



AGENDA

SPECIAL MEETING

BUDGET/AUDIT COMMITTEE

Monday, January 23, 2023

4:00 p.m.

*Members of the public will be able to participate either in-person at
Hoyer Hall, Clayton Community Library
6125 Clayton Road, Clayton, CA 94517
or
remotely via Zoom.*

Committee Members
Mayor Jeff Wan
Councilmember Kim Trupiano

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

Instructions for Virtual Budget/Audit Committee Meeting – January 23

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

To follow or participate in the meeting:

(b) **Videoconference:** to follow the meeting on-line, click here:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/86968637841>

No Passcode Needed

Or One tap mobile:

US: +16699009128,,86968637841# or +16694449171,,86968637841#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)

Webinar ID: 869 6863 7841

E-mail Public Comments: If preferred, please e-mail public comments to the City Clerk, Ms. Calderon at janetc@claytonca.gov by noon on the day of the Budget/Audit Committee meeting. All E-mail Public Comments will be forwarded to the entire Budget/Audit Committee.

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

Location:

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

To join this virtual meeting on-line click here:

Link to join Webinar

<https://us02web.zoom.us/j/86968637841>

Or dial Telephone: 877 853 5257 (Toll Free) and use **Webinar ID:** 869 6863 7841

*** CLAYTON BUDGET/AUDIT COMMITTEE ***

January 23, 2023

4:00 P.M.

1. CALL TO ORDER AND ROLL CALL – City Clerk

2. PUBLIC COMMENT ON NON - AGENDA ITEMS

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

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

3. ACTION ITEMS

- (a) Audited Annual Financial Report of the City of Clayton for the Fiscal Year Ended June 30, 2021. (Finance Director)([View Here](#))

RECOMMENDATION: Receive presentation and recommend forwarding to the full City Council for Action.

- (b) Presentation on Proposed Update to Master Fee Schedule (Finance Director)([View Here](#))

RECOMMENDATION: Receive presentation and provide feedback to staff.

4. ADJOURNMENT



STAFF REPORT

TO: HONORABLE BUDGET/FINANCE COMMITTEE

**FROM: NITISH SHARMA, FINANCE DIRECTOR (INTERIM)
BRYCE ROJAS, CPA, AUDITOR**

DATE: JANUARY 23, 2023

**SUBJECT: AUDITED ANNUAL FINANCIAL REPORT OF THE CITY OF CLAYTON FOR
THE FISCAL YEAR ENDED JUNE 30, 2022**

RECOMMENDATION

It is respectfully recommended that the Budget/Finance Committee,

1. Receive presentation of the City of Clayton's Annual Financial Report, including the unmodified opinion of the Independent Auditors Report, issued by Cropper Accountancy Corporation for the fiscal year ended June 30, 2022; and
2. Direct the presentation and approval of the City of Clayton's Annual Financial Report to the City Council for consideration and approval.

BACKGROUND

The City's independent audit firm, Cropper Accountancy Corporation, has issued their opinion on the City of Clayton's financial statements for the fiscal year ended June 30, 2022 (FY 2021/22). In their opinion:

"the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

It is the responsibility of City management to ensure the financial statements are presented fairly in accordance with GAAP (generally accepted accounting principles). City management is also responsible for the design, implementation, and maintenance of internal controls relevant to the

preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error. The responsibility of the City's independent auditors is to express opinions on the City's financial statements based on its audit performed in accordance with generally accepted audit standards (GAAS) issued by the American Institute of Certified Public Accountants (AICPA) as well as generally accepted government auditing standards (GAGAS), or "yellow book" standards, issued by the Comptroller General of the United States.

Please note that some items in the Statistical Section of the ACFR are highlighted indicating that we are still updating those figures. They are not material to the financial data presented in the audit.

DISCUSSION

Fund Financial Statements (Governmental Funds)

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,172,907. Of this amount, \$5,736,100 (33.4%) is unassigned; \$173,471 (1.0%) is in non-spendable form; \$3,964,578 (23.1%) is assigned for specific purposes; \$6,426,510 (37.4%) is restricted by law, regulation, or other outside contractual agreements; and \$872,248 (5.1%) is committed for specific expenditures in the future.

General Fund

The City's General Fund reported an increase in fund balance of \$304,376 (5.0%) in the current fiscal year. This modest increase is mostly attributable to an increase in property taxes, special parcel taxes and assessments, and a corresponding decrease in investment earnings (primarily due to market rate adjustments). Total fund balance of the General Fund is \$6,413,357 as of June 30, 2022, of which \$6,068,266 (94.6%) is reported as unassigned and available for appropriation. This unassigned fund balance is .97 times the size of the General Fund's adopted operating budget for the upcoming fiscal year ending June 30, 2023.

Landscape Maintenance District

Community Facilities District No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, reported a decrease in fund balance of \$447,353 (41.2%) in the current fiscal year. This decrease in fund balance is largely attributable to increases in operating costs such as water service and weed abatement, as well as an increase in project costs/capital outlay costs. Total fund balance of the Landscape Maintenance District is \$638,533 as of June 30, 2022, of which 100% is reported as assigned or restricted for the following year's operating budget.

Successor Housing Agency

The Successor Housing Agency special revenue fund reported a increase in fund balance of \$187,452 (3.4%) 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 \$5,617,695 as of June 30, 2022, which is classified entirely as restricted.

Endeavor Hall Enterprise Fund

Consistent with the prior year, the Endeavor Hall rental facility is the City's only "business-type" enterprise fund reported in the ACFR. Total business-type expenses decreased 20.4% from \$73,117 in the prior year to \$60,694 in the current year. This decrease is largely attributable to the decrease in general and administrative costs of the Endeavor Hall rental facility. Total services revenue increased significantly from \$-1,442 in the prior year to \$16,847 in the current year due to the increase in rental activity. Net position of business-type activities declined \$43,847 to a total of \$880,139 at June 30, 2022 due to charges for services being insufficient to cover the annual depreciation expense and general operating expenses of underlying Endeavor Hall rental facility assets.

Rainy Day Fund

The Rainy-Day Fund (Fund 110) was established during the FY2020/21 fiscal year with the goal of appropriating money to set aside funds to capture any annual surplus identified through the annual audit for the City to earmark towards one-time unexpected costs that may arise throughout a budgetary year. Per GASB 54, the Rain Day funds are presented in the financial statements as part of the general fund.

Pandemic Reserve

The Pandemic Recovery Reserve (Fund 111) was established by the City Council to capture programmatic funding decisions associated with the American Rescue Plan Act funds the City has received. For the initial tranche of \$1,467,024 (and planned for the tranche to be received in July 2022), the City Council has chosen to transfer the funds to the City's General Fund to pay for public safety services. This funding for public safety then allows the transfer of an equal amount from the General Fund to the Pandemic Recovery Reserve. The funds in the Pandemic Recovery Reserve can be used for any valid general government purpose.

Government-Wide Financial Statements

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, and unlike the "modified accrual" governmental fund financial statements discussed previously, the government-wide statements report long-term assets and liabilities in the Statement of Net Position. In the long run, increases or decreases in net position serve as a useful indicator of whether the financial position of the City of Clayton is improving or deteriorating. The City's total net position was \$45,759,874 at June 30, 2022, which is an increase of \$392,782 from the prior year's net position at June 30, 2021.

Of the City's total net position, \$9,596,963 (21.0%) represents resources that are subject to external restrictions on how they may be used. The balance of the *unrestricted net position* of \$6,037,503 (13.2%) 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 \$9,359,704, while expenses totaled \$9,021,834, resulting in a net increase in net position of \$337,870 excluding transfers, extraordinary and special items.

FISCAL IMPACT

The acceptance of the audited financial statements for the year ended June 30, 2022 does not have any direct fiscal impact on the City but reflects the overall financial health of the City.

Attachments:

1. Annual Comprehensive Financial Report and Independent Auditors' Report for the Year Ended June 30, 2022
2. PowerPoint Presentation for Budget and Audit Committee

ADDITIONAL REPORTS

City of Clayton, California
Annual Financial Report
For the Year Ended June 30, 2022

DRAFT 1/20/23

This page intentionally left blank

DRAFT 1/20/23

INTRODUCTORY SECTION

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents.....	1
Letter of Transmittal.....	4
Mission Statement.....	9
Organizational Chart.....	10
Principal Officers, Department Heads and Advisory Bodies	11
Regional Map of Clayton and Nearby Cities	12
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	17
Management's Discussion and Analysis.....	21
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position.....	33
Statement of Activities and Changes in Net Position.....	34
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet.....	39
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	42
Statement of Revenues, Expenditures and Changes in Fund Balances.....	43
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position.....	45
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position.....	47
Statement of Revenues, Expenses and Changes in Net Position.....	48
Statement of Cash Flows.....	49
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	51
Statement of Changes in Fiduciary Net Position.....	52
Notes to Basic Financial Statements.....	55

DRAFT 1/20/23

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Table of Contents

FINANCIAL SECTION (Continued)

Required Supplementary Information

Budgetary Comparison Schedules

General Fund.....	103
Landscape Maintenance District	104
Successor Housing Agency.....	105
American Rescue Plan Act.....	106

Pension Plan Funding Status

Schedule of Proportionate Share of Net Pension Liability.....	107
Schedule of Pension Plan Contributions.....	108

Other Postemployment Benefits Plan Funding Status

Schedule of Changes in the Net OPEB Liability and Related Ratios.	109
Schedule of OPEB Plan Contributions.....	110

Notes to the Required Supplementary Information.....	111
--	-----

Supplementary Information

Major Funds

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

Non-Major Governmental Funds Financial Statements:

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

Internal Service Funds:

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

Agency Funds:

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

DRAFT 1/20/23

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Table of Contents

STATISTICAL SECTION (UNAUDITED)

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

ADDITIONAL REPORTS

Independent Auditors' Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	173
--	-----

DRAFT 1/20/23



COMMUNITY
DEVELOPMENT (925) 673-7340
ENGINEERING (925) 969-8181

6000 HERITAGE TRAIL CLAYTON, CALIFORNIA 94517-1250
TELEPHONE (925) 673-7300 FAX (925) 672-4717

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

January 23, 2023

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, 2022. 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, 2022, the City has a permanent staff of 27.4 full-time equivalent employees which serves approximately 11,585 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

DRAFT 1/20/23

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Letter of Transmittal

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

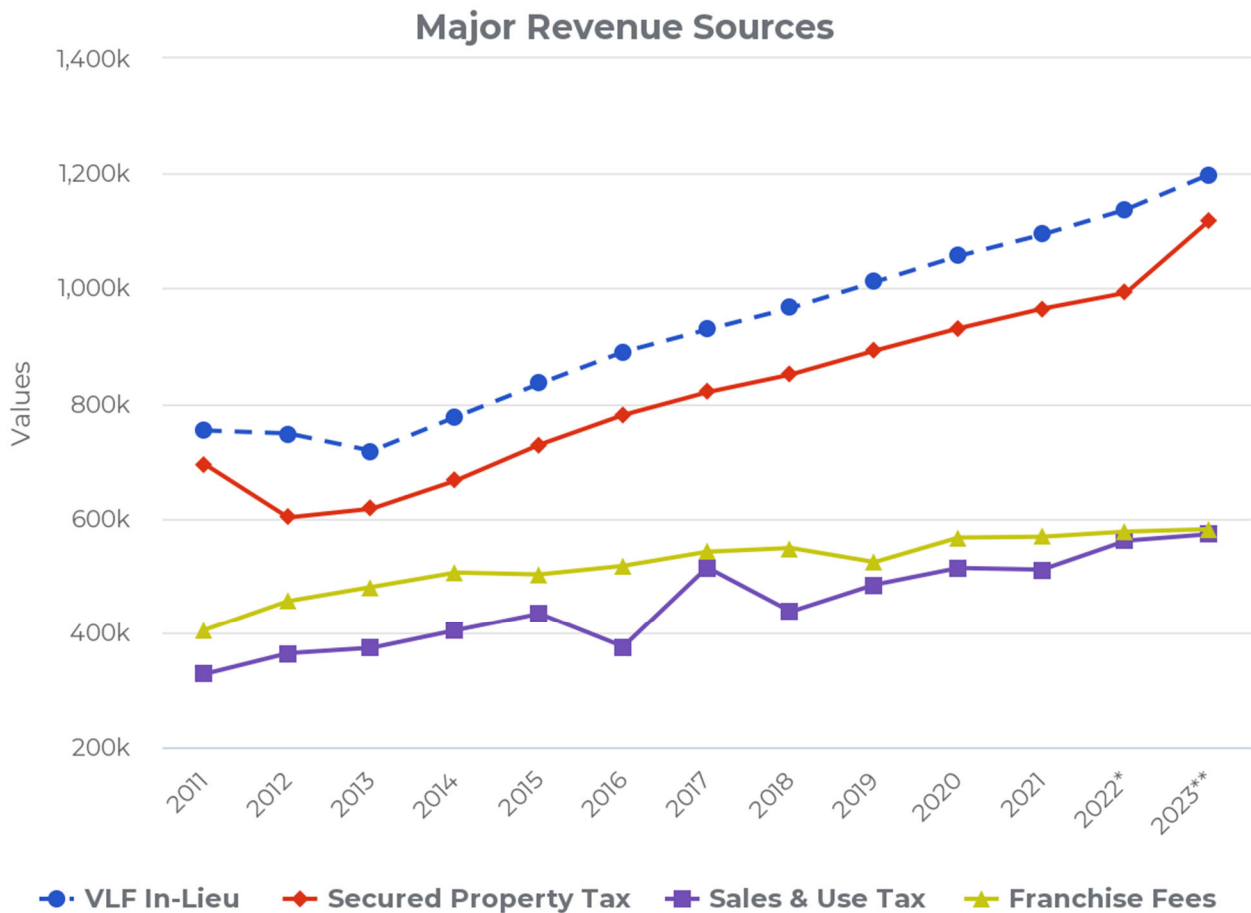
Essentially a cul-de-sac hugging the base of acclaimed Mt. Diablo, Clayton maintains a small-town atmosphere while its relative proximity to California State Highway 24 and neighboring city BART stations make it ideal for commuters. In addition, the semi-rural setting, low crime rate and excellent middle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

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Letter of Transmittal

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 2022, the unemployment rate of the City was 3.0%, compared to 3.20% and 4.0% for Contra Costa County and the State of California, respectively. In 2020 the median household income in the City was \$153,607 compared to \$87,355 for the state. The median age of Clayton residents is 43.1 as of the 2021 calendar year. The median sales price of homes in Clayton at June 30, 2022 was \$1,050,000, a 8.7% year over year decrease. Despite this decline, property tax and sales & use tax revenues remain relatively strong.

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 2022-23 Adopted Budget:



DRAFT 1/20/23

City of Clayton
Comprehensive Annual Financial Report
For the year ended June 30, 2022
Letter of Transmittal

Altogether, these four primary revenue sources (Property Tax In-Lieu 22.1%, Property Taxes 20.6%, Franchise Fees 10.7%, Sales and Use Taxes 10.5%) comprise 63.9% of General Fund revenues per the adopted budget for the fiscal year ending June 30, 2023. A non-recurring spike was realized in sales and use taxes six 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, 2022, 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, 2022, the total unassigned General Fund reserve balance is \$6,068,266 or .97 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 \$1.0 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, 2023, the City’s CIP is expected to invest an additional \$1,362,697 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, 2022
Letter of Transmittal

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

Nitish Sharma
Finance Director (Interim)

DRAFT 1/20/23

OUR MISSION

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

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

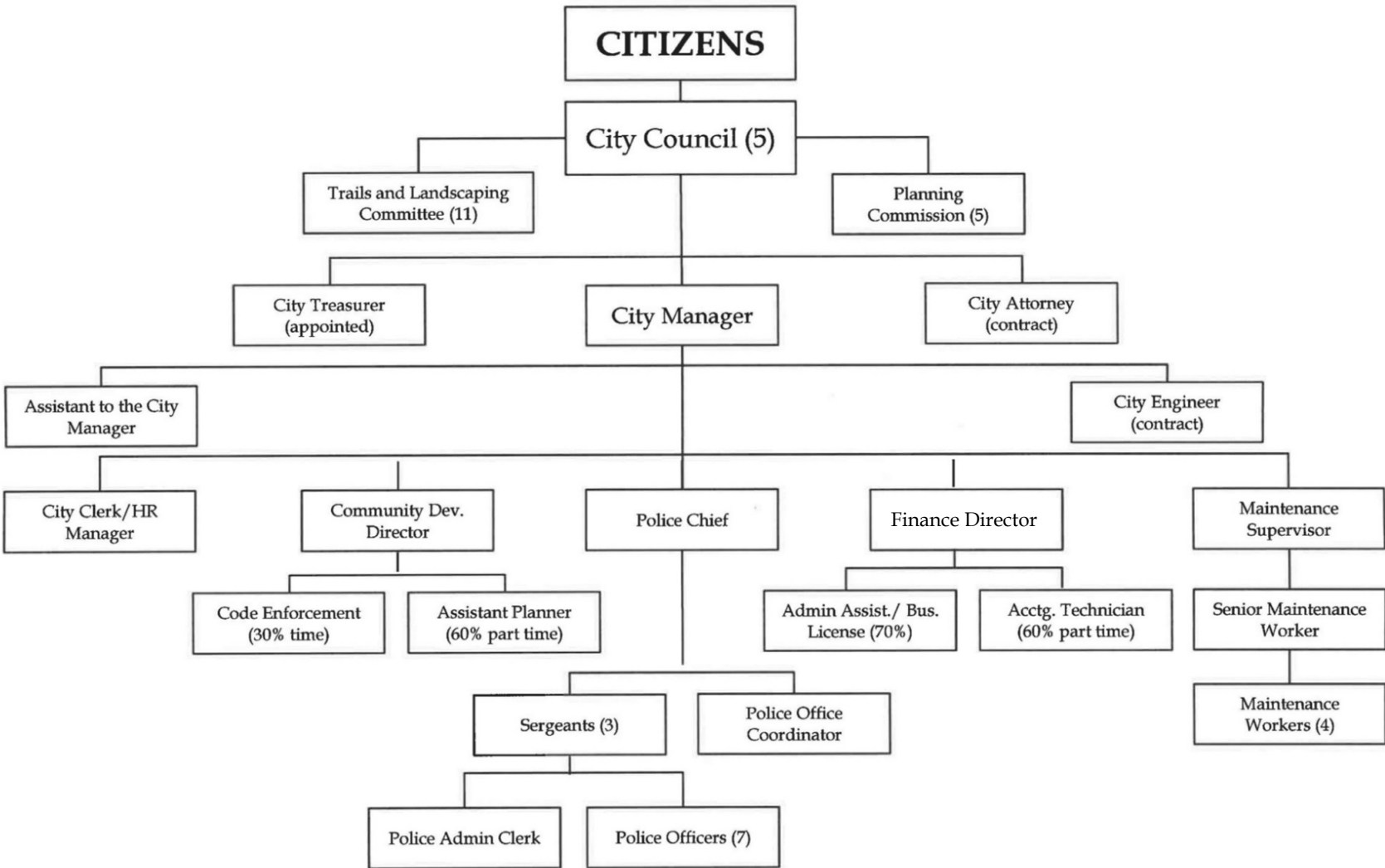
OUR VALUES

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

OUR VISION

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

City of Clayton Organizational Chart



DIRECTORY OF PRINCIPAL OFFICIALS AND ADVISORY BODIES

As of report issuance

CITY COUNCIL

Jeff Wan, Mayor
Jim Diaz, Vice Mayor
Peter Cloven, Councilmember
Holly Tillman, Councilmember
Kim Trupiano, Councilmember

COMMISSIONS

Planning Commission

COMMITTEES

Trails and Landscaping Committee

APPOINTED OFFICIALS AND DEPARTMENT HEADS

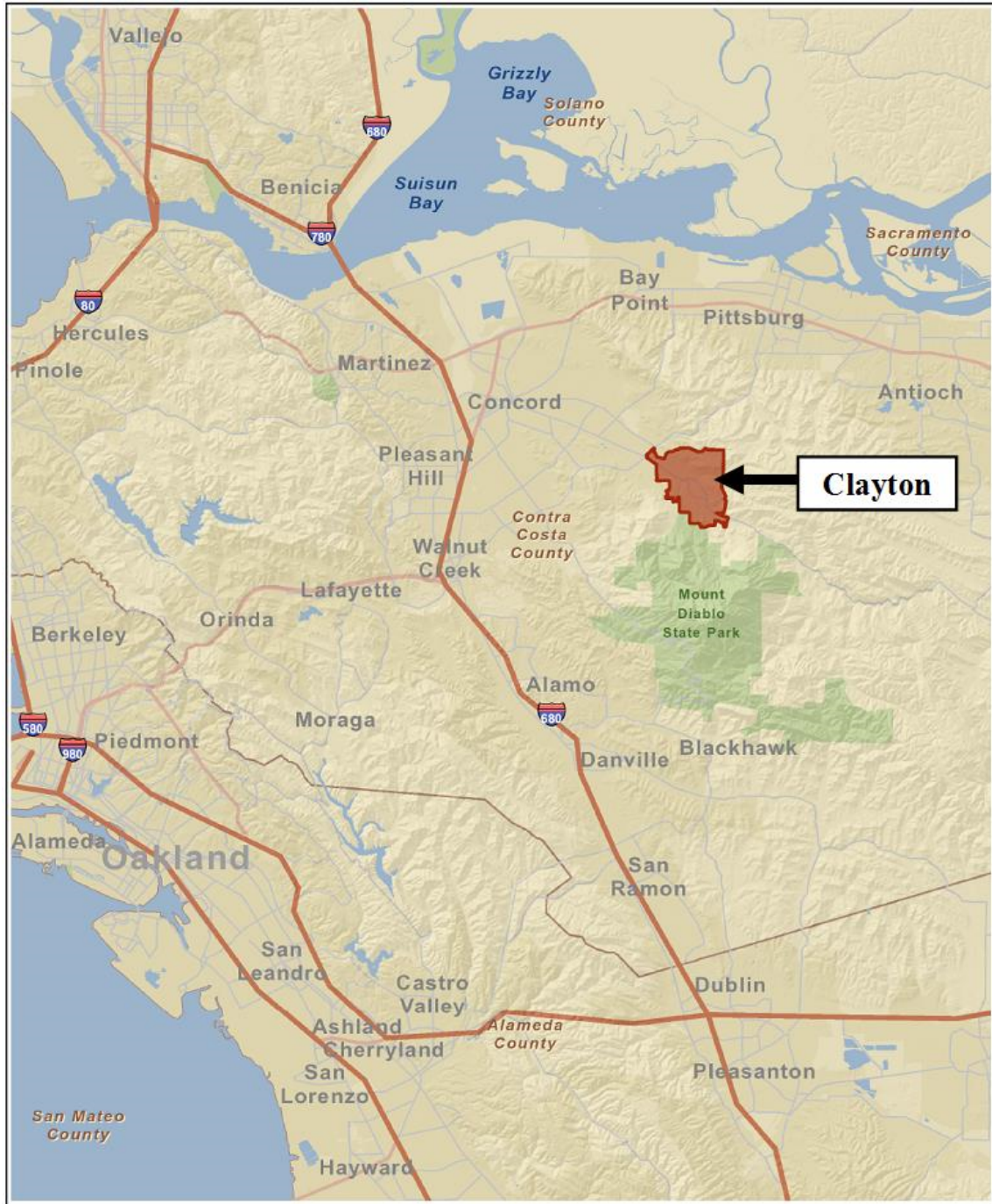
Reina Schwartz	City Manager
Hank Stratford	City Treasurer
Nitish Sharma	Finance Director (Interim)
Richard McEachin	Chief of Police
Janet Calderon	City Clerk / HR Manager
Dana Ayers	Community Development Director
Jim Warburton	Maintenance Supervisor
Malathy Subramanian	City Attorney (contract)
Larry Theis	City Engineer (contract)

FINANCE TEAM

Jennifer Giantvalley	Accounting Technician
Richard Sanders	Accountant (consultant)

DRAFT 1/20/23

Regional Map of Clayton, California And Nearby Cities



DRAFT 1/20/23

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Clayton, California

Report on the Audit of the Financial Statements

Opinions

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, Clayton, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Clayton's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages X-X and XX-XX be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clayton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clayton's internal control over financial reporting and compliance.

CROPPER ROWE, LLP
Walnut Creek, California
January 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022. 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, 2022, by \$45,759,874. Of this amount, \$5,744,418 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 increased by \$337,870 in the fiscal year ending June 30, 2022. Net position of governmental activities increased by \$381,717, while net position of business-type activities decreased by \$43,847.

Major Fund Highlights

Governmental Funds - As of the year ended June 30, 2022, the City's governmental funds reported a combined ending fund balance of \$17,172,907. Of this amount \$5,744,867 represents "unassigned fund balances" available for appropriation.

General Fund - The unassigned fund balance of the General Fund on June 30, 2022 was \$5,744,867, while the non-spendable and committed fund balances were \$173,471 and \$495,019 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.

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*.

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 55-101 of this report.

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 \$45,759,874 at June 30, 2022, which is an increase of \$392,782 from the prior year's restated net position at June 30, 2021.

