as defined in *California Public Employees' Retirement Law* section 7500-7514. 5. The plan provides employees who retire directly from the City, at a minimum age of 50, with a minimum of five years of service, a cash subsidy for monthly medical insurance premiums to a cap of \$143 per employee per month as of June 30, 2021. This monthly subsidy is the statutory minimum employer premium contribution under the California Public Employee's Medical and Health Care Act (PEMHCA). To be eligible for this OPEB health coverage, employees must retire within 120 days of separation from employment with the City and also receive a monthly retirement warrant. Furthermore, to be eligible for retiree health benefits, the City of Clayton must still contract with CalPERS for health benefits. Once a retiree becomes eligible for Medicare, these benefits are integrated with the Medicare plan. Separate stand-alone audited financial statements are not issued for this plan.

*Employees Covered*

As of the June 30, 2021, the date of the latest actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	27
Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet receiving benefits	-
Total employees	<u>36</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

***Contributions***

The City does not have an actuarially-determined contribution requirement as an irrevocable trust has not yet been established. The City currently administers the plan on a pay-as-you-go basis with eight (9) retirees currently receiving the PEMHCA minimum benefit. Total retiree OPEB premium payments, excluding the implicit rate subsidy of \$14,578 were made by the City during the fiscal year ended June 30, 2021.

***Net OPEB Liability***

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal (AMM)
Discount Rate	2.18%
Inflation Rate	3.00%
Salary Rate Increase	4.00%
Mortality Rate	PubG. H-2010 Mortality Table - General
Funded Ratio	0.00%
Health Care Trends	
Initial Health Care Cost Trend Rate	6.30%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2035

***Discount Rate***

As of June 30, 2021, the City has not established a dedicated irrevocable trust to pay retiree healthcare benefits. Pursuant to GASBS 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.18% is used, with is the Standard & Poor's Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2021.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

*Changes in the OPEB Liability*

The changes in the net OPEB liability for the plan are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of July 1, 2020	\$ 535,900	\$ -	\$ 535,900
Changes recognized for the measurement period:			
Service Cost	18,521	-	18,521
Interest on total OPEB liability	13,536	-	13,536
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions and other inputs	18,602	-	18,602
Employer contributions	-	-	-
Active and inactive employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments*	(54,031)	-	(54,031)
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	(3,372)	-	(3,372)
Balances as of June 30, 2021	\$ 532,528	\$ -	\$ 532,528

\*Includes the Implicit Rate Subsidy

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or higher than the current rate, as of the measurement June 30, 2020 date:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Net OPEB Liability	\$ 494,848	\$ 532,528	\$ 575,669

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement the period ended June 30, 2020:

	1% Decrease (5.30%)	Current Discount Rate (6.30%)	1% Increase (7.30%)
Net OPEB Liability	\$ 558,070	\$ 532,528	\$ 510,547

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

***OPEB Plan Fiduciary Net Position***

As the City has not established an irrevocable trust to pay retiree health care benefits, the plan has a fiduciary net position of \$0 as of June 30, 2021.

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense over an assumed expected average remaining service lifetime (EARS�) of 10.70 years.

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

For the fiscal year ended June 30, 2021, the City recognized OPEB revenue of \$18,133. As of the fiscal year ended June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of Resources
Differences between actual and expected experiences	\$ 14,183	\$ 8,461	\$ 5,722
Changes in assumptions	40,707	17,274	23,433
Difference between expected and actual earnings on OPEB plan investments	-	-	-
Total	<u>\$ 54,890</u>	<u>\$ 25,735</u>	<u>\$ 29,155</u>

As an irrevocable trust for payment of retiree health benefits has not been established, there are no contributions subsequent to the measurement date to report, which would otherwise be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows / (Inflows) of Resources
2022	\$ 4,111
2023	4,111
2024	4,111
2025	4,111
2026	4,111
Thereafter	8,600
Total	<u>\$ 29,155</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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## **12. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES**

### ***Background***

On June 28, 2011, the California State Legislature adopted two pieces of legislation - AB IX 26 and AB IX 27 (the Bill) - that eliminated redevelopment agencies and provided cities with the opportunity to preserve their redevelopment agency if they agreed to make certain payments to the County Auditor Controller. On behalf of cities and redevelopment agencies throughout the State, the League of California Cities and California Redevelopment Association requested a stay on the implementation of both pieces of legislation and filed a lawsuit with the California Supreme Court challenging both pieces of legislation. The stay was rejected and on December 29, 2011, the Supreme Court validated AB IX 26 and overturned AB IX 27. Further, the Supreme Court indicated that all redevelopment agencies in the State of California were to be dissolved and cease operations as a legal entity as of February 1, 2012.

Under the new law, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished project that were subject to legally enforceable contractual commitments).

In fiscal years subsequent to the statutory dissolution date, successor agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directed the California State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

Amongst numerous requirements, AB IX 26 required the following:

- i. Subject to the control of a newly established oversight board, assets of the former redevelopment agency must be disposed expeditiously and property tax revenue generated by a former redevelopment agency can only be used to pay enforceable obligations (i. e. debt obligations and other third party contractual obligations);
- ii. Either the city or another unit of local government may agree to serve as the “Successor Agency” to hold the net position until they are distributed to units of state and local government;
- iii. Successor agencies may transfer housing functions of the former redevelopment agency to the appropriate entity; and
- iv. Any property tax revenue in excess of enforceable obligations is to be distributed by county auditor controllers to taxing entities, which includes the City, as surplus property tax.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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## **12. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued**

### ***Background, Continued***

As a result of the restrictions placed on the assets and liabilities of the former redevelopment agency, they were transferred to a private purpose trust fund on February 1, 2012. Prior to the transfer, the Redevelopment Agency was treated as a blended component unit of the City until the fiscal year ending June 30, 2012. On January 11, 2012, the City Council elected to become the Successor Agency to the former Redevelopment Agency in accordance with AB IX 26 as part of City resolution number 03-2012.

Subsequent to the adoption of AB IX 26 and AB IX 27, the California State Legislature adopted AB 1484 in June 2012. Among other things, AB 1484 required the following:

- i. A process to transfer housing assets of the former redevelopment agency to the entity designated to receive these assets. In the case of the City, assets with a total value of \$14,057,320 and liabilities with a total value of \$10,999,595 were transferred to the Successor Agency from the former Redevelopment Agency.
- ii. Requirements that the Successor Agency must complete due diligence reviews (DDR's) of the assets of the former Low and Moderate Income Housing Fund and all other funds of the former redevelopment agency. The DDR's of the Clayton Successor Agency were finalized and approved by the Oversight Board on October 9, 2014 via Resolution No. 2014-04 and 2014-05. These reports concluded that payments of \$887,404 and \$3,791,725 are required to be remitted to Contra Costa County by the Redevelopment Successor Agency and Successor Housing Agency respectively.

The California Department of Finance (DOF) completed their review of the low and moderate income housing funds and issued a final determination letter to the City dated April 24, 2015 with no modifications. The Successor Housing Agency issued the payment specified by the DOF's low and moderate housing funds determination letter in the fiscal year ending June 30, 2015, resulting in a net extraordinary loss of \$3,616,725 for the year then ended.

On November 30, 2015, the DOF issued their final determination letter approving the all other funds DDR report with modifications. The modifications required an additional payment of \$230,983 to the County Auditor-Controller, which was reported as an Extraordinary Loss of the City's General Fund in the fiscal year ending June 30, 2016. The Successor Agency issued the payment specified by the DOF's final all other funds determination letter to the County Auditor-Controller's office in the fiscal year ending June 30, 2016, resulting in an extraordinary loss of \$1,025,396 for the year then ended.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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## **12. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued**

### ***Background, Continued***

Upon the DOF's approval of the DDRs, and the distribution of unobligated funds, the Successor Agency is authorized to apply for a "Finding of Completion". The Finding of Completion enables the Successor Agency to transfer and sell land and buildings of the former Redevelopment Agency, subject to the review and approval of a Property Management Plan by the State Department of Finance. In addition by receiving the Finding of Completion, the City may establish loans between the City and the former Redevelopment Agency as enforceable obligations. The Clayton Successor Received its finding of completion from the DOF on December 30, 2015.

### ***Successor Agency Assets and Liabilities***

#### **Cash and Investments**

The total cash and investments balance of \$178,740 is presented in a format consistent with GASBS 31 and is presented at fair value. Pursuant to AB IX 26 and AB 1484, all unencumbered cash balances have been previously distributed to the County Auditor-Controller for distribution to taxing entitles. See Note 2 for further information and disclosures regarding the City's pooled cash and investments.

#### ***Inter-Agency Loans***

##### **Notes Receivable transferred from former RDA to Successor Agency, effective February 1, 2012:**

The former RDA provided assistance to special assessment districts within the City, to fund repairs and improvements. The High Street Permanent Road Division and Oak Street Sewer Assessment District received loans from the former RDA to finance necessary infrastructure improvements. These loans are secured by special assessment property tax levies within the District's boundaries. As of June 30, 2021, the outstanding balance of the loans due to the Successor Agency was \$61,705.

On May 10, 2011, the former Redevelopment Agency received a loan from the Low to Moderate Income Housing Fund in the amount of \$592,412 to partially cover a demand from the California Department of Finance (DOF) for property tax revenues to K-12 schools during the fiscal year ending June 30, 2012 via the Supplemental Educational Revenue Augmentation Funds (SERAF). Pursuant to the DOF determination letter approving the 2017-18 Recognized Obligation Payment Schedule (ROPS) dated March 17, 2017, the loan will be repaid by the Successor Agency through the ROPS process in four (4) installments commencing in the fiscal year ending June 30, 2019. The loan is non-interest bearing and was paid in full as of June 30, 2021.



**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**12. REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES, Continued**

***Long-Term Debt***

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in one year
2014 Tax Refunding					
Allocation Bonds	\$ 1,925,000	\$ -	\$ (780,000)	\$ 1,145,000	\$ -
Total	\$ 1,925,000	\$ -	\$ (780,000)	\$ 1,145,000	\$ -

In June 2021, the Successor Agency made the fiscal year 2021-22 debt service payment in advance. The next principal payment is due in fiscal year 2022-23

**2014 Refunding Tax Allocation Bonds**

Refunding Tax Allocation Bonds, Series 2014, in the principal amount of \$3,790,000 were issued on June 25, 2014 by the Successor Agency. Principal payments are payable on August 1 of each year, beginning on August 1, 2015. Interest payments are payable semi-annually on February 1 and August 1. The bonds are special obligations of the Successor Agency and are secured by the Successor Agency's tax increment revenue.

The 2014 refunding was exercised in order to take advantage of more favorable interest rates. The refunding decreased the City's total debt service payments by approximately \$601,895. The transaction resulted in economic gain (difference between present value of the debt service on the old and new bonds) of approximately \$580,184. For the current year, principal and interest paid were \$415,000 and \$49,048, respectively.

The annual debt service requirements to amortize the Successor Agency's 2014 Refunding Tax Allocation Bonds outstanding at June 30, 2021, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 13,168	\$ 13,168
2023	375,000	22,023	397,023
2024	380,000	13,340	393,340
2025	390,000	4,484	394,484
Total	\$ 1,145,000	\$ 53,015	\$ 1,198,015

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

### 13. EQUITY BALANCES

#### *Governmental Fund Balances*

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2021 is as follows:

Fund Balance Classifications	Major Funds				Other Governmental Funds	Total
	General Fund	Landscape Maintenance District	Successor Housing Agency	Capital Improvement Program		
Nonspendable for:						
Notes receivable	\$ 112,174	\$ -	\$ -	\$ -	\$ -	\$ 112,174
Prepaid expenses	8,449	-	-	-	-	8,449
Total	<u>120,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,623</u>
Restricted for:						
Affordable housing	-	-	5,430,243	-	-	5,430,243
Public landscaping	-	190,355	-	-	-	190,355
Grant-funded programs	-	-	-	-	258,808	258,808
The Grove Park (CFD 2006-1)	-	-	-	-	399,072	399,072
Stormwater compliance	-	-	-	-	20,203	20,203
Neighborhood street lighting	-	-	-	-	15,294	15,294
Transportation	-	-	-	-	970,024	970,024
Total	<u>-</u>	<u>190,355</u>	<u>5,430,243</u>	<u>-</u>	<u>1,663,401</u>	<u>7,283,999</u>
Committed for:						
Rainy Day	177,496	-	-	-	-	177,496
Presley Settlement	-	-	-	-	18,284	18,284
Geological hazard prevention and repair	-	-	-	-	63,193	63,193
Development impact	-	-	-	-	561,984	561,984
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>643,461</u>	<u>820,957</u>
Assigned for:						
Next year's budget	-	895,531	-	-	440,962	1,336,493
Capital projects	-	-	-	1,924,746	-	1,924,746
Total	<u>-</u>	<u>895,531</u>	<u>-</u>	<u>1,924,746</u>	<u>440,962</u>	<u>3,261,239</u>
Unassigned	<u>5,810,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,810,862</u>
Total Fund Balance	<u>\$ 6,108,981</u>	<u>\$ 1,085,886</u>	<u>\$ 5,430,243</u>	<u>\$ 1,924,746</u>	<u>\$ 2,747,824</u>	<u>\$ 17,297,680</u>

During the year ended June 30, 2021, the City established a *Rainy Day Fund*. This fund was established to capture any annual surplus identified through the annual financial audit that the City Council wishes to earmark for future allocation to one-time purposes. Funds are tracked and shown as committed in the General Fund.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**13. EQUITY BALANCES, Continued**

***Net Position***

The restricted component of net position includes assets subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The restricted component of net position at June 30, 2021 for governmental activities includes:

Restricted for community and economic development:	
Affordable housing	\$ 11,302,914
Restricted for public works:	
Public landscaping (CFD 2007-1)	190,355
Stormwater state mandate compliance	20,203
Neighborhood street lighting	15,294
Transportation	970,024
Restricted for general government:	
Grant-funded programs	212,425
Restricted for parks and recreation:	
The Grove Park (CFD 2006-1)	399,072
Restricted for public safety:	
Grant-funded programs	<u>46,383</u>
Total restricted net position	<u>\$ 13,156,670</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Clayton**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - General Fund**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$2,610,104	\$2,610,104	\$ 2,722,905	\$ 112,801
Sales and use taxes	467,527	467,527	510,029	42,502
Business licenses	149,926	149,926	90,872	(59,054)
Permits, licenses and fees	124,387	124,387	112,867	(11,520)
Fines, forfeitures and penalties	90,815	90,815	118,766	27,951
Intergovernmental	108,635	108,635	117,286	8,651
Other in-lieu fees	170,969	170,969	171,029	60
Franchise fees	550,252	550,252	567,350	17,098
Service charges	327,335	327,335	297,393	(29,942)
Use of money and property	100,000	100,000	66,374	(33,626)
Other revenue	23,250	23,250	30,657	7,407
<b>Total Revenues</b>	<u>\$4,723,200</u>	<u>4,723,200</u>	<u>4,805,528</u>	<u>82,328</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,301,163	1,301,163	1,397,917	(96,754)
Public works	329,083	329,083	330,983	(1,900)
Parks and recreation services	429,843	429,843	273,021	156,822
Community and economic development	344,161	344,161	290,222	53,939
Public safety	2,525,923	2,525,923	2,374,819	151,104
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>4,930,173</u>	<u>4,930,173</u>	<u>4,666,962</u>	<u>263,211</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(206,973)</u>	<u>(206,973)</u>	<u>138,566</u>	<u>345,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	121,030	121,030	135,845	14,815
Transfers out	(364,615)	(364,615)	(330,000)	34,615
<b>Total Other Financing Sources (Uses)</b>	<u>(243,585)</u>	<u>(243,585)</u>	<u>(194,155)</u>	<u>49,430</u>
<b>Change in fund balance</b>	<u>\$ (450,558)</u>	<u>\$ (450,558)</u>	<u>(55,589)</u>	<u>\$ 394,969</u>
<b>FUND BALANCE</b>				
Beginning of year			6,164,570	
End of year			<u>\$ 6,108,981</u>	

**City of Clayton**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Landscape Maintenance District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel tax	\$ 1,168,107	\$ 1,168,107	\$ 1,169,764	\$ 1,657
Use of money and property	24,000	24,000	14,054	(9,946)
Other revenue	-	-	-	
<b>Total Revenues</b>	<u>1,192,107</u>	<u>1,192,107</u>	<u>1,183,818</u>	<u>(8,289)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,429,487	1,429,487	1,067,386	362,101
Capital Outlay	222,000	222,000	53,813	168,187
<b>Total Expenditures</b>	<u>1,651,487</u>	<u>1,651,487</u>	<u>1,121,199</u>	<u>530,288</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(459,380)</u>	<u>(459,380)</u>	<u>62,619</u>	<u>521,999</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(40,320)	(40,320)	(40,320)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(40,320)</u>	<u>(40,320)</u>	<u>(40,320)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ (499,700)</u>	<u>\$ (499,700)</u>	<u>22,299</u>	<u>\$ 521,999</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>1,063,587</u>	
End of year			<u>\$ 1,085,886</u>	

**City of Clayton**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Successor Housing Agency**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Program income	\$ 106,400	\$ 106,400	\$ 106,400	\$ -
Use of money and property	20,000	20,000	23,567	3,567
<b>Total Revenues</b>	<u>126,400</u>	<u>126,400</u>	<u>129,967</u>	<u>3,567</u>
<b>EXPENDITURES</b>				
Current:				
Community and economic development	45,000	45,000	27,951	17,049
<b>Total Expenditures</b>	<u>45,000</u>	<u>45,000</u>	<u>27,951</u>	<u>17,049</u>
<b>Revenues Over (Under) Expenditures</b>	<u>81,400</u>	<u>81,400</u>	<u>102,016</u>	<u>20,616</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Unrealized gains (losses)	-	-	370,275	370,275
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>370,275</u>	<u>370,275</u>
<b>Change in fund balance</b>	<u>\$ 81,400</u>	<u>\$ 81,400</u>	<u>472,291</u>	<u>\$ 390,891</u>
<b>FUND BALANCE</b>				
Beginning of year			4,957,952	
End of year			<u>\$ 5,430,243</u>	



**City of Clayton  
Required Supplementary Information  
For the Year Ended June 30, 2021**

**Schedule of Proportionate Share of Net Pension Liability  
Last 10 Years\***

	Fiscal Year Ending June 30*						
	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.048970%	0.047570%	0.048490%	0.049420%	0.051003%	0.052357%	0.030626%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,328,676	\$ 4,874,908	\$ 4,672,754	\$ 4,901,330	\$ 4,413,357	\$ 3,593,771	\$ 3,693,394
Plan's Covered-Employee Payroll**	\$ 2,064,898	\$ 2,016,021	\$ 1,995,400	\$ 1,931,042	\$ 1,820,066	\$ 1,706,509	\$ 1,963,054
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	258.06%	241.81%	234.18%	253.82%	242.48%	210.59%	188.15%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.10%	75.26%	76.24%	73.86%	74.06%	78.40%	77.60%

\* Fiscal year ending June 30, 2015 was the 1st year of implementation, future years' information will be displayed up to 10 years, as information becomes available.

\*\* For the year ending on the measurement date.

**City of Clayton  
Required Supplementary Information  
For the Year Ended June 30, 2021**

**Schedule of Pension Plan Contributions  
Last 10 Years\***

	2021	2020	2019	June 30, 2018	2017	2016	2015
Actuarially determined contributions*	\$ 412,971	\$ 577,734	\$ 530,067	\$ 612,898	\$ 573,677	\$ 530,677	\$ 375,647
Contributions in relation to the actuarially determined contribution	<u>412,971</u>	<u>577,734</u>	<u>530,067</u>	<u>612,898</u>	<u>573,677</u>	<u>530,677</u>	<u>375,647</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll**	\$ 2,244,193	\$ 2,064,898	\$ 2,016,021	\$ 1,995,400	\$ 1,931,042	\$ 1,820,066	\$ 1,706,509
Contributions as a percentage of covered employee payroll	18.40%	27.98%	26.29%	30.72%	29.71%	29.16%	22.01%

\* Excludes employer-paid member contributions (EPMC)

\*\* For the fiscal year ending on the date shown

**Actuarially determined contribution assumptions:\*\***

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining amortization periods	Differs by employer rate plan but not more than 30 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by entry age and service
Discount rate***	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

\* Fiscal year ending June 30, 2015 was the 1st year of implementation, future years' information will be displayed, up to 10 years, as information becomes available.

\*\* From the CalPERS reports found at:

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-miscellaneous-2017.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-safety-2017.pdf>

\*\*\* The discount rate used for Actuarially Determined Contributions (ARC) is different from the one used for Total Pension Liability.

**City of Clayton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2021**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last 10 Years\***

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018
Measurement Date	6/30/2020	6/30/2020	6/29/2019	6/29/2018
<b>Total OPEB Liability:</b>				
Total OPEB liability - Beginning	\$ 535,900	\$ 570,116	\$ 545,327	\$ 464,490
Changes recognized for the measurement period:				
Service cost	18,521	21,745	28,428	27,530
Interest on total OPEB liability	13,536	15,090	15,783	15,800
Changes of benefit terms	-	-	-	45,605
Difference between expected and actual experience	-	(11,405)	-	22,654
Changes of assumptions and other inputs	18,602	(4,186)	9,159	16,307
Benefit payments <sup>1</sup>	(54,031)	(58,507)	(31,408)	(30,226)
Other changes	-	3,047	2,827	(16,833)
Net change in total OPEB liability	(3,372)	(34,216)	24,789	80,837
Total OPEB liability - Ending	532,528	535,900	570,116	545,327
<b>Plan Fiduciary Net Position:</b>				
Plan fiduciary net position - Beginning	\$ -	\$ -	\$ -	\$ -
Changes recognized for the measurement period:				
Contributions - Employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - Ending <sup>2</sup>	-	-	-	-
<b>Net OPEB Liability - Ending</b>	<b>\$ 532,528</b>	<b>\$ 535,900</b>	<b>\$ 570,116</b>	<b>\$ 545,327</b>
Plan Fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 2,244,193	\$ 2,307,289	\$ 2,016,021	\$ 1,995,400
Net OPEB liability as a percentage of covered employee payroll	23.73%	23.23%	28.28%	27.33%

\* Fiscal year ending June 30, 2018 was the 1st year of implementation, future years' information will be displayed, up to 10 years, as information becomes available.

<sup>1</sup> Includes the implicit rate subsidy.

<sup>2</sup> As of the year ended June 30, 2021 the City had not established an irrevocable trust for payment of OPEB plan benefits.

**City of Clayton**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2021**

**Schedule of OPEB Plan Contributions**  
**Last 10 Years\***

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018
Actuarially determined contributions (ADC) <sup>1</sup>	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the ADC	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll <sup>2</sup>	\$ 2,244,193	\$ 2,307,289	\$ 2,016,021	\$ 1,995,400
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

\* Fiscal year ending June 30, 2018 was the 1st year of implementation, future years' information will be displayed up to 10 years, as information becomes available.

<sup>1</sup> As of the year ended June 30, 2021 the City had not established an irrevocable trust for payment of OPEB plan benefits.

<sup>2</sup> For the fiscal year ending on the date shown

**City of Clayton**  
**Notes to the Required Supplementary Information**  
**For the year ended June 30, 2021**

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## **1. BUDGETARY PRINCIPLES**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, the City Manager submits to the City Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.
- The City Manager is authorized to transfer budgeted amounts within an activity, within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgeting is employed as a management control device during the year for the general, certain special revenue and debt service funds. The Presley Settlement, Stormwater Treatment District Assessment, and Clayton Development Impact Fees funds are not budgeted for and thus do not have budget to actual comparison statements.
- Budgets for the general, certain special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (US GAAP).
- Budgets for capital projects funds are adopted on a project-life basis.

Budgeted amounts are as originally adopted or as amended by the City Council. Budget amendments were not material in relation to the original appropriations.

## **2. PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

This information is intended to help users assess the City's Pension and Other Postemployment Benefits (OPEB) plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.

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## **SUPPLEMENTARY INFORMATION**

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**City of Clayton**  
**Supplementary Information**  
**Major Governmental Fund Budgetary Comparison Schedule**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Capital Improvement Program**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,018,000	\$ 1,018,000	\$ 201	\$ (1,017,799)
Program income	-	-	-	-
Use of money and property	28,880	28,880	14,921	(13,959)
<b>Total Revenues</b>	<u>1,046,880</u>	<u>1,046,880</u>	<u>15,122</u>	<u>(1,031,758)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>1,441,719</u>	<u>1,441,719</u>	<u>110,915</u>	<u>1,330,804</u>
<b>Total Expenditures</b>	<u>1,441,719</u>	<u>1,441,719</u>	<u>110,915</u>	<u>1,330,804</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(394,839)</u>	<u>(394,839)</u>	<u>(95,793)</u>	<u>299,046</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	793,877	793,877	357,172	(436,705)
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>793,877</u>	<u>793,877</u>	<u>357,172</u>	<u>(436,705)</u>
<b>Change in fund balance</b>	<u>\$ 399,038</u>	<u>\$ 399,038</u>	<u>261,379</u>	<u>\$ (137,659)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>1,663,367</u>	
End of year			<u>\$ 1,924,746</u>	

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# NON-MAJOR GOVERNMENTAL FUNDS

## Non-Major Special Revenue Funds:

***Development Impact Fees*** - Accounts for projects funded with the development impact fees.

***Gas Tax HUTA*** - Accounts for taxes raised under Street and Highway Code Sections 2106, 2107 and 2107. 5, used for the maintenance and construction of City streets.

***Gas Tax RMRA*** - Accounts for taxes raised under Road Maintenance and Rehabilitation Account (SB1), used for the maintenance and construction of City streets.

***Grants*** - Accounts for grants received for specific programs and projects.

***The Grove Park District*** - Accounts for voter-approved real property special parcel taxes restricted for the operation, maintenance, repair and replacement landscaping, irrigation, hardscaping, lighting, public restroom, gazebo, and playground equipment for "The Grove Park" in the downtown area.

***Measure J*** - Accounts for a \$0. 05 sales tax extended by voters in 2004 to provide transportation and street improvements, a growth management process, and a regional planning process to address quality of life issues. A portion of their county wide voter-approved tax is returned to local governments.

***Neighborhood Street Lighting District*** - Accounts for assessments collected to maintain residential street lighting within the defined benefit assessment district boundaries.

***Oakhurst Geological Hazard Abatement District*** - Accounts for voter-approved real property assessments collected from Oakhurst parcels to provide preventive maintenance measures and to mitigate potential landslides and other hazardous geological conditions within the benefit assessment district boundaries.

***Presley Settlement*** - Accounts for litigation settlement proceeds restricted for specific programs and projects.

***Stormwater Assessment District*** - Accounts for real property assessments collected to comply with the National Pollution Discharge Elimination System (NPDES).

***Stormwater Treatment Assessment District*** - This fund was formed to provide a mechanism for the levying of private development (property) benefit assessments to fund the cost of inspections, maintenance and capital improvements related to the stormwater treatment requirements imposed upon the City by the Regional Water Quality Control Board as part of the City's General Stormwater Discharge Permit.

**City of Clayton**  
**Supplementary Information**  
**Combining Balance Sheets - Non-major Governmental Funds**  
**June 30, 2021**

	Special Revenue				
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	The Grove Park District
<b>ASSETS</b>					
Cash and investments	\$ 574,020	\$ 514,170	\$ 600,429	\$ 259,360	\$ 470,028
Accounts receivable	-	-	20,488	3,560	-
<b>Total Assets</b>	<u>\$ 574,020</u>	<u>\$ 514,170</u>	<u>\$ 620,917</u>	<u>\$ 262,920</u>	<u>\$ 470,028</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 12,036	\$ 4,398	\$ -	\$ 4,112	\$ 4,983
Other payables	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>12,036</u>	<u>4,398</u>	<u>-</u>	<u>4,112</u>	<u>4,983</u>
Fund Balance:					
Restricted	-	485,877	397,904	258,808	399,072
Committed	561,984	-	-	-	-
Assigned	-	23,895	223,013	-	65,973
Unassigned	-	-	-	-	-
<b>Total Fund Balance</b>	<u>561,984</u>	<u>509,772</u>	<u>620,917</u>	<u>258,808</u>	<u>465,045</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 574,020</u>	<u>\$ 514,170</u>	<u>\$ 620,917</u>	<u>\$ 262,920</u>	<u>\$ 470,028</u>

**City of Clayton**  
**Supplementary Information**  
**Combining Balance Sheets - Non-major Governmental Funds**  
**June 30, 2021**

Special Revenue					
Measure J	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	Total Other Governmental Funds
\$ 86,243	\$ 60,633	\$ 52,675	\$ 113,472	\$ 40,039	\$ 2,771,069
-	-	-	-	17,799	41,847
<u>\$ 86,243</u>	<u>\$ 60,633</u>	<u>\$ 52,675</u>	<u>\$ 113,472</u>	<u>\$ 57,838</u>	<u>\$ 2,812,916</u>
\$ -	\$ 9,764	\$ 21,024	\$ -	\$ 8,775	\$ 65,092
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,764</u>	<u>21,024</u>	<u>-</u>	<u>8,775</u>	<u>65,092</u>
86,243	15,294	-	-	20,203	1,663,401
-	-	63,193	18,284	-	643,461
-	35,575	(31,542)	95,188	28,860	440,962
-	-	-	-	-	-
<u>86,243</u>	<u>50,869</u>	<u>31,651</u>	<u>113,472</u>	<u>49,063</u>	<u>2,747,824</u>
<u>\$ 86,243</u>	<u>\$ 60,633</u>	<u>\$ 52,675</u>	<u>\$ 113,472</u>	<u>\$ 57,838</u>	<u>\$ 2,812,916</u>

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - For the year ended June 30, 2021**

	Special Revenue				
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	The Grove Park District
<b>REVENUES</b>					
Special parcel taxes and assessments	\$ -	\$ 42,163	\$ -	\$ -	\$ 139,609
Permits, licenses and fees	-	-	-	-	-
Intergovernmental	-	254,662	192,360	316,155	-
Use of money and property	7,505	549	58	2,930	3,783
Other revenue	-	-	-	-	-
<b>Total Revenues</b>	<u>7,505</u>	<u>297,374</u>	<u>192,418</u>	<u>319,085</u>	<u>143,392</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	149,402	-
Public works	-	147,566	-	-	-
Parks and recreation services	-	-	-	-	76,833
Community and economic development	-	-	-	-	-
Public safety	-	-	-	230,284	-
Capital outlay	-	-	-	47,175	-
<b>Total Expenditures</b>	<u>-</u>	<u>147,566</u>	<u>-</u>	<u>426,861</u>	<u>76,833</u>
<b>Revenues Over (Under) Expenditures</b>	<u>7,505</u>	<u>149,808</u>	<u>192,418</u>	<u>(107,776)</u>	<u>66,559</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(35,323)	-	(14,814)	(7,970)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(35,323)</u>	<u>-</u>	<u>(14,814)</u>	<u>(7,970)</u>
<b>Net change in fund balances</b>	<u>7,505</u>	<u>114,485</u>	<u>192,418</u>	<u>(122,590)</u>	<u>58,589</u>
<b>FUND BALANCES</b>					
Beginning of year	<u>554,479</u>	<u>395,287</u>	<u>428,499</u>	<u>381,398</u>	<u>406,456</u>
End of year	<u>\$ 561,984</u>	<u>\$ 509,772</u>	<u>\$ 620,917</u>	<u>\$ 258,808</u>	<u>\$ 465,045</u>

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - For the year ended June 30, 2021**

Measure J	Special Revenue				Total Other Governmental Funds
	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	
\$ -	\$ 125,991	\$ 42,778	\$ -	\$ 86,401	\$ 436,942
-	-	-	-	59,430	59,430
30,576	-	-	-	-	793,753
(3,233)	674	(312)	1,319	602	13,875
-	-	-	-	-	-
27,343	126,665	42,466	1,319	146,433	1,304,000
-	-	-	-	-	149,402
24,501	147,773	57,850	-	132,232	509,922
-	-	-	-	-	76,833
-	-	-	-	-	-
-	-	-	-	-	230,284
-	-	1,707	-	-	48,882
24,501	147,773	59,557	-	132,232	1,015,323
2,842	(21,108)	(17,091)	1,319	14,201	288,677
-	-	-	-	1,130	1,130
(4,890)	(12,530)	(7,870)	-	(40,430)	(123,827)
(4,890)	(12,530)	(7,870)	-	(39,300)	(122,697)
(2,048)	(33,638)	(24,961)	1,319	(25,099)	165,980
88,291	84,507	56,612	112,153	74,162	2,581,844
<u>\$ 86,243</u>	<u>\$ 50,869</u>	<u>\$ 31,651</u>	<u>\$ 113,472</u>	<u>\$ 49,063</u>	<u>\$ 2,747,824</u>

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Development Impact Fees**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Permits, licenses and fees	\$ -	\$ -	\$ -	\$ -
Use of money and property	12,000	12,000	7,505	(4,495)
<b>Total Revenues</b>	<u>12,000</u>	<u>12,000</u>	<u>7,505</u>	<u>(4,495)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>12,000</u>	<u>12,000</u>	<u>7,505</u>	<u>(4,495)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>7,505</u>	<u>\$ (4,495)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>554,479</u>	
End of year			<u>\$ 561,984</u>	



**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Gas Tax HUTA**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel taxes and assessments	\$ 41,200	\$ 41,200	\$ 42,163	\$ 963
Intergovernmental	242,995	276,638	254,662	(21,976)
Use of money and property	3,000	3,000	549	(2,451)
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>287,195</u>	<u>320,838</u>	<u>297,374</u>	<u>(23,464)</u>
<b>EXPENDITURES</b>				
Public works	<u>212,143</u>	<u>212,143</u>	<u>147,566</u>	<u>64,577</u>
<b>Total Expenditures</b>	<u>212,143</u>	<u>212,143</u>	<u>147,566</u>	<u>64,577</u>
<b>Revenues Over (Under) Expenditures</b>	<u>75,052</u>	<u>108,695</u>	<u>149,808</u>	<u>41,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(474,724)</u>	<u>(501,898)</u>	<u>(35,323)</u>	<u>466,575</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(474,724)</u>	<u>(501,898)</u>	<u>(35,323)</u>	<u>466,575</u>
<b>Change in fund balance</b>	<u>\$ (399,672)</u>	<u>\$ (393,203)</u>	<u>114,485</u>	<u>\$ 507,688</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>395,287</u>	
End of year			<u>\$ 509,772</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Gas Tax RMRA**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	178,271	207,959	192,360	(15,599)
Use of money and property	1,000	4,200	58	(4,142)
<b>Total Revenues</b>	<u>179,271</u>	<u>212,159</u>	<u>192,418</u>	<u>(19,741)</u>
<b>EXPENDITURES</b>				
Public works	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>179,271</u>	<u>212,159</u>	<u>192,418</u>	<u>(19,741)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(359,147)	(359,147)	-	359,147
<b>Total Other Financing Sources (Uses)</b>	<u>(359,147)</u>	<u>(359,147)</u>	<u>-</u>	<u>359,147</u>
<b>Change in fund balance</b>	<u>\$ (179,876)</u>	<u>\$ (146,988)</u>	192,418	<u>\$ 339,406</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>428,499</u>	
End of year			<u>\$ 620,917</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Grants**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 120,200	\$ 120,200	\$ 316,155	\$ 195,955
Use of money and property	7,100	7,100	2,930	(4,170)
<b>Total Revenues</b>	<u>127,300</u>	<u>127,300</u>	<u>319,085</u>	<u>191,785</u>
<b>EXPENDITURES</b>				
Current:				
General government	27,300	27,300	149,402	(122,102)
Public safety	121,997	121,997	230,284	(108,287)
Capital outlay	65,621	65,621	47,175	18,446
<b>Total Expenditures</b>	<u>214,918</u>	<u>214,918</u>	<u>426,861</u>	<u>(211,943)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(87,618)</u>	<u>(87,618)</u>	<u>(107,776)</u>	<u>(20,158)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(14,814)	(14,814)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(14,814)</u>	<u>(14,814)</u>
<b>Change in fund balance</b>	<u>\$ (87,618)</u>	<u>\$ (87,618)</u>	<u>(122,590)</u>	<u>\$ (34,972)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>381,398</u>	
End of year			<u>\$ 258,808</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - The Grove Park District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel taxes and assessments	\$ 142,230	\$ 142,230	\$ 139,609	\$ (2,621)
Permits, licenses and fees	1,200	1,200	-	(1,200)
Use of money and property	6,400	6,400	3,783	(2,617)
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>149,830</u>	<u>149,830</u>	<u>143,392</u>	<u>(6,438)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation services	121,532	121,532	76,833	44,699
Capital Outlay	6,500	6,500	-	6,500
<b>Total Expenditures</b>	<u>128,032</u>	<u>128,032</u>	<u>76,833</u>	<u>51,199</u>
<b>Revenues Over (Under) Expenditures</b>	<u>21,798</u>	<u>21,798</u>	<u>66,559</u>	<u>44,761</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,970)	(7,970)	(7,970)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(7,970)</u>	<u>(7,970)</u>	<u>(7,970)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ 13,828</u>	<u>\$ 13,828</u>	<u>58,589</u>	<u>\$ 44,761</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>406,456</u>	
End of year			<u>\$ 465,045</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Measure J**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 242,186	\$ 242,186	\$ 30,576	\$ (211,610)
Use of money and property	2,000	2,000	(3,233)	(5,233)
<b>Total Revenues</b>	<u>244,186</u>	<u>244,186</u>	<u>27,343</u>	<u>(216,843)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	32,000	32,000	24,501	7,499
<b>Total Expenditures</b>	<u>32,000</u>	<u>32,000</u>	<u>24,501</u>	<u>7,499</u>
<b>Revenues Over (Under) Expenditures</b>	<u>212,186</u>	<u>212,186</u>	<u>2,842</u>	<u>(209,344)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(324,043)	(324,043)	(4,890)	319,153
<b>Total Other Financing Sources (Uses)</b>	<u>(324,043)</u>	<u>(324,043)</u>	<u>(4,890)</u>	<u>319,153</u>
<b>Change in fund balance</b>	<u>\$ (111,857)</u>	<u>\$ (111,857)</u>	<u>(2,048)</u>	<u>\$ 109,809</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>88,291</u>	
End of year			<u>\$ 86,243</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Neighborhood Street Lighting District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel taxes and assessments	\$ 125,991	\$ 125,991	\$ 125,991	\$ -
Use of money and property	1,800	1,800	674	(1,126)
<b>Total Revenues</b>	<u>127,791</u>	<u>127,791</u>	<u>126,665</u>	<u>(1,126)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	153,480	153,480	147,773	5,707
<b>Total Expenditures</b>	<u>153,480</u>	<u>153,480</u>	<u>147,773</u>	<u>5,707</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(25,689)</u>	<u>(25,689)</u>	<u>(21,108)</u>	<u>4,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(12,530)	(12,530)	(12,530)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(12,530)</u>	<u>(12,530)</u>	<u>(12,530)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ (38,219)</u>	<u>\$ (38,219)</u>	<u>(33,638)</u>	<u>\$ 4,581</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>84,507</u>	
End of year			<u>\$ 50,869</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Oakhurst Geological Hazard and Abatement District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel taxes and assessments	\$ 43,250	\$ 43,250	\$ 42,778	\$ (472)
Use of money and property	200	200	(312)	(512)
<b>Total Revenues</b>	<u>43,450</u>	<u>43,450</u>	<u>42,466</u>	<u>(984)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	25,790	25,790	57,850	(32,060)
Capital outlay	63,193	63,193	1,707	61,486
<b>Total Expenditures</b>	<u>88,983</u>	<u>88,983</u>	<u>59,557</u>	<u>29,426</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(45,533)</u>	<u>(45,533)</u>	<u>(17,091)</u>	<u>28,442</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,870)	(7,870)	(7,870)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(7,870)</u>	<u>(7,870)</u>	<u>(7,870)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ (53,403)</u>	<u>\$ (53,403)</u>	<u>(24,961)</u>	<u>\$ 28,442</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>56,612</u>	
End of year			<u>\$ 31,651</u>	

**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Presley Settlement**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Use of money and property	\$ 2,200	\$ 2,200	\$ 1,319	\$ (881)
<b>Total Revenues</b>	<u>2,200</u>	<u>2,200</u>	<u>1,319</u>	<u>(881)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>2,200</u>	<u>2,200</u>	<u>1,319</u>	<u>(881)</u>
<b>Change in fund balance</b>	<u><u>\$ 2,200</u></u>	<u><u>\$ 2,200</u></u>	<u>1,319</u>	<u><u>\$ (881)</u></u>
<b>FUND BALANCE</b>				
Beginning of year			<u>112,153</u>	
End of year			<u><u>\$ 113,472</u></u>	



**City of Clayton**  
**Supplementary Information**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budgetary Comparison Schedule - Stormwater Assessment District**

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Special parcel taxes and assessments	\$ 73,492	\$ 73,492	\$ 86,401	\$ 12,909
Permits, licenses and fees	60,920	60,920	59,430	(1,490)
Use of money and property	1,000	1,000	602	(398)
<b>Total Revenues</b>	<u>135,412</u>	<u>135,412</u>	<u>146,433</u>	<u>11,021</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>150,118</u>	<u>150,118</u>	<u>132,232</u>	<u>17,886</u>
<b>Total Expenditures</b>	<u>150,118</u>	<u>150,118</u>	<u>132,232</u>	<u>17,886</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(14,706)</u>	<u>(14,706)</u>	<u>14,201</u>	<u>28,907</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,130	1,130	1,130	-
Transfers out	<u>(40,430)</u>	<u>(40,430)</u>	<u>(40,430)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(39,300)</u>	<u>(39,300)</u>	<u>(39,300)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ (54,006)</u>	<u>\$ (54,006)</u>	<u>(25,099)</u>	<u>\$ 28,907</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>74,162</u>	
End of year			<u>\$ 49,063</u>	

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## INTERNAL SERVICE FUNDS

Internal service funds account for activities that provide goods or services to other City funds or department on a cost reimbursement basis. The following are the City's internal service funds:

*Capital Equipment Replacement Fund (CERF)* - This fund accounts for the operation, maintenance, depreciation, and replacement of City vehicles and equipment.

