

# **City of Clayton**

**Clayton, California**

***Basic Financial Statements  
and Independent Auditors' Report***

***For the fiscal year ended June 30, 2009***

City of Clayton  
 Basic Financial Statements  
 June 30, 2009  
 Table of Contents

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	Page
<b>I. FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	17
Statement of Activities	18
<i>Governmental Funds Financial Statements:</i>	
Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	27
<i>Proprietary Funds:</i>	
Statement of Net Assets	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets	30
Statement of Cash Flows	31
<i>Fiduciary Funds:</i>	
Statement of Fiduciary Net Assets	33
<i>Notes to Basic Financial Statements</i>	35
Required Supplementary Information	57
<i>General Fund Budgetary Comparison Schedule:</i>	58
<b>II. SUPPLEMENTAL INFORMATION</b>	
<i>Major Capital Projects Funds:</i>	
Budgetary Comparison Schedules	62
<i>Major Debt Service Funds:</i>	
Budgetary Comparison Schedules	65
<i>Non-Major Governmental Funds Financial Statements:</i>	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71
Budgetary Comparison Schedules	73
<i>Internal Service Funds:</i>	
Combining Balance Sheet	83
Combining Statement of Revenues, Expenses, and Changes in Net Assets	84
Combining Statement of Cash Flows	85
<i>Agency Funds:</i>	
Statements of Changes in Assets and Liabilities	87
<b>III. ADDITIONAL REPORTS</b>	
Independent Auditor's 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	90



# INTRODUCTORY SECTION



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council of the  
City of Clayton  
Clayton, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California (City) as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2009, and the respective changes in the financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

The accompanying Required Supplementary Information, such as the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, are not required parts of the City's basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control on financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules, budgetary comparison schedules of the major capital projects funds, budgetary comparison schedule of the major debt service fund, combining statements of the internal service funds, and statement of changes in assets and liabilities of the agency funds are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements and schedules, budgetary comparison schedules of the major capital projects funds, budgetary comparison schedule of the major debt service fund, combining statements of the internal service funds, and statement of changes in assets and liabilities of the agency funds have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, California  
November 23, 2009

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**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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Management of the City of Clayton (the "City") provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for its fiscal year ended June 30, 2009. 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 Assets* - The assets of the City of Clayton exceeded its liabilities at the close of the most recent fiscal year by \$42,804,585. Of this amount, \$3,800,930 was reported as "unrestricted net assets" and may be used to meet the on going obligations to citizens and creditors.

*Changes in Net Assets* - The City's total net assets increased by \$4,196,894 in fiscal year 2009. Net assets of governmental activities increased by \$4,265,667, while net assets of business type activities decreased by \$68,773 .

Major Fund Highlights

*Governmental Funds* - As of the close of fiscal year 2009, the City's governmental funds reported a combined ending fund balance of \$18,520,852. Of this amount \$4,316,713 represents "unreserved fund balances" (or working equity) available for appropriation.

*General Fund* - The unreserved undesignated fund balance of the general fund on June 30, 2009 was \$ 4,316,713, an increase of \$159,629 from the prior fiscal year.

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

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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The *statement of activities* presents information showing how the City's *net assets* changed during the most recent fiscal year. All changes in net assets 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, parks and library. The business-type activities of the City of Clayton include the Community Gym and Endeavor Hall.

***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*.

The City of Clayton maintains seventeen individual governmental funds. Information is presented separately in the government funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, RDA Capital Projects Fund, RDA Low/Moderate Capital Projects Fund, Capital Improvements Fund, and RDA Debt Service Fund, all of which are considered to be major funds.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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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 enterprise funds to account for its Community Gym and 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 internal service funds to account for its capital equipment replacement program and its self insurance liabilities. Because both of 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. Both of these enterprise funds are considered to be major funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Clayton's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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 34-55 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Clayton, assets exceeded liabilities by \$42,804,585 at the close of the most recent fiscal year. This is an increase of \$ 4,196,894 or 11% from the previous fiscal year.

The largest portion of the City of Clayton's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Clayton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Clayton'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.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

The following is the condensed Statement of Net Assets for the fiscal year ended June 30, 2009:

	Governmental Activities 2009	Governmental Activities 2008	Business- Type Activities 2009	Business- Type Activities 2008	Total 2009	Total 2008
Current Assets	\$ 19,153,509	\$ 17,319,074	\$ 2,906	\$ 16,107	\$ 19,156,415	\$ 17,335,181
Non-Current Assets	5,432,082	5,938,515	0	0	5,432,082	5,938,515
Capital Assets	28,228,027	27,158,000	1,299,348	1,330,098	29,527,375	28,488,098
<b>Total Assets</b>	<b>\$ 52,813,618</b>	<b>\$ 50,415,589</b>	<b>\$ 1,302,254</b>	<b>\$ 1,346,205</b>	<b>\$ 54,115,872</b>	<b>\$ 51,761,794</b>
Current Liabilities	\$ 988,659	\$ 1,267,518	\$ 41,679	\$ 16,857	\$ 1,030,338	\$ 1,284,375
Long-term Liabilities	10,280,949	11,869,728	0	0	10,280,949	11,869,728
<b>Total Liabilities</b>	<b>11,269,608</b>	<b>13,137,246</b>	<b>41,679</b>	<b>16,857</b>	<b>11,311,287</b>	<b>13,154,103</b>
Investment in Capital Assets, Net of Related Debt	\$ 17,543,027	\$ 14,813,000	\$ 1,299,348	\$ 1,330,098	\$ 18,842,375	\$ 16,143,098
Restricted	20,161,280	15,892,648	0	0	20,161,280	15,892,648
Unrestricted	3,839,703	6,572,695	(38,773)	(750)	3,800,930	6,571,945
<b>Total Net Assets</b>	<b>\$ 41,544,010</b>	<b>\$ 37,278,343</b>	<b>\$ 1,260,575</b>	<b>\$ 1,329,348</b>	<b>\$ 42,804,585</b>	<b>\$ 38,607,691</b>

A portion of the City of Clayton's net assets (47 percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net assets* (\$3,800,930) may be used to meet the City's ongoing obligations to citizens and creditors.

***Changes in Net Assets***

The City's net assets have increased by \$4,196,894 or 11%, from the prior fiscal year. In fiscal year 2008-2009, City revenues, which include both governmental and business-type activities, totaled \$11,687,810, while expenses totaled \$7,485,892. Further analysis is provided within the governmental and business-type activity sections on the next page.



**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

City of Clayton's Statement of Activities and Changes in Net Assets for the fiscal year ended June 30, 2009:

	Governmental Activities 2009	Governmental Activities 2008	Business Type Activities 2009	Business Type Activities 2008	Total 2009	Total 2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 473,113	\$ 774,089	\$ 25,529	\$ 67,115	\$ 498,642	\$ 841,204
Operating grants and contributions	121,203	116,666	0	0	121,203	116,666
<b>Total program revenues</b>	<b>594,316</b>	<b>890,755</b>	<b>25,529</b>	<b>67,115</b>	<b>619,845</b>	<b>957,870</b>
<b>General revenues:</b>						
Property taxes	7,304,719	7,059,095	0	0	7,304,719	7,059,095
Sales and other taxes	301,213	366,155	0	0	301,213	366,155
Special assessments	1,262,005	1,229,198	0	0	1,262,005	1,229,198
Other taxes	1,095,625	1,128,828	0	0	1,095,625	1,128,828
Investment income	653,769	719,543	(1,066)	(305)	652,703	719,238
Miscellaneous	440,076	776,891	0	0	440,076	776,891
Gain (loss) on sale of assets	6,600	167,846	0	0	6,600	167,846
<b>Total general revenues</b>	<b>11,064,007</b>	<b>11,447,556</b>	<b>(1,066)</b>	<b>(305)</b>	<b>11,062,941</b>	<b>11,447,251</b>
<b>Total revenues</b>	<b>11,658,323</b>	<b>12,338,311</b>	<b>24,463</b>	<b>66,810</b>	<b>11,682,786</b>	<b>12,405,121</b>
<b>Expenses</b>						
Legislative	51,574	59,520	0	0	51,574	59,520
Administrative	769,674	1,261,249	0	0	769,674	1,261,249
Community services and facilities	243,768	621,290	0	0	243,768	621,290
Community park	229,181	0	0	0	229,181	0
Economic development	237,288	103,618	0	0	237,288	103,618
General support	209,200	80,682	0	0	209,200	80,682
Police	1,790,980	1,822,689	0	0	1,790,980	1,822,689
Library	130,054	118,172	0	0	130,054	118,172
Engineering	95,309	101,249	0	0	95,309	101,249
Highway and streets	336,622	434,093	0	0	336,622	434,093
Landscape maintenance	655,545	796,925	0	0	655,545	796,925
Planning and development	2,050,184	1,405,479	0	0	2,050,184	1,405,479
Community gym	0	0	41,899	46,789	41,899	46,789
Endeavor hall	0	0	56,361	46,124	56,361	46,124
<b>Total expenses</b>	<b>6,799,379</b>	<b>6,804,966</b>	<b>98,260</b>	<b>92,913</b>	<b>6,897,639</b>	<b>6,897,879</b>
<b>Increase in Net Assets before Transfers and Interest on Long-Term Debt</b>						
Term Debt	4,858,944	5,533,345	(73,797)	(26,103)	4,785,147	5,507,242
Interest on Long-Term Debt	(588,253)	(796,518)	0	0	(588,253)	(796,518)
Transfers in (out)	(5,024)	0	5,024	0	0	0
<b>Change in Net Assets</b>	<b>4,265,667</b>	<b>4,736,827</b>	<b>(68,773)</b>	<b>(26,103)</b>	<b>4,196,894</b>	<b>4,710,724</b>
<b>Net Assets - Beginning, restated</b>	<b>37,278,343</b>	<b>32,541,516</b>	<b>1,329,348</b>	<b>1,355,451</b>	<b>38,607,691</b>	<b>33,896,967</b>
<b>Net Assets - Ending</b>	<b>\$ 41,544,010</b>	<b>\$ 37,278,343</b>	<b>\$ 1,260,575</b>	<b>\$ 1,329,348</b>	<b>\$ 42,804,585</b>	<b>\$ 38,607,691</b>

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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*Governmental Activities*

Governmental activities increased the City's net assets by \$4,265,667 accounting for all of the City's total growth in net assets of \$4,196,894. A comparison of the cost of services by function for the City's governmental activities is shown on the previous page, along with the revenues used to cover the net expenses of the governmental activities.

Total governmental expense activities were \$7,392,656 in fiscal year 2009 compared to \$7,601,484 in the prior year. The largest expenses were incurred for Administrative Support, Police, Planning and Development and Landscape Maintenance. These four activities combined account for 77% of all general activity expenses.

Total program revenues from governmental activities were \$594,316 in fiscal year 2009. Per GASB 34, 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. 80% of the governmental program revenues came from Charges for Services, which includes park use fees, rental fees, licenses and permits, plan checking fees, police service fees, planning services fees, and other revenues. The remaining 20% of the governmental program revenues came from grant funding. General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, motor vehicle in-lieu fees, investment earnings, special assessments, fines, franchise fees, use of money and property, service charges, and other revenues. Total general revenues from governmental activities were \$11,064,007, in fiscal year 2009 of which \$7,304,719 or 66% is related to property taxes.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

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

*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, *unreserved 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 of Clayton's governmental funds reported combined ending fund balances of \$18,520,852. Approximately 30 percent of this total amount (\$5,597,504) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. It is the City's policy to only expense these monies on necessary one-time capital expenditures so as not to incur on-going operational expenditures in future years. The remainder of fund balance is reserved to indicate what is not available for new spending because it has already been committed: 1) to pay debt service (\$1,880,780); 2) to complete Capital Improvement Projects (\$4,912,620); 3) to complete RDA Housing Requirement (\$3,887,012); 4) Special Revenue Fund restrictions (\$1,703,493); 5) for advances receivable (\$535,000); and 6) for prepaid items (\$4,443). There is also a designation for contingencies of \$1,280,791, which is considered unreserved.