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, 2022 and June 30, 2021:

	Governmental Activities 2022	Governmental Activities 2021	Business- Type Activities 2022	Business- Type Activities 2021	Total 2022	Total 2021
Assets						
Current Assets	\$ 14,773,722	\$ 14,812,813	\$ (120,893)	\$ (112,174)	\$ 14,652,829	\$ 14,700,639
Noncurrent Assets	6,482,003	6,462,021	-	-	6,482,003	6,462,021
Capital Assets	29,116,205	28,793,685	1,009,203	1,038,076	30,125,408	29,831,761
Total Assets	<u>50,371,930</u>	<u>50,068,519</u>	<u>888,310</u>	<u>925,902</u>	<u>51,260,240</u>	<u>50,994,421</u>
Deferred outflows	<u>1,285,641</u>	<u>1,051,589</u>	-	-	<u>1,285,641</u>	<u>1,051,589</u>
Liabilities						
Current Liabilities	640,113	362,937	8,171	1,916	648,284	364,853
Noncurrent Liabilities	3,666,339	5,944,104	-	-	3,666,339	5,944,104
Total Liabilities	<u>4,306,452</u>	<u>6,307,041</u>	<u>8,171</u>	<u>1,916</u>	<u>4,314,623</u>	<u>6,308,957</u>
Deferred inflows	<u>2,471,384</u>	<u>369,961</u>	-	-	<u>2,471,384</u>	<u>369,961</u>
Net Position						
Net investment in capital assets	29,116,205	28,793,685	1,009,203	1,038,076	30,125,408	29,831,761
Restricted	9,890,048	13,156,670	-	-	9,890,048	13,156,670
Unrestricted	5,873,482	2,492,751	(129,064)	(114,090)	5,744,418	2,378,661
Total net position	<u>\$ 44,879,735</u>	<u>\$ 44,443,106</u>	<u>\$ 880,139</u>	<u>\$ 923,986</u>	<u>\$ 45,759,874</u>	<u>\$ 45,367,092</u>

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Overall Net Position and Results of Operations, Continued

Of the City's total net position, \$9,890,048 (21.6%) represents resources that are subject to external restrictions on how they may be used. The balance of the *unrestricted net position* of \$5,744,418 (12.6%) 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 \$9,359,704, while expenses totaled \$9,021,834, resulting in a net increase in net position of \$337,870 excluding transfers, extraordinary and special items. This net increase was primarily attributable to a increase in net position of governmental activities, which is discussed in greater detail in the following section.

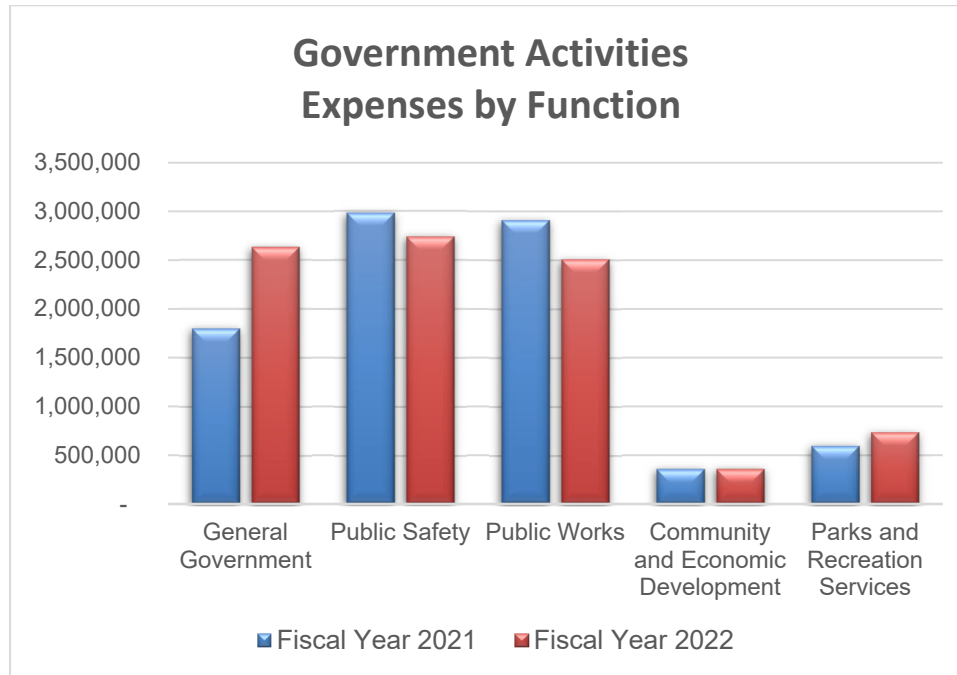
The following is a recap of the City's Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2022 and June 30, 2021:

	Governmental Activities 2022	Governmental Activities 2021	Business- Type Activities 2022	Business- Type Activities 2021	Total 2022	Total 2021
Revenues:						
Program revenues:						
Charges for Services	\$ 1,002,338	\$ 961,910	\$ 16,847	\$ (1,442)	\$ 1,019,185	\$ 960,468
Operating grants and contributions	2,755,382	893,718	-	-	2,755,382	893,718
Capital grants and contributions	120,774	42,363	-	-	120,774	42,363
Total program revenues	3,878,494	1,897,991	16,847	(1,442)	3,895,341	1,896,549
General revenues:						
Property taxes	2,846,766	2,722,906	-	-	2,846,766	2,722,906
Special parcel taxes	1,348,657	1,309,373	-	-	1,348,657	1,309,373
Sales and use taxes	563,908	510,029	-	-	563,908	510,029
Business license taxes	162,881	90,872	-	-	162,881	90,872
Franchise fees	587,740	567,350	-	-	587,740	567,350
Payments in lieu of taxes	174,443	171,029	-	-	174,443	171,029
Investment income	(281,502)	508,256	-	(379)	(281,502)	507,877
Miscellaneous	54,512	38,972	-	-	54,512	38,972
Gain (loss) on sale of assets	6,958	1,741	-	-	6,958	1,741
Total general revenues	5,464,363	5,920,528	-	(379)	5,464,363	5,920,149
Total revenues	9,342,857	7,818,519	16,847	(1,821)	9,359,704	7,816,698
Expenses:						
General government	2,629,048	1,796,454	-	-	2,629,048	1,796,454
Public works	2,509,096	2,909,710	-	-	2,509,096	2,909,710
Public safety	2,736,817	2,980,000	-	-	2,736,817	2,980,000
Community and economic development	356,450	357,133	-	-	356,450	357,133
Parks and recreation services	729,729	592,433	-	-	729,729	592,433
Endeavor Hall	-	-	60,694	73,117	60,694	73,117
Total expenses	8,961,140	8,635,730	60,694	73,117	9,021,834	8,708,847
Change in Net Position	381,717	(817,211)	(43,847)	(74,938)	337,870	(892,149)
Net Position - Beginning, restated	44,498,018	45,260,317	923,986	998,924	45,422,004	46,259,241
Net Position - ending	\$ 44,879,735	\$ 44,443,106	\$ 880,139	\$ 923,986	\$ 45,759,874	\$ 45,367,092

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Governmental Activities

The increase in net position of the governmental activities over the prior year was primarily attributable to a increase in both operating and capital grants and contributions. Total expenses were \$8,961,140 in the current year compared to \$8,635,730 in the prior year. The following chart depicts the relative size of expenses by function for the fiscal years ending June 30, 2022 and 2021:

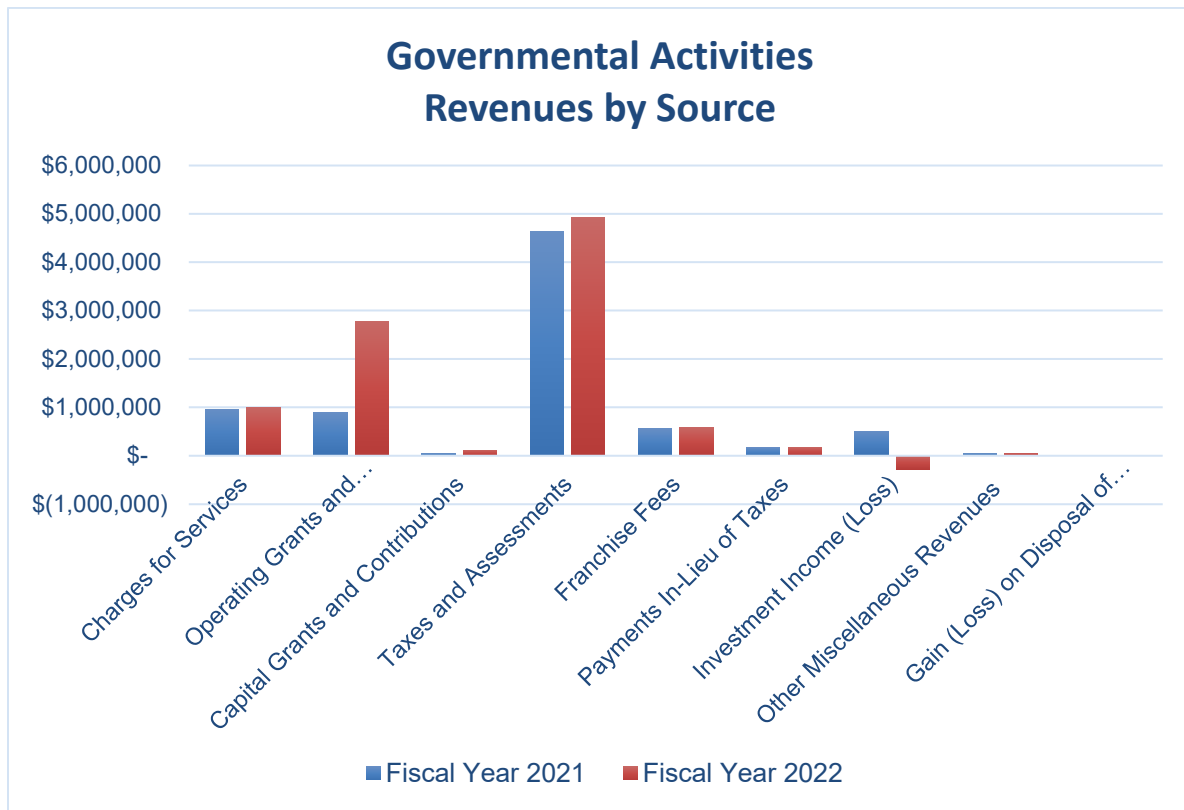


Total program revenues from governmental activities were \$3,878,494 in the current year compared to \$1,897,991 in the prior year. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from government's general revenues. Of the governmental program revenues, 25.8% 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 74.2% 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.

FINANCIAL ANALYSIS GOVERNMENT-WIDE STATEMENTS, Continued

Analysis of Governmental Activities, Continued

Total general revenues from governmental activities decreased by \$456,165 (7.7%) 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, 2022 and 2021:



Analysis of Business-Type Activities

Total business-type expenses decreased 20.4% from \$73,117 in the prior year to \$60,694 in the current year. This decrease is largely attributable to the decrease in general and administrative costs of the Endeavor Hall rental facility. Total services revenue increased significantly from \$-1,442 in the prior year to \$16,847 in the current year due to the increase in rental activity. Net position of business-type activities declined \$43,847 to a total of \$880,139 at June 30, 2022 due to charges for services being insufficient to cover the annual depreciation expense and general operating expenses 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 \$17,172,907. Of this amount, \$5,744,867 (33.5%) is unassigned; \$173,471 (1.0%) is in non-spendable form; \$3,330,153 (19.4%) is assigned for specific purposes; \$6,719,595 (39.1%) is restricted by law, regulation, or other outside contractual agreements; and \$1,204,821 (7.0%) is committed for specific expenditures in the future.

General Fund

The City's General Fund reported an increase in fund balance of \$249,464 (4.0%) in the current fiscal year. This modest increase is mostly attributable to increase in property taxes, special parcel taxes and assessments, and a corresponding decrease in investment earnings (primarily due to market rate adjustments). Total fund balance of the General Fund is \$6,413,357 as of June 30, 2022, of which \$5,744,867 (89.6%) is reported as unassigned and available for appropriation. This unassigned fund balance is .92 times the size of the General Fund's adopted operating budget for the upcoming fiscal year ending June 30, 2022.

Landscape Maintenance District

Community Facilities District No. 2007-1, referred to as the Landscape Maintenance District special revenue fund, reported a decrease in fund balance of \$447,353 (41.2%) in the current fiscal year. This decrease in fund balance is largely attributable to increases in operating costs such as water service and weed abatement, as well as a increase in project costs/capital outlay costs. Total fund balance of the Landscape Maintenance District is \$638,533 as of June 30, 2022, of which \$32,509 is reported as assigned or restricted for the following year's operating budget, and the remaining fund balance is assigned.

DRAFT 1/20/23

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 \$187,452 (3.4%) 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 \$5,617,695 as of June 30, 2022, which is classified entirely as restricted.

Capital Improvement Program

The Capital Improvement Program capital projects fund reported an increase in fund balance of \$681,698 (35.4%) 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 \$2,606,444 and is reported entirely as assigned for capital projects as of June 30, 2022.

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 \$880,139, and total net position for the internal service funds amounted to \$1,000,736.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues and transfers fall short of total revenues and transfers of the final and adopted budget by \$39,744. The variance is due to a combination of factors including an increase in taxes and assessment and a decrease in the investment reported at year-end based on the market rate. The unrealized investment loss 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 \$186,163 (6.9%), which was largely offset by lower-than-expected revenue from permits, licenses and fees and sales tax receipts.

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

Actual General Fund expenditures of \$6,246,094 were more than the final adjusted budget by \$1,447,307 for the year ended June 30, 2022. The negative variance is a result of actual expenditures being more than budgeted in General government due to investments in the capital expenditures for the fiscal year ended June 30, 2022.

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, 2022 amounted to \$30,125,408 (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 \$1,048,171, versus \$1,080,713 in the prior year. The slight decrease in depreciation is attributable to the completion of significant capital projects during the prior and current fiscal years and capital assets reaching their estimated useful lives. Additional information on the City of Clayton's capital assets can be found in Note 6 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 13 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 when compared to the actuals reported as of June 30, 2022, for the upcoming fiscal year ending June 30, 2023 of \$641,365 (10.2%). The increase in appropriations is attributable primarily to labor wage and benefit costs of various City departments and capital improvement costs included as part of the general government. The annual June 2021 to June 2022 consumer price index inflationary factor is 6.8% 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, 2023 projects total General Fund revenues of \$6,887,459 an increase of approximately

**City of Clayton
Management's Discussion and Analysis
For the year ended June 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, Continued

\$34,920 over the prior year actual. 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, 2022.

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.

DRAFT 1/20/23

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Clayton
Government-Wide
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 13,441,679	\$ -	\$ 13,441,679
Accounts receivable (net of allowances)	1,133,315	-	1,133,315
Interest receivable	25,257	-	25,257
Internal balances	120,893	(120,893)	-
Prepaid expenses	52,578	-	52,578
Total Current Assets	14,773,722	(120,893)	14,652,829
Noncurrent Assets:			
Investment in affordable housing	3,170,453	-	3,170,453
Notes receivable	3,311,550	-	3,311,550
Nondepreciable assets	3,133,754	167,738	3,301,492
Depreciable assets, net	25,982,451	841,465	26,823,916
Total Noncurrent Assets	35,598,208	1,009,203	36,607,411
Total Assets	50,371,930	888,310	51,260,240
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,285,641	-	1,285,641
Deferred outflows related to OPEB	-	-	-
Total Deferred Outflows of Resources	1,285,641	-	1,285,641
LIABILITIES			
Current Liabilities:			
Accounts payable	149,907	2,671	152,578
Deposits payable	-	5,500	5,500
Accrued payroll	37	-	37
Unearned revenue	332,166	-	332,166
Compensated absences payable	83,645	-	83,645
Other liabilities	74,358	-	74,358
Total Current Liabilities	640,113	8,171	648,284
Noncurrent Liabilities:			
Compensated absences payable	83,645	-	83,645
Net OPEB liability	578,315	-	578,315
Net pension liability	2,759,739	-	2,759,739
Lease payable	244,640	-	244,640
Total Noncurrent Liabilities	3,666,339	-	3,666,339
Total Liabilities	4,306,452	8,171	4,314,623
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	2,471,384	-	2,471,384
Deferred inflows related to OPEB	-	-	-
Total Deferred Inflows of Resources	2,471,384	-	2,471,384
NET POSITION			
Net investment in capital assets	29,116,205	1,009,203	30,125,408
Restricted for special projects and programs	9,890,048	-	9,890,048
Unrestricted	5,873,482	(129,064)	5,744,418
Total Net Position	\$ 44,879,735	\$ 880,139	\$ 45,759,874

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, 2022

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	\$ 2,629,048	\$ 437,626	\$ 13,808	\$ -	\$ (2,177,614)	\$ -	\$ (2,177,614)
Public safety	2,736,817	48,292	397,461	-	(2,291,064)	-	(2,291,064)
Public works	2,509,096	331,218	2,344,113	44,634	210,869	-	210,869
Community and economic development	356,450	142,299	-	76,140	(138,011)	-	(138,011)
Parks and recreation services	729,729	42,903	-	-	(686,826)	-	(686,826)
Total Governmental Activities	8,961,140	1,002,338	2,755,382	120,774	(5,082,646)	-	(5,082,646)
Business-Type Activities							
Endeavor Hall	60,694	16,847	-	-	-	(43,847)	(43,847)
Total Business-Type Activities	60,694	16,847	-	-	-	(43,847)	(43,847)
Total Primary Government	\$ 9,021,834	\$ 1,019,185	\$ 2,755,382	\$ 120,774	(5,082,646)	(43,847)	(5,126,493)
General revenues:							
Taxes:							
Property taxes					2,846,766	-	2,846,766
Special parcel taxes					1,348,657	-	1,348,657
Sales and use taxes					563,908	-	563,908
Business license taxes					162,881	-	162,881
Total Taxes					4,922,212	-	4,922,212
Franchise fees					587,740	-	587,740
Payments in lieu of taxes					174,443	-	174,443
Investment income (loss)					(281,502)	-	(281,502)
Other miscellaneous general revenues					54,512	-	54,512
Gain (loss) on disposal of fixed assets					6,958	-	6,958
Total general revenues and transfers					5,464,363	-	5,464,363
Change in net position					381,717	(43,847)	337,870
Net position - beginning, as restated					44,498,018	923,986	45,422,004
Net position - ending					\$ 44,879,735	\$ 880,139	\$ 45,759,874

The accompanying notes are an integral part of the financial statements

This page intentionally left blank

FUND FINANCIAL STATEMENTS

This page intentionally left blank

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.

American Rescue Plan Act - Accounts for the activities related to the grant funding received from the American Rescue Plan Act.

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, 2022**

		Special Revenue	
	General Fund	Landscape Maintenance District	Successor Housing Agency
ASSETS			
Cash and investments	\$ 5,985,880	\$ 693,391	\$ 1,857,892
Accounts receivable	646,294	-	-
Interest receivable	25,257	-	-
Investment in affordable housing	-	-	3,170,453
Notes receivable	-	-	3,311,550
Prepaid items	52,578	-	-
Due from other funds	120,893	-	-
Advance to other funds	-	-	-
Total Assets	\$ 6,830,902	\$ 693,391	\$ 8,339,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,826	\$ 54,858	\$ -
Other payables	71,658	-	-
Accrued payroll	37	-	-
Compensated absences	83,645	-	-
Unearned revenue	-	-	-
Total Liabilities	157,166	54,858	-
Deferred Inflows of Resources:			
Deferred revenue	260,379	-	2,722,200
Total Deferred Inflows of Resources	260,379	-	2,722,200
Fund Balance:			
Non-spendable	173,471	-	-
Restricted	-	32,509	5,617,695
Committed	495,019	-	-
Assigned	-	606,024	-
Unassigned	5,744,867	-	-
Total Fund Balance	6,413,357	638,533	5,617,695
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,830,902	\$ 693,391	\$ 8,339,895

The accompanying notes are an integral part of the financial statements

DRAFT 1/20/23

**City of Clayton
Governmental Funds
Balance Sheet
June 30, 2022**

American Rescue Plan Act	Capital Project		Total
	Capital Improvement Program	Other Governmental Funds	
\$ -	\$ 2,674,360	\$ 1,769,715	\$ 12,981,238
-	-	487,021	1,133,315
-	-	-	25,257
-	-	-	3,170,453
-	-	-	3,311,550
-	-	-	52,578
-	-	-	120,893
-	-	-	-
<u>\$ -</u>	<u>\$ 2,674,360</u>	<u>\$ 2,256,736</u>	<u>\$ 20,795,284</u>
\$ -	\$ 67,916	\$ 24,992	\$ 149,592
-	-	2,700	74,358
-	-	-	37
-	-	-	83,645
-	-	332,166	332,166
<u>-</u>	<u>67,916</u>	<u>359,858</u>	<u>639,798</u>
-	-	-	2,982,579
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,982,579</u>
-	-	-	173,471
-	-	1,069,391	6,719,595
-	-	709,802	1,204,821
-	2,606,444	117,685	3,330,153
-	-	-	5,744,867
<u>-</u>	<u>2,606,444</u>	<u>1,896,878</u>	<u>17,172,907</u>
<u>\$ -</u>	<u>\$ 2,674,360</u>	<u>\$ 2,256,736</u>	<u>\$ 20,795,284</u>

DRAFT 1/20/23

The accompanying notes are an integral part of the financial statements

This page intentionally left blank

City of Clayton
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	\$	17,172,907
---	----	------------

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		3,133,754
Depreciable capital assets (net of internal service fund assets of \$493,547)		25,441,841

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.		2,982,579
--	--	-----------

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		(578,315)
Compensated absences payable		(83,645)
Net pension liability not reported on the Governmental Funds Balance Sheet		(2,759,739)
Lease liability not reported on the Governmental Funds Balance Sheet		(244,640)

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		1,285,641
Deferred inflows of resources for net pension liability		(2,471,384)
Deferred outflows of resources for net OPEB liability		-
Deferred inflows of resources for net OPEB liability		-

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.

		1,000,736
--	--	-----------

Net Position of Governmental Activities	\$	44,879,735
--	-----------	-------------------

The accompanying notes are an integral part of the financial statements

DRAFT 1/20/23

City of Clayton
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2022

	General Fund	Landscape Maintenance District	Special Revenue Successor Housing Agency
REVENUES			
Property taxes	\$ 2,846,766	\$ -	\$ -
Program income	-	-	111,400
Special parcel taxes and assessments	-	1,204,882	-
Sales and use taxes	563,908	-	-
Business licenses	162,881	-	-
Permits, licenses and fees	114,026	-	-
Fines, forfeitures and penalties	151,409	-	-
Intergovernmental	135,233	-	-
Motor vehicle in-lieu fees	-	-	-
Other in-lieu fees	174,443	-	-
Franchise fees	587,740	-	-
Service charges	305,645	-	-
Use of money and property	(185,018)	(24,383)	17,961
Other revenue	40,844	-	-
Total Revenues	4,897,877	1,180,499	129,361
EXPENDITURES			
Current:			
General government	2,570,417	-	-
Public safety	2,684,319	-	-
Public works	333,423	1,424,676	-
Community and economic development	299,175	-	-
Parks and recreation services	336,592	-	-
Capital outlay	22,168	161,367	-
Total Expenditures	6,246,094	1,586,043	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,348,217)	(405,544)	129,361
OTHER FINANCING SOURCES (USES)			
Unrealized gains (losses)	-	-	58,091
Transfers in	1,597,681	-	-
Transfers out	-	(41,809)	-
Total Other Financing Sources (Uses)	1,597,681	(41,809)	58,091
Net Change in Fund Balances	249,464	(447,353)	187,452
FUND BALANCES			
Beginning of year, restated	6,163,893	1,085,886	5,430,243
End of fiscal year	\$ 6,413,357	\$ 638,533	\$ 5,617,695

The accompanying notes are an integral part of the financial statements

DRAFT 1/20/23

City of Clayton
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2022

American Rescue Plan Act	Capital Project Capital Improvement Program	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 2,846,766
-	-	-	111,400
-	-	442,230	1,647,112
-	-	-	563,908
-	-	-	162,881
-	-	140,326	254,352
-	-	-	151,409
1,467,024	-	1,170,041	2,772,298
-	-	-	-
-	-	-	174,443
-	-	-	587,740
-	-	-	305,645
-	(80,986)	(52,490)	(324,916)
-	-	648	41,492
1,467,024	(80,986)	1,700,755	9,294,530
-	-	126,650	2,697,067
-	-	130,541	2,814,860
-	-	383,356	2,141,455
-	-	-	299,175
-	-	140,808	477,400
-	869,925	48,889	1,102,349
-	869,925	830,244	9,532,306
1,467,024	(950,911)	870,511	(237,776)
-	-	-	58,091
-	1,632,609	21,214	3,251,504
(1,467,024)	-	(1,742,671)	(3,251,504)
(1,467,024)	1,632,609	(1,721,457)	58,091
-	681,698	(850,946)	(179,685)
-	1,924,746	2,747,824	17,352,592
\$ -	\$ 2,606,444	\$ 1,896,878	\$ 17,172,907

The accompanying notes are an integral part of the financial statements

DRAFT 1/20/23

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (179,685)
---	--------------

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)	(74,942)
Long-term compensated absences payable	(745)
Net change in pension liability and deferred inflows (outflows).	730,720
Unavailable revenues	(113,947)
Net change in lease liability	(244,640)

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.	1,217,507
Depreciation expense is deducted from the fund balance (Net of internal service fund depreciation of \$100,425).	(947,745)

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.

