

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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



INTRODUCTORY SECTION

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CITY COUNCIL
CARL "CW" WOLFE, MAYOR
PETER CLOVEN, VICE MAYOR
JEFF WAN, COUNCILMEMBER
JIM DIAZ, COUNCILMEMBER
HOLLY TILLMAN, COUNCILMEMBER

January 24th, 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

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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 1st through June 30th. Each year, the City Manager presents an annual budget to the City Council for adoption by Resolution on or before June 30th 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

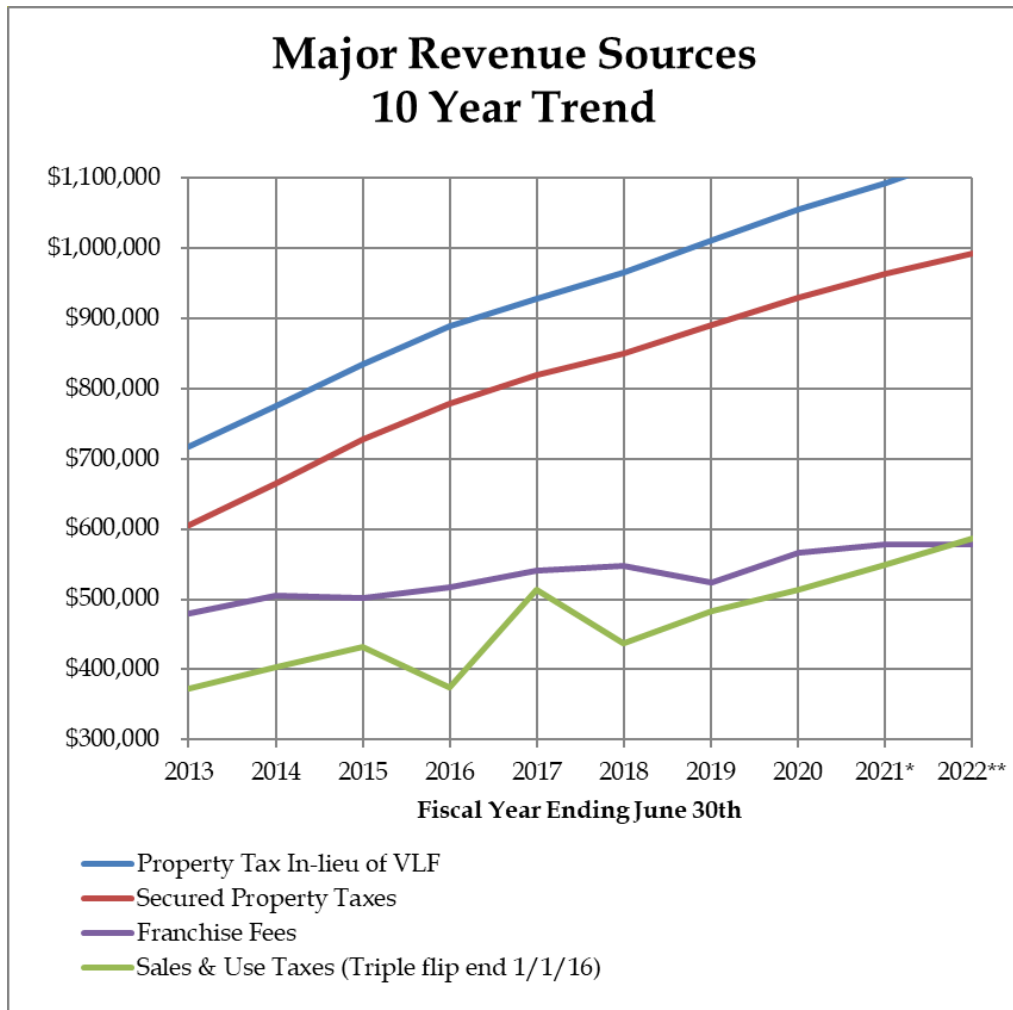
Essentially a cul-de-sac hugging the base of acclaimed Mt. Diablo, Clayton maintains a small-town atmosphere while its relative proximity to California State Highway 24 and neighboring city BART stations make it ideal for commuters. In addition, the semi-rural setting, low crime rate and excellent middle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

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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:



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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
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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

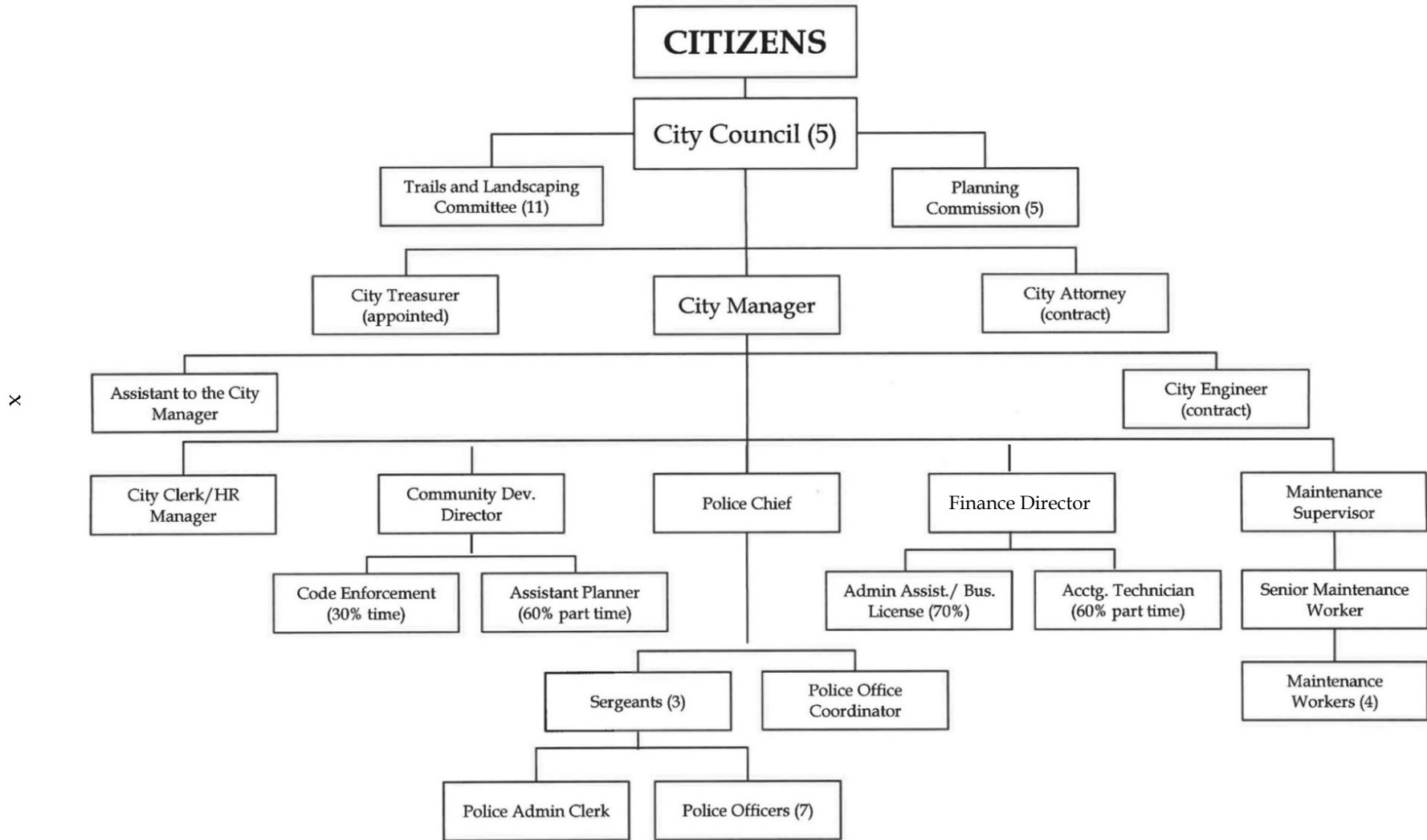
OUR VALUES

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

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

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

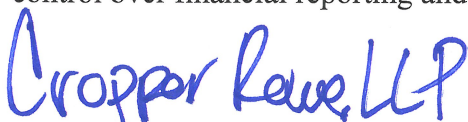
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clayton's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes 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**