The general fund is the chief operating fund of the City of Clayton. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,566,713 while total fund balance reached \$5,106,156.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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The fund balance of the City of Clayton's general fund increased by \$159,629 during the current fiscal year. Key factors in this growth are as follows:

- An increase in program revenues of \$11,448
- An increase in other in-lieu fees \$4,410
- An increase in permits, licenses and fees \$136,117

***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.

Unrestricted net assets of the Major Enterprise Funds at the end of the year amounted to \$(38,773), and those for the Internal Service Fund amounted to \$343,196. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Clayton's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended general fund budget totaled \$4,086,123 with three budget amendments to the originally adopted budget. The first amendment was for police officer association contract increases approved after the budget adoption of \$11,046. The second amendment was for encumbrances from 2007-08 approved for \$307,277 which funded contractual obligations and outstanding purchases in this fiscal year. The third amendment did not increase the budget however alienated Public Work costs to the appropriate department by transferring Public Works labor from the Community Park (Dept 09) to City Hall and other Parks (Dept 03) by \$10,826.

Overall General fund revenues exceeded budget by \$26,170 (1%). Highlights included in this increase was sales tax and in-lieu fee revenues \$15,993(3%), overhead recovery \$26,996 (370%), property tax earnings \$42,487 (2.5%), and franchise fees \$15,580 (4%). Other revenue areas that declined were building permits \$19,160 (42.6%), public safety allocation \$12,613 (18%), motor vehicle in-lieu fees \$12,094 (24.5%), fines and forfeitures \$19,739 (34.6%), interest earnings \$36,442 (24%), and City building leases \$29,900 (71%).

General Fund expenditures were less than original budget by \$127,966 (3.4%) even with increased vehicle repair costs \$3,640 (30%), telephone costs of \$1,124 (10%), and education and training \$998 (20%) expenses in the Police Department; utility costs \$4,571 (10%) at the Library; property tax admin costs \$2,938 (19%); legal notices \$760 (54%) and TRANSPAC fees \$919 (5%) in the Community Development Department.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

The City of Clayton's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounted to \$29,527,375 (net accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, corporation yard building, and roads.

## City of Clayton

### Management's Discussion and Analysis For the fiscal year ended June 30, 2009

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#### *Capital Assets*

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

- Construction was completed on a pavement rehabilitation project that included construction of base failure repairs and thick overlay of Clayton Road and Marsh Creek Road. Included in the project was repaving of the Mt. Diablo Creek Trail from Regency Drive to the north side of Grenach Circle. Total cost for both projects was \$1,156,605.
- Construction was completed on the downtown Grove Park with costs totaling \$1,957,750.
- Construction was completed on the Clayton Community Park Tot Lot and Picnic Area upgrade project for a total cost of \$695,469.
- Construction was completed on the Marsh Creek Road Retaining Wall project for a total cost of \$319,847.

Additional information on the City of Clayton's capital assets can be found in Note 5 of this report.

#### *Debt Administration*

At the end of the current fiscal year, the City had \$10,685,000 in debt outstanding all held in the Redevelopment Agency. The City has no outstanding general obligation debt. The Redevelopment Agency maintains a "AAA" rating for Tax Allocation Bonds from Standard & Poor's. Additional information on the City's long-term debt obligations can be found in Note 6 of the notes to the financial statements.

#### **ECONOMIC CLIMATE**

The City's budgetary history during the past 8 years clearly demonstrates its ability to provide necessary services within a limited and sometimes restrictive revenue source. We can see a decrease in the General Fund's actual expenditure plan to \$3,639,836 a figure 7.8% lower than in the prior fiscal year 2007-08 and \$51,276 less than actually expended in 2002. Overall since 2002 City expenditures have increased by 9% while during that same period the consumer price index increased by 17%. At year end General Fund revenues (including transfers in) decreased by \$210,800 to \$3,799,465 compared to the prior fiscal year. By contrast General Fund revenues of \$3,913,484 in 2002 exceeded our current year revenues by \$113,989 and since 2002 City revenues have decreased overall by 3%.

While General Fund revenues at June 30 2009 exceeded expenditures by \$159,629 (4.2%), overall since 2002 General Fund revenues have exceeded expenditures by \$2,161,777 accounting for its ability to increase its fund balance reserves and provide necessary services during times of economic turmoil. The difficulty facing the City over the next few years will be dependent upon how much the State of California will continue to take away from the City coffers. At the writing of this message the State of California is facing a \$20.7 billion dollar deficit and has already notified the City it will be taking \$134,428 from General Fund property taxes and an additional \$1,966,954 from our Redevelopment Agency property taxes. The City secured funding from the Proposition 1A securitization program for the General Fund take away however there is no such opportunity for the Redevelopment Agency. The Agency will be forced to use funding set aside for Economic Development in the Town Center and borrow from the Low to Moderate Income Housing Fund to make up the gap. While the raid on our Redevelopment Agency may be reversed should the lawsuit filed by the California Redevelopment Agency in Sacramento Superior Court challenging the theft prevail, the City and its Agency must plan for the worse case scenario.

**City of Clayton**  
**Management's Discussion and Analysis**  
**For the fiscal year ended June 30, 2009**

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On a positive side, the City's unreserved equity \$4,316,713 is equal to 118.6% of its annual General Fund operations for Fiscal Year 2009-2010. Folding in the untouchable \$250,000 designation, an additional \$308,318 set aside for encumbrances and deferred maintenance projects carried over at year end, brings the total reserve equity to a position of 134%. This is 2.4 times greater than the expressed Policy Goal of the City Council. An additional \$231,125 has been set aside for advances due from other funds and \$4,443 reserved for prepaid expense increases the fiscal year end fund balance to \$5,106,156.

**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.

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## FINANCIAL SECTION

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

City of Clayton  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 17,150,650	\$ 5,896	\$ 17,156,546
Cash and investments with fiscal agent	1,108,725	-	1,108,725
Accounts receivable (net of allowances)	660,866	25,760	686,626
Interest receivable	42,061	14	42,075
Internal balances	28,764	(28,764)	-
Investment in bonds	158,000	-	158,000
Prepaid expenses	4,443	-	4,443
<b>Total Current Assets</b>	<b>19,153,509</b>	<b>2,906</b>	<b>19,156,415</b>
Noncurrent Assets:			
Notes receivable	4,060,189	-	4,060,189
Land held for resale	1,371,893	-	1,371,893
<b>Total Noncurrent Assets</b>	<b>5,432,082</b>	<b>-</b>	<b>5,432,082</b>
Capital Assets:			
Nondepreciable assets	1,584,637	-	1,584,637
Depreciable assets, net	26,643,390	1,299,348	27,942,738
<b>Total Capital Assets</b>	<b>28,228,027</b>	<b>1,299,348</b>	<b>29,527,375</b>
<b>TOTAL ASSETS</b>	<b>52,813,618</b>	<b>1,302,254</b>	<b>54,115,872</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	174,735	37,428	212,163
Other payables	34,057	-	34,057
Deposits payable	-	4,180	4,180
Accrued payroll	669	-	669
Interest payable	229,198	71	229,269
Long-term debt due within one year	550,000	-	550,000
<b>Total Current Liabilities:</b>	<b>988,659</b>	<b>41,679</b>	<b>1,030,338</b>
Noncurrent Liabilities:			
Long-term debt due in more than one year	10,135,000	-	10,135,000
Compensated absences payable	145,949	-	145,949
<b>Total Noncurrent Liabilities</b>	<b>10,280,949</b>	<b>-</b>	<b>10,280,949</b>
<b>TOTAL LIABILITIES</b>	<b>11,269,608</b>	<b>41,679</b>	<b>11,311,287</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	17,543,027	1,299,348	18,842,375
Restricted for:			
Capital projects	4,912,620	-	4,912,620
Debt service	928,192	-	928,192
Low and moderate income housing	10,003,755	-	10,003,755
Special projects and programs	4,316,713	-	4,316,713
<b>Total Restricted</b>	<b>20,161,280</b>	<b>-</b>	<b>20,161,280</b>
Unrestricted	3,839,703	(38,773)	3,800,930
<b>TOTAL NET ASSETS</b>	<b>\$ 41,544,010</b>	<b>\$ 1,260,575</b>	<b>\$ 42,804,585</b>

See accompanying Notes to Basic Financial Statements.

**City of Clayton**  
**Statement of Activities and Changes in Net Assets**  
**For the fiscal year ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities</b>							
Legislative	\$ 51,574	\$ -	\$ -	\$ -	\$ (51,574)	\$ -	\$ (51,574)
Administrative	769,674	32,208	-	-	(737,466)	-	(737,466)
Community services and facilities	243,768	139,368	-	-	(104,400)	-	(104,400)
Community park	229,181	-	-	-	(229,181)	-	(229,181)
Economic development	237,288	-	4,007	-	(233,281)	-	(233,281)
Planning and development	2,050,184	36,342	-	-	(2,013,842)	-	(2,013,842)
General support	209,200	191,757	-	-	(17,443)	-	(17,443)
Police	1,790,980	46,119	117,196	-	(1,627,665)	-	(1,627,665)
Library	130,054	2,286	-	-	(127,768)	-	(127,768)
Engineering	95,309	25,033	-	-	(70,276)	-	(70,276)
Highway and streets	336,622	-	-	-	(336,622)	-	(336,622)
Landscape maintenance	655,545	-	-	-	(655,545)	-	(655,545)
Interest and fiscal charges	588,253	-	-	-	(588,253)	-	(588,253)
<b>Total governmental activities</b>	<b>7,387,632</b>	<b>473,113</b>	<b>121,203</b>	<b>-</b>	<b>(6,793,316)</b>	<b>-</b>	<b>(6,793,316)</b>
<b>Business-Type Activities</b>							
Community Gym	41,899	5,385	-	-	-	(36,514)	(36,514)
Endeavor Hall	56,361	20,144	-	-	-	(36,217)	(36,217)
<b>Total Business-Type Activities</b>	<b>98,260</b>	<b>25,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,731)</b>	<b>(72,731)</b>
<b>Total Primary Government</b>	<b>\$ 7,485,892</b>	<b>\$ 498,642</b>	<b>\$ 121,203</b>	<b>\$ -</b>	<b>(6,793,316)</b>	<b>(72,731)</b>	<b>(6,866,047)</b>
<b>General revenues and Transfers:</b>							
<b>Taxes:</b>							
Property taxes					7,304,719	-	7,304,719
Sales taxes					301,213	-	301,213
Special assessments					1,262,005	-	1,262,005
Other taxes					1,095,625	-	1,095,625
<b>Total Taxes</b>					<b>9,963,562</b>	<b>-</b>	<b>9,963,562</b>
Investment income (loss)					653,769	(1,066)	652,703
Gain on sale of land held for resale					6,600	-	6,600
Miscellaneous					440,076	-	440,076
Transfers in (out)					(5,024)	5,024	-
<b>Total general revenues and Transfers</b>					<b>11,058,983</b>	<b>3,958</b>	<b>11,062,941</b>
<b>Change in Net Assets</b>					<b>4,265,667</b>	<b>(68,773)</b>	<b>4,196,894</b>
Net assets - beginning of year					37,278,343	1,329,348	38,607,691
Net assets - end of year					<b>\$ 41,544,010</b>	<b>\$ 1,260,575</b>	<b>\$ 42,804,585</b>

See accompanying Notes to Basic Financial Statements.

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# GOVERNMENTAL FUNDS

## ***General Fund***

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures, and interest income. Expenditures are made for administration, legislation, public safety, parks and recreation and other services.

## ***Clayton Redevelopment Agency Capital Projects***

This fund accounts for the projects funded through the property tax increment generated within the project area.

## ***Clayton Redevelopment Agency Low/Moderate Income Housing***

This fund accounts for the low and moderate income housing projects funded through a mandatory 20% set aside of the property tax increment generated with the project area.

## ***Capital Improvements Projects***

This 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.

## ***Clayton Redevelopment Agency Debt Service***

This fund accounts for the 1993, 1996A, and 1999 Tax Allocation Bonds debt service payments.