*Self-Insurance Fund* - This fund accounts for the administration of the City's self-insurance program and payment of workers' compensation and liability claims.

*Pension Rate Stabilization Fund* - This fund stabilizes major fluctuations in annual employer pension costs driven by market factors and actuarial changes.

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Net Position - Internal Service Funds**  
**June 30, 2021**

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 197,749	\$ 289,094	\$ 31,028	\$ 517,871
Noncurrent assets:				
Depreciable assets, net	487,851	-	-	487,851
<b>Total Asset</b>	685,600	289,094	31,028	1,005,722
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	180	180
<b>Total Liabilities</b>	-	-	180	180
<b>NET POSITION</b>				
Net investment in capital assets	487,851	-	-	487,851
Unrestricted	197,749	289,094	30,848	517,691
<b>Total Net Position</b>	\$ 685,600	\$ 289,094	\$ 30,848	\$ 1,005,542

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds - For the year ended June 30, 2021**

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
<b>OPERATING REVENUES</b>				
Charges for current services	\$ 111,900	\$ -	\$ -	\$ 111,900
<b>Total Operating Revenues</b>	<u>111,900</u>	<u>-</u>	<u>-</u>	<u>111,900</u>
<b>OPERATING EXPENSES</b>				
General and administrative	8,851	-	2,672	11,523
Depreciation and amortization	<u>99,979</u>	<u>-</u>	<u>-</u>	<u>99,979</u>
<b>Total Operating Expenses</b>	<u>108,830</u>	<u>-</u>	<u>2,672</u>	<u>111,502</u>
<b>Operating Income (Loss)</b>	3,070	-	(2,672)	398
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on disposal of assets	1,741	-	-	1,741
Investment income (loss)	<u>1,313</u>	<u>3,762</u>	<u>113</u>	<u>5,188</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>3,054</u>	<u>3,762</u>	<u>113</u>	<u>6,929</u>
<b>Net (loss) Before Contributions and Operating Transfers</b>	6,124	3,762	(2,559)	7,327
Capital contributions	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	6,124	3,762	(2,559)	7,327
<b>NET POSITION:</b>				
Beginning of fiscal year	<u>679,476</u>	<u>285,332</u>	<u>33,407</u>	<u>998,215</u>
End of fiscal year	<u>\$ 685,600</u>	<u>\$ 289,094</u>	<u>\$ 30,848</u>	<u>\$ 1,005,542</u>

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the year ended June 30, 2021**

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 111,900	\$ -	\$ -	\$ 111,900
Supplies and equipment purchased	(8,851)	-	-	(8,851)
Claims paid	-	-	(2,492)	(2,492)
Net cash provided (used) by operating activities	103,049	-	(2,492)	100,557
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(94,283)	-	-	(94,283)
Proceeds from the sale of capital assets	1,741	-	-	1,741
Net cash provided (used) by capital and related financing activities	(92,542)	-	-	(92,542)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	1,313	3,762	113	5,188
Net Cash provided (used) by investing activities	1,313	3,762	113	5,188
Net increase (decrease) in cash and cash equivalents	11,820	3,762	(2,379)	13,203
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of fiscal year	185,929	285,332	33,407	504,668
End of fiscal year	\$ 197,749	\$ 289,094	\$ 31,028	\$ 517,871
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 3,070	\$ -	\$ (2,672)	\$ 398
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	99,979	-	-	99,979
Changes in current assets and liabilities:				
Increase (decrease) in accounts payable	-	-	180	180
Net cash provided (used) by operating activities	\$ 103,049	\$ -	\$ (2,492)	\$ 100,557

# AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity or as an agent for individuals, government entities and other non-public organizations. The following are reported as agency funds:

***Clayton Financing Authority*** - Accounts for projects related to the Financing Authority.

***Clayton Financing Authority 2007 Refunding Bonds*** - Accounts for the refunding of the Authority's 1997 Special Tax Revenue Refunding Bonds payable from revenues received by the Authority as the result of payment of debt service on the local obligations of the Middle School CFD 1990-1 Bonds.

***Deposits*** - Represents funds held for: performance deposits, Clayton Community Gym donation deposits, refundable rental security deposits, planning services deposits, engineering plan check deposits, and other various deposits.

***Diablo Estates Benefit Assessment District*** - Accounts for parcel owner approved real property assessments collected to maintain certain infrastructure components (including street lighting) for the Diablo Estates development.

***High Street Bridge Benefit Assessment District*** - Accounts for real property assessments collected to maintain bridges.

***Lydia Lane Sewer Benefit Assessment District*** - Accounts for real property assessments to be collected for construction of a sewer system.

***Middle School Community Facilities District*** - Accounts for special parcel taxes restricted to repay indebtedness of the Middle School Community Facilities District No. 1990-1.

***Oak Street Bridge Benefit Assessment District*** - Accounts for real property assessments collected to maintain bridges.

***Oak Street Sewer Benefit Assessment District*** - Accounts for real property assessments to be collected for construction of a sewer system.

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the year ended June 30, 2021**

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<u>Clayton Financing Authority</u>				
<b>Assets:</b>				
Cash and investments	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
<b>Total Assets</b>	<u>\$ 590,288</u>	<u>\$ 13,941</u>	<u>\$ (5,973)</u>	<u>\$ 598,256</u>
<b>Liabilities:</b>				
Other liabilities	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
<b>Total Liabilities</b>	<u>\$ 590,288</u>	<u>\$ 13,941</u>	<u>\$ (5,973)</u>	<u>\$ 598,256</u>
<u>Clayton Financing Authority 2007 Refunding Bonds</u>				
<b>Assets:</b>				
Cash and investments	\$ 106,864	\$ 412,656	\$ (458,288)	\$ 61,232
Cash with fiscal agent	355,272	469,135	(504,331)	320,076
Accounts receivable	28,460	-	(8,860)	19,600
Prepaid expenses	2,541	-	(2,541)	-
Investments in bonds	1,313,000	434,000	(843,000)	904,000
<b>Total Assets</b>	<u>\$ 1,806,137</u>	<u>\$ 1,315,791</u>	<u>\$ (1,817,020)</u>	<u>\$ 1,304,908</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,541	\$ 3,228	\$ (5,769)	\$ -
Other liabilities	613,596	489,795	(613,483)	489,908
Due to bondholders	1,190,000	395,000	(770,000)	815,000
<b>Total Liabilities</b>	<u>\$ 1,806,137</u>	<u>\$ 888,023</u>	<u>\$ (1,389,252)</u>	<u>\$ 1,304,908</u>
<u>Deposits</u>				
<b>Assets:</b>				
Cash and investments	\$ 785,285	\$ 302,807	\$ (505,737)	\$ 582,355
<b>Total Assets</b>	<u>\$ 785,285</u>	<u>\$ 302,807</u>	<u>\$ (505,737)</u>	<u>\$ 582,355</u>
<b>Liabilities:</b>				
Deposits payable	\$ 785,285	\$ 124,279	\$ (327,209)	\$ 582,355
<b>Total Liabilities</b>	<u>\$ 785,285</u>	<u>\$ 124,279</u>	<u>\$ (327,209)</u>	<u>\$ 582,355</u>
<u>Diablo Estates Benefit Assessment District</u>				
<b>Assets:</b>				
Cash and investments	\$ 182,239	\$ 96,794	\$ (77,759)	\$ 201,274
<b>Total Assets</b>	<u>\$ 182,239</u>	<u>\$ 96,794</u>	<u>\$ (77,759)</u>	<u>\$ 201,274</u>
<b>Liabilities:</b>				
Accounts payable	\$ 6,232	\$ 91,003	\$ (75,075)	\$ 22,160
Other liabilities	176,007	97,491	(94,384)	179,114
<b>Total Liabilities</b>	<u>\$ 182,239</u>	<u>\$ 188,494</u>	<u>\$ (169,459)</u>	<u>\$ 201,274</u>



**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the year ended June 30, 2021**

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<u>High Street Bridge Benefit Assessment District</u>				
<b>Assets:</b>				
Cash and investments	\$ 7,054	\$ 1,869	\$ (126)	\$ 8,797
Assessments receivable	9,842	590	(1,454)	8,978
<b>Total Assets</b>	<u>\$ 16,896</u>	<u>\$ 2,459</u>	<u>\$ (1,580)</u>	<u>\$ 17,775</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,010	\$ -	\$ 2,010
Notes payable	9,842	590	(1,454)	8,978
Due to bondholders	7,054	1,870	(2,137)	6,787
<b>Total Liabilities</b>	<u>\$ 16,896</u>	<u>\$ 4,470</u>	<u>\$ (3,591)</u>	<u>\$ 17,775</u>
<u>Lydia Lane Sewer Benefit Assessment District</u>				
<b>Assets:</b>				
Cash and investments	\$ 69,010	\$ 17,860	\$ (18,362)	\$ 68,508
Cash with fiscal agent	12,892	9,370	(9,458)	12,804
Assessments receivable	148,325	-	(5,000)	143,325
<b>Total Assets</b>	<u>\$ 230,227</u>	<u>\$ 27,230</u>	<u>\$ (32,820)</u>	<u>\$ 224,637</u>
<b>Liabilities:</b>				
Other liabilities	\$ 81,902	\$ 19,923	\$ (20,513)	\$ 81,312
Due to bondholders	148,325	-	(5,000)	143,325
<b>Total Liabilities</b>	<u>\$ 230,227</u>	<u>\$ 19,923</u>	<u>\$ (25,513)</u>	<u>\$ 224,637</u>
<u>Middle School Community Facilities District</u>				
<b>Assets:</b>				
Cash and investments	\$ 270,468	\$ 389,380	\$ (453,095)	\$ 206,753
Assessments receivable	1,313,000	-	(409,000)	904,000
<b>Total Assets</b>	<u>\$ 1,583,468</u>	<u>\$ 389,380</u>	<u>\$ (862,095)</u>	<u>\$ 1,110,753</u>
<b>Liabilities:</b>				
Accounts payable	\$ 68	\$ 12,031	\$ (12,099)	\$ -
Other liabilities	270,400	389,380	(453,027)	206,753
Due to bondholders	1,313,000	-	(409,000)	904,000
<b>Total Liabilities</b>	<u>\$ 1,583,468</u>	<u>\$ 401,411</u>	<u>\$ (874,126)</u>	<u>\$ 1,110,753</u>

**City of Clayton**  
**Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**For the year ended June 30, 2021**

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<u>Oak Street Bridge Benefit Assessment District</u>				
<b>Assets:</b>				
Cash and investments	\$ 20,589	\$ 2,075	\$ (599)	\$ 22,065
<b>Total Assets</b>	<u>\$ 20,589</u>	<u>\$ 2,075</u>	<u>\$ (599)</u>	<u>\$ 22,065</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,645	\$ -	\$ 1,645
Other liabilities	20,589	2,075	(2,244)	20,420
<b>Total Liabilities</b>	<u>\$ 20,589</u>	<u>\$ 3,720</u>	<u>\$ (2,244)</u>	<u>\$ 22,065</u>
<u>Oak Street Sewer Benefit Assessment District</u>				
<b>Assets:</b>				
Cash and investments	\$ 2,206	\$ 11,410	\$ (11,689)	\$ 1,927
Assessments receivable	60,909	-	(8,183)	52,726
<b>Total Assets</b>	<u>\$ 63,115</u>	<u>\$ 11,410</u>	<u>\$ (19,872)</u>	<u>\$ 54,653</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,433	\$ (48)	\$ 1,385
Other liabilities	2,206	11,410	(13,074)	542
Notes payable	60,909	-	(8,183)	52,726
<b>Total Liabilities</b>	<u>\$ 63,115</u>	<u>\$ 12,843</u>	<u>\$ (21,305)</u>	<u>\$ 54,653</u>
<u><b>Total - All Agency Funds</b></u>				
<b>Assets:</b>				
Cash and investments	\$ 2,034,003	\$ 1,248,792	\$ (1,531,628)	\$ 1,751,167
Cash with fiscal agent	368,164	478,505	(513,789)	332,880
Assessments receivable	1,532,076	590	(423,637)	1,109,029
Accounts receivable	28,460	-	(8,860)	19,600
Prepaid expenses	2,541	-	(2,541)	-
Investments in bonds	1,313,000	434,000	(843,000)	904,000
<b>Total Assets</b>	<u>\$ 5,278,244</u>	<u>\$ 2,161,887</u>	<u>\$ (3,323,455)</u>	<u>\$ 4,116,676</u>
<b>Liabilities:</b>				
Accounts payable	\$ 8,841	\$ 111,350	\$ (92,991)	\$ 27,200
Other liabilities	1,754,988	1,024,015	(1,202,698)	1,576,305
Deposits payable	785,285	124,279	(327,209)	582,355
Notes payable	70,751	590	(9,637)	61,704
Due to bondholders	2,658,379	396,870	(1,186,137)	1,869,112
<b>Total Liabilities</b>	<u>\$ 5,278,244</u>	<u>\$ 1,657,104</u>	<u>\$ (2,818,672)</u>	<u>\$ 4,116,676</u>

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## STATISTICAL SECTION

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# STATISTICAL SECTION

## TABLE OF CONTENTS

This part of the City's Annual Comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City.

	<u>Page</u>
<b>Financial Trends</b>	143
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	151
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
<b>Debt Capacity</b>	159
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	164
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	165
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

**City of Clayton**  
**Statistical Section**  
**Net Position by Component - Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 28,330,852	\$ 29,988,389	\$ 29,344,437	\$ 28,653,515
Restricted	6,775,688	5,071,942	3,470,831	2,024,193
Unrestricted	5,034,855	4,829,960	6,306,416	4,781,508
<b>Total governmental activities net position</b>	<b>40,141,395</b>	<b>39,890,291</b>	<b>39,121,684</b>	<b>35,459,216</b>
Business-type activities:				
Net investment in capital assets	1,358,883	1,322,815	1,286,748	1,250,681
Restricted	-	-	-	-
Unrestricted	(121,193)	(130,382)	(49,038)	(44,572)
<b>Total business-type activities net position</b>	<b>1,237,690</b>	<b>1,192,433</b>	<b>1,237,710</b>	<b>1,206,109</b>
Primary government:				
Net investment in capital assets	29,689,735	31,311,204	30,631,185	29,904,196
Restricted	6,775,688	5,071,942	3,470,831	2,024,193
Unrestricted	4,913,662	4,699,578	6,257,378	4,736,936
<b>Total primary government net position</b>	<b>\$ 41,379,085</b>	<b>\$ 41,082,724</b>	<b>\$ 40,359,394</b>	<b>\$ 36,665,325</b>

Source: City of Clayton Finance Department.

**City of Clayton**  
**Statistical Section**  
**Net Position by Component - Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Fiscal Year Ending June 30					
2015	2016	2017	2018	2019	2021
\$ 28,929,140	\$ 29,349,667	\$ 28,976,510	\$ 29,790,706	\$ 29,780,115	\$ 28,793,685
7,783,815	7,731,727	12,059,042	11,915,594	12,046,964	13,156,670
7,028,670	7,835,030	3,836,715	3,009,835	3,433,238	2,492,751
43,741,625	44,916,424	44,872,267	44,716,135	45,260,317	44,443,106
1,221,999	1,184,742	1,147,485	1,110,485	1,073,743	1,038,076
-	-	-	-	-	-
(56,305)	(64,190)	(75,944)	(72,753)	(74,819)	(114,090)
1,165,694	1,120,552	1,071,541	1,037,732	998,924	923,986
30,151,139	30,534,409	30,123,995	30,901,191	30,853,858	29,831,761
7,783,815	7,731,727	12,059,042	11,915,594	12,046,964	13,156,670
6,972,365	7,770,840	3,760,771	2,937,082	3,358,419	2,378,661
\$ 44,907,319	\$ 46,036,976	\$ 45,943,808	\$ 45,753,867	\$ 46,259,241	\$ 45,367,092

**City of Clayton**  
**Statistical Section**  
**Changes in Net Position - Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,201,323	\$ 1,186,567	\$ 1,249,238	\$ 1,119,567
Public works	1,104,503	1,346,320	2,118,015	2,139,918
Parks and recreation services	1,066,617	1,100,584	352,498	339,894
Community and economic development	530,687	446,259	410,413	405,941
Public safety	1,972,460	1,925,266	2,016,145	2,006,052
Interest and fiscal charges	129,047	-	-	-
Total governmental activities expenses	<u>6,004,637</u>	<u>6,004,996</u>	<u>6,146,309</u>	<u>6,011,372</u>
Business-type activities:				
Community gym	18	-	-	-
Endeavor Hall	61,497	60,117	65,351	66,606
Total business-type activities expenses	<u>61,515</u>	<u>60,117</u>	<u>65,351</u>	<u>66,606</u>
<b>Total primary government expenses</b>	<u>\$ 6,066,152</u>	<u>\$ 6,065,113</u>	<u>\$ 6,211,660</u>	<u>\$ 6,077,978</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 421,866	\$ 352,124	\$ 567,663	\$ 643,070
Public works	148,828	315,230	296,974	418,498
Parks and recreation services	183,031	-	608	14,337
Community and economic development	319,268	137,795	54,013	25,990
Public safety	64,364	36,899	14,631	13,862
Operating grants and contributions	884,026	587,384	683,492	157,397
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>2,021,383</u>	<u>1,429,432</u>	<u>1,617,381</u>	<u>1,273,154</u>
Business-type activities:				
Charges for services:				
Community gym	-	-	-	-
Endeavor hall	16,294	14,860	19,545	25,818
Operating grants and contributions	-	-	-	-
Total business-type program revenues	<u>16,294</u>	<u>14,860</u>	<u>19,545</u>	<u>25,818</u>
<b>Net revenues (expenses)</b>				
Governmental activities	\$ (3,983,254)	\$ (4,575,564)	\$ (4,528,928)	\$ (4,738,218)
Business-type activities	(45,221)	(45,257)	(45,806)	(40,788)
<b>Total primary government net expense</b>	<u>\$ (4,028,475)</u>	<u>\$ (4,620,821)</u>	<u>\$ (4,574,734)</u>	<u>\$ (4,779,006)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 4,488,417	\$ 1,691,803	\$ 1,862,734	\$ 2,302,278
Special parcel taxes	1,071,632	1,093,213	1,122,349	1,155,141
Sales and use taxes	307,887	353,525	370,330	397,544
Business license taxes	-	-	-	-
Other taxes	792,726	802,651	865,752	1,339,537
Franchise fees	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment income	242,539	80,622	64,319	82,909
Miscellaneous	1,249,897	139,161	175,082	91,230
Gain/(loss) on sale of assets	(116,339)	(7,817)	-	624
Transfers	250,000	250,456	(688,709)	88,793
Total governmental activities	<u>8,286,759</u>	<u>4,403,614</u>	<u>3,771,857</u>	<u>5,458,056</u>
Business type activities:				
Investment income/(loss)	(359)	-	393	175
Miscellaneous	-	-	-	4,316
Transfers	-	-	-	(88,793)
Total business-type activities	<u>(359)</u>	<u>-</u>	<u>393</u>	<u>(84,302)</u>
<b>Extraordinary and Special Items</b>				
Governmental activities:				
Extraordinary gain/(loss)	(6,100,352)	-	-	(200,000)
Business-type activities:				
Special item gain/(loss)	-	-	-	93,489
<b>Total primary government changes in net position</b>				
Governmental activities	(1,796,847)	(171,950)	(757,071)	519,838
Business-type activities	(45,580)	(45,257)	(45,413)	(31,601)
<b>Total primary government</b>	<u>\$ (1,842,427)</u>	<u>\$ (217,207)</u>	<u>\$ (802,484)</u>	<u>\$ 488,237</u>

Source: City of Clayton Finance Department.



**City of Clayton**  
**Statistical Section**  
**Changes in Net Position - Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,051,461	\$ 1,174,069	\$ 1,305,562	\$ 1,457,326	\$ 2,781,523	\$ 1,796,454
1,975,653	2,221,835	2,509,147	2,825,969	1,988,766	2,909,710
583,120	676,790	667,687	718,267	452,535	592,433
362,248	287,775	329,418	367,682	296,372	357,133
2,060,621	2,075,082	2,538,912	2,536,880	2,521,690	2,980,000
-	-	-	-	-	-
6,033,103	6,435,551	7,350,726	7,906,124	8,040,886	8,635,730
-	-	-	-	-	-
67,668	67,393	76,901	58,455	63,631	73,117
67,668	67,393	76,901	58,455	63,631	73,117
\$ 6,100,771	\$ 6,502,944	\$ 7,427,627	\$ 7,964,579	\$ 8,104,517	\$ 8,708,847
\$ 355,391	\$ 349,220	\$ 397,668	\$ 397,436	\$ 438,906	\$ 430,894
321,544	324,308	355,625	356,347	338,877	328,731
73,501	70,394	66,868	71,681	43,635	17,622
100,612	113,336	127,487	96,596	113,600	133,404
49,326	52,497	44,545	41,195	65,674	51,259
836,833	813,168	900,239	825,018	1,024,732	893,718
22,200	885,398	526,452	570,049	559,220	42,363
1,759,407	2,608,321	2,418,884	2,358,322	2,584,644	1,897,991
-	-	-	-	-	-
27,253	22,251	27,890	24,642	24,702	(1,442)
-	-	-	-	-	-
27,253	22,251	27,890	24,642	24,702	(1,442)
\$ (4,273,696)	\$ (3,827,230)	\$ (4,931,842)	\$ (5,547,802)	\$ (5,456,242)	\$ (6,737,739)
(40,415)	(45,142)	(49,011)	(33,813)	(38,929)	(74,559)
\$ (4,314,111)	\$ (3,872,372)	\$ (4,980,853)	\$ (5,581,615)	\$ (5,495,171)	\$ (6,812,298)
\$ 2,256,780	\$ 2,339,221	\$ 2,345,067	\$ 2,463,898	\$ 2,587,812	\$ 2,722,906
1,185,651	1,220,427	1,254,911	1,256,011	1,295,034	1,309,373
372,705	455,387	436,560	483,741	512,868	510,029
133,943	135,866	154,397	175,153	140,620	90,872
-	-	-	-	-	-
516,607	541,138	547,765	523,129	565,893	567,350
154,852	157,949	161,108	164,331	167,677	171,029
295,904	119,201	287,595	255,272	684,244	508,256
58,694	31,216	23,118	39,211	40,516	38,972
792	1,624	(893)	30,924	5,760	1,741
-	-	-	-	-	-
4,975,928	5,002,029	5,209,628	5,391,670	6,000,424	5,920,528
-	-	-	4	121	(379)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4	121	(379)
(230,786)	-	-	-	-	-
-	-	-	-	-	-
471,446	1,174,799	277,786	(156,132)	544,182	(817,211)
(40,415)	(45,142)	(49,011)	(33,809)	(38,808)	(74,938)
\$ 431,031	\$ 1,129,657	\$ 228,775	\$ (189,941)	\$ 505,374	\$ (892,149)

**City of Clayton**  
**Statistical Section**  
**Fund Balances of Governmental Funds - Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30			
	2012*	2013	2014	2015
General fund:				
Nonspendable	\$ -	\$ -	\$ 1,242,346	\$ 1,029,377
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	46,704	182,671	34,542	-
Unassigned	5,229,784	5,199,914	3,871,849	4,509,255
Total general fund	<u>5,276,488</u>	<u>5,382,585</u>	<u>5,148,737</u>	<u>5,538,632</u>
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted	-	-	1,399,064	1,303,081
Committed	-	5,071,942	829,421	721,112
Assigned	12,489,782	-	2,354,314	3,309,135
Unassigned	-	(425,380)	(2,550)	(2,550)
Total other governmental funds	<u>12,489,782</u>	<u>4,646,562</u>	<u>4,580,249</u>	<u>5,330,778</u>
Total governmental funds	<u>\$ 17,766,270</u>	<u>\$ 10,029,147</u>	<u>\$ 9,728,986</u>	<u>\$ 10,869,410</u>

Source: City of Clayton Finance Department.

\* The City of Clayton Redevelopment Agency was dissolved in the fiscal year ended June 30, 2012 in accordance with California state law (ABx1 26).

**City of Clayton**  
**Statistical Section**  
**Fund Balances of Governmental Funds - Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Fiscal Year Ending June 30					
2016	2017	2018	2019	2020	2021
\$ 308,064	\$ 72,518	\$ 81,790	\$ 320,232	\$ 100,163	\$ 120,623
-	-	-	-	-	-
-	-	-	-	-	177,496
278,853	415,239	281,930	102,228	409,482	-
5,031,142	5,429,524	5,302,751	5,337,685	5,654,925	5,810,862
5,618,059	5,917,281	5,666,471	5,760,145	6,164,570	6,108,981
3,633,951	3,696,238	-	-	-	-
2,150,476	2,122,471	6,293,306	6,403,413	6,452,671	7,283,999
667,134	494,241	571,915	647,611	669,841	643,461
2,684,533	3,026,942	3,542,680	2,744,642	3,167,804	3,261,239
(2,550)	(2,550)	(2,550)	(223,171)	(23,566)	-
9,133,544	9,337,342	10,405,351	9,572,495	10,266,750	11,188,699
\$ 14,751,603	\$ 15,254,623	\$ 16,071,822	\$ 15,332,640	\$ 16,431,320	\$ 17,297,680

**City of Clayton**  
**Statistical Section**  
**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

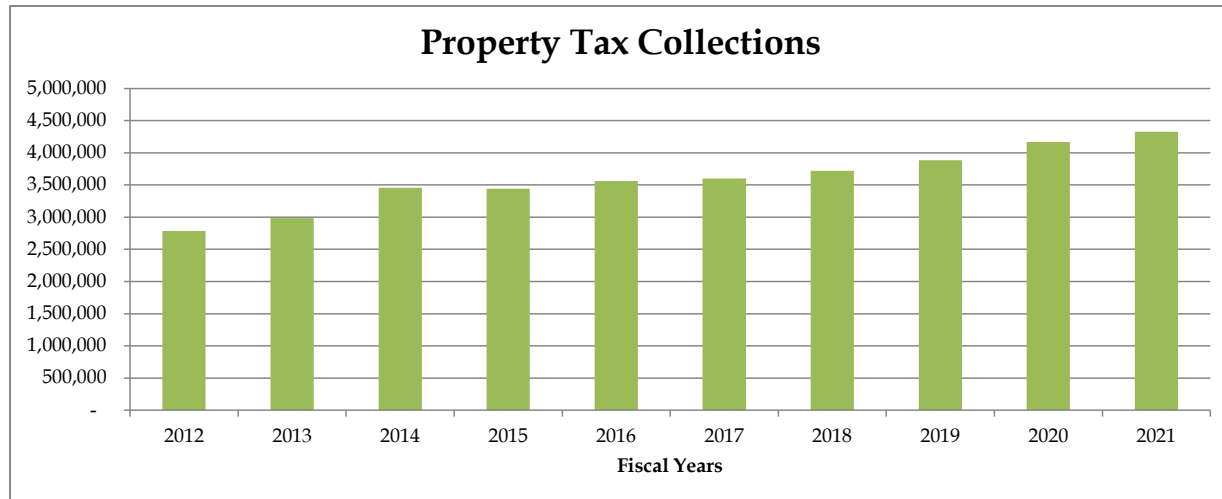
	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Property taxes	\$ 4,488,417	\$ 1,691,803	\$ 1,862,734	\$ 2,302,278
Program income	72,870	10,546	10,668	10,063
Special parcel taxes and assessments	1,220,460	1,232,280	1,260,823	1,287,748
Sales and use taxes	307,887	353,525	370,330	397,544
Business license taxes and fees	-	-	-	-
Permits, licenses and fees	534,446	402,661	290,598	306,545
Fines, forfeitures and penalties	114,313	93,328	78,173	72,635
Intergovernmental	1,986,471	836,041	967,729	1,066,757
Motor vehicle in-lieu fees	11,074	-	4,703	4,590
Other in-lieu fees	143,060	145,921	148,839	151,816
Franchise fees	454,871	479,765	504,867	501,597
Service charges	131,053	125,387	338,626	366,080
Use of money and property	241,199	80,579	62,642	81,408
Other revenue	27,954	138,528	175,538	91,131
<b>Total revenues</b>	<b>9,734,075</b>	<b>5,590,364</b>	<b>6,076,270</b>	<b>6,640,192</b>
<b>Expenditures</b>				
Current				
General government	1,028,719	957,680	1,118,026	1,018,852
Public works	1,251,908	1,502,599	1,293,402	1,342,373
Parks and recreation services	345,345	356,445	352,498	349,862
Community and economic development	530,687	446,259	410,413	410,972
Public safety	1,916,002	1,867,432	1,950,034	2,005,607
Capital outlay	1,531,977	2,370,825	393,505	260,895
Debt service				
Principal	610,000	-	-	-
Interest and fiscal charges	323,451	-	-	-
<b>Total expenditures</b>	<b>7,538,089</b>	<b>7,501,240</b>	<b>5,517,878</b>	<b>5,388,561</b>
<b>Revenues over (under) expenditures</b>	<b>2,195,986</b>	<b>(1,910,876)</b>	<b>558,392</b>	<b>1,251,631</b>
<b>Other financing sources (uses)</b>				
Unrealized gains (losses)	-	-	-	-
Transfers in	2,038,931	2,221,820	524,187	600,458
Transfers out	(1,788,931)	(1,971,364)	(603,341)	(511,665)
<b>Total other financing sources (uses)</b>	<b>250,000</b>	<b>250,456</b>	<b>(79,154)</b>	<b>88,793</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>2,445,986</b>	<b>(1,660,420)</b>	<b>479,238</b>	<b>1,340,424</b>
<b>Special and extraordinary items</b>				
Special item gain (loss)	53,930	-	(90,690)	
Extraordinary gain (loss)	(8,299,982)	-	-	(200,000)
<b>Total special and extraordinary items</b>	<b>(8,246,052)</b>	<b>-</b>	<b>(90,690)</b>	<b>(200,000)</b>
<b>Change in fund balances</b>	<b>\$ (5,800,066)</b>	<b>\$ (1,660,420)</b>	<b>\$ 388,548</b>	<b>\$ 1,140,424</b>
<b>Ratio of Total Debt Service Expenditures to Noncapital Expenditures</b>	<b>0.18</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Source: City of Clayton Finance Department

**City of Clayton**  
**Statistical Section**  
**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,256,780	\$ 2,339,221	\$ 2,345,067	\$ 2,463,898	\$ 2,463,898	\$ 2,722,905
81,400	86,400	91,400	146,400	146,400	106,400
1,437,156	1,465,905	1,522,187	1,546,399	1,546,399	1,606,706
372,705	455,387	436,560	483,741	483,741	510,029
133,943	135,866	154,397	175,153	175,153	90,872
194,261	209,026	356,052	212,242	212,242	172,297
84,270	92,662	110,787	82,375	82,375	118,766
964,539	1,706,688	1,178,659	1,312,528	1,312,528	911,240
4,554	-	-	-	-	-
154,852	157,949	161,108	164,331	164,331	171,029
516,607	541,138	547,765	523,129	523,129	567,350
342,308	311,796	329,164	325,078	325,078	297,393
290,966	118,210	274,244	385,696	385,696	132,791
48,517	40,186	23,168	35,723	35,723	30,657
6,882,858	7,660,434	7,530,558	7,856,693	7,856,693	7,438,435
1,068,970	1,194,606	1,183,609	1,317,973	1,317,973	1,547,319
1,237,683	1,519,992	1,592,903	1,621,629	1,621,629	1,908,291
375,554	458,294	433,764	477,266	477,266	349,854
379,162	309,048	317,284	352,163	352,163	318,173
2,281,621	2,265,845	2,363,298	2,365,339	2,365,339	2,605,103
1,275,563	1,409,599	654,531	2,146,778	2,146,778	213,610
-	-	-	-	-	-
-	-	-	-	-	-
6,618,553	7,157,384	6,545,389	8,281,148	8,281,148	6,942,350
264,305	503,050	985,169	(424,455)	(424,455)	496,085
-	-	-	(214,727)	(214,727)	370,275
1,026,538	497,960	481,974	1,261,171	1,261,171	494,175
(1,177,781)	(497,960)	(649,974)	(1,361,171)	(1,361,171)	(494,175)
(151,243)	-	(168,000)	(314,727)	(314,727)	370,275
113,062	503,050	817,169	(739,182)	(739,182)	866,360
-	-	-	-	-	-
(230,786)	-	-	-	-	-
(230,786)	-	-	-	-	-
\$ (117,724)	\$ 503,050	\$ 817,169	\$ (739,182)	\$ (739,182)	\$ 866,360
0.00	0.00	0.00	0.00	0.00	0.00

**City of Clayton  
Statistical Section  
Property Tax Levies and Collections  
Last Ten Fiscal Years**



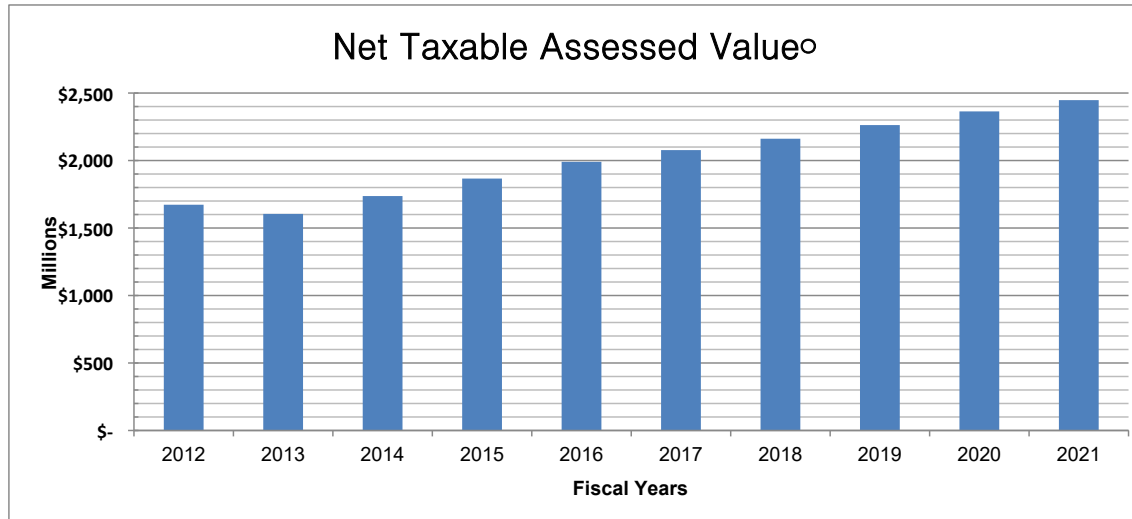
Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2012	2,785,016	2,785,016	100%	2,785,016	100%
2013	2,985,083	2,985,083	100%	2,985,083	100%
2014	3,457,419	3,457,419	100%	3,457,419	100%
2015	3,442,431	3,442,431	100%	3,442,431	100%
2016	3,559,648	3,559,648	100%	3,559,648	100%
2017	3,599,978	3,599,978	100%	3,599,978	100%
2018	3,719,909	3,719,909	100%	3,719,909	100%
2019	3,882,846	3,882,846	100%	3,882,846	100%
2020	4,170,045	4,170,045	100%	4,170,045	100%
2021	4,329,611	4,329,611	100%	4,329,611	100%

Source: City of Clayton Finance Department

<sup>1</sup> Property tax levies above include secured and unsecured general ad valorem property taxes, restricted local special parcel taxes, and property taxes pertaining to the Redevelopment Property Tax Trust Fund.