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

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**

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
Assets						
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	<u>28,793,685</u>	<u>29,780,115</u>	<u>1,038,076</u>	<u>1,073,743</u>	<u>29,831,761</u>	<u>30,853,858</u>
Total Assets	<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>
Deferred outflows	<u>1,051,589</u>	<u>1,182,093</u>	<u>-</u>	<u>-</u>	<u>1,051,589</u>	<u>1,182,093</u>
Liabilities						
Current Liabilities	362,937	606,265	1,916	5,777	364,853	612,042
Noncurrent Liabilities	<u>5,944,104</u>	<u>5,484,655</u>	<u>-</u>	<u>-</u>	<u>5,944,104</u>	<u>5,484,655</u>
Total Liabilities	<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>
Deferred inflows	<u>369,961</u>	<u>358,770</u>	<u>-</u>	<u>-</u>	<u>369,961</u>	<u>358,770</u>
Net Position						
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	<u>2,492,751</u>	<u>3,433,238</u>	<u>(114,090)</u>	<u>(74,819)</u>	<u>2,378,661</u>	<u>3,358,419</u>
Total net position	<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:

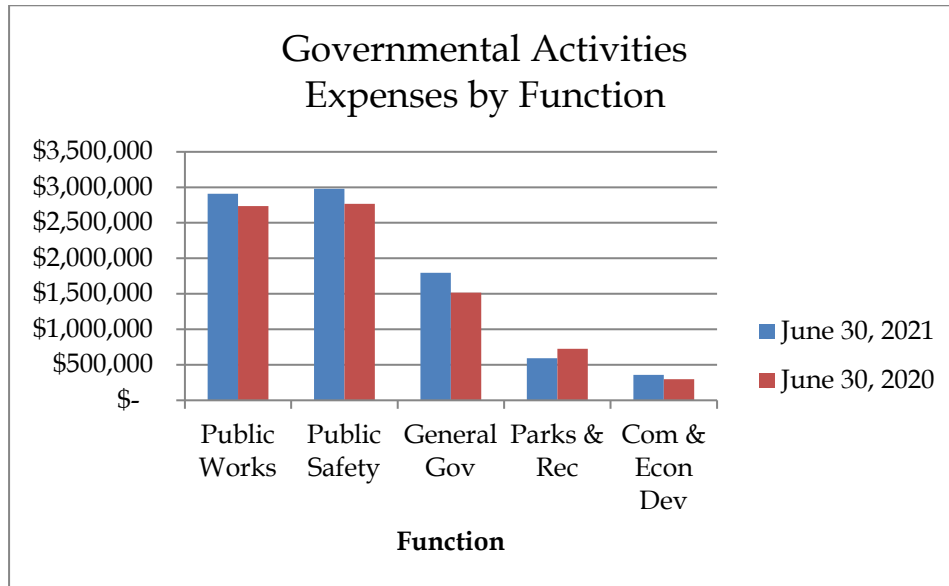
	Governmental Activities 2021	Governmental Activities 2020	Business- Type Activities 2021	Business- Type Activities 2020	Total 2021	Total 2020
Revenues:						
Program revenues:						
Charges for Services	\$ 961,910	\$ 1,000,692	\$ (1,442)	\$ 24,702	\$ 960,468	\$ 1,025,394
Operating grants and contributions	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>
Expenses:						
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**

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.

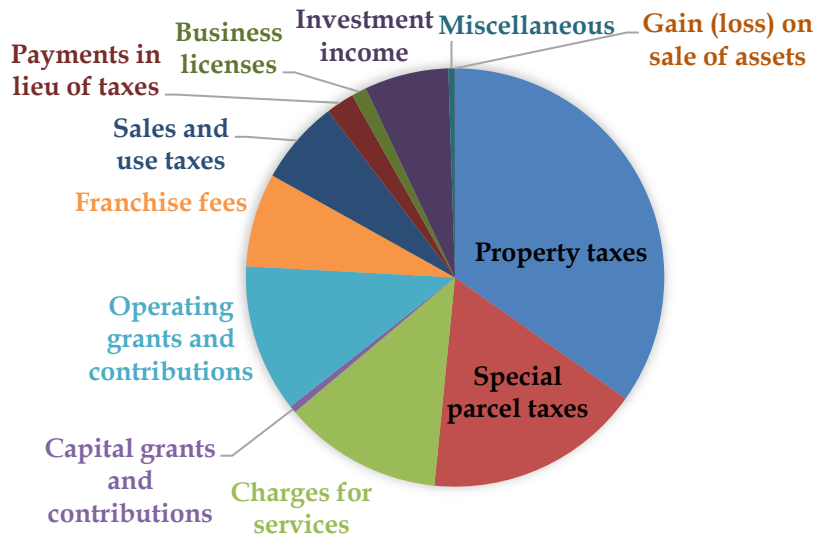
City of Clayton
 Management's Discussion and Analysis
 For the year ended June 30, 2021

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

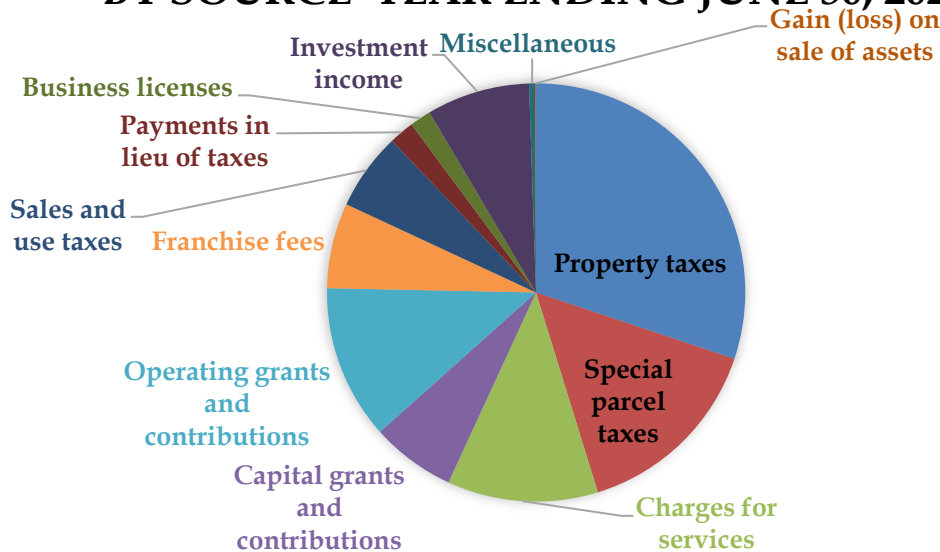
Analysis of Governmental Activities, Continued

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

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

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

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

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

ASSETS	Governmental Activities	Business-Type Activites	Total
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
Total Assets	50,068,519	925,902	50,994,421
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	996,699	-	996,699
Deferred outflows related to OPEB	54,890	-	54,890
Total Deferred Outflows of Resources	1,051,589	-	1,051,589
LIABILITIES			
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
Total Liabilities	6,307,041	1,916	6,308,957
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	344,226	-	344,226
Deferred inflows related to OPEB	25,735	-	25,735
Total Deferred Inflows of Resources	369,961	-	369,961
NET POSITION			
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
Total Net Position	\$ 44,443,106	\$ 923,986	\$ 45,367,092

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)
Total Business-Type Activities	73,117	(1,442)	-	-	-	(74,559)	(74,559)
Total Primary Government	\$ 8,708,847	\$ 960,468	\$ 893,718	\$ 42,363	(6,737,739)	(74,559)	(6,812,298)
General revenues:							
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
Total Taxes					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
Total general revenues and transfers					5,920,528	(379)	5,920,149
Change in net position					(817,211)	(74,938)	(892,149)
Net position - beginning					45,260,317	998,924	46,259,241
Net position - ending					\$ 44,443,106	\$ 923,986	\$ 45,367,092

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**

	General Fund	Special Revenue	
		Landscape Maintenance District	Successor Housing Agency
ASSETS			
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	-	-	-
Total Assets	\$ 6,578,639	\$ 1,149,606	\$ 8,263,843
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 91,455	\$ 63,720	\$ -
Other payables	5,662	-	-
Accrued payroll	14	-	-
Compensated absences	82,847	-	-
Unearned revenue	26,754	-	-
Total Liabilities	206,732	63,720	-
Deferred Inflows of Resources:			
Deferred revenue	262,926	-	2,833,600
Total Deferred Inflows of Resources	262,926	-	2,833,600
Fund Balance:			
Non-spendable	120,623	-	-
Restricted	-	190,355	5,430,243
Committed	177,496	-	-
Assigned	-	895,531	-
Unassigned	5,810,862	-	-
Total Fund Balance	6,108,981	1,085,886	5,430,243
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,578,639	\$ 1,149,606	\$ 8,263,843

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

Total Fund Balances - Governmental Funds \$ 17,297,680

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

Net Position of Governmental Activities	\$ 44,443,106
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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

	General Fund	Special Revenue	
		Landscape Maintenance District	Successor Housing Agency
REVENUES			
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	-	-
Total Revenues	4,805,528	1,183,818	129,967
EXPENDITURES			
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	-
Total Expenditures	4,666,962	1,121,199	27,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	138,566	62,619	102,016
OTHER FINANCING SOURCES (USES)			
Unrealized gains (losses)	-	-	370,275
Transfers in	135,845	-	-
Transfers out	(330,000)	(40,320)	-
Total Other Financing Sources (Uses)	(194,155)	(40,320)	370,275
Net Change in Fund Balances	(55,589)	22,299	472,291
FUND BALANCES			
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

Net Change in Fund Balances - Total Governmental Funds	\$	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.