	(4,806)
Change in Net Position of Governmental Activities on Statement of Activities	\$ 381,717

DRAFT 1/20/23

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.

DRAFT 1/20/23

City of Clayton
Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service
ASSETS		
Current assets:		
Cash and investments	\$ -	\$ 460,441
Noncurrent assets		
Land	167,738	-
Depreciable assets, net	841,465	540,610
Total Assets	<u>1,009,203</u>	<u>1,001,051</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,671	315
Other payables	-	-
Deposits payable	5,500	-
Due to other funds	120,893	-
Total Liabilities	<u>129,064</u>	<u>315</u>
NET POSITION		
Net investment in capital assets	1,009,203	540,610
Unrestricted	(129,064)	460,126
Total Net Position	<u>\$ 880,139</u>	<u>\$ 1,000,736</u>

DRAFT 1/20/23

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, 2022

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$ 16,847	\$ 111,900
Total Operating Revenues	<u>16,847</u>	<u>111,900</u>
OPERATING EXPENSES		
Personnel	4,833	-
General and administrative	26,989	8,564
Depreciation and amortization	28,872	100,425
Total Operating Expenses	<u>60,694</u>	<u>108,989</u>
Operating Income (Loss)	<u>(43,847)</u>	<u>2,911</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposal of assets	-	6,958
Investment income	-	(14,675)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(7,717)</u>
Net (loss) Before Contributions and Operating Transfers	<u>(43,847)</u>	<u>(4,806)</u>
Capital contributions	-	-
Transfers in / (out)	-	-
Change in Net Position	<u>(43,847)</u>	<u>(4,806)</u>
NET POSITION:		
Beginning of fiscal year	<u>923,986</u>	<u>1,005,542</u>
End of fiscal year	<u><u>\$ 880,139</u></u>	<u><u>\$ 1,000,736</u></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, 2022**

	Business-type Activities - Endeavor Hall	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 20,847	\$ 111,900
Payments to suppliers	(24,734)	(4,001)
Payments to employees	(4,833)	-
Claims paid	-	(4,428)
Net cash provided (used) by operating activities	<u>(8,720)</u>	<u>103,471</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in / (out)	<u>8,720</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>8,720</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of fixed assets	-	(153,184)
Proceeds from the sale of capital assets	-	6,958
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(146,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	<u>-</u>	<u>(14,675)</u>
Net Cash provided by investing activities	<u>-</u>	<u>(14,675)</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>(57,430)</u>
CASH AND CASH EQUIVALENTS:		
Beginning of fiscal year	<u>-</u>	<u>517,871</u>
End of fiscal year	<u>\$ -</u>	<u>\$ 460,441</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (43,847)	\$ 2,911
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	28,872	100,425
Changes in current assets and liabilities:		
Increase (decrease) in accounts payable	2,255	135
Increase (decrease) in deposits payable	4,000	-
Increase (decrease) in interfund payables	-	-
Net cash provided (used) by operating activities	<u>\$ (8,720)</u>	<u>\$ 103,471</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.

DRAFT 1/20/23

City of Clayton
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

	Private Purpose Trust Fund Redevelopment Successor Agency	Agency Funds
ASSETS		
Cash and investments	\$ 526,807	\$ 1,632,920
Cash and investments with fiscal agents	1	376,103
Accounts receivable	-	10,188
Other assets	-	967
Assessments receivable	-	655,931
Due from bondholders	-	182,883
Notes receivable	52,607	-
Investment in bonds	-	470,000
Total Assets	<u>579,415</u>	<u>3,328,992</u>
LIABILITIES		
Accounts payable	-	16,378
Other liabilities	-	1,455,651
Deposits payable	-	774,539
Accrued interest payable	10,973	-
Advance from Successor Housing Agency	-	-
Notes payable	-	52,606
Bonds payable	1,145,000	1,029,818
Total Liabilities	<u>1,155,973</u>	<u>\$ 3,328,992</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred notes receivables	-	
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust for others	(576,558)	
Total Net Position	<u>\$ (576,558)</u>	

DRAFT 1/20/23

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, 2022

	Private Purpose Trust Fund Redevelopment Successor Agency
ADDITIONS	
Tax increment revenue	\$ 618,554
Program revenue	2,121
Investment gain (loss)	(15,186)
Total Additions	<u>605,489</u>
DEDUCTIONS	
Interest expense	24,141
Administrative costs	252,179
Other expenses	-
Total Deductions	<u>276,320</u>
Changes in Net Position	329,169
NET POSITION	
Beginning of Year	<u>(905,727)</u>
End of Year	<u><u>\$ (576,558)</u></u>

DRAFT 1/20/23

The accompanying notes are an integral part of the financial statements

This page intentionally left blank

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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.

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 City 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, 2022

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, 2022 the fair value was \$3,170,453, which includes an increase of \$131,382 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, 2022

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, 2022

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, 2022

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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 – June 30, 2022

Leases

The City is a lessee for noncancelable equipment leases. The City recognizes a lease liability and an intangible right-to-use asset (lease asset) in its financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

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.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position / Fund Balances, Continued

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.
- *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.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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. 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 implementation of this pronouncement had a material impact on the City's financials.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements, Continued

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

- 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

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements, Continued

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

- GASB Statement No. 98, *The Annual Comprehensive Financial Report* - This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement did not have a material effect on the City's financial statements.

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

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. 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. 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, 2022

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.

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.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 99, “Omnibus 2022” - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
 - Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
 - Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
 - Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public- public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
 - Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
 - Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
 - Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
 - Disclosures related to nonmonetary transactions
 - Pledges of future revenues when resources are not received by the pledging government
 - Clarification of provisions in Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as amended, related to the focus of the government-wide financial statements
 - Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
 - Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective for the current fiscal year and did not have a material impact on the City’s financial statements.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 (fiscal 2022-23), and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter.

- GASB Statement No. 100, “Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62”

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter. Implementation of this Statement may have a material effect on the financial statements of the City.

This space intentionally left blank

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Future Accounting Pronouncements, Continued

- GASB Statement No. 101, “Compensated Absences”

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal 2024-25), and all reporting periods thereafter. Earlier application is encouraged. The City does not anticipate that the Statement will have a material effect on the financial statements.

This space intentionally left blank

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

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	\$ 13,441,679
Statements of Fiduciary Net Position	
Private Purpose Trust Fund	
Cash and investments	526,807
Cash and investments with fiscal agents	1
Agency Funds	
Cash and investments	1,632,920
Cash and investments with fiscal agents	376,103
Investments in bonds	470,000
Total	<u>\$ 16,447,510</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	1,129,766
Investments	15,316,744
Total	<u>\$ 16,447,510</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 City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage of One Issuer
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, 2022

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)	\$ 2,962,837	\$ 2,962,837	\$ -	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	893,134	893,134	-	-	-	-
Certificates of Deposit	8,759,339	3,192,907	1,072,876	1,365,264	1,872,289	1,256,003
Government Securities	1,981,454	-	482,325	137,958	862,826	498,345
Held by Bond Trustees:						
U. S. Treasury Note	249,980	249,980	-	-	-	-
Municipal Bonds	470,000	470,000	-	-	-	-
Total Investments	<u>\$ 15,316,744</u>	<u>\$ 7,768,858</u>	<u>\$ 1,555,201</u>	<u>\$ 1,503,222</u>	<u>\$ 2,735,115</u>	<u>\$ 1,754,348</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

Credit Risk

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

Investment Type	AAA	AA+	A	Unrated	Total
Pooled Investments:					
Local Agency Investment Fund (LAIF)	\$ -	\$ -	\$ -	\$ 2,962,837	\$ 2,962,837
California Asset Management Program (CAMP)	893,134	-	-	-	893,134
Certificates of Deposit	-	-	-	8,759,339	8,759,339
Government securities	1,981,454	-	-	-	1,981,454
Held by Bond Trustees:					
U.S. Treasury Note	-	-	-	249,980	249,980
Municipal Bonds	-	-	-	470,000	470,000
Total Investments	<u>\$ 2,874,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,442,156</u>	<u>\$ 15,316,744</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, 2022

2. CASH AND INVESTMENTS, Continued

Investment Fair Value

The City has the following recurring fair value measurements as of June 30, 2022:

- 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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Successor Housing Agency:				
Diamond Terrace P. A. M. Note	\$ 2,833,600	\$ -	\$ (111,400)	\$ 2,722,200
Eden Affordable Housing Note	567,000	-	-	567,000
Stranahan Affordable Housing Notes	22,350	-	-	22,350
Total Successor Housing Agency	3,422,950	-	(111,400)	3,311,550
Total Notes Receivable	<u>\$ 3,422,950</u>	<u>\$ -</u>	<u>\$ (111,400)</u>	<u>\$ 3,311,550</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 \$2,722,200 at June 30, 2022.

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, 2022, 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, 2022, 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 (\$31,348) is doubtful and an allowance has been recorded to offset the full amount.

4. INTERFUND TRANSACTIONS

Due To, Due From

At June 30, 2022, the City had the following short-term interfund receivables and payables:

	Due from		Total
	Non-major Governmental Funds	Endeavor Hall	
Due to			
General Fund	\$ -	\$ 120,983	\$ 120,983
Total	\$ -	\$ 120,983	\$ 120,983

General Fund cash flow loans totaling \$120,983 were made to Endeavor Hall. The balance of the Endeavor Hall receivable is expected to be repaid from future facility rental fees.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

4. INTERFUND TRANSACTIONS, Continued

Interfund Transfers

The following is a summary of the City's interfund transfers for the year ended June 30, 2022:

Transfers Out	Transfers In			Total
	General Fund	Capital Improvement Program	Non-major Governmental Funds	
Landscape Management	\$ 40,679	\$ -	\$ 1,130	\$ 41,809
American Rescue Plan Act	1,467,024	-	-	1,467,024
Non-major Governmental Funds	89,978	1,632,609	20,084	1,742,671
Total	<u>\$ 1,597,681</u>	<u>\$ 1,632,609</u>	<u>\$ 21,214</u>	<u>\$ 3,251,504</u>

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, Grants, American Rescue Act Plan grant, and Stormwater Treatment Assessment District to reimburse the City for administrative support activities. In addition, the City transferred money into the Capital Improvement Program from Gas Tax HUTA, Gas Tax RMRA, and Measure J Grants to fund project costs associated with the Stormwater Treatment Assessment District.

5. LEASES

The City has several leasing arrangements, summarized below.

The City has accrued liabilities for two equipment leases. The discount rate used in the calculation of the lease liabilities were 3.69% and 5.00%. The remaining liability for the leases was \$244,640 as of June 30, 2022. Right-to-use assets, net of amortization, for the leases totaled \$216,692 as of June 30, 2022. The City is required to make principal and interest payments of \$924 a month through July 2023, and \$33,525 a year through September 2028.

The City's schedule of future payments included in the measurement of the lease liability is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 44,718	\$ 339	\$ 45,057
2024	33,833	616	34,449
2025	33,014	511	33,525
2026	33,116	409	33,525
2027	33,217	307	33,524
2028-2029	66,742	308	67,040
Total	<u>\$ 244,640</u>	<u>\$ 2,490</u>	<u>\$ 247,130</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. CAPITAL ASSETS

Government-Wide Financial Statements

As of June 30, 2022 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<i>Net depreciable Assets:</i>			
Construction in progress	\$ 1,046,789	\$ -	\$ 1,046,789
Land	2,086,965	167,738	2,254,703
Total non depreciable assets	<u>3,133,754</u>	<u>167,738</u>	<u>3,301,492</u>
<i>Depreciable Assets:</i>			
Buildings	5,937,106	1,400,744	7,337,850
Improvements	7,660,589	159,579	7,820,168
Machinery and equipment	1,861,599	5,024	1,866,623
Infrastructure	33,239,930	-	33,239,930
Intangible assets (right-to-use)	254,694	-	254,694
Total depreciable assets	48,953,918	1,565,347	50,519,265
Total accumulated depreciation	<u>(22,971,467)</u>	<u>(723,882)</u>	<u>(23,695,349)</u>
Depreciable assets, net	25,982,451	841,465	26,823,916
Total governmental activities capital assets, net	<u>\$ 29,116,205</u>	<u>\$ 1,009,203</u>	<u>\$ 30,125,408</u>

The following is a summary of governmental activities capital assets transactions for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Non depreciable Assets:</i>				
Construction in progress	\$ 1,109,270	\$ 962,813	\$ (1,025,294)	\$ 1,046,789
Land	2,086,965	-	-	2,086,965
Total non depreciable assets	<u>3,196,235</u>	<u>962,813</u>	<u>(1,025,294)</u>	<u>3,133,754</u>
<i>Depreciable Assets:</i>				
Machinery and equipment	1,773,780	153,184	(65,365)	1,861,599
Buildings	5,937,106	-	-	5,937,106
Improvements	6,635,295	1,025,294	-	7,660,589
Infrastructure	33,239,930	-	-	33,239,930
Intangible assets	-	254,694	-	254,694
Total depreciable assets	<u>47,586,111</u>	<u>1,433,172</u>	<u>(65,365)</u>	<u>48,953,918</u>
Accumulated depreciation:				
Machinery and equipment	(1,285,928)	(100,425)	65,365	(1,320,988)
Buildings	(3,075,734)	(118,580)	-	(3,194,314)
Improvements	(3,239,353)	(327,540)	-	(3,566,893)
Infrastructure	(14,387,646)	(463,624)	-	(14,851,270)
Intangible assets	-	(38,002)	-	(38,002)
Total accumulated depreciation	<u>(21,988,661)</u>	<u>(1,048,171)</u>	<u>65,365</u>	<u>(22,971,467)</u>
Depreciable assets, net	25,597,450	385,001	-	25,982,451
Total governmental activities capital assets, net	<u>\$ 28,793,685</u>	<u>\$ 1,347,814</u>	<u>\$ (1,025,294)</u>	<u>\$ 29,116,205</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

For the year ending June 30, 2022 depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 81,913
Parks and recreation	252,329
Public safety	128,108
Public works	<u>585,821</u>
Total depreciation expense	<u>\$ 1,048,171</u>

The following is a summary of business-type activities capital assets transactions for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Non depreciable Assets:</i>				
Land	\$ 167,738	\$ -	\$ -	\$ 167,738
Total non depreciable assets	<u>167,738</u>	<u>-</u>	<u>-</u>	<u>167,738</u>
<i>Depreciable Assets:</i>				
Machinery and equipment	5,024	-	-	5,024
Improvements	159,579	-	-	159,579
Buildings	<u>1,400,744</u>	<u>-</u>	<u>-</u>	<u>1,400,744</u>
Total depreciable assets	<u>1,565,347</u>	<u>-</u>	<u>-</u>	<u>1,565,347</u>
Accumulated depreciation:				
Machinery and equipment	(5,024)	-	-	(5,024)
Improvements	(153,449)	(858)	-	(154,307)
Buildings	<u>(536,537)</u>	<u>(28,014)</u>	<u>-</u>	<u>(564,551)</u>
Total accumulated depreciation	<u>(695,009)</u>	<u>(28,872)</u>	<u>-</u>	<u>(723,882)</u>
Depreciable assets, net	<u>870,338</u>	<u>(28,872)</u>	<u>-</u>	<u>841,465</u>
Total business-type activities capital assets, net	<u>\$ 1,038,076</u>	<u>\$ (28,872)</u>	<u>\$ -</u>	<u>\$ 1,009,203</u>

For the year ending June 30, 2022 depreciation expense was charged to functions/programs of the business-type activities as follows:

Endeavor Hall	<u>\$ 28,872</u>
Total depreciation expense	<u>\$ 28,872</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. 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.

7. 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, 2022:

	Beginning Balance July 1, 2021	Additions	Deletions	Ending Balance June 30, 2022	Amount Due in One Year
Compensated absences	\$ 165,747	\$ 131,505	\$ 129,962	\$ 167,290	\$ 83,645

8. 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, 2022, the outstanding balance of the non-city bond obligation was \$470,000.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

8. 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, 2022, the outstanding balance of the non-city bond obligation was \$133,325.

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, 2022, the outstanding balance of the non-city bond obligation was \$420,000.

9. 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, 2022, deferred inflows of resources in the fund financial statements were as follows.

	General Fund	Successor Housing Agency	Other Governmental Funds	Total Governmental Funds
Deferred revenue				
Unavailable state-mandated program reimbursements	\$ 260,379	\$ -	\$ -	\$ 260,379
Unavailable accounts receivable	-	-	332,166	332,166
Unavailable loans receivable	-	2,722,200	-	2,722,200
Total deferred revenue	<u>\$ 260,379</u>	<u>\$ 2,722,200</u>	<u>\$ 332,166</u>	<u>\$ 3,314,745</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

10. 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.

11. 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, 2022

11. 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, 2022, 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, 2022

11. DEFINED BENEFIT PENSION PLAN, Continued

Employees Covered

At June 30, 2022 the following employees were covered by the benefit terms for each plan:

	Miscellaneous			Public Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Inactive employees (or their beneficiaries) currently receiving benefits	27	7	1	28	7	1
Inactive employees entitled to but not yet receiving benefits	16	5	10	10	2	12
Active employees	3	3	8	3	0	7
Total	<u>46</u>	<u>15</u>	<u>19</u>	<u>41</u>	<u>9</u>	<u>20</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, 2022, the City's contractually required contributions, which are actuarially determined, were as follows:

Pension Plan	Employer Contributions		
	Normal Cost Percentage of Payroll	Unfunded Actuarial Liability	Total
Miscellaneous Tier I	\$ 46,789	\$ 156,440	\$ 203,229
Miscellaneous Tier II	25,137	2,371	27,508
Miscellaneous PEPRA	31,179	2,749	33,928
Public Safety Tier I	91,296	214,242	305,538
Public Safety Tier II	-	1,729	1,729
Public Safety PEPRA	76,497	4,644	81,141
Total	<u>\$ 270,898</u>	<u>\$ 382,175</u>	<u>\$ 653,073</u>

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

11. 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, 2022:

<u>Pension Plan</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
Miscellaneous Tier I	10.34	7.000 ¹
Miscellaneous Tier II	8.65	7.000
Miscellaneous PEPRA	7.59	6.750
Public Safety Tier I	20.64	9.000
Public Safety Tier II	18.19	9.000
Public Safety PEPRA	13.13	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, 2022, 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	\$ 1,177,421	0.06201%
Public Safety	1,582,318	0.04509%
Total	<u>\$ 2,759,739</u>	<u>\$ 0.05103%</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, 2021, using annual actuarial valuations as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

11. DEFINED BENEFIT PENSION PLAN, Continued

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

For the year ending June 30, 2022 the City recognized a total pension revenue of \$730,721. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of Resources
Pension contributions subsequent to measurement date	\$ 653,073	\$ -	\$ 653,073
Net difference between projected and actual earnings on pension plan investments	-	1,969,609	(1,969,609)
Change in employer's proportion	230,195	52,731	177,464
Changes in assumptions	-	-	-
Differences between actual and expected experiences	402,373	-	402,373
Differences between the employer's contributions and the employer's proportion share of contributions	-	449,044	(449,044)
Total	<u>\$ 1,285,641</u>	<u>\$ 2,471,384</u>	<u>\$ (1,185,743)</u>

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

Of the reported deferred outflows of resources, \$653,073 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, 2023 (measurement period ended June 30, 2022). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year End	Miscellaneous Risk Pool	Safety Risk Pool	Total
2023	(235,352)	(186,716)	(422,068)
2024	(244,796)	(170,259)	(415,055)
2025	(255,792)	(202,699)	(458,491)
2026	(284,038)	(259,164)	(543,202)
Thereafter	-	-	-

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

11. 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, 2022

11. 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021
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 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, 2020 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	\$ 2,485,903	\$ 3,403,543	\$ 5,889,446
Current discount rate	7.15%	7.15%	7.15%
Net pension liability	\$ 1,177,421	\$ 1,582,318	\$ 2,759,739
1% increase	8.15%	8.15%	8.15%
Net pension liability	\$ 95,717	\$ 86,406	\$ 182,123

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

11. 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.

12. 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 \$149 per employee per month as of January 1, 2022. 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, 2022, 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, 2022

12. 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 nine (9) retirees currently receiving the PEMHCA minimum benefit. Total retiree OPEB premium payments, excluding the implicit rate subsidy of \$13,410 were made by the City during the fiscal year ended June 30, 2022.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Level Percentage of Pay (AMM)
Discount Rate	4.09%
Inflation Rate	2.50%
Payroll Growth	2.80% wage inflation
Mortality Rate	PubG. H-2010 Mortality Table - General
Funded Ratio	0.00%
Health Care Trend Rates	Based on 2022 Getzen model with an initial rate of 7.00%, gradually decreasing to an ultimate rate of 3.94% by 2075

Discount Rate

As of June 30, 2022, 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 4.09% is used, with is the Standard & Poor's Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2022.

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

12. 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, 2021	\$ 532,528	\$ -	\$ 532,528
Changes recognized for the measurement period:			
Service Cost	18,942	-	18,942
Interest on total OPEB liability and service cost ¹	11,706	-	11,706
Changes of benefit terms	-	-	-
Difference between expected and actual experience	57,970	-	57,970
Changes of assumptions and other inputs	(13,653)	-	(13,653)
Employer contributions	-	29,178	(29,178)
Active and inactive employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments ²	(29,178)	(29,178)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	45,787	-	45,787
Balances as of June 30, 2022	\$ 578,315	\$ -	\$ 578,315

¹Service costs prior to fiscal year ended June 30, 2022 already include interest cost to the end of the year

²Based on \$15,766 in explicit benefit payments and estimated implicit subsidy payments of \$13,410.

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, 2022 date:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Net OPEB Liability	\$ 649,235	\$ 578,315	\$ 518,547

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, 2022:

	6.00% decreasing to 2.94%	7.00% decreasing to 3.94%	8.00% decreasing to 4.94%
Net OPEB Liability	\$ 511,513	\$ 578,315	\$ 659,190

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

12. 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, 2022.

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, 2022, the City recognized OPEB expense of \$74,942. The measurement date is the same as the fiscal year end date. Consequently, as of the fiscal year ended June 30, 2022, the City did not report deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of Resources
Differences between actual and expected experiences	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Difference between expected and actual earnings on OPEB plan investments	-	-	-
Total	\$ -	\$ -	\$ -

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

Fiscal Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	-

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

13. 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, 2022

13. 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, 2022

13. 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 \$526,807 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, 2022, the outstanding balance of the loans due to the Successor Agency was \$52,607.

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

13. 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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in one year
2014 Tax Refunding					
Allocation Bonds	\$ 1,145,000	\$ -	\$ -	\$ 1,145,000	\$ 375,000
Total	\$ 1,145,000	\$ -	\$ -	\$ 1,145,000	\$ 375,000

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 \$0 and \$30,475, respectively. The current year principal payment was made in advance, during the year ended June 30, 2021.

The annual debt service requirements to amortize the Successor Agency's 2014 Refunding Tax Allocation Bonds outstanding at June 30, 2022, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 375,000	\$ 22,023	\$ 397,023
2024	380,000	13,340	393,340
2025	390,000	4,484	394,484
Total	\$ 1,145,000	\$ 39,847	\$ 1,184,847

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

14. 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, 2022 is as follows:

Fund Balance Classifications	Major Funds					Other Governmental Funds	Total
	General Fund	Landscape Maintenance District	Succesor Housing Agency	American Rescue Plan Act*	Capital Improvement Program		
Nonspendable for:							
Due from other funds	\$ 120,893	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,893
Prepaid expenses	52,578	-	-	-	-	-	52,578
Total	173,471	-	-	-	-	-	173,471
Restricted for:							
Affordable housing	-	-	5,617,695	-	-	-	5,617,695
Public landscaping	-	32,509	-	-	-	-	32,509
Grant-funded programs	-	-	-	-	-	279,818	279,818
The Grove Park (CFD 2006-1)	-	-	-	-	-	423,008	423,008
Stormwater compliance	-	-	-	-	-	28,243	28,243
Neighborhood street lighting	-	-	-	-	-	23,281	23,281
Transportation	-	-	-	-	-	315,041	315,041
Total	-	32,509	5,617,695	-	-	1,069,391	6,719,595
Committed for:							
Rainy Day	145,620	-	-	-	-	-	145,620
Pandemic recovery reserve	349,399	-	-	-	-	-	349,399
Presley settlement	-	-	-	-	-	39,478	39,478
Geological hazard prevention and repair	-	-	-	-	-	51,173	51,173
Development impact	-	-	-	-	-	619,151	619,151
Total	495,019	-	-	-	-	709,802	1,204,821
Assigned for:							
Next year's budget	-	606,024	-	-	-	117,685	723,709
Capital projects	-	-	-	-	2,606,444	-	2,606,444
Total	-	606,024	-	-	2,606,444	117,685	3,330,153
Unassigned	5,744,867	-	-	-	-	-	5,744,867
Total Fund Balance	\$ 6,413,357	\$ 638,533	\$ 5,617,695	\$ -	\$ 2,606,444	\$ 1,896,878	\$ 17,172,907

*During the year ended June 30, 2022, the City established the American Rescue Plan Act (ARPA) fund to accounts for those federal monies received. Due to the specific nature of expenditures associated with ARPA, those funds are tracked and shown as committed in the General Fund.