<sup>2</sup> The City is enrolled in the "Teeter" Plan, where the County remits the entire amount levied and handles all delinquencies, retaining the interest and penalties.

**City of Clayton**  
**Statistical Section**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**



Fiscal Year Ended June 30	Secured	Unsecured	SBE Nonunitary	Net Total Assessed Valuation	Total Direct Tax Rate <sup>2</sup>
2012	1,659,424,975	13,098,203	-	1,672,523,178	34.460%
2013	1,592,441,490	12,107,626	-	1,604,549,116	34.145%
2014	1,724,741,279	12,046,811	-	1,736,788,090	6.992%
2015	1,855,952,809	10,423,772	-	1,866,376,581	6.587%
2016	1,966,021,862	24,268,730	-	1,990,290,592	6.627%
2017	2,052,672,378	24,551,781	-	2,077,224,159	6.642%
2018	2,138,664,468	22,857,474	-	2,161,521,942	6.650%
2019	2,238,046,407	24,573,625	-	2,262,620,032	6.667%
2020	2,335,781,999	28,167,199	-	2,363,949,198	6.684%
2021	2,419,252,507	28,191,208	-	2,447,443,715	6.697%

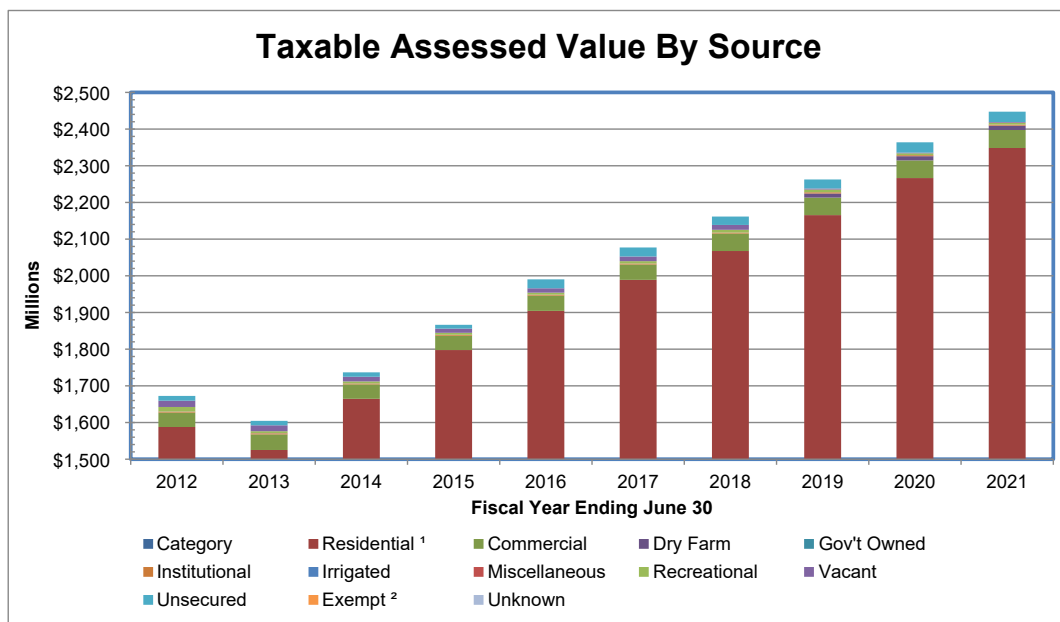
Source: HdL, Coren & Cone, Contra Costa County Assessor Tax Rolls

<sup>1</sup> In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1.0% based up on the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to the maximum increase of 2.0%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

<sup>2</sup> City's share of 1.0% basic levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. Tax Rate Area 13-015 is represented here for this report.

**City of Clayton  
Statistical Section  
Taxable Assessed Value By Source  
Last Ten Fiscal Years**

Category	Fiscal Year Ending June 30			
	2012	2013	2014	2015
Residential <sup>1</sup>	\$ 1,587,781,869	\$ 1,525,145,282	\$ 1,664,638,727	\$ 1,797,596,765
Commercial	39,281,102	42,498,296	39,271,189	38,942,508
Dry Farm				
Gov't Owned				
Institutional	2,412,183	2,460,428	2,509,634	2,521,025
Irrigated	124,224	126,707	129,240	
Miscellaneous	477,430	764,183	197,555	198,449
Recreational	12,300,848	5,364,139	5,364,585	5,364,688
Vacant	17,047,319	16,082,455	12,630,349	11,329,374
Unsecured	13,098,203	12,107,626	12,046,811	10,423,772
Exempt <sup>2</sup>	(24,066,321)	(24,547,599)	(25,038,500)	(26,156,667)
Unknown	-	-	-	-
Totals	<u>\$ 1,672,523,178</u>	<u>\$ 1,604,549,116</u>	<u>\$ 1,736,788,090</u>	<u>\$ 1,866,376,581</u>
Total Direct Rate	0.34460	0.34145	0.06992	0.06587



Source: HdL, Coren & Cone, Contra Costa County Assessor Tax Rolls

<sup>1</sup> In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1.0% based up on the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to the maximum increase of 2.0%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

<sup>2</sup> Exempt values are not included in total.

<sup>2</sup> California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1.0% and allocates a portion of that amount by an annual calculation to all the taxing entities within a tax rate area. The City of Clayton encompasses ten (10) tax rate areas.



**City of Clayton**  
**Statistical Section**  
**Taxable Assessed Value By Source**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30					
2016	2017	2018	2019	2020	2021
\$ 1,904,368,929	\$ 1,988,952,192	\$ 2,067,562,369	\$ 2,165,479,800	\$ 2,266,477,116	\$ 2,348,456,415
41,544,210	41,858,935	47,590,673	47,779,713	48,208,120	49,037,518
			11,134,894	11,399,590	11,865,579
2,571,392	2,610,603	2,662,812	3,253,330	2,729,354	2,783,939
202,412	205,496	209,603	129,549	140,719	143,532
5,365,145	6,302,648	7,403,121	7,402,753	4,957,742	5,058,784
11,969,774	12,742,504	13,235,890	2,866,368	1,869,358	1,906,740
24,268,730	24,551,781	22,857,474	24,573,625	28,167,199	28,191,208
(26,679,230)	(27,086,036)	(27,627,706)	(28,243,119)	(28,807,933)	(29,384,046)
-	-	-	-	-	-
<u>\$ 1,990,290,592</u>	<u>\$ 2,077,224,159</u>	<u>\$ 2,161,521,942</u>	<u>\$ 2,262,620,032</u>	<u>\$ 2,363,949,198</u>	<u>\$ 2,447,443,715</u>
0.06627	0.06642	0.06650	0.06667	0.06684	0.06697

**City of Clayton**  
**Statistical Section**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years (Rate per \$100 of Assessed Value)**

	Fiscal Year Ending June 30			
	2012	2013	2014	2015
City Direct Rates:				
City of Clayton General Fund <sup>1</sup>	0.06628	0.06628	0.06628	0.06628
Clayton Light Maintenance District No. 1 <sup>2</sup>	0.01039	0.01039	0.01039	0.01039
Direct and Overlapping Rates:				
Basic Levy <sup>3</sup>	1.00000	1.00000	1.00000	1.00000
Bay Area Rapid Transit (BART) Bond	0.00410	0.00430	0.00750	0.00450
Contra Costa Community College Bond	0.01440	0.00870	0.01330	0.02520
Contra Costa Water Land Levy	0.00510	0.00450	0.00420	0.00370
East Bay Regional Park Bond	0.00710	0.00510	0.00780	0.00850
Mt. Diablo School Bond	0.06120	0.08710	0.07400	0.08530
<b>Total Direct and Overlapping Rates</b>	<b>1.09190</b>	<b>1.10970</b>	<b>1.10680</b>	<b>1.12720</b>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.06628	0.06628	0.06628	0.06628
Redevelopment Rate <sup>⌘</sup>	1.01220	-	-	-
Total Direct Rate $\pi$	0.34460	0.34145	0.06992	0.06587

Source: HdL, Coren & Cone, Contra Costa County Assessor 2010-11 to 2019-20 tax rate table.

<sup>1</sup> City's share of 1.0% basic levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. Tax Rate Area 13-015 is represented here for this report.

<sup>2</sup> City's share of 1.0% basic levy is based on the City's share of the Light Maintenance District No. 1 tax rate area with the largest net taxable value within the City. Tax Rate Area 13-002 is represented here for this report.

<sup>3</sup> In 1978, California voters passed Proposition 13 which caps the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds from various agencies.

<sup>⌘</sup> Redevelopment rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.

$\pi$  Total direct rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013-14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

**City of Clayton**  
**Statistical Section**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years (Rate per \$100 of Assessed Value)**

Fiscal Year Ending June 30					
2016	2017	2018	2019	2020	2021
0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
0.01039	0.01039	0.01039	0.01039	0.01039	0.01039
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.00260	0.00800	0.00840	0.00700	0.01200	0.01390
0.02200	0.01200	0.01140	0.01100	0.01880	0.01610
0.00350	0.00320	0.00300	0.00280	0.00260	0.00250
0.00670	0.00320	0.00210	0.00210	0.00940	0.00140
0.08120	0.07640	0.07900	0.09250	0.09080	0.09090
1.11600	1.10280	1.10390	1.11540	1.13360	1.12480
0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
-	-	-	-	-	-
0.06627	0.06642	0.06650	0.06667	0.06684	0.06697

**City of Clayton**  
**Statistical Section**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

		<b>Fiscal Year Ending June 30, 2012</b>		
<b>Property Owner</b>	<b>Primary Use, Primary Agency</b>	<b>Secured</b>		
		<b>Parcels</b>	<b>Value</b>	<b>% of Net AV</b>
1) NGP Realty Sub	Recreational, Successor Agency	17	\$ 12,299,695	0.74%
2) Safeway Stores, Inc <sup>1</sup>	Commercial, Successor Agency	1	10,781,143	0.64%
3) Clayton Station Shopping Center <sup>1</sup>	Commercial, Successor Agency	4	9,231,787	0.55%
4) Albert D. Jr. & Sandra Seeno Trust	Dry Farm, Clayton General Fund	1	7,823,796	0.47%
5) Comcast	Unsecured, Successor Agency	-	-	-
6) Toll California XIX LP	Vacant, Successor Agency	25	4,360,000	0.26%
7) Endashiiian LLC	Commercial, Successor Agency	1	3,325,680	0.20%
8) Village Oaks LLC	Commercial, Successor Agency	2	2,694,870	0.16%
9) Diamond Terrace Investors	Commercial, Successor Agency	1	2,595,991	0.16%
10) Ocean West Nevada Corporation	Commercial, Successor Agency	1	2,290,848	0.14%
<b>Top Ten Total</b>		53	\$ 55,403,810	3.32%
<b>City Total</b>			<u>\$ 1,659,424,975</u>	

		<b>Fiscal Year Ending June 30, 2021</b>		
<b>Property Owner</b>	<b>Primary Use, Primary Agency</b>	<b>Secured</b>		
		<b>Parcels</b>	<b>Value</b>	<b>% of Net AV</b>
1) Comcast	Unsecured, Clayton General Fund	-	\$ -	-
2) Safeway Stores, Inc <sup>1</sup>	Commercial, Successor Agency	1	11,408,170	0.47%
3) Clayton Station Shopping Center <sup>1</sup>	Commercial, Successor Agency	4	10,814,771	0.45%
4) Albert D. Jr. & Sandra Seeno Trust	Dry Farm, Clayton General Fund	1	8,500,000	0.35%
5) Empire Acres LLC	Recreational, Successor Agency	19	5,066,188	0.21%
6) Elaine HOM	Commercial, Successor Agency	1	4,626,866	0.19%
7) 1026 Oak LLC	Commercial, Successor Agency	1	4,228,000	0.17%
8) Endashiiian LLC	Commercial, Successor Agency	1	3,826,861	0.16%
9) William Patrick Jordan Trust	Residential, Successor Agency	4	3,176,503	0.13%
10) Village Oaks LLC	Commercial, Successor Agency	2	3,156,958	0.13%
<b>Top Ten Total</b>		34	\$ 54,804,317	2.26%
<b>City Total</b>			<u>\$ 2,419,252,507</u>	

Source: HdL, Coren & Cone, Contra Costa County Assessor 2011-12 & 2020-21 Combined Tax Rolls & the SBE Non-Unitary Tax Roll

<sup>1</sup> Pending appeals on parcels

**City of Clayton**  
**Statistical Section**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

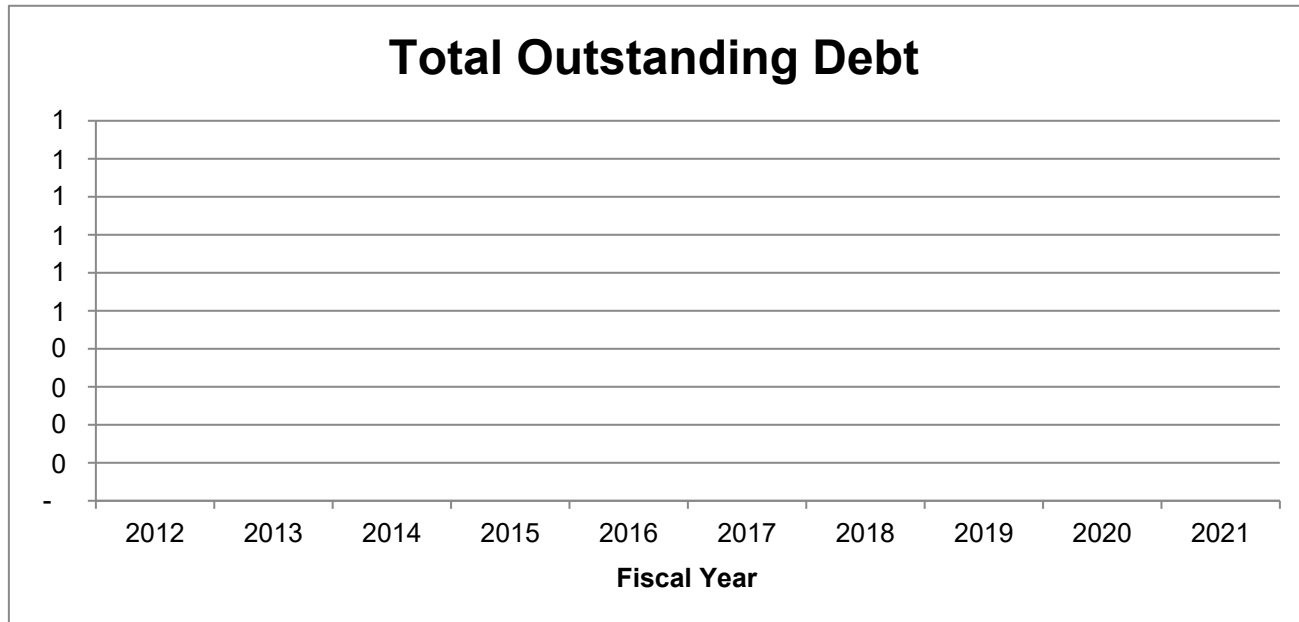
**Fiscal Year Ending June 30, 2012**

Parcels	Unsecured		Combined	
	Value	% of Net AV	Value	% of Net AV
-	\$ -	-	\$ 12,299,695	0.74%
-	-	-	10,781,143	0.64%
-	-	-	9,231,787	0.55%
-	-	-	7,823,796	0.47%
4	4,642,282	35.44%	4,642,282	0.28%
-	-	-	4,360,000	0.26%
-	-	-	3,325,680	0.20%
-	-	-	2,694,870	0.16%
-	-	-	2,595,991	0.16%
-	-	-	2,290,848	0.14%
4	\$ 4,642,282	33.77%	\$ 60,046,092	3.60%
	<u>\$ 13,098,203</u>		<u>\$ 1,672,523,178</u>	

**Fiscal Year Ending June 30, 2021**

Parcels	Unsecured		Combined	
	Value	% of Net AV	Value	% of Net AV
5	\$ 19,703,004	69.89%	\$ 19,703,004	0.81%
-	-	-	11,408,170	0.47%
-	-	-	10,814,771	0.44%
-	-	-	8,500,000	0.35%
-	-	-	5,066,188	0.21%
-	-	-	4,626,866	0.19%
-	-	-	4,228,000	0.17%
-	-	-	3,826,861	0.16%
-	-	-	3,176,503	0.13%
-	-	-	3,156,958	0.13%
5	\$ 19,703,004	69.89%	\$ 74,507,321	3.06%
	<u>\$ 28,191,208</u>		<u>\$ 2,447,443,715</u>	

City of Clayton  
Statistical Section  
Ratios of Debt Outstanding  
Last Ten Fiscal Years



Fiscal Year Ended June 30	Tax Allocation Bonds <sup>1</sup>	Percentage of Total Assessed Value	Percent of Personal Income	Per Capita
2012	-	0.000%	0.000%	-
2013	-	0.000%	0.000%	-
2014	-	0.000%	0.000%	-
2015	-	0.000%	0.000%	-
2016	-	0.000%	0.000%	-
2017	-	0.000%	0.000%	-
2018	-	0.000%	0.000%	-
2019	-	0.000%	0.000%	-
2020	-	0.000%	0.000%	-
2021	-	0.000%	0.000%	-

Source: City of Clayton Finance Department.

<sup>1</sup>The balance of Tax Allocation Bonds was transferred to the Redevelopment Successor Agency as of February 1, 2012.

**City of Clayton**  
**Statistical Section**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2021**

<b>Overlapping Debt</b>		<b>Gross Bonded Debt Balance</b>	<b>Percent Applicable to City</b>	<b>Net Bonded Debt</b>
100300	County General	\$ 393,729,873	1.081	\$ 3,618,458
202000	Contra Costa Fire	26,670	2.343	624,792
400800	San Francisco Bay Area Rapid Transit District	328,172,932	1.081	3,547,575
402700	East Bay Regional Park District	125,395,149	1.081	1,355,531
759500	Mt. Diablo 2002 Bond	244,095,000	5.282	12,893,046
759600	Mt. Diablo 2010 Bond	269,216,615	5.282	14,219,964
759708	Mt. Diablo 2018 Bond	14,538,000	5.282	767,894
792100	Contra Costa Community College 2002 Bond	311,230,151	1.085	3,375,718
792200	Contra Costa Community College 2006 Bond	354,509,849	1.085	3,845,146
792300	Contra Costa Community College 2014 Bond	274,130,000	1.085	2,973,316
<b>Total Overlapping Debt</b>				<u>\$ 47,221,440</u>

2020-21 Assessed Valuation: \$1,637,152,379 after deducting \$810,291,336 incremental value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	2.88%
	Total Debt	2.88%

Source: HdL, Coren & Cone, Contra Costa County Assessor & Auditor combined 2020-21 lien date tax rolls.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Overlapping governments are those that coincide at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

**City of Clayton  
Statistical Section  
Legal Debt Margin  
Last Ten Fiscal Years**

	Fiscal Year Ending			
	2012	2013	2014	2015
Assessed valuation	\$ 1,648,456,857	\$ 1,580,001,517	\$ 1,711,749,590	\$ 1,840,219,914
Add back exempted real property	24,066,321	24,547,599	25,038,500	26,156,667
<b>Total assessed valuation</b>	<b>\$ 1,672,523,178</b>	<b>\$ 1,604,549,116</b>	<b>\$ 1,736,788,090</b>	<b>\$ 1,866,376,581</b>
Debt limit percentage <sup>1</sup>	3.75%	3.75%	3.75%	3.75%
Debt limit	\$ 62,719,619	\$ 60,170,592	\$ 65,129,553	\$ 69,989,122
<b>Total net debt applicable to limit</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Legal Debt margin	\$ 62,719,619	\$ 60,170,592	\$ 65,129,553	\$ 69,989,122
<b>Total debt applicable to the limit as a percentage of debt limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: City of Clayton Finance Department.

<sup>1</sup> The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the state's establishment of the limit.



**City of Clayton  
Statistical Section  
Legal Debt Margin  
Last Ten Fiscal Years**

Fiscal Year Ending					
2016	2017	2018	2019	2020	2021
\$ 1,963,611,362	\$ 2,050,138,123	\$ 2,133,894,236	\$ 2,234,376,913	\$ 2,335,141,265	\$ 2,418,059,669
26,679,230	27,086,036	27,627,706	28,243,119	28,807,933	29,384,046
<u>\$ 1,990,290,592</u>	<u>\$ 2,077,224,159</u>	<u>\$ 2,161,521,942</u>	<u>\$ 2,262,620,032</u>	<u>\$ 2,363,949,198</u>	<u>\$ 2,447,443,715</u>
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
\$ 74,635,897	\$ 77,895,906	\$ 81,057,073	\$ 84,848,251	\$ 88,648,095	\$ 91,779,139
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 74,635,897</u>	<u>\$ 77,895,906</u>	<u>\$ 81,057,073</u>	<u>\$ 84,848,251</u>	<u>\$ 88,648,095</u>	<u>\$ 91,779,139</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

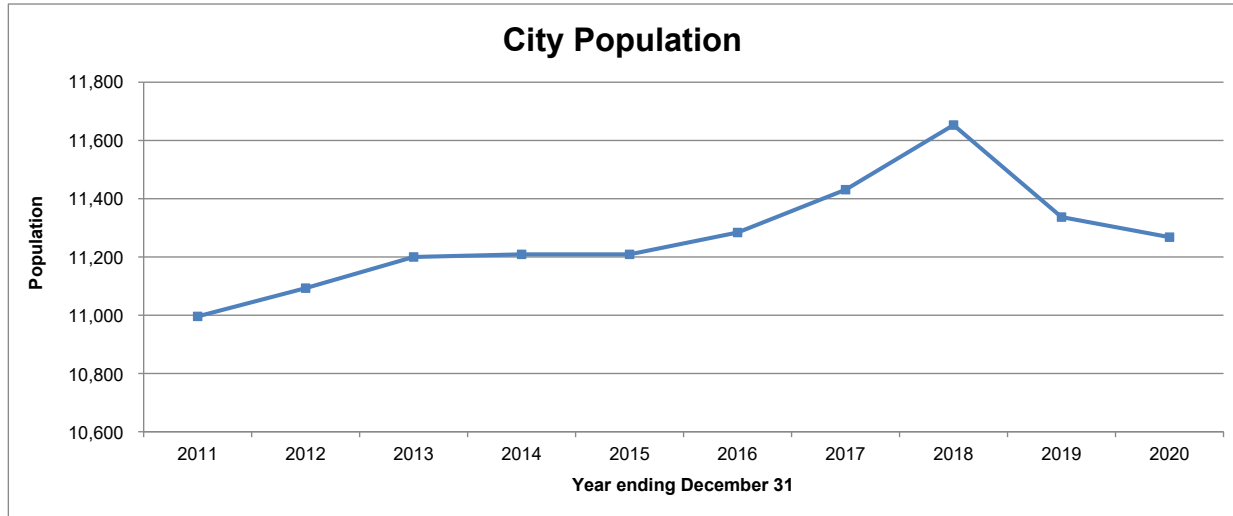
**City of Clayton**  
**Statistical Section**  
**Bonded Debt Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Debt Service <sup>1</sup>			Coverage Ratio
	Tax Increment	Principal	Interest	
2012	5,064,047	610,000	323,451	5.43
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-

Source: City of Clayton Finance Department.

<sup>1</sup> The balance of the tax allocation bonds was transferred to the Successor Agency as of February 1, 2012. Principal and interest payments are recorded through January 31, 2012.

**City of Clayton  
Statistical Section  
Demographic and Economic Statistics  
Last Ten Fiscal Years**



Calendar Year	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Contra Costa County Population <sup>1</sup>	City Population % of County
2011	10,996	577,972	52,562	2.5%	1,056,064	1.04%
2012	11,093	562,914	50,745	1.7%	1,065,117	1.04%
2013	11,200	567,885	50,704	1.4%	1,074,702	1.04%
2014	11,209	581,063	51,839	5.4%	1,087,008	1.03%
2015	11,209	620,092	55,320	4.4%	1,102,871	1.02%
2016	11,284	628,783	55,723	3.9%	1,123,429	1.00%
2017	11,431	656,122	57,398	3.1%	1,149,363	0.99%
2018	11,653	694,323	59,583	1.8%	1,155,879	1.01%
2019	11,337	776,778	68,517	1.4%	1,153,561	0.98%
2020	11,268	817,954	72,590	5.3%	1,165,927	0.97%

<sup>1</sup> Source: California State Department of Finance Price and Population Information letter to local governments.

Source of other information shown: HdL, Coren & Cone, Demographic and Economic Statistics Report.

City of Clayton  
Statistical Section  
Full-Time Equivalent City Employees by Function  
Last Ten Fiscal Years

	Fiscal Year Ending June 30		
	2012	2013	2014
<b>Function:</b>			
<b>General Government:</b>			
Management Services	2.00	2.00	2.00
Finance	2.30	2.30	2.30
City Clerk/Human Resources	1.00	1.00	1.00
	<u>5.30</u>	<u>5.30</u>	<u>5.30</u>
<b>Public Safety:</b>			
Sworn Officers	11.00	11.00	11.00
Non-Sworn/Administration	2.00	2.00	2.00
	<u>13.00</u>	<u>13.00</u>	<u>13.00</u>
<b>Public Works<sup>1</sup></b>	3.70	3.50	3.40
<b>Parks &amp; Recreation<sup>1</sup></b>	1.30	1.50	1.60
<b>Community &amp; Economic Development:</b>			
Planning Services	1.60	1.60	1.60
Code Enforcement	0.30	0.30	0.30
	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>
<b>Totals</b>	<u>25.20</u>	<u>25.20</u>	<u>25.20</u>

Source: City of Clayton Finance Department, Adopted Budgets.

<sup>1</sup> Full-time equivalent figure for maintenance personnel allocated to public works and parks & recreation functions based on actual historical labor

**City of Clayton**  
**Statistical Section**  
**Full-Time Equivalent City Employees by Function**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ending June 30</b>						
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
2.00	2.00	2.00	2.00	2.00	2.00	2.00
2.30	2.30	2.30	2.30	2.30	2.30	2.30
1.00	1.00	1.00	1.00	1.00	1.00	1.00
5.30	5.30	5.30	5.30	5.30	5.30	5.30
11.00	11.00	11.00	11.00	11.00	11.00	11.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
13.00	13.00	13.00	13.00	13.00	13.00	13.00
3.10	3.50	4.80	4.50	4.50	4.50	4.50
1.90	1.50	1.20	1.50	1.50	1.50	1.50
1.60	1.60	1.60	1.60	1.60	1.60	1.60
0.30	0.30	0.30	0.30	0.30	0.30	0.30
1.90	1.90	1.90	1.90	1.90	1.90	1.90
25.20	25.20	26.20	26.20	26.20	26.20	26.20

**City of Clayton**  
**Statistical Section**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	<b>Fiscal Year Ending</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Function:</b>				
<b>Police:</b>				
Police calls for service	*	5,962	5,858	7,303
Parking violations	*	125	40	53
Traffic citations	*	585	664	653
Physical arrests	182	201	137	200
<b>Public Works:</b>				
Storm drains inspected	*	*	*	*
Trees trimmed	*	*	*	*
Park maintenance (acres)	*	*	*	*
Street signs maintained	*	*	*	*
Traffic signals maintained	*	*	*	*
Streetlights maintained	*	*	*	*
<b>Parks and Recreation Services:</b>				
Endeavor Hall rentals (days)	*	*	*	*
Hoyer Hall rentals	*	*	*	*
Ballfields (hours rented)	*	*	*	*
<b>Community and Economic Development:</b>				
Planning permits issued	*	*	*	*
Code enforcement cases closed	*	*	*	*
Building permits issued	182	201	376	430
<b>General Government:</b>				
Business licenses issued	*	*	547	707
Home occupation applications	*	*	*	
Number of recruitments	*	*	*	*

Source: Clayton Finance Department, Contra Costa County Building Department, Clayton Planning Department, Clayton Police Department, Clayton Maintenance Department.

\* Fiscal year ending June 30, 2016 was the first year of ACFR implementation for the City, this historical data not readily available.

**City of Clayton  
Statistical Section  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Fiscal Year Ending</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
6,730	6,650	7,497	7,545	8,419	6,164
53	151	132	146	572	390
518	494	506	386	289	272
219	150	169	169	94	67
500	500	500	56	500	500
70	70	70	316	412	385
19.07	19.07	19.07	19.07	19.07	19.07
350	350	350	17	212	160
13	13	13	7	13	13
1,200	1,200	1,200	89	1,196	1,200
135	144	138	139	86	2
33	53	39	92	33	0
1,512	1,170	1,047	1,225	386	922
161	107	182	187	36	87
61	93	43	79	47	101
386	403	475	424	232	401
645	777	840	741	768	646
20	16	28	22	14	18
5	3	6	3	5	6

**City of Clayton**  
**Statistical Section**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year Ending June 30			
	2011	2012	2013	2014
<b>Function:</b>				
<b>Public Safety:</b>				
Automated license plate readers	0	0	0	0
Police stations	1	1	1	1
Patrol units	*	*	*	*
Situational awareness traffic cameras	0	0	0	0
Trailers/Trucks	*	*	*	*
<b>Public Works:</b>				
City owned parking lots	6	6	6	6
Community facilities	*	*	*	*
Curb lane miles	*	*	*	*
Manholes	*	*	*	*
Miles of storm drains	*	*	*	*
Number of catch basins	*	*	*	*
Number of street islands/medians	*	*	*	*
Miles of "v" ditches	*	*	*	*
Parking meters	0	0	0	0
Street signs	*	*	*	*
Streetlights (City owned)	*	*	*	*
Tractors/Trailers	*	*	*	*
Traffic signals (intersections)	*	*	*	*
Work trucks	*	*	*	*
<b>Parks and Recreation Services:</b>				
Acres of city parks	19.07	19.07	19.07	19.07
Acres of landscaped area (excl. parks)	46	46	46	46
Acres of open space	515.51	515.51	515.51	515.51
Acres of parks and irrigation	50	50	50	50
Miles of creekside trails	7	7	7	7
Miles of open space trails	20	20	20	20
Number of city parks	7	7	7	7
Number of city trees	3,000	3,000	3,000	3,000
Number of pedestrian bridges	9	9	9	9
Number of children playgrounds	4	4	4	4
Number of playfields	4	4	4	4



**City of Clayton**  
**Statistical Section**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ending June 30</b>						
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
0	0	0	6	6	6	6
1	1	1	1	1	1	1
8	10	11	10	10	10	10
0	0	0	4	4	4	4
2	2	2	2	2	2	2
6	6	6	6	6	6	6
3	3	3	3	3	3	3
*	82	82	82	82	82	82
*	162	162	162	162	162	162
*	32.479	32.479	32.479	32.479	32.479	32.479
*	968	968	968	968	968	968
*	50	50	50	50	50	50
*	15	15	15	15	15	15
0	0	0	0	0	0	0
*	2,000	2,000	2,000	2,015	2015	2015
*	500	500	500	500	500	500
11	12	13	13	14	14	14
13	13	13	13	13	13	13
8	8	8	8	7	8	8
19.07	19.07	19.07	19.07	19.07	19.07	19.07
46	46	46	46	46	46	46
515.51	515.51	515.51	515.51	515.51	515.51	515.51
50	50	50	50	50	50	50
7	7	7	7	7	7	7
20	20	20	20	20	20	20
7	7	7	7	7	7	7
3,000	3,000	3,000	3,000	3,000	3000	3000
9	9	9	9	9	9	9
4	4	4	4	4	4	4
4	4	4	4	4	4	4

**General Information:**

Date of Incorporation	March 18, 1964
Form of Government	Council-Manager
Number of authorized City employees	27

**Population:**

Population	12,265
Median age	46.3
Median household income	\$157,768
Registered voters	8,363
Area in square miles	4.3

**Miles of Streets:**

Lane miles	44.9
Pavement condition index	80/100 ["Very Good" rating]

**Fire Protection (CalFire Services Clayton)**

Number of stations	1
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**Police Protection**

Number of stations	1
Number of patrol vehicles	10
Number of sworn personnel	11

**Education**

Elementary Schools:	1
Mt Diablo Elementary	
Middle Schools:	1
Diablo View Middle School	

**Library (Contracted with Contra Costa County)**

Number of libraries	1
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**Parks & Community Facilities**

Park sites	7
Park acreage	19.07
Open space acreage	515.51
Open space trail miles	20
Creekside trail miles	7
Endeavor Hall	1
Hoyer Hall (in the library)	1
City Hall Conference Room	1

Source: City of Clayton Finance Department, Contra Costa County Library, City of Clayton City Clerk, HdL  
 "Demographic and Economics Statistics" Report for calendar year 2018, US Census, DataUSA.

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## **ADDITIONAL REPORTS**

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

To the City Council  
City of Clayton, California

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 Clayton, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2022.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described below to be material weaknesses.