## ***(Other Governmental Funds)***

This column accounts for all non-major governmental funds including special revenue, capital projects and debt service fund types.

**City of Clayton**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	Major Funds		
	General Fund	RDA Capital Projects Fund	RDA Low/Moderate Capital Projects Fund
<b>ASSETS</b>			
Cash and investments	\$ 4,448,344	\$ 921,814	\$ 4,879,615
Cash and investments with fiscal agent	-	-	-
Accounts receivable	211,079	-	-
Interest receivable	10,993	2,485	11,929
Notes receivable	-	315,339	3,744,850
Investment in bonds	-	158,000	-
Prepaid expenditures	4,443	-	-
Due from other funds	31,309	-	-
Investment in low and moderate income housing	-	-	1,371,893
Advance to other funds	535,000	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,241,168</b>	<b>\$ 1,397,638</b>	<b>\$ 10,008,287</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 100,286	\$ 1,626	\$ 4,532
Other payables	34,057	-	-
Accrued payroll	669	-	-
Deferred revenue	-	315,339	5,116,743
Due to other funds	-	-	-
Advance from other funds	-	475,000	-
<b>TOTAL LIABILITIES</b>	<b>135,012</b>	<b>791,965</b>	<b>5,121,275</b>
<b>FUND BALANCES</b>			
Reserved for:			
Advances	535,000	-	-
Prepaid items	4,443	-	-
Capital projects	-	605,673	-
Special projects	-	-	-
Debt service	-	-	-
Low and moderate income housing	-	-	3,887,012
Unreserved, designated for:			
Contingencies	250,000	-	1,000,000
Unreserved, undesignated reported in:			
General fund	4,316,713	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,106,156</b>	<b>605,673</b>	<b>4,887,012</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,241,168</b>	<b>\$ 1,397,638</b>	<b>\$ 10,008,287</b>

See accompanying Notes to Basic Financial Statements.

Major Funds

Capital Improvements Fund	RDA Debt Service Fund	Other Governmental	Total
\$ 4,061,969	\$ 48,547	\$ 2,445,997	\$ 16,806,286
-	1,108,725	-	1,108,725
29,786	-	420,001	660,866
9,944	118	5,745	41,214
-	-	-	4,060,189
-	-	-	158,000
-	-	-	4,443
-	-	-	31,309
-	-	-	1,371,893
-	-	-	535,000
<u>\$ 4,101,699</u>	<u>\$ 1,157,390</u>	<u>\$ 2,871,743</u>	<u>\$ 24,777,925</u>

\$ 24,476	\$ -	\$ 41,800	\$ 172,720
-	-	-	34,057
-	-	-	669
-	-	80,000	5,512,082
-	-	2,545	2,545
-	-	60,000	535,000
<u>24,476</u>	<u>-</u>	<u>184,345</u>	<u>6,257,073</u>

-	-	-	535,000
-	-	-	4,443
4,077,223	-	229,724	4,912,620
-	-	1,703,493	1,703,493
-	1,157,390	723,390	1,880,780
-	-	-	3,887,012
-	-	30,791	1,280,791
-	-	-	4,316,713
<u>4,077,223</u>	<u>1,157,390</u>	<u>2,687,398</u>	<u>18,520,852</u>
<u>\$ 4,101,699</u>	<u>\$ 1,157,390</u>	<u>\$ 2,871,743</u>	<u>\$ 24,777,925</u>

**City of Clayton**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2009**

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<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 18,520,852</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
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	1,584,637
Depreciable capital assets, net (net of internal service fund assets of \$323,188)	26,320,202
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	
	(229,198)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	
Long-term debt due within one year	(550,000)
Long-term liabilities - due in more than one year	(10,135,000)
Compensated absences payable	(145,949)
Revenues which are deferred on the Governmental Funds Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities and accordingly increases the net assets on the Statement of Net Assets.	
	5,512,082
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 Assets.	
	<u>666,384</u>
<b>Net Assets of Governmental Activities</b>	<b>\$ <u><u>41,544,010</u></u></b>

See accompanying Notes to Basic Financial Statements.



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**City of Clayton**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2009**

	Major Funds		
	General Fund	RDA Capital Projects Fund	RDA Low/Moderate Capital Projects Fund
<b>REVENUES</b>			
Property taxes	\$ 1,717,881	\$ 4,501,046	\$ 1,125,261
Program income	11,448	-	79,700
Special assessments	-	-	-
Sales tax	261,744	-	-
Permits, licenses and fees	256,905	-	-
Fines, forfeitures and penalties	67,681	-	-
From other agencies	61,613	-	-
Motor vehicle in-lieu fees	37,346	-	-
Other in-lieu fees	224,940	-	-
Franchise fees	365,802	-	-
Service charges	59,936	-	-
Use of money and property	172,790	28,680	192,861
Other revenue	70,622	800	-
<b>TOTAL REVENUES</b>	<b>3,308,708</b>	<b>4,530,526</b>	<b>1,397,822</b>
<b>EXPENDITURES</b>			
General Government			
Legislative	51,574	-	-
Administrative	846,561	-	-
Community services and facilities	171,180	19,027	-
Community park	229,181	-	-
Economic development	-	-	-
Planning and development	296,427	863,615	457,149
General support	119,912	-	-
Police	1,699,638	-	-
Library	130,054	-	-
Engineering	95,309	-	-
Highway and streets	-	-	-
Landscape maintenance	-	-	-
Loss on sale of land held for resale	-	-	432,993
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	30,875	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,639,836</b>	<b>913,517</b>	<b>890,142</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(331,128)</b>	<b>3,617,009</b>	<b>507,680</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	490,757	-	-
Transfers out	-	(3,701,335)	(125,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>490,757</b>	<b>(3,701,335)</b>	<b>(125,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>159,629</b>	<b>(84,326)</b>	<b>382,680</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year	4,946,527	689,999	4,504,332
End of fiscal year	\$ 5,106,156	\$ 605,673	\$ 4,887,012

See accompanying Notes to Basic Financial Statements.

Major Funds

Capital Improvements Fund	RDA Debt Service Fund	Other Governmental	Total
\$ -	\$ -	\$ -	\$ 7,344,188
-	-	-	91,148
-	-	1,262,005	1,262,005
-	-	-	261,744
-	-	34,868	291,773
-	-	-	67,681
278,056	-	638,358	978,027
-	-	-	37,346
-	-	-	224,940
-	-	-	365,802
-	-	16,390	76,326
169,576	(7,128)	96,990	653,769
-	-	23,300	94,722
447,632	(7,128)	2,071,911	11,749,471
-	-	-	51,574
-	-	-	846,561
-	10,825	2,135	203,167
-	-	-	229,181
-	-	175,984	175,984
-	-	-	1,617,191
-	-	-	119,912
-	-	-	1,699,638
-	-	-	130,054
-	-	-	95,309
-	-	335,594	335,594
-	-	712,853	712,853
-	-	-	432,993
-	1,660,000	-	1,660,000
-	593,890	-	624,765
1,707,685	-	57,308	1,764,993
1,707,685	2,264,715	1,283,874	10,699,769
(1,260,053)	(2,271,843)	788,037	1,049,702
1,715,175	2,184,931	-	4,390,863
(5,495)	-	(564,057)	(4,395,887)
1,709,680	2,184,931	(564,057)	(5,024)
449,627	(86,912)	223,980	1,044,678
3,627,596	1,244,302	2,463,418	17,476,174
\$ 4,077,223	\$ 1,157,390	\$ 2,687,398	\$ 18,520,852

# City of Clayton

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the fiscal year ended June 30, 2009

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Net Change in Fund Balances - Total Governmental Funds	\$ 1,044,678
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (Net of internal service fund depreciation expense of \$84,636).	(554,089)
Certain long-term assets, such as notes receivable, developer receivable, and investment in low and moderate income housing are reported as expenditures in the governmental funds and then are offset by a deferred revenue as they are not available to pay current expenditures. When the long-term assets are collected, they are reflected as revenue. This amount is the net change in the long-term assets for the current period.	524,492
Long-term compensated absences are reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. The program expenses are adjusted for the current year net change in compensated absences.	(31,221)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt repayments:	1,660,000
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in the governmental funds. The following amount represents the change in accrued interest from prior year.	36,512
Loss on sale of capital assets, excluding internal service fund activity.	(27,589)
Capital asset activity, excluding internal service fund asset acquisitions.	1,701,155
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net gain or loss of the internal service funds is reported with governmental activities.	<u>(88,271)</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 4,265,667</u></u>

See accompanying Notes to Basic Financial Statements.

## PROPRIETARY FUNDS

**City of Clayton**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	Major Enterprise Funds			
	Community Gym	Endeavor Hall	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ -	\$ 5,896	\$ 5,896	\$ 344,364
Receivables:				
Accounts	25,760	-	25,760	-
Interest	-	14	14	847
Noncurrent Assets:				
Depreciable assets, net	-	1,299,348	1,299,348	323,188
<b>TOTAL ASSETS</b>	<b>25,760</b>	<b>1,305,258</b>	<b>1,331,018</b>	<b>668,399</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	36,513	915	37,428	2,015
Other payables	71	-	71	-
Deposits payable	-	4,180	4,180	-
Due to other funds	28,764	-	28,764	-
<b>TOTAL LIABILITIES</b>	<b>65,348</b>	<b>5,095</b>	<b>70,443</b>	<b>2,015</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	1,299,348	1,299,348	323,188
Unrestricted	(39,588)	815	(38,773)	343,196
<b>TOTAL NET ASSETS</b>	<b>\$ (39,588)</b>	<b>\$ 1,300,163</b>	<b>\$ 1,260,575</b>	<b>\$ 666,384</b>

See accompanying Notes to Basic Financial Statements.

**City of Clayton**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2009**

	Major Enterprise Funds			Governmental Activities Internal Service Funds
	Community Gym	Endeavor Hall	Total	
<b>OPERATING REVENUES</b>				
Charges for current services	\$ 5,385	\$ 20,144	\$ 25,529	\$ 16,748
<b>TOTAL OPERATING REVENUES</b>	<b>5,385</b>	<b>20,144</b>	<b>25,529</b>	<b>16,748</b>
<b>OPERATING EXPENSES</b>				
Personnel	-	8,898	8,898	-
General and administrative	41,899	11,689	53,588	36,551
Depreciation and amortization	-	35,774	35,774	82,497
<b>TOTAL OPERATING EXPENSES</b>	<b>41,899</b>	<b>56,361</b>	<b>98,260</b>	<b>119,048</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(36,514)</b>	<b>(36,217)</b>	<b>(72,731)</b>	<b>(102,300)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	(1,316)	250	(1,066)	14,773
Loss on sale of capital assets	-	-	-	(7,542)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,316)</b>	<b>250</b>	<b>(1,066)</b>	<b>7,231</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>(37,830)</b>	<b>(35,967)</b>	<b>(73,797)</b>	<b>(95,069)</b>
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Capital contributions	-	-	-	6,798
Transfers in	-	5,024	5,024	-
<b>TOTAL TRANSFERS AND CONTRIBUTIONS</b>	<b>-</b>	<b>5,024</b>	<b>5,024</b>	<b>6,798</b>
<b>CHANGE IN NET ASSETS</b>	<b>(37,830)</b>	<b>(30,943)</b>	<b>(68,773)</b>	<b>(88,271)</b>
<b>NET ASSETS:</b>				
Beginning of fiscal year	(1,758)	1,331,106	1,329,348	754,655
End of fiscal year	\$ (39,588)	\$ 1,300,163	\$ 1,260,575	\$ 666,384

See accompanying Notes to Basic Financial Statements.