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

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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**

	<u>Business-type Activities - Endeavor Hall</u>	<u>Governmental Activities - Internal Service</u>
ASSETS		
Current assets:		
Cash and investments	\$ -	\$ 517,871
Noncurrent assets		
Land	167,738	-
Depreciable assets, net	870,338	487,851
Total Assets	<u>1,038,076</u>	<u>1,005,722</u>
LIABILITIES		
Current liabilities:		
Accounts payable	416	180
Other payables	-	-
Deposits payable	1,500	-
Due to other funds	112,174	-
Total Liabilities	<u>114,090</u>	<u>180</u>
NET POSITION		
Net investment in capital assets	1,038,076	487,851
Unrestricted	(114,090)	517,691
Total Net Position	<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
OPERATING REVENUES		
Charges for current services	\$ (1,442)	\$ 111,900
Total Operating Revenues	<u>(1,442)</u>	<u>111,900</u>
OPERATING EXPENSES		
Personnel	3,698	-
General and administrative	33,752	11,523
Depreciation and amortization	35,667	99,979
Total Operating Expenses	<u>73,117</u>	<u>111,502</u>
Operating Income (Loss)	<u>(74,559)</u>	<u>398</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposal of assets	-	1,741
Investment income	(379)	5,188
Total Nonoperating Revenues (Expenses)	<u>(379)</u>	<u>6,929</u>
Net (loss) Before Contributions and Operating Transfers	<u>(74,938)</u>	<u>7,327</u>
Capital contributions	-	-
Transfers in / (out)	-	-
Change in Net Position	<u>(74,938)</u>	<u>7,327</u>
NET POSITION:		
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
CASH FLOWS FROM OPERATING ACTIVITIES:		
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>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in / (out)	42,922	-
Net cash provided by noncapital financing activities	<u>42,922</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
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>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	(379)	5,188
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>
CASH AND CASH EQUIVALENTS:		
Beginning of fiscal year	210	504,668
End of fiscal year	<u>\$ -</u>	<u>\$ 517,871</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
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
ASSETS		
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
Total Assets	<u>242,273</u>	<u>4,116,676</u>
LIABILITIES		
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
Total Liabilities	<u>1,148,000</u>	<u>\$ 4,116,676</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred notes receivables	-	
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust for others	(905,727)	
Total Net Position	<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
ADDITIONS	
Tax increment revenue	\$ 646,816
Program revenue	1,827
Investment gain (loss)	(9,308)
Total Additions	639,335
DEDUCTIONS	
Interest expense	38,302
Administrative costs	250,864
Other expenses	2,178
Total Deductions	291,344
Changes in Net Position	347,991
NET POSITION	
Beginning of Year	(1,253,718)
End of Year	\$ (905,727)

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

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.

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

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

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

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

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

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

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

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

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 30th 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

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

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 10th and April 10th.

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

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

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

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

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

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

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.

<u>Investment Type</u>	<u>AAA</u>	<u>AA+</u>	<u>A</u>	<u>Unrated</u>	<u>Total</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	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 <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2021</u>
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	<u>148,103</u>	-	<u>(148,103)</u>	<u>-</u>
Total Successor Housing Agency	<u>3,705,404</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

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:

Due to	Due from		Total
	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:

Transfers out	Transfers in			Total
	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
Total governmental activities capital assets, net	<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 <u>July 1, 2020</u>	Additions	Deletions	Balance <u>June 30, 2021</u>
<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>
<i>Accumulated depreciation:</i>				
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>
Total business-type activities capital assets, net	<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

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

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

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:

	Miscellaneous Pension Plan		
	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III (PEPRA)*</u>
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%
	Safety Pension Plan		
	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III (PEPRA)*</u>
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:

	<u>Miscellaneous</u>			<u>Public Safety</u>		
	<u>Tier I</u>	<u>Tier II</u>	<u>PEPRA</u>	<u>Tier I</u>	<u>Tier II</u>	<u>PEPRA</u>
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:

<u>Pension Plan</u>	<u>Employer Contributions</u>		
	<u>Normal Cost Percentage of Payroll</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
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 ¹
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

¹ 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
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	<u>1,503</u>	<u>271,092</u>	<u>(269,589)</u>
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:

<u>Fiscal Year End</u>	<u>Miscellaneous Risk Pool</u>	<u>Safety Risk Pool</u>	<u>Change in Proportion</u>	<u>Employer Specific Amounts</u>		<u>Total</u>
				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

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.

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 ¹	Real Return Years 11+ ²
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%		

²An expected inflation of 2.00% is used for this period

³An 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 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

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

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	<u>(3,372)</u>	<u>-</u>	<u>(3,372)</u>
Balances as of June 30, 2021	<u>\$ 532,528</u>	<u>\$ -</u>	<u>\$ 532,528</u>

*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 (EARSL) 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
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:

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

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

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

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) of the assets of the former Low and Moderate Income Housing Fund and all other funds of the former redevelopment agency. The DDRs 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

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:

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

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 <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 1,145,000</u>	<u>\$ 53,015</u>	<u>\$ 1,198,015</u>

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:

<u>Fund Balance Classifications</u>	<u>Major Funds</u>				<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Landscape Maintenance District</u>	<u>Successor Housing Agency</u>	<u>Capital Improvement Program</u>		
Nonspendable for:						
Notes receivable	\$ 112,174	\$ -	\$ -	\$ -	\$ -	\$ 112,174
Prepaid expenses	<u>8,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,449</u>
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	-	-	-	-	<u>970,024</u>	<u>970,024</u>
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	-	-	-	-	<u>561,984</u>	<u>561,984</u>
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	-	-	-	<u>1,924,746</u>	-	<u>1,924,746</u>
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

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)
REVENUES				
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
Total Revenues	<u>\$4,723,200</u>	<u>4,723,200</u>	<u>4,805,528</u>	<u>82,328</u>
EXPENDITURES				
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	-	-	-	-
Total Expenditures	<u>4,930,173</u>	<u>4,930,173</u>	<u>4,666,962</u>	<u>263,211</u>
Revenues Over (Under) Expenditures	<u>(206,973)</u>	<u>(206,973)</u>	<u>138,566</u>	<u>345,539</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	121,030	121,030	135,845	14,815
Transfers out	(364,615)	(364,615)	(330,000)	34,615
Total Other Financing Sources (Uses)	<u>(243,585)</u>	<u>(243,585)</u>	<u>(194,155)</u>	<u>49,430</u>
Change in fund balance	<u>\$ (450,558)</u>	<u>\$ (450,558)</u>	<u>(55,589)</u>	<u>\$ 394,969</u>
FUND BALANCE				
Beginning of year			<u>6,164,570</u>	
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)
REVENUES				
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	-	-	-	
Total Revenues	<u>1,192,107</u>	<u>1,192,107</u>	<u>1,183,818</u>	<u>(8,289)</u>
EXPENDITURES				
Current:				
Public works	1,429,487	1,429,487	1,067,386	362,101
Capital Outlay	222,000	222,000	53,813	168,187
Total Expenditures	<u>1,651,487</u>	<u>1,651,487</u>	<u>1,121,199</u>	<u>530,288</u>
Revenues Over (Under) Expenditures	<u>(459,380)</u>	<u>(459,380)</u>	<u>62,619</u>	<u>521,999</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,320)	(40,320)	(40,320)	-
Total Other Financing Sources (Uses)	<u>(40,320)</u>	<u>(40,320)</u>	<u>(40,320)</u>	<u>-</u>
Change in fund balance	<u>\$ (499,700)</u>	<u>\$ (499,700)</u>	<u>22,299</u>	<u>\$ 521,999</u>
FUND BALANCE				
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)
REVENUES				
Program income	\$ 106,400	\$ 106,400	\$ 106,400	\$ -
Use of money and property	20,000	20,000	23,567	3,567
Total Revenues	<u>126,400</u>	<u>126,400</u>	<u>129,967</u>	<u>3,567</u>
EXPENDITURES				
Current:				
Community and economic development	45,000	45,000	27,951	17,049
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>27,951</u>	<u>17,049</u>
Revenues Over (Under) Expenditures	<u>81,400</u>	<u>81,400</u>	<u>102,016</u>	<u>20,616</u>
OTHER FINANCING SOURCES (USES)				
Unrealized gains (losses)	-	-	370,275	370,275
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>370,275</u>	<u>370,275</u>
Change in fund balance	<u>\$ 81,400</u>	<u>\$ 81,400</u>	472,291	<u>\$ 390,891</u>
FUND BALANCE				
Beginning of year			<u>4,957,952</u>	
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 Proportionate Share 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***