Continuity of Personnel

In the past few years, the City has had significant transition in management, particularly with the Finance Director position. Since the beginning of the fiscal year ended June 30, 2021, the City has gone from a Finance Director of a year, to an interim Finance Director, and to a new Finance Director.

With the change in management, some of the institutional knowledge and responsibilities that are essential for the smooth operation of the City have been lost. As a result, the audit noted a dozen general ledger accounts across multiple funds that were not properly closed which resulted in eight (8) material journal entries.

We recommend that management consider developing a succession plan in the event the Finance Director is unable to perform their duties for a length of time due to illness, attrition, or any other reason. The succession plan should outline procedures to be implemented and a redistribution of

responsibilities in the event of a temporary or permanent change. This plan will ensure that the organization will be able to conduct its operations in the orderly and efficient manner that has been the basic ingredient for its past success.

#### General Ledger Closing Procedures

The audit noted that periodic reconciliations and closings of books has not been happening which has resulted in additional hours to reconcile accounts (e.g. pooled cash) and to audit.

We recommend that reconciling and closing procedures include locking the accounting records at quarter-end so that the records remain relevant and reliable.

#### Notes Receivable and Payable

The audit noted material journal entries to the balances of notes receivable and payable. The accounting for these balances is complex because of the interfund relationships that occur with the balances.

We recommend that management document and define the reoccurring and required entries to record the movement of funds to and from outside sources and between City funds.

#### Fixed Asset Module

The audit noted that capital expenditures had not been properly captured in the fixed asset module. In addition, the balances in the fixed asset module were not reconciled with the general ledger.

We recommend that a reconciliation between the fixed asset module and the general ledger be made during the closing of books.

*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. We consider the deficiencies described below to be significant deficiencies.

#### IT Review

During the year the City's accounts were compromised and unauthorized funds were withdrawn. Many frauds in government are the result of phishing and stealing of IDs and passwords.

We recommend that the City review and improve IT safeguards, procedures, and policies. Examples of IT improvements should include at a minimum:

- periodic required password updates
- remote access safeguards
- network access safeguards
- mobile device restrictions

#### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Response to Findings**

The City's response to the findings identified in our audit is described below. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The City acknowledges that there has been a lot of turnover in the Finance Director role and that with such a small staff in order to properly safeguard the Cities assets and have strong internal controls a robust succession plan is needed. We acknowledge and agree with the findings that each year and quarter need to be closed on a timely basis as well as locking the accounting system for past fiscal years. We will need to assess the project size and develop a plan to complete the locking of past fiscal years so that nothing can be posted to the past. The City acknowledges the need to document and define reoccurring entries to record the movement of all funds. The City acknowledges the need to record and reconcile fixed assets in a timely manner to ensure the general ledger ties and is in balance. The City also understand the need for strong IT systems and will assess our current processes and procedures around our network, user access, password reset processes and mobile device restrictions. We will develop a plan throughout the next fiscal year to implement the recommendations.

### **Purpose of this Report**

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



CROPPER ROWE, LLP  
Walnut Creek, California  
January 26, 2022

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January 26, 2022

City Council  
City of Clayton, California  
6000 Heritage Trail

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Clayton are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City of Clayton during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Clayton's financial statements were:

- Management's estimate of the liabilities, deferred inflows, and deferred outflows related to both pension benefits (Note 10) and Other Post-Employment Benefits (OPEB) (Note 11). These estimates are based on the provisions of GASB No. 68 and GASB No. 75, respectively, and actuarial methodology and assumptions. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation expense (Note 5) is based on the useful lives of the underlying assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of plan details for the Pension plans as described in Note 10 to the financial statements.
- The disclosure of plan details for Other Post-Employment Benefits as described in Note 11 to the financial statements.
- The disclosure of the classifications of fund balances and net position in Note 13 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The material misstatements listed on the attached schedule were corrected by management and were detected as a result of audit procedures or were booked by management after the audit began.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 26, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Clayton's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Clayton's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, Schedule of Proportionate Share of Net Pension Liability, Schedule of Pension Plan Contribution, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and statistical sections of the comprehensive annual financial report (CAFR), which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Clayton and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CROPPER ROWE, LLP  
Walnut Creek, California

Client: CITY OF CLAYTON

Current Period: 06/30/2021

**Type of Journal**

Entry Proposed/Uncorrected Journal Entries

Account	Description	Debit	Credit	Net Income Effect
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**3**

BR: Record allowance for doubtful accounts for old balances.

101-1CAC-AD	Allowance for doubtful accounts	0.00	5,799.00	
101-7389-00	Misc. Expense	5,799.00	0.00	
216-1CAC-AD	Allowance for Doubtful Accounts	0.00	3,000.00	
216-7CAC-BD	Bad debt expense	<u>3,000.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>8,799.00</u></b>	<b><u>8,799.00</u></b>	<b><u>(8,799.00)</u></b>

**4**

AH: Accrue 2021 portion of 6/28-7/11/21 Payroll

101-7111-02	Regular Salaries	19,734.98	0.00	
101-2201-00	Salaries and Wages Payable	<u>0.00</u>	<u>19,734.98</u>	
<b>Total</b>		<b><u>19,734.98</u></b>	<b><u>19,734.98</u></b>	<b><u>(19,734.98)</u></b>

**PJE #1**

BR: Record difference between GL and Aging A/P.

101-2101-00	Accounts Payable	4,093.45	0.00	
101-7389-00	Misc. Expense	<u>0.00</u>	<u>4,093.45</u>	
<b>Total</b>		<b><u>4,093.45</u></b>	<b><u>4,093.45</u></b>	<b><u>4,093.45</u></b>

**PJE #2**

BR: Adjust Bank of America GL balance to estimated correct balance.

999-1101-00	Cash in B of A Checking	0.00	3,151.42	
999-1199-00	Equity in Pooled Cash	3,151.42	0.00	
101-1199-00	Equity in Pooled Cash			

		0.00	3,151.42	
101-7389-00	Misc. Expense	<u>3,151.42</u>	<u>0.00</u>	
<b>Total</b>		<b><u>6,302.84</u></b>	<b><u>6,302.84</u></b>	<b><u>(3,151.42)</u></b>

**PJE #3**

BR: Accrue subsequent expenditures that were not cut-off properly.

101-2107-00	Accrued Expenses	0.00	22,725.00	
101-7111-02	Regular Salaries	20,958.00	0.00	
101-7389-00	Misc. Expense	<u>1,767.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>22,725.00</u></b>	<b><u>22,725.00</u></b>	<b><u>(22,725.00)</u></b>

**PJE #4**

BR: Correctly record CY revenue in the CY and not in the PY.

202-3201-00	Unreserved/Designated Fund Bal	16,288.58	0.00	
202-5218-00	State Gasoline 2030 (RMRA)	<u>0.00</u>	<u>16,288.58</u>	
<b>Total</b>		<b><u>16,288.58</u></b>	<b><u>16,288.58</u></b>	<b><u>16,288.58</u></b>

<b>GRAND TOTAL</b>		<b><u>455,251.34</u></b>	<b><u>455,251.34</u></b>	<b><u>(34,028.37)</u></b>
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**Type of Journal**

**Entry** Corrected Journal Entries

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Net Income Effect</b>
<b>1</b>				
	BR: Record FY2021 Stranahan note and interest receivables activity.			
616-7389-00	Misc. Expense	27,951.19	0.00	
616-1361-00	Notes Receivable-StranahanII Mo	0.00	27,951.19	
616-1305-00	Accrued Interest Receivable	2,439.36	0.00	
616-1260-00	Allowance For Stranahan NR Interest	<u>0.00</u>	<u>2,439.36</u>	
<b>Total</b>		<b><u>30,390.55</u></b>	<b><u>30,390.55</u></b>	<b><u>(25,511.83)</u></b>

**2**

## BR: True-up of LT Debt and Noncurrent Receivables

217-2103-00	Note Payable RDA	0.00	590.00
217-1331-00	Assessment Receivable	590.00	0.00
223-2103-00	Note Payable RDA	0.00	1,826.27
223-1331-00	Assessment Receivable	1,826.27	0.00
422-2108-00	Current Portion of LTD	0.00	395,000.00
422-2804-00	Principal Payment (CFA 2007)	395,000.00	0.00
615-2108-00	Current Portion of LTD	60,000.00	0.00
615-2802-00	2014 Refunding Bonds Payable	0.00	60,000.00
615-1331-00	Note Receivable High St Bridge	10,891.00	0.00
615-2720-00	Deferred Revenues	0.00	11,755.00
615-7420-00	Administrative Costs	864.00	0.00
615-1199-00	Equity in Pooled Cash	8,182.82	0.00
615-1333-00	Note Receivable from Oak St Sewer	0.00	8,182.82
422-1230-00	Investment in Bonds - Due in One Year	434,000.00	0.00
422-1251-00	Investment in Bonds	0.00	59,000.00
422-1210-00	Cash with Fiscal Agent (1990-1)	0.00	375,000.00
422-2102-00	Accrued Interest Payable	5,000.00	0.00
422-7612-00	Interest Expense	0.00	5,000.00
615-2102-00	Accrued Interest Payable	1,143.00	0.00
615-7612-00	Interest Expense	0.00	1,143.00
615-1401-00	Prepaid Expenses	0.00	360,000.00
615-2108-00	Current Portion of LTD	360,000.00	0.00
222-2102-00	Accrued Interest Payable		

		100.00	0.00	
222-7612-00	Interest Expense	<u>0.00</u>	<u>100.00</u>	
<b>Total</b>		<b><u>1,277,597.09</u></b>	<b><u>1,277,597.09</u></b>	<b><u>279.00</u></b>

## 5

BR: Replenish EH (702) negative cash from General Fund.

101-1199-00	Equity in Pooled Cash	0.00	42,543.78	
101-1330-00	Advances to Other Funds	42,921.39	0.00	
702-1199-00	Equity in Pooled Cash	42,543.78	0.00	
702-2601-00	Due to General Fund	0.00	42,921.39	
702-1203-00	Allowance for GASB31 Gain/Loss	377.61	0.00	
101-1203-00	Allowance for GASB31 Gain/Loss	<u>0.00</u>	<u>377.61</u>	
<b>Total</b>		<b><u>85,842.78</u></b>	<b><u>85,842.78</u></b>	<b><u>0.00</u></b>

## 6

BR: Remove gross up of 615 - RDA Successor Agency prepaid and accrued interest.

615-1401-00	Prepaid Expenses	0.00	17,307.00	
615-2102-00	Accrued Interest Payable	<u>17,307.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>17,307.00</u></b>	<b><u>17,307.00</u></b>	<b><u>0.00</u></b>

## CLIENT #1

Record CY activity of LT Debt and Receivables.

616-2721-00	Deferred Revenue	106,400.00	0.00	
616-1362-00	Note Receivable P.A.M.	0.00	106,400.00	
615-2720-00	Deferred Revenues	11,754.55	0.00	
615-1331-00	Note Receivable High St Bridge	0.00	11,754.55	
420-2803-00	CFD 1990-1R (Middle School ) Local Obligations Payable	409,000.00	0.00	
420-1304-00	Assessments Receivable	0.00	409,000.00	
223-2103-00	Note Payable RDA			

		10,009.09	0.00	
223-1331-00	Assessment Receivable	0.00	10,009.09	
222-2103-00	Bonds Payable	5,000.00	0.00	
222-1304-00	Assessments Receivable	0.00	5,000.00	
217-2103-00	Note Payable RDA	1,454.00	0.00	
217-1331-00	Assessment Receivable	<u>0.00</u>	<u>1,454.00</u>	
<b>Total</b>		<b><u>543,617.64</u></b>	<b><u>543,617.64</u></b>	<b><u>0.00</u></b>

**CLIENT #2**

To book adjustment to FMV for Stranahan cir properties

	Equity Investment in Low-Moderate Income Housing			
616-1255-00		384,778.00	0.00	
616-5606-00	Unrealized Inv. Gain/Loss	<u>0.00</u>	<u>384,778.00</u>	
<b>Total</b>		<b><u>384,778.00</u></b>	<b><u>384,778.00</u></b>	<b><u>384,778.00</u></b>

**CLIENT #3**

Record CY depreciation for CY additions.

502-7390-00	Depreciation Expense	10,155.90	0.00	
502-1505-00	Accumulated Depreciation	<u>0.00</u>	<u>10,155.90</u>	
<b>Total</b>		<b><u>10,155.90</u></b>	<b><u>10,155.90</u></b>	<b><u>(10,155.90)</u></b>

**CLIENT #4**

Client accommodation entry to update TB with journals made subsequent to initial delivery of the TB.

101-1199-00	Equity in Pooled Cash	3,948.70	0.00	
101-2107-00	Accrued Expenses	0.00	3,415.63	
101-5601-00	Interest	17,397.09	0.00	
101-7332-02	Telecommunications	154.12	0.00	
101-7332-03	Telecommunications	14.54	0.00	
101-7332-04	Telecommunications	17.43	0.00	
101-7332-06	Telecommunications			



		108.09	0.00
101-7332-07	Telecommunications	58.22	0.00
101-7335-03	Gas & Electricity	2,018.28	0.00
101-7335-07	Gas & Electricity	2,350.47	0.00
101-7335-09	Gas & Electricity	97.46	0.00
101-7338-03	Water Services	0.00	284.37
101-7338-07	Water Services	0.00	2.20
101-7338-09	Water Services	0.00	1,116.41
101-7485-06	Capital Outlay - Machinery, Vehicles & Equipment	0.00	21,345.79
201-2107-00	Accrued Expenses	0.00	2,045.43
201-7335-00	Gas & Electricity	2,045.43	0.00
210-2107-00	Accrued Expenses	0.00	130.17
210-7335-00	Gas & Electric Services	950.14	0.00
210-7338-00	Water Services	0.00	819.97
211-2107-00	Accrued Expenses	246.99	0.00
211-7335-00	Gas & Electric Services	50.81	0.00
211-7338-00	Water Services	0.00	297.80
214-2107-00	Accrued Expenses	0.00	4,809.30
214-7335-00	Gas & Electric Services	4,809.30	0.00
222-1210-00	Cash with Fiscal Agent	0.00	7.33
222-5601-00	Interest	0.00	0.11
222-7612-00	Interest Expense	7.44	0.00
231-2107-00	Accrued Expenses	81.56	0.00
231-7335-00	Gas & Electric Services	20.51	0.00
231-7338-00	Water Services		

		0.00	102.07	
502-1199-00	Equity in Pooled Cash	0.00	21,345.79	
502-7485-00	Capital Outlay - Machinery, Vehicles & Equipment	21,345.79	0.00	
702-2107-00	Accrued Expenses	72.15	0.00	
702-7332-00	Telecommunications	27.12	0.00	
702-7338-00	Water Services	0.00	99.27	
999-1101-00	Cash in B of A Checking	0.00	17,397.09	
999-1199-00	Equity in Pooled Cash	<u>17,397.09</u>	<u>0.00</u>	
<b>Total</b>		<b><u>73,218.73</u></b>	<b><u>73,218.73</u></b>	<b><u>(27,478.48)</u></b>

**CLIENT #5**

Client Accommodation Entry: Record interest receivable at year-end for GF and true-up the Fund 422 interest receivable.

101-1305-00	Accrued Interest Receivable	23,863.79	0.00	
101-5601-00	Interest	0.00	23,863.79	
422-1305-00	Accrued Interest Receivable	0.00	8,860.00	
422-5601-00	Interest	<u>8,860.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>32,723.79</u></b>	<b><u>32,723.79</u></b>	<b><u>23,863.79</u></b>

**CLIENT #6**

Record the actual PERS Liability balance at YE based on the Bartel & Assoc. actuarial valuation report.

802-2206-00	PERS Liability	0.00	453,768.00	
802-1512-00	Amount Provided for Unfunded Pension Liability	<u>453,768.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>453,768.00</u></b>	<b><u>453,768.00</u></b>	<b><u>0.00</u></b>

**CLIENT #7**

AJE to record June 30 2021 comp time payable.

101-2350-00	Current Portion Accrued Vacation Payable	0.00	13,867.52	
101-7111-06	Regular Salaries	13,867.52	0.00	

802-2301-00	Accrued Leave Payable	0.00	13,867.52	
802-1509-00	Amount Provided for LT Comp Abs Liability	<u>13,867.52</u>	<u>0.00</u>	
<b>Total</b>		<b><u>27,735.04</u></b>	<b><u>27,735.04</u></b>	<b><u>(13,867.52)</u></b>

**CLIENT #8**

## SERAF Loan Repay

615-2105-00	Successor Housing Agency SERAF Loan	148,103.00	0.00	
615-2107-00	Accrued Expenses	0.00	3,000.00	
616-1300-00	Accounts Receivable Accruals	3,000.00	0.00	
616-1306-00	Notes Receivable RDA Project Fund	0.00	148,103.00	
615-1199-00	Equity in Pooled Cash	0.00	148,103.00	
615-1199-00	Equity in Pooled Cash	3,000.00	0.00	
616-1199-00	Equity in Pooled Cash	0.00	3,000.00	
616-1199-00	Equity in Pooled Cash	<u>148,103.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>302,206.00</u></b>	<b><u>302,206.00</u></b>	<b><u>0.00</u></b>

**CLIENT #9**

## #4275 RMRA State Gas Tax Accrual

202-5218-00	State Gasoline 2030 (RMRA)	0.00	20,487.50	
202-1300-00	Accounts Receivable Accruals	20,487.50	0.00	
202-5218-00	State Gasoline 2030 (RMRA)	0.00	0.00	
202-1300-00	Accounts Receivable Accruals	<u>0.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>20,487.50</u></b>	<b><u>20,487.50</u></b>	<b><u>20,487.50</u></b>

**CLIENT #11**

## #4265 Accrue prepaid business licenses

101-5101-00	Business Licenses	8,372.68	0.00	
101-1303-00	Accounts Receivable	18,380.95	0.00	

101-2722-00	Unearned Revenue - Prepaid Business License Renewals	<u>0.00</u>	<u>26,753.63</u>	
<b>Total</b>		<b><u>26,753.63</u></b>	<b><u>26,753.63</u></b>	<b><u>(8,372.68)</u></b>

#### CLIENT #12

#4270 Allocate Interest rev across funds

101-1199-00	Equity in Pooled Cash	0.00	20,578.71	
101-5601-00	Interest	20,578.71	0.00	
110-1199-00	Equity in Pooled Cash	0.00	4,283.44	
110-5601-00	Interest	4,283.44	0.00	
201-1199-00	Equity in Pooled Cash	0.00	2,677.27	
201-5601-00	Interest	2,677.27	0.00	
202-1199-00	Equity in Pooled Cash	0.00	5,162.04	
202-5601-00	Interest	5,162.04	0.00	
210-1199-00	Equity in Pooled Cash	10,677.25	0.00	
210-5601-00	Interest	0.00	10,677.25	
211-1199-00	Equity in Pooled Cash	1,093.65	0.00	
211-5601-00	Interest	0.00	1,093.65	
212-1199-00	Equity in Pooled Cash	0.00	500.68	
212-5601-00	Interest	500.68	0.00	
213-1199-00	Equity in Pooled Cash	788.24	0.00	
213-5601-00	Interest	0.00	788.24	
214-1199-00	Equity in Pooled Cash	926.48	0.00	
214-5601-00	Interest	0.00	926.48	
216-1199-00	Equity in Pooled Cash	644.88	0.00	
216-5601-00	Interest	0.00	644.88	
217-1199-00	Equity in Pooled Cash			

		0.00	42.61
217-5601-00	Interest	42.61	0.00
218-1199-00	Equity in Pooled Cash	0.00	145.30
218-5601-00	Interest	145.30	0.00
220-1199-00	Equity in Pooled Cash	1,081.49	0.00
220-5601-00	Interest	0.00	1,081.49
222-1199-00	Equity in Pooled Cash	0.00	111.30
222-5601-00	Interest	111.30	0.00
223-1199-00	Equity in Pooled Cash	15.50	0.00
223-5601-00	Interest	0.00	15.50
230-1199-00	Equity in Pooled Cash	2,614.61	0.00
230-5601-00	Interest Income	0.00	2,614.61
231-1199-00	Equity in Pooled Cash	0.00	1,148.07
231-5601-00	Interest	1,148.07	0.00
303-1199-00	Equity in Pooled Cash	8,737.03	0.00
303-5601-00	Interest	0.00	8,737.03
304-1199-00	Equity in Pooled Cash	4,869.45	0.00
304-5601-00	Interest	0.00	4,869.45
405-1199-00	Equity in Pooled Cash	5,169.57	0.00
405-5601-00	Interest	0.00	5,169.57
420-1199-00	Equity in Pooled Cash	0.00	2,716.07
420-5601-00	Interest	2,716.07	0.00
422-1199-00	Equity in Pooled Cash	5.55	0.00
422-5601-00	Interest	0.00	5.55
501-1199-00	Equity in Pooled Cash		

		0.00	14.81	
501-5601-00	Interest	14.81	0.00	
502-1199-00	Equity in Pooled Cash	76.37	0.00	
502-5601-00	Interest	0.00	76.37	
503-1199-00	Equity in Pooled Cash	2,408.93	0.00	
503-5601-00	Interest	0.00	2,408.93	
615-1199-00	Equity in Pooled Cash	0.00	1,700.63	
615-5601-00	Interest	1,700.63	0.00	
616-1199-00	Equity in Pooled Cash	0.00	28.07	
616-5601-00	Interest	<u>28.07</u>	<u>0.00</u>	
<b>Total</b>		<b><u>78,218.00</u></b>	<b><u>78,218.00</u></b>	<b><u>3,256.17</u></b>

**CLIENT #13**

#4269 Correct interest allocation

101-1199-00	Equity in Pooled Cash	72,087.15	0.00	
101-1199-00	Equity in Pooled Cash	0.00	2,500.00	
101-5601-00	Interest	2,500.00	0.00	
101-5601-00	Interest	0.00	72,087.15	
422-1199-00	Equity in Pooled Cash	0.00	72,087.15	
422-1199-00	Equity in Pooled Cash	2,500.00	0.00	
422-5601-00	Interest	<u>69,587.15</u>	<u>0.00</u>	
<b>Total</b>		<b><u>146,674.30</u></b>	<b><u>146,674.30</u></b>	<b><u>69,587.15</u></b>

**CLIENT #14**

#4267 decrease OPEB liability per GASB 75

802-2407-00	LT OPEB Liability	3,372.00	0.00	
802-1510-00	Amount Provided for LT OPEB Liability	<u>0.00</u>	<u>3,372.00</u>	

<b>Total</b>		<b><u>3,372.00</u></b>	<b><u>3,372.00</u></b>	<b><u>0.00</u></b>
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**CLIENT #15**

BR: Adjust to actual the capital assets balance of CERF.

502-1504-00	Vehicles, Machinery, and Equipment	94,282.98	0.00	
502-1505-00	Accumulated Depreciation	0.00	1,249.76	
502-7390-00	Depreciation Expense	1,249.76	0.00	
502-7485-00	Capital Outlay - Machinery, Vehicles & Equipment	<u>0.00</u>	<u>94,282.98</u>	
<b>Total</b>		<b><u>95,532.74</u></b>	<b><u>95,532.74</u></b>	<b><u>93,033.22</u></b>

**CLIENT #16**

Book the interfund activity between 223 and 615 for the Oak Street Sewer Assessment.

223-7611-00	Principal	8,182.82	0.00	
223-7612-00	Interest Expense	1,827.27	0.00	
223-1199-00	Equity in Pooled Cash	0.00	10,010.09	
615-1199-00	Equity in Pooled Cash	1,827.27	0.00	
615-5790-00	Other Revenues-RDA Successor Agency	<u>0.00</u>	<u>1,827.27</u>	
<b>Total</b>		<b><u>11,837.36</u></b>	<b><u>11,837.36</u></b>	<b><u>1,827.27</u></b>

**CLIENT #17**

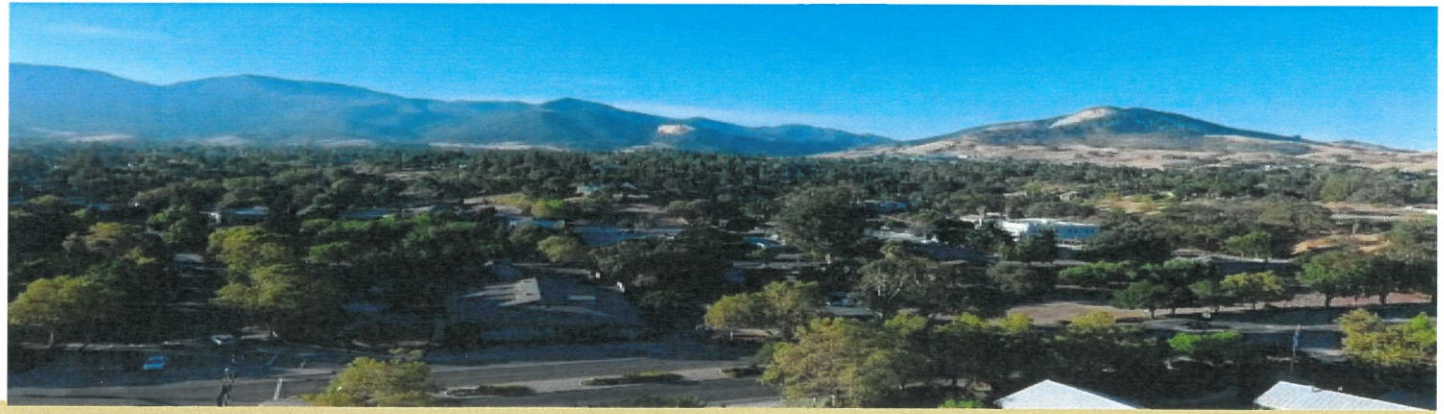
AJE #4293 Rainy Day Fund Corrections-Audit

110-6001-00	Transfer From General Fund	0.00	290,592.00	
101-8118-00	Transfer	290,592.00	0.00	
101-7111-02	Regular Salaries	0.00	118,774.00	
110-7111-02	Regular Salaries	118,774.00	0.00	
110-7417-05	Janitorial Services	2,500.00	0.00	
101-7417-05	Janitorial Services	0.00	2,500.00	
110-7408-06	Crossing guard services	4,200.00	0.00	

101-7408-06	Crossing guard services	0.00	4,200.00	
110-7486-06	CERF Charges	16,306.00	0.00	
101-7486-06	CERF Charges	0.00	16,306.00	
110-8111-00	Transfer to CIP Fund	330,000.00	0.00	
303-6032-00	Transfer from Rainy Day Fund	0.00	330,000.00	
110-1199-00	Equity in Pooled Cash	290,592.00	0.00	
110-1199-00	Equity in Pooled Cash	0.00	471,780.00	
101-1199-00	Equity in Pooled Cash	0.00	290,592.00	
101-1199-00	Equity in Pooled Cash	141,780.00	0.00	
303-1199-00	Equity in Pooled Cash	<u>330,000.00</u>	<u>0.00</u>	
<b>Total</b>		<b><u>1,524,744.00</u></b>	<b><u>1,524,744.00</u></b>	<b><u>(290,592.00)</u></b>
<b>GRAND TOTAL</b>		<b><u>5,146,960.05</u></b>	<b><u>5,146,960.05</u></b>	<b><u>221,133.69</u></b>

DRAFT 1/26/2022





# FY 2020/21 Financial Audit Results

Bryce Rojas, CPA  
Cropper Rowe, LLP (City's External Auditor)

Council Meeting  
February 15, 2022

# Background

Annual external audit of basic financial statements is required to comply with legal and regulatory requirements.

Cropper Rowe, LLP is the CPA firm serving the City as the external auditor.

Bryce Rojas, CPA is your audit partner. Our office is located in Walnut Creek.



# Fiscal 20/21 Financial Audit

## Key Findings

- The City's financial position is strong.
  - “Unmodified” or “clean” opinion issued by auditor represents highest quality outcome.
- The City decreased its net position by \$892k to \$45.37 million on June 30, 2021. The unrestricted net position was \$2.38 million.
- The City's *General Fund* operations resulted in a \$55.6k deficiency of revenues over expenditures. The fund balance was \$6.109 million, of which \$5.811 million was unassigned.
- Ultimately, the City decreased its net position by \$892k.



# Fiscal 20/21 Financial Audit Memorandum on Internal Control

- Material weaknesses identified in City's internal controls
  - Continuity of personnel
  - General ledger closing procedure
  - Notes receivable and Payable
  - Fixed asset module
- Opportunities to Strengthen Internal Controls and Operating Efficiency
  - IT Review





# Fiscal 20/21 Financial Audit

## Financial Highlights

**Total Net Position = \$45.367 million**

- Net investment in capital assets = \$29.832 million
- Restricted for special projects and programs = \$13.157 million
- Unrestricted net position= \$2.379 million

**Change in Net Position (\$892k)**

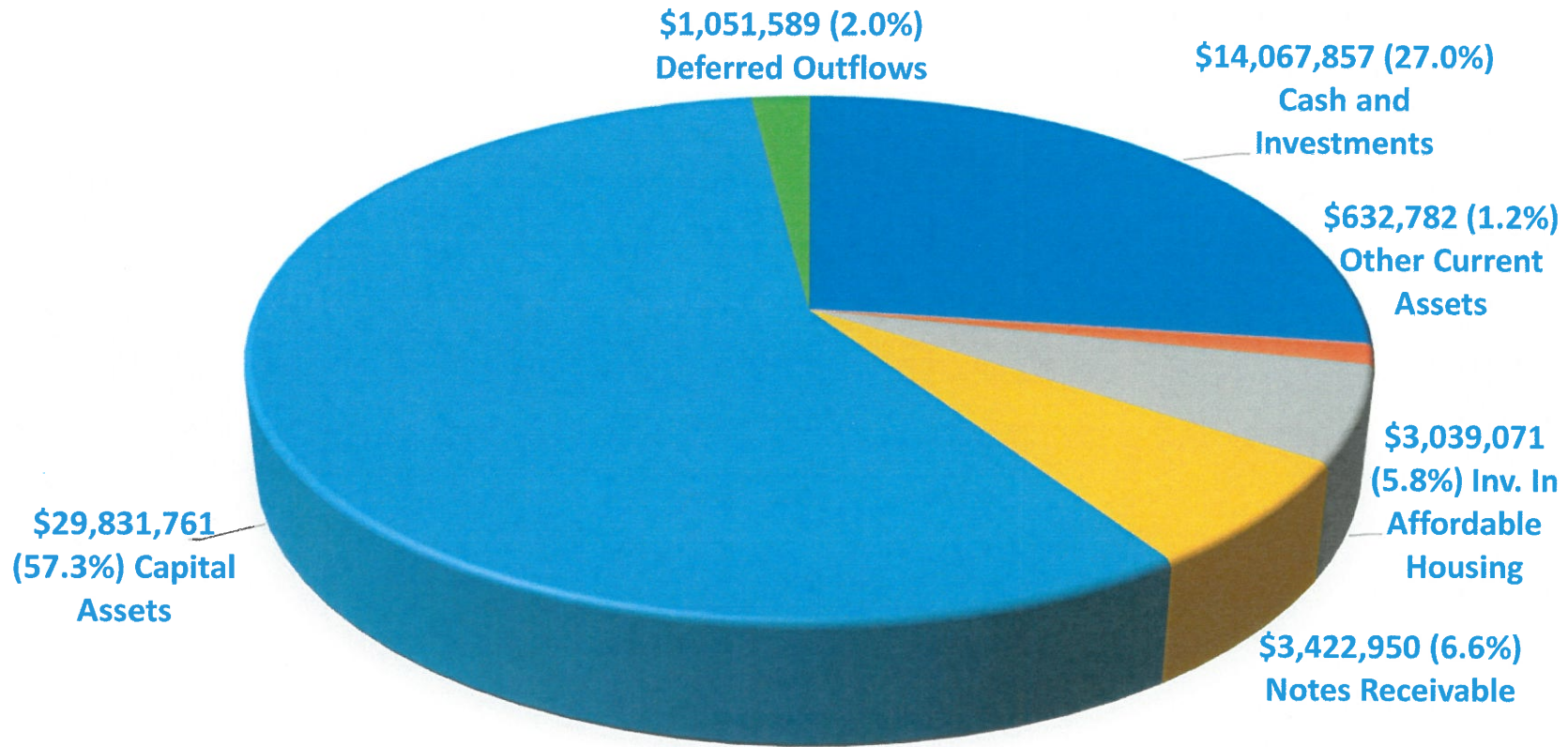
**Total General Fund Balance = \$6.109 million**