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, 2022

14. EQUITY BALANCES, Continued

Governmental Fund Balances, Continued

The Pandemic Recovery Reserve was established by the City Council to capture programmatic funding decisions associated with the American Rescue Plan Act funds the City has received. For the initial tranche of \$1,467,024 (and planned for the tranche to be received in July 2022), the City Council has chosen to transfer the funds to the City's General Fund to pay for public safety services. This funding for public safety then allows the transfer of an equal amount from the General Fund to the Pandemic Recovery Reserve. The funds in the Pandemic Recovery Reserve can be used for any valid general government purpose.

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, 2022 for governmental activities includes:

Restricted for community and economic development:	
Affordable housing	\$ 8,788,148
Restricted for public works:	
Public landscaping (CFD 2007-1)	32,509
Stormwater state mandate compliance	28,243
Neighborhood street lighting	23,281
Transportation	324,585
Restricted for general government:	
Grant-funded programs	270,274
Restricted for parks and recreation:	
The Grove Park (CFD 2006-1)	423,808
Restricted for public safety:	???
Total restricted net position	<u>\$ 9,890,048</u>

DRAFT 1/20/23

City of Clayton
Notes to Basic Financial Statements
For the year ended June 30, 2022

15. PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2022, it was noted that tax revenue recognized during the year was earned during the year ended June 30, 2021. A restatement in the amount of \$54,912 was made to recognize the revenue in the correct (prior) fiscal year. This restatement affected the ending fund balance/net position at June 30, 2021 as follows:

	Fund Balance of General Fund	Net Position of Governmental Activities
Balance at June 30, 2021, as previously stated	\$ 6,108,981	\$ 44,443,106
Restatement	54,912	54,912
Balance at June 30, 2021, as restated	<u>\$ 6,163,893</u>	<u>\$ 44,498,018</u>

DRAFT 1/20/23

REQUIRED SUPPLEMENTARY INFORMATION

City of Clayton
Required Supplementary Information
For the year ended June 30, 2022

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	\$ 2,660,603	\$ 2,660,603	\$ 2,846,766	\$ 186,163
Sales and use taxes	585,965	585,965	563,908	(22,057)
Business licenses	150,000	150,000	162,881	12,881
Permits, licenses and fees	137,354	137,354	114,026	(23,328)
Fines, forfeitures and penalties	118,800	118,800	151,409	32,609
Intergovernmental	117,451	117,451	135,233	17,782
Other in-lieu fees	174,389	174,389	174,443	54
Franchise fees	577,693	577,693	587,740	10,047
Service charges	309,366	309,366	305,645	(3,721)
Use of money and property	86,000	86,000	(185,018)	(271,018)
Other revenue	20,000	20,000	40,844	20,844
Total Revenues	<u>4,937,621</u>	<u>4,937,621</u>	<u>4,897,877</u>	<u>(39,744)</u>
EXPENDITURES				
Current:				
General government	1,318,585	1,318,585	2,570,417	(1,251,832)
Public works	335,964	335,964	333,423	2,541
Parks and recreation services	306,500	306,500	336,592	(30,092)
Community and economic development	319,716	319,716	299,175	20,541
Public safety	2,518,022	2,518,022	2,684,319	(166,297)
Capital Outlay	-	-	22,168	(22,168)
Total Expenditures	<u>4,798,787</u>	<u>4,798,787</u>	<u>6,246,094</u>	<u>(1,447,307)</u>
Revenues Over (Under) Expenditures	<u>138,834</u>	<u>138,834</u>	<u>(1,348,217)</u>	<u>(1,487,051)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	125,629	125,629	1,597,681	1,472,052
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>125,629</u>	<u>125,629</u>	<u>1,597,681</u>	<u>1,472,052</u>
Change in fund balance	<u>\$ 264,463</u>	<u>\$ 264,463</u>	<u>249,464</u>	<u>\$ (14,999)</u>
FUND BALANCE				
Beginning of year			6,163,893	
End of year			<u>\$ 6,413,357</u>	

DRAFT 1/20/23

City of Clayton
Required Supplementary Information
For the year ended June 30, 2022

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	\$ 1,204,857	\$ 1,204,957	\$ 1,204,882	\$ (75)
Use of money and property	15,000	15,000	(24,383)	(39,383)
Other revenue	-	-	-	-
Total Revenues	<u>1,219,857</u>	<u>1,219,957</u>	<u>1,180,499</u>	<u>(39,458)</u>
EXPENDITURES				
Current:				
Public works	2,073,579	2,073,579	1,424,676	648,903
Capital Outlay	-	-	161,367	(161,367)
Total Expenditures	<u>2,073,579</u>	<u>2,073,579</u>	<u>1,586,043</u>	<u>487,536</u>
Revenues Over (Under) Expenditures	<u>(853,722)</u>	<u>(853,622)</u>	<u>(405,544)</u>	<u>448,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(41,809)	(41,809)	(41,809)	-
Total Other Financing Sources (Uses)	<u>(41,809)</u>	<u>(41,809)</u>	<u>(41,809)</u>	<u>-</u>
Change in fund balance	<u>\$ (895,531)</u>	<u>\$ (895,431)</u>	<u>(447,353)</u>	<u>\$ 448,078</u>
FUND BALANCE				
Beginning of year			<u>1,085,886</u>	
End of year			<u>\$ 638,533</u>	

DRAFT 1/20/23

City of Clayton
Required Supplementary Information
For the year ended June 30, 2022

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	\$ 111,400	\$ 111,400	\$ 111,400	\$ -
Use of money and property	22,000	22,000	17,961	(4,039)
Total Revenues	<u>133,400</u>	<u>133,400</u>	<u>129,361</u>	<u>(4,039)</u>
EXPENDITURES				
Current:				
Community and economic development	20,000	20,000	-	20,000
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Revenues Over (Under) Expenditures	<u>113,400</u>	<u>113,400</u>	<u>129,361</u>	<u>15,961</u>
OTHER FINANCING SOURCES (USES)				
Unrealized gains (losses)	-	-	58,091	58,091
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>58,091</u>	<u>58,091</u>
Change in fund balance	<u>\$ 113,400</u>	<u>\$ 113,400</u>	<u>187,452</u>	<u>\$ 74,052</u>
FUND BALANCE				
Beginning of year			5,430,243	
End of year			<u>\$ 5,617,695</u>	

DRAFT 1/20/23

City of Clayton
Required Supplementary Information
For the year ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - American Rescue Plan Act

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Program income	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,467,024	1,467,024
Total Revenues	<u>-</u>	<u>-</u>	<u>1,467,024</u>	<u>1,467,024</u>
EXPENDITURES				
Current:				
Community and economic development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,467,024</u>	<u>1,467,024</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,467,024)	(1,467,024)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,467,024)</u>	<u>(1,467,024)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning of year			-	
End of year			<u>\$ -</u>	

DRAFT 1/20/23

**City of Clayton
Required Supplementary Information
For the Year Ended June 30, 2022**

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

	Fiscal Year Ending June 30*							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.051030%	0.048970%	0.047570%	0.048490%	0.049420%	0.051003%	0.052357%	0.030626%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,759,739	\$ 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**	\$ 2,252,998	\$ 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	122.49%	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	88.23%	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.

DRAFT 1/20/23

**City of Clayton
Required Supplementary Information
For the Year Ended June 30, 2022**

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

	June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions*	\$ 584,865	\$ 412,971	\$ 577,734	\$ 530,067	\$ 612,898	\$ 573,677	\$ 530,677	\$ 375,647
Contributions in relation to the actuarially determined contribution	584,865	412,971	577,734	530,067	612,898	573,677	530,677	375,647
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll**	\$ 2,252,998	\$ 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	25.96%	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, 2020
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 20 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by entry age and service
Overall payroll growth	2.75% compounded annually
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.

DRAFT 1/20/23

City of Clayton
Required Supplementary Information
For the Year Ended June 30, 2022

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

	Fiscal Year Ended June 30, 2022	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	6/30/2022	6/30/2021	6/30/2020	6/29/2019	6/29/2018
Total OPEB Liability:					
Total OPEB liability - Beginning	\$ 532,528	\$ 535,900	\$ 570,116	\$ 545,327	\$ 464,490
Changes recognized for the measurement period:					
Service cost ²	18,942	18,521	21,745	28,428	27,530
Interest on total OPEB liability	11,706	13,536	15,090	15,783	15,800
Changes of benefit terms	-	-	-	-	45,605
Difference between expected and actual experience	57,970	-	(11,405)	-	22,654
Changes of assumptions and other inputs	(13,653)	18,602	(4,186)	9,159	16,307
Benefit payments ¹	(29,178)	(54,031)	(58,507)	(31,408)	(30,226)
Other changes	-	-	3,047	2,827	(16,833)
Net change in total OPEB liability	45,787	(3,372)	(34,216)	24,789	80,837
Total OPEB liability - Ending	578,315	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	29,178	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(29,178)	-	-	-	-
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - Ending ³	-	-	-	-	-
Net OPEB Liability - Ending	\$ 578,315	\$ 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%	0.00%
Covered-employee payroll	\$ 2,361,666	\$ 2,244,193	\$ 2,307,289	\$ 2,016,021	\$ 1,995,400
Net OPEB liability as a percentage of covered employee payroll	24.49%	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 Service costs prior to fiscal year 2021/22 already include interest cost to the end of the year.

³ As of the year ended June 30, 2022 the City had not established an irrevocable trust for payment of OPEB plan benefits.

DRAFT 1/20/23

City of Clayton
Required Supplementary Information
For the Year Ended June 30, 2022

Schedule of OPEB Plan Contributions
Last 10 Years*

	Fiscal Year Ended June 30, 2022	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>	<u>\$ -</u>
Covered-employee payroll ²	\$ 2,361,666	\$ 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%	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, 2022 the City had not established an irrevocable trust for payment of OPEB plan benefits.

² For the fiscal year ending on the date shown

DRAFT 1/20/23

City of Clayton
Notes to the Required Supplementary Information
For the year ended June 30, 2022

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.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Clayton
Supplementary Information
Major Governmental Fund Budgetary Comparison Schedule
For the year ended June 30, 2022

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	\$ 27,375	\$ 1,018,000	\$ -	\$ (1,018,000)
Program income	-	-	-	-
Use of money and property	22,500	22,500	(80,986)	(103,486)
Total Revenues	<u>49,875</u>	<u>1,040,500</u>	<u>(80,986)</u>	<u>(1,121,486)</u>
EXPENDITURES				
Capital outlay	342,542	1,441,719	869,925	571,794
Total Expenditures	<u>342,542</u>	<u>1,441,719</u>	<u>869,925</u>	<u>571,794</u>
Revenues Over (Under) Expenditures	<u>(292,667)</u>	<u>(401,219)</u>	<u>(950,911)</u>	<u>(549,692)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,227,829	793,877	1,632,609	838,732
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,227,829</u>	<u>793,877</u>	<u>1,632,609</u>	<u>838,732</u>
Change in fund balance	<u>\$ 935,162</u>	<u>\$ 392,658</u>	<u>681,698</u>	<u>\$ 289,040</u>
FUND BALANCE				
Beginning of year			<u>1,924,746</u>	
End of year			<u>\$ 2,606,444</u>	

DRAFT 1/20/23

This page intentionally left blank

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, 2022

	Special Revenue				
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	The Grove Park District
ASSETS					
Cash and investments	\$ 631,187	\$ 37,569	\$ 237,288	\$ 204,850	\$ 430,437
Accounts receivable	-	20,984	20,008	68,643	-
Total Assets	\$ 631,187	\$ 58,553	\$ 257,296	\$ 273,493	\$ 430,437
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,036	\$ 808	\$ -	\$ 3,219	\$ 4,729
Other payables	-	-	-	-	2,700
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	12,036	808	-	3,219	7,429
Fund Balance:					
Restricted	-	57,745	257,296	270,274	423,008
Committed	619,151	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	619,151	57,745	257,296	270,274	423,008
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 631,187	\$ 58,553	\$ 257,296	\$ 273,493	\$ 430,437

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Balance Sheets - Non-major Governmental Funds
June 30, 2022

Special Revenue					
Measure J	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	Total Other Governmental Funds
\$ 9,544	\$ 25,771	\$ 78,044	\$ 90,470	\$ 24,555	\$ 1,769,715
332,166	-	-	-	45,220	487,021
<u>\$ 341,710</u>	<u>\$ 25,771</u>	<u>\$ 78,044</u>	<u>\$ 90,470</u>	<u>\$ 69,775</u>	<u>\$ 2,256,736</u>
\$ -	\$ 2,450	\$ 1,750	\$ -	\$ -	\$ 24,992
-	-	-	-	-	2,700
332,166	-	-	-	-	332,166
-	-	-	-	-	-
-	-	-	-	-	-
<u>332,166</u>	<u>2,450</u>	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>359,858</u>
9,544	23,281	-	-	28,243	1,069,391
-	-	51,173	39,478	-	709,802
-	40	25,121	50,992	41,532	117,685
-	-	-	-	-	-
<u>9,544</u>	<u>23,321</u>	<u>76,294</u>	<u>90,470</u>	<u>69,775</u>	<u>1,896,878</u>
<u>\$ 341,710</u>	<u>\$ 25,771</u>	<u>\$ 78,044</u>	<u>\$ 90,470</u>	<u>\$ 69,775</u>	<u>\$ 2,256,736</u>

DRAFT 1/20/23

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, 2022

	Special Revenue				
	Development Impact Fees	Gas Tax HUTA	Gas Tax RMRA	Grants	The Grove Park District
REVENUES					
Special parcel taxes and assessments	\$ -	\$ 44,633	\$ -	\$ -	\$ 143,775
Permits, licenses and fees	76,140	-	-	-	4,763
Intergovernmental	-	271,990	225,214	297,952	-
Use of money and property	(18,973)	(4,150)	(3,952)	(4,023)	(13,489)
Other revenue	-	-	-	-	648
Total Revenues	<u>57,167</u>	<u>312,473</u>	<u>221,262</u>	<u>293,929</u>	<u>135,697</u>
EXPENDITURES					
Current:					
General government	-	-	-	126,650	-
Public works	-	125,491	-	-	-
Parks and recreation services	-	-	-	-	140,808
Community and economic development	-	-	-	-	-
Public safety	-	-	-	130,541	-
Capital outlay	-	-	-	20,236	28,653
Total Expenditures	<u>-</u>	<u>125,491</u>	<u>-</u>	<u>277,427</u>	<u>169,461</u>
Revenues Over (Under) Expenditures	<u>57,167</u>	<u>186,982</u>	<u>221,262</u>	<u>16,502</u>	<u>(33,764)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(639,009)	(584,883)	(5,036)	(8,273)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(639,009)</u>	<u>(584,883)</u>	<u>(5,036)</u>	<u>(8,273)</u>
Net change in fund balances	<u>57,167</u>	<u>(452,027)</u>	<u>(363,621)</u>	<u>11,466</u>	<u>(42,037)</u>
FUND BALANCES					
Beginning of year	<u>561,984</u>	<u>509,772</u>	<u>620,917</u>	<u>258,808</u>	<u>465,045</u>
End of year	<u>\$ 619,151</u>	<u>\$ 57,745</u>	<u>\$ 257,296</u>	<u>\$ 270,274</u>	<u>\$ 423,008</u>

DRAFT 1/20/23

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, 2022

Measure J	Special Revenue				Total Other Governmental Funds
	Neighborhood Street Lighting District	Oakhurst Geological Hazard Abatement District	Presley Settlement	Stormwater Assessment	
\$ -	\$ 125,991	\$ 44,814	\$ -	\$ 83,017	\$ 442,230
-	-	-	-	59,423	140,326
374,885	-	-	-	-	1,170,041
(981)	(1,044)	(2,282)	(2,918)	(678)	(52,490)
-	-	-	-	-	648
373,904	124,947	42,532	(2,918)	141,762	1,700,755
-	-	-	-	-	126,650
28,349	139,489	9,813	-	80,214	383,356
-	-	-	-	-	140,808
-	-	-	-	-	-
-	-	-	-	-	130,541
-	-	-	-	-	48,889
28,349	139,489	9,813	-	80,214	830,244
345,555	(14,542)	32,719	(2,918)	61,548	870,511
-	-	20,084	-	1,130	21,214
(422,254)	(13,006)	(8,160)	(20,084)	(41,966)	(1,742,671)
(422,254)	(13,006)	11,924	(20,084)	(40,836)	(1,721,457)
(76,699)	(27,548)	44,643	(23,002)	20,712	(850,946)
86,243	50,869	31,651	113,472	49,063	2,747,824
\$ 9,544	\$ 23,321	\$ 76,294	\$ 90,470	\$ 69,775	\$ 1,896,878

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ -	\$ -	\$ 76,140	\$ 76,140
Use of money and property	8,000	8,000	(18,973)	(26,973)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>57,167</u>	<u>49,167</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>8,000</u>	<u>8,000</u>	<u>57,167</u>	<u>49,167</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>57,167</u>	<u>\$ 49,167</u>
FUND BALANCE				
Beginning of year			<u>561,984</u>	
End of year			<u>\$ 619,151</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ 42,000	\$ 42,000	\$ 44,633	\$ 2,633
Intergovernmental	279,884	279,884	271,990	(7,894)
Use of money and property	3,000	3,000	(4,150)	(7,150)
Other revenue	-	-	-	-
Total Revenues	<u>324,884</u>	<u>324,884</u>	<u>312,473</u>	<u>(12,411)</u>
EXPENDITURES				
Public works	<u>190,494</u>	<u>190,494</u>	<u>125,491</u>	<u>65,003</u>
Total Expenditures	<u>190,494</u>	<u>190,494</u>	<u>125,491</u>	<u>65,003</u>
Revenues Over (Under) Expenditures	<u>134,390</u>	<u>134,390</u>	<u>186,982</u>	<u>52,592</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(158,285)</u>	<u>(158,285)</u>	<u>(639,009)</u>	<u>(480,724)</u>
Total Other Financing Sources (Uses)	<u>(158,285)</u>	<u>(158,285)</u>	<u>(639,009)</u>	<u>(480,724)</u>
Change in fund balance	<u>\$ (23,895)</u>	<u>\$ (23,895)</u>	<u>(452,027)</u>	<u>\$ (428,132)</u>
FUND BALANCE				
Beginning of year			<u>509,772</u>	
End of year			<u>\$ 57,745</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Gas Tax RMRA

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	217,787	207,959	225,214	17,255
Use of money and property	4,200	4,200	(3,952)	(8,152)
Total Revenues	<u>221,987</u>	<u>212,159</u>	<u>221,262</u>	<u>9,103</u>
EXPENDITURES				
Public works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>221,987</u>	<u>212,159</u>	<u>221,262</u>	<u>9,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(445,000)	(359,147)	(584,883)	(225,736)
Total Other Financing Sources (Uses)	<u>(445,000)</u>	<u>(359,147)</u>	<u>(584,883)</u>	<u>(225,736)</u>
Change in fund balance	<u>\$ (223,013)</u>	<u>\$ (146,988)</u>	<u>(363,621)</u>	<u>\$ (216,633)</u>
FUND BALANCE				
Beginning of year			<u>620,917</u>	
End of year			<u>\$ 257,296</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ 517,060	\$ 517,060	\$ 297,952	\$ (219,108)
Use of money and property	4,220	4,220	(4,023)	(8,243)
Total Revenues	<u>521,280</u>	<u>521,280</u>	<u>293,929</u>	<u>(227,351)</u>
EXPENDITURES				
Current:				
General government	40,700	40,700	126,650	(85,950)
Public safety	164,123	164,123	130,541	33,582
Capital outlay	82,800	82,800	20,236	62,564
Total Expenditures	<u>287,623</u>	<u>287,623</u>	<u>277,427</u>	<u>10,196</u>
Revenues Over (Under) Expenditures	<u>233,657</u>	<u>233,657</u>	<u>16,502</u>	<u>(217,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(95,000)	(95,000)	(5,036)	89,964
Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(5,036)</u>	<u>89,964</u>
Change in fund balance	<u>\$ 138,657</u>	<u>\$ 138,657</u>	<u>11,466</u>	<u>\$ (127,191)</u>
FUND BALANCE				
Beginning of year			<u>258,808</u>	
End of year			<u>\$ 270,274</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ 143,796	\$ 143,796	\$ 143,775	\$ (21)
Permits, licenses and fees	-	-	4,763	4,763
Use of money and property	6,400	6,400	(13,489)	(19,889)
Other revenue	-	-	648	648
Total Revenues	<u>150,196</u>	<u>150,196</u>	<u>135,697</u>	<u>(14,499)</u>
EXPENDITURES				
Current:				
Parks and recreation services	109,196	109,196	140,808	(31,612)
Capital Outlay	99,700	99,700	28,653	71,047
Total Expenditures	<u>208,896</u>	<u>208,896</u>	<u>169,461</u>	<u>39,435</u>
Revenues Over (Under) Expenditures	<u>(58,700)</u>	<u>(58,700)</u>	<u>(33,764)</u>	<u>24,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,273)	(8,273)	(8,273)	-
Total Other Financing Sources (Uses)	<u>(8,273)</u>	<u>(8,273)</u>	<u>(8,273)</u>	<u>-</u>
Change in fund balance	<u>\$ (66,973)</u>	<u>\$ (66,973)</u>	<u>(42,037)</u>	<u>\$ 24,936</u>
FUND BALANCE				
Beginning of year			<u>465,045</u>	
End of year			<u>\$ 423,008</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Measure J

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 270,276	\$ 270,276	\$ 374,885	\$ 104,609
Use of money and property	900	900	(981)	(1,881)
Total Revenues	<u>271,176</u>	<u>271,176</u>	<u>373,904</u>	<u>102,728</u>
EXPENDITURES				
Current:				
Public works	32,000	32,000	28,349	3,651
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>28,349</u>	<u>3,651</u>
Revenues Over (Under) Expenditures	<u>239,176</u>	<u>239,176</u>	<u>345,555</u>	<u>106,379</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,076)	(5,076)	(422,254)	(417,178)
Total Other Financing Sources (Uses)	<u>(5,076)</u>	<u>(5,076)</u>	<u>(422,254)</u>	<u>(417,178)</u>
Change in fund balance	<u>\$ 234,100</u>	<u>\$ 234,100</u>	<u>(76,699)</u>	<u>\$ (310,799)</u>
FUND BALANCE				
Beginning of year			86,243	
End of year			<u>\$ 9,544</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	800	800	(1,044)	(1,844)
Total Revenues	<u>126,791</u>	<u>126,791</u>	<u>124,947</u>	<u>(1,844)</u>
EXPENDITURES				
Current:				
Public works	149,360	149,360	139,489	9,871
Total Expenditures	<u>149,360</u>	<u>149,360</u>	<u>139,489</u>	<u>9,871</u>
Revenues Over (Under) Expenditures	<u>(22,569)</u>	<u>(22,569)</u>	<u>(14,542)</u>	<u>8,027</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,006)	(13,006)	(13,006)	-
Total Other Financing Sources (Uses)	<u>(13,006)</u>	<u>(13,006)</u>	<u>(13,006)</u>	<u>-</u>
Change in fund balance	<u>\$ (35,575)</u>	<u>\$ (35,575)</u>	<u>(27,548)</u>	<u>\$ 8,027</u>
FUND BALANCE				
Beginning of year			50,869	
End of year			<u>\$ 23,321</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ 44,894	\$ 44,897	\$ 44,814	\$ (83)
Use of money and property	210	210	(2,282)	(2,492)
Total Revenues	<u>45,104</u>	<u>45,107</u>	<u>42,532</u>	<u>(2,575)</u>
EXPENDITURES				
Current:				
Public works	120,212	120,212	9,813	110,399
Capital outlay	-	-	-	-
Total Expenditures	<u>120,212</u>	<u>120,212</u>	<u>9,813</u>	<u>110,399</u>
Revenues Over (Under) Expenditures	<u>(75,108)</u>	<u>(75,105)</u>	<u>32,719</u>	<u>107,824</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20,084	20,084
Transfers out	(8,169)	(8,169)	(8,160)	(9)
Total Other Financing Sources (Uses)	<u>(8,169)</u>	<u>(8,169)</u>	<u>11,924</u>	<u>20,075</u>
Change in fund balance	<u>\$ (83,277)</u>	<u>\$ (83,274)</u>	<u>44,643</u>	<u>\$ 127,899</u>
FUND BALANCE				
Beginning of year			<u>31,651</u>	
End of year			<u>\$ 76,294</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budgetary Comparison Schedule - Presley Settlement

	Adopted Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 1,800	\$ 1,800	\$ (2,918)	\$ (4,718)
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>(2,918)</u>	<u>(4,718)</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>1,800</u>	<u>1,800</u>	<u>(2,918)</u>	<u>(4,718)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(20,084)	20,084
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(20,084)</u>	<u>20,084</u>
Change in fund balance	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>(23,002)</u>	<u>\$ 15,366</u>
FUND BALANCE				
Beginning of year			<u>113,472</u>	
End of year			<u>\$ 90,470</u>	

DRAFT 1/20/23

City of Clayton
Supplementary Information
Non-Major Governmental Funds
For the year ended June 30, 2022

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	\$ 74,109	\$ 74,109	\$ 83,017	\$ 8,908
Permits, licenses and fees	60,920	60,920	59,423	(1,497)
Use of money and property	600	600	(678)	(1,278)
Total Revenues	<u>135,629</u>	<u>135,629</u>	<u>141,762</u>	<u>6,133</u>
EXPENDITURES				
Current:				
Public works	<u>123,653</u>	<u>123,653</u>	<u>80,214</u>	<u>43,439</u>
Total Expenditures	<u>123,653</u>	<u>123,653</u>	<u>80,214</u>	<u>43,439</u>
Revenues Over (Under) Expenditures	<u>11,976</u>	<u>11,976</u>	<u>61,548</u>	<u>49,572</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,130	1,130	1,130	-
Transfers out	<u>(41,966)</u>	<u>(41,966)</u>	<u>(41,966)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(40,836)</u>	<u>(40,836)</u>	<u>(40,836)</u>	<u>-</u>
Change in fund balance	<u>\$ (28,860)</u>	<u>\$ (28,860)</u>	<u>20,712</u>	<u>\$ 49,572</u>
FUND BALANCE				
Beginning of year			<u>49,063</u>	
End of year			<u>\$ 69,775</u>	

DRAFT 1/20/23

This page intentionally left blank

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.