	June 30,						
	2021	2020	2019	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
Total OPEB Liability:				
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 ¹	(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
Plan Fiduciary Net Position:				
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 ²	-	-	-	-
Net OPEB Liability - Ending	\$ 532,528	\$ 535,900	\$ 570,116	\$ 545,327
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.

¹ Includes the implicit rate subsidy.

² 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) ¹	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the ADC	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ²	\$ 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.

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

² 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

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)
REVENUES				
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)
Total Revenues	<u>1,046,880</u>	<u>1,046,880</u>	<u>15,122</u>	<u>(1,031,758)</u>
EXPENDITURES				
Capital outlay	1,441,719	1,441,719	110,915	1,330,804
Total Expenditures	<u>1,441,719</u>	<u>1,441,719</u>	<u>110,915</u>	<u>1,330,804</u>
Revenues Over (Under) Expenditures	<u>(394,839)</u>	<u>(394,839)</u>	<u>(95,793)</u>	<u>299,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	793,877	793,877	357,172	(436,705)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>793,877</u>	<u>793,877</u>	<u>357,172</u>	<u>(436,705)</u>
Change in fund balance	<u>\$ 399,038</u>	<u>\$ 399,038</u>	261,379	<u>\$ (137,659)</u>
FUND BALANCE				
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				The Grove Park District
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	
ASSETS					
Cash and investments	\$ 574,020	\$ 514,170	\$ 600,429	\$ 259,360	\$ 470,028
Accounts receivable	-	-	20,488	3,560	-
Total Assets	\$ 574,020	\$ 514,170	\$ 620,917	\$ 262,920	\$ 470,028
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,036	\$ 4,398	\$ -	\$ 4,112	\$ 4,983
Other payables	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	12,036	4,398	-	4,112	4,983
Fund Balance:					
Restricted	-	485,877	397,904	258,808	399,072
Committed	561,984	-	-	-	-
Assigned	-	23,895	223,013	-	65,973
Unassigned	-	-	-	-	-
Total Fund Balance	561,984	509,772	620,917	258,808	465,045
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 574,020	\$ 514,170	\$ 620,917	\$ 262,920	\$ 470,028

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
REVENUES					
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	-	-	-	-	-
Total Revenues	<u>7,505</u>	<u>297,374</u>	<u>192,418</u>	<u>319,085</u>	<u>143,392</u>
EXPENDITURES					
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	-
Total Expenditures	<u>-</u>	<u>147,566</u>	<u>-</u>	<u>426,861</u>	<u>76,833</u>
Revenues Over (Under) Expenditures	<u>7,505</u>	<u>149,808</u>	<u>192,418</u>	<u>(107,776)</u>	<u>66,559</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(35,323)	-	(14,814)	(7,970)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(35,323)</u>	<u>-</u>	<u>(14,814)</u>	<u>(7,970)</u>
Net change in fund balances	<u>7,505</u>	<u>114,485</u>	<u>192,418</u>	<u>(122,590)</u>	<u>58,589</u>
FUND BALANCES					
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
-	-	-	-	-	-
<u>27,343</u>	<u>126,665</u>	<u>42,466</u>	<u>1,319</u>	<u>146,433</u>	<u>1,304,000</u>
-	-	-	-	-	149,402
24,501	147,773	57,850	-	132,232	509,922
-	-	-	-	-	76,833
-	-	-	-	-	-
-	-	-	-	-	230,284
-	-	1,707	-	-	48,882
<u>24,501</u>	<u>147,773</u>	<u>59,557</u>	<u>-</u>	<u>132,232</u>	<u>1,015,323</u>
<u>2,842</u>	<u>(21,108)</u>	<u>(17,091)</u>	<u>1,319</u>	<u>14,201</u>	<u>288,677</u>
-	-	-	-	1,130	1,130
<u>(4,890)</u>	<u>(12,530)</u>	<u>(7,870)</u>	<u>-</u>	<u>(40,430)</u>	<u>(123,827)</u>
<u>(4,890)</u>	<u>(12,530)</u>	<u>(7,870)</u>	<u>-</u>	<u>(39,300)</u>	<u>(122,697)</u>
(2,048)	(33,638)	(24,961)	1,319	(25,099)	165,980
<u>88,291</u>	<u>84,507</u>	<u>56,612</u>	<u>112,153</u>	<u>74,162</u>	<u>2,581,844</u>
<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)
REVENUES				
Permits, licenses and fees	\$ -	\$ -	\$ -	\$ -
Use of money and property	12,000	12,000	7,505	(4,495)
Total Revenues	12,000	12,000	7,505	(4,495)
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Revenues Over (Under) Expenditures	12,000	12,000	7,505	(4,495)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in fund balance	\$ 12,000	\$ 12,000	7,505	\$ (4,495)
FUND BALANCE				
Beginning of year			554,479	
End of year			\$ 561,984	

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)
REVENUES				
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	-	-	-	-
Total Revenues	<u>287,195</u>	<u>320,838</u>	<u>297,374</u>	<u>(23,464)</u>
EXPENDITURES				
Public works	212,143	212,143	147,566	64,577
Total Expenditures	<u>212,143</u>	<u>212,143</u>	<u>147,566</u>	<u>64,577</u>
Revenues Over (Under) Expenditures	<u>75,052</u>	<u>108,695</u>	<u>149,808</u>	<u>41,113</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(474,724)	(501,898)	(35,323)	466,575
Total Other Financing Sources (Uses)	<u>(474,724)</u>	<u>(501,898)</u>	<u>(35,323)</u>	<u>466,575</u>
Change in fund balance	<u>\$ (399,672)</u>	<u>\$ (393,203)</u>	114,485	<u>\$ 507,688</u>
FUND BALANCE				
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