- Non-spendable= \$121k
- Committed= \$177k
- Unassigned= \$5.8 million

**Change in General Fund balance (\$55.6k)**

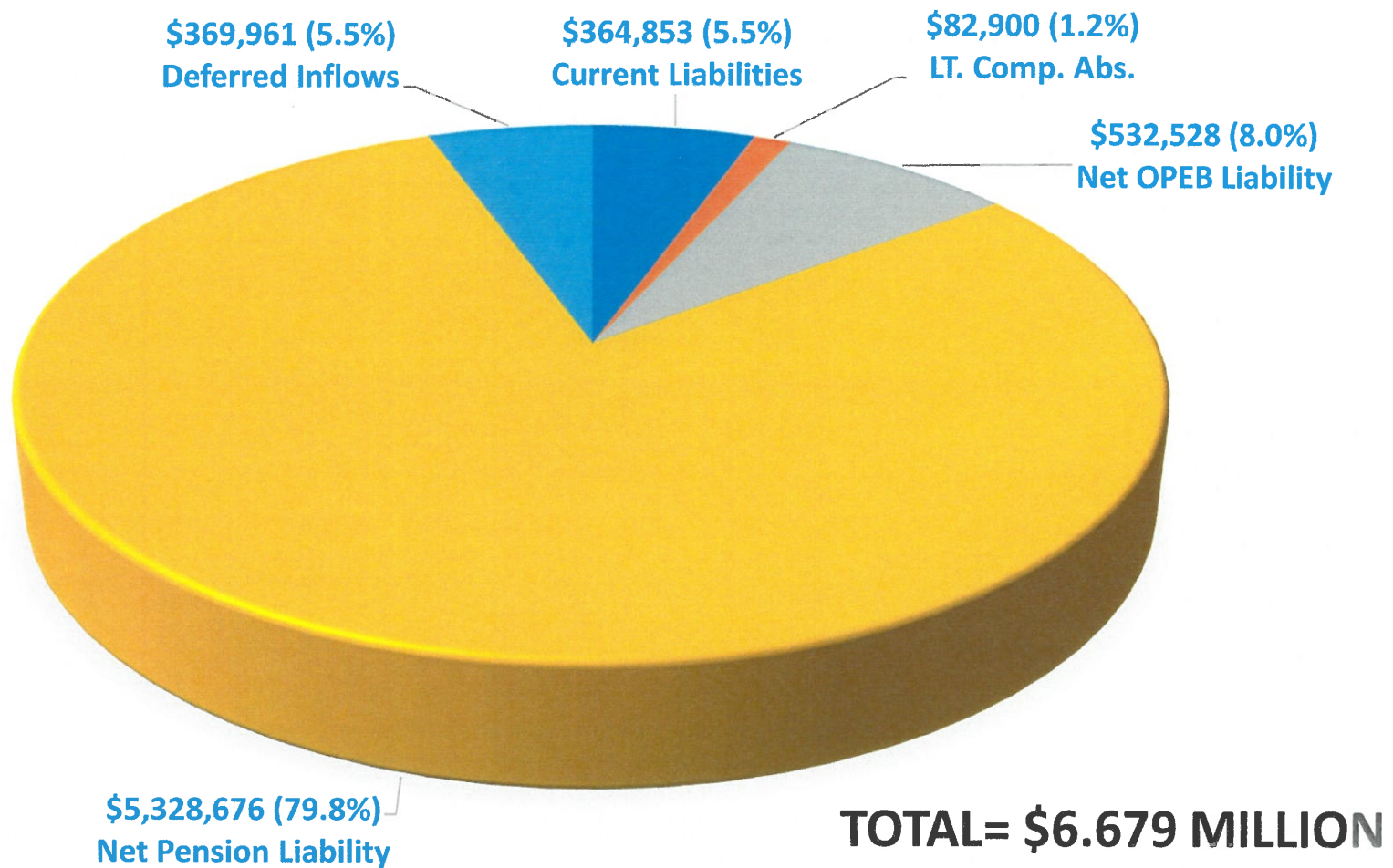


# FY20/21 Government-Wide Assets and Deferred Outflows



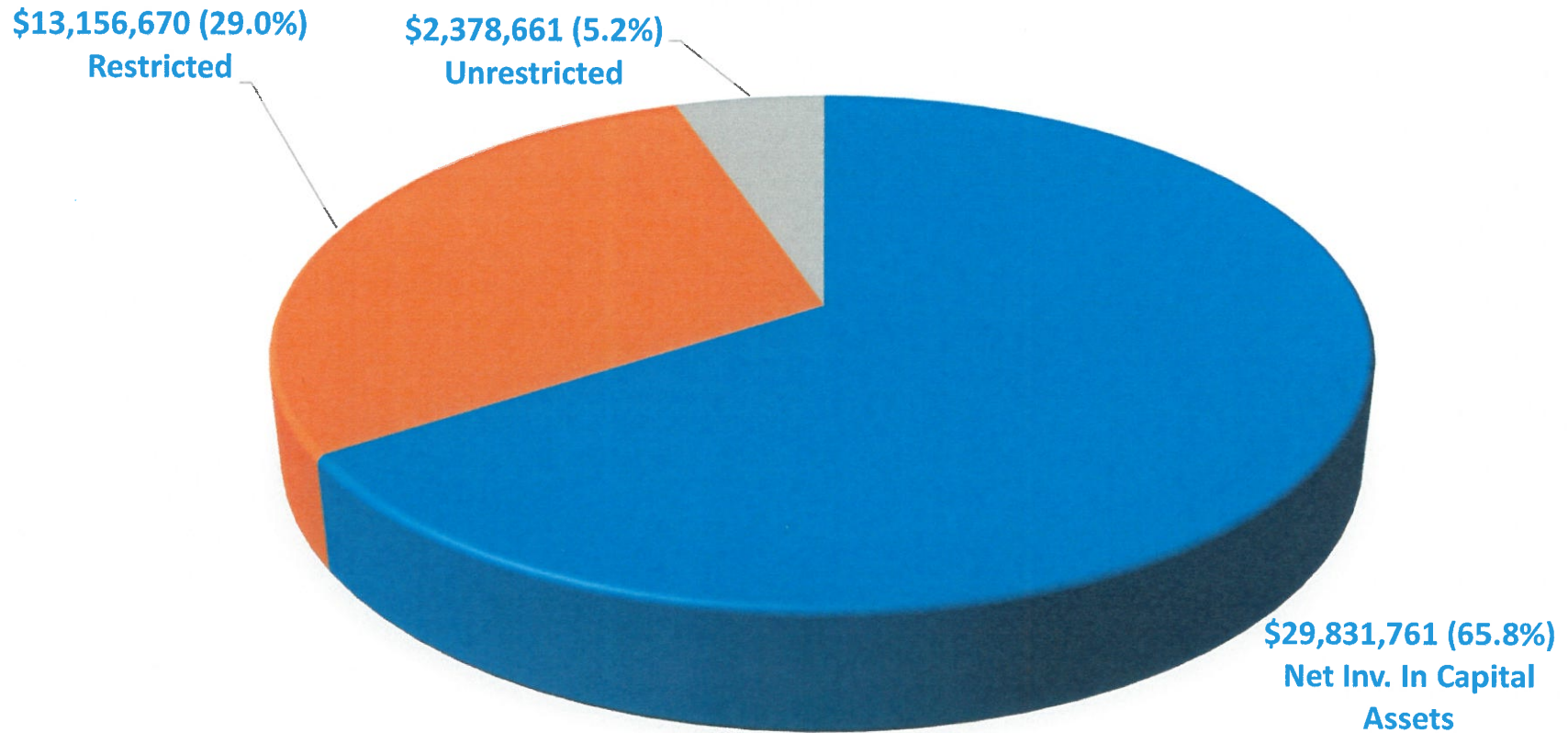
**TOTAL= \$52.046 MILLION**

# FY20/21 Liabilities and Deferred inflows





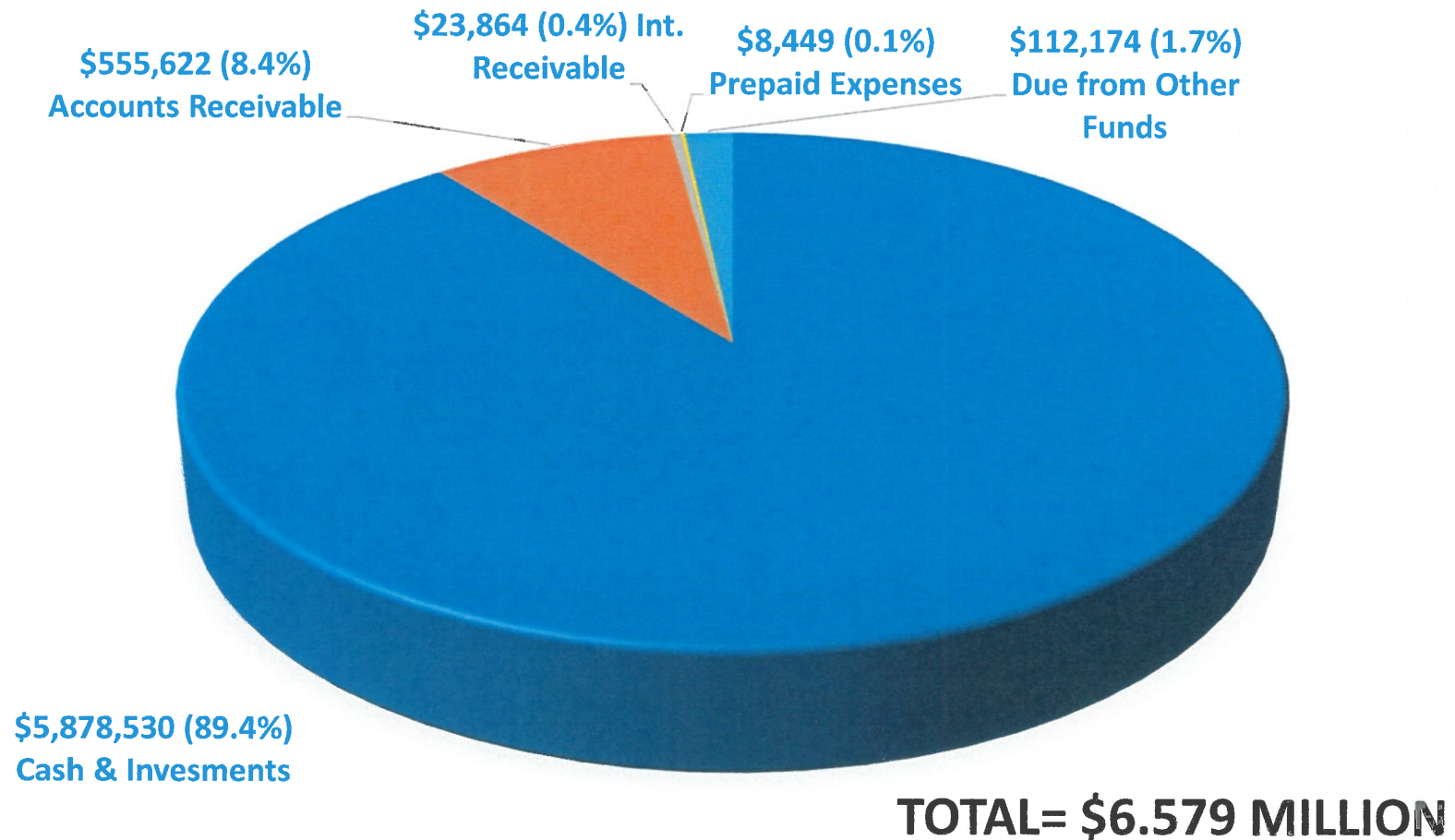
# FY20/21 Net Position



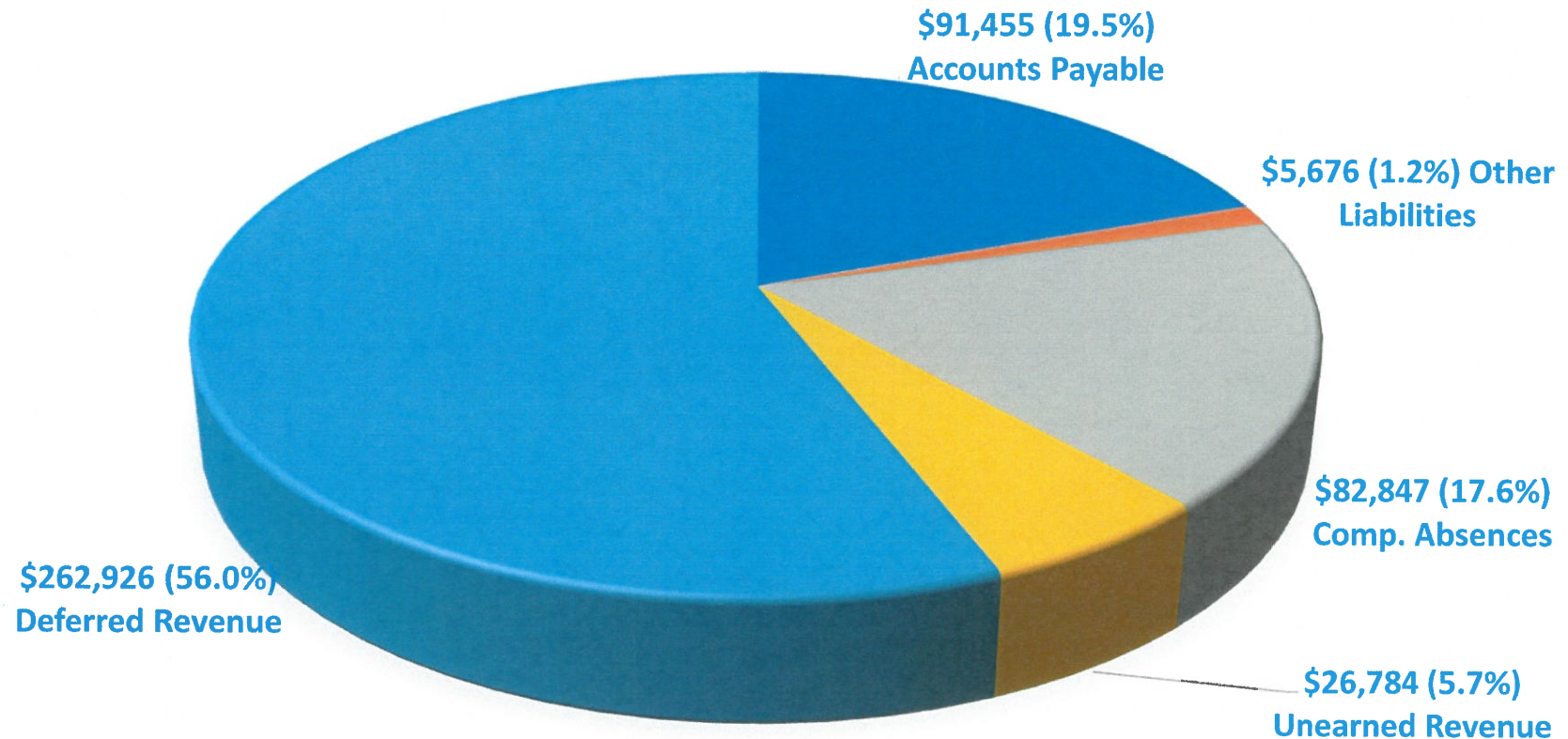
**TOTAL= \$45.367 MILLION**



# FY20/21 General Fund Assets

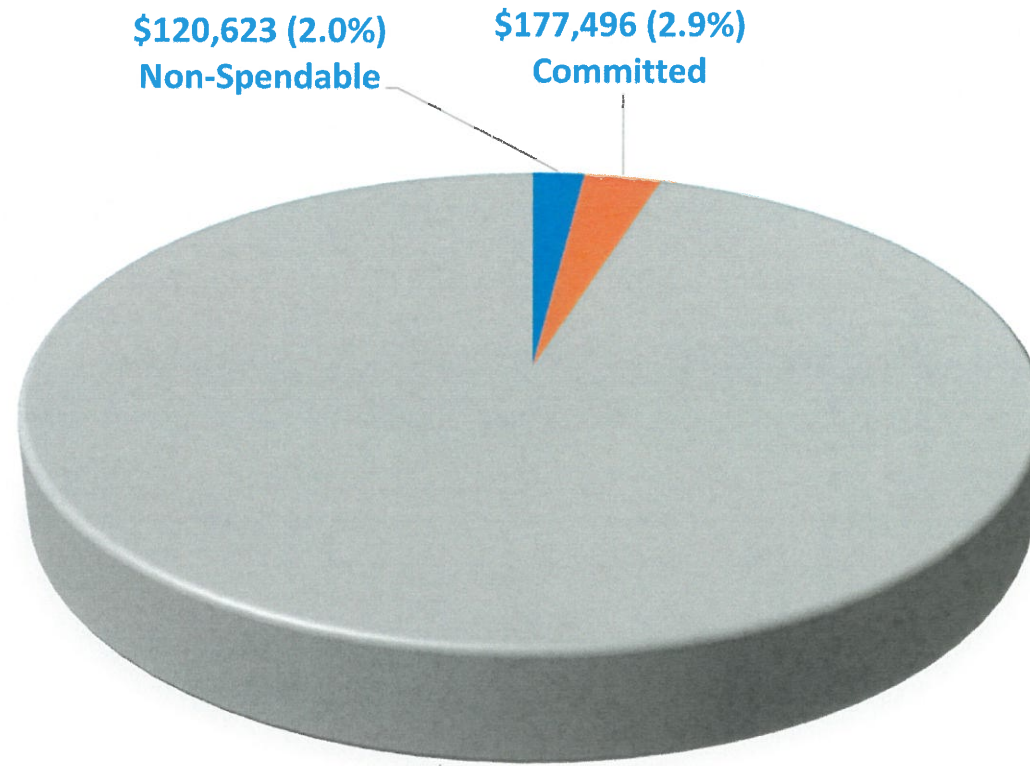


# FY20/21 General Fund Liabilities



**TOTAL= \$470K**

# FY20/21 General Fund Fund Balance



\$5,810,862 (95.1%)  
Unassigned

\$177,496 (2.9%)  
Committed

\$120,623 (2.0%)  
Non-Spendable

**TOTAL= \$6.108 MILLION**

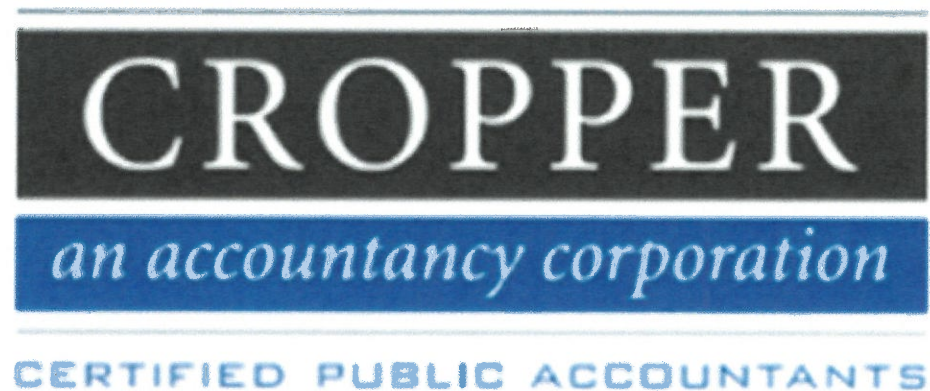
# Additional Notes

- PENSION under GASB 68 (7<sup>th</sup> year)
  - Net Pension Liability = \$5,328,676
  - Deferred Outflows = \$996,699
  - Deferred Inflows = \$344,226
- OPEB under GASB 75 (4<sup>th</sup> year)
  - Net OPEB Liability = \$535,528
  - Deferred Outflows = \$54,890
  - Deferred Inflows = \$25,735





Any Questions?





# AGENDA REPORT

**TO:** HONORABLE MAYOR AND COUNCIL MEMBERS

**FROM:** Reina J. Schwartz, City Manager

**DATE:** February 15, 2022

**SUBJECT:** Adopt a Resolution Appropriating \$30,000 from the Rainy Day Fund in FY2021/22 to Engage Strategy Research Institute for Research Related to a Potential Tax Measure for the November 2022 Ballot

---

## **RECOMMENDATION**

Adopt a Resolution appropriating \$30,000 from the Rainy Day Fund for an Agreement with Strategy Research Institute to provide research on a potential tax measure for the November 2022 ballot.

## **BACKGROUND**

On February 1, 2022, the City Council held a preliminary discussion regarding a potential tax measure for the November 2022 ballot. This report provides additional information related to the types of potential tax measures to consider and recommends engaging a professional polling firm to provide the City Council statistically valid research data prior to making a decision on a potential tax measure. Any action by the City Council to put a tax measure on the ballot is required to be approved by a 4/5 vote. Additionally, no City funds, time, materials etc. can be used to campaign or advocate. The City can produce and provide educational information as long as it does not advocate relative to the measure. Any campaign would have to be privately funded, organized and implemented.

## **DISCUSSION**

This report: 1) provides additional detail on several of the types of tax measures that were discussed at the February 1, 2022 City Council meeting, and 2) provides information to support a recommendation to engage Strategy Research Institute, a professional research firm, to gather statistically valid data for the City Council's use in making decisions regarding a potential tax measure for the November 2022 ballot.

### **Clarifications Regarding Tax Options**

A variety of information regarding types of tax measures that could be put on the ballot was presented at the February 1, 2022 City Council meeting. The table below provides some additional specificity regarding different types of taxes that may be considered. Attachment 3 to this report provides some additional information on how different types of local revenue measures have fared in California from 2001 to 2019.

February 15, 2022

Page 2 of 5

Type of Tax	Vote Requirement	Restrictions/Considerations
<b>Parcel Tax</b>	66%	Can be used for any governmental service; any services that may be supported should be listed as any new services that are not listed in the measure cannot be supported by those tax revenues in the future. The 2/3 vote requirement exists regardless of whether the proceeds are restricted or targeted in their use or not.
<b>Mello-Roos District/ Community Facilities District (CFD)</b>	66%	This is a particular type of parcel tax. Generally a flexible revenue source. City's Landscape Maintenance District is a CFD. Can be assessed as a flat rate per parcel or based on square footage or some other scaling mechanism. Often used to fund facilities and services associated with new development.
<b>Utility Users Tax (UUT)</b>	50% if for general purposes  66% if for special/restricted purpose	Can be levied on the following utilities: gas, electric, telecommunication, water, sewer, solid waste, cable/video. 158 cities across California have a UUT in place with the majority covering gas, electricity and telecommunications, although in recent years UUT measures have been difficult to pass.  Cannot currently be levied on internet or broadband which are characterized as Information Services and not Telecommunications and as such are exempt from taxation.  May not be a growing source given that internet, broadband, and streaming services cannot be captured by this tax.  A 6% UUT is estimated to raise approximately \$800,000-\$900,000 per year based on the experience in other communities.
<b>Transactions and Use Tax</b>	50% if for general purposes  66% if for special/restricted purpose	More volatile revenue source. May be limited due to lack of commercial activity in Clayton. Would provide a benefit from large personal property (autos, boats) that are purchased by Clayton residents (and registered in Clayton), but were purchased elsewhere.
<b>Property Assessment</b>	Weighted majority of property owners	Must be used to provide a direct benefit to the property owners paying the assessment. Cannot be levied for facilities or services that provide general public benefits such as schools, libraries and public safety. Amount paid must be proportionate to the cost to provide the service and to the benefit received.

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### Need for a Polling/Research Firm

While the City Council had a general discussion on February 1, 2022 regarding the potential use of a polling or research firm, the report before you this evening makes a recommendation to approve the appropriation of \$30,000 for a contract with Strategy Research Institute to conduct statistically valid research related to a potential tax measure for the November 2022 ballot. There are a number of reasons it is critical to move forward quickly with a selecting and contracting with a polling consultant.

- It is costly to put a measure on the ballot and as such it is important to have as much data as possible to help refine the effort.
- The work done by a research firm will provide the City Council with statistically valid data to make a more informed decision on the type, amount and structure of the tax measure.
- Research will provide information on whether there is a willingness to consider a tax measure and whether now is the right time to pursue. This is especially important given a recent survey done in the nine-county Bay Area (EMC Research, August 2021) which indicated that a majority of Bay Area residents strongly or somewhat agree that taxes in the Bay Area are high enough and would vote against any tax increase.
- The Council will receive data to better understand the community, their greatest concerns and where they feel the City should be spending its money. It is considered a best practice to seek to understand the community's collective core values and expectations in order to better understand potential voting behavior.
- Provide data on a threshold for willingness to pay; for example, polling may determine that a \$250 per parcel tax is generally supportable, but a \$400 per parcel tax is not at all supportable.
- There is not a lot of time to gather the intelligence needed to make an informed decision, so it is important to move forward now to begin this research.

### FISCAL IMPACTS

At the meeting on February 1, 2022, the Council also asked for information on what different amounts of new resources would "buy" if they were approved by the voters, or conversely, what could no longer be afforded if new revenues are not approved.

In considering this issue, it may be useful to review what General Fund categories make up the FY2021/22 budget:

- |   |             |
|---|-------------|
| • Salaries and other labor costs: (65.5%)       | \$3,393,241 |
| • Dispatch (5.9%)                               | \$307,755   |
| • Gas, Electricity and Water (5.1%)             | \$264,100   |
| • Engineering & Legal (4.7%)                    | \$243,451   |
| • Vehicle Maint, Operation & replacement (2.9%) | \$149,600   |



February 15, 2022

Page 4 of 5

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• Insurance premiums (2.8%)	\$145,349
• Animal Control (1.7%)	\$89,407
• All other items (11.3%)	\$584,579

Many of the items listed above are not directly under the City's control and cannot easily be reduced including costs for gas, electricity and water; dispatch services; insurance premiums and animal control. By far the most significant cost the City faces is for the labor to provide services to our community even though salaries for Clayton employees are 20-25% below median when compared to other cities in Contra Costa County. It should also be noted further that this level of (current) funding already does not adequately invest in: accounting systems; cybersecurity; general maintenance, deferred maintenance and other areas.

Given the longer-term outlook for the City's General Fund, new revenues are needed soon just to maintain current operations. If no new revenues are approved, expenditure reductions would be needed. Conversely, if a parcel tax of approximately \$200 per parcel per year were approved (or other equivalent revenue increase), the following are examples of the types of reductions that could be avoided.

- **Police Department** – No salary increases beyond what has already been approved by contract for the Police Officers Association through FY2023/24. Police salaries are currently the lowest in Contra Costa County and would fall even farther below median in the County further exacerbating existing recruitment and retention challenges and potentially putting public safety at risk. Additionally, replacement of police vehicles could be delayed due to potential lack of funding.
- **Administration, Public Works, Community Development & Engineering Departments** – No salary increases beyond the end of the current terms for Miscellaneous City Employees, that ends in June of 2022. Beyond that, there could be potential reinstatement of furloughs for these non-sworn employees. With limited staffing already in place, further cuts would reduce services to the community.
- **City-wide Impacts** - Potential browning out or turning off some public neighborhood streetlights (especially given that our current streetlight assessment does not pay the full cost of the operation and maintenance for City streetlights, so costs are borne by the General Fund). Potential reduction in maintenance at Clayton Community Park (total of approximately \$300,000 per year for park maintenance). Reduced maintenance would result in greater infrastructure costs in the future.

Beyond helping to avoid the types of impacts described above, a tax of \$400 per parcel per year (or other equivalent revenue source) could also provide for investment in a variety of unmet needs. Examples of these unmet needs include but are not limited to:

- Continued moderate salary increases for all employees, although salaries would still remain significantly below market without major adjustments.
- Additional police staffing/Lieutenant (\$250,000)

- In-house City engineer to improve service and provide for strategic asset management and oversight that isn't possible with current funding (\$50,000 additional)
- Improved cybersecurity and IT support (\$50,000)
- Increased accounting support and audit costs including single audit requirements for federal funds (\$55,000),
- Additional maintenance staffing to improve park maintenance (\$100,000)
- Additional street maintenance (\$25,000).

What services could be maintained or added will be further refined based on the outcome of the community survey research.

#### Engagement of a Research Firm

Since the February 1, 2022 meeting, the City has interviewed and received proposals from three well-known research firms. The cost for the proposals are all approximately \$30,000 to provide research on:

- Feasibility of a potential ballot measure (or measures);
- Most appropriate tax rate and revenue mechanism (utility user tax, property assessment, parcel tax, sales tax, etc.). Multiple potential financing mechanisms can be tested in a single survey.
- How voters may prefer additional revenue to be used;
- How to phrase the ballot language that best responds to the community's values and concerns.

Based on the proposals and interviews of the firms, it is recommended that the City Council approve the attached Resolution to engage Strategy Research Institute to perform a scientific survey of Clayton's electorate. (See Attachment 2 for SRI Proposal.) There is sufficient funding in the Rainy Day Fund for this expense. Appropriation of \$30,000 would leave a balance in the fund of \$113,496.

Per the Contra Costa County Elections department, the cost to put a local tax measure on the ballot would be \$2-\$3 per registered voter for the November 2022 general election depending on the ultimate cost to the County. Based on a current number of registered voters of 8,580, the cost would be \$17,160 - \$25,740 in FY2022/23. No funds are required for this expense at this time.

#### **ATTACHMENTS**

1. Resolution
2. SRI Proposal
3. An Overview of Local Revenue Measures in California Since 2001

**RESOLUTION NO. ##-2022**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON APPROPRIATING  
\$30,000 FROM THE RAINY-DAY FUND IN FY2021/22 TO ENGAGE STRATEGY  
RESEARCH INSTITUTE FOR RESEARCH RELATED TO A POTENTIAL TAX MEASURE  
FOR THE NOVEMBER 2022 BALLOT**

**THE CITY COUNCIL  
City of Clayton, California**

**WHEREAS**, the City of Clayton has determined that there is a structural imbalance between General Fund revenues and General Fund expenses;

**WHEREAS**, given a structural imbalance in the General Fund, the City Council is considering potential revenue options to address the imbalance;

**WHEREAS**, the City Council desires scientifically valid research data regarding the structure, amount and content of a potential revenue measure in order to inform the Council's decision regarding a potential ballot measure for the November 2022 election; and

**WHEREAS**, the City has received and evaluated three proposals for such research and recommends engaging Strategy Research Institute for this work.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of Clayton, California does hereby appropriate \$30,000 from the Rainy-Day Fund in FY2021/22 to engage Strategy Research Institute related to a potential tax measure for the November 2022 ballot.

**PASSED, APPROVED AND ADOPTED** by the City Council of Clayton, California, at a regular public meeting thereof held on the 15<sup>th</sup> day of February 2022, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

THE CITY COUNCIL OF CLAYTON, CA

---

Peter Cloven, Mayor

ATTEST:

---

Janet Calderon, City Clerk

**Tax Feasibility Study...**

**Testing Voter Support for  
Multiple Funding Measures**

**A Scientific Survey of Clayton's Local Electorate**

*Proposal Prepared for the...*



**February 2022**

*Submitted by...*

**Strategy Research Institute**

*An Institute for **CONSENSUS BUILDING***

[www.sri-consulting.org](http://www.sri-consulting.org)

(800) 224-7608



## Table of Contents

	Page
Section 1.0 Mission Statement .....	1
Section 2.0 SRI's proven ' <b>Go, No-Go Model</b> ' .....	2
Section 3.0 SRI is Uniquely Qualified to Partner with the City of Clayton.....	3
Section 4.0 A 'Best Practices' approach is requisite.....	4
Section 5.0 Telephone Survey that adheres to <b><u>The Scientific Method</u></b> .....	5
5.1 Questionnaire Design .....	5
5.2 Sampling Methodology .....	5
5.3 Sample Size .....	5
5.4 Length of Interview .....	6
5.5 Data Collection .....	6
5.6 Pre-test .....	6
5.7 Data Analysis .....	6
5.8 Level of Statistical Analysis .....	7
5.9 Form and format of Final Report .....	7
5.10 Time Table .....	8
5.11 Pricing .....	8
5.11a Fee for Professional Services .....	8
5.11b Cost matrix for Data-collection.....	9
5.11c Total fees (professional services and data-collection).....	10
Section 6.0 Project Team .....	10
Section 7.0 Summary Conclusion .....	11
<b>Addendum A:</b> Biographical Sketches .....	12
<b>Addendum B:</b> SRI Client (partial listing) .....	15
<b>Addendum C:</b> 2022 Data Collection Pricing Matrix .....	27
<b>Addendum D:</b> SRI References .....	28

## Section 1.0

### Mission Statement

The City of Clayton is facing a set of growing fiscal challenges that need to be resolved in order to continue to provide the level of services that it presently provides to local residents, which makes Clayton one of the most desirable communities throughout the state, indeed the nation, in which to reside.

Thus, the purpose for commissioning the present scientific voter survey is to provide City officials with highly reliable and valid ‘intelligence’ (input) from the local electorate for determining whether or not Clayton voters will support an increase in one of multiple funding mechanisms presently under consideration. These include (but may not be limited to):

1. The City’s existing **Parcel Tax**;
2. The City’s **Utility Users Tax**

Furthermore, assuming the answer is YES to any of the funding mechanisms being tested, the present survey will also test the local electorate’s **THRESHOLD** of *willingness-to-pay*.

Beyond that, the present survey of registered voters in Clayton will include, but NOT necessarily be limited to, the following:

- 1) Test **ARGUMENTS** both in support of, and in opposition to, each of the funding mechanisms under consideration.
- 2) Determine the maximum length for making the funding mechanism **SUNSET** (terminate).
- 3) Identify the core values and expectations among Clayton voters, rank-ordered; then, determine how these will impact voting behavior.

A unique element of an SRI survey is that SRI is able to identify local “**Opinion Leaders**”; then, determine where they stand on each research question(s) in the survey.

- a. This capability was developed by SRI years ago; literally no other research firm/organization can bring this element to the proverbial table.
- b. This is a vital element to the survey, since human behavior (e.g., voting behavior) is a *follow-the-leader process*, with those in the “mainstream”

seeking input from local “opinion leaders” prior to making their final decision regarding how to vote.

Finally, we will apply SRI’s proven ‘**Go, No-Go Model**’, which has resulted in virtually 100% successful outcomes on behalf of cities, counties, and special districts throughout California, and beyond, for more than the past two decades.<sup>1</sup> This critical model is discussed in appropriate detail below in Section 2.0 of the present proposal.

## Section 2.0

### SRI’s proven ‘**Go, No-Go Model**’

For more than the past two decades, SRI’s proven ‘**Go, No-Go Model**’ has predicted voting behavior either spot on, or within no more than 1% or 2% of reality (regardless of the statistical ‘*margin of error*’, which typically ranges between  $\pm 4\%$  to  $5.8\%$ ). There are three (3) possible outcomes when applying SRI’s **Go, No-Go Model**. They are:

- (i) **GO:** All is good and the funding measure(s) being tested will, indeed, secure the requisite voter support; e.g., 2/3<sup>rd</sup>s voter support for a **Special Tax** (where the yield is earmarked to be spent in a specific fashion); or, simple-majority support for a **General Tax** (where the yield is placed in the City’s General Fund and City officials have the authority to spend the money in whatever manner they see fit); or a 218 Special Benefit Assessment (Benefit Assessment District).<sup>2</sup>
- (ii) **NO-GO:** There is simply not sufficient support within the local electorate (or among property owners in certain cases) to secure the requisite vote for the funding measure(s) being tested; and won’t be in the foreseeable future.
- (iii) **GO...but NOT NOW**, some work needs to be done BEFORE placing the measure(s) on the local ballot. The good news is that, should this turn out to be the case, the scientific survey will be designed in a manner that will identify precisely what needs to be done and how to do it. More specifically, our Final Report will include recommendations for how to accomplish this objective and without violating any laws or even being accused of spending tax dollars to advocate for a YES vote. The key here is **CONSENSUS BUILDING** among stakeholders, many with competing agendas; SRI is an acknowledged expert in consensus building, which is easily documented through our track record.

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<sup>1</sup> SRI personnel will work closely with City staff in crafting a Research Instrument (questionnaire); we will NOT field the survey until authorized to do so by the City Manager. Typically, this will require 3 to 4 iterations of the Instrument.

<sup>2</sup> A **218 Special Benefit Assessment** is typically NOT placed before the local electorate; rather, it is administered through a MAIL BALLOT that is sent only to those who own property within public agency’s jurisdiction and only requires support from a simple majority of those property owners who return their ballot to the local authority.



## Section 3.0

# SRI is Uniquely Qualified to Partner with the City of Clayton

Strategy Research Institute (SRI) routinely partners with cities, counties, special districts, JPA's, and other public agencies to assist them in their policy decision-making activities; and has for nearly three decades.

It seems relevant to make note of the fact that our work with government agencies often includes directly addressing the Client's fiscal challenges. Our work often involves identifying the most appropriate funding mechanism to place on the local ballot, such as a General Obligation Bond, parcel tax (or other form of special tax, such as a CFD), sales tax, what-have-you; OR, yet another funding mechanism that is authorized through a mail ballot sent to property owners within their respective jurisdiction, such as a Proposition 218-type funding measure (LLAD, LMD, etc)<sup>3</sup>. Some of these funding mechanisms require simple-majority support for passage; others (such as a Special Tax) require 2/3<sup>rd</sup>s voter support to be authorized. SRI can "test" up to four funding mechanisms in a single BENCHMARK scientific survey of registered voters and/or property owners.

SRI consulted with the largest regional park District in the United States for nearly three decades, the **East Bay Regional Park District**, headquartered in Oakland. During that time, we helped the park District generate well over \$1 billion (with a 'B') in new funding. Not once did a funding Measure fail, when we predicted it would succeed. Most recently, SRI assisted the District with a highly successful funding Measure (Measure FF), which secured **84.21% voter support**. SRI's prediction of voter support was within 2% of reality, while the statistical *margin of error* was  $\pm 4.5$  to 5.8%.

Other notable successes include:

- After Fresno COG (Council of Governments comprised of the County and the 15 cities in Fresno County) experienced a terrible defeat at the polls (54% YES vote when they needed 2/3rds voter support), they commissioned SRI to handle a **\$1.7 billion (with a 'B')** transportation funding measure. We worked closely with the Agency for 2 years; the upshot was 78% voter support. In fact, we received an 8-page pro-tax editorial in the *Fresno BEE*; something we've never seen before nor since anywhere in the United States.

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<sup>3</sup> In a case that involves a Proposition 218-type funding mechanism, we typically partner with a registered Assessment Engineer, who prepares both the Engineer's Report and the mail ballot...mails out the notices and ballots to the affected property owners...and tabulate the ballots when returned.

- SRI assisted the City of Eugene, Oregon with a successful \$35.9 million G.O. Bond; a street maintenance bond to fund approximately 70 lane miles of streets and 3 miles of off-street bike and pedestrian paths. Since then, we've worked with the City of Eugene on more than a half-dozen revenue measures; ALL of them have been successful (without exception).
- We orchestrated a tax Measure in Lane County, Oregon (the Eugene area) on behalf of the County Sheriff's Department. The County had placed the Measure on the local ballot 9 times in a row; it lost all 9 times. They then retained the professional services of SRI and we were successful the first time out.
- SRI assisted the **Midpeninsula Regional Open Space District** (Mid-Pen) in a highly successful effort (nearly 70% voter support) for a \$300 million bond.

The list could go on and on (refer to Addendum B).

However, what is particularly relevant to the present proposal has to do with the City of Pittsburg and the City of San Pablo. Literally 100% of the initiatives we've worked on through the years with BOTH cities passed. When asked about our research and consulting Institute, the City Manager of San Pablo, Matt Rodriguez, says, "*SRI is batting 1000 percent*; and this was the case when I was with the City of Pittsburg prior to coming to San Pablo".

## Section 4.0

### A 'Best Practices' approach is requisite

It should be pointed out here that there are two (2) primary drivers of public opinion and voting behavior. These are:

- ☒ The collective **CORE VALUES** of the population being surveyed; e.g., the community-at-large, the local electorate, and/or property owners.
- ☒ Respondents' **EXPECTATIONS**.

Identifying these is a 'Best Practices' approach. The problem is, most applied research firms (often referred to as polling firms) do NOT know how to: (i) identify these dimensions; then link constituents' **COLLECTIVE CORE VALUES** to the desired behavioral outcome, such as supporting the respective Tax Measure; nor (ii) identify and rank-order the collective **EXPECTATIONS** of the target population (in the present case, Clayton voters).

Beyond that, our research and consulting Institute (comprised of behavioral scientists vs. pollsters) and strategic planners who specialize in BOTH traditional media and the social media) has developed through years of experience the **SRI Go, No-Go Model**, which we presented above in Section 2.

## Section 5.0

# Telephone Survey that adheres strictly to The Scientific Method

## 5.1 Questionnaire Design

SRI researchers and strategic planners will work closely with City officials and anyone else assigned to this project in developing an appropriate Research Instrument (questionnaire) for gathering the desired information (data). We will employ the appropriate *question formats* and *response scales* (from both the scientific and applied perspectives) that are needed in order to address the research question(s) in the study at hand.

Given a “Team” approach between SRI researchers and the City, the research design being advocated here by SRI holds special promise for you in terms of achieving the precise goals and expectations that underlie the present research effort.