**City of Clayton**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2009**

	Major Enterprise Funds			Governmental Activities Internal Service Funds
	Community Gym	Endeavor Hall	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers/other funds	\$ 77,226	\$ 20,144	\$ 97,370	\$ 16,748
Cash payments to suppliers for goods and services	(75,405)	(13,688)	(89,093)	(33,252)
Cash payment to employees for services	-	(8,898)	(8,898)	-
<b>Net cash provided (used) by operating activities</b>	<u>1,821</u>	<u>(2,442)</u>	<u>(621)</u>	<u>(16,504)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Cash paid for capital acquisitions	-	-	-	(33,047)
Loss on sale of asset	-	-	-	(7,542)
Capital contributions	-	-	-	6,798
<b>Net cash provided (used) by capital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,791)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	(1,821)	320	(1,501)	17,884
<b>Net cash provided (used) by investing activities</b>	<u>(1,821)</u>	<u>320</u>	<u>(1,501)</u>	<u>17,884</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	(2,122)	(2,122)	(32,411)
<b>CASH AND CASH EQUIVALENTS:</b>				
Fiscal year end June 30, 2008	-	8,018	8,018	376,775
Fiscal year end June 30, 2009	<u>\$ -</u>	<u>\$ 5,896</u>	<u>\$ 5,896</u>	<u>\$ 344,364</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (36,514)	\$ (36,217)	\$ (72,731)	\$ (102,300)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	35,774	35,774	82,497
Changes in operating assets and liabilities:				
Accounts receivable	30,995	-	30,995	1,306
Accounts payable	26,750	(679)	26,071	1,993
Other payables	71	(1,320)	(1,249)	-
Due to other funds	(19,481)	-	(19,481)	-
Total adjustments	<u>38,335</u>	<u>33,775</u>	<u>72,110</u>	<u>85,796</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,821</u>	<u>\$ (2,442)</u>	<u>\$ (621)</u>	<u>\$ (16,504)</u>

See accompanying Notes to Basic Financial Statements.



# FIDUCIARY 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.

**City of Clayton**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,029,729
Cash with fiscal agents	551,217
Investment in bonds	5,528,971
Other receivables	<u>703,943</u>
<b>TOTAL ASSETS</b>	<u><u>8,813,860</u></u>
<b>LIABILITIES</b>	
Accounts payable	706,877
Interest payable	54,430
Other payables	20,440
Other deposits	568,584
Due to bondholders	<u>7,463,529</u>
<b>TOTAL LIABILITIES</b>	<u><u>8,813,860</u></u>
<b>NET ASSETS</b>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *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 as a municipal corporation in 1964, and encompasses four square miles with a population of 10,864.

The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. The City's staff of 27 full time equivalent employees, of which 11 are sworn officers in the Police Department, are under contract with the City and responsible for the following City services:

- Public Safety - The City provides 24-hour police services from a central station, using trained personnel.
- Streets and Roads - The City maintains its streets, curbs, gutters and related public property using City employees. Major projects may be contracted to reduce costs.
- In addition, the City employs a varying number of seasonal personnel for maintenance.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief review of the component units included in the accompanying basic financial statements of the City:

Clayton Redevelopment Agency (Agency) was established pursuant to the State of California Health and Safety Code Section 33000. The Agency is responsible for the rehabilitation and economic revitalization of certain areas within the City.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. 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 Agency has been accounted for as a "blended" component unit of the City. Despite being legally separate, this entity is 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 are reported within the funds of the City.

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

***A. Reporting Entity, Continued***

The following specific criteria were used in determining that the Agency was a blended component unit:

- The members of the City Council also act as the governing bodies of the Agency.
- The Agency is managed by employees of the City. A portion of the City's salary and overhead expenses is billed to the Agency each year.
- The City and the Agency are financially interdependent. The City makes loans to the Agency to use for redevelopment purposes. Property tax revenues of the Agency are used to repay the loans to the City.

Detailed financial statements are available for the Agency from the City's Finance Department.

***B. 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 Assets 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 Assets. The Statement of Activities presents changes in net assets.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets 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 interfund activities have been eliminated:

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

**Governmental Fund Financial Statements**

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 governmental funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

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 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. 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 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.

Clayton Redevelopment Agency Capital Projects Fund - This fund accounts for the projects funded through the property tax increment generated within the project area.

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

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

Clayton Redevelopment Agency Low/Moderate Income Housing Fund - This fund accounts for the low and moderate income housing projects funded through a mandatory 20% set aside of the property tax increment generated within the project area.

Capital Improvement Projects Fund - This 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.

Clayton Redevelopment Agency Debt Service Fund - This fund accounts for the 1993, 1996 A, and the 1999 Tax Allocation Bonds debt service payments.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Fund Net Assets, 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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 nonoperating 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 funds:

Community Gym - This fund accounts for all activities located at the Community Gym and managed by the YMCA.

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

The City has the following internal service funds:

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

Self-Insurance Liability - This fund accounts for the administration of the City's self-insurance programs, payment of Employee Assistance Programs, and liability claims payments.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Fiduciary Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting.

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

**C. Use of Restricted and Unrestricted Net Assets**

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

**D. Cash and Investments**

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Interest income on investments is allocated to the funds on the basis of average month-end cash and investment balances.

The City reviews and refines its Investment Policy (Policy) annually, with the most recent revision in July 2002. The 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 Local Agency Investment Fund ("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.

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.

In accordance with GASB Statement No. 31, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No .3)*, 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.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. *Investment in Low and Moderate Income Housing*

The Agency has purchased and re-sold various properties to low and moderate income households. The Agency carries the difference between the cost and the sale on these properties as an investment in low and moderate income housing until the property is either bought back by the Agency or sold on the open market. The City participates in the profits on any sales to an outside party in the same proportion as what the low and moderate income purchaser purchased the property from the Agency below the market value.

F. *Capital Assets*

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000; all other capital assets 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
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. *Long-Term Liabilities*

**Government-Wide Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

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.

**Fund Financial Statements**

The Governmental Fund Financial Statements do not present long-term debt, which is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

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.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

H. *Compensated Absences*

**Government-Wide Financial Statements**

Compensated absences are recorded as incurred and the related expenses and liabilities are reported in the appropriate activity.

**Fund Financial Statements**

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. Compensated absence includes vacation and sick leaves. It is the policy of the City to pay 100% of the accumulated vacation leave when an employee retires or terminates. These obligations are paid out of the General fund.

I. *Net Assets / Fund Balances*

**Government-Wide Financial Statements**

In the Government-Wide Financial Statements, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* - 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *Net Assets / Fund Balances, Continued*

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

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

**Fund Financial Statements**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditures.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

J. *Property Taxes*

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. Secured and unsecured property taxes are levied on July 1 based on January 1 assessed valuation and are payable in two installments, becoming delinquent on December 10 and April 10.

K. *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.

L. *Interfund 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."

M. *Implementation of New GASB Pronouncements*

The City has implemented the requirements of GASB Statements No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. *Implementation of New GASB Pronouncements, Continued*

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**2. CASH AND INVESTMENTS**

Statement of Net Assets:	
Cash and investments	\$ 17,156,546
Restricted cash and investments with fiscal agent	1,108,725
Investment in bonds	158,000
Statement of Fiduciary Net Assets:	
Cash and investments	2,029,729
Cash and investments with fiscal agents	<u>551,217</u>
Total	<u><u>\$ 21,004,217</u></u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	985,433
Investments	<u>20,017,784</u>
Total	<u><u>\$ 21,004,217</u></u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$40 million	\$40 million
Money Market Funds	N/A	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Negotiable Time Certificates of Deposit	5 years	None	None
Medium Term Corporate Bonds	5 years	20%	None
Municipal Bonds	30 years	None	None

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**2. CASH AND INVESTMENTS, 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

**Disclosures Relating to Interest Rate Risk**

Investment 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 investments are restricted to securities which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such fund. Moneys invested in a reserve account shall be invested in Investment Securities which will by their terms mature prior to the date which is the final maturity date of the bonds.

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months or Less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months	More than 60 Months
State Investment Pool	\$ 6,805,596	\$ 6,805,596	\$ -	\$ -	\$ -	\$ -	\$ -
Money Market Funds	21,371	21,371	-	-	-	-	-
Local Assessment							
District Bonds	158,000						158,000
Certificates of Deposit	11,372,875	1,204,318	2,540,195	4,011,841	2,105,951	1,510,570	-
<b>Held by bond trustees:</b>							
Money Market Funds	1,453,774	1,453,774	-	-	-	-	-
Surety Bond	206,168	-	-	-	-	-	206,168
	<b>\$ 20,017,784</b>	<b>\$ 9,485,059</b>	<b>\$ 2,540,195</b>	<b>\$ 4,011,841</b>	<b>\$ 2,105,951</b>	<b>\$ 1,510,570</b>	<b>\$ 364,168</b>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**2. CASH AND INVESTMENTS, Continued**

**Disclosures Relating to 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	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 6,805,596	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,805,596
Money Market Funds	21,371	N/A	-	136	-	-	21,235
Local Assessment District							
Bonds	158,000	N/A	-	-	-	-	158,000
Certificates of Deposit	11,372,875	N/A	-	-	-	-	11,372,875
<b>Held by bond trustees:</b>							
Money Market Funds	1,453,774	N/A	-	345,049	-	-	1,108,725
Surety Bond	206,168	N/A	-	206,168	-	-	-
<b>Total</b>	<b>\$ 20,017,784</b>		<b>\$ -</b>	<b>\$ 551,353</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,466,431</b>

**Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments that represent 5% or more of total City investments (except for certificates of deposit).

**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 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**  
**June 30, 2009**

**2. CASH AND INVESTMENTS, Continued**

**Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is 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 for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**3. RECEIVABLES**

Notes Receivables

As of June 30, 2009, notes receivable consisted of the following:

Description	Beginning			Ending
	Balance	Additions	Deletions	Balance
	July 1, 2008			June 30, 2009
Professional Apartment Management, Inc.	\$ 2,851,800	\$ 200,000	\$ 61,400	\$ 2,990,400
Eden Housing, Inc. (formerly Peace Grove)	567,000	-	-	567,000
Second Mortgage Program	205,750	-	18,300	187,450
Assessment District Loans	334,140	-	18,801	315,339
<b>Total</b>	<u>\$ 3,958,690</u>	<u>\$ 200,000</u>	<u>\$ 98,501</u>	<u>\$ 4,060,189</u>

The Agency has provided assistance to special assessment districts within the City, to fund repairs and improvements. There are three districts which received loans from the Agency. As of June 30, 2009, the outstanding balance of the loans was \$315,339.

On September 21, 1999, the Agency 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 Agency 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 Agency in the amount of \$200,000 annually. The principal balance is payable commencing on October 1, 2005 through October 1, 2030. As of June 30, 2009, the outstanding balance of the loan was \$2,990,400.

On October 13, 1992, the Agency 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, 2009, the outstanding balance of the loan was \$567,000.

The Agency participates 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 seven individual loans outstanding. As of June 30, 2009, the outstanding balance of the loans was \$187,450.



**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**4. INTERFUND TRANSACTIONS**

**A. Due To, Due From**

At June 30, 2009, the City had the following short-term interfund receivables and payables:

DUE FROM	DUE TO		Total
	Governmental Activities	Business-Type	
	Non-major Governmental Funds	Community Gym	
Governmental Activities:			
General Fund	\$ 2,545	\$ 28,764	\$ 31,309
<b>Total</b>	<b>\$ 2,545</b>	<b>\$ 28,764</b>	<b>\$ 31,309</b>

The City of Clayton has loaned from the General Fund to the Redevelopment Agency Debt Service Fund \$337,220, to assist in paying expenditures for debt service. The loan is expected to be paid in full within the following year. Other interfund activity resulted from temporary reclassifications made at June 30, 2009 to cover cash shortfalls.

**B. Interfund Transfers**

For the fiscal year ended June 30, 2009, the City had the following transfers:

TRANSFERS OUT	TRANSFERS IN				Total
	General Fund	Capital Improvement	RDA Debt Service	Endeavor Hall	
RDA Capital Projects	\$ 275,000	\$ 1,241,404	\$ 2,184,931	\$ -	\$ 3,701,335
RDA Low/Moderate	125,000	-	-	-	125,000
Capital Improvement	5,495	-	-	-	5,495
Non-major Governmental Funds	85,262	473,771	-	5,024	564,057
<b>Total</b>	<b>\$ 490,757</b>	<b>\$ 1,715,175</b>	<b>\$ 2,184,931</b>	<b>\$ 5,024</b>	<b>\$ 4,395,887</b>

The Redevelopment Agency transferred \$2,184,931 from the capital projects fund to the debt service fund for the current debt service payments.