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	178,271	207,959	192,360	(15,599)
Use of money and property	1,000	4,200	58	(4,142)
Total Revenues	<u>179,271</u>	<u>212,159</u>	<u>192,418</u>	<u>(19,741)</u>
EXPENDITURES				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>179,271</u>	<u>212,159</u>	<u>192,418</u>	<u>(19,741)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(359,147)</u>	<u>(359,147)</u>	<u>-</u>	<u>359,147</u>
Total Other Financing Sources (Uses)	<u>(359,147)</u>	<u>(359,147)</u>	<u>-</u>	<u>359,147</u>
Change in fund balance	<u>\$ (179,876)</u>	<u>\$ (146,988)</u>	<u>192,418</u>	<u>\$ 339,406</u>
FUND BALANCE				
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)
REVENUES				
Intergovernmental	\$ 120,200	\$ 120,200	\$ 316,155	\$ 195,955
Use of money and property	7,100	7,100	2,930	(4,170)
Total Revenues	<u>127,300</u>	<u>127,300</u>	<u>319,085</u>	<u>191,785</u>
EXPENDITURES				
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
Total Expenditures	<u>214,918</u>	<u>214,918</u>	<u>426,861</u>	<u>(211,943)</u>
Revenues Over (Under) Expenditures	<u>(87,618)</u>	<u>(87,618)</u>	<u>(107,776)</u>	<u>(20,158)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(14,814)	(14,814)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(14,814)</u>	<u>(14,814)</u>
Change in fund balance	<u>\$ (87,618)</u>	<u>\$ (87,618)</u>	(122,590)	<u>\$ (34,972)</u>
FUND BALANCE				
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)
REVENUES				
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	-	-	-	-
Total Revenues	<u>149,830</u>	<u>149,830</u>	<u>143,392</u>	<u>(6,438)</u>
EXPENDITURES				
Current:				
Parks and recreation services	121,532	121,532	76,833	44,699
Capital Outlay	6,500	6,500	-	6,500
Total Expenditures	<u>128,032</u>	<u>128,032</u>	<u>76,833</u>	<u>51,199</u>
Revenues Over (Under) Expenditures	<u>21,798</u>	<u>21,798</u>	<u>66,559</u>	<u>44,761</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,970)	(7,970)	(7,970)	-
Total Other Financing Sources (Uses)	<u>(7,970)</u>	<u>(7,970)</u>	<u>(7,970)</u>	<u>-</u>
Change in fund balance	<u>\$ 13,828</u>	<u>\$ 13,828</u>	58,589	<u>\$ 44,761</u>
FUND BALANCE				
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**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 242,186	\$ 242,186	\$ 30,576	\$ (211,610)
Use of money and property	2,000	2,000	(3,233)	(5,233)
Total Revenues	<u>244,186</u>	<u>244,186</u>	<u>27,343</u>	<u>(216,843)</u>
EXPENDITURES				
Current:				
Public works	32,000	32,000	24,501	7,499
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>24,501</u>	<u>7,499</u>
Revenues Over (Under) Expenditures	<u>212,186</u>	<u>212,186</u>	<u>2,842</u>	<u>(209,344)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(324,043)	(324,043)	(4,890)	319,153
Total Other Financing Sources (Uses)	<u>(324,043)</u>	<u>(324,043)</u>	<u>(4,890)</u>	<u>319,153</u>
Change in fund balance	<u>\$ (111,857)</u>	<u>\$ (111,857)</u>	<u>(2,048)</u>	<u>\$ 109,809</u>
FUND BALANCE				
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)
REVENUES				
Special parcel taxes and assessments	\$ 125,991	\$ 125,991	\$ 125,991	\$ -
Use of money and property	1,800	1,800	674	(1,126)
Total Revenues	<u>127,791</u>	<u>127,791</u>	<u>126,665</u>	<u>(1,126)</u>
EXPENDITURES				
Current:				
Public works	153,480	153,480	147,773	5,707
Total Expenditures	<u>153,480</u>	<u>153,480</u>	<u>147,773</u>	<u>5,707</u>
Revenues Over (Under) Expenditures	<u>(25,689)</u>	<u>(25,689)</u>	<u>(21,108)</u>	<u>4,581</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,530)	(12,530)	(12,530)	-
Total Other Financing Sources (Uses)	<u>(12,530)</u>	<u>(12,530)</u>	<u>(12,530)</u>	<u>-</u>
Change in fund balance	<u>\$ (38,219)</u>	<u>\$ (38,219)</u>	<u>(33,638)</u>	<u>\$ 4,581</u>
FUND BALANCE				
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)
REVENUES				
Special parcel taxes and assessments	\$ 43,250	\$ 43,250	\$ 42,778	\$ (472)
Use of money and property	200	200	(312)	(512)
Total Revenues	<u>43,450</u>	<u>43,450</u>	<u>42,466</u>	<u>(984)</u>
EXPENDITURES				
Current:				
Public works	25,790	25,790	57,850	(32,060)
Capital outlay	63,193	63,193	1,707	61,486
Total Expenditures	<u>88,983</u>	<u>88,983</u>	<u>59,557</u>	<u>29,426</u>
Revenues Over (Under) Expenditures	<u>(45,533)</u>	<u>(45,533)</u>	<u>(17,091)</u>	<u>28,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,870)	(7,870)	(7,870)	-
Total Other Financing Sources (Uses)	<u>(7,870)</u>	<u>(7,870)</u>	<u>(7,870)</u>	<u>-</u>
Change in fund balance	<u>\$ (53,403)</u>	<u>\$ (53,403)</u>	<u>(24,961)</u>	<u>\$ 28,442</u>
FUND BALANCE				
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

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 2,200	\$ 2,200	\$ 1,319	\$ (881)
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>1,319</u>	<u>(881)</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>2,200</u>	<u>2,200</u>	<u>1,319</u>	<u>(881)</u>
Change in fund balance	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>1,319</u>	<u>\$ (881)</u>
FUND BALANCE				
Beginning of year			<u>112,153</u>	
End of year			<u>\$ 113,472</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)
REVENUES				
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)
Total Revenues	<u>135,412</u>	<u>135,412</u>	<u>146,433</u>	<u>11,021</u>
EXPENDITURES				
Current:				
Public works	150,118	150,118	132,232	17,886
Total Expenditures	<u>150,118</u>	<u>150,118</u>	<u>132,232</u>	<u>17,886</u>
Revenues Over (Under) Expenditures	<u>(14,706)</u>	<u>(14,706)</u>	<u>14,201</u>	<u>28,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,130	1,130	1,130	-
Transfers out	(40,430)	(40,430)	(40,430)	-
Total Other Financing Sources (Uses)	<u>(39,300)</u>	<u>(39,300)</u>	<u>(39,300)</u>	<u>-</u>
Change in fund balance	<u>\$ (54,006)</u>	<u>\$ (54,006)</u>	<u>(25,099)</u>	<u>\$ 28,907</u>
FUND BALANCE				
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
ASSETS				
Current assets:				
Cash and investments	\$ 197,749	\$ 289,094	\$ 31,028	\$ 517,871
Noncurrent assets:				
Depreciable assets, net	487,851	-	-	487,851
Total Asset	685,600	289,094	31,028	1,005,722
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	180	180
Total Liabilities	-	-	180	180
NET POSITION				
Net investment in capital assets	487,851	-	-	487,851
Unrestricted	197,749	289,094	30,848	517,691
Total Net Position	\$ 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
OPERATING REVENUES				
Charges for current services	\$ 111,900	\$ -	\$ -	\$ 111,900
Total Operating Revenues	<u>111,900</u>	<u>-</u>	<u>-</u>	<u>111,900</u>
OPERATING EXPENSES				
General and administrative	8,851	-	2,672	11,523
Depreciation and amortization	99,979	-	-	99,979
Total Operating Expenses	<u>108,830</u>	<u>-</u>	<u>2,672</u>	<u>111,502</u>
Operating Income (Loss)	3,070	-	(2,672)	398
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of assets	1,741	-	-	1,741
Investment income (loss)	1,313	3,762	113	5,188
Total Nonoperating Revenues (Expenses)	<u>3,054</u>	<u>3,762</u>	<u>113</u>	<u>6,929</u>
Net (loss) Before Contributions and Operating Transfers	6,124	3,762	(2,559)	7,327
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Change in Net Position	<u>6,124</u>	<u>3,762</u>	<u>(2,559)</u>	<u>7,327</u>
NET POSITION:				
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
CASH FLOWS FROM OPERATING ACTIVITIES:				
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
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
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)
CASH FLOWS FROM INVESTING ACTIVITIES:				
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
CASH AND CASH EQUIVALENTS:				
Beginning of fiscal year	185,929	285,332	33,407	504,668
End of fiscal year	\$ 197,749	\$ 289,094	\$ 31,028	\$ 517,871
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
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>				
Assets:				
Cash and investments	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
Total Assets	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
Liabilities:				
Other liabilities	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
Total Liabilities	\$ 590,288	\$ 13,941	\$ (5,973)	\$ 598,256
<u>Clayton Financing Authority 2007 Refunding Bonds</u>				
Assets:				
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
Total Assets	\$ 1,806,137	\$ 1,315,791	\$ (1,817,020)	\$ 1,304,908
Liabilities:				
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
Total Liabilities	\$ 1,806,137	\$ 888,023	\$ (1,389,252)	\$ 1,304,908
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 785,285	\$ 302,807	\$ (505,737)	\$ 582,355
Total Assets	\$ 785,285	\$ 302,807	\$ (505,737)	\$ 582,355
Liabilities:				
Deposits payable	\$ 785,285	\$ 124,279	\$ (327,209)	\$ 582,355
Total Liabilities	\$ 785,285	\$ 124,279	\$ (327,209)	\$ 582,355
<u>Diablo Estates Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 182,239	\$ 96,794	\$ (77,759)	\$ 201,274
Total Assets	\$ 182,239	\$ 96,794	\$ (77,759)	\$ 201,274
Liabilities:				
Accounts payable	\$ 6,232	\$ 91,003	\$ (75,075)	\$ 22,160
Other liabilities	176,007	97,491	(94,384)	179,114
Total Liabilities	\$ 182,239	\$ 188,494	\$ (169,459)	\$ 201,274