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Net Position - Internal Service Funds
June 30, 2022

	Capital Equipment Replacement	Pension Rate Stabilization	Self- Insurance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 154,220	\$ 280,447	\$ 25,774	\$ 460,441
Noncurrent assets:				
Depreciable assets, net	540,610	-	-	540,610
Total Asset	694,830	280,447	25,774	1,001,051
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	315	315
Total Liabilities	-	-	315	315
NET POSITION				
Net investment in capital assets	540,610	-	-	540,610
Unrestricted	154,220	280,447	25,459	460,126
Total Net Position	\$ 694,830	\$ 280,447	\$ 25,459	\$ 1,000,736

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds - For the year ended June 30, 2022

	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	4,001	-	4,563	8,564
Depreciation and amortization	<u>100,425</u>	<u>-</u>	<u>-</u>	<u>100,425</u>
Total Operating Expenses	<u>104,426</u>	<u>-</u>	<u>4,563</u>	<u>108,989</u>
Operating Income (Loss)	7,474	-	(4,563)	2,911
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of assets	6,958	-	-	6,958
Investment income (loss)	<u>(5,202)</u>	<u>(8,647)</u>	<u>(826)</u>	<u>(14,675)</u>
Total Nonoperating Revenues (Expenses)	<u>1,756</u>	<u>(8,647)</u>	<u>(826)</u>	<u>(7,717)</u>
Net (loss) Before Contributions and Operating Transfers	9,230	(8,647)	(5,389)	(4,806)
Capital contributions	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	9,230	(8,647)	(5,389)	(4,806)
NET POSITION:				
Beginning of fiscal year	<u>685,600</u>	<u>289,094</u>	<u>30,848</u>	<u>1,005,542</u>
End of fiscal year	<u>\$ 694,830</u>	<u>\$ 280,447</u>	<u>\$ 25,459</u>	<u>\$ 1,000,736</u>

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Cash Flows - Internal Service Funds
For the year ended June 30, 2022

	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	(4,001)	-	-	(4,001)
Claims paid	-	-	(4,428)	(4,428)
Net cash provided (used) by operating activities	107,899	-	(4,428)	103,471
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	(153,184)	-	-	(153,184)
Proceeds from the sale of capital assets	6,958	-	-	6,958
Other income	-	-	-	-
Net cash provided (used) by capital and related financing activities	(146,226)	-	-	(146,226)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	(5,202)	(8,647)	(826)	(14,675)
Net Cash provided (used) by investing activities	(5,202)	(8,647)	(826)	(14,675)
Net increase (decrease) in cash and cash equivalents	(43,529)	(8,647)	(5,254)	(57,430)
CASH AND CASH EQUIVALENTS:				
Beginning of fiscal year	197,749	289,094	31,028	517,871
End of fiscal year	\$ 154,220	\$ 280,447	\$ 25,774	\$ 460,441
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 7,474	\$ -	\$ (4,563)	\$ 2,911
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	100,425	-	-	100,425
Changes in current assets and liabilities:				
Increase (decrease) in accounts payable	-	-	135	135
Net cash provided (used) by operating activities	\$ 107,899	\$ -	\$ (4,428)	\$ 103,471

DRAFT 1/20/23

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.

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
<u>Clayton Financing Authority</u>				
Assets:				
Cash and investments	\$ 598,256	\$ 10,787	\$ (21,581)	\$ 587,462
Total Assets	<u>\$ 598,256</u>	<u>\$ 10,787</u>	<u>\$ (21,581)</u>	<u>\$ 587,462</u>
Liabilities:				
Other liabilities	\$ 598,256	\$ 14,038	\$ (24,832)	\$ 587,462
Total Liabilities	<u>\$ 598,256</u>	<u>\$ 14,038</u>	<u>\$ (24,832)</u>	<u>\$ 587,462</u>
<u>Clayton Financing Authority 2007 Refunding Bonds</u>				
Assets:				
Cash and investments	\$ 133,317	\$ 2,651,328	\$ (2,669,381)	\$ 115,264
Cash with fiscal agent	320,076	944,960	(901,739)	363,297
Accounts receivable	19,600	-	(9,412)	10,188
Investments in bonds	904,000	-	(434,000)	470,000
Total Assets	<u>\$ 1,376,993</u>	<u>\$ 3,596,288</u>	<u>\$ (4,014,532)</u>	<u>\$ 958,749</u>
Liabilities:				
Other liabilities	\$ 561,993	\$ 113,742	\$ (136,986)	\$ 538,749
Due to bondholders	815,000	-	(395,000)	420,000
Total Liabilities	<u>\$ 1,376,993</u>	<u>\$ 113,742</u>	<u>\$ (531,986)</u>	<u>\$ 958,749</u>
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 582,355	\$ 693,195	\$ (498,030)	\$ 777,520
Total Assets	<u>\$ 582,355</u>	<u>\$ 693,195</u>	<u>\$ (498,030)</u>	<u>\$ 777,520</u>
Liabilities:				
Other liabilities	\$ -	\$ 2,981	\$ -	\$ 2,981
Deposits payable	582,355	959,920	(767,736)	774,539
Total Liabilities	<u>\$ 582,355</u>	<u>\$ 962,901</u>	<u>\$ (767,736)</u>	<u>\$ 777,520</u>
<u>Diablo Estates Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 201,274	\$ 109,432	\$ (82,429)	\$ 228,277
Total Assets	<u>\$ 201,274</u>	<u>\$ 109,432</u>	<u>\$ (82,429)</u>	<u>\$ 228,277</u>
Liabilities:				
Accounts payable	\$ 22,160	\$ 68,644	\$ (86,778)	\$ 4,026
Other liabilities	179,114	109,452	(64,315)	224,251
Total Liabilities	<u>\$ 201,274</u>	<u>\$ 178,096</u>	<u>\$ (151,093)</u>	<u>\$ 228,277</u>

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
<u>High Street Bridge Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 8,797	\$ 1,804	\$ (3,758)	\$ 6,843
Assessments receivable	8,978	-	(916)	8,062
Total Assets	<u>\$ 17,775</u>	<u>\$ 1,804</u>	<u>\$ (4,674)</u>	<u>\$ 14,905</u>
Liabilities:				
Accounts payable	\$ 2,010	\$ 350	\$ (2,010)	\$ 350
Notes payable	8,978	-	(916)	8,062
Due to bondholders	6,787	1,804	(2,098)	6,493
Total Liabilities	<u>\$ 17,775</u>	<u>\$ 2,154</u>	<u>\$ (5,024)</u>	<u>\$ 14,905</u>
<u>Lydia Lane Sewer Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 68,508	\$ 40,140	\$ (40,157)	\$ 68,491
Cash with fiscal agent	12,804	4	(2)	12,806
Assessments receivable	143,325	-	(10,000)	133,325
Total Assets	<u>\$ 224,637</u>	<u>\$ 40,144</u>	<u>\$ (50,159)</u>	<u>\$ 214,622</u>
Liabilities:				
Other liabilities	\$ 81,312	\$ 89,651	\$ (89,666)	\$ 81,297
Due to bondholders	143,325	-	(10,000)	133,325
Total Liabilities	<u>\$ 224,637</u>	<u>\$ 89,651</u>	<u>\$ (99,666)</u>	<u>\$ 214,622</u>
<u>Middle School Community Facilities District</u>				
Assets:				
Cash and investments	\$ 134,668	\$ 219,996	\$ (527,359)	\$ (172,695)
Assessments receivable	904,000	-	(434,000)	470,000
Due from bondholders	-	182,883	-	182,883
Total Assets	<u>\$ 1,038,668</u>	<u>\$ 402,879</u>	<u>\$ (961,359)</u>	<u>\$ 480,188</u>
Liabilities:				
Accounts payable	\$ -	\$ 10,188	\$ -	\$ 10,188
Other liabilities	134,668	224,035	(358,703)	-
Due to bondholders	904,000	-	(434,000)	470,000
Total Liabilities	<u>\$ 1,038,668</u>	<u>\$ 234,223</u>	<u>\$ (792,703)</u>	<u>\$ 480,188</u>

DRAFT 1/20/23

City of Clayton
Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
<u>Oak Street Bridge Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 22,065	\$ 1,965	\$ (2,769)	\$ 21,261
Total Assets	<u>\$ 22,065</u>	<u>\$ 1,965</u>	<u>\$ (2,769)</u>	<u>\$ 21,261</u>
Liabilities:				
Accounts payable	\$ 1,645	\$ -	\$ (1,295)	\$ 350
Other liabilities	20,420	2,315	(1,824)	20,911
Total Liabilities	<u>\$ 22,065</u>	<u>\$ 2,315</u>	<u>\$ (3,119)</u>	<u>\$ 21,261</u>
<u>Oak Street Sewer Benefit Assessment District</u>				
Assets:				
Cash and investments	\$ 1,927	\$ 11,339	\$ (12,769)	\$ 497
Assessments receivable	52,726	-	(8,182)	44,544
Other assets	-	12,847	(11,880)	967
Total Assets	<u>\$ 54,653</u>	<u>\$ 24,186</u>	<u>\$ (32,831)</u>	<u>\$ 46,008</u>
Liabilities:				
Accounts payable	\$ 1,385	\$ 1,463	\$ (1,384)	\$ 1,464
Other liabilities	542	-	(542)	-
Notes payable	52,726	-	(8,182)	44,544
Total Liabilities	<u>\$ 54,653</u>	<u>\$ 1,463</u>	<u>\$ (10,108)</u>	<u>\$ 46,008</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,751,167	\$ 3,739,986	\$ (3,858,233)	\$ 1,632,920
Cash with fiscal agent	332,880	944,964	(901,741)	376,103
Assessments receivable	1,109,029	-	(453,098)	655,931
Accounts receivable	19,600	-	(9,412)	10,188
Due from bondholders	-	182,883	-	182,883
Other assets	-	12,847	(11,880)	967
Investments in bonds	904,000	-	(434,000)	470,000
Total Assets	<u>\$ 4,116,676</u>	<u>\$ 4,880,680</u>	<u>\$ (5,668,364)</u>	<u>\$ 3,328,992</u>
Liabilities:				
Accounts payable	\$ 27,200	\$ 80,645	\$ (91,467)	\$ 16,378
Other liabilities	1,576,305	556,214	(676,868)	1,455,651
Deposits payable	582,355	959,920	(767,736)	774,539
Notes payable	61,704	-	(9,098)	52,606
Due to bondholders	1,869,112	1,804	(841,098)	1,029,818
Total Liabilities	<u>\$ 4,116,676</u>	<u>\$ 1,598,583</u>	<u>\$ (2,386,267)</u>	<u>\$ 3,328,992</u>

DRAFT 1/20/23

STATISTICAL SECTION

This page intentionally left blank

STATISTICAL SECTION

TABLE OF CONTENTS

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

	<u>Page</u>
Financial Trends	143
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	151
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	159
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	164
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	165
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

DRAFT 1/20/23

**City of Clayton
Statistical Section
Net Position by Component - Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 29,988,389	\$ 29,344,437	\$ 28,653,515	\$ 28,929,140
Restricted	5,071,942	3,470,831	2,024,193	7,783,815
Unrestricted	4,829,960	6,306,416	4,781,508	7,028,670
Total governmental activities net position	39,890,291	39,121,684	35,459,216	43,741,625
Business-type activities:				
Net investment in capital assets	1,322,815	1,286,748	1,250,681	1,221,999
Restricted	-	-	-	-
Unrestricted	(130,382)	(49,038)	(44,572)	(56,305)
Total business-type activities net position	1,192,433	1,237,710	1,206,109	1,165,694
Primary government:				
Net investment in capital assets	31,311,204	30,631,185	29,904,196	30,151,139
Restricted	5,071,942	3,470,831	2,024,193	7,783,815
Unrestricted	4,699,578	6,257,378	4,736,936	6,972,365
Total primary government net position	\$ 41,082,724	\$ 40,359,394	\$ 36,665,325	\$ 44,907,319

Source: City of Clayton Finance Department.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Net Position by Component - Last Ten Fiscal Years
(Accrual Basis of Accounting)**

2017	2018	2019	2020	2021	2022
\$ 29,349,667	\$ 28,976,510	\$ 29,790,706	\$ 29,780,115	\$ 28,793,685	\$ 29,116,205
7,731,727	12,059,042	11,915,594	12,046,964	13,156,670	9,890,048
7,835,030	3,836,715	3,009,835	3,433,238	2,492,751	5,873,482
<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>	<u>44,879,735</u>
1,184,742	1,147,485	1,110,485	1,073,743	1,038,076	1,009,203
-	-	-	-	-	-
(64,190)	(75,944)	(72,753)	(74,819)	(114,090)	(129,064)
<u>1,120,552</u>	<u>1,071,541</u>	<u>1,037,732</u>	<u>998,924</u>	<u>923,986</u>	<u>880,139</u>
30,534,409	30,123,995	30,901,191	30,853,858	29,831,761	30,125,408
7,731,727	12,059,042	11,915,594	12,046,964	13,156,670	9,890,048
7,770,840	3,760,771	2,937,082	3,358,419	2,378,661	5,744,418
<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>	<u>\$ 45,759,874</u>

DRAFT 1/20/23

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 1,186,567	\$ 1,249,238	\$ 1,119,567	\$ 1,051,461
Public works	1,346,320	2,118,015	2,139,918	1,975,653
Parks and recreation services	1,100,584	352,498	339,894	583,120
Community and economic development	446,259	410,413	405,941	362,248
Public safety	1,925,266	2,016,145	2,006,052	2,060,621
Interest and fiscal charges	-	-	-	-
Total governmental activities expenses	<u>6,004,996</u>	<u>6,146,309</u>	<u>6,011,372</u>	<u>6,033,103</u>
Business-type activities:				
Community gym	-	-	-	-
Endeavor Hall	60,117	65,351	66,606	67,668
Total business-type activities expenses	<u>60,117</u>	<u>65,351</u>	<u>66,606</u>	<u>67,668</u>
Total primary government expenses	<u>\$ 6,065,113</u>	<u>\$ 6,211,660</u>	<u>\$ 6,077,978</u>	<u>\$ 6,100,771</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 352,124	\$ 567,663	\$ 643,070	\$ 355,391
Public works	315,230	296,974	418,498	321,544
Parks and recreation services	-	608	14,337	73,501
Community and economic development	137,795	54,013	25,990	100,612
Public safety	36,899	14,631	13,862	49,326
Operating grants and contributions	587,384	683,492	157,397	836,833
Capital grants and contributions	-	-	-	22,200
Total governmental activities program revenues	<u>1,429,432</u>	<u>1,617,381</u>	<u>1,273,154</u>	<u>1,759,407</u>
Business-type activities:				
Charges for services:				
Community gym	-	-	-	-
Endeavor hall	14,860	19,545	25,818	27,253
Operating grants and contributions	-	-	-	-
Total business-type program revenues	<u>14,860</u>	<u>19,545</u>	<u>25,818</u>	<u>27,253</u>
Net revenues (expenses)				
Governmental activities	\$ (4,575,564)	\$ (4,528,928)	\$ (4,738,218)	\$ (4,273,696)
Business-type activities	(45,257)	(45,806)	(40,788)	(40,415)
Total primary government net expense	<u>\$ (4,620,821)</u>	<u>\$ (4,574,734)</u>	<u>\$ (4,779,006)</u>	<u>\$ (4,314,111)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,691,803	\$ 1,862,734	\$ 2,302,278	\$ 2,256,780
Special parcel taxes	1,093,213	1,122,349	1,155,141	1,185,651
Sales and use taxes	353,525	370,330	397,544	372,705
Business license taxes	-	-	-	133,943
Other taxes	802,651	865,752	1,339,537	-
Franchise fees	-	-	-	516,607
Payments in lieu of taxes	-	-	-	154,852
Investment income	80,622	64,319	82,909	295,904
Miscellaneous	139,161	175,082	91,230	58,694
Gain/(loss) on sale of assets	(7,817)	-	624	792
Transfers	250,456	(688,709)	88,793	-
Total governmental activities	<u>4,403,614</u>	<u>3,771,857</u>	<u>5,458,056</u>	<u>4,975,928</u>
Business type activities:				
Investment income/(loss)	-	393	175	-
Miscellaneous	-	-	4,316	-
Transfers	-	-	(88,793)	-
Total business-type activities	<u>-</u>	<u>393</u>	<u>(84,302)</u>	<u>-</u>
Extraordinary and Special Items				
Governmental activities:				
Extraordinary gain/(loss)	-	-	(200,000)	(230,786)
Business-type activities:				
Special item gain/(loss)	-	-	93,489	-
Total primary government changes in net position				
Governmental activities	(171,950)	(757,071)	519,838	471,446
Business-type activities	(45,257)	(45,413)	(31,601)	(40,415)
Total primary government	<u>\$ (217,207)</u>	<u>\$ (802,484)</u>	<u>\$ 488,237</u>	<u>\$ 431,031</u>

Source: City of Clayton Finance Department.

DRAFT 1/20/23

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

Fiscal Year											
2017		2018		2019		2020		2021		2022	
\$	1,174,069	\$	1,305,562	\$	1,457,326	\$	2,781,523	\$	1,796,454	\$	2,629,048
	2,221,835		2,509,147		2,825,969		1,988,766		2,909,710		2,509,096
	676,790		667,687		718,267		452,535		592,433		729,729
	287,775		329,418		367,682		296,372		357,133		356,450
	2,075,082		2,538,912		2,536,880		2,521,690		2,980,000		2,736,817
	-		-		-		-		-		-
	6,435,551		7,350,726		7,906,124		8,040,886		8,635,730		8,961,140
	-		-		-		-		-		-
	67,393		76,901		58,455		63,631		73,117		60,694
	67,393		76,901		58,455		63,631		73,117		60,694
\$	6,502,944	\$	7,427,627	\$	7,964,579	\$	8,104,517	\$	8,708,847	\$	9,021,834
\$	349,220	\$	397,668	\$	397,436	\$	438,906	\$	430,894	\$	437,626
	324,308		355,625		356,347		338,877		328,731		331,218
	70,394		66,868		71,681		43,635		17,622		42,903
	113,336		127,487		96,596		113,600		133,404		142,299
	52,497		44,545		41,195		65,674		51,259		48,292
	813,168		900,239		825,018		1,024,732		893,718		2,755,382
	885,398		526,452		570,049		559,220		42,363		120,774
	2,608,321		2,418,884		2,358,322		2,584,644		1,897,991		3,878,494
	-		-		-		-		-		-
	22,251		27,890		24,642		24,702		(1,442)		16,847
	-		-		-		-		-		-
	22,251		27,890		24,642		24,702		(1,442)		16,847
\$	(3,827,230)	\$	(4,931,842)	\$	(5,547,802)	\$	(5,456,242)	\$	(6,737,739)	\$	(5,082,646)
	(45,142)		(49,011)		(33,813)		(38,929)		(74,559)		(43,847)
\$	(3,872,372)	\$	(4,980,853)	\$	(5,581,615)	\$	(5,495,171)	\$	(6,812,298)	\$	(5,126,493)
\$	2,339,221	\$	2,345,067	\$	2,463,898	\$	2,587,812	\$	2,722,906	\$	2,846,766
	1,220,427		1,254,911		1,256,011		1,295,034		1,309,373		1,348,657
	455,387		436,560		483,741		512,868		510,029		563,908
	135,866		154,397		175,153		140,620		90,872		162,881
	-		-		-		-		-		-
	541,138		547,765		523,129		565,893		567,350		587,740
	157,949		161,108		164,331		167,677		171,029		174,443
	119,201		287,595		255,272		684,244		508,256		(281,502)
	31,216		23,118		39,211		40,516		38,972		54,512
	1,624		(893)		30,924		5,760		1,741		6,958
	-		-		-		-		-		-
	5,002,029		5,209,628		5,391,670		6,000,424		5,920,528		5,464,363
	-		-		4		121		(379)		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		4		121		(379)		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	1,174,799		277,786		(156,132)		544,182		(817,211)		381,717
	(45,142)		(49,011)		(33,809)		(38,808)		(74,938)		(43,847)
\$	1,129,657	\$	228,775	\$	(189,941)	\$	505,374	\$	(892,149)	\$	337,870

DRAFT 1/20/23

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

	Fiscal Year Ending June 30			
	2013	2014	2015	2016
General fund:				
Nonspendable	\$ -	\$ 1,242,346	\$ 1,029,377	\$ 308,064
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	182,671	34,542	-	278,853
Unassigned	5,199,914	3,871,849	4,509,255	5,031,142
Total general fund	<u>5,382,585</u>	<u>5,148,737</u>	<u>5,538,632</u>	<u>5,618,059</u>
 All other governmental funds:				
Nonspendable	-	-	-	3,633,951
Restricted	-	1,399,064	1,303,081	2,150,476
Committed	5,071,942	829,421	721,112	667,134
Assigned	-	2,354,314	3,309,135	2,684,533
Unassigned	(425,380)	(2,550)	(2,550)	(2,550)
Total other governmental funds	<u>4,646,562</u>	<u>4,580,249</u>	<u>5,330,778</u>	<u>9,133,544</u>
 Total governmental funds	<u>\$ 10,029,147</u>	<u>\$ 9,728,986</u>	<u>\$ 10,869,410</u>	<u>\$ 14,751,603</u>

Source: City of Clayton Finance Department.