## 5.2 Sampling Methodology

In order to ensure that the “*findings*” from the survey will be truly REPRESENTATIVE of the local electorate, we will pull the sample to be surveyed from the most current list of registered voters in Clayton. To maximize the likelihood that every voter in Clayton has an equal likelihood (probability) of being contacted, SRI will secure BOTH landline phone numbers and cell phones.<sup>4</sup>

## 5.3 Sample Size

We are including sample parameters for data-collection in the present research proposal for three (3) sample sizes: N=300, N=400, N=500.<sup>5</sup> The optimal choice among the above sample sizes is predicated upon three factors: (1) the *size of population* being

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<sup>4</sup> Today, approximately one-half of the population throughout the United States use a wireless phone (vs. a landline) as their primary telephone; this is especially true of the younger strata of society. Due to a rather recent change in federal law, SRI has the ability to secure BOTH landline and cell phone numbers within any given target public (e.g., the City of Clayton), which is essential if the *findings* from a given survey are to be truly representative of the respective population.

<sup>5</sup> National polls typically have a **sample size ranging from 1,000 to 1,500** to represent the entire United States (population of more than 330 million); thus, given the size of population in the City of Clayton, any of the alternatives being provided in the present proposal are perfectly appropriate and scientifically sound.

studied, the *number of subsets* you want the “*findings*” to be analyzed by (e.g., demographic, geographic, and psychographic subsets), and (3) available *budget*.

#### 5.4 Length of Interview

The *length of interview* is determined largely by two (2) factors:

- ✓ **Type, level of complexity, and amount of information being sought from the population(s) being studied, and...**
- ✓ **Budget parameters.**

While SRI routinely conducts telephone surveys that last as much as 30 minutes (or longer) in duration, we do NOT believe this long of a survey is necessary (nor cost justified) in the present case. In order to allow you to tailor the research design to your needs and expectations, we are providing cost estimates (for data collection) for three alternative approaches in terms of length of interview. These are:

- ☐ **Not to exceed 15 minutes**
- ☐ **Not to exceed 17 minutes**
- ☐ **Not to exceed 20 minutes**

#### 5.5 Data Collection

Data will be collected by employing a technology called **CATI** (*Computer Assisted Telephone Interviewing*). **Highly trained** and **seasoned callers** will conduct telephone interviews until the agreed upon number of respondents have completed the entire survey.

#### 5.6 Pre-test

The approved instrument will be pre-tested on 20 respondents. Results will be reviewed and any and all necessary adjustments will be made; of course, you will be advised, in advance, of any required alterations. Once these alterations have been made and approved by the Client, the survey will be completed in its entirety.

#### 5.7 Data Analysis

Data analysis will be administered through the well-known statistics package, SPSS. The *findings* from the survey will be thoroughly examined by SRI’s researchers and strategic planners, conclusions drawn, and recommendations (if requested) developed.

## 5.8 Level of Statistical Analysis

A third dimension that can vary in the research design being presented herein is the *level of statistical analyses* to which the data are subjected.

Telephone surveys conducted by competing research firms are often limited to “descriptive” statistical analyses that include frequencies, percentages, and cross classifications (known as “cross-tabs”). While these analytical procedures are, indeed, “necessary”; seldom, if ever, are they “sufficient”!

Thus, if one wishes to have benefit of a comprehensive interpretation and understanding of the *findings* from the present study, it may be necessary to administer **advanced** statistical analysis of the data (also called “inferential statistics”). These statistical procedures may include, but are NOT necessarily limited to, the following:

- *correlation analysis,*
- *regression analysis,*
- *discriminant analysis,*
- *factor analysis,*
- *causal analysis (structural equation modeling),*
- *and other tests deemed appropriate for the situation at hand.*

## 5.9 Form and format of Final Report

Before producing a **formal report**, we will “debrief” City officials (in person OR via Zoom, if Covid-19 restrictions are still in place). This provides decision-makers with an opportunity to assess the *findings* from the research effort at the earliest possible moment; it also ensures that SRI’s interpretations of the *findings* and recommendations are accurate and, as such, hold the greatest promise for ensuring that the Client will realize its goals, objectives and expectations. This also allows the Client to control what “intelligence” is or is not included in the Final Report.

The Final Report will consist of a narrative and graphic interpretation of the *findings*; more specifically, it will include:

- ***Key findings***
- ***Interpretation of the findings***
- ***Conclusions***
- ***Recommendations.***

We will provide you with ***four bound copies, one unbound copy*** (for purposes of duplication), and ***one electronic copy*** of the Final Report; plus a ***Book of Crosstabs***.

## 5.10 Time Table

The final report is normally delivered to the Client within four to six weeks of the final version of the instrument (questionnaire) being approved by the Client; however, if the Client is facing some form of time pressures, we'll happily expedite the process at no additional cost and with no negative impact on the "*findings*" from this scientific survey.

## 5.11 Pricing

Pricing for this type of scientific survey is broken into two elements: (i) fee(s) for professional services and (ii) the cost of data-collection. The latter element has to do with ensuring that only the '**A-Team**' of telephone surveyors (seasoned callers) are assigned to an SRI project, which greatly impacts the "reliability" of the data itself AND the "validity" of the *findings*.

### 5.11a Fee for Professional Services

Because it is virtually impossible to determine how much time will be involved with respect to the amount of professional services needed in a given project, it is SRI policy to charge a flat rate for its professional services.<sup>6</sup> At a minimum, what is involved includes: (i) crafting the Research Instrument (questionnaire); then, working through as many versions (iterations) of the Instrument with the Client until we have in hand a **Final APPROVED** questionnaire (typically this requires 3 to 4 iterations); (ii).fielding the survey; (iii) once we have the data in hand, cleaning the dataset; (iv) running the statistics, (v) analyzing the *findings* and developing conclusions/recommendations; (vi) creating user-friendly graphs, charts and tables to present the findings, conclusions, and recommendations to the Client for consideration; (vii) DEBRIEF the Client using PowerPoint slides; (viii) if needed, doing additional statistical analysis based upon the feedback from the Debrief session; and finally, (x) producing a Final Report.

In the present case, fees for professional services will be \$8,000. It is SRI policy to be paid in three (3) installments: (i) half (\$4,000) upon signing the contract; (ii) one-fourth (\$2,000) when we submit the *findings* from the voter survey (with conclusions and recommendations) to the Client in the form of a DEBRIEF using PowerPoint slides; (iii) the last installment (\$2,000) when SRI submits the Final Report to the Client.

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<sup>6</sup> Clearly, this policy is in the interest of the Client. For example, there is no way to know precisely how many iterations will be required from the time we produce the first version of the Research Instrument (questionnaire) until we have a **Final APPROVED** version. And, we will NOT enter the field until we have authorization from the Client to do so.

### 5.11b Cost Matrix for Data-collection

The most useful way of discussing the “cost” of data-collection is to present the cost in the context with other parameters of the survey; which is to say, compare each alternative approach based upon the key dimensions of the research design. For the sake of clarity and ease, the alternative approaches for data-collection will be presented below in **matrix format**.

Sample Size	15 minutes	17 minutes	20 minutes
<b>N=300</b> Sampling error $\pm 4.5$ to 5.7%	Option 1-A	Option 1-B	Option 1-C
	<b>\$20,000</b>	<b>\$22,000</b>	<b>\$25,000</b>
<b>N=400</b> Sampling error $\pm 4$ to 5%	Option 2-A	Option 2-B	Option 2-C
	<b>\$22,000</b>	<b>\$24,000</b>	<b>\$27,000</b>
<b>N=500</b> Sampling error $\pm 3.5$ to 4.5%	Option 3-A	Option 3-B	Option 3-C
	<b>\$24,000</b>	<b>\$26,000</b>	<b>\$29,000</b>

*95% confidence level*  
*Sampling error varies with size of sample*

Given your goals and objectives (as we presently understand them), we believe the **most appropriate** and **cost-effective** research design for the upcoming scientific survey is Option 1B.

<b><u>Option 1-B:</u></b>	
<i>Sample size:</i>	<b>N=300</b> completed interviews
<i>Length:</i>	NOT to exceed <b>17 minutes</b>
<i>Level of analysis:</i>	<b>Descriptive &amp; Advanced</b> statistics (no additional cost)
<i>Cost:</i>	<b>\$22,000</b>

Data-collection is a difficult task; yet, it is relatively low-paying. As a result, turnover is huge AND mistakes are far too common. To control for this reality, SRI maintains a relationship with its data-collection arm that ensures that only the **A-Team** of telephone surveyors are assigned to our projects. In other words, we are granted highest possible priority [surveyors assigned to our projects come from a stable (body) of seasoned callers; thus, problems associated with turnover and training are eliminated]. To ensure this, we pay our vendors on the front-end of the data-collection phase of the project.



Thus, SRI invoices the Client the cost for data-collection at the outset of this project; the invoice needs to be processed and paid to SRI no later than when we enter the field and data-collection begins.

#### 5.11c **Total fees (professional services and data-collection)**

Assuming you accept SRI's recommendation in terms of *sample size* and *length of interview*, the total fees for services (professional services and data collection) will be thirty thousand dollars (\$30,000); \$8,000 for professional services and \$22,000 to cover the cost of data-collection. If you select a different parameter with respect to the *sample size* and/or *length of interview*, the price will be adjusted, accordingly, of course.

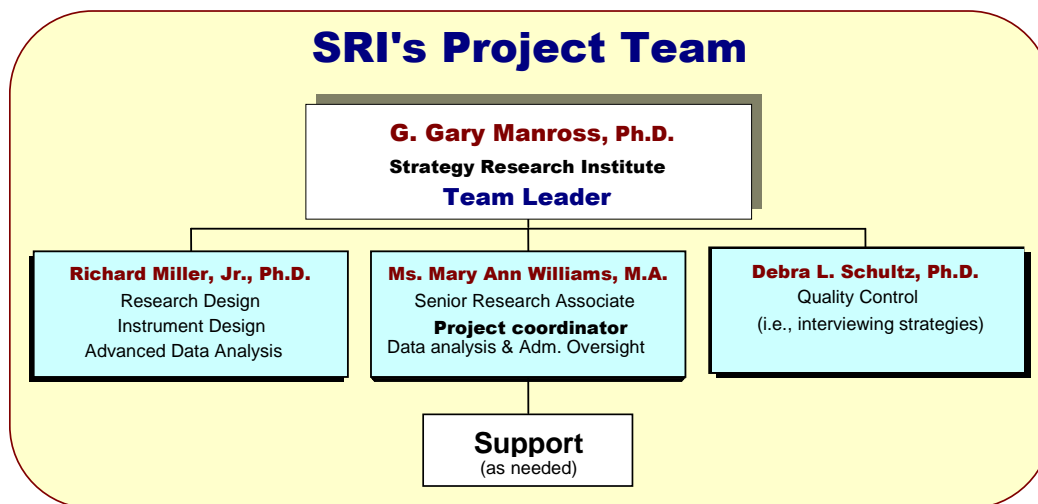
## Section 6.0

### Project Team

The project **team leader** will be **G. Gary Manross, Ph.D.**, Chairman of our research and consulting Institute. He will oversee every aspect of the project.

Dr. Manross will be supported by the Institute's Chief Methodologist, **Richard Miller, Ph.D.**; the firm's Senior Research Associate, Ms. Mary Ann Williams; and SRI's Director of Qualitative Research, Debra L. Schultz, Ph.D.

Drs. Manross and Miller are behavioral scientists; both have stellar academic credentials and years of applied experience. Ms. Williams has an M.A. in Sociology and brings to the project more than 20 years of applied experience. Dr. Schultz earned her Ph.D. in Interpersonal Communications from NYU and will oversee callers during the data-gathering phase of the research effort.





## Section 7.0

### Summary Conclusion

We have presented here what we believe to be the most appropriate (from both the *scientific* and *applied perspectives*) and cost-effective research design possible for realizing the goals, objectives, and expectations of the City of Clayton.

That said, should it turn out that we've missed any element and/or that questions/concerns arise as you review the proposal, please know that this is NOT a 'take it, or leave it' proposal. Clearly, we're open to making whatever alterations are needed in order to meet your desires, expectations, and budget parameters...and, without placing in jeopardy either the "reliability" or the "validity" of the *findings* from this BENCHMARK voter survey.

We are including four (4) Addenda to the present proposal. Addendum 'A' includes biographical sketches of SRI's key professional staff; Addendum 'B' is a partial listing of SRI clientele; Addendum 'C' is a Pricing Matrix for data-collection; and Addendum D is list of professional references.

We're confident that you simply cannot receive more "value" for dollars invested (*return on investment*) than you will receive through our research and consulting Institute. Of course, we will be pleased to provide any clarification deemed useful and/or necessary; and, we will happily address any other matter of interest to you.

We hope that our research and consulting Institute will be commissioned to join the Clayton 'family' in helping City officials realize your goals and objectives.



## Addendum 'A'

### Biographical Sketches

**Dr. G. Gary Manross, Ph.D.**  
Chairman/CEO  
**STRATEGY RESEARCH INSTITUTE**

A behavioral scientist, G. Gary Manross, Ph.D., has more than 25 years experience in applied research (political research, public policy research, and market research), and as a consultant in political communications, integrated marketing communications, and communications management.

Dr. Manross has taught political communications at UCLA, mass media effects at U.S.C., and was Associate Professor of Communications in the California State University system, where he held a joint appointment in Advertising and Public Relations. He was the head of the Advertising Sequence when he left academe; during this period, he taught courses in applied research, integrated marketing communications (IMC), management, advertising, and public relations at both the undergraduate and graduate levels.

Prior to founding SRI, Dr. Manross held executive-level positions with the then largest public relations agency in the world, Hill & Knowlton, Inc., the largest state trade association in the United States, the California Association of Realtors®, plus two Fortune 500 companies, Diamond Shamrock Corporation (then 152 on Fortune 500), and Chase Brass and Copper Company.

Dr. Manross' publishing record includes numerous refereed academic journals, including the *top-ranked paper* internationally in the Human Communications Technology Group of the International Communication Association (ICA), which was subsequently published as a chapter in **Communication Yearbook 10**.

His research is routinely cited in both the scholarly and popular press and in classic textbooks, such as **Diffusion of Innovations** (Everett M. Rogers, 1995, 4<sup>th</sup> ed., Free Press, N.Y.). Dr. Manross is author of a paper developed in a joint effort with Dr. Rogers that will soon be submitted to the Harvard Business Review. He also authored a book entitled: **The Impact of Theory-driven Public Opinion Research in Strategic Planning for Winning Campaigns**, Carlton Press, NY, 1995. He is presently writing a second book entitled: **Closing the Chasm**.

His academic credentials include a B.A. in Public Relations, M.A. in Communications Management, M.A. in Communication Theory, and a quantitative Ph.D. in Communication Research, with an emphasis in Political Communications and Media Effects, from the Annenberg School for Communication & Journalism at the University of Southern California (USC.).



**Richard Miller, Jr., Ph.D.**  
Senior Consultant/Strategic Planner  
**STRATEGY RESEARCH INSTITUTE**

Dr. Miller began his career as a planner for the Honolulu Department of General Planning, where his responsibilities included evaluating Development Plan changes based upon population distribution and land use policies, as well as forecasting growth on the island of O'ahu by aggregate and discrete geographic areas.

He earned his doctorate in Geography, with an emphasis on economic geography and spatial analysis, and an M.A. degree in Urban and Regional Planning, both from the University of Hawaii.

Immediately prior to joining SRI, Dr. Miller was Business Planning Manager for Health Net, Inc., where he was responsible for all business development, including the HMO's marketing research, new product development, and competitive analysis

While with Kaiser Permanente Medical Care, he held the following positions: (a) Senior Market Research Analyst, (b) Land Use/Real Estate Manager for southern California, where he was responsible for all real estate transactions and securing land use entitlements; and (c) Director of Facilities Planning and Property for the HMO's Hawaii medical facilities.

Dr. Miller is an award-winning planner, earning the *Exceptional Contribution Award* from the Society of American Institute of Architects.



**Debra L. Schultz, Ph.D.**  
Director of Qualitative Research  
**STRATEGY RESEARCH INSTITUTE**

As SRI's Director of Qualitative Research, Debra L. Schultz, Ph.D., is an expert in advanced interviewing techniques, strategic planning, persuasion, business communications, and multi-cultural communications. Prior to joining SRI, Dr. Schultz was a professor of communications at UCLA; prior to that, at New York University (NYU).

While in New York, Dr. Schultz was a member of the research staff of ABC's *Goodnight America* and *Good Morning America*; she also headed her own literary agency representing screenwriters, playwrights and other artists.

Her academic credentials include a Ph.D. in Communication, Arts and Science from New York University.

Dr. Schultz oversees the qualitative aspects of the Institute's research projects. These activities include, but are not limited to, field research (involving person-to-person interviewing), facilitating in focus group research (including in-depth probing strategies), descriptive research, library research and other secondary sources of information gathering.



**Mary Ann Williams, M.A.**  
Senior Consultant/Strategic Planner  
**STRATEGY RESEARCH INSTITUTE**

Mary Ann Williams is COO (Chief Operating Officer) for STRATEGY RESEARCH INSTITUTE (SRI); she oversees the administrative support services for every Client project.

Ms. Williams has nearly two decades of experience in communication management, administration (including human resource management), and related areas of responsibility. She is an expert in data management and data collection. Ms. Williams earned her M.A. and B.A. degrees in Sociology in the California State University system; California State University at Los Angeles and Cal-State University, Fullerton, respectively.

Mary Ann is responsible for Client services. In so doing, she works personally with virtually every SRI Client to ensure that all of their needs are being addressed in a comprehensive and timely fashion.

As such, Ms. Williams functions as a primary contact person for the Institute's Clientele.



## Addendum 'B'

### ***Partial Client Listing...***

#### **FUNDING MEASURES, PUBLIC POLICY, ECONOMIC DEVELOPMENT AND SOCIAL MARKETING**

##### **Policy Research & Consulting**

**(Tax Feasibility studies, 218 Special Benefit Assessments,  
Bond Measures, & other Funding Mechanisms)**

##### **East Bay Regional Park District**, headquartered in Oakland, CA.

Measure FF, to generate \$3.3 million annually for 20 years to enhance multiple parks within the East Bay Regional Park District. Funds will support public safety, wildfire prevention, and healthy forests; manage park infrastructure and maintenance; and provide environmental stewardship and habitat protection. The measure covers the cities of Oakland, Berkeley, Richmond, Alameda, San Pablo, El Cerrito, Albany, Emeryville, and Piedmont. It required  $\frac{2}{3}$  super-majority to pass; the **final vote was 84.21% Yes**.

##### **City of Rio Vista, CA**

Feasibility study for a 3/4-cent sales tax on the November 2016 ballot showed likely support for the proposed tax of 69%; potential voter support was 82%. SRI was commissioned to design and administer a Public Outreach effort; the **final vote turned was 81.09% Yes**. In other words, we were able to secure virtually 100% of the potential voter support for this funding Measure.

##### **City of San Pablo, CA**

SRI has helped the City pass two (2) sales taxes over the past four years; one was a half-cent increase in the local sales tax to pay for general city services and programs; the other was to fund Public Safety services. We are presently preparing for another funding Measure; this one to fund the introduction of Municipal Broadband designed to promote economic development in the City; as well as address the issue of the 'digital divide' that exists in a city with a high ratio of low-income residents and minorities.

##### **City of Pittsburg, CA.**

Successful 218 L&L (increase in City's annual Landscape & Lighting Assessment). SRI was retained to identify an appropriate funding mechanism to address the City's fiscal challenges. After conducting a Tax Feasibility Study and an Opinion Leadership Survey, City officials decided to ask local property owners to authorize an increase in the City's existing Lighting & Landscape assessment. **We began with 34% support** for the Measure; following a concerted effort to BUILD CONSENSUS among stakeholders...combined with public outreach, the initiative ultimately **received 69% support**.

Also, commissioned to conduct a feasibility study to determine voter support temporary (5-yr.) half-cent increase in the City's Sale tax AND two (2) CFD's. SRI conducted benchmark surveys, assisted in crafting ballot language, and developed and administered public outreach efforts for all three funding Measures.

### **Fresno COG (Fresno Council of Governments), Fresno, CA.**

Successful \$1.7 billion half-cent sales tax earmarked for public transportation and public transit. SRI was commissioned to design and administer a BENCHMARK voter survey; and subsequently, to consult with Fresno COG involving outreach to residents of 15 cities and the unincorporated areas of Fresno County regarding the need for the continuation of this funding mechanism. **Measure received 78% voter support.**<sup>7</sup>

### **East Bay Regional Park District (EBRPD), Oakland, CA.**

Successful \$500 mm tax measure, placed on the November 2008 ballot.

Since 1988, SRI has helped the EBRPD secure in excess of \$1 billion in new taxes and annual assessments. First project was a successful \$225 million bond measure (Measure AA) that required 2/3-voter support. Orchestrated successful Special Benefit Assessments (Measures KK and LL), which received **79.8% and 69.1% voter support**, respectively. Orchestrated a successful \$45 million parcel tax requiring 2/3-voter support in the November 2004 elections; another successful funding measure in 2008, Measure CC; most recently, a \$500 mm bond measure (Measure WW), which secured over **72% voter support**; the largest funding Measure put on the ballot by a regional park District in the history in the United States. Our research and consulting Institute conducted feasibility studies and provided consulting services for outreach to registered voters in the respective zone of benefit (including portions of Alameda and Contra Costa Counties). We continue to be under contract (based upon a monthly retainer) with the District.

### **City of Eugene, Oregon**

Successful \$35.9 million G.O. Bond (Measure 20-145), placed on the November 2008 ballot. This was a street maintenance bond to fund approximately 70 lane miles of streets and 3 miles of off-street bike and pedestrian paths. **Secured 57% voter support.** We have been retained to assist with yet another G.O. Bond that will appear on the November 2018 ballot.

### **Marin County Congestion Management District.**

Failed half-cent sales tax. Conducted a series of feasibility studies to position Marin County to secure the requisite 2/3-voter support for a half-cent transportation tax to help alleviate regional gridlock.

**SRI's Go, No-Go model** showed **maximum voter support of 45.5%**; we recommended NO-GO.

Nonetheless, the Client placed a Measure on the ballot; **vote turned out to be 42.5%**.

### **Marin County Congestion Management District.**

**Successful half-cent sales tax.** SRI was brought back to assist the County crafting a strategic plan based upon the collective wishes of Marin County voters to address transit gridlock throughout the County. This time, County officials followed SRI's recommendation's, based upon the **Go, No-Go Model**; the outcome is perhaps best depicted in the following e-mail from one of the consultants with whom we partnered, Bonnie Nelson of San Francisco-based, Nelson/Nygaard, "Hope you noticed the vote in November (2004)...**71%, just as you predicted.**"

### **City of Clovis, CA. (suburb of Fresno, CA)**

Successful LMD (Landscape Maintenance District). SRI partnered with an engineering firm in bringing forward a successful LMD, wherein local property owners agreed to double and triple their annual LMD assessment. Needed simple majority; **SRI's Go, No-Go Model** showed **minimum support of 53%**; SRI was retained to draft ballot language and assist in Public Outreach...**vote turned out to be 57.24%**.

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<sup>7</sup> The very same funding measure had been placed on the ballot three years earlier; SRI was NOT involved in that effort. Their polling said they had 72% voter support; we re-analyzed their polling data (from a competing firm) using the **SRI Go, No-Go Model**, which said likely voter support, in reality, was 56%. The outcome of that election was

54%. SRI was retained to assist in placing the Measure on the ballot a 2<sup>nd</sup> time...the outcome of that election was **78% voter support**.

### **City of Oakland, CA.**

Successful LLAD (Landscape & Lighting District); 2008; partnered with Francisco & Associates. Needed simple majority; **SRI's Go, No-Go Model** showed minimum 48.5% support; based on SRI's data analysis and crafting a targeted MESSAGE STRATEGY, **SRI recommended GO; the initiative passed**. SRI was retained to draft ballot language and assist in Public Outreach...vote turned out to be 54.91%.

### **City of Desert Hot Springs, CA.**

Successful TOT (bed tax); Secured 78% voter support for a 2% increase in the City's TOT.

### **City of Antioch, CA., "218 Feasibility for Creating One or More Landscape & Lighting Districts,"** a survey of residential and "high-end" property owners.

Antioch's six existing Landscape & Lighting Districts were about to "sunset" (terminate). SRI was commissioned to survey residential and "high-end" (hard to reach) property owners to determine: (a) whether or not Antioch property owners would be willing to re-approve the existing Landscape & Lighting Districts,

b) whether or not they would approve creating a single, Citywide District vs. multiple, smaller Districts throughout the City, (c) determine property owners' collective "willingness to pay" for the services provided through this form of annual assessment, and (d) determine if property owners would be willing to forego the requirement for the District to be "re-approved" every four years and/or approve a cost-of living annual adjustment to the assessment. **SRI's Go, No-Go Model** showed INSUFFICIENT support; thus, **we recommend NO-GO**. The Client chose to move forward; the initiative failed.

### **Bay Area Rapid Transit Authority (BART), Oakland, CA.**

*"Determining the Level of Voter Support for the Continuation of a \$1.3 billion tax to Renovate & Improve the BART System."* Feasibility study for the renewal of a 30-year tax initiative that would yield BART approximately \$1.3 billion.

### **AC Transit, Oakland, CA**

Through the years, SRI has partnered with AC Transit in helping identify and secure new revenue streams. Some of our projects include:

- Measure B, Reauthorization; represent AC Transit's interests in a tax initiative involving the funding of public transit in Alameda County under the auspices of the Alameda County Transit Authority. This ultimately led to a **successful funding measure** being placed on the local ballot.
- Measure B Exit Poll.
- Study to determine public awareness and attitudes regarding bus fares, usage and possible taxation to maintain existing levels of service. Resulted in a successful tax initiative being placed on the local ballot.

### **City of Hercules, CA.**

For more than 15 years, SRI has represented the City of Hercules regarding public policy research, including such things as: (i) placing successful parcel tax initiatives (requiring 2/3 voter support) on the ballot and successful 218 Special Benefit Assessment Districts (requiring 50% support) before local property owners; and (ii) "Needs Analysis" to determine where to make cutbacks in City's spending plan. More specifically, SRI has conducted the following studies for the City of Hercules:

- Successful 218-type Special Benefit Assessment District, Landscape & Lighting District
- Needs analysis to determine how to cut back on City services due to budget due to pressures brought on by the deficit at the State level.
- Landscape & Lighting Assessment; feasibility study to determine level of voter support for renewing the assessment.



- Utilities study. A study to determine level of support for the City creating a new, City-owned utility via a public/private partnership with a subsidiary of ChevronTexaco.
- Twice now, we been commissioned to design and administer a needs assessment for Economic Development & Growth Management.
- Study to identify and understand opinions and attitudes among residents that impact current City services, programs and public policy decision making.
- Study to determine voter support for a capital improvement bond.
- Study to identify and understand opinions and attitudes among residents that impact current City services, programs and public policy decision making.

### **San Mateo County, Department of Parks & Recreation.**

Needs Analysis (empirical input for a 5-year Master Plan) and countywide G.O. Bond Feasibility Study, combined with a study involving the possibility of creating a 218 Special Benefits Assessment District in the mid-coast region of the county.

### **The Snyderville Basin Special Recreation District**, Park City, Utah,

#### **“Needs Assessment for Recreation Program & Recreation Capital Facilities.**

Three community surveys, in Utah’s Summit County conducted three years apart, to secure “intelligence” needed for developing and updating a comprehensive **Master Plan** for regional parks and recreation facilities and programs in the areas immediately contiguous to Park City, Utah. The first study resulted in the

passage of an \$11 mm park bond, and the second study was designed to determine how best to invest these monies based on the collective perceptions of the District’s various constituencies. The third study led to a successful \$7 mm park bond.

### **Town of Danville, CA.**

**Successful \$15 million Mello-Roos Tax Measure** for additional parks and recreational facilities and Opinion Leadership Study to assist in campaign strategy.

### **City of Berkeley, CA.**

Successful tax measure to pay for additional fire protection, earthquake preparedness, etc. in aftermath of the Berkeley/Oakland Hills Fire.

## **Parks and Recreation**

**East Bay Regional Park District** (the largest regional park district in the United States), 1988 to present.

The EBRPD is comprised of Contra Costa and Alameda Counties (over 2.1 million residents). It has within its jurisdiction 59 regional parklands and over 1,100 miles of trails on approximately 85,000 acres of property.

- ☑ **Benchmarking and Longitudinal Monitoring**; SRI conceived and now oversee an on-going program to help the regional park District move from a solely tax-based operating model to a market-driven model of operations. These efforts focus, in part, upon building a comprehensive database comprised of park users, surveying them, and recommending policies and strategies to become more responsive to their collective wants and needs.



- ☑ **Consulting** for developing and implementing a plan to inform constituents of the Regional Park District's decision to place a tax initiative before them in the March '2002 elections. This initiative is designed to provide necessary funding for operations and maintenance of the park districts parklands and trails; currently underway.
- ☑ **Park user Loyalty/Satisfaction Benchmark Survey**
- ☑ Feasibility study to determine the advisability of creating a new **Fire Assessment District** in the Oakland Hills.
- ☑ *Survey of Voters, **Renters and Apartment Dwellers.***
- ☑ Constituent Attitudes Toward Assessment Fees for the **Maintenance and Operation of the EBRPD Trail System.**
- ☑ **Park Trail Usage Patterns** and Public Sentiment Toward Maintenance and Operation Cost of the EBRPD Trail System.
- ☑ **Customer Satisfaction Survey**, EBRPD Foundation

**City of Sacramento, CA., Department of Parks & Recreation**

Update five-year Master Plan for City's parks and recreation services, facilities, and programs.

**STATE OF CALIFORNIA, PARKS AND RECREATION Department** (Co-sponsored by the Save-the-Redwoods League)

Determining the feasibility of passing a *Bond Measure* to upgrade and maintain California State Parks and Recreation Facilities statewide.

**CITY OF MILPITAS, CA., DEPARTMENT OF PARKS & RECREATION**

Presently conducting public opinion survey to secure "intelligence" needed for updating the City's Master Plan for its Park & Recreation Master Plan (including funding alternatives).

**TOWN OF CORTE MADERA, CA, UPDATE MASTER PLAN FOR TOWN PARK & RECREATION CENTER**

Conducted community survey to secure "intelligence" needed from local resident for updating the Master Plan for the Town of Corte Madera Town Park & Recreation Center.

**Marin County with the Towns of San Anselmo & Fairfax** (a joint project)

Tax feasibility study to determine the wisdom of creating a Joint Powers of Authority (JPA) to purchase the **Marin Town & Country Club** property and convert it into a parks, trails, and recreation facility, study included determining the electorate's collective "threshold" of *willingness-to-pay*.

**SONOMA COUNTY REGIONAL PARKS DEPARTMENT, CA**

Public Opinion Poll to survey regarding Collective Attitudes and Priorities for Regional Parks and Recreation Facilities provided by and/or through the County.

**CARD (Chico Area Recreation and Park District, Chico, Ca.**

Update District's five-year Master Plan.

**Southgate Recreation & Park District, South Sacramento County.**

Update Master Plan for District's parks and recreation services, facilities, and programs. Subsequently commissioned to assist with a 2<sup>nd</sup> update of the Master Plan and securing new revenue streams for the District.

### **The Desert Botanical Garden**, Phoenix, AZ.

Toward Building a Strategic Plan for Repositioning the Desert Botanical Garden in the Collective Mind of the General Public and Increasing Visitation to “The Garden”.

### **Phoenix Art Museum**, Arizona

Study to evaluate current membership attitudes, motivation for membership and services provided to members.

### **Union City**, CA

Parks and Recreation **Master Plan**; plus, assessing issues impacting the ‘Quality of life’ for Union City residents. Citywide survey to determine constituent wishes for short-term and long-term needs with respect to City-sponsored parks, recreation, and leisure programs and facilities.

## **Economic Development**

**ChevronTexaco Corporation**, the second largest US integrated oil & gas company, with a presence in more than 180 countries.

An Economic Development survey of opinion leaders throughout the Cocotren (coastline) corridor of Baja, California, Mexico (from Ensenada through Tijuana) to secure the “intelligence” needed for developing a COMMUNITY BENEFITS PROGRAM to enhance education, health care, and “the Arts” throughout the region; to upgrade such infrastructure as local roads, streets, and the sewage system); and to promote tourism and other economic development resources.

This research effort was designed to help position ChevronTexaco to win a \$4 billion contract for constructing and operating an LNG regasification complex plant in Baja, California, Mexico.

### **City of Sunnyvale, CA.**, “*Assessing Sunnyvale’s Economic Prosperity Program & its Business Climate.*”

Surveying businesses of all sizes and types (e.g., commercial, professional, high tech, in-home businesses, both light and heavy industry) currently doing business in the City of Sunnyvale. Goal is to create an **Economic Development model** that will enhance the economic vitality of the City in the foreseeable future.

### **East Bay Regional Park District** (the largest regional park district in the United States).

*“Quantifying our Quality of Life: An Economic Analysis of the East Bay’s Unique Environment.”*

SRI conceived the idea, and partnered with the lead consultant, Economic & Planning Systems, Inc., of Berkeley, CA., which culminated with an Economic Summit.

### **18 UTOPIA Cities, Dynamic City MetroNet Advisors**, Lindon, Utah

Economic Development studies on behalf of the **Utopia Consortium** (Utah Telecommunications Open Infrastructure Agency), which is currently comprised of 18 cities in the State of Utah, and the **Sweetwater Consortium**, which is comprised of 2 cities in Wyoming. The intent of the 20 individual studies was to identify “likely market potential” for the Dynamic City Fiber Optic MetroNet in terms of being a viable mechanism for attracting new business and industry into the respective communities.

### **Oakland CEO Council**, Oakland, CA., “*Securing ‘Intelligence’ for Enhancing Economic Vitality in the City of Oakland*”

*Opinion Leadership* study designed to secure the “intelligence” necessary for developing a strategic plan for Economic Development within the City of Oakland. The Oakland CEO Council is comprised of the twelve largest firms with headquarters in Oakland. These include, for example, Clorox, Dryers, Kaiser Permanente, the Oakland A’s).

**Rincon San Luiseño Band of Mission Indians**, San Diego County, CA.,  
Survey Tribal members to secure “intelligence” for developing a 15-20 year  
**Economic Development Master Plan** for to allow all Tribal members to benefit from the revenues generated through gaming on the reservation (Harrah’s Casino). Also, conduct the first comprehensive Tribal census in the Tribe’s history. Presently updating the Tribe’s Census data.

**Puyallup Indian Nation**, Tacoma, Washington  
An Economic Development survey to identify voter attitudes & public sentiment statewide toward providing Education, Health Care & Social Services via Revenue Sharing with the State of Washington of Sales Tax Dollars from Native American Commerce.”

## **Tax Initiative for Public Schools**

**Alameda Unified School District**, City of Alameda, California  
Two studies (benchmark survey & tracking poll prior to the election) to determine the level of community support for consolidation of high schools and feasibility for passage of a *\$48 million bond*.

**Berryessa Union School District**, San Jose, California  
Study to determine feasibility of passing a local school tax initiative for education programs and establishing overall budget priorities (two studies)

**Brentwood/Byron/Oakley School Districts**, Contra Costa County, California  
Study to determine the feasibility of passing a local school tax measure.

### **CONTRA COSTA COUNTY LIBRARIES**

Survey to determine public library use and needs, general attitudes towards library and county services, and the likelihood of passing public financing for construction of additional libraries.

**Department of Education, State of Arizona** (Co-sponsored by The Goldwater Institute).  
Feasibility study for a 1/2 cent sales tax to “equalize school funding” throughout the State of Arizona.

**Livermore Valley Joint Unified School District**, Livermore, California  
Survey to determine the feasibility of a parcel tax measure to enhance educational programs within the District on a site-specific basis.

**Martinez Unified School District**, Martinez, California  
Baseline survey to determine feasibility of passage of \$25 million bond measure for a new high school; later conducted tracking surveys. Subsequently, ran successful campaign.

**Mt. Diablo Unified School District**, Concord, California  
Re-analyze data gathered by another research firm regarding feasibility of *\$90 million bond* measure; subsequently commissioned to conduct a tracking poll to confirm “findings.”

**Newark Unified School District & City of Newark**  
Joint study to determine the feasibility of two proposed tax measures: the renovation of local schools and a community swimming pool.

**Oakley School District**, Oakley, California  
Study to determine the feasibility of passing a local school tax measure. Subsequently retained to manage successful campaign for the bond measure.

**Redwood District Elementary School District**, Redwood City, California

Tracking survey to determine the feasibility for passage of both a successful bond measure for facility improvements and parcel tax measure for educational programs.

**Reed Union School District**

Study to determine reasons for failure of a prior parcel tax initiative and the parameters of an acceptable measure.