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>				
Assets:				
Cash and investments	\$ 7,054	\$ 1,869	\$ (126)	\$ 8,797
Assessments receivable	9,842	590	(1,454)	8,978
Total Assets	<u>\$ 16,896</u>	<u>\$ 2,459</u>	<u>\$ (1,580)</u>	<u>\$ 17,775</u>
Liabilities:				
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
Total Liabilities	<u>\$ 16,896</u>	<u>\$ 4,470</u>	<u>\$ (3,591)</u>	<u>\$ 17,775</u>
<u>Lydia Lane Sewer Benefit Assessment District</u>				
Assets:				
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
Total Assets	<u>\$ 230,227</u>	<u>\$ 27,230</u>	<u>\$ (32,820)</u>	<u>\$ 224,637</u>
Liabilities:				
Other liabilities	\$ 81,902	\$ 19,923	\$ (20,513)	\$ 81,312
Due to bondholders	148,325	-	(5,000)	143,325
Total Liabilities	<u>\$ 230,227</u>	<u>\$ 19,923</u>	<u>\$ (25,513)</u>	<u>\$ 224,637</u>
<u>Middle School Community Facilities District</u>				
Assets:				
Cash and investments	\$ 270,468	\$ 389,380	\$ (453,095)	\$ 206,753
Assessments receivable	1,313,000	-	(409,000)	904,000
Total Assets	<u>\$ 1,583,468</u>	<u>\$ 389,380</u>	<u>\$ (862,095)</u>	<u>\$ 1,110,753</u>
Liabilities:				
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
Total Liabilities	<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>				
Assets:				
Cash and investments	\$ 20,589	\$ 2,075	\$ (599)	\$ 22,065
Total Assets	\$ 20,589	\$ 2,075	\$ (599)	\$ 22,065
Liabilities:				
Accounts payable	\$ -	\$ 1,645	\$ -	\$ 1,645
Other liabilities	20,589	2,075	(2,244)	20,420
Total Liabilities	\$ 20,589	\$ 3,720	\$ (2,244)	\$ 22,065
<u>Oak Street Sewer Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 2,206	\$ 11,410	\$ (11,689)	\$ 1,927
Assessments receivable	60,909	-	(8,183)	52,726
Total Assets	\$ 63,115	\$ 11,410	\$ (19,872)	\$ 54,653
Liabilities:				
Accounts payable	\$ -	\$ 1,433	\$ (48)	\$ 1,385
Other liabilities	2,206	11,410	(13,074)	542
Notes payable	60,909	-	(8,183)	52,726
Total Liabilities	\$ 63,115	\$ 12,843	\$ (21,305)	\$ 54,653
<u>Total - All Agency Funds</u>				
Assets:				
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
Total Assets	\$ 5,278,244	\$ 2,161,887	\$ (3,323,455)	\$ 4,116,676
Liabilities:				
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
Total Liabilities	\$ 5,278,244	\$ 1,657,104	\$ (2,818,672)	\$ 4,116,676

STATISTICAL SECTION

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STATISTICAL SECTION

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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.

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<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
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<p>These schedules contain information to help the reader assess the City's most significant local revenue sources.</p>	
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<p>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.</p>	
Demographic and Economic Information	164
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
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<p>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.</p>	

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
Total governmental activities net position	<u>40,141,395</u>	<u>39,890,291</u>	<u>39,121,684</u>	<u>35,459,216</u>
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)
Total business-type activities net position	<u>1,237,690</u>	<u>1,192,433</u>	<u>1,237,710</u>	<u>1,206,109</u>
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
Total primary government net position	<u>\$ 41,379,085</u>	<u>\$ 41,082,724</u>	<u>\$ 40,359,394</u>	<u>\$ 36,665,325</u>

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
<u>43,741,625</u>	<u>44,916,424</u>	<u>44,872,267</u>	<u>44,716,135</u>	<u>45,260,317</u>	<u>44,443,106</u>
1,221,999	1,184,742	1,147,485	1,110,485	1,073,743	1,038,076
-	-	-	-	-	-
<u>(56,305)</u>	<u>(64,190)</u>	<u>(75,944)</u>	<u>(72,753)</u>	<u>(74,819)</u>	<u>(114,090)</u>
<u>1,165,694</u>	<u>1,120,552</u>	<u>1,071,541</u>	<u>1,037,732</u>	<u>998,924</u>	<u>923,986</u>
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
<u>\$ 44,907,319</u>	<u>\$ 46,036,976</u>	<u>\$ 45,943,808</u>	<u>\$ 45,753,867</u>	<u>\$ 46,259,241</u>	<u>\$ 45,367,092</u>

City of Clayton
Statistical Section
Changes in Net Position - Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
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>
Total primary government expenses	<u>\$ 6,066,152</u>	<u>\$ 6,065,113</u>	<u>\$ 6,211,660</u>	<u>\$ 6,077,978</u>
Program revenues				
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>
Net revenues (expenses)				
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)
Total primary government net expense	<u>\$ (4,028,475)</u>	<u>\$ (4,620,821)</u>	<u>\$ (4,574,734)</u>	<u>\$ (4,779,006)</u>
General revenues and other changes in net position				
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>
Extraordinary and Special Items				
Governmental activities:				
Extraordinary gain/(loss)	(6,100,352)	-	-	(200,000)
Business-type activities:				
Special item gain/(loss)	-	-	-	93,489
Total primary government changes in net position				
Governmental activities	(1,796,847)	(171,950)	(757,071)	519,838
Business-type activities	(45,580)	(45,257)	(45,413)	(31,601)
Total primary government	<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
<u>5,618,059</u>	<u>5,917,281</u>	<u>5,666,471</u>	<u>5,760,145</u>	<u>6,164,570</u>	<u>6,108,981</u>
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)	-
<u>9,133,544</u>	<u>9,337,342</u>	<u>10,405,351</u>	<u>9,572,495</u>	<u>10,266,750</u>	<u>11,188,699</u>
<u>\$ 14,751,603</u>	<u>\$ 15,254,623</u>	<u>\$ 16,071,822</u>	<u>\$ 15,332,640</u>	<u>\$ 16,431,320</u>	<u>\$ 17,297,680</u>

City of Clayton
Statistical Section
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

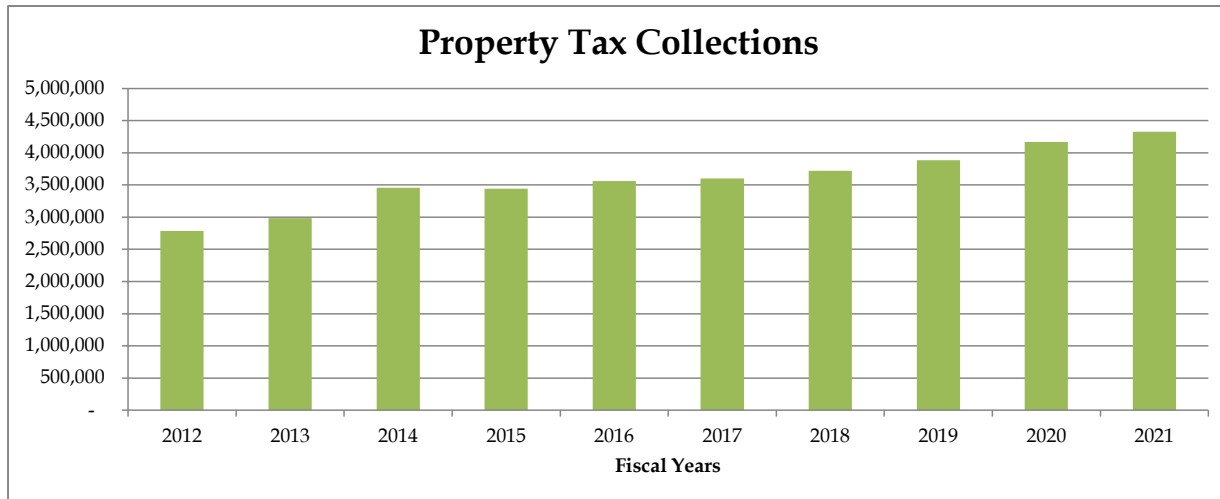
	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Property taxes	\$ 4,488,417	\$ 1,691,803	\$ 1,862,734	\$ 2,302,278
Program income	72,870	10,546	10,668	10,063
Special parcel taxes and assessments	1,220,460	1,232,280	1,260,823	1,287,748
Sales and use taxes	307,887	353,525	370,330	397,544
Business license 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
Total revenues	<u>9,734,075</u>	<u>5,590,364</u>	<u>6,076,270</u>	<u>6,640,192</u>
Expenditures				
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	-	-	-
Total expenditures	<u>7,538,089</u>	<u>7,501,240</u>	<u>5,517,878</u>	<u>5,388,561</u>
Revenues over (under) expenditures	<u>2,195,986</u>	<u>(1,910,876)</u>	<u>558,392</u>	<u>1,251,631</u>
Other financing sources (uses)				
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)
Total other financing sources (uses)	<u>250,000</u>	<u>250,456</u>	<u>(79,154)</u>	<u>88,793</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>2,445,986</u>	<u>(1,660,420)</u>	<u>479,238</u>	<u>1,340,424</u>
Special and extraordinary items				
Special item gain (loss)	53,930	-	(90,690)	
Extraordinary gain (loss)	(8,299,982)	-	-	(200,000)
Total special and extraordinary items	<u>(8,246,052)</u>	<u>-</u>	<u>(90,690)</u>	<u>(200,000)</u>
Change in fund balances	<u>\$ (5,800,066)</u>	<u>\$ (1,660,420)</u>	<u>\$ 388,548</u>	<u>\$ 1,140,424</u>
Ratio of Total Debt Service Expenditures to Noncapital Expenditures	0.18	0.00	0.00	0.00