The City transferred \$490,757 into the General Fund from the RDA Capital Projects fund, (\$275,000), from Low/Moderate Income Housing Fund (\$125,000), from Capital Investments, (\$5,495), and from Non-major Governmental Funds \$85,262 to reimburse the City for administrative expenses. In addition, the Agency transferred \$1,241,404 to the City Capital Improvement Fund for various capital projects.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**4. INTERFUND TRANSACTIONS, Continued**

*C. Advance to other funds*

On June 17, 1999 the Agency purchased a parcel of land for \$475,000, from the City. In exchange for the parcel of land the Agency issued a note in the amount of \$475,000 to the City. The principal amount is payable on or before January 1, 2023. As of June 30, 2009 the outstanding balance of the note was \$475,000.

On September 30, 2004 the City transferred \$35,000 into the Development Impact Fees Fund to provide funding necessary to retain a consultant to prepare a sewer master plan for the potential annexation that is currently being processed by the City. It is the City's intent to recover the sewer master plan fees upon annexation. Additional funding by the City in the amount of \$25,000 was advanced to the Development Impact Fees Fund on May 17, 2005. As of June 30, 2009, the outstanding balance of the advance was \$60,000.

**5. CAPITAL ASSETS**

*A. Government-Wide Financial Statements*

At June 30, 2009, the City's capital assets consisted of the following:

	Governmental Activities	Business - Type Activities	Total
<i>Nondepreciable Assets:</i>			
Land	\$ 1,046,366	\$ -	\$ 1,046,366
Construction in progress	538,271	-	538,271
Total nondepreciable assets	<u>1,584,637</u>	<u>-</u>	<u>1,584,637</u>
<i>Depreciable Assets:</i>			
Buildings	5,744,572	1,400,744	7,145,316
Improvements	4,446,845	151,004	4,597,849
Machinery and equipment	915,053	5,024	920,077
Infrastructure	27,120,016	-	27,120,016
Total depreciable assets	<u>38,226,486</u>	<u>1,556,772</u>	<u>39,783,258</u>
Total accumulated depreciation	<u>(11,583,096)</u>	<u>(257,424)</u>	<u>(11,840,520)</u>
Depreciable assets, net	<u>26,643,390</u>	<u>1,299,348</u>	<u>27,942,738</u>
Total capital assets, net	<u>\$ 28,228,027</u>	<u>\$ 1,299,348</u>	<u>\$ 29,527,375</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
<i>Nondepreciable Assets:</i>					
Land	\$ 1,046,366	\$ -	\$ -	\$ -	\$ 1,046,366
Construction in progress	2,966,787	1,701,155	-	(4,129,671)	538,271
Total nondepreciable assets	<u>4,013,153</u>	<u>1,701,155</u>	<u>-</u>	<u>(4,129,671)</u>	<u>1,584,637</u>
<i>Depreciable Assets:</i>					
Buildings	5,346,032	-	-	398,540	5,744,572
Improvements	2,017,597	-	-	2,429,248	4,446,845
Machinery and equipment	916,914	48,609	(50,468)	(2)	915,053
Infrastructure	25,818,131	-	-	1,301,885	27,120,016
Total depreciable assets	<u>34,098,674</u>	<u>48,609</u>	<u>(50,468)</u>	<u>4,129,671</u>	<u>38,226,486</u>
<i>Accumulated depreciation:</i>					
Buildings	(1,493,510)	(107,486)	-	-	(1,600,996)
Improvements	(941,769)	(101,636)	9,456	-	(1,033,949)
Machinery and Equipment	(544,276)	(82,497)	-	-	(626,773)
Infrastructure	(7,974,272)	(347,106)	-	-	(8,321,378)
Total accumulated depreciation	<u>(10,953,827)</u>	<u>(638,725)</u>	<u>9,456</u>	<u>-</u>	<u>(11,583,096)</u>
Depreciable assets, net	<u>23,144,847</u>	<u>(590,116)</u>	<u>(41,012)</u>	<u>4,129,671</u>	<u>26,643,390</u>
<b>Total governmental activities capital assets, net</b>	<u>\$ 27,158,000</u>	<u>\$ 1,111,039</u>	<u>\$ (41,012)</u>	<u>\$ -</u>	<u>\$ 28,228,027</u>

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

Public Works and Facilities	\$ 24,244
General support	559,613
Police	54,868
<b>Total depreciation expense - governmental activities</b>	<u>\$ 638,725</u>

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<i>Depreciable Assets:</i>				
Buildings	\$ 1,400,744	\$ -	\$ -	\$ 1,400,744
Improvements	151,004	-	-	151,004
Machinery and Equipment	-	5,024	-	5,024
Total depreciable assets	<u>1,551,748</u>	<u>5,024</u>	<u>-</u>	<u>1,556,772</u>
Accumulated Depreciation	<u>(221,650)</u>	<u>(35,774)</u>	<u>-</u>	<u>(257,424)</u>
Depreciable assets, net	<u>1,330,098</u>	<u>(30,750)</u>	<u>-</u>	<u>1,299,348</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 1,330,098</u>	<u>\$ (30,750)</u>	<u>\$ -</u>	<u>\$ 1,299,348</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

Business-type activities depreciation expense for capital assets for the year ended June 30, 2009 were as follows:

Endeavor hall	\$	35,774
<b>Total depreciation expense</b>	<b>\$</b>	<b>35,774</b>

**B. 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 Assets.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

**6. LONG-TERM DEBT**

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2009:

Description	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Amounts Due Within One Year	Amounts Due in More Than One Year
<i>Governmental Activities:</i>						
1993 Tax Allocation Bonds	\$ 1,130,000	\$ -	\$ (1,130,000)	\$ -	\$ -	\$ -
1996 Refund Tax Allocation Bonds	5,305,000	-	(295,000)	5,010,000	305,000	4,705,000
1999 Tax Allocation Bonds	5,910,000	-	(235,000)	5,675,000	245,000	5,430,000
<b>Total governmental activities</b>	<b>\$ 12,345,000</b>	<b>\$ -</b>	<b>\$ (1,660,000)</b>	<b>\$ 10,685,000</b>	<b>\$ 550,000</b>	<b>\$ 10,135,000</b>

1993 Tax Allocation Bonds

1993 Tax Allocation Bonds in the principal amount of \$4,905,000 were issued on December 17, 1993 by the Agency. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing after August 1, 2003 are subject to call on any interest payment date at par, plus a premium of 1 % to 2% of the principal amount. On August 1, 2007, the City called bonds totaling \$1,075,000. The bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues. During the FY 08-09, these bonds were paid in full.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**6. LONG-TERM DEBT, Continued**

1996 Series A Refunding Tax Allocation Bonds

1996 Series A Refunding Tax Allocation Bonds in the principal amount of \$7,225,000 were issued on November 16, 1996 by the Agency. The 1996 Bonds have an interest rate that varies from 4.15% to 5.375%. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. Bonds maturing after August 1, 2009 are subject to call on any interest payment date at par, plus a premium of 1 % to 2% of the principal amount. The bonds are special obligations of the Agency and are secured by the Agency's tax increment revenue.

The annual debt service requirements to amortize the 1996 Refunding Tax Allocation Bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 305,000	\$ 264,995	\$ 569,995
2011	325,000	248,453	573,453
2012	340,000	230,745	570,745
2013	360,000	211,570	571,570
2014	375,000	190,990	565,990
2015-2019	2,230,000	605,833	2,835,833
2020-2021	1,075,000	58,453	1,133,453
Total	<u>\$ 5,010,000</u>	<u>\$ 1,811,039</u>	<u>\$ 6,821,039</u>

1999 Tax Allocation Bonds

1999 Issue Tax Allocation Bonds in the principal amount of \$7,460,000 were issued on June 15, 1999 by the Agency. The 1999 Bonds have an interest rate that varies from 3.4% to 5.0%. Principal payments are payable on August 1 of each year. Interest payments are payable semi-annually on February 1 and August 1. The bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues.

The annual debt service requirements to amortize the 1999 Tax Allocation Bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 245,000	\$ 271,883	\$ 516,883
2011	255,000	260,878	515,878
2012	270,000	248,930	518,930
2013	280,000	236,140	516,140
2014	295,000	222,553	517,553
2015-2019	1,690,000	877,869	2,567,869
2020-2024	2,145,000	401,875	2,546,875
2025	495,000	12,375	507,375
Total	<u>\$ 5,675,000</u>	<u>\$ 2,532,503</u>	<u>\$ 8,207,503</u>

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**6. LONG-TERM DEBT, Continued**

Compensated Absences

Compensated absences include vacation and sick leave. It is the policy of the City to pay 100% of the accumulated vacation leave when an employee retires or terminates. The City recognizes the liability for its compensated absences in the governmental activities. The following is a summary of compensated absences transactions during the fiscal year ended June 30, 2009:

	Beginning Balance July 1, 2008	Additions	Ending Balance June 30, 2009
Compensated Absences	\$ 114,728	\$ 31,221	\$ 145,949

**7. NON-CITY OBLIGATIONS**

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

Middle School Community Facilities District Bonds in the principal amount of \$6,400,000 were issued on September 2, 1990 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 facility district revenue. As of June 30, 2009 the outstanding balance of the non-city bond obligation was \$4,675,000.

Clayton Station Community Facilities District- Original Issue \$1,269,000

Clayton Station Community Facilities District Bonds in the principal amount of \$1,269,000 million were issued on September 2, 2000 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 facility district revenue. As of June 30, 2009 the outstanding balance of the non-city bond obligation was \$707,000.

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, 2009 the outstanding balance of the non-city bond obligation was \$203,325.

**City of Clayton**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**7. NON-CITY OBLIGATIONS, Continued**

*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 assist the City of Clayton 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. 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 Community School Local Obligations. As of June 30, 2009, the outstanding balance of the non-city bond obligation was \$4,765,000.

**8. OTHER FUND DISCLOSURES**

**A. Expenditures over Appropriations**

The Redevelopment Agency Capital Projects fund, Low/Moderate Capital Projects fund, Measure C fund, Grants fund, and the Development Impact Fees fund all had an excess of expenditures over appropriations in the current fiscal year.

	Final Budget	Actual	Expenditures (over) appropriations
Redevelopment Agency Capital Projects fund,	\$ 889,608	\$ 913,517	\$ (23,909)
Low/Moderate Capital Projects fund	\$ 415,813	\$ 890,142	\$ (474,329)
Measure C fund	\$ 2,627	\$ 3,451	\$ (824)
Grants fund	\$ 122,127	\$ 176,625	\$ (54,498)
Development Impact Fees fund	\$ -	\$ 34,700	\$ (34,700)

**B. Deficit Fund Balances/Net Assets**

At June 30, 2009, the funds below had the following deficit fund balance or net assets:

	Deficit
<i>Non Major Governmental Fund</i>	
Stormwater Treatment District	\$ 2,545
<b>Total Governmental Fund</b>	<b>\$ 2,545</b>
<i>Proprietary Fund</i>	
Community Gym	\$ 39,588
<b>Total Proprietary Funds</b>	<b>\$ 39,588</b>

The deficit in the Community Gym and Stormwater Treatment District funds is expected to be recovered from future revenues.

**9. RISK MANAGEMENT**

The City participates in the Municipal Pooling Authority of Northern California (MPA), a joint powers agreement between twenty cities, which provides insurance coverage for liability, auto, property and workers' compensation claims. Claims liabilities are accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The MPA covers claims in an amount up to \$15,000,000. 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. The MPA is self-insured up to \$1,000,000 per claim and has excess coverage to a maximum of \$25,000,000.

The MPA is governed by a board consisting of representatives 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 premium payments to the MPA in the amount of \$19,396 for fiscal year 2008-2009 are in accordance with formulas established by the Authority. 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.