**West Contra Costa College**, Richmond, California

An assessment of resident attitudes and needs with regards to the college and its programs.

**Public Policy and Public Opinion Research**

**City of Brentwood, CA**

- ✓ Needs assessment for **Economic Development & Growth Management**.
- ✓ Two studies over five-year period to identify and understand opinions and attitudes among residents that **impact City services, programs and public policy decision making**.
- ✓ Study to determine voter support for a **capital improvement bond**.
- ✓ Study to determine level of support among local property owners for the renewal of an existing **Landscape & Lighting District** to provide monies for the creation and maintenance of such infrastructure as street lighting, streets & roads, park and recreation facilities, et al. (this amounts to the renew of a 218 Special Benefit Assessment District within the City).
- ✓ Study to identify and understand opinions and attitudes among residents that impact **current City services, programs and public policy decision making**.

**City of Davis, CA**

Public Opinion, Attitudes and Spending Priorities regarding Issues of *Open Space, Natural Areas, and Recreation Trails*.

**DELTA ENVIRONMENT SCIENCE CENTER** (survey residents throughout entire S.F. Bay Area)

Public Perceptions Regarding Prospective Educational and Recreational Programs, Activities & Facilities.

**City of Fremont, CA**

Survey of local electorate to determine likelihood of support for bond/tax measure with regard to five capital projects and/or a Gann Limit override.

**City of Gilroy, CA**

Survey of City residents to identify local concerns and community priorities, and to assess City programs and service levels.

**City of Half Moon Bay, CA**

Voter attitudes toward growth management.

**CITY OF HOLLISTER AND SAN BENITO COUNTY** (CO-SPONSORED BY BOTH PUBLIC AGENCIES).  
Attitude Analysis regarding Growth Restricting Initiatives

**City of Lafayette.**

Survey to determine park and recreation desires and voter willingness to support tax for such projects.

**City of Los Altos, CA**

Survey to determine the general attitudes and concerns of local residents regarding the needs of seniors in the Los Altos area.

**TOWN OF LOS ALTOS HILLS, CA**

Study electorate regarding sentiment towards two ballot measures in election dealing with local *land use decisions* and possible *annexation*; subsequently conducted a tracking survey regarding same issues.

**CITY OF MARTINEZ, CA**

Survey local electorate to determine perceived need for a *community center* and willingness to pay additional taxes for the construction of such a facility.

**CITY OF MARTINEZ, CA**, “*Developing a Crisis Plan to Address a Serious Budget Shortfall Impacting City Services and Securing ‘Matching Funds’ to Address the Problem of Flood Control in downtown Martine.*”

Feasibility study to determine: (a) the likelihood of securing the requisite voter support and the “threshold” of willingness-to-pay” a new tax in order to avoid cutbacks in City services as a result of a serious budget shortfall, and (b) *willingness-to-pay* a modest tax in order to “match” funds being provided by FEMA (Federal Emergency Management District, CalTrans, and the Union Pacific Railroad in order to resolve a chronic flooding problem in downtown Martinez.

**CITY OF MORENO VALLEY, CA**

Maintaining the Community Services Assessment District (Zone ‘A’)

Threshold of Willingness-to-Pay for Parklands and Recreation Facilities Made Available from the Closure of the March Air Force Base.

**CITY OF OAKLAND FIRE DEPARTMENT**

Study to determine voter attitudes towards existing services and possible additions/changes in services.

**CITY OF PACIFICA**

Determination of voter support for a ballot measure to exempt current growth limitations.

**CITY OF PLEASANTON** (THREE SURVEYS)

First survey to determine level of support for a *growth-limiting initiative* and to establish voter attitudes towards *general land use policies* ; second survey to determine voter support for a General Plan Amendment regarding open space preservation and residential development; third survey to drive strategic planning involving Pleasanton Ridgeland Land-Use Plan.

**CITY OF SANTA ROSA**

Public Usage, Attitudes and Priorities for Parks & Recreation Facilities and Programs.

## **CITY OF SOUTH GATE, California**

Developing Benchmarks (baseline measures) for "consensus-building" among *Stakeholders* throughout the City's jurisdiction; sustaining Innovation within the City of Southgate.. A City-wide telephone survey, plus a series of Town Hall meetings.

## **CITY OF VENTURA, California.**

Demographic profile of the City of San Buenaventura

## **Public Utilities**

### **Salt River Project (3rd largest public power and water utility in the United States).**

New product research in preparation for the divestiture of the utility industry within the following two years.

- ✓ Introducing **Whole House Surge Protection** products to the marketplace.
- ✓ Introducing to the marketplace **SRP's M-Power Technology** (manufactured by Motorola).
- ✓ **Product development** for BOTH residential and business markets.

## **Studies in Private Sector**

### **Managed Health Care Industry**

**MetLife Insurance** (SafeGuard Dental Plan, a dental HMO, subsidiary to MetLife). Conduct on-going monthly "patient satisfaction" surveys involving providers who accept the SafeGuard plan in every market throughout the United States.

**J.D. Power and Associates**, Health Care Division, Mesa, Arizona. Design and administer **customer satisfaction surveys** and surveys designed to enhance business development for J.D. Power Clients.

**Humana, Inc.**, Louisville, Kentucky — Study to determine **market potential** and **pricing threshold** for premium-based POS Supplement to Medicare. Conducted telephone survey that was designed to: (1) confirm the findings from previously-conducted focus group research and (2) to address the above-noted research questions.

**Health Net, Inc.** (subsidiary of Foundation Health Systems/Health Systems International)

- ✓ Phase I: **POS (point of service) product research** to determine how to improve "HealthNet Select." Conduct a series of focus group exercises involving members who have purchased Health Net's POS product.
- ✓ Phase II: **POS (point of service) product research** to determine how to improve "HealthNet Select." Conduct a series of focus group exercises involving physicians and administrators who service Health Net's POS product.
- ✓ **New Product Development**. Conduct a series of focus group sessions to: (1) determine the likelihood of adoption of new member products/benefits being considered by Health Net and (2) to evaluate key features of the new products under consideration.

**Intergroup Health Plan**, Phoenix, Arizona (subsidiary of Foundation Health Systems/Health Systems International) — Toward enhancing member retention: **Disenrollment telephone survey**.

**PCS Health Systems**, Scottsdale, Arizona (*a wholly-owned Division of Eli Lilly Pharmaceuticals*) — Conduct 1997 **Annual Customer Satisfaction Survey**. Combination telephone and mail surveys.

**QualMed HealthLine**, Philadelphia, Pennsylvania (subsidiary of Foundation Health Systems/Health Systems International). SRI analyzes the data from mail user satisfaction surveys conducted quarterly; we conduct longitudinal (over time) analyses in order to identify instructive trends and patterns (*quarterly since May 1997*).

**SCAN Health Plan** (social HMO that is part of a Congressional experiment designed to provide health care services to the senior/Medicare population)

- ✓ **Niche Analysis and Branding Study** commissioned for the purpose of determining how to position the senior HMO to compete with larger HMO's (especially those with "deep pockets") when the protection of SCAN's niche is terminated by Congress and the playing field levels out. Study comprised of three-phases: **Phase I: telephone survey** of SCAN members and non-members; **Phase II: one-on-one, in-depth interviews** of SCAN employees & consultants; **Phase III: conduct two focus group exercises** involving consumers recruited from specific target markets.
- ✓ **Building behavioral models for client/member retention**. Combination telephone survey and focus group study.
- ✓ **Needs analysis of seniors**. Telephone survey.
- ✓ **Disenrollment Study**. Combination focus group research and telephone survey.
- ✓ **Proposed name change**. Test proposed name change for senior HMO. Focus group research.
- ✓ **Niche analysis/concept testing**. Niche marketing study (based upon in-depth one-on-one personal interviews) to determine marketability of new HMO (a subsidiary to SCAN Health Plan) called SmartCare. Study included testing three advertising concepts.

**United Health Plan**, Los Angeles, California (telephone surveys)

- ✓ **Member satisfaction survey**. Statistical analysis included "causal modeling."
- ✓ **Member & Non-member Senior Market Profile Survey**. Survey members and non-members to determine a profile of clientele.

**Yellowstone Community Health Plan**, Billings, Montana — **Needs Assessment** and **Local Market Analysis** for purposes of strategic planning. Telephone survey for start-up of new HMO.



## Non-Health Care Research in Private Sector

**Home Builders Association of Northern California** — Multiple studies regarding Inclusionary Zoning, to fund affordable housing in the City of San Jose.

### **AAA (Auto Club of Southern California)**

- ✓ **Understanding ‘Purchase Barriers’** to AAA auto insurance.
- ✓ **Post-election survey re: ‘No-fault Insurance’ Ballot Initiative.** Member survey to determine level of awareness, knowledge, and attitudes after the No Fault Insurance initiative was on the statewide California ballot.
- ✓ **Pre-election survey re: ‘No-fault Insurance’ Ballot Initiative.** Member survey to determine level of awareness and likelihood of voter support for the statewide No Fault Insurance initiative that was on the upcoming ballot.
- ✓ **Post-election survey of AAA members** re: two transportation propositions that appeared on the November 8th ballot. Object of study was to analyze voting behavior among AAA members.
- ✓ **Market feasibility study and new product development.** Study involved a new insurance product called Mechanical Breakdown Insurance.

## Not-for-profit Organizations

**Vintage House Senior Center**, Sonoma, CA, *“Public Opinion Research for Purposes of Strategic Planning: Benchmarking Community Awareness, Public Image & Needs Analysis.”*

Vintage House wanted to take a higher profile in the communities they serve in the Sonoma Valley. Toward that end, they wanted to secure a better understanding of how well known the senior center was throughout the region, how they were perceived, and whether or not there were services desired by their constituency that the Center was not presently providing to seniors. Finally, they wanted to secure “intelligence” that would help improve their fund-raising efforts.

**Jesus Video Project**, sponsored by the Campus Crusade for Christ

- ✓ **Testing Distribution Strategies & Measuring the Effects of** viewing “The Jesus Video” when sent, unsolicited, to homes of Christians & Non-Christians (Two surveys of residents in three cities located BOTH inside and outside of the ‘Bible Belt’).
- ✓ **Surveying Pastors** about The Jesus Video: Whether or not their expectations were realized.
- ✓ **Redesigning the Cover Sleeve (jacket) of The Jesus Video**; focus group research involving both Christians & Non-Christians.

**Wycliffe Bible Translation**, Orange, CA.

Developing a strategy to maximize the effectiveness of fund-raising letters to supporters of the Wycliffe effort.

**Inland Auto Dismantlers’ Association**, Identifying Market Potential for Used Engines & Used Parts throughout the Inland Empire.

**UNITED WAY OF ORANGE COUNTY**

Needs analysis survey.





## Addendum 'C'



**2022**

### Data Collection, Pricing Matrix

	15 minutes	17 minutes	20 minutes	25 minutes
<b>N=100</b> Sampling error ±8 to 9.8%	Option 1-A <b>\$16,000</b>	Option 1-B <b>\$18,000</b>	Option 1-C <b>\$21,000</b>	Option 1-D <b>\$26,000</b>
<b>N=200</b> Sampling error ±5.5 to 7.0%	Option 2-A <b>\$18,000</b>	Option 2-B <b>\$20,000</b>	Option 2-C <b>\$23,000</b>	Option 2-D <b>\$28,000</b>
<b>N=300</b> Sampling error ±4.5 to 5.8%	Option 3-A <b>\$20,000</b>	Option 3-B <b>\$22,000</b>	Option 3-C <b>\$25,000</b>	Option 3-D <b>\$30,000</b>
<b>N=400</b> Sampling error ±4 to 5%	Option 4-A <b>\$22,000</b>	Option 4-B <b>\$24,000</b>	Option 4-C <b>\$27,000</b>	Option 4-D <b>\$32,000</b>
<b>N=500</b> Sampling error ±3.5 to 4.5%	Option 5-A <b>\$24,000</b>	Option 5- B <b>\$26,000</b>	Option 5-C <b>\$29,000</b>	Option 5-D <b>\$34,000</b>
<b>N=600</b> Sampling error ±3 to 4%	Option 6-A <b>\$26,000</b>	Option 6- B <b>\$28,000</b>	Option 6-C <b>\$31,000</b>	Option 6-D <b>\$36,000</b>
<b>N=800</b> Sampling error ±2.5 to 3.5%	Option 7-A <b>\$30,000</b>	Option 7- B <b>\$32,000</b>	Option 7-C <b>\$35,000</b>	Option 7-D <b>\$40,000</b>
<b>N=1,000</b> Sampling error ±2.3 to 3.2%	Option 8-A <b>\$34,000</b>	Option 8- B <b>\$36,000</b>	Option 8-C <b>\$39,000</b>	Option 8-D <b>\$44,000</b>
<b>N=1,200</b> Sampling error ±2 to 2.8%	Option 9-A <b>\$37,000</b>	Option 9-B <b>\$39,000</b>	Option 9-C <b>\$41,000</b>	Option 9-D <b>\$46,000</b>
<b>N=1,500</b> Sampling error ±1.8 to 2.5%	Option 10-A <b>\$42,000</b>	Option 10-B <b>\$44,000</b>	Option 10-C <b>\$47,000</b>	Option 10-D <b>\$52,000</b>

*95% confidence level  
Sampling error varies with size of sample*

**Note:** For travel out of state; add \$1,000 per trip

## Addendum 'D'



**Strategy Research  
Institute**

*Creators of the...*



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City Manager

#### **City of San Pablo**

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San Pablo, CA 94806

510 ♦ 215-3016 (direct line)

[MattR@sanpabloca.gov](mailto:MattR@sanpabloca.gov)

### **Chief Ron Ramon**

Chief of Police

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## An Overview of Local Revenue Measures in California Since 2001

### Voter Approval of Local Taxes

In November, 1996, California voters approved Proposition 218, “The Right to Vote on Taxes Act.” Together with its tax limitation predecessors, Proposition 13 (1978) and Proposition 62 (1986), Proposition 218 substantially expanded restrictions on local government revenue-raising including taxes, assessments, and property related fees. With regard to taxes, Article XIII of the California State Constitution now provides a clear standard distinguishing locally imposed general taxes from special taxes and requires majority voter approval for general taxes and a two-thirds supermajority requirement for special taxes.<sup>1</sup> Parcel taxes, non-value-based taxes on real property, require two-thirds supermajority voter approval.

Two-thirds voter approval is also required for general obligation bonds. The proceeds of these bonds must be used for the acquisition or improvement of real property. Voter approved rates levied for the debt service of these bonds may be in addition to the limit on ad valorem property taxes of one percent of full cash value of a property. In November 2000, California voters passed Proposition 39, reducing to 55 percent the two-thirds supermajority needed to pass certain school bonds. School bond measures qualify for the lower 55 percent approval threshold if they meet Proposition 39’s restrictions on the allowable amount of the bond and include certain accountability provisions.

#### Approval Requirements for Local Taxes

	City	County	Special District	School District	Approval Required
General Tax	✓	✓	-	-	majority
Special Tax	✓	✓	✓	-	2/3 supermajority
Parcel Tax	✓	✓	✓	✓	2/3 supermajority
G.O. Bond	✓	✓	✓	✓	2/3 supermajority
55% Vote Bond	-	-	-	✓	55%

✓ = May propose.

The types of taxes that may be proposed are further limited in law.

<sup>1</sup> Under Proposition 13 (1978), a special tax requires the approval of two-thirds of voters. The In 1982, the state Supreme Court decided *City and County of San Francisco v. Farrell*, which defined the term special tax as any tax earmarked for a specific purpose. majority approval requirement for general taxes was previously established for general law cities by Proposition 62 (1986).

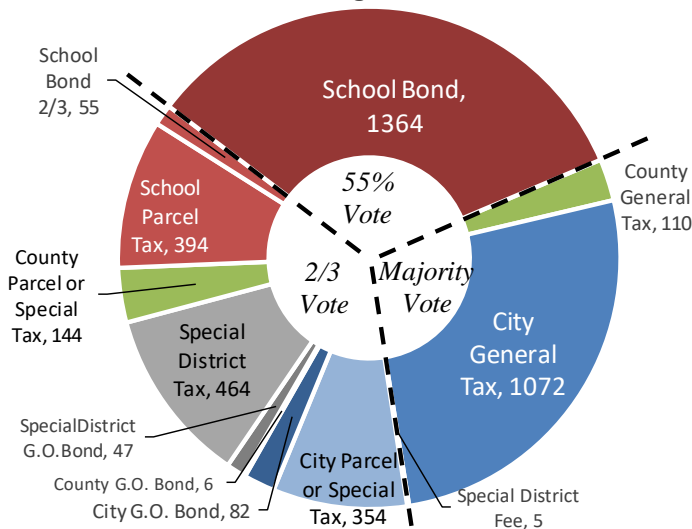
## Proposed Local Measures

Since 2001 and through the November 2018 election, over 4,000 local revenue measures have been placed before local voters concerning school, city, county or special district taxes or bonds. Over a quarter of these measures concerned city or county general purpose taxes requiring majority voter approval; about a third were 55 percent approval school bonds; and the rest were parcel tax or special tax measures requiring two-thirds supermajority approval.

<b>Local Revenue Measures Since 2001</b>			
<b>Through November 2018</b>			
	Total	Pass	Passing%
City Majority Vote	1071	825	77%
County Majority Vote	110	66	60%
Special Distr Fee MajVote	5	4	80%
City 2/3 Vote	436	223	51%
County 2/3 Vote	150	68	45%
Special District (2/3)	511	240	47%
School ParcelTax (2/3)	394	261	66%
SchoolBond 2/3	55	20	36%
School Bond 55%	1364	1151	84%
<b>Total</b>	<b>4096</b>	<b>2858</b>	<b>70%</b>

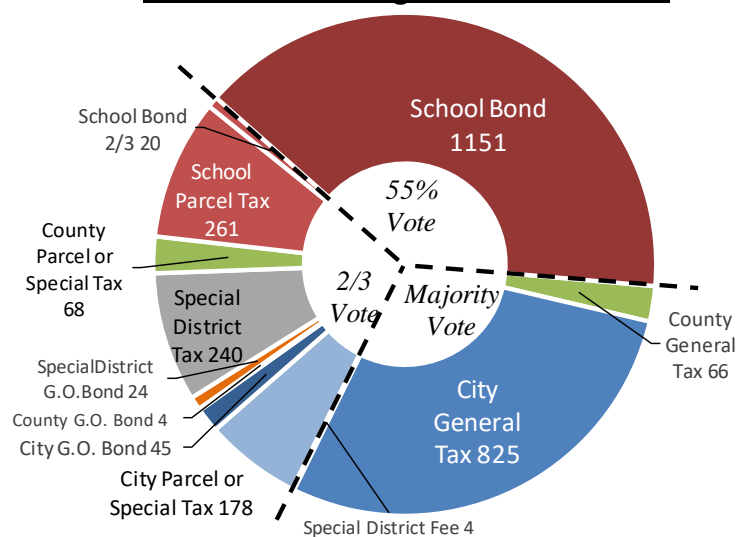
Despite their general purpose use, majority vote tax measures have been more likely to pass than supermajority vote special tax measures.<sup>2</sup> Three quarters of city general measures and over half of county general measures passed. But fifty-five percent school bonds have been the most successful with more than four out of five passing.

### **Proposed Local Revenue Measures Since 2001 through November 2018**



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### **Approved Local Revenue Measures Since 2001 through November 2018**

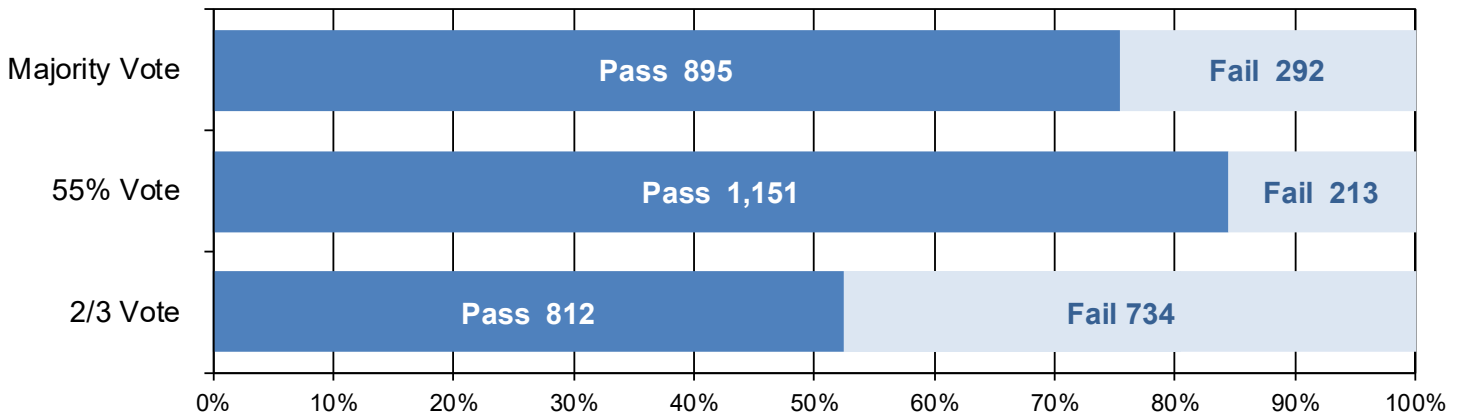


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<sup>2</sup> There were five majority vote special district measures concerning fee increases. Unlike general purpose taxes, fee revenues are restricted in use.

## Local Revenue Measures - 2002 through November 2018

Cities, Counties, Special Districts and K-14 Schools



"Fail 55%+" = measure received over 55% yes votes but did not achieve the 2/3 approval needed to pass.

"Fail<55%" = measure received less than 55% yes votes.

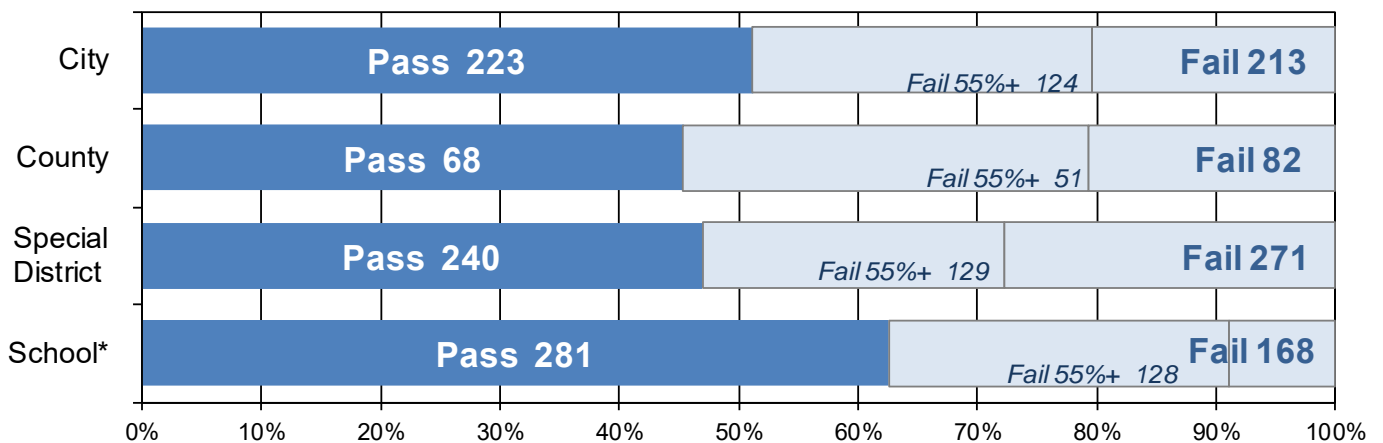
~Michael Coleman CaliforniaCityFinance.com

## Super-Majority Measures

Overall, half of two-thirds vote measures have succeeded. But non-school two-thirds vote special taxes and bonds were successful less than half the time whereas three out of five school parcel tax measures passed. A 55% vote threshold would apparently have made a dramatic difference in passage rates, especially for school parcel taxes.

## Local Special Tax and G.O. Bond Measures - 2002 through November 2018

Cities, Counties, Special Districts and K-14 Schools



\*School measures included here include parcel taxes and 2/3 vote bonds. Excludes 55% vote bonds.

"Fail 55%+" = measure received over 55% yes votes but did not achieve the 2/3 approval needed to pass.

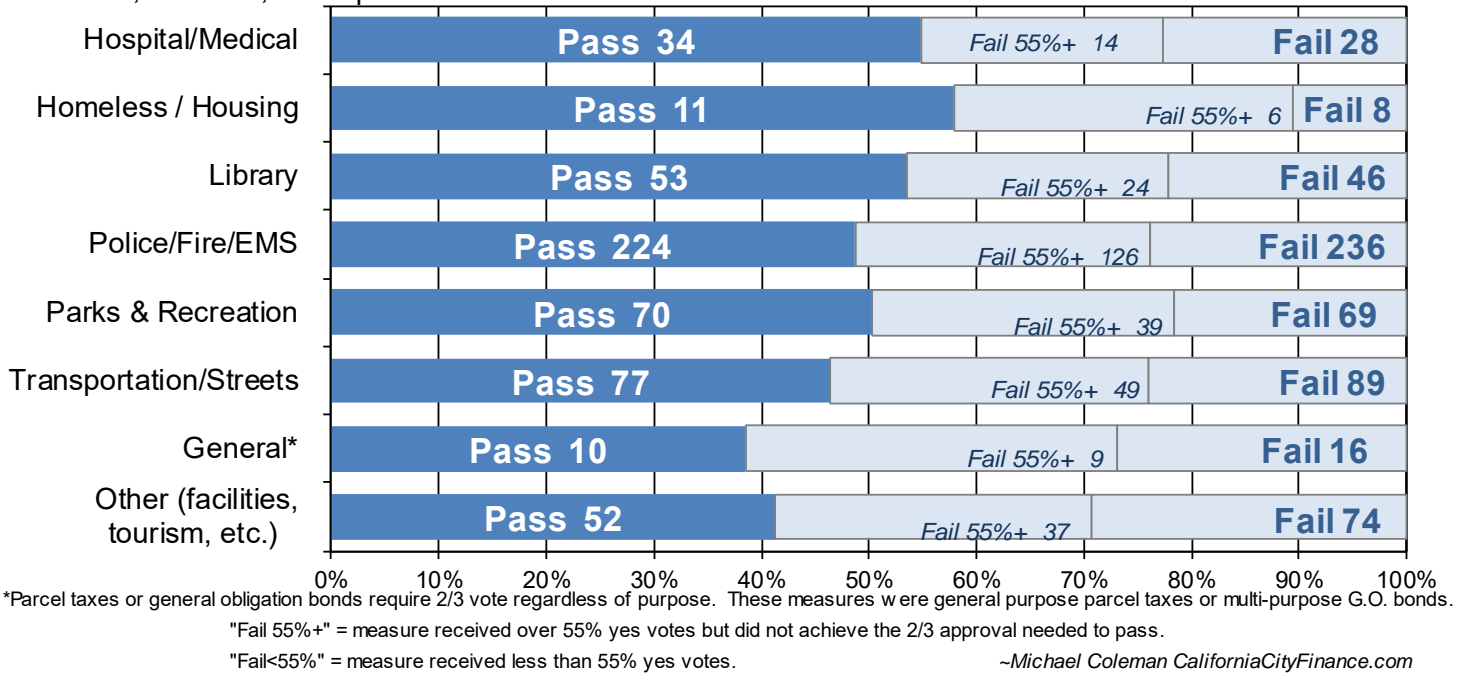
"Fail<55%" = measure received less than 55% yes votes.

~Michael Coleman CaliforniaCityFinance.com

Among the 1,097 non-school special tax and bond measures, the most common were designated for police, fire or emergency medical services. Over half of the failing special tax or bond measures garnered more than 55% "yes" votes.

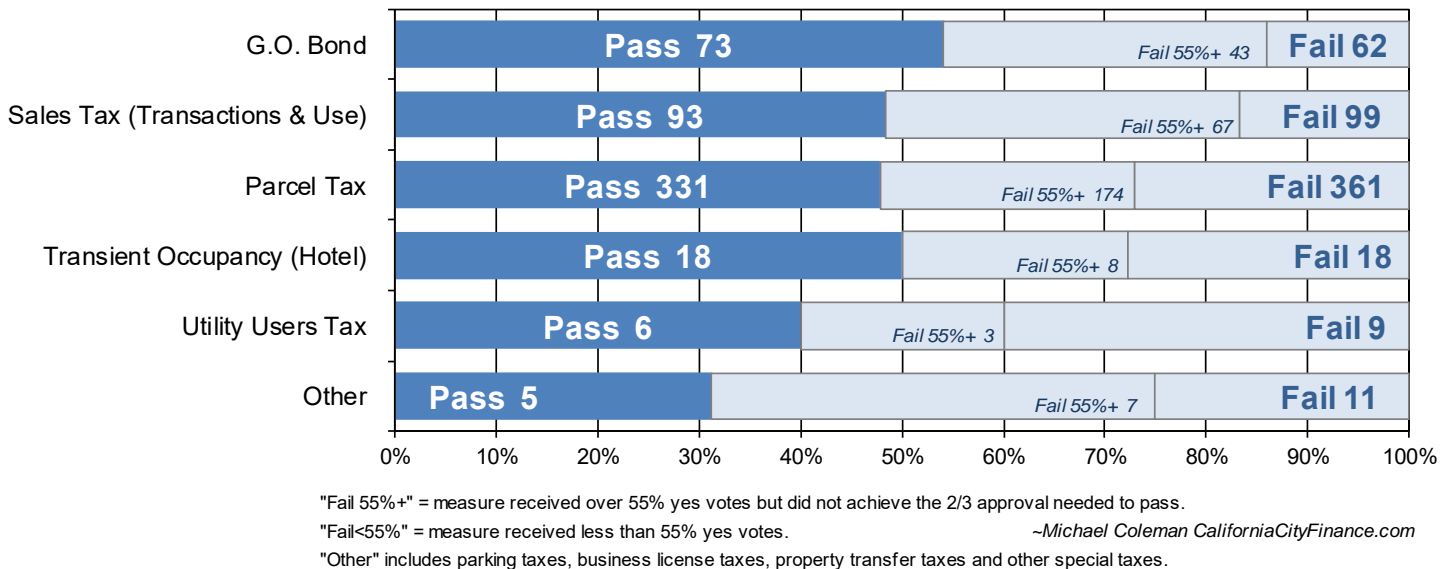
## Local Special Tax & G.O. Bond Measures - 2002 through November 2018

Cities, Counties, and Special Districts



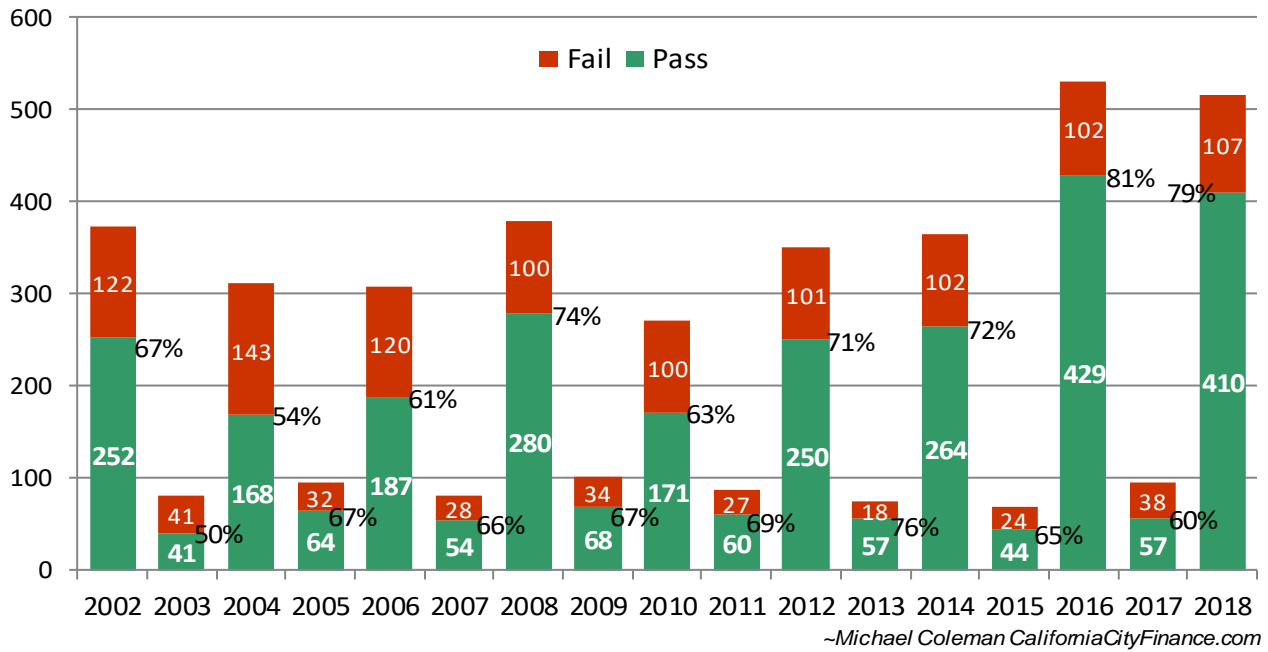
## Local Special Tax & G.O. Bond Measures - 2002 through November 2018

Cities, Counties, and Special Districts - two-thirds voter approval



Among the non-school special tax measures, nearly 2 out of 3 were parcel taxes. Fewer than half of these passed, but over 70% garnered greater than 55% voter approval. G.O. Bond measures fare only slightly better and two-thirds vote earmarked sales tax and hotel tax measures have fared much worse than their general purpose counterparts. Nearly nine out of ten general obligation bond measures received more than 55% yes votes.

## Local Tax and Bond Measures - 2002 through November 2018

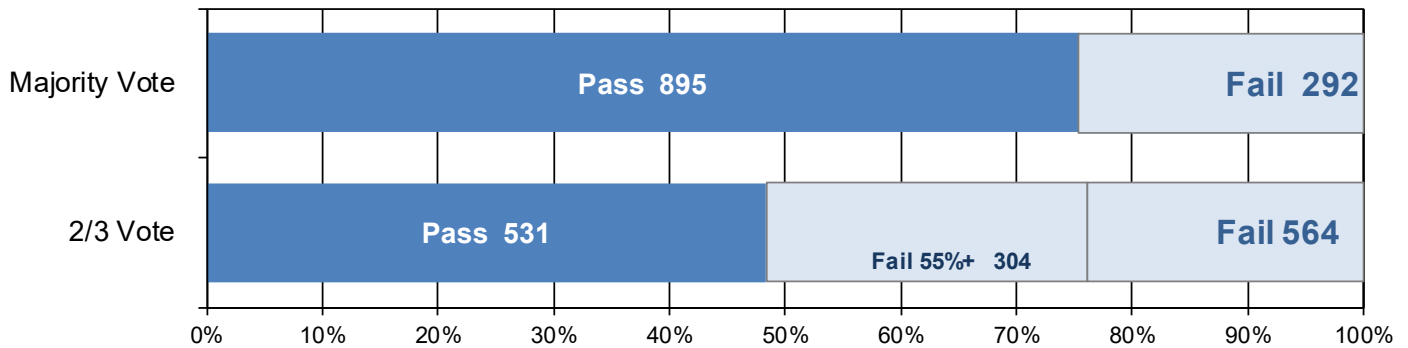


## Non-School Local Measures – Majority vs Special

Aside from the variety of fees, assessments, and other revenue raising methods, local governments - especially cities and counties – have a variety of tax options. Over time, many areas of taxation once available to localities have been “occupied” by the state of California and made off limits to localities. These include: personal and corporate income taxes, cigarette taxes, liquor taxes, and taxation of motor vehicles. Among the local options still available, the most common appearing on ballots are utility user taxes, hotel taxes and so-called add-on sales taxes. But well over one-third of local measures are parcel taxes.

### Local Revenue Measures 2002 through November 2018

Cities, Counties, and Special Districts



Among the measures proposed by cities, counties and special districts, three out of four majority vote measures passed.<sup>3</sup> Only 48 percent of the two-thirds supermajority vote measures passed. However, a substantial portion of the losing two-thirds supermajority vote measures achieved a clear majority of “yes” votes. In fact, if 55 percent had been the constitutional standard for approval rather than two-thirds, three out of four might have passed.

As for voter thresholds, a lower vote threshold would clearly have a big effect on the success rate of these local tax measures. A lower vote threshold, such as 55 percent, would also entice more municipalities to choose to legally earmark their taxes, rationalizing that the additional yes votes from such an earmarking would exceed the additional five percent yes vote needed for passage.

## **Parcel Taxes – Cities, Counties and Special Districts**

A parcel tax is an excise tax on real property that is based on either a flat per-parcel rate or a rate that varies depending upon use, size, and/or number of units on each parcel. Any increase or extension of a parcel tax by a local government in California requires the approval two-thirds of the voters. Forty-eight percent of the 693 non-school parcel tax measures have passed. Nearly half of those that failed achieved over 55 percent “yes” votes.