DRAFT 1/20/23

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

Fiscal Year Ending June 30					
2017	2018	2019	2020	2021	2022
\$ 72,518	\$ 81,790	\$ 320,232	\$ 100,163	\$ 120,623	\$ 173,471
-	-	-	-	-	-
-	-	-	-	177,496	495,019
415,239	281,930	102,228	409,482	-	-
5,429,524	5,302,751	5,337,685	5,654,925	5,810,862	5,744,867
5,917,281	5,666,471	5,760,145	6,164,570	6,108,981	6,413,357
3,696,238	-	-	-	-	-
2,122,471	6,293,306	6,403,413	6,452,671	7,283,999	6,719,595
494,241	571,915	647,611	669,841	643,461	709,802
3,026,942	3,542,680	2,744,642	3,167,804	3,261,239	3,330,153
(2,550)	(2,550)	(223,171)	(23,566)	-	-
9,337,342	10,405,351	9,572,495	10,266,750	11,188,699	10,759,550
\$ 15,254,623	\$ 16,071,822	\$ 15,332,640	\$ 16,431,320	\$ 17,297,680	\$ 17,172,907

DRAFT 1/20/23

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Property taxes	\$ 1,691,803	\$ 1,862,734	\$ 2,302,278	\$ 2,256,780
Program income	10,546	10,668	10,063	81,400
Special parcel taxes and assessments	1,232,280	1,260,823	1,287,748	1,437,156
Sales and use taxes	353,525	370,330	397,544	372,705
Business license taxes and fees	-	-	-	133,943
Permits, licenses and fees	402,661	290,598	306,545	194,261
Fines, forfeitures and penalties	93,328	78,173	72,635	84,270
Intergovernmental	836,041	967,729	1,066,757	964,539
Motor vehicle in-lieu fees	-	4,703	4,590	4,554
Other in-lieu fees	145,921	148,839	151,816	154,852
Franchise fees	479,765	504,867	501,597	516,607
Service charges	125,387	338,626	366,080	342,308
Use of money and property	80,579	62,642	81,408	290,966
Other revenue	138,528	175,538	91,131	48,517
Total revenues	<u>5,590,364</u>	<u>6,076,270</u>	<u>6,640,192</u>	<u>6,882,858</u>
Expenditures				
Current				
General government	957,680	1,118,026	1,018,852	1,068,970
Public works	1,502,599	1,293,402	1,342,373	1,237,683
Parks and recreation services	356,445	352,498	349,862	375,554
Community and economic development	446,259	410,413	410,972	379,162
Public safety	1,867,432	1,950,034	2,005,607	2,281,621
Capital outlay	2,370,825	393,505	260,895	1,275,563
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>7,501,240</u>	<u>5,517,878</u>	<u>5,388,561</u>	<u>6,618,553</u>
Revenues over (under) expenditures	<u>(1,910,876)</u>	<u>558,392</u>	<u>1,251,631</u>	<u>264,305</u>
Other financing sources (uses)				
Unrealized gains (losses)	-	-	-	-
Transfers in	2,221,820	524,187	600,458	1,026,538
Transfers out	(1,971,364)	(603,341)	(511,665)	(1,177,781)
Total other financing sources (uses)	<u>250,456</u>	<u>(79,154)</u>	<u>88,793</u>	<u>(151,243)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,660,420)</u>	<u>479,238</u>	<u>1,340,424</u>	<u>113,062</u>
Special and extraordinary items				
Special item gain (loss)	-	(90,690)	-	-
Extraordinary gain (loss)	-	-	(200,000)	(230,786)
Total special and extraordinary items	<u>-</u>	<u>(90,690)</u>	<u>(200,000)</u>	<u>(230,786)</u>
Change in fund balances	<u>\$ (1,660,420)</u>	<u>\$ 388,548</u>	<u>\$ 1,140,424</u>	<u>\$ (117,724)</u>
Ratio of Total Debt Service Expenditures to Noncapital Expenditures	0.00	0.00	0.00	0.00

Source: City of Clayton Finance Department

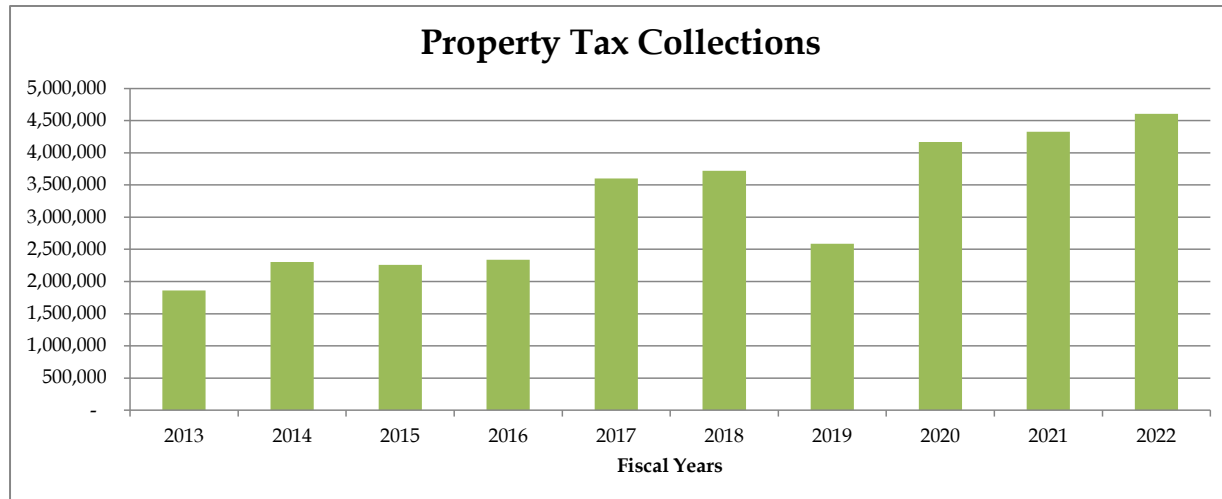
DRAFT 1/20/23

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,339,221	\$ 2,345,067	\$ 2,463,898	\$ 2,463,898	\$ 2,722,905	\$ 2,846,766
86,400	91,400	146,400	146,400	106,400	111,400
1,465,905	1,522,187	1,546,399	1,546,399	1,606,706	1,647,112
455,387	436,560	483,741	483,741	510,029	563,908
135,866	154,397	175,153	175,153	90,872	162,881
209,026	356,052	212,242	212,242	172,297	254,352
92,662	110,787	82,375	82,375	118,766	151,409
1,706,688	1,178,659	1,312,528	1,312,528	911,240	2,772,298
-	-	-	-	-	-
157,949	161,108	164,331	164,331	171,029	174,443
541,138	547,765	523,129	523,129	567,350	587,740
311,796	329,164	325,078	325,078	297,393	305,645
118,210	274,244	385,696	385,696	132,791	(324,916)
40,186	23,168	35,723	35,723	30,657	41,492
7,660,434	7,530,558	7,856,693	7,856,693	7,438,435	9,294,530
1,194,606	1,183,609	1,317,973	1,317,973	1,547,319	2,697,067
1,519,992	1,592,903	1,621,629	1,621,629	1,908,291	2,141,455
458,294	433,764	477,266	477,266	349,854	477,400
309,048	317,284	352,163	352,163	318,173	299,175
2,265,845	2,363,298	2,365,339	2,365,339	2,605,103	2,814,860
1,409,599	654,531	2,146,778	2,146,778	213,610	1,102,349
-	-	-	-	-	-
-	-	-	-	-	-
7,157,384	6,545,389	8,281,148	8,281,148	6,942,350	9,532,306
503,050	985,169	(424,455)	(424,455)	496,085	(237,776)
-	-	(214,727)	(214,727)	370,275	58,091
497,960	481,974	1,261,171	1,261,171	494,175	3,251,504
(497,960)	(649,974)	(1,361,171)	(1,361,171)	(494,175)	(3,251,504)
-	(168,000)	(314,727)	(314,727)	370,275	58,091
503,050	817,169	(739,182)	(739,182)	866,360	(179,685)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 503,050	\$ 817,169	\$ (739,182)	\$ (739,182)	\$ 866,360	\$ (179,685)
0.00	0.00	0.00	0.00	0.00	0.00

DRAFT 1/20/23

**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
2013	1,862,734	1,862,734	100%	1,862,734	100%
2014	2,302,278	2,302,278	100%	2,302,278	100%
2015	2,256,780	2,256,780	100%	2,256,780	100%
2016	2,339,221	2,339,221	100%	2,339,221	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	2,587,812	2,587,812	100%	2,587,812	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%
2022	4,605,278	4,605,278	100%	4,605,278	100%

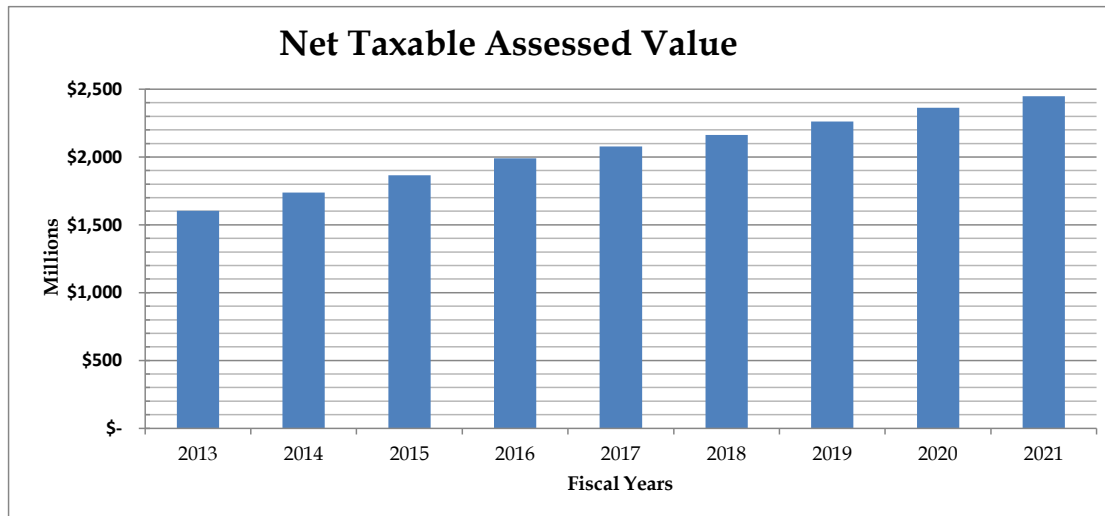
Source: City of Clayton Finance Department

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.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**



Fiscal Year Ended June 30	Secured	Unsecured	SBE Nonunitary	Net Total Assessed Valuation	Total Direct Tax Rate ²
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%
2022	2,503,001,127	31,341,543	-	2,534,342,670	6.697%

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

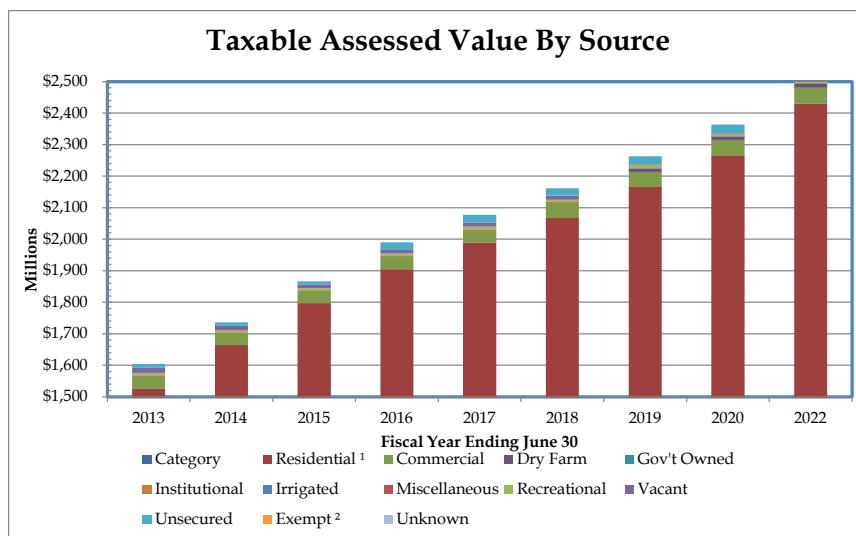
¹ In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1.0% based up on the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to the maximum increase 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.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Taxable Assessed Value By Source
Last Ten Fiscal Years**

Category	Fiscal Year Ending June 30			
	2013	2014	2015	2016
Residential ¹	\$ 1,525,145,282	\$ 1,664,638,727	\$ 1,797,596,765	\$ 1,904,368,929
Commercial	42,498,296	39,271,189	38,942,508	41,544,210
Dry Farm				
Gov't Owned				
Institutional	2,460,428	2,509,634	2,521,025	2,571,392
Irrigated	126,707	129,240		
Miscellaneous	764,183	197,555	198,449	202,412
Recreational	5,364,139	5,364,585	5,364,688	5,365,145
Vacant	16,082,455	12,630,349	11,329,374	11,969,774
Unsecured	12,107,626	12,046,811	10,423,772	24,268,730
Exempt ²	(24,547,599)	(25,038,500)	(26,156,667)	(26,679,230)
Unknown	-	-	-	-
Totals	\$ 1,604,549,116	\$ 1,736,788,090	\$ 1,866,376,581	\$ 1,990,290,592
Total Direct Rate	0.34145	0.06992	0.06587	0.06627



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

DRAFT 1/20/23

**City of Clayton
Statistical Section
Taxable Assessed Value By Source
Last Ten Fiscal Years**

Fiscal Year Ending June 30					
2017	2018	2019	2020	2021	2022
\$ 1,988,952,192	\$ 2,067,562,369	\$ 2,165,479,800	\$ 2,266,477,116	\$ 2,348,456,415	\$ 2,430,095,644
41,858,935	47,590,673	47,779,713	48,208,120	49,037,518	50,373,722
		11,134,894	11,399,590	11,865,579	12,060,444
2,610,603	2,662,812	3,253,330	2,729,354	2,783,939	2,812,779
205,496	209,603	129,549	140,719	143,532	145,018
6,302,648	7,403,121	7,402,753	4,957,742	5,058,784	5,055,770
12,742,504	13,235,890	2,866,368	1,869,358	1,906,740	2,457,750
24,551,781	22,857,474	24,573,625	28,167,199	28,191,208	31,341,543
(27,086,036)	(27,627,706)	(28,243,119)	(28,807,933)	(29,384,046)	(29,688,415)
-	-	-	-	-	-
<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>	<u>\$ 2,534,342,670</u>
0.06642	0.06650	0.06667	0.06684	0.06697	0.06711

DRAFT 1/20/23

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 ⁴	1.01220	-	-	-
Total Direct Rate ⁵	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.

⁴ 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.

⁵ 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.

DRAFT 1/20/23

**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	2022
0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
0.01039	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.00260	0.00800	0.00840	0.00700	0.01200	0.01390	0.00600
0.02200	0.01200	0.01140	0.01100	0.01880	0.01610	0.01760
0.00350	0.00320	0.00300	0.00280	0.00260	0.00250	0.00230
0.00670	0.00320	0.00210	0.00210	0.00940	0.00140	0.00200
0.08120	0.07640	0.07900	0.09250	0.09080	0.09090	0.08980
1.11600	1.10280	1.10390	1.11540	1.13360	1.12480	1.11770
0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
-	-	-	-	-	-	-
0.06627	0.06642	0.06650	0.06667	0.06684	0.06697	0.06697

DRAFT 1/20/23

**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) Safeway Stores, Inc ¹	Commercial, Successor Agency	1	\$ 10,850,709	0.68%
2) Clayton Station Shopping Center ¹	Commercial, Successor Agency	4	9,416,419	0.59%
3) Albert D. Jr. & Sandra Seeno Trust	Vacant, Clayton General Fund	1	6,100,000	0.38%
4) NGP Realty Sub LP	Recreational, Successor Agency	17	5,362,963	0.34%
5) Diamond Terrace Investors	Commercial, Successor Agency	1	5,295,820	0.33%
6) Endashiiian LLC	Commercial, Successor Agency	1	3,332,044	0.21%
7) Comcast	Unsecured, Successor Agency	-	-	0.00%
8) Village Oaks LLC	Commercial, Successor Agency	2	2,748,766	0.17%
9) Ocean West Nevada Corporation	Commercial, Successor Agency	1	2,336,664	0.15%
10) Joe Leggallet Trust	Institutional, Successor Agency	1	2,128,538	0.13%
Top Ten Total		29	\$ 47,571,923	2.99%
City Total			\$ 1,592,441,490	

		Fiscal Year Ending June 30, 2012		
		Secured		
Property Owner	Primary Use, Primary Agency	Parcels	Value	% of Net AV
1) Comcast	Unsecured, Clayton General Fund	-	\$ -	0.00%
2) Safeway Stores, Inc ¹	Commercial, Successor Agency	1	11,685,859	0.47%
3) Clayton Station Shopping Center ¹	Commercial, Successor Agency	4	10,926,808	0.44%
4) Albert D. Jr. & Sandra Seeno Trust	Dry Farm, Clayton General Fund	1	8,660,000	0.35%
5) 1026 Oak LLC	Commercial, Successor Agency	1	5,140,133	0.21%
6) William Patrick Jordan Trust	Residential, Successor Agency	6	4,724,947	0.19%
7) Elaine HOM	Commercial, Successor Agency	1	4,674,799	0.19%
8) Endashiiian LLC	Commercial, Successor Agency	1	3,866,506	0.15%
9) Village Oaks LLC	Commercial, Successor Agency	2	3,189,663	0.13%
10) Empire Acres LLC	Residential, Successor Agency	5	2,716,014	0.11%
Top Ten Total		22	\$ 55,584,729	2.22%
City Total			\$ 2,503,001,127	

Source: HdL, Coren & Cone, Contra Costa County Assessor 2011-12 & 2021-22 Combined Tax Rolls & the SBE Non-Unitary Tax Roll

¹ Pending appeals on parcels

DRAFT 1/20/23

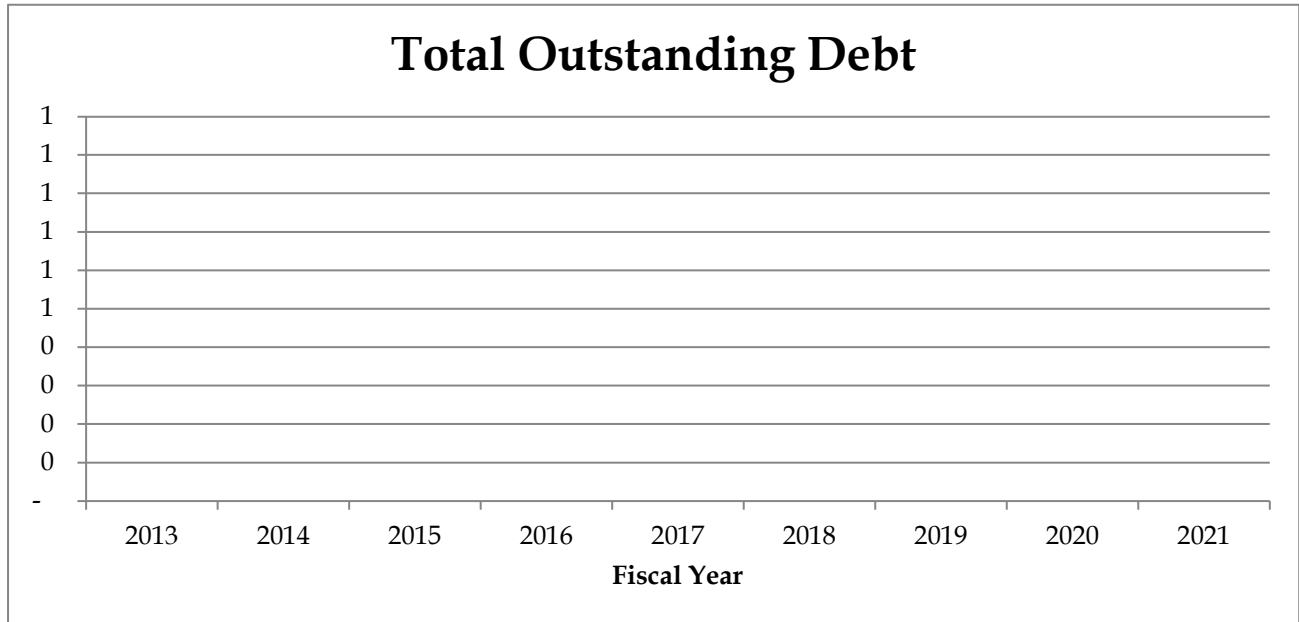
**City of Clayton
Statistical Section
Principal Property Tax Payers
Current Year and Nine Years Ago**

Fiscal Year Ending June 30, 2012				
Parcels	Unsecured		Combined	
	Value	% of Net AV	Value	% of Net AV
-	\$ -	0.00%	\$ 10,850,709	0.68%
-	-	0.00%	9,416,419	0.59%
-	-	0.00%	6,100,000	0.38%
-	-	0.00%	5,362,963	0.33%
-	-	0.00%	5,295,820	0.33%
-	-	0.00%	3,332,044	0.21%
4	2,937,441	24.26%	2,937,441	0.18%
-	-	0.00%	2,748,766	0.17%
-	-	0.00%	2,336,664	0.15%
-	-	0.00%	2,128,538	0.13%
4	\$ 2,937,441	24.26%	\$ 50,509,364	3.15%
	<u>\$ 12,107,626</u>		<u>\$ 1,604,549,116</u>	

Fiscal Year Ending June 30, 2022				
Parcels	Unsecured		Combined	
	Value	% of Net AV	Value	% of Net AV
6	\$ 22,962,583	73.27%	\$ 22,962,583	0.91%
-	-	0.00%	11,685,859	0.46%
-	-	0.00%	10,926,808	0.43%
-	-	0.00%	8,660,000	0.34%
-	-	0.00%	5,140,133	0.20%
-	-	0.00%	4,724,947	0.19%
-	-	0.00%	4,674,799	0.18%
-	-	0.00%	3,866,506	0.15%
-	-	0.00%	3,189,663	0.13%
-	-	0.00%	2,716,014	0.11%
6	\$ 22,962,583	73.27%	\$ 78,547,312	3.10%
	<u>\$ 31,341,543</u>		<u>\$ 2,534,342,670</u>	

DRAFT 1/20/23

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



DRAFT 1/20/23

Fiscal Year Ended June 30	Tax Allocation Bonds¹	Percentage of Total Assessed Value	Percent of Personal Income	Per Capita
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%	-
2022	-	0.000%	0.000%	-

Source: City of Clayton Finance Department.

¹ The balance of Tax Allocation Bonds was transferred to the Redevelopment Successor Agency as of February 1, 2012.

**City of Clayton
Statistical Section
Computation of Direct and Overlapping Debt
June 30, 2022**

Overlapping Debt		Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
100300	County General	\$ 393,729,873	1.081	\$ 3,622,597
202000	Contra Costa Fire	26,670	2.343	623,330
400800	San Francisco Bay Area Rapid Transit District	660,703,057	1.081	7,150,426
402700	East Bay Regional Park District	77,146,356	1.081	834,913
759500	Mt. Diablo 2002 Bond	244,095,000	5.282	12,929,512
759600	Mt. Diablo 2010 Bond	269,216,615	5.282	14,260,183
759708	Mt. Diablo 2018 Bond	14,538,000	5.282	770,066
792100	Contra Costa Community College 2002 Bond	311,230,151	1.085	3,379,442
792200	Contra Costa Community College 2006 Bond	354,509,849	1.085	3,849,388
792300	Contra Costa Community College 2014 Bond	271,130,000	1.085	2,944,021
Total Overlapping Debt				<u>\$ 50,363,878</u>

2021-22 Assessed Valuation: \$1,693,258,542 after deducting \$841,084,128 incremental value.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping Debt	2.97%
	Total Debt	2.97%

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.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Legal Debt Margin
Last Ten Fiscal Years**

	Fiscal Year Ending			
	2013	2014	2015	2016
Assessed valuation	\$ 1,580,001,517	\$ 1,711,749,590	\$ 1,840,219,914	\$ 1,963,611,362
Add back exempted real property	24,547,599	25,038,500	26,156,667	26,679,230
Total assessed valuation	\$ 1,604,549,116	\$ 1,736,788,090	\$ 1,866,376,581	\$ 1,990,290,592
Debt limit percentage ¹	3.75%	3.75%	3.75%	3.75%
Debt limit	\$ 60,170,592	\$ 65,129,553	\$ 69,989,122	\$ 74,635,897
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -
Legal Debt margin	<u>\$ 60,170,592</u>	<u>\$ 65,129,553</u>	<u>\$ 69,989,122</u>	<u>\$ 74,635,897</u>
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

DRAFT 1/20/23

**City of Clayton
Statistical Section
Legal Debt Margin
Last Ten Fiscal Years**

Fiscal Year Ending					
2017	2018	2019	2020	2021	2022
\$ 2,050,138,123	\$ 2,133,894,236	\$ 2,234,376,913	\$ 2,335,141,265	\$ 2,418,059,669	\$ 2,504,654,255
27,086,036	27,627,706	28,243,119	28,807,933	29,384,046	29,688,415
<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>	<u>\$ 2,534,342,670</u>
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
\$ 77,895,906	\$ 81,057,073	\$ 84,848,251	\$ 88,648,095	\$ 91,779,139	\$ 95,037,850
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<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>	<u>\$ 95,037,850</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

DRAFT 1/20/23

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

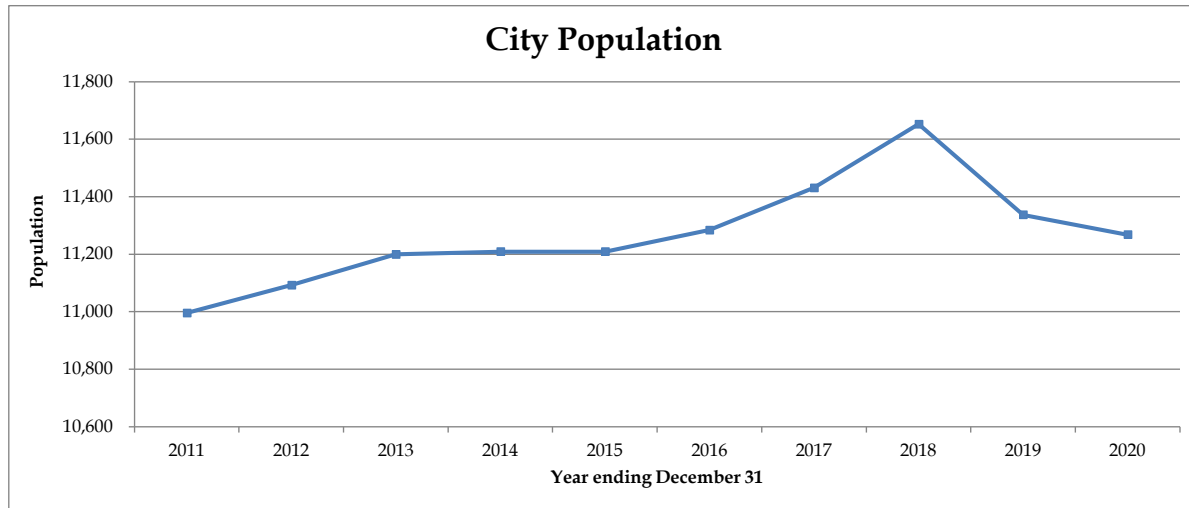
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service ¹		Coverage Ratio
		Principal	Interest	
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-

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.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Demographic and Economic Statistics
Last Ten Fiscal Years**



Calendar Year	City Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Contra Costa County Population ¹	City Population % of County
2011	10,996	577,972	52,562	2.5%	1,056,064	1.04%
2012	11,093	562,914	50,745	1.7%	1,065,117	1.04%
2013	11,200	567,885	50,704	1.4%	1,074,702	1.04%
2014	11,209	581,063	51,839	5.4%	1,087,008	1.03%
2015	11,209	620,092	55,320	4.4%	1,102,871	1.02%
2016	11,284	628,783	55,723	3.9%	1,123,429	1.00%
2017	11,431	656,122	57,398	3.1%	1,149,363	0.99%
2018	11,653	694,323	59,583	1.8%	1,155,879	1.01%
2019	11,337	776,778	68,517	1.4%	1,153,561	0.98%
2020	11,268	817,954	72,590	5.3%	1,165,927	0.97%
2021	10,863	761,054	70,059	6.1%	1,156,555	0.94%

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.