The City has had no settlements which exceeded insurance coverage during fiscal year ending June 30, 2009.

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.

During the year, the City received a dividend from the MPA based on results of prior year's activities.

At June 30, 2009, the MPA's audited condensed financial information showed:

Total assets	\$ 62,332,024
Total liabilities	\$ 43,226,014
Total equities	\$ 19,106,010
Total revenues	\$ 25,161,275
Total expenses	\$ 23,944,319
Revenues over expenses	\$ 1,216,956

Detailed financial information may be obtained from the MPA.

Municipal Pooling Authority of California  
 1911 San Miguel Drive, Suite 200  
 Walnut Creek, CA 94596



**10. PUBLIC EMPLOYEE RETIREMENT SYSTEM**

*Plan Description* - The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

*Funding Policy* - Active plan members are required by state statute to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account, which amounted to \$139,726 for the fiscal year ended June 30, 2009.

The City as employer is required to contribute an actuarially determined payment that is reflected as a percentage of annual covered payroll for miscellaneous and safety employees. The required employer contribution rates for the fiscal year 2008-09 was 14.593% for miscellaneous employees and 32.148% for safety employees.

The City's contributions to PERS for the fiscal years ending June 30, 2009, 2008 and 2007 were \$580,505, \$533,884 and \$529,049, respectively and equal 100% of the required contributions for each fiscal year, and also included the contributions that the City made on behalf of the employees.

**11. CONTINGENCIES**

The City is a defendant in a few lawsuits and claims which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial position of the City.

## 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 rebudgeted 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, Clayton Financing Authority, and Storm Water Treatment funds are not budgeted.
- 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.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances.

**City of Clayton**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the fiscal year ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,681,231	\$ 1,681,231	\$ 1,717,881	\$ 36,650
Program income	5,611	5,611	11,448	5,837
Sales tax	251,877	251,877	261,744	9,867
Permits, licenses and fees	280,096	280,096	256,905	(23,191)
Fines, forfeitures and penalties	105,500	105,500	67,681	(37,819)
From other agencies	73,190	73,190	61,613	(11,577)
Motor vehicle in-lieu fees	49,440	49,440	37,346	(12,094)
Other in-lieu fees	218,815	218,815	224,940	6,125
Franchise fees	366,331	366,331	365,802	(529)
Service charges	58,239	58,239	59,936	1,697
Use of money and property	150,000	150,000	172,790	22,790
Other revenue	42,208	42,208	70,622	28,414
<b>TOTAL REVENUES</b>	<u>3,282,538</u>	<u>3,282,538</u>	<u>3,308,708</u>	<u>26,170</u>
<b>EXPENDITURES</b>				
Legislative	64,540	64,540	51,574	12,966
Administrative	850,650	858,062	846,561	11,501
Community services and facilities	119,191	362,440	171,180	191,260
Community park	230,033	219,205	229,181	(9,976)
Planning and development	304,566	334,309	296,427	37,882
General support	138,239	140,358	119,912	20,446
Police	1,838,073	1,856,620	1,699,638	156,982
Library	125,431	153,511	130,054	23,457
Engineering	97,078	97,078	95,309	1,769
<b>TOTAL EXPENDITURES</b>	<u>3,767,800</u>	<u>4,086,123</u>	<u>3,639,836</u>	<u>446,287</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(485,262)</u>	<u>(803,585)</u>	<u>(331,128)</u>	<u>472,457</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	485,262	485,262	490,757	5,495
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>485,262</u>	<u>485,262</u>	<u>490,757</u>	<u>5,495</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>\$ (318,323)</u>	<u>159,629</u>	<u>\$ 477,952</u>
<b>FUND BALANCES:</b>				
Beginning of fiscal year			4,946,527	
End of fiscal year			<u>\$ 5,106,156</u>	

# SUPPLEMENTAL INFORMATION

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## MAJOR FUNDS

**City of Clayton**  
**Budgetary Comparison Schedule**  
**RDA Capital Projects Fund**  
**For the fiscal year ended June 30, 2009**

	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 4,144,938	\$ 4,501,046	\$ 356,108
Use of money and property	21,411	28,680	7,269
Other revenue	-	800	800
<b>TOTAL REVENUES</b>	<b>4,166,349</b>	<b>4,530,526</b>	<b>364,177</b>
<b>EXPENDITURES</b>			
Community services and facilities	-	19,027	(19,027)
Planning and development	838,733	863,615	(24,882)
Interest and fiscal charges	30,875	30,875	-
Capital outlay	20,000	-	20,000
<b>TOTAL EXPENDITURES</b>	<b>889,608</b>	<b>913,517</b>	<b>(23,909)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,276,741</b>	<b>3,617,009</b>	<b>340,268</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(3,995,036)	(3,701,335)	293,701
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,995,036)</b>	<b>(3,701,335)</b>	<b>293,701</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (718,295)</b>	<b>(84,326)</b>	<b>\$ 633,969</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		689,999	
End of fiscal year		<u>\$ 605,673</u>	

City of Clayton  
 Budgetary Comparison Schedule  
 RDA Low/Moderate Capital Projects Fund  
 For the fiscal year ended June 30, 2009

	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 1,036,234	\$ 1,125,261	\$ 89,027
Program income	-	79,700	79,700
Use of money and property	200,000	192,861	(7,139)
<b>TOTAL REVENUES</b>	<b>1,236,234</b>	<b>1,397,822</b>	<b>161,588</b>
<b>EXPENDITURES</b>			
Planning and development	215,813	457,149	(241,336)
Loss on sale of land held for resale	-	432,993	(432,993)
Capital outlay	200,000	-	200,000
<b>TOTAL EXPENDITURES</b>	<b>415,813</b>	<b>890,142</b>	<b>(474,329)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>820,421</b>	<b>507,680</b>	<b>(312,741)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(125,000)	(125,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(125,000)</b>	<b>(125,000)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 695,421</b>	<b>382,680</b>	<b>\$ (312,741)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		4,504,332	
End of fiscal year		\$ 4,887,012	



**City of Clayton**  
**Budgetary Comparison Schedule**  
**Capital Improvements Fund**  
**For the fiscal year ended June 30, 2009**

	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
From other agencies	\$ 400,000	\$ 278,056	\$ (121,944)
Use of money and property	-	169,576	169,576
<b>TOTAL REVENUES</b>	<b>400,000</b>	<b>447,632</b>	<b>47,632</b>
<b>EXPENDITURES</b>			
Capital outlay	2,571,776	1,707,685	864,091
<b>TOTAL EXPENDITURES</b>	<b>2,571,776</b>	<b>1,707,685</b>	<b>864,091</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,171,776)</b>	<b>(1,260,053)</b>	<b>911,723</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	596,513	1,715,175	1,118,662
Transfers out	-	(5,495)	(5,495)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>596,513</b>	<b>1,709,680</b>	<b>1,113,167</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (1,575,263)</b>	<b>449,627</b>	<b>\$ 2,024,890</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		3,627,596	
End of fiscal year		<u>\$ 4,077,223</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**RDA Debt Service Fund**  
**For the fiscal year ended June 30, 2009**

	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 28,800	\$ (7,128)	\$ (35,928)
<b>TOTAL REVENUES</b>	<b>28,800</b>	<b>(7,128)</b>	<b>(35,928)</b>
<b>EXPENDITURES</b>			
Community services and facilities	10,825	10,825	-
Principal	1,660,000	1,660,000	-
Interest and fiscal charges	623,583	593,890	29,693
<b>TOTAL EXPENDITURES</b>	<b>2,294,408</b>	<b>2,264,715</b>	<b>29,693</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,265,608)</b>	<b>(2,271,843)</b>	<b>(6,235)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,184,931	2,184,931	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,184,931</b>	<b>2,184,931</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (80,677)</b>	<b>(86,912)</b>	<b>\$ (6,235)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		1,244,302	
End of fiscal year		\$ 1,157,390	

# NON-MAJOR GOVERNMENTAL FUNDS

## *Non-Major Special Revenue Funds:*

Special Revenue Funds are used to account for revenues derived from specific revenue sources. These funds are required by State statute or ordinance to finance particular functions or activities of government. The City's various special revenue funds are:

*Street Lighting* - accounts for assessments collected to maintain residential street lighting.

*Stormwater Treatment District Special Assessment Fund* - 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.

*Stormwater Assessment* - accounts for assessments collected to comply with the National Pollution Discharge Elimination System.

*Presley Settlement* - accounts for litigation settlement received for specific programs and projects.

*Oakhurst Geological Hazard Abatement District* - accounts for assessments collected from Oakhurst parcels to provide preventive maintenance measures within the district to mitigate potential landslides and other hazardous geological conditions within the district.

*Measure C* - accounts for a \$0.05 sales tax approved by voters in 1988 to provide transportation and street improvements, a growth management process, and a regional planning process to address quality of life.

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

*Gas Tax* - accounts for taxes raised under Street and Highway Code Sections 2106, 2107 and 2107.5, used for the maintenance and construction of City streets.

*Downtown Park CFD 2006-1* - accounts for assessments collected to operate, maintain, repair and replace landscaping, irrigation, hardscape, lights, public restroom, gazebo, and playground equipment.

*Clayton Landscape Maintenance CFD 2007-1* - accounts for assessments collected to maintain arterial landscaping and open space within the City.

*Non-Major Capital Projects Fund:*

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 represents the City's non-major capital projects fund:

*Clayton Development Impact Fees* - accounts for projects funded with the Development Impact Fees.

*Non-Major Debt Service Fund:*

Debt Service Funds are used to account for financial resources to be used for the accounting of debt instruments other than those financed by proprietary funds. The following represents the City's non-major debt service fund:

*Clayton Financing Authority* - accounts for projects related to the Financing Authority.

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City of Clayton  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2009

	Special Revenue					
	Street Lighting	Stormwater Treatment District Assessment Fund	Stormwater Assessment	Presley Settlement	Oakhurst Geological Hazard Abatement District	Measure C
<b>ASSETS</b>						
Cash and investments	\$ 130,307	\$ -	\$ 114,327	\$ 215,314	\$ 8,044	\$ 9,267
Accounts receivable	-	-	8,326	-	-	257,913
Interest receivable	320	-	280	527	22	24
<b>TOTAL ASSETS</b>	<b>\$ 130,627</b>	<b>\$ -</b>	<b>\$ 122,933</b>	<b>\$ 215,841</b>	<b>\$ 8,066</b>	<b>\$ 267,204</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 201	\$ -	\$ 450	\$ -	\$ 111	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	2,545	-	-	-	-
Advance from other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>201</b>	<b>2,545</b>	<b>450</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>FUND BALANCES</b>						
Reserved for:						
Capital projects	-	-	-	-	-	-
Special projects	130,426	(2,545)	122,483	215,841	7,955	267,204
Debt service	-	-	-	-	-	-
Contingencies	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>130,426</b>	<b>(2,545)</b>	<b>122,483</b>	<b>215,841</b>	<b>7,955</b>	<b>267,204</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 130,627</b>	<b>\$ -</b>	<b>\$ 122,933</b>	<b>\$ 215,841</b>	<b>\$ 8,066</b>	<b>\$ 267,204</b>