Parcel taxes may be imposed for any municipal purpose. Over half of the proposed parcel taxes since 2001 have been for public safety or medical services including law enforcement, gang suppression, fire suppression and prevention, emergency medical and hospital services, equipment and facilities. Although there are many factors that determine the success or failure of a ballot measure, some uses of funds appear to be more successful than others. The variation in purpose is a reflection of perceptions of which services need additional resources.

## **General Obligation Bonds   Cities, Counties and Special Districts**

Except for certain school measures, general obligation bond measures require approval of two-thirds of voters. Since 2001 there have been 120 non-school local general obligation bond measures in California.

Over half, 73, of the 135 measures passed. Among the 62 failing measures, 43 received more than 55 percent “yes” votes and all but four received majority voter approval.

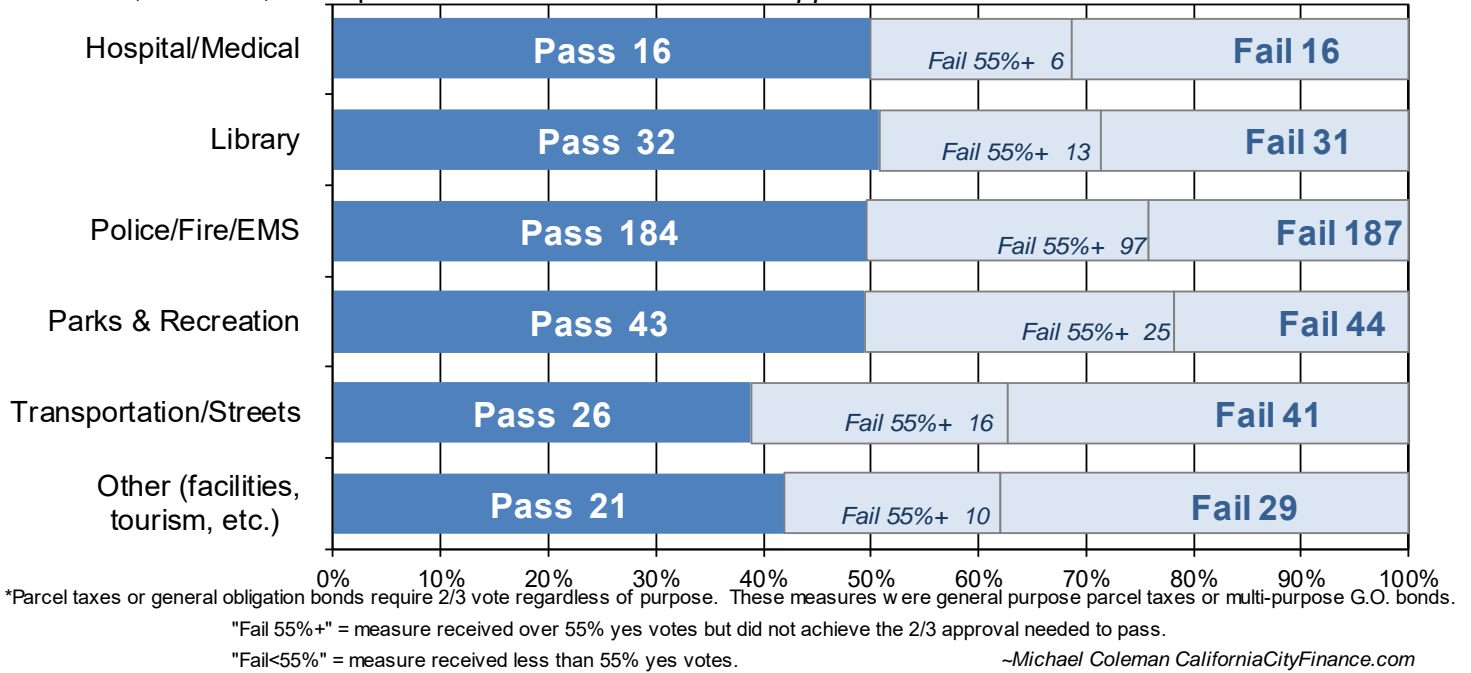
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<sup>3</sup> Special districts may not impose general taxes. Taxes imposed by special districts are special taxes.



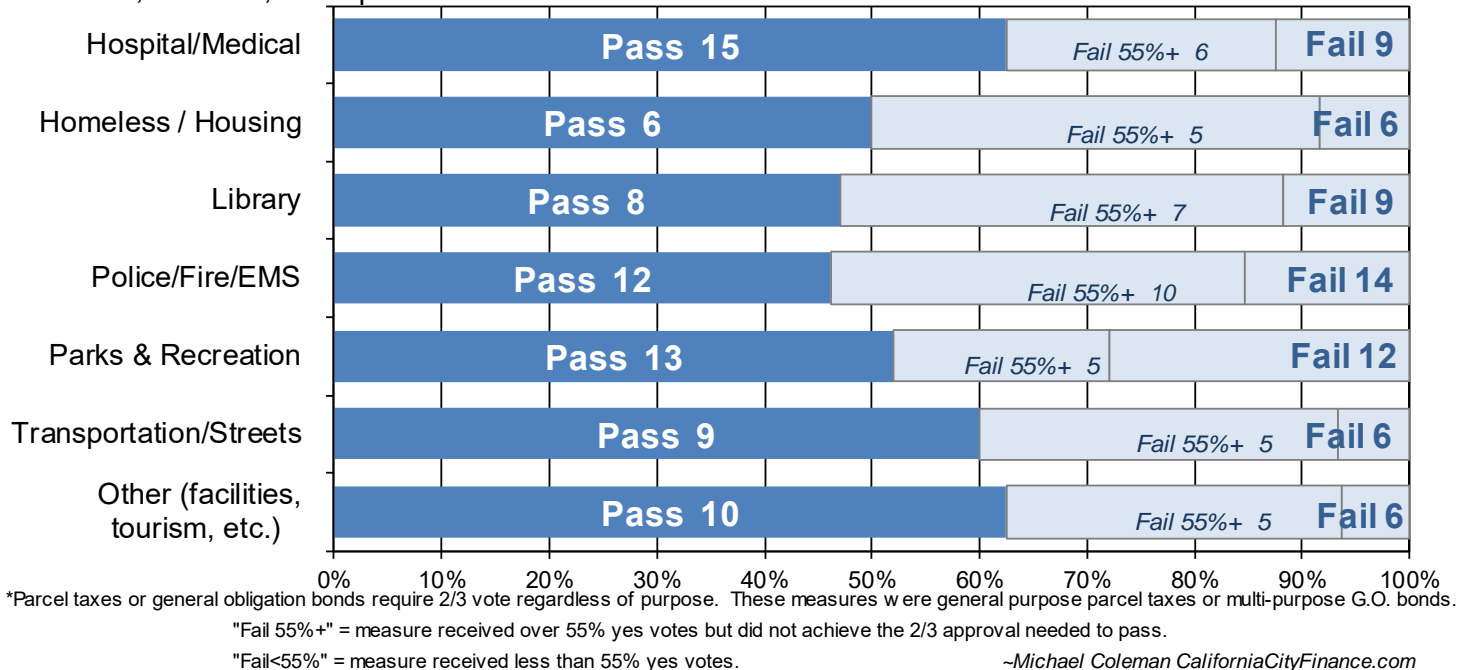
## Parcel Tax Measures - 2002 through November 2018

Cities, Counties, and Special Districts - two-thirds voter approval



## General Obligation Bond Measures - 2002 through November 2018

Cities, Counties, and Special Districts



## Utility User Taxes

Every city in California levies the basic 1% local Bradley Burns Sales & Use Tax. Nearly every city in California levies a business license tax and a hotel tax (transient occupancy tax). But of the 482 incorporated cities in California, 158 levy a tax on the users of utility services such as gas, electric, water, cable TV or telecommunications services (including the City and County of San Francisco). Three of the other 57 counties levy a UUT in their unincorporated areas.

In the wake of the severe revenue constraints brought in part by Proposition 13, many communities considered adopting a utility user tax. During the first 25 years following the passage of Proposition 13, UUTs were the most common area of new taxation by cities. The passage of Proposition 218 in 1996 made all local tax increases – including UUTs – subject to voter approval.

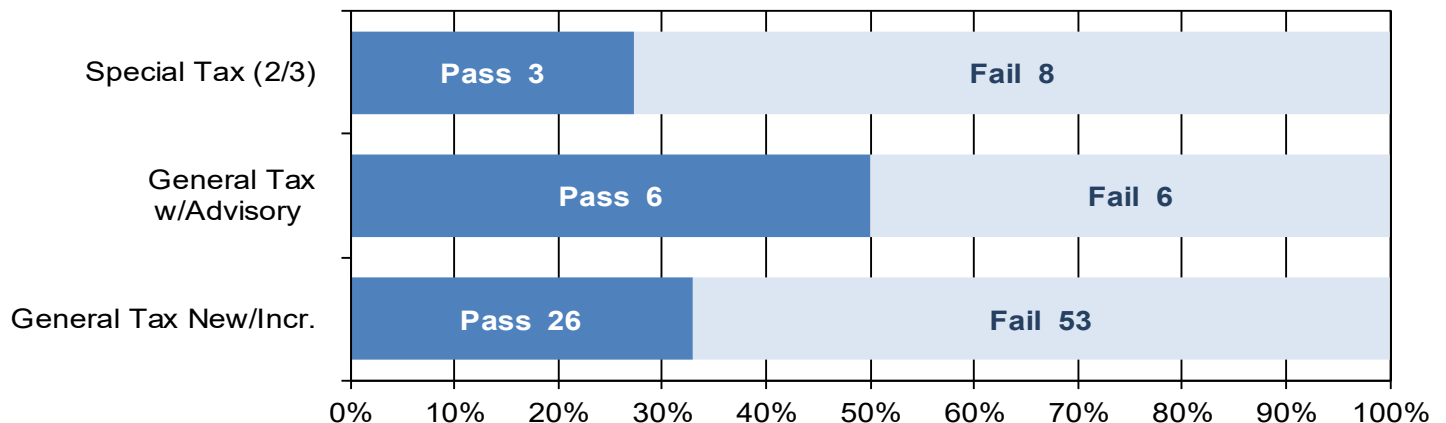
Since 2001 there have been 227 local measures concerning UUTs, but just 91 of these were proposals to increase or adopt a new tax. Another 90 were to “modernize” or expand an existing telecommunications UUT to new technologies and billing methods (i.e. wireless, etc.). Other UUT measures proposed to extend or validate previously approved rates.

### A. UUTs: Proposals for New or Increased Rates

All but one of the 91 measures to increase or adopt a new UUT since 2001 were by cities. The loan exception was a special UUT by the proposed Isla Vista Community Services District, a loan statutory exception allowing a special district to proposed a UUT. Eleven of the measures were special taxes designated for a specific purpose and requiring two-thirds voter approval. Among the 80 city general tax measures, 12 were accompanied by advisory measures indicating the use of the funds, the so-called “a/b strategy.” Six passed.

### Utility User Tax Measures - 2002 through November 2018

Cities and Counties



Utility User taxes appear far more difficult to pass than other taxes such as add-on sales taxes, UUTs or business license taxes. Based on this limited number of measures, it appears the “a/b” strategy might provide better success in some communities. But this is not borne out in other taxes,

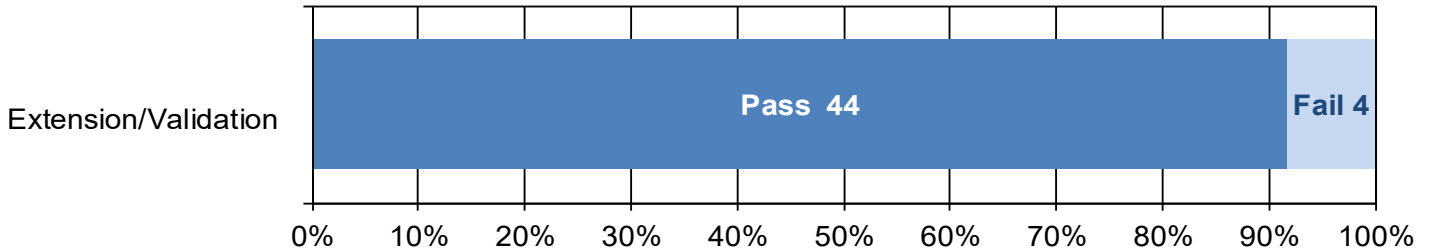
such as add-on sales taxes where “a/b strategy” appears to be no more successful than straight forward general tax proposals.

## B. UUTs: La Habra Validations / Continuations

In the years following the passage of Proposition 62 in 1986, the legality of tax increases without voter approval was in dispute. The necessity of voter approval was finally settled in *Santa Clara Local Transportation Authority v. Guardino* (1995), the passage of Proposition 218 in 1996 and *Howard Jarvis Taxpayers Association v. City of La Habra* (2001). A number of cities then placed measures on the ballot to validate – without increasing – taxes that had been previously imposed without voter approval. Other cities have proposed measures to extend – without increasing – existing tax levies that would otherwise sunset. Of the 48 measures since 2001 to extend or validate existing taxes, all but four passed.

### Utility User Tax Measures - 2002 through November 2018

Cities and Counties

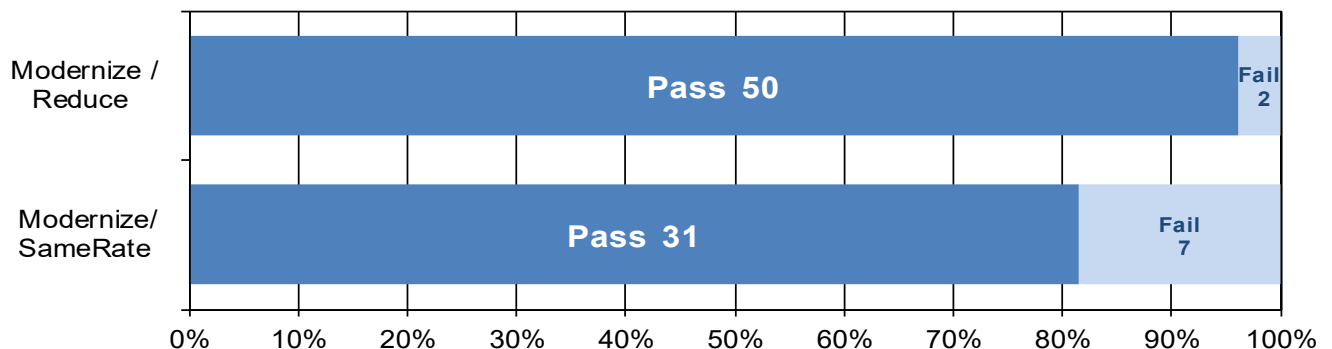


## C. UUT Modernizations

Over the past decade or so, many utility user tax ordinances have fallen out of step with changes in telecommunications technology, billing practices, and federal tax law. In order to continue to apply these taxes to telecommunications users, local UUT laws have needed revision, and in order not to run afoul of the voter approval requirements of Proposition 218, many localities have sought to revise their UUTs with voter approval. Among the 90 measures to modernize and expand UUTs to cover new telecommunications technologies, 38 maintained the same tax rate, but 52 accompanied the revision/expansion with a small reduction in the UUT rate on telecommunications.

### Utility User Tax Measures - 2002 through November 2018

Cities and Counties



Among these 90 UUT modernization measures, just nine have failed and each of these failures had unique story. For example, in March 2007, voters in the City of Covina – where controversy over the city’s UUT has a lengthy history - rejected a UUT modernization proposal. But in June 2008, following a better effort by supporters, Covina voters approved a UUT modernization measure maintaining the 5% rate.

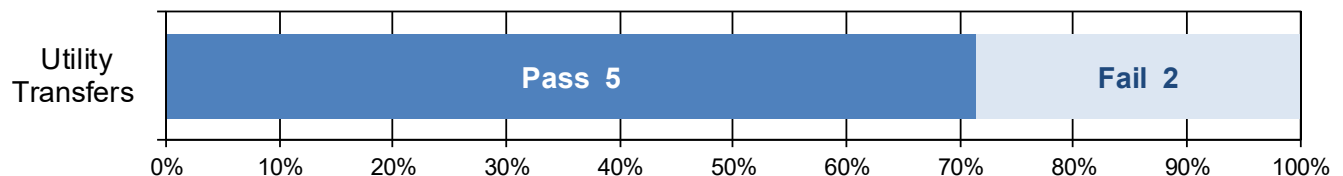
## D. UUT-911 Validations

A number of years ago, several cities imposed new charges on telephone customers to cover the costs of 911 emergency call center operations. These agencies imposed these charges as regulatory fees. Unlike taxes, regulatory fees may be approved by a majority of a city council or board of supervisors and do not require voter approval. Subsequent court decisions cast the legality of these fees into doubt and in response, a number of agencies put their charges up to voter approval. Three of the five proposed measures passed.

## E. Utility Transfers

Recent litigation casted doubt on the legality of the practice by cities of transferring revenues from utility funds to their general funds in the form of such things as “in-lieu taxes” or “in-lieu franchise fees.” Some taxpayer groups have argued that these transfers are taxes and must be voter approved. Although this are of law is not yet settled, seven cities have taken measures to their voters for approval of such transfers. Five passed, two failed. Most of these measures validated existing practice and thus resulted in no rate (tax) increase.

### Utility Transfer Measures - 2002 through November 2018



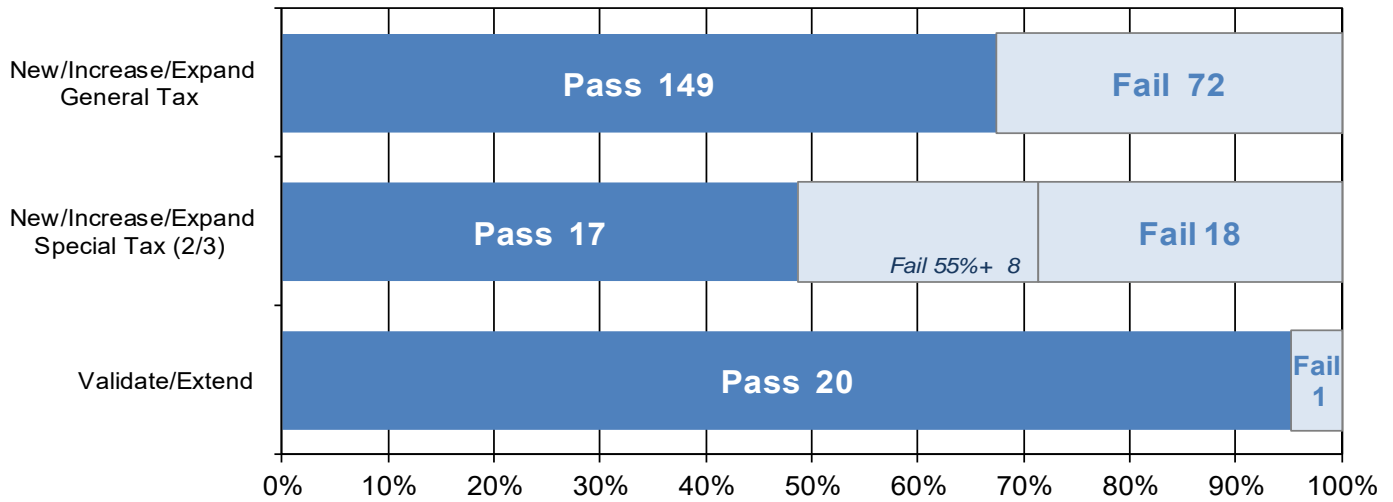
## Transient Occupancy (Hotel) Taxes

Nearly every city and county in California imposes a tax on hotels, motels and other short term accommodations. Commonly called “hotel taxes,” they are called Transient Occupancy Taxes (TOT) in California law. Since 2001 there have been 277 measures to expand or increase TOTs including 230 city measures and 47 county measures. Most (256) of these proposals sought to increase a TOT rate, establish a new TOT, or expand an existing TOT to a new class of rate payers such as vacation properties or campgrounds. Others sought to validate or extend (beyond a sunset date) an existing tax rate.

Twenty-six of the new/increase/expand proposals were earmarked for a particular purpose, typically tourism development, making these measures special taxes requiring two-thirds voter approval. Seventeen of these special tax measures passed, although eight of the 18 failing measures achieved more than 55 percent “yes” votes. Of the 221 majority vote general tax TOT proposals, two out of three (149) passed. Twenty-one measures sought to validate or extend an existing levied tax. All but one passed.

## Transient Occupancy (Hotel) Tax Measures - 2002 through November 2018

Cities and Counties



## Add-on Sales Taxes (Transactions and Use Taxes)

In 2003, California law was changed to allow cities and counties to seek increases to the sales and use tax. Since that time, these “add-on sales taxes” transactions & use tax additions to the basic sales and use tax have become more and more common.

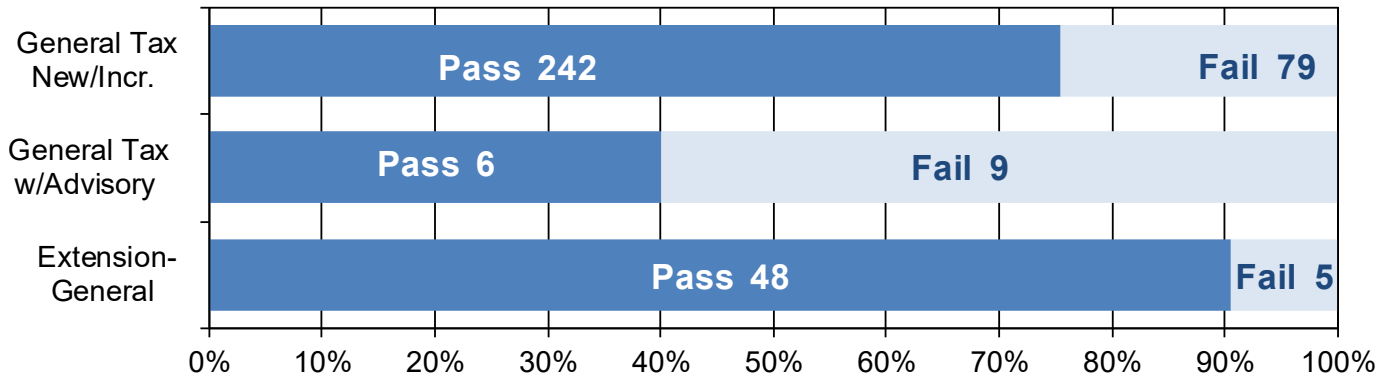
Prior to 2003, the most common transactions and use tax measures were those for a specific countywide need, most commonly transportation. Where approved, these countywide transportation sales taxes must be accompanied with a detailed spending plan and enable counties to receive matching state transportation funds.

A more in depth report on local Add-On Sales Taxes in California may be found at <http://californiacityfinance.com/index.php#SALESTAX>.

### A. General Purpose Add-On Sales Taxes

There have been 336 general-purpose, majority-vote add-on sales tax measures since 2001 to add a  $\frac{1}{4}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$  or 1 percent tax rate. Fifty-three other measures proposed to extend an existing general purpose sales tax rate. Over two-thirds of the tax increases were successful. The success rate for so called A/B advisory measure approaches was slightly worse.

### Transactions & Use (Sales) Tax Measures General - 2002 through Nov.2018



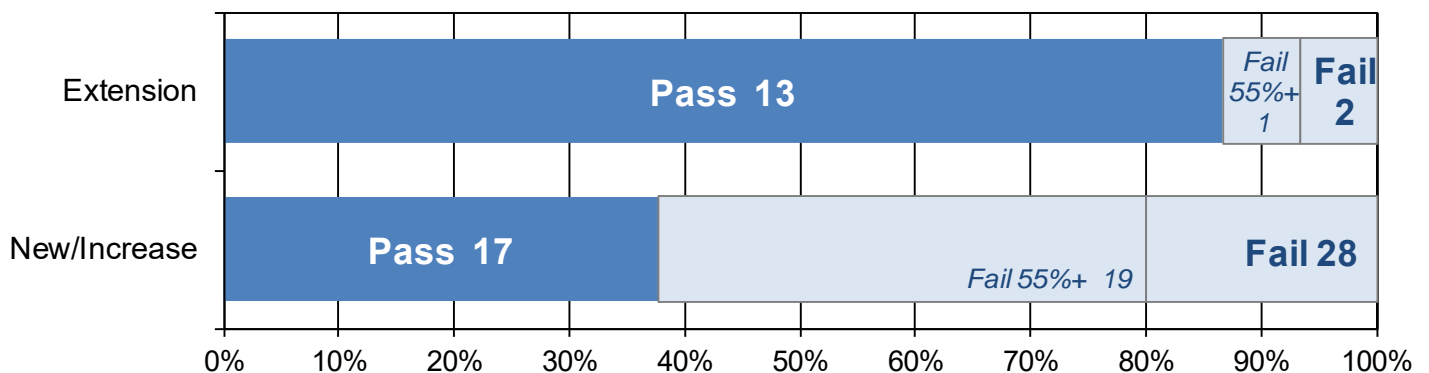
Most of these measures were by cities. Among the 267 general purpose sales tax increase proposals were just 19 county measures of which just five were successful.

### B. Countywide Transportation Sales Taxes

The original law authorizing the adoption of local “transactions and use tax” add-ons to the combined state and local sales tax rate was adopted in 1969 with the particular intent to provide for regional transportation and public transit funding. The Bay Area Rapid Transit District in the San Francisco Bay Area began its ½ percent rate in April 1970. The Southern California Rapid Transit District followed in July 1970.

Today, countywide Transportation Sales Taxes are levied in 24 counties. Many of these taxes were initially adopted without a public vote. Most have end dates and consequently, due to the 1996 passage of Proposition 218, require two-thirds voter approval to be extended. Among the 15 attempts to extend existing countywide transportation taxes since 2001, only a 2002 measure in Imperial County and a 2012 measure in Los Angeles failed. Both counties succeeded with later attempts.

### Countywide Transportation Sales Tax Measures - 2002 through November 2018



"Fail 55%+" = measure received over 55% yes votes but did not achieve the 2/3 approval needed to pass.

"Fail<55%" = measure received less than 55% yes votes.

~Michael Coleman CaliforniaCityFinance.com

Proposals for new or increased transportation sales taxes have fared less well with 17 of 45 passing, although 19 of the 28 failures achieved greater than 55 percent “yes” votes. In several counties, sponsors of failing measures have later returned with similar proposals.

- Solano County voters have rejected ½ percent transportation sales tax measures on three occasions: November 2002 at 60 percent yes, November 2004 at 64 percent yes, June 2006 at 45 percent yes. In June 2016, Solano county voters rejected Measure S with 44 percent “yes.” The majority vote general purpose measure was accompanied by advisory measure that the funds be used for transportation purposes.
- Merced County voters also knocked down three: (November 2002 at 61 percent, June 2006 at 63 percent, November 2006 at 61 percent) before approving Measure G in November 2016 with 69 percent yes.
- In Monterey County, voters in November 2016 narrowly approved Measure X, a 3/8 percent tax, after two prior two attempts had been turned back (June 2006 at 57 percent yes, November 2008 at 62 percent yes).
- Stanislaus County transportation advocates also tried and failed twice (November 2006 at 58 percent, November 2008 at 66 percent) before succeeding in November 2016 with Measure L (71 percent yes).
- Proposals for new transportation sales taxes have also been turned down in Amador, Kern, Napa and Ventura Counties.

#### California Self Help Counties

(Passed Countywide Transactions & Use Tax for transportation.)

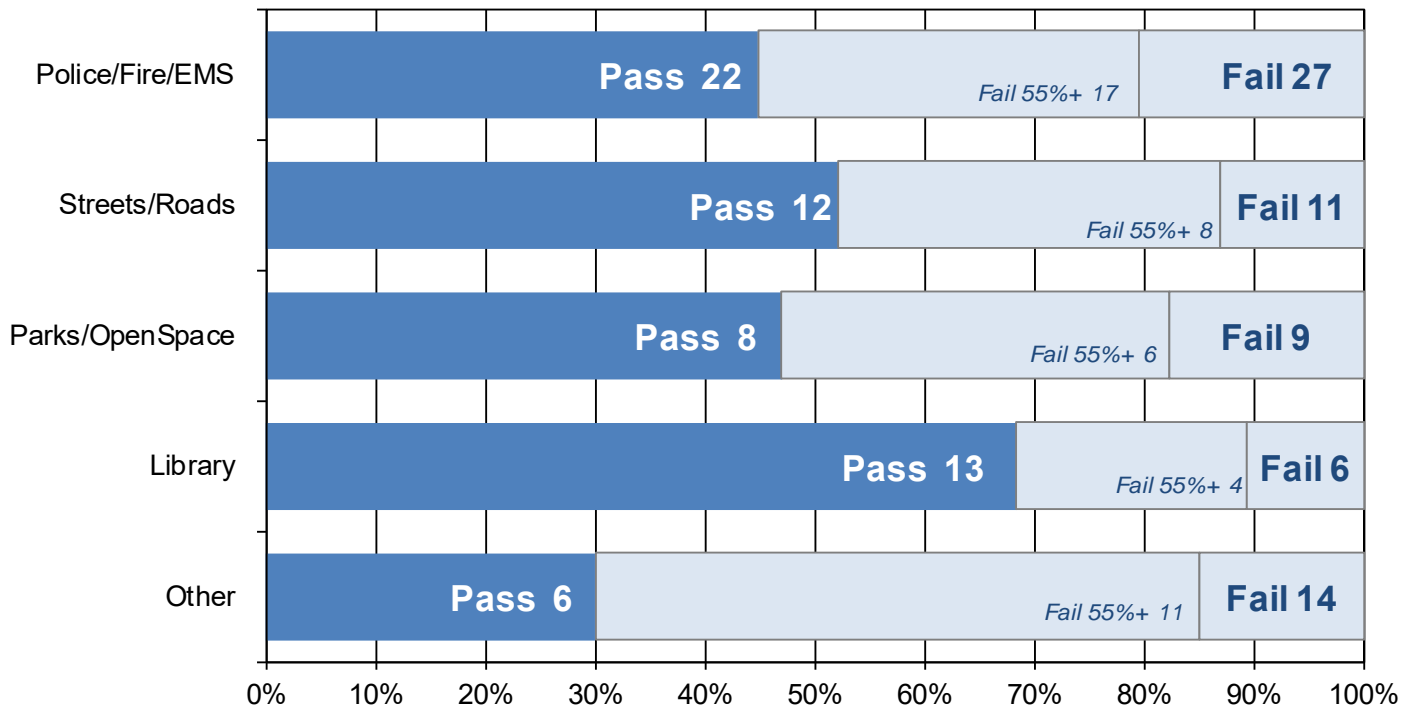
Alameda	Contra Costa
Fresno	Imperial
Los Angeles	Madera
Marin	Merced (11/2016)
Napa	Monterey (11/2016)
Orange	Riverside
Sacramento	San Bernardino
San Diego	San Francisco
San Joaquin	San Mateo
Santa Barbara	Santa Clara
Sonoma	Stanislaus (11/2016)
Tulare	Santa Cruz (11/2016)
San Benito (11/2018)	

### **C. Special Add-On Sales Taxes (Other than countywide transportation)**

Since 2001 there have been 115 add-on sales tax measures earmarked for a particular purpose other than countywide transit or transportation. These special taxes require two-thirds voter approval. Proposals dedicated to law enforcement, fire or emergency medical services were the most common. Eighteen of the 40 public safety special taxes passed with all but 8 garnering over 55 percent yes votes.

There were also ten measures to extend existing special purpose add-on sales taxes. Nine of the ten passed. The 2004 extension of a hospital tax in Mariposa County failed.

## Transactions & Use (Sales) Tax Measures Special Purpose\* - 2002 through Nov.2018



"Fail 55%+" = measure received over 55% yes votes but did not achieve the 2/3 approval needed to pass.

"Fail<55%" = measure received less than 55% yes votes.

~Michael Coleman CaliforniaCityFinance.com

\* Except Countywide Transportation Sales Taxes

## Other Taxes: Business License Tax, Property Transfer Tax, etc.

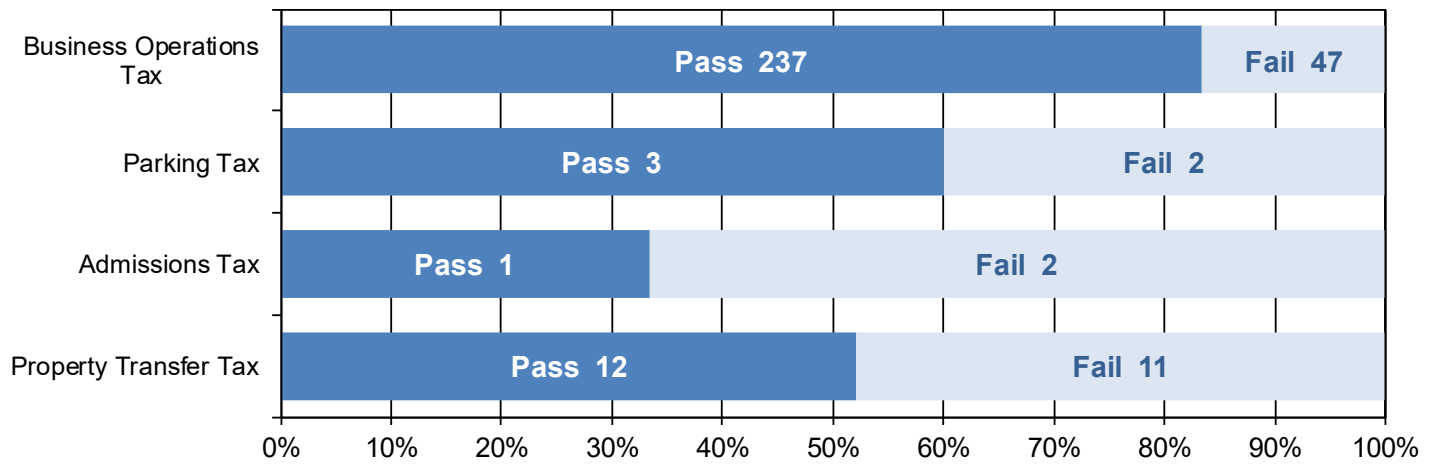
The various other tax measures proposed include business operations, parking, real property transfer and admissions taxes. These measures take a variety of forms and often involve circumstance unique to a particular community. For example, cities near a major airport have sought to increase the taxes on off-street parking businesses and customers. The category of Business Operations Taxes (business license taxes) includes excise taxes on specific forms of business activity such as cannabis taxes, or sugary beverage taxes. Business Operations Tax measures are often a combination of higher and lower rates as a part of a larger revision to bring a city or county business license structure up to date.

While most of these measures were general purpose majority vote proposals, these taxes may be proposed as special taxes requiring two-thirds voter approval (see notes below chart).



## Other Tax Measures - 2002 through November 2018

Cities and Counties



Three of the Busn License Tax measures were 2/3 vote. One passed, two failed with over 55% vote.

All parking tax and admissions tax measures were majority vote general taxes.

Three of the 23 Property Transfer Tax measures were 2/3 vote special taxes in Berkeley. All failed, getting between 50% and 55% yes.

## Conclusions

This survey of local revenue measures since 2001 leads to some noteworthy observations.

- ✓ A proposal to increase a general purpose tax is more likely to succeed than a special tax. Generally, the additional hurdle of the two-thirds vote exceeds the appeal of dedicating a tax to a specific purpose.
- ✓ Generally speaking, special taxes for broad based public safety services (law enforcement, fire, emergency medical) are more likely to garner two-thirds voter approval than other purposes. Two-thirds parcel taxes for schools are also more successful than not.
- ✓ The so-called a/b advisory vote approach to general tax measures appears to have little effect on the success or failure of a measure.
- ✓ For cities and counties, add-on sales (transactions & use), transient occupancy (hotel), and business license tax increase measures all succeed more often than proposals to increase utility user taxes. UUTs are among the most difficult taxes to pass.
- ✓ Nearly every proposal to modernize existing utility user taxes on telecommunications, including broadening the tax base to cover newer technologies has succeeded, whether the UUT rate is maintained or reduced.
- ✓ Most extensions and revisions of existing taxes that do not increase the rate are successful.

- ✓ Lowering the two-thirds vote approval threshold for special taxes 55 percent would substantially increase the passage rate of these measures, reducing the number of failing measures by half or more.
- ✓ Lowering the two-thirds vote approval threshold for general obligation bonds to 55 percent would have an even more dramatic effect, increasing passage rates from around half to as high as 90 percent. Over 80 percent of fifty-five percent school bonds since 2001 passed.

mjgc

**For More Information:**

- Local tax measures and election results: <http://www.californiacityfinance.com/#VOTES>
- Coleman, Michael, The California Municipal Revenue Sources Handbook. Sacramento: League of California Cities.