DRAFT 1/20/23

**City of Clayton
Statistical Section
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years**

	Fiscal Year Ending June 30			
	2013	2014	2015	2016
Function:				
General Government:				
Management Services	2.00	2.00	2.00	2.00
Finance	2.30	2.30	2.30	2.30
City Clerk/Human Resources	1.00	1.00	1.00	1.00
	5.30	5.30	5.30	5.30
Public Safety:				
Sworn Officers	11.00	11.00	11.00	11.00
Non-Sworn/ Administration	2.00	2.00	2.00	2.00
	13.00	13.00	13.00	13.00
Public Works¹	3.50	3.40	3.10	3.50
Parks & Recreation¹	1.50	1.60	1.90	1.50
Community & Economic Development:				
Planning Services	1.60	1.60	1.60	1.60
Code Enforcement	0.30	0.30	0.30	0.30
	1.90	1.90	1.90	1.90
Totals	25.20	25.20	25.20	25.20

Source: City of Clayton Finance Department, Adopted Budgets.

¹ Full-time equivalent figure for maintenance personnel allocated to

DRAFT 1/20/23

City of Clayton
Statistical Section
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Fiscal Year Ending June 30					
2017	2018	2019	2020	2021	2022
2.00	2.00	2.00	2.00	2.00	2.00
2.30	2.30	2.30	2.30	2.30	3.30
1.00	1.00	1.00	1.00	1.00	1.00
5.30	5.30	5.30	5.30	5.30	6.30
11.00	11.00	11.00	11.00	11.00	11.00
2.00	2.00	2.00	2.00	2.00	2.00
13.00	13.00	13.00	13.00	13.00	13.00
4.80	4.50	4.50	4.50	4.50	4.50
1.20	1.50	1.50	1.50	1.50	1.50
1.60	1.60	1.60	1.60	1.60	1.80
0.30	0.30	0.30	0.30	0.30	0.30
1.90	1.90	1.90	1.90	1.90	2.10
26.20	26.20	26.20	26.20	26.20	27.40

DRAFT 1/20/23

**City of Clayton
Statistical Section
Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year Ending			
	2013	2014	2015	2016
Function:				
Police:				
Police calls for service	5,962	5,858	7,303	6,730
Parking violations	125	40	53	53
Traffic citations	585	664	653	518
Physical arrests	201	137	200	219
Public Works:				
Storm drains inspected	*	*	*	500
Trees trimmed	*	*	*	70
Park maintenance (acres)	*	*	*	19.07
Street signs maintained	*	*	*	350
Traffic signals maintained	*	*	*	13
Streetlights maintained	*	*	*	1,200
Parks and Recreation Services:				
Endeavor Hall rentals (days)	*	*	*	135
Hoyer Hall rentals	*	*	*	33
Ballfields (hours rented)	*	*	*	1,512
Community and Economic Development:				
Planning permits issued	*	*	*	161
Code enforcement cases closed	*	*	*	61
Building permits issued	201	376	430	386
General Government:				
Business licenses issued	*	547	707	645
Home occupation applications	*	*		20
Number of recruitments	*	*	*	5

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					
2017	2018	2019	2020	2021	2022
6,650	7,497	7,545	8,419	6,164	6,164
151	132	146	572	390	390
494	506	386	289	272	272
150	169	169	94	67	67
500	500	56	500	500	500
70	70	316	412	385	385
19.07	19.07	19.07	19.07	19.07	19.07
350	350	17	212	160	160
13	13	7	13	13	13
1,200	1,200	89	1,196	1,200	1,200
144	138	139	86	2	2
53	39	92	33	0	0
1,170	1,047	1,225	386	922	922
107	182	187	36	87	87
93	43	79	47	101	101
403	475	424	232	401	401
777	840	741	768	646	646
16	28	22	14	18	18
3	6	3	5	6	6

DRAFT 1/20/23

City of Clayton
Statistical Section
Capital Asset Statistics by Function
Last Ten Fiscal Years

	ear Ending		Fiscal Year E	
	2013	2014	2015	2016
Function:				
Public Safety:				
Automated license plate readers	0	0	0	0
Police stations	1	1	1	1
Patrol units	*	*	8	10
Situational awareness traffic cameras	0	0	0	0
Trailers/Trucks	*	*	2	2
Public Works:				
City owned parking lots	6	6	6	6
Community facilities	*	*	3	3
Curb lane miles	*	*	*	82
Manholes	*	*	*	162
Miles of storm drains	*	*	*	32.479
Number of catch basins	*	*	*	968
Number of street islands/medians	*	*	*	50
Miles of "v" ditches	*	*	*	15
Parking meters	0	0	0	0
Street signs	*	*	*	2,000
Streetlights (City owned)	*	*	*	500
Tractors/Trailers	*	*	11	12
Traffic signals (intersections)	*	*	13	13
Work trucks	*	*	8	8
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

DRAFT 1/20/23

City of Clayton
Statistical Section
Capital Asset Statistics by Function
Last Ten Fiscal Years

Ending June 30

2017	2018	2019	2020	2021	2022
0	6	6	6	6	6
1	1	1	1	1	1
11	10	10	10	10	10
0	4	4	4	4	4
2	2	2	2	2	2
6	6	6	6	6	6
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
2,000	2,000	2,015	2015	2015	2015
500	500	500	500	500	500
13	13	14	14	14	14
13	13	13	13	13	13
8	8	7	8	8	8
19.07	19.07	19.07	19.07	19.07	19.07
46	46	46	46	46	46
515.51	515.51	515.51	515.51	515.51	515.51
50	50	50	50	50	50
7	7	7	7	7	7
20	20	20	20	20	20
7	7	7	7	7	7
3,000	3,000	3,000	3000	3000	3000
9	9	9	9	9	9
4	4	4	4	4	4
4	4	4	4	4	4

DRAFT 1/20/23

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
--------------------	---

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
---------------------	---

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

INDEPENDENT AUDITOR'S 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 City of Clayton, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Clayton, California's basic financial statements and have issued our report thereon dated January 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Clayton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Clayton's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Clayton's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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, to another Finance Director of a year, and back to another interim 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 four (4) 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. The succession plan should

also provide description and purpose of the funds, the relationships of one fund to another, and the description and purpose of accounts unique to the City. 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.

Fair Value Estimates

The audit noted a material adjusting journal entry related to the value of the City's equity investment in Stranahan homes. The fair value of the equity investment had not been properly calculated at June 30, 2022.

We recommend that the City use expert sources to determine the fair value of the City's equity investments at end of the fiscal year.

Agency Funds

The City acts as custodian for a number of agency funds. Auditing procedures noted that the relationship between the agency funds was not understood. Auditing procedures also noted that the cash balance for one of these agency funds was negative (\$172,695) at June 30, 2022.

We recommend that the City create a memo to assist accounting personnel in understanding the purpose of the agency funds and their relationship with one another.

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.

Document Retention

City procedures for journal entries are to have the supporting evidence for the journal entry be attached to the journal entry. Auditing procedures noted that some of the requested journal entries did not have supporting evidence attached to the journal entry.

We recommend that the City adhere to the policies and procedures related to the recording of journal entries. This will assist in the retention of institutional knowledge as well as supporting evidence for the journal entries.

Report on 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*.

City of Clayton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Clayton's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Clayton's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 23, 2023

DRAFT 1/20/23



FY 2021/22 Financial Audit Results

Bryce Rojas, CPA

Cropper Rowe, LLP (City's External Auditor)

Budget/Audit Committee Meeting

January 23, 2023

Background

Annual external audit of basic financial statements is required to comply with legal and regulatory requirements.

Cropper Rowe, LLP is the CPA firm serving the City as the external auditor.

Bryce Rojas, CPA is your audit partner. Our office is located in Walnut Creek.



Fiscal 21/22 Financial Audit

Key Findings

- The City's financial position is strong.
 - “Unmodified” or “clean” opinion issued by auditor represents highest quality outcome.
- The City increased its net position to \$45.76 million on June 30, 2022. The unrestricted net position was \$5.74 million.
- The City's *General Fund Revenues* were \$4.898 million and \$6.246 million in expenditures resulting in a \$1.348, deficiency of revenues over expenditures.

The General Fund received a \$1.598 million transfer from the American Rescue Plan Act fund, resulting in an increase in fund balance of \$249k.
- Ultimately, the City increased its net position by \$338k.



Fiscal 21/22 Financial Audit Memorandum on Internal Control

- Material weaknesses identified in City's internal controls
 - Continuity of personnel
 - Fair value estimates
 - Agency funds
- Opportunities to Strengthen Internal Controls and Operating Efficiency
 - Document retention and organization



Fiscal 21/22 Financial Audit

Financial Highlights

Total Net Position = \$45.76 million

- Net investment in capital assets = \$30.13 million
- Restricted for special projects and programs = \$9.89 million
- Unrestricted net position = \$5.74 million

Change in Net Position = \$338k increase

Total General Fund Balance = \$6.413 million

- Non-spendable= \$173k
- Committed= \$495k
- Unassigned= \$5.74 million

Change in General Fund fund balance = \$249k

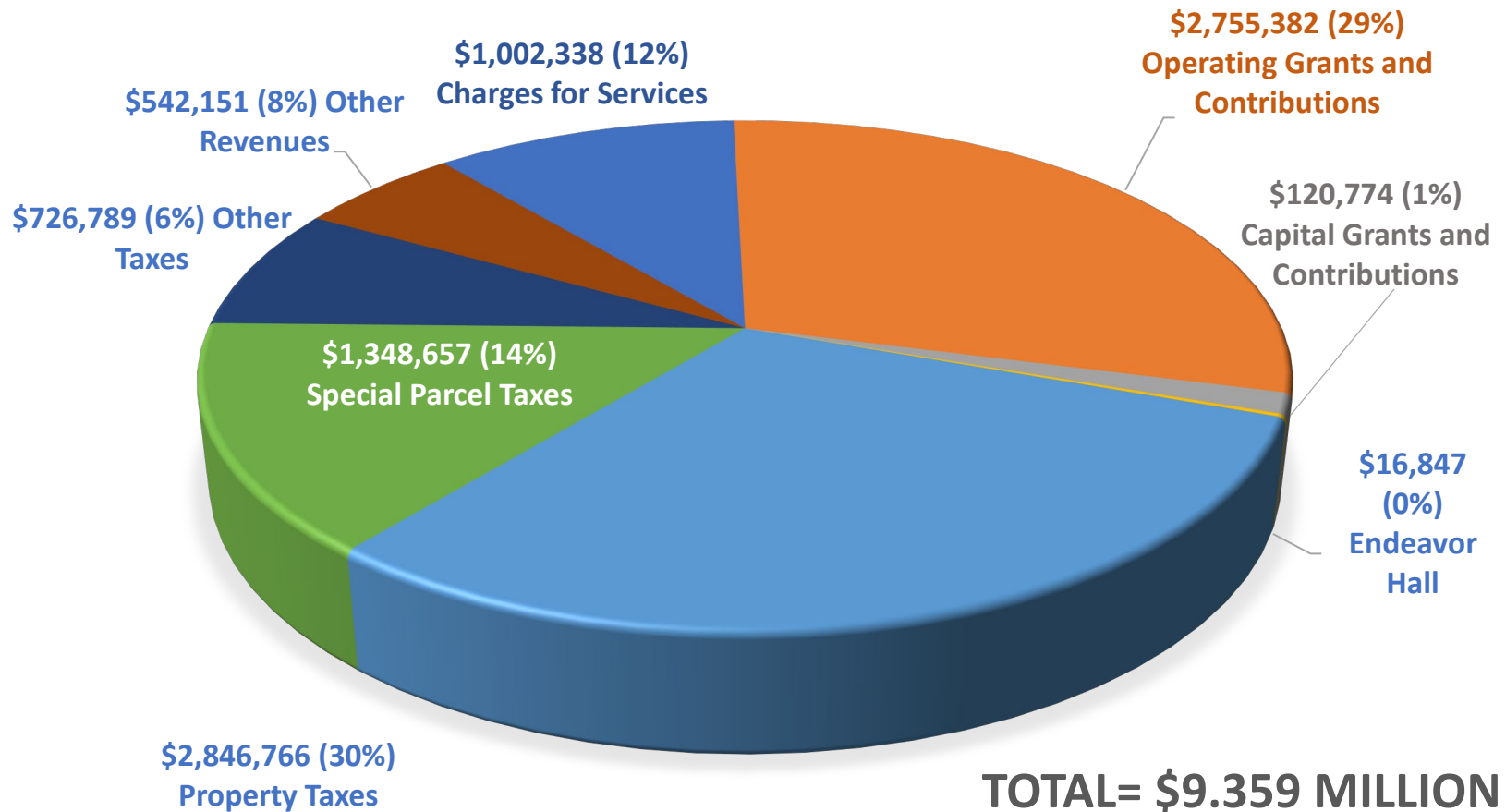


FY 21/22 Government-Wide Revenues

	<u>2022</u>	<u>2021</u>	YTY Change	%
Charges for Services	\$1,002,338	\$961,910	\$40,428	4%
Operating Grants and Contributions	2,755,382	893,718	1,861,664	208%
Capital Grants and Contributions	120,774	42,363	78,411	185%
Endeavor Hall	16,847	(1,442)	18,289	1,268%
Property Taxes	2,846,766	2,722,906	123,860	5%
Special Parcel Taxes	1,348,657	1,309,373	39,284	3%
Other Taxes	726,789	600,901	125,888	21%
Other Revenues	542,151	1,287,348	(745,197)	(58)%
Total Revenues	9,359,704	7,817,077	1,542,627	20%



FY21/22 Government-Wide Revenues

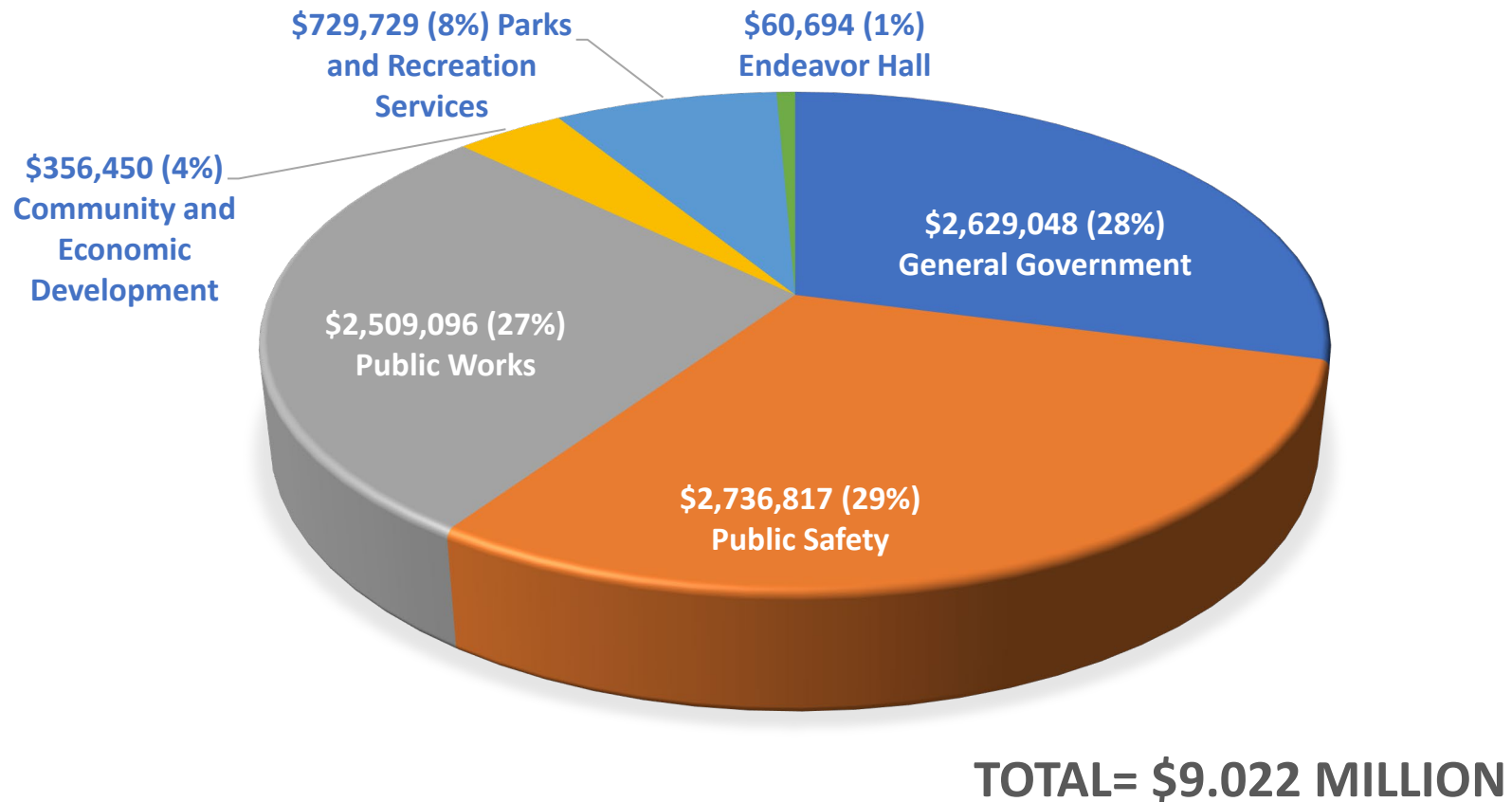


FY 21/22 Government-Wide Expenses

	<u>2022</u>	<u>2021</u>	YTY Change	%
General government	\$2,629,048	\$1,796,454	\$832,594	46%
Public safety	2,736,817	2,980,000	(243,183)	(8)%
Public works	2,509,096	2,909,710	(400,614)	(14)%
Community and economic development	356,450	357,133	(683)	0%
Parks and recreation services	729,729	592,433	137,296	23%
Endeavor Hall	60,694	73,117	(12,423)	(17)%
Total Government-wide Expenses	9,021,834	8,708,847	312,987	4%



FY21/22 Expenses by Major Category

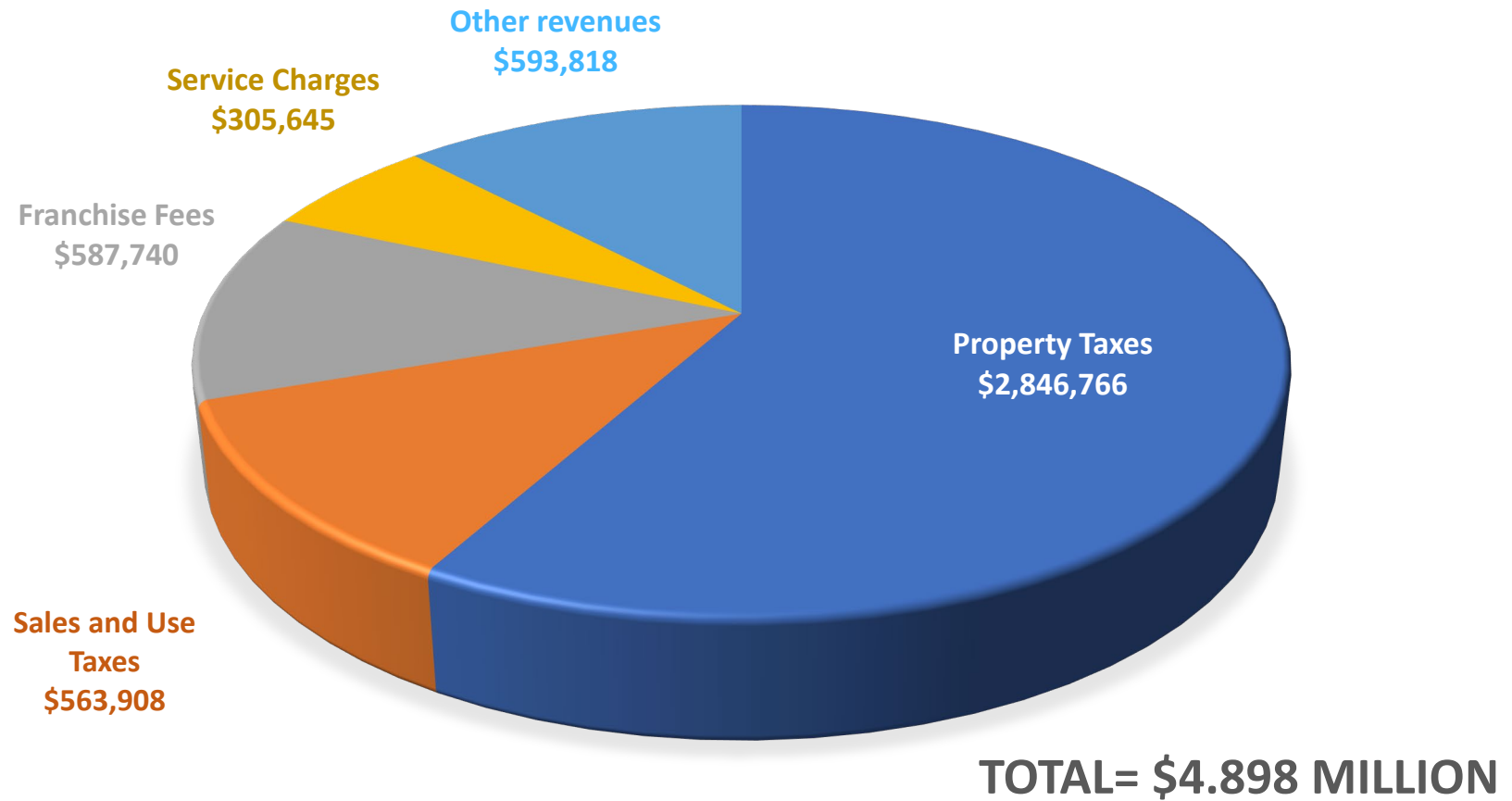


FY 21/22 General Fund Revenues

	<u>2022</u>	<u>2021</u>	YTY Change	%
Property taxes	\$2,846,766	\$2,722,905	\$123,861	5%
Sales and use taxes	563,908	510,029	53,879	11%
Franchise Fees	587,740	567,350	20,390	4%
Service charges	305,645	297,393	8,252	3%
Other revenues	593,818	707,851	(114,033)	(16)%
Total Revenues	4,897,877	4,805,528	92,349	2%



FY21/22 General Fund Revenues

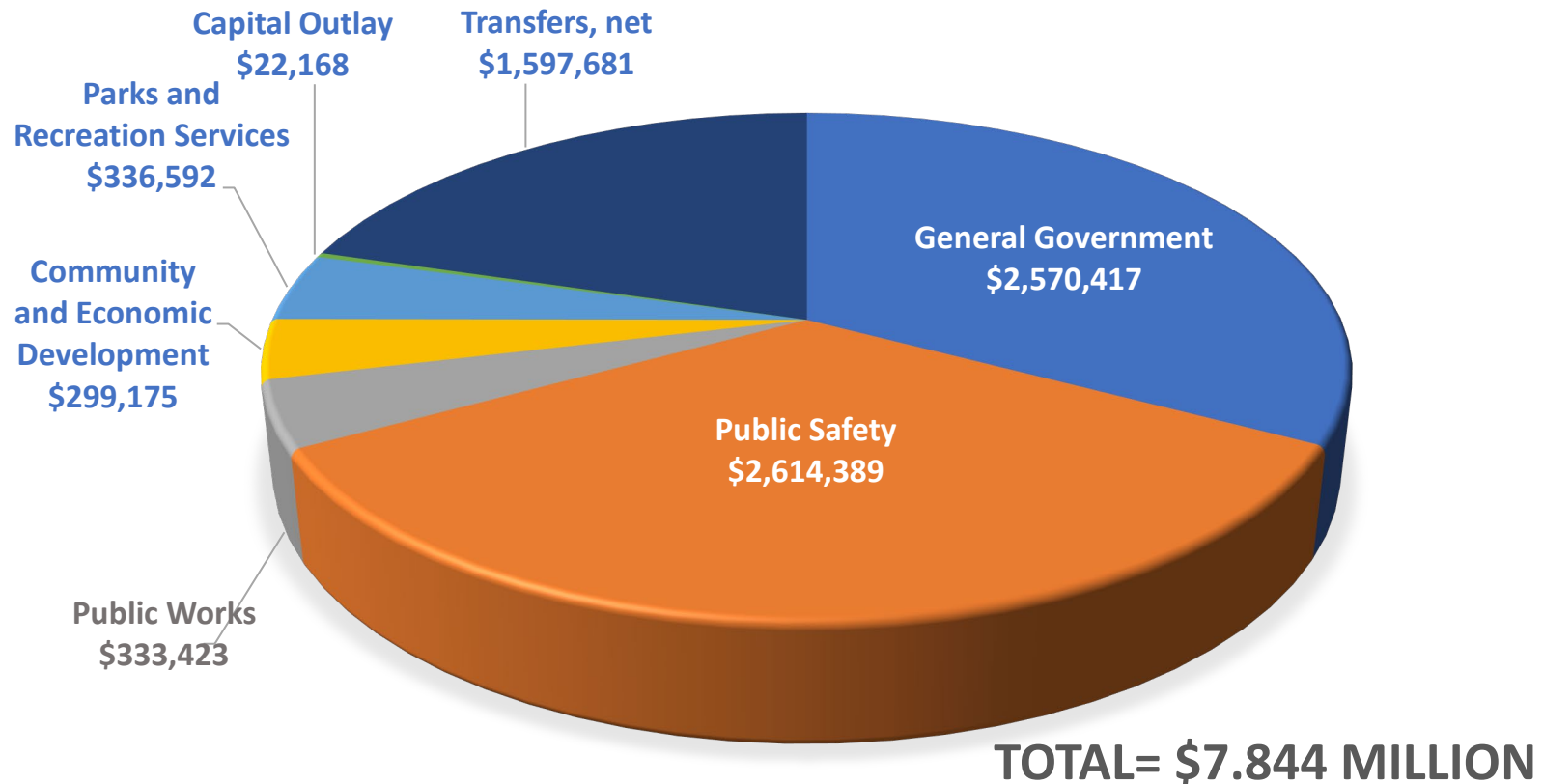


FY 21/22 General Fund Expenditures

	<u>2022</u>	<u>2021</u>	YTY Change	%
General government	\$2,570,417	\$1,397,917	\$1,172,500	84%
Public safety	2,684,319	2,374,819	309,500	13%
Public works	333,423	330,983	2,440	1%
Community and economic development	299,175	290,222	8,953	3%
Parks and recreation services	336,592	273,021	63,571	23%
Capital outlay	22,168	-	22,168	-
Transfers, net	1,597,681	194,155	1,403,526	723%
Total Expenses	7,843,775	4,861,117	2,982,658	61%



FY21/22 Expenses by Major Category



Additional Notes

- PENSION under GASB 68 (8th year)
 - Net Pension Liability = \$5,328,676
 - Deferred Outflows = \$996,699
 - Deferred Inflows = \$344,226
- OPEB under GASB 75 (5th year)
 - Net OPEB Liability = \$535,528
 - Deferred Outflows = \$54,890
 - Deferred Inflows = \$25,735
- Leases under GASB 87 (1st year)
 - Right-of-use asset = \$254,694
 - Accumulated amortization = \$38,002
 - Lease Payable = \$244,640



Any Questions?