Special Revenue			Capital Projects		Debt Service	
Grants	Gas Tax	Downtown Park CFD	Clayton Landscape Maintenance	Clayton Development Impact Fees	Clayton Financing Authority	Total Other Governmental Funds
\$ 276,121	\$ 98,803	\$ 159,278	\$ 412,156	\$ 300,752	\$ 721,628	\$ 2,445,997
51,869	21,893	80,000	-	-	-	420,001
678	240	170	1,008	714	1,762	5,745
<u>\$ 328,668</u>	<u>\$ 120,936</u>	<u>\$ 239,448</u>	<u>\$ 413,164</u>	<u>\$ 301,466</u>	<u>\$ 723,390</u>	<u>\$ 2,871,743</u>
\$ 919	\$ 6,460	\$ 1,160	\$ 29,435	\$ 3,064	\$ -	\$ 41,800
-	-	80,000	-	-	-	80,000
-	-	-	-	-	-	2,545
-	-	-	-	60,000	-	60,000
<u>919</u>	<u>6,460</u>	<u>81,160</u>	<u>29,435</u>	<u>63,064</u>	<u>-</u>	<u>184,345</u>
-	-	-	-	229,724	-	229,724
305,636	114,476	158,288	383,729	-	-	1,703,493
-	-	-	-	-	723,390	723,390
22,113	-	-	-	8,678	-	30,791
<u>327,749</u>	<u>114,476</u>	<u>158,288</u>	<u>383,729</u>	<u>238,402</u>	<u>723,390</u>	<u>2,687,398</u>
<u>\$ 328,668</u>	<u>\$ 120,936</u>	<u>\$ 239,448</u>	<u>\$ 413,164</u>	<u>\$ 301,466</u>	<u>\$ 723,390</u>	<u>\$ 2,871,743</u>

# City of Clayton

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### Non-Major Governmental Funds

For the fiscal year ended June 30, 2009

	Special Revenue					
	Street Lighting	Stormwater Treatment District Assessment Fund	Stormwater Assessment	Presley Settlement	Oakhurst Geological Hazard Abatement District	Measure C
<b>REVENUES</b>						
Special assessments	\$ 125,459	\$ -	\$ 84,214	\$ -	\$ 32,232	\$ -
Permits, licenses and fees	-	-	34,328	-	-	-
From other agencies	-	-	-	-	-	259,262
Service charges	-	-	-	-	-	-
Use of money and property	5,386	(93)	4,230	9,106	239	2,401
Other revenue	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>130,845</b>	<b>(93)</b>	<b>122,772</b>	<b>9,106</b>	<b>32,471</b>	<b>261,663</b>
<b>EXPENDITURES</b>						
General Government						
Community services and facilities	-	-	-	-	-	-
Economic development	-	-	-	-	13,110	-
Highway and streets	115,673	-	88,814	-	-	3,451
Landscape maintenance	-	-	-	-	-	-
Capital outlay	-	-	1,028	-	7,829	-
<b>TOTAL EXPENDITURES</b>	<b>115,673</b>	<b>-</b>	<b>89,842</b>	<b>-</b>	<b>20,939</b>	<b>3,451</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>15,172</b>	<b>(93)</b>	<b>32,930</b>	<b>9,106</b>	<b>11,532</b>	<b>258,212</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(10,000)	-	(31,605)	-	(6,000)	(241,578)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,000)</b>	<b>-</b>	<b>(31,605)</b>	<b>-</b>	<b>(6,000)</b>	<b>(241,578)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,172</b>	<b>(93)</b>	<b>1,325</b>	<b>9,106</b>	<b>5,532</b>	<b>16,634</b>
<b>FUND BALANCES</b>						
Beginning of fiscal year	125,254	(2,452)	121,158	206,735	2,423	250,570
End of fiscal year	\$ 130,426	\$ (2,545)	\$ 122,483	\$ 215,841	\$ 7,955	\$ 267,204



Special Revenue				Capital Projects	Debt Service	
Grants	Gas Tax	Downtown Park CFD	Clayton Landscape Maintenance	Clayton Development Impact Fees	Clayton Financing Authority	Total Other Governmental Funds
\$ -	\$ 27,840	\$ 104,962	\$ 887,298	\$ -	\$ -	\$ 1,262,005
-	-	540	-	-	-	34,868
121,203	257,893	-	-	-	-	638,358
-	-	-	-	16,390	-	16,390
13,379	3,141	3,146	12,309	13,277	30,469	96,990
-	-	20,000	3,300	-	-	23,300
134,582	288,874	128,648	902,907	29,667	30,469	2,071,911
-	-	-	2,135	-	-	2,135
162,874	-	-	-	-	-	175,984
-	127,656	-	-	-	-	335,594
-	-	59,548	653,305	-	-	712,853
13,751	-	-	-	34,700	-	57,308
176,625	127,656	59,548	655,440	34,700	-	1,283,874
(42,043)	161,218	69,100	247,467	(5,033)	30,469	788,037
-	(130,437)	-	(26,970)	(117,467)	-	(564,057)
-	(130,437)	-	(26,970)	(117,467)	-	(564,057)
(42,043)	30,781	69,100	220,497	(122,500)	30,469	223,980
369,792	83,695	89,188	163,232	360,902	692,921	2,463,418
\$ 327,749	\$ 114,476	\$ 158,288	\$ 383,729	\$ 238,402	\$ 723,390	\$ 2,687,398

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Street Lighting Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 125,459	\$ 125,459	\$ -
Use of money and property	5,000	5,386	386
<b>TOTAL REVENUES</b>	<b>130,459</b>	<b>130,845</b>	<b>386</b>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	127,700	115,673	12,027
<b>TOTAL EXPENDITURES</b>	<b>127,700</b>	<b>115,673</b>	<b>12,027</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,759</b>	<b>15,172</b>	<b>12,413</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(10,000)	(10,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (7,241)</b>	<b>5,172</b>	<b>\$ 12,413</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		125,254	
End of fiscal year		\$ 130,426	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Stormwater Assessment Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 63,542	\$ 84,214	\$ 20,672
Permits, licenses and fees	42,000	34,328	(7,672)
Use of money and property	3,000	4,230	1,230
<b>TOTAL REVENUES</b>	<b>108,542</b>	<b>122,772</b>	<b>14,230</b>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	123,765	88,814	34,951
Capital outlay	1,400	1,028	372
<b>TOTAL EXPENDITURES</b>	<b>125,165</b>	<b>89,842</b>	<b>35,323</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(16,623)</b>	<b>32,930</b>	<b>49,553</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(31,605)	(31,605)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(31,605)</b>	<b>(31,605)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (48,228)</b>	<b>1,325</b>	<b>\$ 49,553</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		121,158	
End of fiscal year		<u>\$ 122,483</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Oakhurst Geological Hazard Abatement District Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 31,326	\$ 32,232	\$ 906
Use of money and property	-	239	239
<b>TOTAL REVENUES</b>	<u>31,326</u>	<u>32,471</u>	<u>1,145</u>
<b>EXPENDITURES</b>			
Current:			
Economic development	20,090	13,110	6,980
Capital outlay	5,200	7,829	(2,629)
<b>TOTAL EXPENDITURES</b>	<u>25,290</u>	<u>20,939</u>	<u>4,351</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,036</u>	<u>11,532</u>	<u>5,496</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(6,000)	(6,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 36</u>	<u>5,532</u>	<u>\$ 5,496</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>2,423</u>	
End of fiscal year		<u>\$ 7,955</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Measure C Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
From other agencies	\$ 205,580	\$ 259,262	\$ 53,682
Use of money and property	1,000	2,401	1,401
<b>TOTAL REVENUES</b>	<u>206,580</u>	<u>261,663</u>	<u>55,083</u>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	2,627	3,451	(824)
<b>TOTAL EXPENDITURES</b>	<u>2,627</u>	<u>3,451</u>	<u>(824)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>203,953</u>	<u>258,212</u>	<u>54,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(241,578)	(241,578)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(241,578)</u>	<u>(241,578)</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (37,625)</u>	16,634	<u>\$ 54,259</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>250,570</u>	
End of fiscal year		<u>\$ 267,204</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Grants Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
From other agencies	\$ 116,570	\$ 121,203	\$ 4,633
Use of money and property	12,000	13,379	1,379
<b>TOTAL REVENUES</b>	<u>128,570</u>	<u>134,582</u>	<u>6,012</u>
<b>EXPENDITURES</b>			
Current:			
Economic development	122,127	162,874	(40,747)
Capital outlay	-	13,751	(13,751)
<b>TOTAL EXPENDITURES</b>	<u>122,127</u>	<u>176,625</u>	<u>(54,498)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 6,443</u>	<u>(42,043)</u>	<u>\$ (48,486)</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>369,792</u>	
End of fiscal year		<u>\$ 327,749</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Gas Tax Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 27,852	\$ 27,840	\$ (12)
From other agencies	302,945	257,893	(45,052)
Use of money and property	(3,000)	3,141	6,141
<b>TOTAL REVENUES</b>	<b>327,797</b>	<b>288,874</b>	<b>(38,923)</b>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	215,036	127,656	87,380
<b>TOTAL EXPENDITURES</b>	<b>215,036</b>	<b>127,656</b>	<b>87,380</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>112,761</b>	<b>161,218</b>	<b>48,457</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(216,360)	(130,437)	85,923
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(216,360)</b>	<b>(130,437)</b>	<b>85,923</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (103,599)</b>	<b>30,781</b>	<b>\$ 134,380</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		83,695	
End of fiscal year		<u>\$ 114,476</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Downtown Park CFD Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Special assessments	\$ 103,517	\$ 104,962	\$ 1,445
Permits, licenses and fees	-	540	540
Use of money and property	2,000	3,146	1,146
Other revenue	-	20,000	20,000
<b>TOTAL REVENUES</b>	<u>105,517</u>	<u>128,648</u>	<u>23,131</u>
<b>EXPENDITURES</b>			
Current:			
Landscape maintenance	<u>88,314</u>	<u>59,548</u>	<u>28,766</u>
<b>TOTAL EXPENDITURES</b>	<u>88,314</u>	<u>59,548</u>	<u>28,766</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 17,203</u>	<u>69,100</u>	<u>\$ 51,897</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>89,188</u>	
End of fiscal year		<u>\$ 158,288</u>	



**City of Clayton**  
**Budgetary Comparison Schedule**  
**Clayton Landscape Maintenance Special Revenue Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Special assessments	\$ 874,650	\$ 887,298	\$ 12,648
Use of money and property	7,000	12,309	5,309
Other revenue	-	3,300	3,300
<b>TOTAL REVENUES</b>	<u>881,650</u>	<u>902,907</u>	<u>21,257</u>
<b>EXPENDITURES</b>			
Current:			
Community services and facilities	-	2,135	(2,135)
Landscape maintenance	893,893	653,305	240,588
<b>TOTAL EXPENDITURES</b>	<u>893,893</u>	<u>655,440</u>	<u>238,453</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,243)</u>	<u>247,467</u>	<u>259,710</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(26,970)	(26,970)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(26,970)</u>	<u>(26,970)</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (39,213)</u>	<u>220,497</u>	<u>\$ 259,710</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>163,232</u>	
End of fiscal year		<u>\$ 383,729</u>	

**City of Clayton**  
**Budgetary Comparison Schedule**  
**Clayton Development Impact Fees Capital Projects Fund**  
**For the fiscal year ended June 30, 2009**

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	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>REVENUES</b>			
Service charges	\$ -	\$ 16,390	\$ 16,390
Use of money and property	-	13,277	13,277
<b>TOTAL REVENUES</b>	<b>-</b>	<b>29,667</b>	<b>29,667</b>
<b>EXPENDITURES</b>			
Capital outlay	-	34,700	(34,700)
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>34,700</b>	<b>(34,700)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(5,033)</b>	<b>(5,033)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(117,467)	(117,467)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(117,467)</b>	<b>(117,467)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>(122,500)</b>	<b>\$ (122,500)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		360,902	
End of fiscal year		\$ 238,402	

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by a department for other departments on a cost reimbursement basis. Funds included are:

*Capital Replacement* – This fund accounts for the operation, maintenance, and replacement of City vehicles and equipment.

*Self-Insurance Liability* – This fund accounts for the administration of the City's self-insurance program and payment of workers' compensation and liability claims.