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
	<u>6,882,858</u>		<u>7,660,434</u>		<u>7,530,558</u>		<u>7,856,693</u>		<u>7,856,693</u>		<u>7,438,435</u>
	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
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>6,618,553</u>		<u>7,157,384</u>		<u>6,545,389</u>		<u>8,281,148</u>		<u>8,281,148</u>		<u>6,942,350</u>
	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)		-		-		-		-		-
\$	<u>(117,724)</u>	\$	<u>503,050</u>	\$	<u>817,169</u>	\$	<u>(739,182)</u>	\$	<u>(739,182)</u>	\$	<u>866,360</u>
	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**



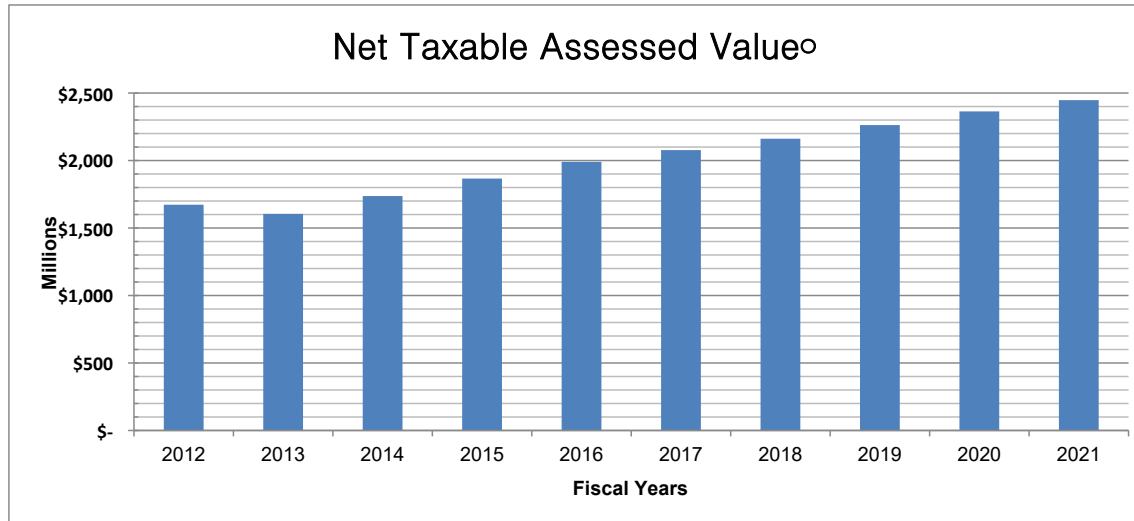
Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2012	2,785,016	2,785,016	100%	2,785,016	100%
2013	2,985,083	2,985,083	100%	2,985,083	100%
2014	3,457,419	3,457,419	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

¹ 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.

² 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**



<u>Fiscal Year Ended June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>SBE Nonunitary</u>	<u>Net Total Assessed Valuation</u>	<u>Total Direct Tax Rate²</u>
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%

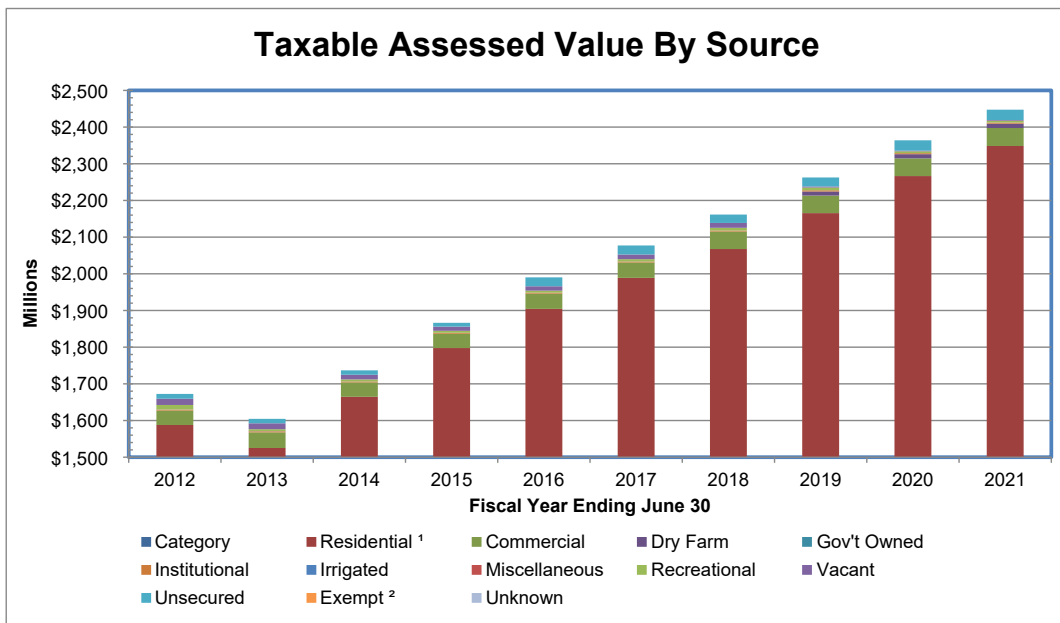
Source: HdL, Coren & Cone, Contra Costa County Assessor Tax Rolls

¹ 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.

² 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 ¹	\$ 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 ²	(24,066,321)	(24,547,599)	(25,038,500)	(26,156,667)
Unknown	-	-	-	-
Totals	\$ 1,672,523,178	\$ 1,604,549,116	\$ 1,736,788,090	\$ 1,866,376,581
Total Direct Rate	0.34460	0.34145	0.06992	0.06587



Source: HdL, Coren & Cone, Contra Costa County Assessor Tax Rolls

¹ 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.

² Exempt values are not included in total.

² 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 ¹	0.06628	0.06628	0.06628	0.06628
Clayton Light Maintenance District No. 1 ²	0.01039	0.01039	0.01039	0.01039
Direct and Overlapping Rates:				
Basic Levy ³	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
Total Direct and Overlapping Rates	1.09190	1.10970	1.10680	1.12720
City's Share of 1% Levy Per Prop 13 ³	0.06628	0.06628	0.06628	0.06628
Redevelopment Rate [⌘]	1.01220	-	-	-
Total Direct Rate π	0.34460	0.34145	0.06992	0.06587

Source: HdL, Coren & Cone, Contra Costa County Assessor 2010-11 to 2019-20 tax rate table.

¹ 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.

² 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.

³ 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.

[⌘] 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.