STAFF REPORT

TO: BUDGET/AUDIT COMMITTEE

FROM: NITISH SHARMA, INTERIM FINANCE DIRECTOR

DATE: JANUARY 23, 2023

SUBJECT: PRESENTATION ON PROPOSED UPDATE TO MASTER FEE SCHEDULE

RECOMMENDATION

Receive presentation and provide feedback to staff.

BACKGROUND

Revenue from fees and charges represents about \$405,977, or 5.9%, of the City's total operating revenue. Each year departments review their fee schedules as they relate to the costs for providing regulatory activities, products, and services. Any proposed fee adjustments are brought forward to the City Council for consideration. During this review, departments also examine the need for new fees. These are brought forward at the same time for City Council consideration.

The City's fee program has three key principles: (1) avoidance of large increases from time to time by adopting smaller annual increases; (2) establishment of fees that are reflective of the City's actual costs and are reasonable as determined by similar municipalities; and (3) ensure communication of our policies and programs to developers and facility users to foster understanding and feedback.

ANALYSIS

Since the passage of Proposition 26, (1) fees cannot exceed the cost of providing services; and (2) individual customers paying for these fees cannot be charged for more than the services they receive, meaning they cannot be overcharged to subsidize fees for other customers. Included in the analysis of each of the proposed Book of Fees changes below is an explanation of the proposed change in compliance with Proposition 26. The fees proposed to be amended are included in this report as **Attachment 1**. The consultant team will work with the City staff to evaluate existing fees, new fees and other fees that may be non-cost recovery items.

The proposed scope of work to update the fee schedules included in Attachment 1 are as follows:

- Consultant team will work and discuss with City staff to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedules and answer any questions pertaining to the successful development of the study.
- Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees and charges.
- Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to, Proposition 26.
- Compare service costs with existing recovery levels. This should include any service areas where the City is currently charging for services as well as areas where perhaps the City should charge, considering the City's practices, or the practices of similar or neighboring cities.
- Recommend potential new fees and charges for services the City currently provides but does not have any fees and/or charges established. Recommendations based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion.
- Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subsidy percentage of those fees where full cost recovery may be unrealistic.
- Prepare a report that identifies each fee service, its full cost, recommended and current cost recovery levels. The report will identify the direct cost, the indirect cost, and the overhead cost for each service.
- Prepare a report that identifies the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other County cities or other California cities that are comparable to the City of Clayton.
- Provide a computer-based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs. The requirements of the models should allow for:
 - Additions, revisions, or removal of the direct and overhead costs so the comprehensive fee study can be easily adapted to a range of activities, both simple and complex.
 - The ability of the City to continuously update the model and fees from year to year as the organization changes.
- Prepare and deliver presentation to the City Council to facilitate their understanding of the plan and its implication for the City and make necessary adjustments as requested.

FISCAL IMPACT

Whenever revenue programs fall short, the burden shifts to the General Fund and use of general tax revenues.

ATTACHMENTS

1. City of Clayton Book of Fee Schedules

ATTACHMENT 1

City of Clayton User Benefit, Regulatory and Rental Fees	
COMMUNITY DEVELOPMENT DEPARTMENT	
Annexations	
Annexation	
General Plan /Zoning Ordinance Amendments	
General Plan Map or Text Amendment	
Pre Zoning / Re Zoning	
Zoning Ordinance Text Amendment	
Site Plans / Development Plans	
Site Plan Review Permit - Residential	
Site Plan Review Permit - Residential Amendment	
Site Plan Review Permit - Non Residential	
Site Plan Review Permit - Non Residential Amendment	
Development Plan	
Subdivisions	
Tentative Subdivision Map Application	
Lot Line Adjustment	
Lot Merger	
Parcel Maps	
Tentative Parcel Map Application	
Environmental Review	
Environmental Impact Report	
Negative Declaration with Mitigations (Mitigated Neg. Dec.)	
Negative Declaration without Mitigations	
Mitigation Monitoring and Reporting Plan	
Categorical Exemption	
Permits	
Home Occupation Permit - Administrative Review	
Home Occupation Permit - Planning Commission Review	
Use Permit - Fences Administrative Review	
Use Permit - Residential - Planning Commission Review	
Use Permit - Non- Residential - Planning Commission Review	
Temporary Use Permit - Administrative Review	
Temporary Use Permit - Planning Commission Review	
Sign Permit - Administrative Review	
Sign Permit - Planning Commission Review	
Temporary Storage Permit	
Accessory Dwelling Unit (ADU) Permit - Administrative Review	
Tree Removal Permit - Administrative Review without notice (per tree - min. applies see below)	
Tree Removal Permit - Administrative Review Without Notice (Minimum)	
Tree Removal Non-Compliance Penalty (Admin Review Without Notice)	
Tree Removal Permit - Administrative Review with Notice (per tree - minimum applies see below)	
Tree Removal Permit - Administrative Review with Notice (minimum)	

City of Clayton User Benefit, Regulatory and Rental Fees

Tree Removal Non-Compliance Penalty (Notice Required)

Tree Removal Permit - Planning Commission Review

Tree Replacement In-Lieu Fee (CMC §15.70.040 F & 15.70.55) (per 24" box tree)

Building Moving Permit

Noise Permit - Administrative Review

Reasonable Accommodations Permit - Administrative Review

Reasonable Accommodations Permit - Planning Commission Review

Outdoor Seating Permit (CMC §17.24.020 -H/Standard Policy No 3)

Miscellaneous

Variance - Residential

Variance - Non Residential

Appeal - Administrative Decisions

Appeal-Administrative Code Enforcement Citation

Appeal - Planning Commission Decisions - Residential

Appeal - Planning Commission Decisions - Non Residential

Time Extension Request

Contract Administration

Large Family Day Care Home Permit

Pre Application Consultation Deposit

Construction and Demolition (C&D) Recycling Plans

Permit processing Fee - Single Family

Permit processing Fee - Commercial & Multifamily

Mgmt. Plan Deposit - Single Family (Minor Projects Including: re-roof, additions, remodeling, tenant improvements, etc.)

Mgmt. Plan Deposit - Single Family (New Construction) per unit

Mgmt. Plan Deposit - Commercial & Multifamily (New Construction)

Habitat Conservation Area Compliance

Habitat Conservation Plan/Natural CC Plan

CITY ENGINEERING DEPARTMENT

Bid or Plan Sets

Deed Restriction / Covenant Agreement Preparation (Does not include recordation extra cost. See Administrative Fees.)

Subdivisions

Final Map Filing Fee (per map)

Final Map Checking Fee

Construction Plans Checking Fee

Construction Inspection Fee - Public Improvements

Construction Inspection Fee - Private Improvements

Construction Inspection Fee - Sanitary Sewer

Parcel Maps

Final Parcel Map Filing Fee (per map)

Final Parcel Map Plan Checking Fee

Construction Plan Checking Fee

Construction Inspection Fee - Public Improvements

City of Clayton User Benefit, Regulatory and Rental Fees
Construction Inspection Fee - Private Improvements
Construction Inspection Fee - Sanitary Sewer
Major Grading
Grading Permit Filing Fee (per permit)
Grading Permit Plan Check
Grading Inspection
Minor Construction Activity Permits (Including Encroachment, Stormwater, Wireless Installations, and Grading)
Projects that do not disturb the ground (i.e. interior remodels, roof replacement, etc.) (per permit + time - \$500 minimum deposit)
Room additions (including other projects that disturb the ground) (per permit + time - \$2,400 minimum deposit)
Minor concrete repairs or replacement (i.e. sidewalks, curb & gutter) (per permit + time - \$1,000 minimum deposit)
New driveway construction or replacement (Work may require the granting of additional street right of way requiring the preparation of grant deed and recordation. See Deed Restriction/Covenant Agreement Preparation fee above and Document Recording fee in Administrative Fees section.) (per permit + time - \$2,400 minimum deposit)
Pool installation or total removal of existing pool (requires inspection and testing by applicant's third party soils engineer) (per permit + time - \$2,400 minimum deposit)
Partial removal of existing pool (Work requires a grading permit and the preparation and recording of a restricted use covenant. See Deed Restriction/Covenant Agreement Preparation fee above and Document Recording fee in Administrative Fees section.) (per permit + time - \$2,400 minimum deposit)
Wireless Installation Encroachment Permit
Transportation Permit Fee
Major Construction Activity Permits
Major Construction Activity Permit (per permit)
Major Plan Check
Major Inspection
Cash Bond Major Encroachments (may be surety if more than \$10,000)
Post Construction Stormwater Compliance
Post construction Annual Verification Inspection - Individual Single Family Lot Non-HOA (per lot)
Post construction Annual Verification Inspection - Single Family HOA (per HOA - first 10 lots)
Post construction Annual Verification Inspection - Single Family HOA (per HOA - additional lots >10)
Post construction Annual Verification Inspection - Commercial (per acre - min. 1 acre)
Documentation Compliance Review Fee - Individual Single Family (per lot)
Documentation Compliance Review Fee - HOA (per HOA)
- First 10 lots

City of Clayton User Benefit, Regulatory and Rental Fees
- Each additional lot after 10th
Documentation Compliance Review Fee - Commercial (per acre - min. 1 acre)
Annual State Reporting preparation/filing Fee - Individual Single Family Lot (per lot)
Annual State Reporting preparation/filing Fee - Single Family HOA (per HOA)
Annual State Reporting preparation/filing Fee - Commercial (per acre - min. 1 acre)
POLICE DEPARTMENT
Residential Alarm System Registration Fee (per residential unit)
Commercial Alarm System Registration Fee (per commercial occupancy)
Vehicle Release (per vehicle - cash, credit, debit only)
Police Reports (per report)
VIN Verification (per vehicle)
Clearance Letters (Notary fee extra. See Administrative Fees section) (per letter)
Police Enforcement on Party Ordinance (CMC §6.19.040)
Police Enforcement of DUI Involving Accident (CA Vehicle Code §53150-53158)
City Alcohol Beverage Permit
Booking Fees
False Alarm Fee (Fixed per City Ordinance 9.18.060(a)(b))
Tobacco Sales Permit (City Ordinance 8.16.130)
Tobacco Sales Permit Fee Renewal (City Ordinance 8.16.130)
Taxicab Permit Fee (City Ordinance 5.36.050) (per taxicab)
Taxicab Permit Fee - Renewal (City Ordinance 5.36.190) (per taxicab)
Subpoena Duces Tecum (Per CA Evidence Code 1563)
Repossession Filing Fee (Fixed per CA Gov Code Sec 41612)
Witness Fees per California Gov. Code §68096.1 if City Employee subpoenaed (per employee subpoena per day + IRS reimbursement min. rate per CA Gov. Code)
Administrative Fee for Failure to Display Disabled Placards per vehicle code §40226 (per violation)
Firearms Seizure and Processing Fee (per violation)
RV Public parking Permit Fee - Bona fide guest of Clayton Resident (per permit)
RV Public Parking Permit Fee - Clayton Resident
Solicitation Permit (Not including live scan. Applicant pays for Livescan directly to Livescan entity) (per permit)
Citation Sign off for correctable offenses - Non Resident (per citation)
Citation Sign off for correctable offenses - Resident
Late Fee- Parking Violations (per citation)
PUBLIC FACILITIES AND PARKS RENTAL FEES
Library Meeting Room - Hoyer Hall
Non-profit (Non-Clayton Based) (per hour)
Non-profit (Clayton Based) (per hour)

City of Clayton User Benefit, Regulatory and Rental Fees
Resident (per hour)
Non resident or Commercial (per hour)
Deposit (for all) - clean up/damage - refundable (per rental)
Reservation rental time change (same date) (less than 7 calendar days prior to use date)
Reservation rental date change (less than 7 calendar days prior to use date)
Rental Cancellation Fee (30 or more days prior to event)
Rental Cancellation Fee (15-29 days prior to event)
Rental Cancellation Fee (14 days or less)
Endeavor Hall Meeting Room
Non-profits (Clayton-based and Non-Clayton-based Weekdays) (per hour Sun 5pm - Fri 5pm)
Clayton-based non-profit only (maximum daily weekday rental)
Non-profits (Clayton-based and Non-Clayton-based Weekends) (per hour Fri 5pm - Sun 5pm)
Resident - Weekdays (per hour Sun 5pm - Fri 5pm)
Non-resident or Commercial - Weekdays (per hour Sun 5pm - Fri 5pm)
Resident - Weekends (per hour Fri 5pm - Sun 5pm)
Non-resident or Commercial - Weekends (per hour Fri 5pm - Sun 5pm)
Deposit (all) - no alcohol or beer and wine only (clean up/damage per reservation)
Deposit (all) - hard alcohol (distilled spirits) (clean up/damage per reservation)
Reservation rental time change (same date) (less than 30 days prior to the event)
Reservation rental date change (less than 90 days prior to event)
Rental Cancellation Fee (181 or more days prior to event)
Rental Cancellation Fee (91 - 180 days prior to event)
Rental Cancellation Fee (61 - 90 days prior to event)
Rental Cancellation Fee (31 - 60 days prior to event)
Rental Cancellation Fee (30 days or less prior to event)
City Hall 1st Floor Conference Room
Non-profit (Clayton-based or non-Clayton-based non profits) (per hour)
Resident (per hour)
Non-resident or Commercial (per hour)
Deposit (clean up/damage per reservation)
Reservation rental time change (same date) (less than 7 calendar days prior to use date)
Reservation rental date change (less than 7 calendar days prior to use date)
Rental Cancellation Fee (30 or more days prior to event)
Rental Cancellation Fee (15-29 days prior to event)
Rental Cancellation Fee (14 days or less)
City Hall Courtyard
Non-profit (Clayton-based or non-Clayton-based non profits) (per hour)

City of Clayton User Benefit, Regulatory and Rental Fees	
Resident (per hour)	
Non-resident or Commercial (per hour)	
Deposit (clean up/damage per reservation)	
Reservation rental time change (same date) (less than 7 calendar days prior to use date)	
Reservation rental date change (less than 7 calendar days prior to use date)	
Rental Cancellation Fee (30 or more days prior to event)	
Rental Cancellation Fee (15-29 days prior to event)	
Rental Cancellation Fee (14 days or less)	
Clayton Community Park and Related Facilities	
Picnic Areas	
Picnic Area #2 - Resident (flat fee for 4 hours block)	
Picnic Area #2 - Non Resident or Commercial (flat fee for 4 hour block)	
Picnic Area #3 - Resident (flat fee for 4 hours block)	
Picnic Area #3 - Non Resident or Commercial (flat fee for 4 hour block)	
Picnic Area #4 - Resident (flat fee for 4 hour block)	
Picnic Area #4 - Non Resident or Commercial (flat fee for 4 hour block)	
Picnic Area #5 - Resident (6 separate areas)	
- 1st 2 tables - flat fee for 4 hours block (per table)	
- Each additional table - flat fee for 4 hour block (per table)	
Picnic Area #5 - Non Resident or Commercial (6 separate areas)	
- 1st 2 tables - flat fee for 4 hour block (per table)	
- Each additional table - flat fee for 4 hour block (per table)	
Picnic Area #6 Resident (Large Group Area) (per day)	
Picnic Area #6 Resident (Large Group Area) (per hour - 4 hr min)	
Picnic Area #6 Non Resident or Commercial (Large Group Area) (per day)	
Picnic Area #6 Non Resident or Commercial (Large Group Area) (per hour - 4 hr min)	
Picnic Area #5 & #6 Combined - Resident (per day)	
Picnic Area #5 & #6 Combined - Resident (per hour - 4 hr min)	
Picnic Area #5 & #6 Combined - Non Resident or Commercial (per day)	
Picnic Area #5 & #6 Combined - Non Resident or Commercial (per hour - 4 hr min)	
Picnic Area #7 - Resident (per 4 hour block)	
Picnic Area #7 - Non Resident or Commercial (flat fee for 4 hour block)	
Reservation rental time change (same date) (less than 7 calendar days prior to use date)	
Reservation rental date change (less than 7 calendar days prior to use date)	
Rental Cancellation Fee (30 or more days prior to event)	
Rental Cancellation Fee (15-29 days prior to event)	
Rental Cancellation Fee (14 days or less)	
Rain out	
Sports Fields	
Adult Sports Field Rental (per hour per field)	
Youth Sports Field Rental (per hour per field)	

City of Clayton User Benefit, Regulatory and Rental Fees

Field Rental Change of Time, Same Date (less than 7 calendar days prior to use

Field Rental Change of Date (less than 7 calendar days prior to use date)

Field Rental Cancellation

Rain out

Grove Park and Related Facilities

Entire Facility Security Deposits

Entire Facility Security Deposits

Entire Facility Security Deposits

Special Event Permit/Application Process (non refundable) - events closing streets (Main or Center etc.) + other permit fees:TUP/NP

Gazebo only Rental Security Deposit

Amplified Sound - damage/security deposit if using City sound equip

Amplified Sound Equipment Use Fee (Noise Permit also required) (per hour)

City provided Sound Equipment Tech if needed for use of City equip

Reservation rental time change (same date) (less than 7 calendar days prior to use date)

Reservation rental date change (less than 7 calendar days prior to use date)

Rental Cancellation Fee (30 or more days prior to event)

Rental Cancellation Fee (15-29 days prior to event)

Rental Cancellation Fee (14 days or less)

Rain out

Entire Grove Park Facility

Rental Entire Facility - Resident -- Weekends (per hour)

Rental Entire Facility - Resident -- Weekends (per day)

Rental Entire Facility - Non-profit (verification req'd) -- Weekends (per hour)

Rental Entire Facility - Non-profit (verification req'd) -- Weekends (per day)

Rental Entire Facility - Non-resident or Commercial -- Weekends (per hour)

Rental Entire Facility - Non-resident or Commercial -- Weekends (per day)

Rental Entire Facility - Resident -- Weekdays (per hour)

Rental Entire Facility - Resident -- Weekdays (per day)

Rental Entire Facility - Non-profit (verification req'd) -- Weekdays (per hour)

Rental Entire Facility - Non-profit (verification req'd) -- Weekdays (per day)

Rental Entire Facility - Non-resident or Commercial -- Weekdays (per hour)

Rental Entire Facility - Non-resident or Commercial -- Weekdays (per day)

Gazebo Only

Rental Gazebo only -Resident - Weekends (per hour)

Rental Gazebo only -Resident - Weekends (per day)

Rental Gazebo only -Non-profit (verification req'd) - Weekends (per hour)

Rental Gazebo only -Non-profit (verification req'd) - Weekends (per day)

Rental Gazebo only - Non-resident or Commercial - Weekends (per hour)

Rental Gazebo only - Non-resident or Commercial - Weekends (per day)

Rental Gazebo only -Resident - Weekdays (per hour)

Rental Gazebo only -Resident - Weekdays (per day)

Rental Gazebo only -Non-profit (verification req'd) - Weekdays (per hour)

City of Clayton User Benefit, Regulatory and Rental Fees
Rental Gazebo only -Non-profit (verification req'd) - Weekdays (per day)
Rental Gazebo only - Non-resident or Commercial - Weekdays (per hour)
Rental Gazebo only - Non-resident or Commercial - Weekdays (per day)
Group Picnic Area (Near Tot Lot)
Group Picnic Area - Resident - Weekends (per hour - 4 hour minimum)
Group Picnic Area - Resident - Weekends (per day)
Group Picnic Area - Non-profit (verification req'd) - Weekends (per hour - 4 hour minimum)
Group Picnic Area - Non-profit (verification req'd) - Weekends (per day)
Group Picnic Area - Non-resident or Commercial - Weekends (per hour - 4 hour minimum)
Group Picnic Area - Non-resident or Commercial - Weekends (per day)
Group Picnic Area - Resident - Weekdays (per hour - 4 hour minimum)
Group Picnic Area - Resident - Weekdays (per day)
Group Picnic Area - Non-profit (verification req'd) - Weekdays (per hour - 4 hour minimum)
Group Picnic Area - Non-profit (verification req'd) - Weekdays (per day)
Group Picnic Area - Non-resident or Commercial - Weekdays (per hour - 4 hour minimum)
Group Picnic Area - Non-resident or Commercial - Weekdays (per day)
Plaza Picnic Area (Per Table)
Plaza Picnic Area - Resident - Weekends (per hour - 4 hour minimum)
Plaza Picnic Area - Resident - Weekends (per day)
Plaza Picnic Area - Non-profit (verification req'd) - Weekends (per hour - 4 hour minimum)
Plaza Picnic Area - Non-profit (verification req'd) - Weekends (per day)
Plaza Picnic Area - Non-resident or Commercial - Weekends (per hour - 4 hour minimum)
Plaza Picnic Area - Non-resident or Commercial - Weekends (per day)
Plaza Picnic Area - Resident - Weekdays (per hour - 4 hour minimum)
Plaza Picnic Area - Resident - Weekdays (per day)
Plaza Area - Non Profit (verification req'd) - Weekdays (per hour - 4 hour minimum)
Plaza Picnic Area - Non-profit (verification req'd) - Weekdays (per day)
Plaza Picnic Area - Non-resident or Commercial - Weekdays (per hour - 4 hour minimum)
Plaza Picnic Area - Non-resident or Commercial - Weekdays (per day)
Fountain operation with geysers (per 48 hour block)
Special Event Liability Insurance purchased through City's 3rd party carrier
Special Event Liability Insurance Administrative Fee (per certificate)
ADMINISTRATIVE FEES
Document Copying (10 pages or less)
Document Copying (per page > 10 pages)
Document Recording [with County Clerk Recorders Office] (Actual recording fee costs plus staff time & mileage) (per document)
Trail Maps (<u>Fixed</u> - per map)

City of Clayton User Benefit, Regulatory and Rental Fees

Video/Audio Recording(s) of City Council or Planning Commission Meetings (placed on CD, DVD, flash drive, etc. as applicable)
Printed documents (i.e. general plan, budget, zoning ord., etc.)
Video Recordings of Meetings
FPPC Document Copying (per page - State law) (per page)
Notary Public Fee (per document - State law) (per document)
Business License Initial Registration Fee - New Business
Duplicate Business License Fee (CMC §5.04.790)
First Returned Check Service Charge - Fixed
Subsequent Returned Check Service Charge - Fixed
Late Payment Charges for Administrative Fines
Street Closure Fee
Administrative penalty for City issued permits after the fact (encroachment permit; tree removal permit, etc.)
Code Enforcement non-compliance re-inspection after the first inspection (in addition to any citation fines) (per inspection)