**City of Clayton**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2009**

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	Capital Replacement	Self Insurance	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 193,919	\$ 150,445	\$ 344,364
Receivables:			
Interest	477	370	847
Noncurrent Assets:			
Depreciable assets, net	323,188	-	323,188
<b>TOTAL ASSETS</b>	<b>517,584</b>	<b>150,815</b>	<b>668,399</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	-	2,015	2,015
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,015</b>	<b>2,015</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	323,188	-	323,188
Unrestricted	194,396	148,800	343,196
<b>TOTAL NET ASSETS</b>	<b>\$ 517,584</b>	<b>\$ 148,800</b>	<b>\$ 666,384</b>

# City of Clayton

## Statement of Revenues, Expenses and Changes in Net Assets

### Internal Service Funds

For the fiscal year ended June 30, 2009

	Capital Replacement	Self Insurance	Total
<b>OPERATING REVENUES</b>			
Charges for current services	\$ 15,637	\$ 1,111	\$ 16,748
<b>TOTAL OPERATING REVENUES</b>	<b>15,637</b>	<b>1,111</b>	<b>16,748</b>
<b>OPERATING EXPENSES</b>			
General and administrative	-	36,551	36,551
Depreciation	82,497	-	82,497
<b>TOTAL OPERATING EXPENSES</b>	<b>82,497</b>	<b>36,551</b>	<b>119,048</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(66,860)</b>	<b>(35,440)</b>	<b>(102,300)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income (loss)	7,908	6,865	14,773
Loss on sale of capital assets	(7,542)	-	(7,542)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>366</b>	<b>6,865</b>	<b>7,231</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>(66,494)</b>	<b>(28,575)</b>	<b>(95,069)</b>
<b>TRANSFERS AND CONTRIBUTIONS</b>			
Capital contributions	6,798	-	6,798
<b>TOTAL TRANSFERS AND CONTRIBUTIONS</b>	<b>6,798</b>	<b>-</b>	<b>6,798</b>
<b>CHANGE IN NET ASSETS</b>	<b>(59,696)</b>	<b>(28,575)</b>	<b>(88,271)</b>
Beginning of fiscal year	577,280	177,375	754,655
End of fiscal year	\$ 517,584	\$ 48,800	\$ 666,384

City of Clayton  
Combining Statement of Cash Flows  
Internal Service Funds  
For the fiscal year ended June 30, 2009

	Capital Replacement	Self-Insurance Liability	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipt from customers/other funds	\$ 15,637	\$ 1,111	\$ 16,748
Cash payment to suppliers for good and services	(22)	(33,230)	(33,252)
Net cash provided (used) by operating activities	<u>15,615</u>	<u>(32,119)</u>	<u>(16,504)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of fixed assets	(33,047)	-	(33,047)
Loss on sale of asset	(7,542)	-	(7,542)
Capital Contributions	6,798	-	6,798
Net cash provided (used) by capital and related financing activities	<u>(33,791)</u>	<u>-</u>	<u>(33,791)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	9,559	8,325	17,884
Net cash provided (used) by investing activities	<u>9,559</u>	<u>8,325</u>	<u>17,884</u>
Net increase (decrease) in cash and cash equivalents	(8,617)	(23,794)	(32,411)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of fiscal year	202,536	174,239	376,775
End of fiscal year	<u>\$ 193,919</u>	<u>\$ 150,445</u>	<u>\$ 344,364</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (66,860)	\$ (35,440)	\$ (102,300)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	82,497	-	82,497
Changes in current assets and liabilities:			
Accounts receivable	-	1,306	1,306
Accounts payable	(22)	2,015	1,993
Total adjustments	<u>82,475</u>	<u>3,321</u>	<u>85,796</u>
Net cash provided (used) by operating activities	<u>\$ 15,615</u>	<u>\$ (32,119)</u>	<u>\$ (16,504)</u>

# 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 others.

*Deposits* – represents funds held for:

*Performance Deposits*

*Clayton Community Library Foundation Deposits*

*Clayton Community Gym Donation Deposits*

*Rental Deposits*

*Planning Services Deposits*

*Other Deposits*

*Oakhurst Assessment District (Debt Service Account)* – consists of assessments accumulated to pay the obligations of the Oakhurst Assessment District on its 1998, 1989 bonds and 1997-1 bonds.

*Middle School CFD (Debt Service Account – 1990-1)* – consists of assessments accumulated to pay the obligations of the Middle School Community Facilities District on its 1990-1 Bonds.

*Clayton Station CFD (Debt Service Account - 1990-2)* – consists of assessments accumulated to pay the obligations of the Clayton Station Community Facilities District on its 1990-2 Bonds.

*High Street Bridge* – accounts for assessments collected to maintain bridges.

*Oak Street Bridge* – accounts for assessments collected to maintain bridges.

*Lydia Lane Sewer Assessment* – accounts for assessments to be collected for construction of a sewer system.

*Oak Street Sewer Assessment* – accounts for assessments to be collected for construction of a sewer system.

*CFA Clayton Financing Authority 2007* - 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.

City of Clayton  
 Statements of Changes in Assets and Liabilities  
 Agency Funds  
 For the fiscal year ended June 30, 2009

	Balance July 1, 2008	Net Changes in Assets and Liabilities	Balance June 30, 2009
<b>Deposits</b>			
<b>Assets:</b>			
Cash and investments	\$ 1,276,594	\$ (250,096)	\$ 1,026,498
Other receivables	13,396	(11,711)	1,685
<b>Total assets</b>	<b>\$ 1,289,990</b>	<b>\$ (261,807)</b>	<b>\$ 1,028,183</b>
<b>Liabilities:</b>			
Accounts payable	\$ 3,092	\$ 803	\$ 3,895
Interest payable	60,711	(6,281)	54,430
Other deposits	867,394	(298,810)	568,584
Due to bondholders	358,793	42,481	401,274
<b>Total liabilities</b>	<b>\$ 1,289,990</b>	<b>\$ (261,807)</b>	<b>\$ 1,028,183</b>
<b>Oakhurst Assessment District</b>			
<b>Assets:</b>			
Cash and investments	\$ 52,014	\$ 3,039	\$ 55,053
Other receivables	607	(458)	149
<b>Total assets</b>	<b>\$ 52,621</b>	<b>\$ 2,581</b>	<b>\$ 55,202</b>
<b>Liabilities:</b>			
Due to bondholders	\$ 52,621	\$ 2,581	\$ 55,202
<b>Total liabilities</b>	<b>\$ 52,621</b>	<b>\$ 2,581</b>	<b>\$ 55,202</b>
<b>Middle School CFD</b>			
<b>Assets:</b>			
Cash and investments	\$ (3,583,187)	\$ 3,629,026	\$ 45,839
Cash with fiscal agent	5,584,364	(5,532,455)	51,909
Investment in bonds	-	5,528,971	5,528,971
Other receivables	1,605	187	1,792
<b>Total assets</b>	<b>\$ 2,002,782</b>	<b>\$ 3,625,729</b>	<b>\$ 5,628,511</b>
<b>Liabilities:</b>			
Accounts payable	\$ 2,154	\$ (125)	\$ 2,029
Due to bondholders	2,000,628	3,625,854	5,626,482
<b>Total liabilities</b>	<b>\$ 2,002,782</b>	<b>\$ 3,625,729</b>	<b>\$ 5,628,511</b>

(Continued)



**City of Clayton**  
**Statements of Changes in Assets and Liabilities, Continued**  
**Agency Funds**  
**For the fiscal year ended June 30, 2009**

	Balance July 1, 2008	Net Changes in Assets and Liabilities	Balance June 30, 2009
<b><u>Clayton Station CFD</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 151,695	\$ 8,004	\$ 159,699
Interest receivables	1,592	(1,200)	392
<b>Total assets</b>	<b>\$ 153,287</b>	<b>\$ 6,804</b>	<b>\$ 160,091</b>
<b>Liabilities:</b>			
Due to bondholders	\$ 153,287	\$ 6,804	\$ 160,091
<b>Total liabilities</b>	<b>\$ 153,287</b>	<b>\$ 6,804</b>	<b>\$ 160,091</b>
<b><u>High Street Bridge</u></b>			
<b>Assets:</b>			
Cash and investments	\$ (17,578)	\$ 1,184	\$ (16,394)
Other receivables	81,086	(3,886)	77,200
<b>Total assets</b>	<b>\$ 63,508</b>	<b>\$ (2,702)</b>	<b>\$ 60,806</b>
<b>Liabilities:</b>			
Accounts payable	\$ 81,270	\$ (4,070)	\$ 77,200
Other payables	2,100	-	2,100
Due to bondholders	(19,862)	1,368	(18,494)
<b>Total liabilities</b>	<b>\$ 63,508</b>	<b>\$ (2,702)</b>	<b>\$ 60,806</b>
<b><u>Oak Street Bridge</u></b>			
<b>Assets:</b>			
Cash and investments	\$ (61,561)	\$ (1,954)	\$ (63,515)
Other receivables	43,256	(3,347)	39,909
<b>Total assets</b>	<b>\$ (18,305)</b>	<b>\$ (5,301)</b>	<b>\$ (23,606)</b>
<b>Liabilities:</b>			
Accounts payable	\$ 43,900	\$ (3,991)	\$ 39,909
Other payables	18,340	-	18,340
Due to bondholders	(80,545)	(1,310)	(81,855)
<b>Total liabilities</b>	<b>\$ (18,305)</b>	<b>\$ (5,301)</b>	<b>\$ (23,606)</b>

(Continued)

**City of Clayton**  
**Statements of Changes in Assets and Liabilities, Continued**  
**Agency Funds**  
**For the fiscal year ended June 30, 2009**

	Balance July 1, 2008	Net Changes in Assets and Liabilities	Balance June 30, 2009
<b><u>Lydia Lane Sewer Assessment</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 67,840	\$ 2,409	\$ 70,249
Cash and investments with fiscal agent	14,549	76	14,625
Other receivables	402,475	(17,889)	384,586
<b>Total assets</b>	<b>\$ 484,864</b>	<b>\$ (15,404)</b>	<b>\$ 469,460</b>
<b>Liabilities:</b>			
Accounts payable	\$ 401,763	\$ (17,349)	\$ 384,414
Due to bondholders	83,101	1,945	85,046
<b>Total liabilities</b>	<b>\$ 484,864</b>	<b>\$ (15,404)</b>	<b>\$ 469,460</b>
<b><u>Oak Street Sewer Assessment</u></b>			
<b>Assets:</b>			
Cash and investments	\$ (12,351)	\$ (875)	\$ (13,226)
Other receivables	208,841	(10,611)	198,230
<b>Total assets</b>	<b>\$ 196,490</b>	<b>\$ (11,486)</b>	<b>\$ 185,004</b>
<b>Liabilities:</b>			
Accounts payable	\$ 208,970	\$ (10,740)	\$ 198,230
Due to bondholders	(12,480)	(746)	(13,226)
<b>Total liabilities</b>	<b>\$ 196,490</b>	<b>\$ (11,486)</b>	<b>\$ 185,004</b>
<b><u>CFA Clayton Financing Authority 2007</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 4,276,624	\$ (3,511,098)	\$ 765,526
Cash and investments with fiscal agent	486,245	(1,562)	484,683
Other receivables	5,692	(5,692)	-
<b>Total assets</b>	<b>\$ 4,768,561</b>	<b>\$ (3,518,352)</b>	<b>\$ 1,250,209</b>
<b>Liabilities:</b>			
Accounts payable	0	1,200	1,200
Due to bondholders	4,768,561	(3,519,552)	1,249,009
<b>Total liabilities</b>	<b>\$ 4,768,561</b>	<b>\$ (3,518,352)</b>	<b>\$ 1,250,209</b>
<b><u>All Agency Funds</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 2,150,090	\$ (120,361)	\$ 2,029,729
Cash and investments with fiscal agent	6,085,158	(5,533,941)	551,217
Investment in bonds	-	5,528,971	5,528,971
Other receivables	758,550	(54,607)	703,943
<b>Total assets</b>	<b>\$ 8,993,798</b>	<b>\$ (179,938)</b>	<b>\$ 8,813,860</b>
<b>Liabilities:</b>			
Accounts payable	741,149	(34,272)	706,877
Interest payable	60,711	(6,281)	54,430
Other payables	20,440	-	20,440
Other deposits	867,394	(298,810)	568,584
Due to bondholders	7,304,104	159,425	7,463,529
<b>Total liabilities</b>	<b>\$ 8,993,798</b>	<b>\$ (179,938)</b>	<b>\$ 8,813,860</b>

Prepared using CAFR-Online.com