π 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
<u>1.11600</u>	<u>1.10280</u>	<u>1.10390</u>	<u>1.11540</u>	<u>1.13360</u>	<u>1.12480</u>
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**

		Fiscal Year Ending June 30, 2012		
		Secured		
Property Owner	Primary Use, Primary Agency	Parcels	Value	% of Net AV
1) NGP Realty Sub	Recreational, Successor Agency	17	\$ 12,299,695	0.74%
2) Safeway Stores, Inc ¹	Commercial, Successor Agency	1	10,781,143	0.64%
3) Clayton Station Shopping Center ¹	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%
Top Ten Total		53	\$ 55,403,810	3.32%
City Total			<u>\$ 1,659,424,975</u>	

		Fiscal Year Ending June 30, 2021		
		Secured		
Property Owner	Primary Use, Primary Agency	Parcels	Value	% of Net AV
1) Comcast	Unsecured, Clayton General Fund	-	\$ -	-
2) Safeway Stores, Inc ¹	Commercial, Successor Agency	1	11,408,170	0.47%
3) Clayton Station Shopping Center ¹	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%
Top Ten Total		34	\$ 54,804,317	2.26%
City Total			<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

¹ Pending appeals on parcels

City of Clayton
Statistical Section
Principal Property Tax Payers
Current Year and Nine Years Ago

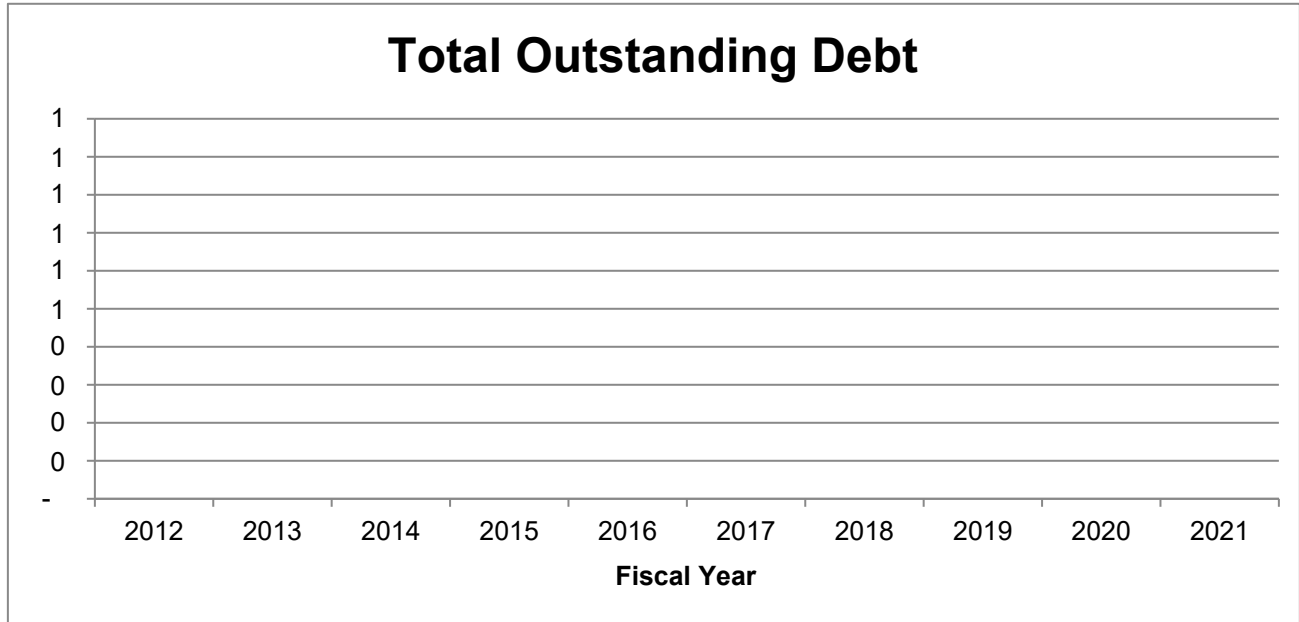
Fiscal Year Ending June 30, 2012

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><u>\$ 13,098,203</u></u>		<u><u>\$ 1,672,523,178</u></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><u>\$ 28,191,208</u></u>		<u><u>\$ 2,447,443,715</u></u>	

City of Clayton
 Statistical Section
 Ratios of Debt Outstanding
 Last Ten Fiscal Years



Fiscal Year Ended June 30	Tax Allocation Bonds ¹	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.

¹The 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**

Overlapping Debt	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
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
Total Overlapping Debt			\$ 47,221,440

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
Total assessed valuation	\$ 1,672,523,178	\$ 1,604,549,116	\$ 1,736,788,090	\$ 1,866,376,581
Debt limit percentage ¹	3.75%	3.75%	3.75%	3.75%
Debt limit	\$ 62,719,619	\$ 60,170,592	\$ 65,129,553	\$ 69,989,122
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -
Legal Debt margin	\$ 62,719,619	\$ 60,170,592	\$ 65,129,553	\$ 69,989,122
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: City of Clayton Finance Department.

¹ 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
<u>26,679,230</u>	<u>27,086,036</u>	<u>27,627,706</u>	<u>28,243,119</u>	<u>28,807,933</u>	<u>29,384,046</u>
<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%

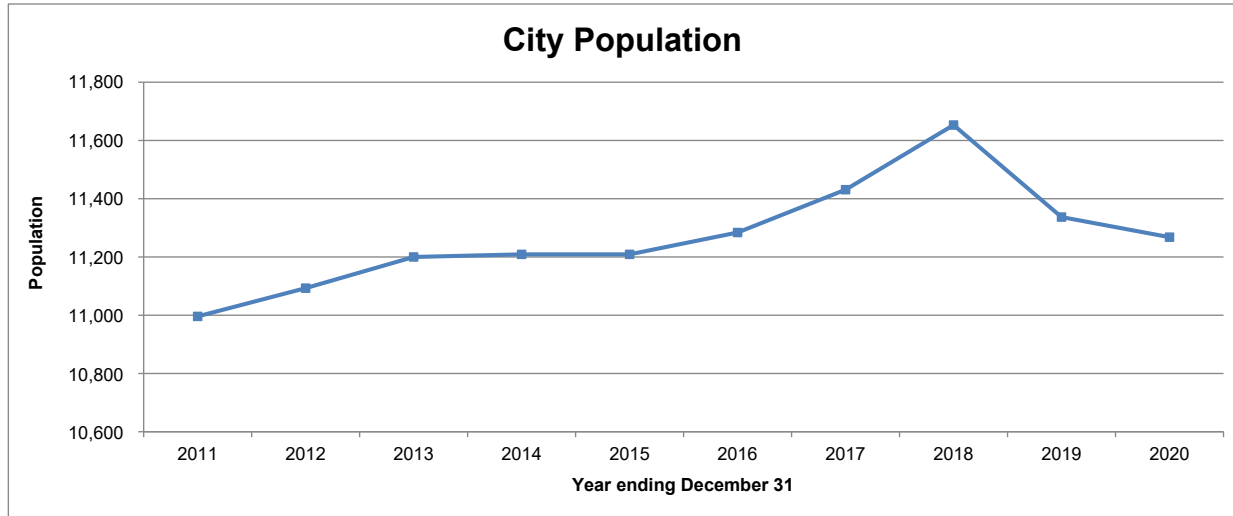
City of Clayton
Statistical Section
Bonded Debt Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Debt Service ¹			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.

¹ 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**



<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Contra Costa County Population¹</u>	<u>City Population % of County</u>
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%

¹ 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
Function:			
General Government:			
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>
Public Safety:			
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>
Public Works¹	3.70	3.50	3.40
Parks & Recreation¹	1.30	1.50	1.60
Community & Economic			
Development:			
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>
Totals	<u>25.20</u>	<u>25.20</u>	<u>25.20</u>

Source: City of Clayton Finance Department, Adopted Budgets.

¹ 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**

Fiscal Year Ending June 30						
2015	2016	2017	2018	2019	2020	2021
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**

	Fiscal Year Ending			
	2012	2013	2014	2015
Function:				
Police:				
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
Public Works:				
Storm drains inspected	*	*	*	*
Trees trimmed	*	*	*	*
Park maintenance (acres)	*	*	*	*
Street signs maintained	*	*	*	*
Traffic signals maintained	*	*	*	*
Streetlights maintained	*	*	*	*
Parks and Recreation Services:				
Endeavor Hall rentals (days)	*	*	*	*
Hoyer Hall rentals	*	*	*	*
Ballfields (hours rented)	*	*	*	*
Community and Economic Development:				
Planning permits issued	*	*	*	*
Code enforcement cases closed	*	*	*	*
Building permits issued	182	201	376	430
General Government:				
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**

Fiscal Year Ending					
2016	2017	2018	2019	2020	2021
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
Function:				
Public Safety:				
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	*	*	*	*
Public Works:				
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	*	*	*	*
Parks and Recreation Services:				
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

Fiscal Year Ending June 30						
2015	2016	2017	2018	2019	2020	2021
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.

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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